

REPUBLIC OF GHANA

# THIRD ANNUAL PROGRESS REPORT

January - December 2008

Submitted by:

NATIONAL AFRICAN PEER REVIEW MECHANISM

- GOVERNING COUNCIL

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## **NOTE VERBALE**

**With reference to the reporting obligations of the APRM, Ghana hereby submits its National Report on Progress in the Implementation of the National Programme of Action. The National Governing Council agrees to the publication of the entire report on the APRM website.**

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## LIST OF ACRONYMS

ADR	Alternative Dispute Resolution
AG	Auditor General
AGD	Attorney General's Department
APR	Annual Progress Report
APRM	African Peer Review Mechanism
ATM	Automated Teller Machine
AU	African Union
BOG	Bank of Ghana
CAGD	Controller and Accountant General's Department
CAS	Country Assistance Strategy
CBO	Community-Based Organization
CCO	Commitment Control Officer
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CEPS	Customs, Excise and Preventive Service
CET	Common External Tariff
CHRAJ	Commission for Human Rights and Administrative Justice
CCS	Commitment Control System
CSOs	Civil Society Organizations
CWIQ	Core Welfare Indicators Questionnaires
CWSA	Community Water and Sanitation Agency
DAs	District Assemblies
DACF	District Assemblies Common Fund
DOVSSU	Domestic Violence and Victim Support Unit
DSW	Department of Social Welfare
ETLS	ECOWAS Trade Liberalization Scheme
FCUBE	Free, Compulsory and Universal Basic Education
GDP	Gross Domestic Product
GETFUND	Ghana Education Trust Fund
GIPSS	Ghana Interbank Payment and Settlement System
GIS	Ghana Immigration Service
GOG	Government of Ghana
GPRS II	Growth and Poverty Reduction Strategy II
GSB	Ghana Standards Board
HIPC	Heavily Indebted Poor Countries
IAU	Internal Audit Unit
IGF	Internally-Generated Funds
IMF	International Monetary Fund

IIC	Inter Institutional Committees
IRS	Internal Revenue Service
LAP	Land Administration Project
MDAs	Ministries, Departments and Agencies
MDGs	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MoC	Ministry of Communication
MoE	Ministry of Energy
MoESS	Ministry of Education Science and Sports
MOFA	Ministry of Food and Agriculture
MOFEP	Ministry of Finance & Economic Planning
MoH	Ministry of Health
MoJ	Ministry of Justice
MoLGRDE	Ministry of Local Government, Rural Development & Environment
MOTI/PSD/PSI	Ministry of Trade, Industry, Private Sector Development & Presidential Special Initiatives
MOWAC	Ministry of Women and Children Affairs
MMDAs	Metropolitan, Municipal & District Assemblies
MTEF	Medium Term Expenditure Framework
NACOB	Narcotics Control Board
NDPC	National Development Planning Commission
NEPAD	New partnership for Africa's Development
OECD-DAC	Organization for Economic Cooperation & Development - Development Assistance Committee
PAC	Public Accounts Committee
PETS	Public Expenditure Tracking Survey
PPA	Public Procurement Authority
SEC	State Enterprises Commission
SOE	State Owned Enterprise
TUC	Trades Union Congress
VAT	Value Added Tax
WTO	World Trade Organization

## FOREWORD

This Report is the Third Annual Progress report submitted by the National African Peer Review Mechanism - Governing Council (NAPRM-GC) to the APR Panel. The Report covers the period January – December 2008 and provides an overview of Ghana's progress in implementing the National Programme of Action.

The period under review will witness an election which will transfer power from one government to another government. This comes as a result of the current government having successfully served two consecutive 4-year terms. The election will be an acid test to the steadfastness of governance institutions in the country, particularly for the Electoral Commission and security institutions as well as for political parties. These institutions have to date performed creditably and it is the hope and wish of Ghanaians that they continue to do so.

The APRM is providing institutional space for civil society dialogue with the public sector. The Governing Council has been creating platforms for non-partisan discourse amongst the citizenry through its dissemination and validation workshops. The participation of the citizenry in the APRM is being deepened with the formation of district APRM Oversight Committees. These are voluntary associations of civil society and public sector actors who undertake education and sensitization activities, as well as monitor the implementation of the Programme of Action at the local level.

Stakeholders' maintain that freedom of expression and the protection of human rights are Ghana's most spectacular successes since the return to democratic rule in 1992. Whilst this is heralded, stakeholders are also quick to add that a great deal needs to be done to improve and strengthen human rights, particularly, of vulnerable groups like women and children. Laws passed during the period since Ghana's ascension to the APRM include: the National Health Insurance Act (Act 650); the Human Trafficking Act, 2005 (Act 694); the National Identification

Authority Act, 2006 (Act 707); the Domestic Violence Act, 2007 (Act 732); and the Criminal Code Amendment Act of 2007 (Act 741).

The year also witnessed Government signing MOUs with a number of chiefs and elders in the Greater Accra Region that will pave the way for government to release a percentage of the lands it acquired to its original owners.

Both the Ghana Police Service and the Ghana Prison Service are changing focus. The focus of the Police Service is on forming strategic partnership with the public in the fight against crime. Community Policing is now being encouraged to involve local communities in identifying potential crime problems and together with the police map out strategies to check them. The Ghana Prison Service is changing its focus to become more of a correctional service that focuses on reformation and rehabilitation.

The economy continues to withstand the pressure of the global financial meltdown. The country is yet to witness the upheavals that have swept through a number of developing countries. The initiatives by Government to mitigate the impact of the economic crises on Ghanaians will invariably impact on national debt. The spread between budget allocations and actual disbursements pose a major challenge to the effective implementation of activities under the National Programme of Action.

On the corporate front, the public sector reform is yielding dividends, especially for business registration processes. Stakeholders welcomed Government's commitment to deal with the issue of child labour through the National Programme for the Elimination of the Worst Forms of Child Labour in the Cocoa Sector. The increasing interest rates and depreciation of the Cedi pose challenges for businesses.

Stakeholders welcomed the reduction in the prevalence rate of HIV/AIDS and the free maternal health care policy.

The Governing Council acknowledges the role being played by the District APRM Oversight Committees and the National Commission on Civic Education in promoting good governance at the local level.

**Rev. Prof. S.K. Adjepong,  
Chairman, NAPRM-GC**



# **PART A**

# EXECUTIVE SUMMARY

## 1.0 INTRODUCTION

This report presents the findings of the Participatory Monitoring and Evaluation (PM&E) undertaken during the preparation of the Third Annual Progress Report on the implementation of Ghana's national Programme of Action.

The report is in fulfillment of the African Peer Review Mechanism (APRM) reporting requirements that oblige countries that have successfully undergone the review process to submit bi-annual progress reports to the African Peer Review (APR) Secretariat in South Africa.

The progress reports provide a basis for assessing the implementation of programmes and policies aimed at addressing the recommendations made in the Country Review Report and National Programme of Action (NPOA). The PM&E affords the citizenry an opportunity to be part of the assessment of the progress of implementation of the NPOA.

## 2.0 MAIN ACHIEVEMENTS

### 2.1 Democracy and Good Political Governance

2.1.1 The National Lands Commission has been reconstituted and inaugurated to deal with the numerous challenges facing the land sector. A pilot project for the customary boundary demarcation and survey of stool lands has begun in the Wassa Amenfi Traditional Area. A one-stop-shop for land registration has been established at Madina in Accra.

2.1.2 The focus of the Ghana Police Service is now on forming strategic partnerships with the public (community policing) in the fight against crime. The Ghana Prison Service is also changing focus to become more of a correctional service that focuses on reformation and rehabilitation.

2.1.3 The National Identification Authority (NIA) has trained personnel to man the Mass Registration Work Station (MRSW). The mass registration exercise has been piloted in the Central and Western regions.

2.1.4 Ghana goes to the polls to elect both a President and Members of Parliament on December 7, 2008.

- 2.1.4 The Judicial Service has established a Judicial Complaints Unit, headed by a retired Supreme Court Judge to address public complaints.
- 2.1.5 The Public Procurement Authority (PPA) has established a 7-member Appeal and Complaints Committee to receive, investigate and advise the Authority on complaints from individuals and institutions concerning public procurement.

## **2.2 Economic Governance and Management**

- 2.2.1 Real GDP growth has been resilient in the face of external shocks and energy crises increasing marginally from about 6.2 percent in 2006 to 6.3 percent in 2007 and is expected to increase to 7 percent in 2008
- 2.2.2 The Bank of Ghana in collaboration with the Association of Bankers has introduced the National Switch (E-Zwich) and the Biometric Smart card (e-zwich smartcard) as part of the GIPSS project. The bank has also created a common platform for ATMs, credit cards, money transfers, as well as accelerated transaction settlement with automated cheque clearing.
- 2.2.3 Though the total debt stock increased from USD 7,409.72 million at end of 2007 to USD8,488.74 million as at end of June 2008, gross public debt-to-GDP decreased from 50.80 percent in 2007 to 46.11 percent as at June 2008.
- 2.2.4 Government introduced the Fiscal Responsibility Bill during the year in an attempt to curb the overall fiscal deficit and its negative implications on macroeconomic stability as well as boost confidence in the international community. The Bill is an indication of Ghana's commitment to fiscal discipline and debt sustainability.
- 2.2.5 The Policy Analysis and Research Division of MoFEP has established an 11-member multidisciplinary team to develop a Macroeconomic Model for Ghana.

## **2.3 Corporate Governance**

- 2.3.1 The length of time required for business registration as well as corrupt practices associated with registration has substantially decreased following the opening of the ultra-modern front office of the Registrar-General's Department (RGD)

- 2.3.2 CEPS has employed the use of I-Transit technology which allows the Service and its partner GCNet to monitor cargo movement via satellite and the internet.
- 2.3.3 Mobile telephony has increased from 7,604,000 in 2007 to 9,487,000 as at June 2008 corresponding to a penetration rate of 43.1 percent.
- 2.3.4 GIFTEL has constructed Common Facilities platform to encourage telecom companies to extend services to rural areas.
- 2.3.5 The Ministry of Trade, Industry, PSD and PSI has tasked PricewaterhouseCoopers to develop a Consumer Protection Policy which will form the basis for a Consumer Protection Law.

## **2.4 Socio-Economic Development**

- 2.4.1 The HIV/AIDS prevalence rate in the country has decreased from 2.2 percent to 1.9 percent in 2008.
- 2.4.2 As part of efforts to reduce maternal deaths, maternal health care is now free.

## **3.0 SUMMARY OF IMPACT OF APRM ON GHANAIANS**

### **3.1 Institutional Impact**

- National Programme of Action mapped unto national development plans;
- Budgetary Prioritization Committee established to ensure Ministries, Departments and Agencies prioritize APRM activities into their annual budgets;
- Department of Budget under the Ministry of Finance and Economic Planning tracks and generates expenditure on national Programme of Action;
- Institution of District Oversight Committees at the local level to sensitize and educate populace on APRM, as well as monitor and evaluate the implementation of the national Programme of Action;
- A seat for APRM Secretariat at Government-Civil Society dialogue meetings;
- APRM Report cited as reference in public debates;

- APRM Report as reference in unfinished governance improvement agenda;
- The APRM has conferred legitimacy to think-tanks and other civil society expertise in relation to Government;
- Institutionalization of national dialogue – opening up of political space and providing voice to the voiceless;
- Institutionalization of formal channel between political society and civil society;

### **3.2 Examples of substantive (Concrete) Impact**

- Setting up of a Ministry of Chieftaincy and Culture
- Upper limit of the number of Supreme Court judges
- Scaling Down on the number of Ministries
- Rationalization of administration of land
- Passage of key legislation – Whistleblower Protection Act; Disability Act
- Freedom of Information and Fiscal Responsibility Bills before cabinet
- Separation between attorney General and Ministry of Justice before Cabinet
- Reduction of Corporate tax from 27.5 percent to 25 percent
- Establishment of NEPAD School Feeding Programme and NEPAD e-School
- Establishment of Northern Development Fund
- Proposal for establishment of West Africa APRM Centre of Excellence

## **4.0 CHALLENGES**

- 4.1 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.
- 4.2 The election of Metropolitan, Municipal and District Chief Executives is yet to be effected. (There are however, welcoming news from all the Presidential aspirants that election of M/M/DECs was welcome).

- 4.3 The large number of ministerial appointments continues to put a strain on national coffers.
- 4.4 There are no strict guidelines relating to the utilization and accountability of Internally Generated Funds at the District Assembly level.
- 4.5 Whilst efforts are being made to address the issue of access to justice, the cost of initiating court proceedings continue to limit the ability of ordinary citizens to seek redress.
- 4.6 Though budgetary allocations to governance institutions have increased substantially, actual disbursements have continuously fallen short thus impeding the smooth implementation of activities.
- 4.7 The Financial Administration Tribunal has not been established as mandated by the Financial Administration Act, 2003 (Act 654)
- 4.8 Whilst institutional space has increased for civil society to engage in public discourses, there is no structured and formalized arrangement that seeks to foster partnership and participation of civil society in national dialogue and decision making.
- 4.9 Ghana has not developed a strategic framework to promote synergy between the various institutions fighting corruption in the country. The coordination challenges are highlighted with the passage of the Whistleblower Act where as many as eighteen organizations and institutions are mandated to implement it.
- 4.10 The attainment of a single digit inflation and stability of the cedi remains a major challenge given the internal and external shocks.
- 4.11 The total debt stock increased from USD 7,409.72 million at end of 2007 to USD8,488.74 million as at end of June 2008.
- 4.12 Inflation rose from 12.7 percent as at end 2007 to 18 percent as at June 2008.
- 4.13 Turnaround time for ships at the country's ports has increased from 90 days to 106 days.
- 4.14 The affordable housing projects have not been completed to ease the burden of public officials.

## **PART B**

## CHAPTER

# 1

### OVERALL ASSESSMENT OF THE IMPLEMENTATION PROCESS

#### 1.0 Introduction

The Third Annual Progress Report provides a comprehensive assessment of the implementation of the recommendations in the National Programme of Action for the period January – December 2008.

#### 2.0 Institutional Arrangements

2.1 Following the successful review of Ghana, the country maintained the Governing Council to oversee the monitoring and evaluation of the implementation of the National Programme of Action.

2.2 To deepen civil society participation and promote ownership of the APRM process, the Governing Council is establishing District Oversight Committees (DOCs) at the local level. To date 116 DOCs have been established in 9 out of the 10 regions. Ordinary citizens become the drivers and owners of the APRM process through the DOCs.

Region	Number of Districts	Number of DOCs inaugurated
Upper East	9	0
Upper West	9	9
Northern	20	16
Brong Ahafo	22	22



Ashanti	27	27
Eastern	21	12
Volta	18	4
Greater Accra	10	3
Central	17	6
Western	17	17
<b>Total</b>	<b>170</b>	<b>116</b>

### **3.0 Mainstreaming APRM NPOA into national processes**

- 3.1 The APRM's NPOA has been merged with the Growth and Poverty Reduction Strategy (GPRS II) to exploit synergies and ensure more targeted use of scarce resources.
- 3.2 The four themes of the APRM – Democracy and Good Political Governance, Economic Governance and Management, Corporate Governance and Socio-Economic Development – were mapped onto the three pillars of the GPRS II – Private Sector Development, Human Resource Development, and Good Governance and Civic Responsibility.
- 3.3 The GPRS II also reports on annual APRM progress made through its Annual Progress Report.

### **4.0 Implementation of the NPOA**

- 4.1 The NPOA is implemented through the policy framework and strategic plans of the line Ministries, Departments and Agencies (MDAs) through the GPRS II. The Ministry of Finance and Economic Planning (MoFEP) set up a Committee to ensure that MDAs incorporate APRM activities in their annual budgets.
- 4.2 The NPOA are financed through the annual budget and Medium Term Expenditure Framework (MTEF). This ensures that the NPOA is not treated as an add-on to the national development agenda.
- 4.3 Analysis of provisional releases to APRM related activities in 2006, 2007 and 2008 are provided below:

<b>Theme</b>	<b>2006 (USD'000)</b>	<b>2007(USD'000)</b>	<b>2008(USD'000)*</b>
Democracy & Good Political Gov	70,795.30	92,632.02	297,304.05
Economic Gov. & Management	169,539.50	185,366.20	104,775.09

Corporate Governance	163,015.40	204,363.50	189,900.30
Socio-Economic Development	193,207.40	269,005.75	221,008.35
<b>Total</b>	<b>433,018.60</b>	<b>751,367.47</b>	<b>812,987.79</b>

*Source: Ministry of Finance and Economic Planning, Budget Division. October 2008. \* provisional*

## CHAPTER

# 2

### METHODOLOGY

In keeping with the APRM principle of ownership and civil society participation, the NAPRM-GC adopted an open and participatory approach in collecting and collating data and information for the preparation of the Third Annual Progress Report. This approach was to further deepen civil society involvement in the APRM process and thereby improve ownership of the process amongst the Ghanaian community.

As with previous reports, the Governing Council adopted a **four-pronged participatory approach** in collecting and collating data and information for the preparation of this Report.

The **first approach** was to request for data from public sector actors – Ministries, Departments and Agencies (MDAs). MDAs were required to report on progress made in implementing specific actions raised in the National Programme of Action (NPOA) that fell under their purview. MDAs were required to indicate for each issue:

1. Progress made in implementing the recommendations
2. Challenges and constraints they face in implementation
3. The way forward/remarks

The **second approach** involved the use of District APRM Oversight Committees to administer Citizen Report Cards to citizens at the local level. The Report Cards are standard questionnaires that addressed issues raised under the four thematic areas. The cards dealt with issues such as freedom of expression, access to justice, rights of women and children, security of life and property, access to public finance, access to education, health, water and sanitation, etc. They excluded issues that normally are not in the public domain – inflation, exchange rate regimes, internal and external debt.

## Sample Size

Two hundred questionnaires were administered in 50 out of the 170 districts. The Table below shows the distribution across the country. A total of 10,000 questionnaires were administered by the District APRM Oversight Committees, and 9,682 were fully completed and returned to the Secretariat. This represents a return rate of 96.8 percent.

<b>Region</b>	<b>Districts</b>
<b>1. Upper East</b>	Bawku East Kassena Nankana Talensi Nabada
<b>2. Upper West</b>	Nadowli Wa Municipal Wa West
<b>3. Northern</b>	East Mamprusi Bole Nanumba Saboba Tamale Metropolis Karaga
<b>4. Brong Ahafo</b>	Asunafo North Berekum Nkoranza South Sunyani West Jaman South Drobo
<b>5. Ashanti</b>	Kwabre Ashanti Akim South Obuasi Sekyere West Sekyere Central Sekyere Afram Plains Sekyere East Ejura Kumasi Metropolis
<b>6. Eastern</b>	Birim North Fanteakwa New Juaben Upper Manya Krobo West Akyem
<b>7. Volta</b>	Krachi West

	North Tongu Hohoe Jasikan Keta Ho Metropolis
<b>8. Greater Accra</b>	Ga West Dangme West Dangme East Abokobi
<b>9. Central</b>	Gomoa East Gomoa West Agona East Agona West Cape Coast Municipality
<b>10. Western</b>	Sekondi-Takoradi Metropolis Shama Sefwi Wiawso Bibiani Wassa Amenfi East Ahanta East

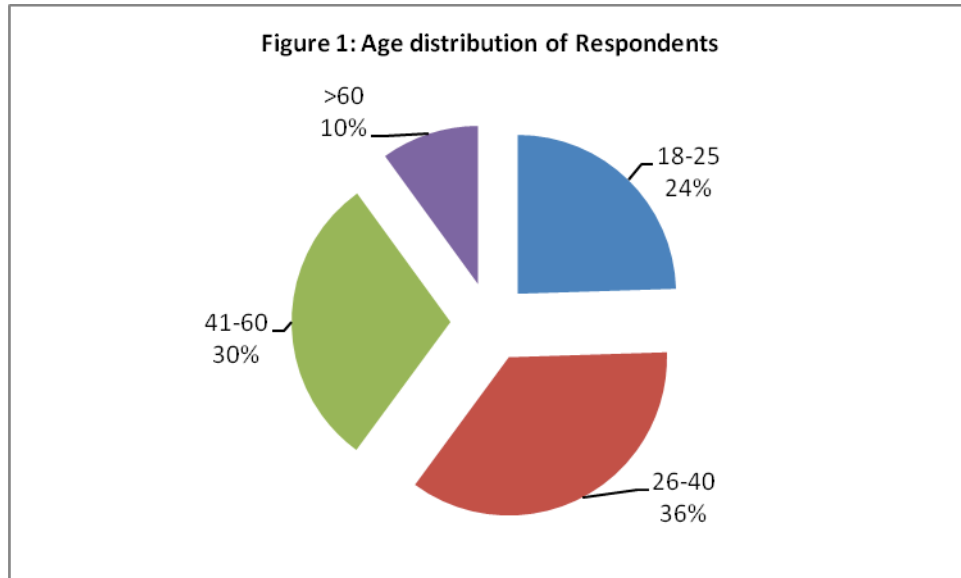
An initial analysis of the questionnaires were undertaken at the district level. This was to enable local actors appreciate and monitor the developmental changes that were occurring at the district level.

Respondents of the questionnaires were drawn from a wide variety of stakeholders including traditional authorities, youth groups, women groups, public sector, private sector, civil society organizations, among others.

### **Characteristics of Respondents**

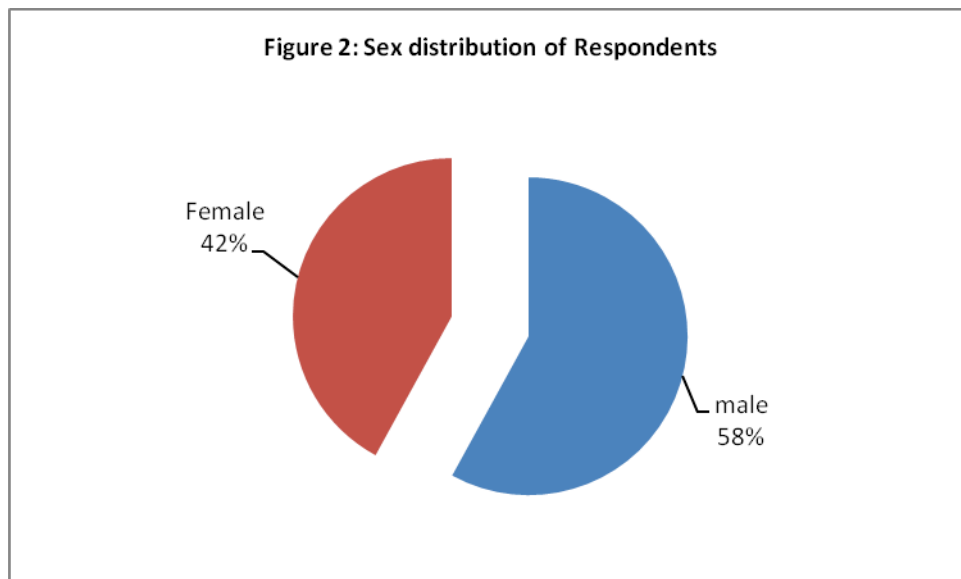
#### **(a) Age distribution**

The majority of Respondents (36 percent) were within the 26 – 40 year group (Figure 1). Thirty percent of Respondents were within the 41 – 60 year group, while 10 percent were in the over 60 year group. Twenty-four percent of Respondents were in the 18 – 25 year group.



**b) Sex distribution**

The number of male Respondents was higher (58 percent) than the number of female respondents (42 percent)



The **third approach** involved the use of Technical Research Institutions (Institute of Statistical, Social and Economic Research, Private Enterprise Foundation, Ghana Anti-Corruption Coalition, Commonwealth Human Rights Initiative) and individual consultants to undertake expert group surveys and secondary data reviews.

The **fourth approach** was to present the draft report to a team of experts to critique the findings.

### **Report Validation Process**

A three-day national validation exercise was conducted from the 12 to 14 December 2008 at Crystal Hotel in Koforidua. Stakeholders were drawn from the public sector, private sector, civil society organizations, persons with disabilities, women groups, youth groups, the Legislature, and the Judiciary.

# CHAPTER

# 3

## DEMOCRACY AND GOOD POLITICAL GOVERNANCE

### 3.0 Introduction

The section assessed the progress made in implementing recommendations raised in the National Programme of Action under the theme – Democracy and good Political Governance. Stakeholders’ maintain that freedom of expression and the protection of human rights are Ghana’s most spectacular successes since the return to democratic rule in 1992. Whilst this is heralded, stakeholders are also quick to add that a great deal needs to be done to improve and strengthen human rights, particularly, of vulnerable groups like women and children. Laws passed during the period since Ghana’s ascension to the APRM include: the Human Trafficking Act, 2005 (Act 694); the Criminal Code Amendment Act of 2007 (Act 741); the National Health Insurance Act (Act 650); the Juvenile Justice Act, Act 2006 (Act 699); National Identification Authority Act, 2006 (Act 707); the Labour Act, 2003 (Act 651); the Transfer of Convicted Persons Act, 2007 (Act 743); and the Domestic Violence Act, 2007 (Act 732).

### 3.1 Standards and Codes

Four out of the seven conventions have been ratified. These are:

- Amendments to the Constitutive Act of the AU, 2003;
- The AU Non-Aggression and Common Defense Pact, 2005
- The AU Convention on Preventing and Combating Corruption, 2003
- UN Convention Against Corruption



The country is yet to ratify the following:

- Protocol on Rights of Women in Africa, 2003
- Protocol on the African Court of Justice, 2003
- Protocol to the OAU Convention on the Prevention and Combating of Terrorism, 2004

The Ministry of Foreign Affairs, Regional Integration and NEPAD is working closely with the Ministry of Justice to establish the Ratification Desk.

### ***Objective 1: Prevent and reduce intra and inter-state conflicts***

#### **3.2 Poorly defined Land Ownership and Land Registration**

The National Lands Commission has been reconstituted and inaugurated. The Commission is to deal with the numerous challenges facing the land sector in the country. The Commission is made up of representatives from all the regions of the country, as well as representatives from the National House of Chiefs, the Environmental Protection Agency, the Ghana National Association of Farmers and Fishermen, the Town and Country Planning Department, the Ghana Institute of Surveyors and the Ministry of Lands, Forestry and Mines.

A pilot project for the customary boundary demarcation and survey of the stool lands of the Wassa Amenfi Traditional Area in the Western Region under the Land Administration Project (LAP) begun in June 2008.

The new Lands Commission Bill which seeks to harmonize the 160 laws governing land administration in the country is before Cabinet.

#### **Government lands to be reverted to original owners**

The Government announced in October 2008 that it will sign MOUs with a number of chiefs and elders in the Greater Accra that will pave the way for government to release a percentage of the lands it acquired to its original owners.

Stakeholders proposed that Government should continue to dialogue with Ga traditional authorities to fully and amicably resolve the issue of acquired lands.

A one-stop shop for land registration has been established and operational at Madina, Accra.

### **3.3 Effective and Efficient Early Warning System Mechanism**

The Early Warning System (EWS) framework for Ghana encompasses security institutions and traditional mechanisms. They include:

- The Security and Intelligence Services Act (Act 526) which mandates the District, Regional and National Security Councils to investigate potential conflict situations.
- Traditional councils (Regional and National Houses of Chiefs) handle conflict situations in traditional areas.

Procedural guidelines exist within the EWS framework as regards:

- Reporting mechanisms by which minutes, reports and conclusions of the districts are forwarded to the Regional Security Councils (REGSEC) and eventually to the National Security Council (NSC);
- Decentralization of the security system
- Collaboration between the different organs and institutions mandated to ensure security of the country.

Whilst the framework for Ghana's Early Warning System (EWS) is quite comprehensive and impressive, there is the need to enhance the level of collaboration between the various agencies. The levels of collaboration among the different Ministries, Departments and Agencies (MDAs) handling different aspects of early warning needs rationalization.

### **3.4 Sub-regional Security**

There is no structured procedure through which Ghana's EWS feeds into the larger ECOWAS early warning system framework. Efforts being made by Ministries responsible for security in the sub-region are un-going.

Ghana continues to provide troops to AU and UN peace keeping missions within and outside the continent.

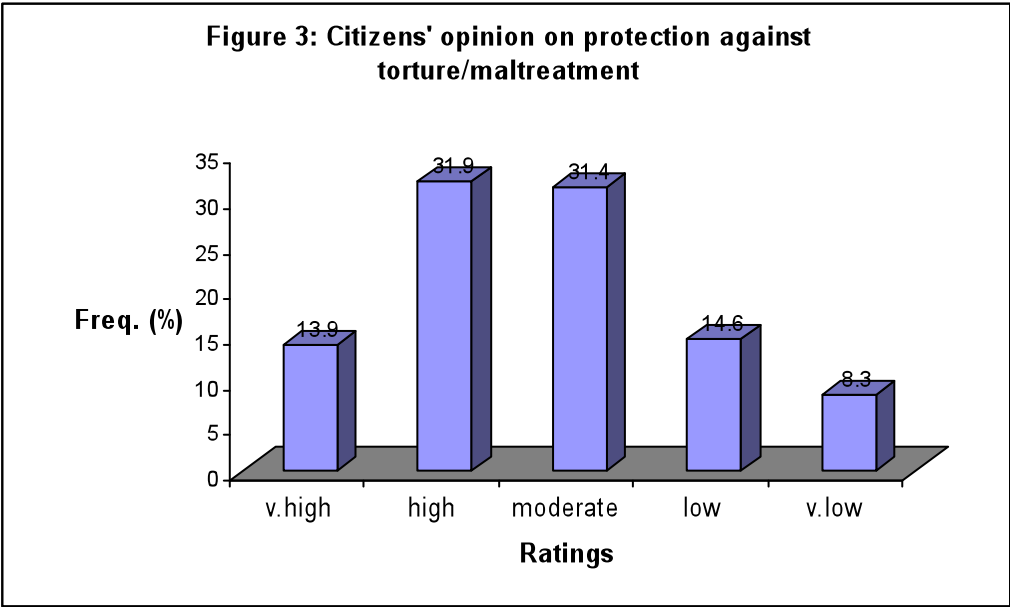
The Ghana Police Service (GPS) collaborates with INTERPOL in gathering and sharing information on security issues within the sub-region. This collaboration saw a crack down on an international car stealing syndicate and drug trafficking along the West Africa coast.

### **3.5 Safety of life and property**

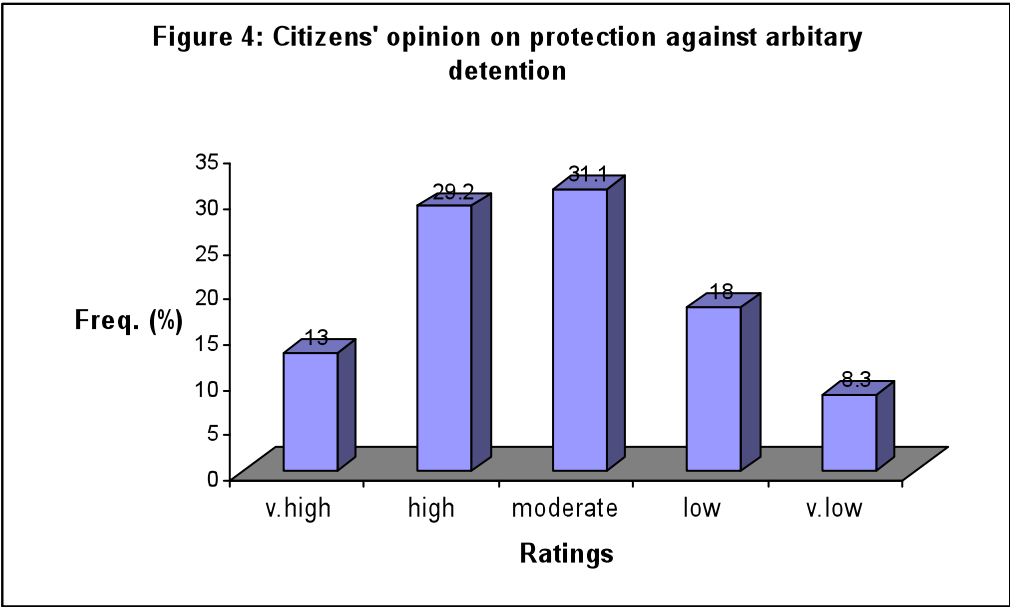
The Ghana Police Service has undergone major transformation over the years. The focus is now on forming strategic partnership with the public in the fight against crime. Community Policing is now being encouraged to involve local communities in identifying potential crime problems and together with the police map out strategies to check them.

The Ghana Prison Service is changing its focus to become more of a correctional service that focuses on reformation and rehabilitation. The GPS has begun a pilot scheme where prison inmates are given formal education to the senior high school level. The Government has also imported USD 3 million worth of equipment to be used for vocational training in prisons. There is also a pilot programme with the University of Cape Coast with assistance from UNDP to provide long distance tertiary education to inmates under the President's Special Initiative on Education.

Majority of Respondents (43.9 percent) indicated that the state security system protected citizens against torture and/or maltreatment by security forces (Figure 3). 39.9 percent indicated the protection was low/very low and cited beatings and other inhumane treatment meted out to suspected criminals by the security forces.



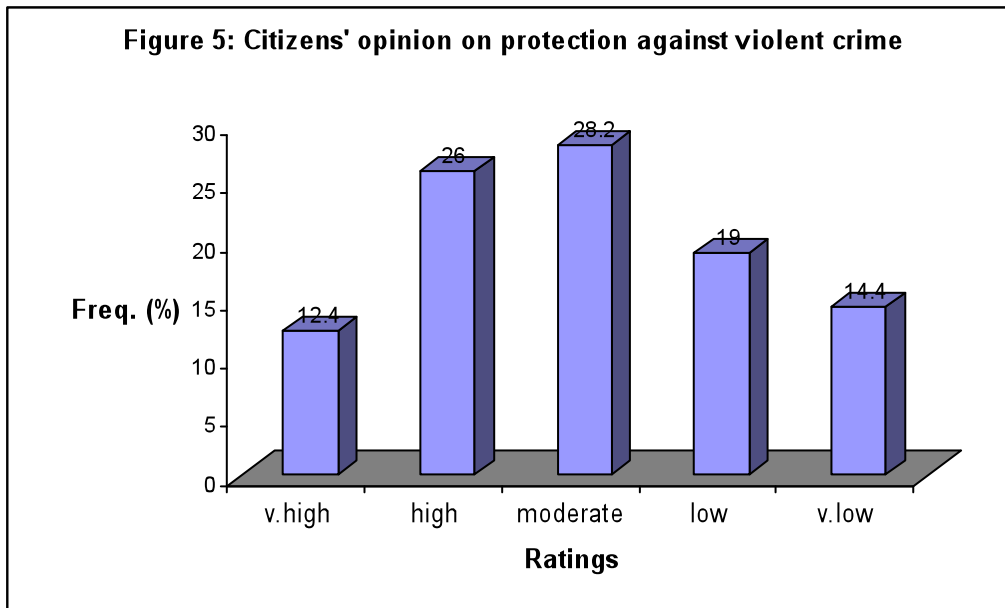
Respondents expanded the meaning of “arbitrary detention” to include “being held at the police station or prison without charge”. A significant proportion of Respondents (26.3 percent) were of the view that the security system does not protect citizens against arbitrary detention. Stakeholders contend that many remand prisoners have not been given the opportunity to prove if they are guilty or not.



A study by the Centre for Human Rights and Civil Liberties (CHURCIL) reported that out of the total prison population of about 14,000, about a third constitutes remand prisoners. The report

further indicated that some inmates have been on remand over a period ranging from 5 to 15 years.

Respondents were split on the issue of protection against violent crime (armed robberies). Whilst 38.4 percent contend that there has been significant improvement in the ability of the security system to deal with violent crime, 33.4 percent believe otherwise (Figure 5).

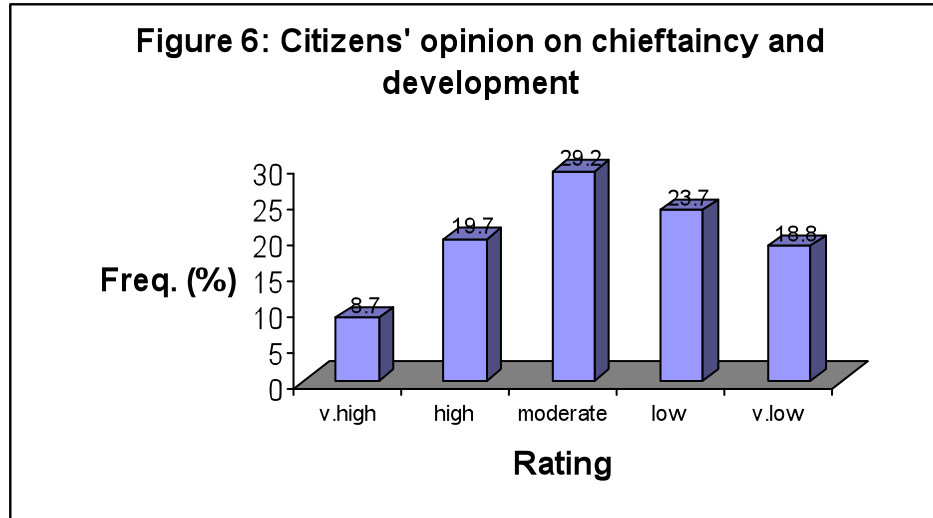


### **Narcotics and State Security**

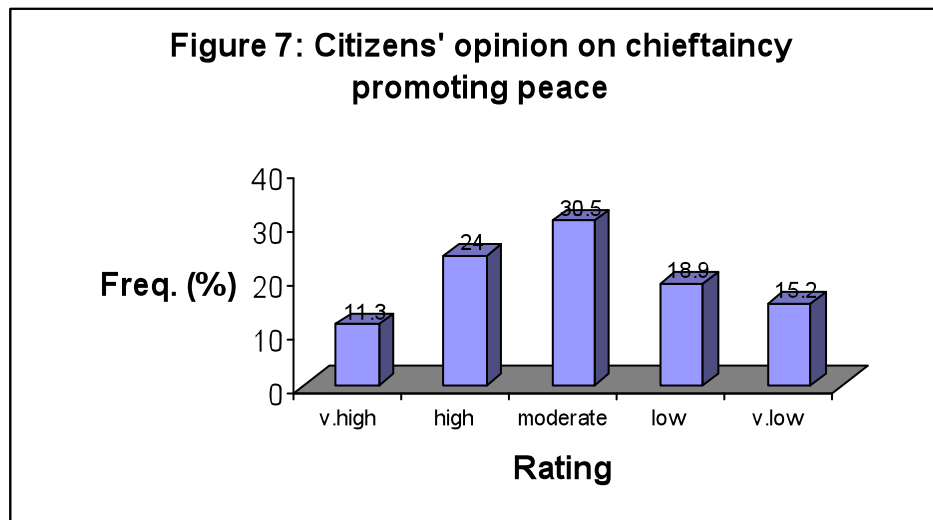
Stakeholders welcomed the efforts of Government with support from development partners to tackle the issue of drug trafficking in the country. They, however, expressed concern over reports of apprehended drug suspects escaping from police custody and said this posed a serious national security challenge for the country.

### **3.6 Responsiveness of Chieftaincy to the rapidly changing social needs**

28.4 percent of Respondents reported that the chieftaincy institution was helping to promote development amongst the populace (Figure 6). Respondents cite the numerous initiatives in education, health and environment being promoted by chiefs in virtually every region. The majority (50.5 percent), however, indicated that the institution is slowing down development citing the violence associated with the chieftaincy succession and land issues.



The active inclusion of chiefs in initiatives such as Alternative Dispute Resolution and Peace Councils prompted 35.3 percent to indicate that chiefs are assisting to promote peace in the country (Figure 7). The majority (41.1 percent) however point to the conflicts associated with the institution and insist chieftaincy is a threat to peace.



***Objective 2: Promote Constitutional Democracy, Political Competition and Rule of Law***

**3.7 Periodic Voter Registration**

**3.7.1 Accelerate the establishment of National ID System**

The National Identification Authority Act, 2006 (Act 707) has been passed by Parliament, and subsequently the National Identification Authority (NIA) has been established. The Authority has since trained personnel to man the Mass Registration Work Station (MRWS). The mass registration exercise is being piloted in some regions.

#### **Integrate Voter Cards and National Identification Cards**

Stakeholders propose that consideration should be given to integrating the Voter and National ID cards so that the National ID card would serve also as a voting card. This they contend would make savings for the nation and avoid duplication of efforts.

### **3.7.2 Regularly revise Voters Register**

The Electoral Commission (EC) undertook the revision of the Voter Register in preparation for the December 7 elections.

The initial concerns about the operational errors in the generation of the voters' statistics were allayed by the EC working in close collaboration with the Inter-Party Advisory Committee (IPAC).

#### **Transition Period**

Stakeholders expressed concern about the short transition (one month) period between holding of elections and swearing-in of the new administration. They contend that in cases where presidential run-offs have occurred the period is reduced to a few days (10 days). The short period, they argued, does not augur well for an effective handing-over process. There was consensus that the transition period be extended to at least three months.

### **3.8 Voter Education**

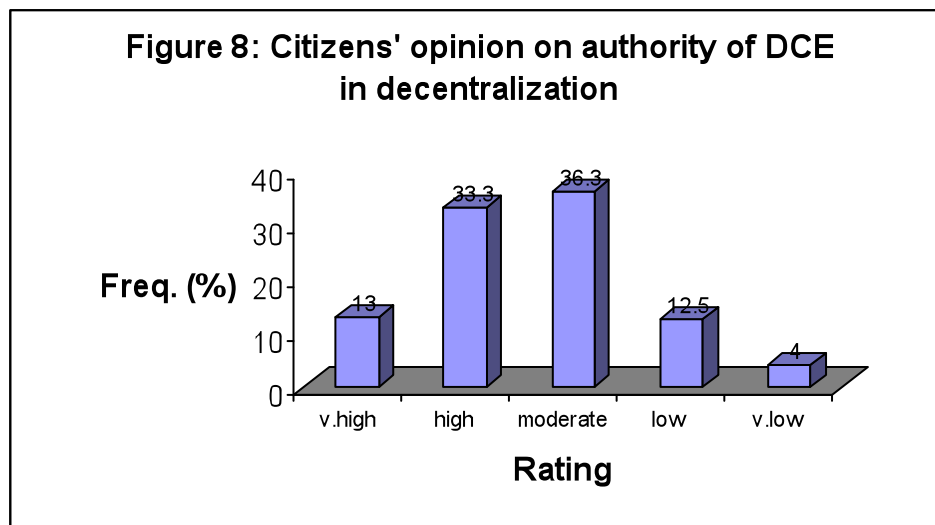
A number of institutions including the EC, National Commission for Civic Education (NCCE), the Information Services department (ISD) and civil society organizations are undertaking voter education. Disagreements still exist between NCCE and the EC on the issue of voter education.

### 3.9 Decentralization

The Draft Comprehensive Decentralization Policy which is the policy framework to deepen political, administrative and fiscal decentralization is being discussed by Cabinet.

#### *Political decentralization*

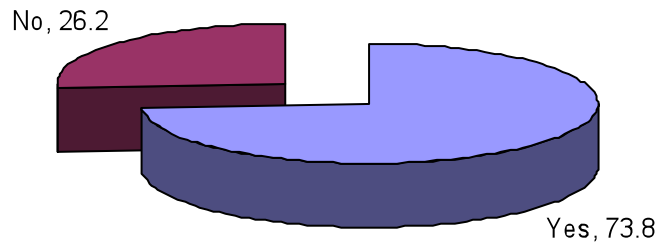
The issue of election of Metropolitan, Municipal and District Chief Executives is still part of public discourse. Respondents (45.2 percent) were of the opinion that the Chief Executives were still the most powerful personalities at the District level under the decentralization system (Figure 8).



The majority (73.8 percent) of Respondents knew who their Chief Executive was, an indication that DCEs are in close contact with the populace (Figure 9).

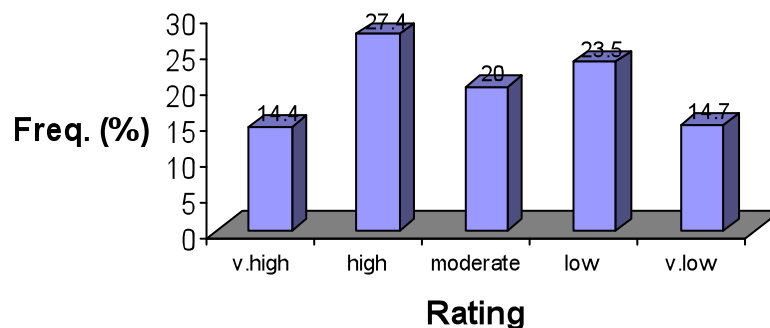


**Figure 9: Citizens' knowledge of DCE**

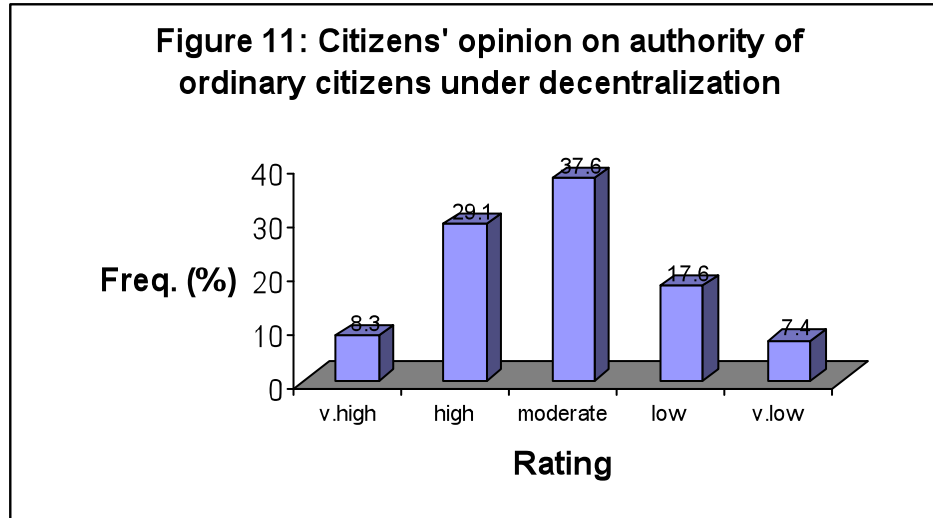


When asked how easy it was for the populace to interact with the DCE, 41.8 percent indicated they have had access to interact with their DCEs (Figure 10). The majority of these Respondents indicated that the DCEs come over to hold public discussions with the populace. They also indicated that the frequency has been extremely high this election year.

**Figure 10: Citizens' opinion on ease of interacting with DCE**



When asked if the decentralization process has empowered ordinary citizens, 37.4 percent indicated in the affirmative (Figure 11). They cite their ability to demand accountability from the DCEs. They again cite the fact that this has been possible given the fact that most DCEs are seeking the mandate of the populace to represent them as their Members o Parliament.

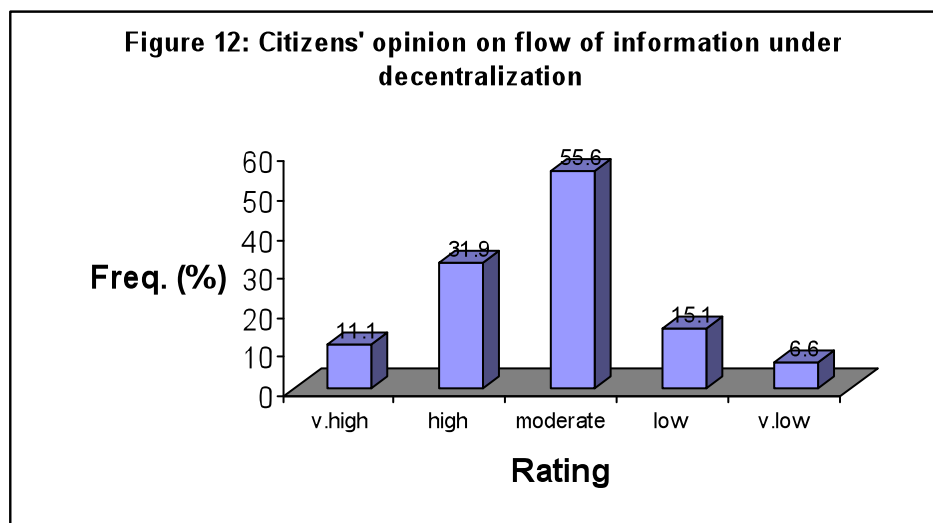


*Administrative Decentralization*

To create smaller, manageable units of local government administration, the number of district assemblies has been increased from 138 to 168. This was done through the splitting of larger districts into smaller units.

The Local Government Service Secretariat has been established and is operational. A Legislative Instrument to transfer functions, resources and staff to the District Assemblies and Regional Coordinating Councils has been drafted and is under study.

The majority of Respondents (43 percent) indicated that there has been an improvement of the flow of information from the national level through the district assemblies to citizens (Figure 12)

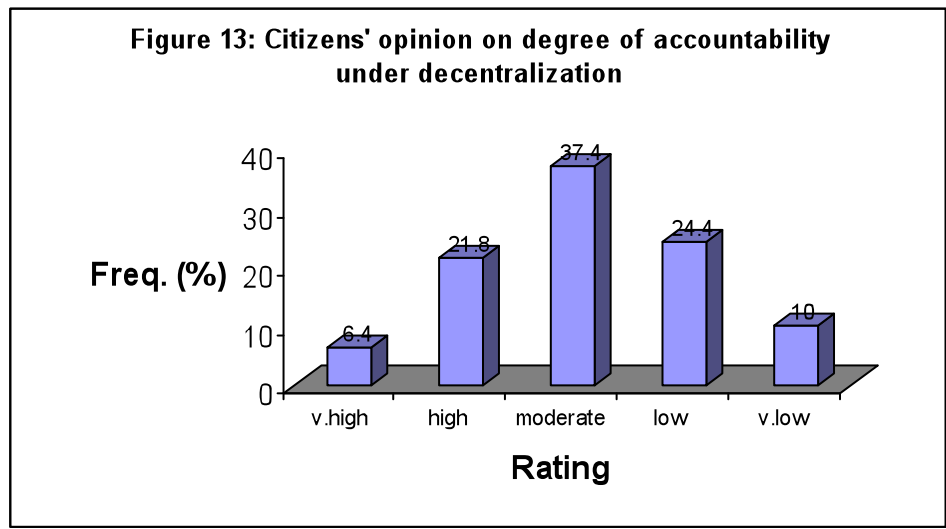


*Fiscal Decentralization*

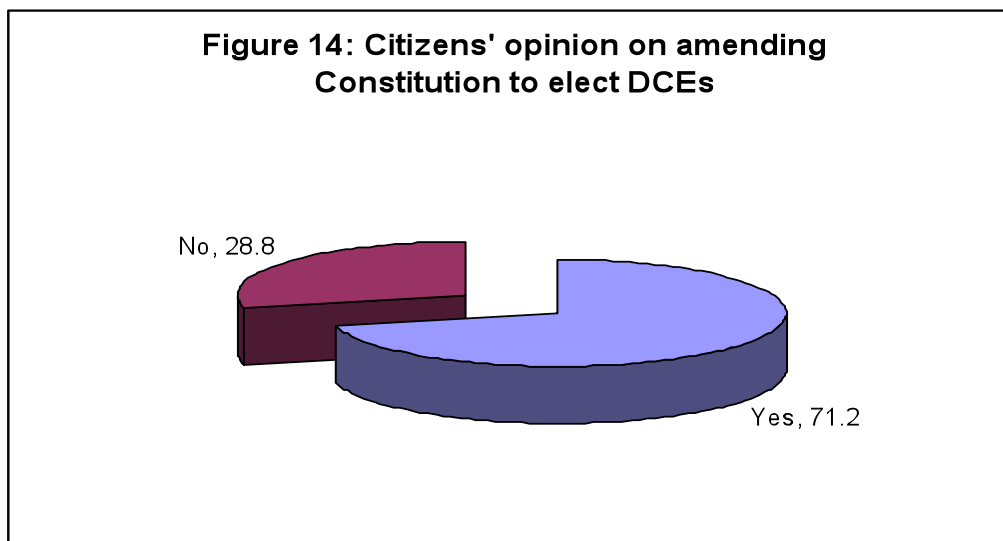
The Ministry of Local Government, Rural Development and Environment (MLGRDE) in collaboration with the Ministry of Finance and Economic Planning (MOFEP) has prepared an Inter-Governmental Fiscal Framework which seeks to address the issue of revenue and expenditure assignment between the national and sub-regional levels. The Framework and its Implementation Plan have been submitted to Cabinet for endorsement.

There has been an increase in the District Assembly Common Fund (DACF) from 5.0 percent of generated revenue to 7.5 percent. Stakeholders indicate that whilst there are strict guidelines for the use of the DACF, there are vague guidelines regarding the utilization of Internally Generated Funds (IGF).

Respondents (34.4 percent) were of the opinion that accountability of public officers at the district level is low (Figure 13). 28.2 percent of Respondents indicated that there has been improvement in the level of accountability at the district level and cite reports submitted to the Assembly as regards revenue and expenditure.



When asked if the Constitution should be amended to allow citizens elect their Chief Executives, a majority (71.2 percent) responded in the affirmative (Figure 14).



***Objective 3: Promotion and Protection of Civil, Political, Economic, Social and Cultural Rights***

**3.10 Access to Justice**

The regional imbalance in court distribution serves as an obstruction to access to justice. The current distribution (Table 1 below) favours areas with higher economic activities, rather than areas with high population density.

**Table 3.1: Regional Distribution of Courts (High and Circuit Courts)**

REGION	2000 REGIONAL POPULATION	NO. OF HIGH COURTS	NO. OF CIRCUIT COURTS
Greater Accra	2,905,726	29	13
Eastern	2,106,696	5	9
Brong Ahafo	1,815,408	4	9
Ashanti	3,612,950	8	11
Central	1,593,823	5	5
Western	1,924,577	7	4
Volta	1,635,421	5	9
Northern	1,820,806	2	4
Upper East	920,089	2	2
Upper West	576,583	1	2
	<b>18,912,079</b>	<b>68</b>	<b>68</b>

*Source: Ministry of Justice, 2005*

Regional imbalance also exists when one considers the distribution of lawyers. According to the Ghana Bar Association, there are about 3,500 members of the Bar, with a ratio of one lawyer to 5,792 Ghanaians. More than half of the lawyers (about 2,000) are practicing in Accra, compared to 14 lawyers in the whole of the Volta region, 60 in the Western region, 23 in the Central region, 17 in the Northern region, and 35 Eastern region and about a 1,000 in the Ashanti region. The distribution shows a positive correlation between the distribution of lawyers and the distribution of industries, which again serves to hamper access to justice.

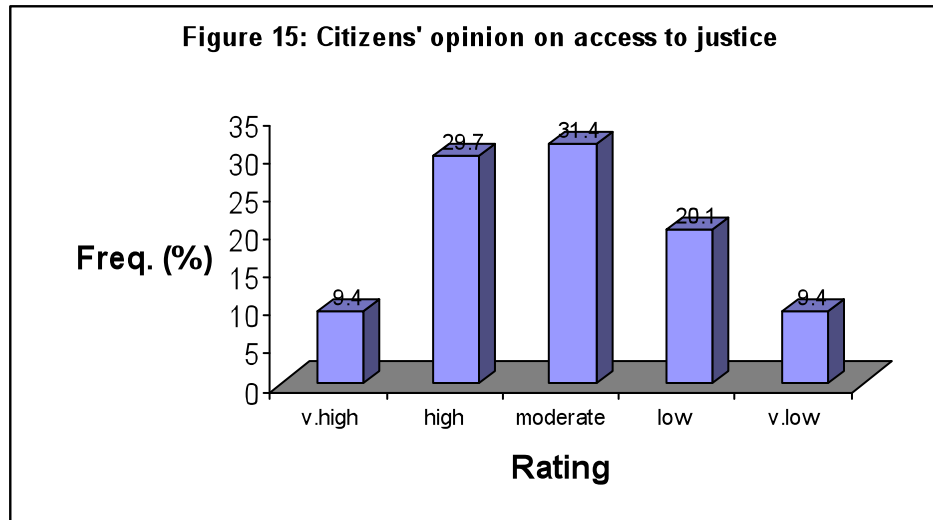
The Judicial Service continued improving court infrastructure throughout the country as part of efforts to provide congenial environment for justice delivery. A second Appeal Court has been established in Kumasi to serve the northern sector of the country.

As part of efforts to assuage the fears of the populace on delays in addressing electoral flaws, the Judicial Service has proposed the setting up of Electoral Courts to deal with electoral disputes.

The district courts make up the largest number of courts and statistically handle the largest number of cases. However, these courts suffer from chronic shortages of magistrates. As at 2007, there were 131 District Courts but only 50 appointed magistrates. The Judicial Council is conducting a career magistrate training programme in an attempt to fill the vacancies.

As part of efforts to improve access to justice, the Chieftaincy Act gives traditional chiefs the power to mediate local matters and enforce customary tribal laws dealing with such matters as divorce, child custody, and property disputes.

Majority of Respondents (36.1 percent) reported an increase in access to justice (Figure 15) and cite the promotion of ADR.



Whilst efforts are being made to address the issue of access to justice, a critical issue remains which require continuing attention – the cost of initiating court proceedings. Stakeholders contend that many people cannot afford to pay for legal advice or representation. There are no Citizens’ Advice Centres in Ghana, and the hourly rate for a senior counsel is USD 300, and for a junior counsel, USD150. Even though the Constitution contains provisions that grant the poor legal aid, and its being effected through the Ghana Legal Aid Scheme (GLAS), a key challenge has been the inadequate provision of resources.

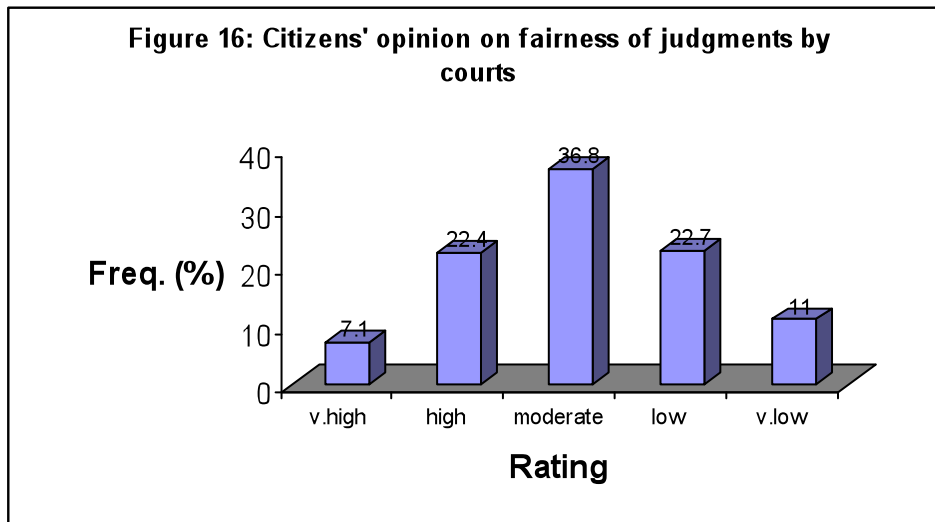
Ghana has set up a Legal Aid Scheme as a requirement of the 1992 Constitution to ensure the inclusion of the poor in the justice delivery system and legal defense of the Constitution. The mandatory requirements for legal aid led Parliament to enact the Legal Aid Scheme Act, 1997. Through government subvention and assistance for development partners, the Scheme assisted in the resolution of about 5,000 cases in 2008.

### **3.10.1 Low public confidence in the justice system**

The Judicial Service has made efforts to mainstream Alternative Dispute Resolution (ADR) procedures in order to enhance access to justice in the country. Mediators have been trained throughout the country to implement ADR and mediation desks have been established 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.

29.5 percent of Respondents were of the opinion that judgments handed over in the courts were not fair (Figure 16). There is a perception among Respondents that judgments favour the rich or those with “connections” to judges.



The Judicial Service, in an attempt to promote confidence in the public in the judicial system has established a Judicial Complaints Unit, headed by a retired Supreme Court Judge has been established in order to address public complaints.

The Judicial Service promoted the sitting of the courts on Saturdays to address the huge backlog of unsettled cases in the law courts.

### **3.11 CHRAJ's capacity to execute its mandate**

Though budgetary allocations to CHRAJ have increased substantially, actual disbursements have remained low. This is impeding the capacity of CHRAJ to effectively execute its mandate.

The constitutional provision (Article 218 of the 1992 Constitution) which limits CHRAJ to investigating complaints of human rights abuses, administrative justice and alleged corrupt practices of public officials but not to prosecute has not been reviewed.

**Objective 4: Uphold the separation of powers, including the protection and independence of the Judiciary and an effective legislature**

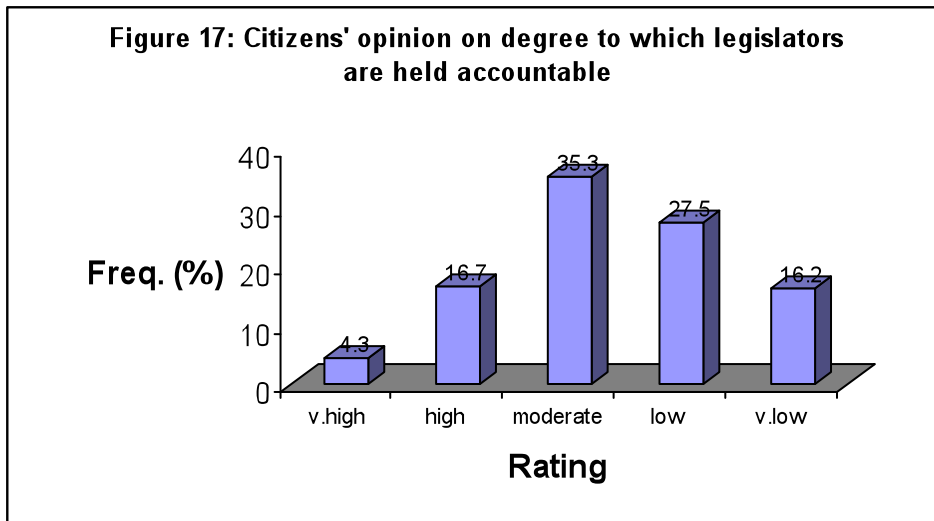
**3.12 Parliament Oversight functions**

The Public Accounts Committee (PAC) and the Committee on Government Assurances have been gradually asserting its oversight responsibilities. Parliament is effectively collaborating with all arms of government (Executive and Judiciary) to root out abuses of public resources. The recently conducted public hearing of PAC, and the Committee on Government Assurances’ innovative approach to fully engage citizens directly in the assessment of the performance of crucial government initiatives have been hailed as very welcoming.

Stakeholders emphasized the fact that Parliamentary Oversight is limited by the Executive-Legislation fusion as stipulated in our Constitution and which requires the President to appoint majority of Ministers from within Parliament.

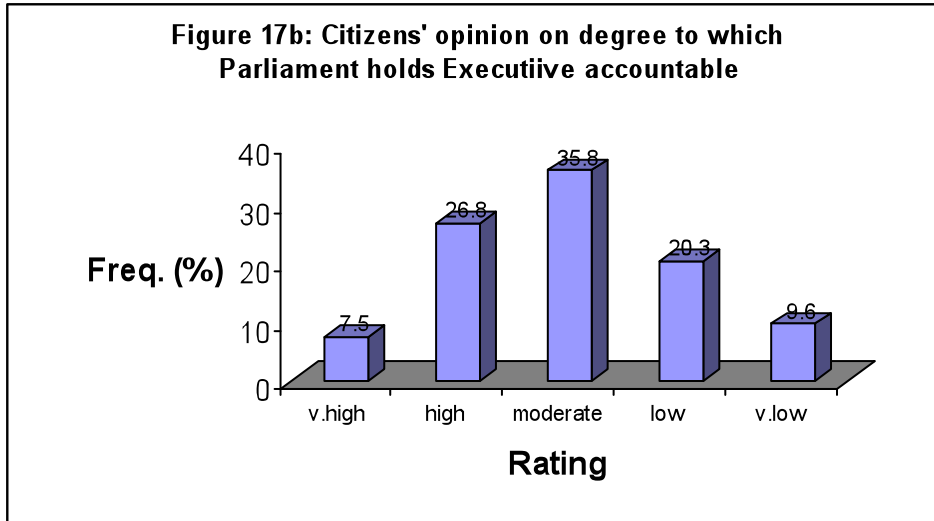
Stakeholders again argued that Committees of Parliament lack prosecutorial powers and must refer all cases to the Minister of Justice and Attorney General, This they contend limits the oversight powers of Parliament.

The study assessed the degree to which the legislators are accountable to the public. Majority of Respondents (43.7 percent) indicated that Parliament does not lend itself to be held accountable by the citizenry (Figure 17)



34.3 percent of Respondents however indicated that Parliament is holding the Executive accountable (Figure 17b).





Parliament is further strengthening its oversight functions by setting up a Budget and Finance Unit that will be equipped to generate budget related information and expert analysis of the national budget and the national economy including analysis of government revenue and expenditure forecast.

### **3.13 Lack of adequate resources for governance institutions**

Though budgetary allocations to governance institutions have increased substantially, actual disbursements have fallen short thus impeding the smooth implementation of activities.

#### **Funding for National Media Commission**

Whilst most governance institutions reported increases in budgetary allocations, the National Media Commission reports that funds allocated to it for remuneration, administrative, services and investments totaled GHC230,000.00 for the year 2008. This, the Commission contend is inadequate to effectively perform its duties.

### **3.14 Initiation and passage of bills by Parliament**

The Legal Services Department of Parliament is being set up to assist Private Members Bills. A Consultant Draftsman has been contracted to assist Parliament initiate Bills.

***Objective 5a: Ensure accountable and efficient public office holders and civil servants***

**3.15 Bureaucracy and inefficient procedures in the public service**

**3.15.1 Build capacity of MDAs to formulate and implement policies in MTEF**

Then Ministry of Finance and Economic Planning (MOFEP) has instituted a continuous training programme to train staff of all District Planning Coordinating Units (DPCUs) in District Composite Budgeting to equip them with the ability to prepare their budgets using the Medium Term Expenditure Framework (MTEF). MOFEP in collaboration with the Ministry of Local Government, Rural Development and Environment (MLGRD&E) has prepared Guidelines that will aid the preparation of District Composite Budget.

**3.15.2 Set up institutional structures to regulate public procurement, internal audit and financial administration as provided for in laws and regulations**

a) Public Procurement

A Public Procurement Authority (PPA) has been established following the publication of the Executive Instrument (E.I. 13) on the revised edition of the Laws of Ghana. PPA has also set up a seven-member Appeal and Complaints Committee to receive, investigate and advise the Authority on complaints from individuals and institutions concerning public procurement. The Authority has also established Entity Tender Committees and Review Boards in MDAs and MMDAs.

b) Internal Audit

An Internal Audit Agency has been established as per the Internal Audit Agency Act, 2003 (Act 658)

c) Financial Administration

The Financial Administration Tribunal has not been established as mandated by the Financial Administration Act, 2003 (Act 654).

**3.15.3 Build capacity of civil society to monitor public policy**

Government does not provide funding for civil society to build their capacities. However, civil society actors are invited to participate in various workshops that monitor public policies.

Individual civil society organizations (ISODEC, SEND Foundation, IDEG, etc) source for funds from development partners to build capacity to monitor public policy.

### **3.16 Poor service delivery in public services**

The implementation of the Public Sector Reform Programme is on-going. The Ministry of Public Sector Reform has developed a New Citizens Charter which provides essential information that citizens and stakeholders need to know about the services and functions of a public agency or department of the government and the manner they can assess the services efficiently.

The Ministry has also prepared a Charter Handbook which provides reading material that public entities can refer to and consult with when developing their Citizens'/Service Charters.

Eight MDAs launched their Charters this year. The MDAs involved were Ministry of Finance and Economic Planning, the Ministry of Tourism and Diasporan Relations, the Ghana Tourist Board and the Ghana Standards Board. Others are the Department of Urban Roads, the Ghana Highway Authority, the Food and Drugs Board and the Public Services Commission.

### ***Objective 5b: Promote participation of civil society and media in governance***

### **3.17 Civil society engagement in national dialogue and decision**

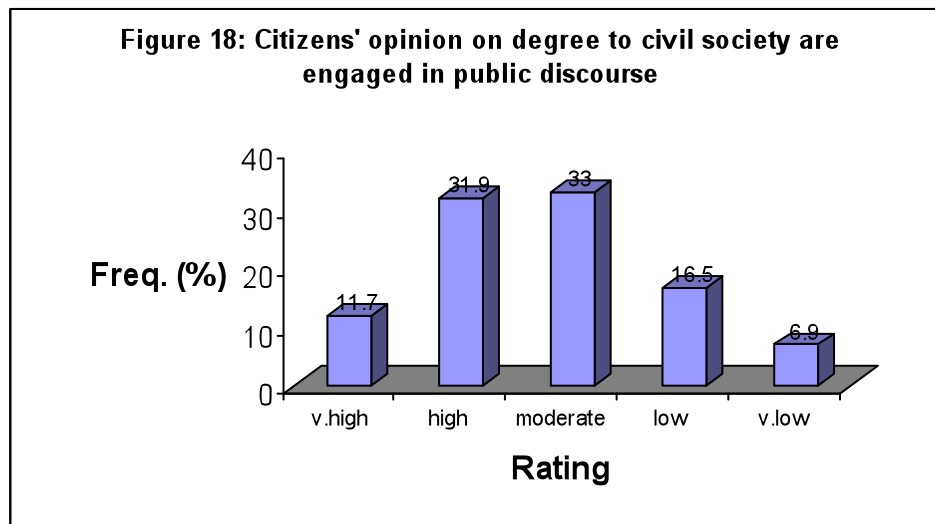
Government continues to increase institutional space for civil society engagement in national policy discourse. These include:

- MOFEP invitation of inputs from the general public into the annual budget;
- Submission of proposals to Parliament from the public into Bill consideration;
- Consultations of National Development Planning Commission with civil society;
- Speaker's Breakfast Forum;
- Parliament's Outreach Programme;
- Annual Parliamentary Week Celebration;
- People's Assembly;

- APRM Dissemination and Validation workshops.

There is, however, no structured and formalized arrangement that seeks to foster partnership and participation of civil society, traditional institutions, research institutions and private sector in national dialogue and decision making. Stakeholders contend that while the level of animosity between government and civil society is low, there exist some mistrust between the two.

Majority of Respondents (43.6 percent) indicated that there is now a high degree of involvement of civil society in public discourse (Figure 18).



Civil society organizations have been very proactive in engaging with political leaders. Stakeholders lauded the Presidential Debates organized by the Institute of Economic Affairs as having afforded the populace the opportunity to assess the manifestoes of each political party. Civil society was also very instrumental in monitoring the electoral process.

### 3.18 Lack of media specialization

Media specialization in field such as economics, finance and environment continues to be low.

#### **The Media and National Development**

Stakeholders contend that though the lack of media specialization results in mediocre reportage of issues, the main issue for Ghana has to do with policy and legislation for regulating the media landscape.

Issues that need to be addressed borders on:

- “ownership” . We need to clarify who qualifies to own media in Ghana. This they contend is necessary to forestall “foreign elements” using the lax regulatory system to establish media houses for propaganda purposes;
- As a country we also need to address the content profile of the media. Stakeholders noted that this became very evident during the December 7, 2008 elections where there was low content of voter education by media houses;
- We also need to address the issue of ethics and culture. We need a clear definition of what “nudity”, “profanity” are and determine the acceptable levels of such by rating media content.

## **Objective 6: Fighting corruption in the public sphere**

### **3.19 Coordination of anti-corruption agencies**

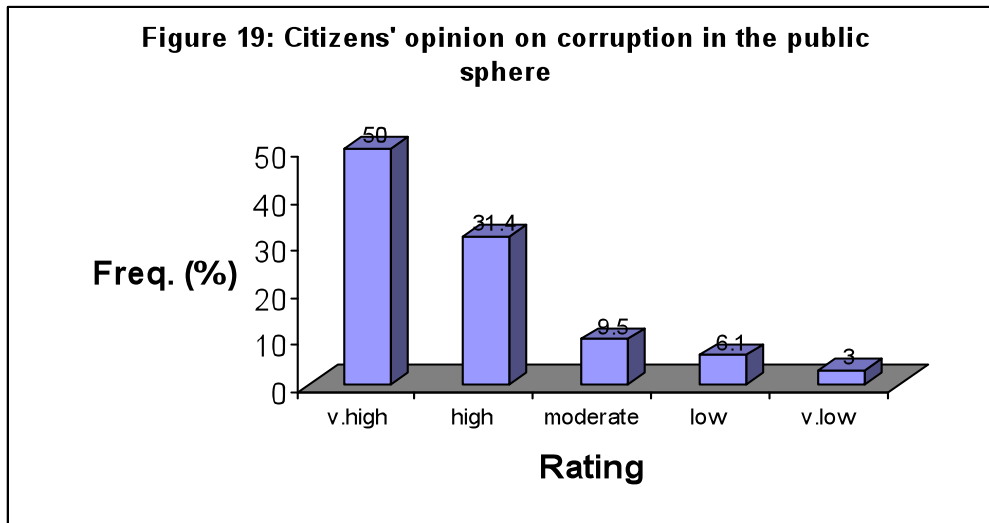
Government is yet to develop a strategic framework to promote synergy between the various institutions fighting corruption in the country. There are no official channels set up to coordinate anti-corruption institutions (Serious Fraud Office, Commission for Human Rights and Administrative Justice, Auditor-General’s Department, Financial Intelligence Unit of the Ghana Police Service, Attorney-General’s Department, Parliament, etc).

The coordination challenges were highlighted with the passage of the Whistleblower Act where as many as eighteen organizations and institutions are mandated to implement it.

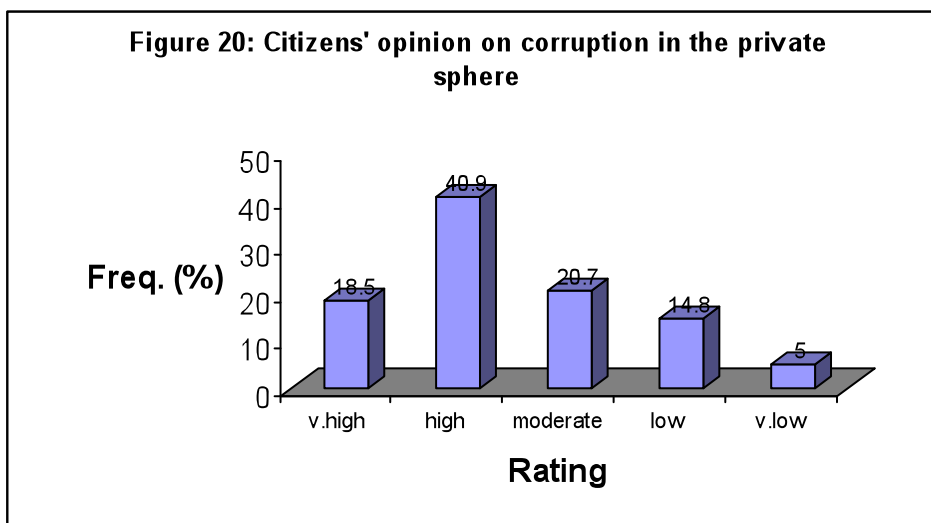
Over the last year the Ghana Integrity Initiative (GII) created a platform for anti-corruption agencies to share information and experiences in the work they have been doing. Hitherto, the Centre for Democratic Governance embarked on a research to find out if anti-corruption agencies found the need to work together to enhance the anti-corruption process. The outcome indicated that most institutions were of the view that this was important and would give members an opportunity to share ideas on how they would need to collaborate in implementation of the various Acts and also to avoid duplication and efficient utilization of

resources allocated to the various agencies in their anti-corruption agenda. This process has so far not been regular and not formalized.

Majority of Respondents (81.4 percent) reported that the incidence of corruption was high in the public sector (Figure 19).



Majority of Respondents (59.4 percent) also indicated that corruption was not the exclusive attribute of the public sector, but that the private sector was also rife with corrupt practices (Figure 20)



### **3.19.1 Define and institute an unambiguous definition of bribery and corruption**

The Ministry of Justice and Attorney General's Department has to date not completed the definition for bribery and corruption.

Over the last year the Ministry of Justice and Attorney General's Office has continued to review the laws in Ghana as it relates to international anti-corruption conventions and it has come out that there are a number of laws in place to fight corruption and to ensure that Ghana complies with international anti-corruption conventions it has signed on. However the lack of a Freedom of Information law is a limitation. Some of the laws are also weak and need to be strengthened to achieve the needed results. In addition, anti-corruption laws are limited to the public sector and there is the need to include the private sector.

An Anti-Money Laundering Bill was passed late last year and given assent by the President in 2008. The Financial Intelligence Centre is yet to be set up to start the process of full implementation of the law.

In the year under review the following anti-corruption laws have been recommended for review;

- Amendment to the Criminal Code Act 714 (Denial of Bail for Narcotics and Corruption related cases).
- Section 96 of the Criminal Code 1960, Article 29 Sub-Sections 5-7. The Criminal and Other Offences (Procedure) Act, 2008
- The Criminal and Other Offences (Procedure) Act, 1960 (Act 30) is being amended to provide for plea-bargaining in respect of certain offences. These include offences related to narcotics, corruption, bribery and other offences that may be specified by the Minister for Justice and Attorney-General.
- The Road Traffic Amendment Act 2008
- Amendment of the Economics and Organized crime bill to include a review of the Serious Fraud Office

- The Public Officer Liability Bill
- Revising the Extradition Bill to make it more responsive
- Review the Financial Administrative Act to enable special courts to be set up
- The Freedom of Information Bill is yet to be passed.

Civil Society organizations have over the year organized various programmes to advocate for the passage of the law. The Coalition of the Right to Information, a CSO body formed to advocate for the passage of the law has expressed some reservations about the current state of the bill. There is the concern over the time limit within which information can be disclosed as unduly long. This should be reduced to 14 days and not 21 days. The failure of the bill to see the chieftaincy institution as a public institution, the omission of private bodies in the main body of the bill and the exemption provisions are being contested by CSOs. Meanwhile the Public Records and Archives Administrative Department (PRAAD) has also stepped up its process of preparing the MDA's and MMDA's on how to keep records and manage information.

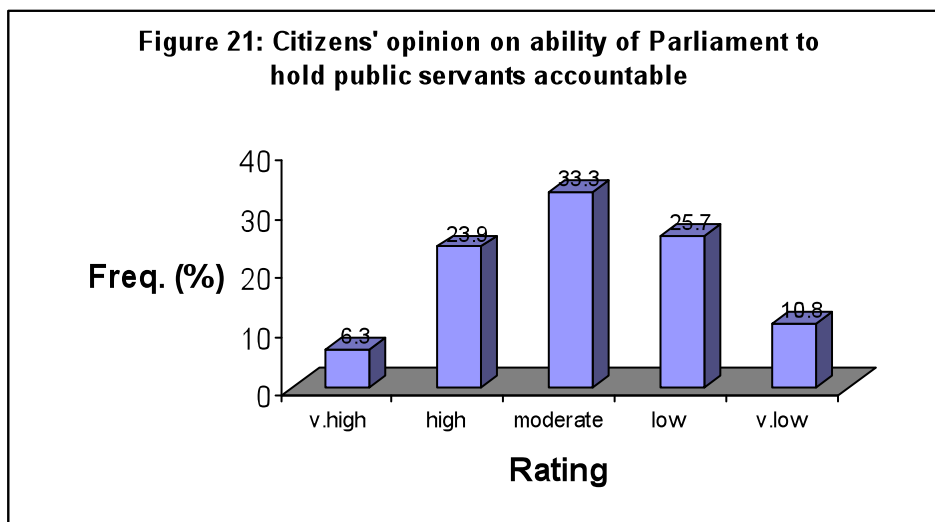
### **3.19.2 Asset Declaration regulations**

The implementation of the law over the past years has indicated that the law in its present form would not achieve the desired results of making public servants accountable. This is due to the process of verification of the contents of declaration. In the absence of public disclosure the process smacks of lack of transparency, which is further complicated by the limited coverage of the law and sanctions in the event of violation. In addition the present form of the law does not fully comply with the minimum standards prescribed in the UN Convention against Corruption and the African Union Convention against Corruption which Ghana has ratified.

In correcting this anomaly a number of Civil Society Organizations, the Commission on Human Rights and Administrative Justice, the Public Accounts Committee of Parliament, the Auditor General's Department have made inputs into the proposed amendment of the Act to comply with international standards and make it more accountable and transparent for effective implementation.



Respondents (36.5 percent) reported that Parliament had not been effective enough to bring public servant to account (Figure 21). They attributed this to a strong Executive which hinders Parliament from going after “powerful” public officers who have leanings to political parties. 30.2 percent of Respondents however, cite the public hearing of PAC and insist that Parliament is able to hold public officers to account.



### 3.19.3 Public Education on preventing corruption

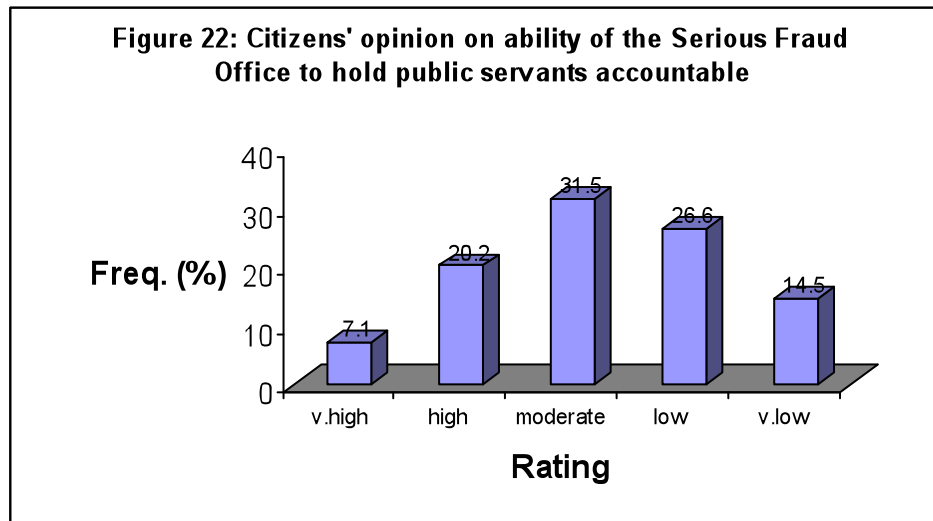
Public education and awareness creation is an important tool to prevent the occurrence of corruption in society. Over the last year there had been a number of programmes and activities undertaken by various Civil Society Organizations and some public institutions to create awareness, educate the public and further ensure that the populace do not tolerate corruption.

Civil Society organizations (GII, GACC, ISODEC, IDEG, CHRI) have been at the forefront of public education in collaborating with some public institutions such as the District Assemblies, National Commission for Civic Education, Commission on Human Rights and Administrative Justice, Electoral Commission and the media. Some of the activities are;

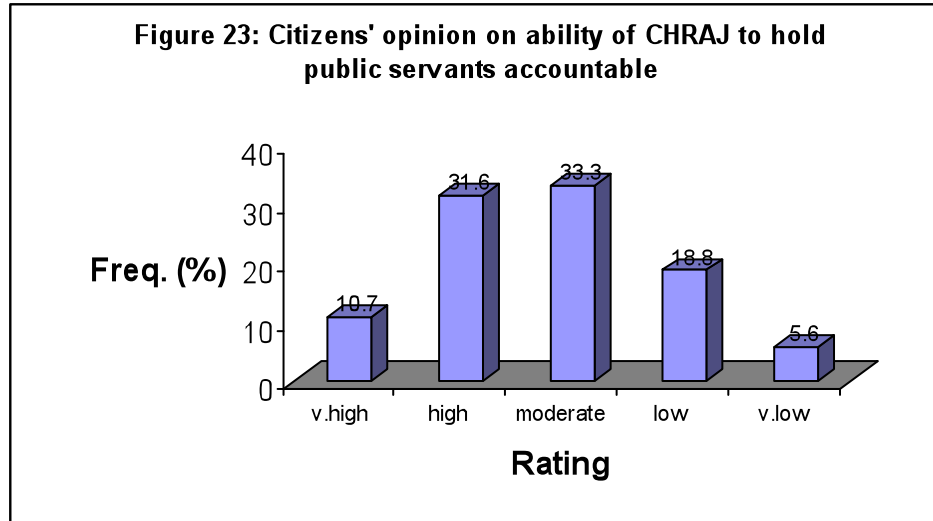
- Education on the Whistleblowers Act
- Political Corruption – Vote buying and Harassment
- Abuse of Incumbency
- Deploying election observers
- Monitoring of the School Feeding Program in the Districts
- Social Accountability
- Judicial corruption monitoring

- Awareness on Conflict of Interest Guidelines
- Anti-corruption capacity building workshops for religious leaders
- Regional workshops to promote democracy and good government
- Distribution of Anti-corruption posters, calendars, car stickers in local languages
- Advocacy leading to the development of a Presidential Transition Bill – in its initial stages
- Presidential Nominees Encounters to inform the public about their policies to fight corruption and other governance issues
- Presidential Debates
- Education on the rights and responsibilities of the citizen as a voter

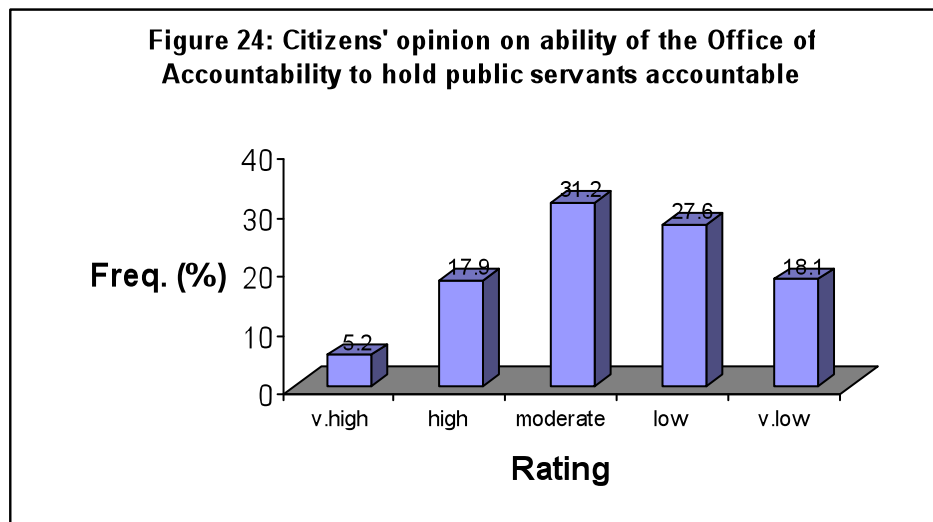
41.1 percent of Respondents indicated that the Serious Fraud Office is unable to hold public officers accountable (Figure 22). They report that the SFO has institutional and resource challenges that is not allowing it to fully execute its mandate.



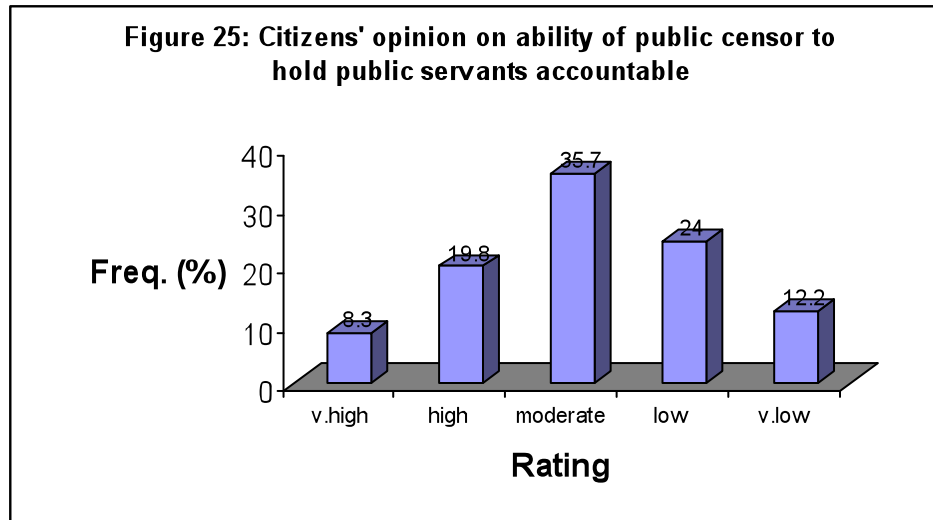
However, 42.3 percent of Respondents indicated that CHRAJ is able to hold public officers accountable (Figure 23) and cited the publication of Guidelines on Conflict of Interest and the recent investigations into the USD16.8 Million Ghana Ports and Harbours Authority (GPHA) contract.



Respondents (45.7 percent) were of the opinion that the Office of Accountability has not been able to hold public officers accountable (Figure 24).



Respondents (36.2 percent) indicated that public censor is failing to hold public servants accountable (Figure 25). This they attributed to the “politicization” of criminal acts by section of the public. Hence, Ghanaians are unable to objectively discuss and condemn acts of corruption without linking it to partisan politics.



### 3.19.4 Applying public procurement procedures

Studies have shown that Public Procurement in Ghana

- Utilizes about 80% of national tax revenue
- Represents about 24% of total imports
- Represents between 50 – 70% of national budget ( after deduction of national emolument)
- Accounts for about 17% of Gross Domestic Product

It has also been noted through research that a 5% saving in procurement is equivalent to a 20% increase in sales volume in relation to organizational profit.

To ensure effective implementation of the Act 663, the Public Procurement Authority has initiated a process of monitoring and evaluation by developing an assessment tool termed the Public Procurement Mode of Excellence (PPME) software which allows for the qualitative and quantitative measurement of public procurement systems. The PPME tool is an evidence based instrument which uses documentary evidence of contract details collected from entities as inputs to generate reports.

In 2005 PPA conducted the assessment of 100 entities within the Greater Accra Region. In 2006, 213 entities were assessed and in 2007 financial year 515 entities have been assessed. The sample size of entities assessed included entities from;

- The State Owned Enterprises

- Central Government Institutions comprising the Central Management Agencies, Ministries and Regional Co-ordinating Councils
- Educational Institutions covering the Tertiary Institutions, Colleges and Schools
- Local Government entities made up of the Metropolitan, Municipal and District Assemblies
- Health institutions consisting of Hospitals, Ghana Health Service and other Health Institutions
- Financial Institutions composed of Bank of Ghana and other Public Financial Institutions.

Results of the assessment indicated that 92.5% of organizations recorded for advertisement of tender opportunities out of the 515 entities. There was an improvement of 95.17% from 26 high spending entities. On the publication of awards the number rose from 15.76% in 2006 to 71.10% in 2007 for the 515 entities assessed, and 85.74% for the 26 high spending entities. On the method of procurement, the indicator assesses the appropriateness of the use of the various methods of procurement and a breakdown of the 515 entities as indicated in the table below:

**Table 3.2 Method of Procurement Employed by Entities**

Method of Procurement	Low Spending Entities (%)	High Spending Entities (%)
Single Sourcing	8.58	2.29
International Competitive Tendering (ICT)	0.51	5.50
Price Quotation	66.00	43.12
Restricted Tendering	2.18	7.34
National Competitive Tendering (NCT)	22.72	41.74

*Source: Public Procurement Authority, 2008*

The above breakdown shows that the predominant method of procurement implemented by the entities was price quotation whilst the employment of single sourcing is very minimal. Thus procurements methods employed are largely on competitive basis.

Tender processing lead time in 2006 was an average of 50 days (approximately two months). In 2007, it reduced to 7 days on average, whilst an average of 27 days was recorded for the high spending entities.

To make the process of procurement simpler for agencies the PPA has introduced a concept to encourage Department and Agencies to form clusters to procure goods and service in order to reduce cost and get the best deals.

In addition to the above an Appeals and Complaints process set up in 2007 has enhanced transparency in the procurement process. Since its inauguration, the Appeals and Complaints Unit has considered 29 (administrative review) ranging from various procurement complaints such as:

- Wrongful manipulation of specifications
- Discrimination in the award of contracts
- Unfair treatment in the tender process
- Wrongful termination of contract
- Misrepresentation of facts and figures in evaluation report
- Wrongful manipulation of adjusted rates to out-price a competing tender etc.

Out of the 29, 14 have been successfully concluded with 15 still under consideration.

To ensure that there is adequate Human Resource to implement the Act, the PPA has initiated a number of training programs to improve the quality of personnel in the procurement sector. The Authority has trained 7,000 procurement practitioners and members of Entity Tender Committees. There is also medium and long term training programmes being supported by the Millennium Challenge Authority for practitioner with varied academic and professional background. Furthermore 15 – 24 month training has been designed for HND Purchasing and Supply students. This programme started in October 2008 with the identification of training institutions. There is also an arrangement for a 4 year Bachelor in Procurement degree to be offered by Universities and Polytechnic.

The implementation of the Procurement Act comes with it a lot of challenges. A research by Send Foundation on the School Feeding Programme has indicated that about 58% of districts do not comply with laid down procedures in procurement related to the project. Some of the reasons are attributed to cumbersome and long procedures, non availability of funds to enable competitive bidding and interference by high officials in procurement. There has also been the call by implementers to review the threshold upwards, reduce the cost of Tender documents, reduce delays in evaluation of tenders, ensure transparency in opening of bids and reduce the 2% bid security.

## ***Objective 7: Promotion and Protection of the Rights of Women***

### **3.20 Legislation to protect women's rights**

Ghana has passed a number of legislation and ratified various conventions aimed at protecting women's rights. These include:

- Ratification of the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW);
- Adoption of the Beijing Platform for Action
- Adoption of the African Charter on Human and People's Rights
- Adoption of the Millennium Development Goals (MDGs) as part of Ghana's Development Policy Framework (GPRS II)
- Adoption of African Union Solemn Declaration on Gender Equality and Women's Empowerment

#### **Ghana's Report to the UNHRC**

The Universal Periodic Review (UPR) is a new mechanism established by the United Nations Human Rights Council (HRC) to monitor the human rights situation in each of the United Nations (UN) Member States. The HRC is a UN charter body created pursuant to the UN General Assembly Resolution 60/251 in June 2006. Each State must submit a report and reports may also be submitted by other relevant stakeholders, to be included in a summary submitted by the Office of the High Commissioner for Human Rights (OHCHR).

The review dialogue of Ghana took place on the afternoon of 7<sup>th</sup> May 2008 in Geneva. The Government of Ghana, Commission on Human Rights and Administrative Justice, Commonwealth Human Rights Initiative (CHRI), and other civil society organisations involved in human rights advocacy submitted reports to the United Nations Human Rights Council. Provided below are summaries of some of the Reports submitted to the Council on Ghana.

- The Report enumerated legislation it had passed. Some laws passed during the period under review include The human trafficking Act of 2005,, the Criminal Code amendment act of 20079act 741), the National Health Insurance Act,(Act 650), the Juvenile Justice Act,2003(act 653), Representation of the People's Amendment Act 2006(Act 6990, National Identification Authority Act,2006 (Act 707), the Labour Act, 2003(Act 651), the Transfer of Convicted Persons Act,2007(Act 743), the Domestic Violence Act,2007(Act 732), The Human Trafficking Act,2005(Act 694).
- The Report also enumerated laws that were at various stages of enactment and

some which Cabinet had given policy approval. These include the Intestate Succession Bill, the Property Rights of Spouses Bill, The Geneva Conventions Bill, the International Criminal Court Bill, the Mental Health Bill, and the Alternate Dispute Resolution Bill, which is before Parliament.

With respect to achievements and best practices the Ghana report mentions the establishment of the Police and Professional Standards Bureau of the Ghana Police Service in 2005. It also mentions capacity building and training by the Police Service for over 100 police prosecutors to sharpen their prosecutorial skills.<sup>1</sup> The Attorney-General reports that it has established in January 2008, a Complaints Unit and Hotline where abuses of fundamental human rights by the Police are reported.

It continued that the Prisons Service is changing its focus to become more of a correctional service that focuses on reformation and rehabilitation. A pilot scheme has begun where prison inmates are given formal education to senior secondary school level. Government has also imported US\$3 million worth of equipment for the use of vocational training in prisons. There is a pilot programme with the University Of Cape Coast with the assistance of the UNDP to provide long distance tertiary education to inmates under the President's special initiative on education.<sup>2</sup>

With respect to civil and political rights it reported that the Electoral Commission of Ghana has introduced photo identification cards and tactile balloting for the blind. On the right to health the Report refers to the setting up of the national health Insurance scheme under the National health insurance act,2003(Act 650). It is reported that a little over nine million people representing 48 percent of the population are now full members of the Scheme.

### **3.20.1 Pass the Domestic Violence Bill and Property Rights Bill**

The Domestic Violence Act (DVA), 2007 has been passed. The Ministry of Women and Children's Affairs (MOWAC) and the Attorney General's Department are still working on the Property Rights of Spouses Bill.

### **3.20.2 Adopt programmes to domesticate CEDAW and endow it with force of law**

Even though CEDAW is yet to be domesticated, a number of laws have been amended to further strengthen the legal framework protecting the rights of women. These include:

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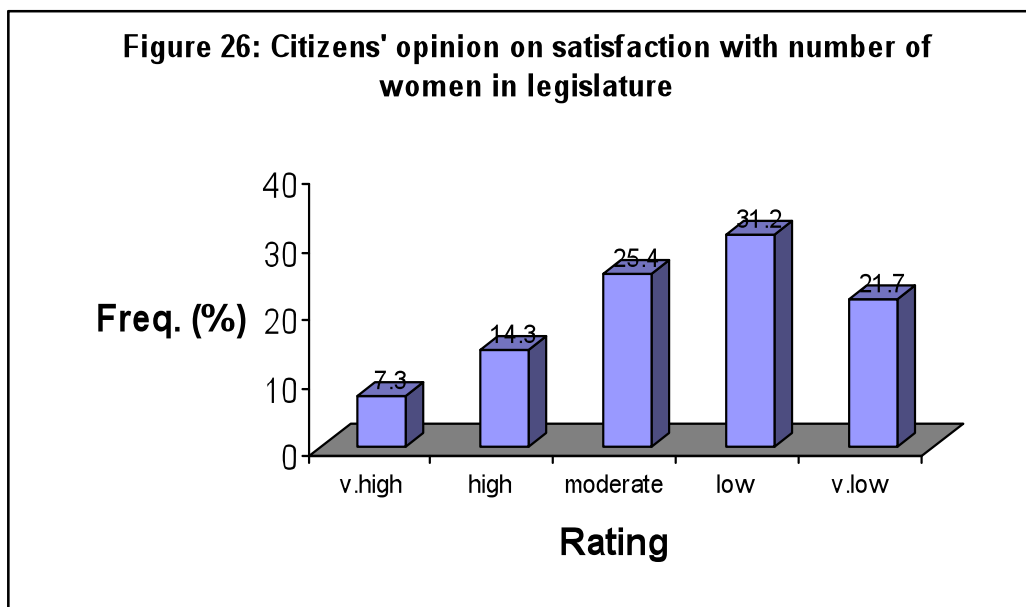
5 <sup>1</sup> Human Rights in Ghana national report 2008 by the Ministry of Justice

6 <sup>2</sup> Note 7 9



- Amendment of the Criminal Code to criminalize female genital mutilation (FGM), customary or ritual enslavement of any kind, harmful widowhood practices, and defilement to cover both girls and boys;
- Amendments to the Intestate Succession, and Marriage and Divorce Registration Laws
- Passage of Labour Law with provisions for granting women the needed period during and after child birth, equal pay for equal work done.

Majority of Respondents (52.9 percent) were unhappy with the low level of women representation in Parliament (Figure 26).



### 3.21 Protocol to the African Charter on Human and People’s Rights on the Rights o Women

Parliament has ratified the Protocol to the African Charter on Human and People’s Rights on the Rights of Women

## Objective 8: Promotion and Protection of the Rights of Children and Young Persons

### 3.21 Child Prostitution and Child Pornography

Ghana is yet to develop a comprehensive plan on Commercial Sexual Exploitation of Children (CSEC). Stakeholders and television footages report an increase in the number of girls aged between 12 and 16 engaged in prostitution.

### Closing Down brothels

Stakeholders noted the legislative difficulty that law enforcers face in closing down brothels noted for promoting child prostitution in Accra. Numerous attempts have been made to close down such places but they have quickly sprang back into business.

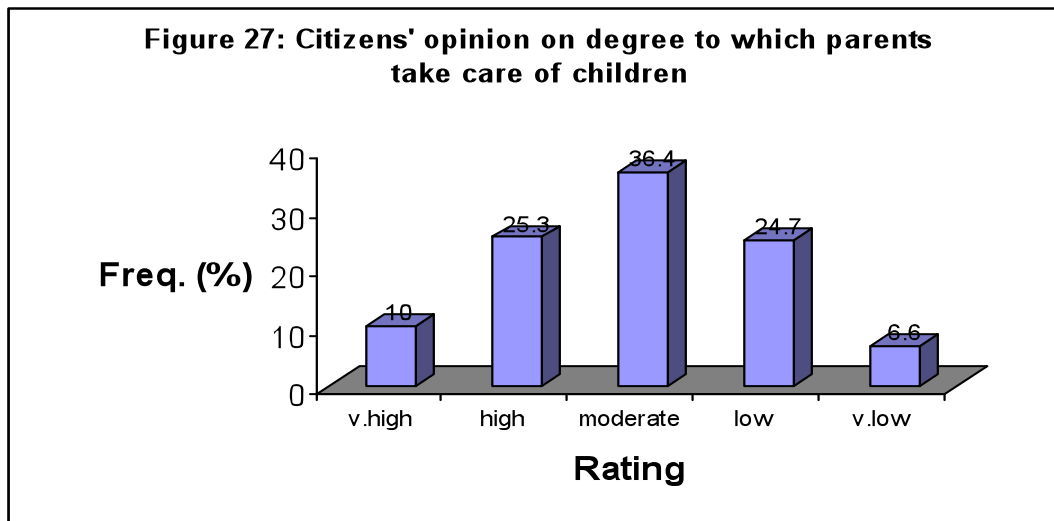
### 3.22 Protection of the Rights of Domestic Workers

The Rights of Domestic Workers Bill is still in draft form.

### 3.23 Street Children and Vulnerable Youth

A number of studies have been conducted on the status of street children in Ghana. This culminated in the development of a Street Children Policy and Action Plan. The Skills Training and Employment Placement (STEP) programme aimed at providing employable skills to the youth has been subsumed into the National Youth Employment Programme (NYEP). The large number of street children aged under 15 years (too young to be employed) remain a major challenge.

Respondents (31.3 percent) voiced their displeasure at parents who renege on the responsibility to provide for their children (Figure 27).



## **Objective 9: Promotion and Protection of the Rights of Vulnerable Groups including internally displaced persons and refugees**

### **3.24 Access to public facilities by Persons with Disabilities**

Despite the provisions in the Disability Act (Act 715) new public buildings continue to spring up with no provisions made for access by Persons with Disabilities (PWD). The President has appointed members to the Disability Council but stakeholders contend that the Council lacks the necessary resources and Secretariat to effectively carry out its mandate.

### **3.25 Inadequate and insecure pensions**

The National Pensions Bill, 2008 caters for the establishment of a new contributory three-tier pension scheme with a National Pension Regulatory Authority to regulate and oversee the efficient administration of the composite pension scheme. The proposed scheme has benefits for workers in both the formal and informal sectors including the following:

- Improved qualifying conditions for SSNIT pensions (15 instead of 20 years) and survivors benefits (calculation period increased from 12 to 15 years) under the first tier basic national social security scheme;
- Balanced representation on the Board of Trustees of SSNIT with chairmanship rotating among the Government, Employers Associations, and Organised labour.
- Improved second tier lump sum benefits higher than existing Cap 30 lump sum benefit and much higher than that of SSNIT.
- Using future lump sum pension benefits to secure mortgages. This means that workers can obtain their own houses before retirement by using their pension benefits as collateral.
- Workers will have better control over their pension benefits under the second and third tier schemes, which are to be privately-managed.
- The second tier mandatory and privately managed defined contribution scheme is equitable to all members as amount of accrued benefit is directly related to the contributions made.
- This will also serve as a positive incentive for scheme members to make additional voluntary contribution in third tier so as to accrue more benefits for their retirement.

#### **Pensions increased by 16.2 percent**

In line with the Social Security Law, 1991, PNDCL 247 which provides for an annual review of pensions, the Social Security and National Insurance Trust (SSNIT) has announced an increase of Pension payment

by 16.2 percent across board, with an additional flat amount of GH ₵4.93 for every SSNIT pensioner.

The overall increase in pension is based on the average increase in the salaries of active contributions to the SSNIT scheme in 2008. This review is expected to take effect in January 2009 and apply to Pensioners, who are on the Pension payroll as at 31st December, 2003.

The new minimum Pension for 2009 would be GH₵26.00, an increase of 17.6 percent, which would be making the current minimum Pension for new Pensioners at GH₵22.00.

### **3.26 Rights of refugees**

The Ghana Refugee Law of 1992 gives effect to the United Nations Convention Relating to the Status of Refugees of 1951 and its 1967 Protocol, as well as the OAU Convention Governing the Specific Aspects of Refugee Problems in Africa of 1969. The law of Ghana incorporates the broadened refugee definition found in the OAU Convention.<sup>3</sup>

At the end of 2004, Ghana was host to 48,063 persons of concern to UNHCR, more than 40,000 of whom are Liberian refugees residing in the Buduburam refugee settlement. The active population size remained stable in 2004 as opposed to increasing for the first time in many years. With generally intensified efforts to find durable solutions for refugees in Ghana and most particularly the acceleration of voluntary repatriation for Liberian Refugees as a pivotal component of UNHCR operations in Ghana, this trend will continue towards a sizable decrease in the refugee population over the next few years.

In 2007, the number of refugees and asylum seekers in Ghana numbered 50,500, with 36,700 of them coming from Liberia and 12,200 from Togo. There were 100 new asylum seekers in the year, and 11,600 departures from the country.<sup>4</sup> However, in 2008 there were 48,500 refugees and asylum seekers in Ghana, with 28 000 coming from Liberia and 12,200 from Togo.<sup>5</sup> It is therefore evident that while the number of refugees from Togo remained stable, there was a large decrease in the number of Liberians in Ghana.

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7 <sup>3</sup> <http://www.state.gov/g/drl/rls/hrrpt/2006/> (accessed 25 September 2008).

8 <sup>4</sup> <http://www.refugees.org/countryreports.aspx?id=1998> (accessed 1 October 2008).

9 <sup>5</sup> <http://www.refugees.org/countryreports.aspx?id=1998> (accessed 1 October 2008).

According to the Ghana Refugee Board, the role of the Ghana government in protecting the rights of the refugees has been providing security for the refugees in the form of land for the camps (Buduburam and Krisan), and ensuring the registration of refugees as they enter Ghana. The UNHCR then takes over to assist the refugees during their time in Ghana. However, it must be noted that article 4 of the 1992 Refugee Law in Ghana states that the Refugee Board itself has the mandate to assist in seeking employment or education for refugees (see below). It is also important to note that there is still no express mention of refugee rights under the fundamental rights and freedoms in the 1992 Ghana Constitution.

In 2008, following the Liberian presidential election, the Office of the UN High Commissioner for Refugees (UNHCR) began repatriating Liberians. The Government said it would consider naturalizing the remaining Liberians but by the end of May, only some 5,000 had accepted the offer. After finalizing a tripartite agreement with the Governments of Ghana and Togo in April, UNHCR began repatriating some of the estimated 12,000 Togolese refugees in Ghana in September. In the camps, 34 refugees reported instances of sexual assault and rape, while at least 14 children suffered physical abuse.

### **3.27 Rights of prisoners**

The Constitution<sup>6</sup> of Ghana has provisions relevant to the Prison Service. Chapter Sixteen establishes the Prisons Service which shall be equipped and maintained to perform its traditional role efficiently. The membership of the Prisons Service Council includes a lawyer, a representative of the National House of Chiefs and religious leader among others.<sup>7</sup> The Prisons Service Decree No 46 1972 repealed both the Prisons Act of 1963 and the Prisons Amendment Act of 1965. Part six thereof is on prison custody.

Part seven provides for the treatment of prisoners. The Director of prisons is duty-bound to ensure sufficient food, clothing, soap, beddings, toilet facilities, medicine and drugs. Prisoners

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10 <sup>6</sup> The Constitution of the Republic of Ghana 1992

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12 <sup>7</sup> Arts 205 (1) and (2) and 206 respectively.

are free to exercise for not less than an hour a day and those with special effects like glasses and hearing devices are to access them.<sup>8</sup>

Regarding cleanliness, the cells, kitchen washing and toilet facilities must be kept well under section 36. The medical officer is to check and certify the fitness of a place of detention in terms of lighting, size, heating, ventilation fittings and furniture before inmates are accommodated there.<sup>9</sup>

Prisoners are entitled to visits and receive and write letters once in two weeks. There is no hindrance of religious freedom and prisoners are free to attend moral and religious instruction.<sup>10</sup> Education in prisons is encouraged. Prisoners are only allowed to work for the benefit of the institution and subject to medical fitness. Regarding punishment, the Director is granted a lot of powers to determine any punishment. However, solitary confinement is not to exceed 28 days, hard labour is allowed but regulated and so is corporal punishment.<sup>11</sup> Corporal punishment for mutiny, incitement to mutiny and personal violence is allowed by the Decree, but with elaborate approval procedures by the Board. Mechanical restraints, use of force and or fire arms are not allowed except in grave circumstances.

### **3.28 Mental health**

The provision of services for the ten per cent of Ghanaians who suffer from mental health problems continues to be woefully inadequate. There are only four psychiatrists practising in the whole of Ghana and conditions at the existing mental health facilities are stretched – for the 1,100 patients at the Accra Psychiatric Hospital there are only 500 beds and 7 doctors.

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14 <sup>8</sup> Sec 35

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16 <sup>9</sup> Sec 37

17 <sup>10</sup> Secs 38 to 40

18 <sup>11</sup> Secs 41, 42 and 43

The only three psychiatric hospitals in Ghana are all located in the southern part of the country, thus individuals needing psychiatric help who live in the North must travel South (which is often not possible due to expense) or attend nearby prayer camps.

Prayer camps are private facilities run by self-professed 'prophets' and healers where mentally ill people are taken in attempts to cure them. The social stigma attached to mental illness is often transferred to the whole family causing some sufferers to be rejected by their families or forced into prayer camps to avoid the association of their illness with the family. Many sufferers cannot afford formal treatment at psychiatric hospitals and thus are left with little choice but to attend a local prayer camp.

# CHAPTER

# 4

## ECONOMIC GOVERNANCE AND MANAGEMENT

### 4.0 INTRODUCTION

The government has shown commitment to improving macroeconomic governance through the implementation of prudent monetary, fiscal and trade policies. However, the unfavourable external environment continues to pose tremendous challenges economic management. Inflation, interest rate and fiscal deficits have all increased mainly as a result of external shock. This evidently confirms the need for a macroeconomic model and consequently the development of alternative budget. The GOG has also taken steps to manage the external and domestic debt. However more need to be done in this area. The quantum of both domestic and external debt has increased though the debt-to-GDP ratio has decrease. The decision by the Government to enact a Bill on Fiscal Transparency is welcoming and should be perused with all seriousness to reduce government deficits.

5 In the area of tax administration, policy measures have yielded results however, roping in the informal sector and the collection of arrears still pose a serious challenge. Implementation of ECOWAS protocols on regional integration are on course. However more need to be done by private stakeholders to educate their members on the protocols. Also, the relevant revenue agencies should pay more emphasis on gathering accurate data and on timely basis to enable the country benefit from the compensation fund. A notable observation is that the government is not doing well in the area of satisfying the convergence criteria. As at the end of 2007 only one of the convergence criteria has been satisfied. The country has made some successes in the area of economic management and governance. However, the gains made are fragile and need to be deepened.



#### **4.1 Standards and Codes**

Ghana is adhering to the following standards, codes and conventions:

- International Financial Reporting Standards (IFRS)
- Generally Accepted Accounting Practice (GAAP)
- International Standards in Auditing
- Good Practices on Fiscal Transparency
- Guidelines on Public Debt management
- Best Practices for Budget Transparency

Ghana is yet to develop a unified Corporate Governance Framework. This is currently being undertaken by the Private Enterprise Foundation.

#### **4.2 Macroeconomic Development**

Economic growth since 2000 has been encouraging and averaged about 5.5 percent per annum. This indicates a considerable improvement compared to the past two decades where growth rates have been less than 5 percent per annum. Real GDP growth increased marginally from about 6.2 in 2006 to about 6.3 percent in 2007 and is expected to increase to 7 percent in 2008. This has been achieved in the face of continuing crude oil price hikes and the energy crises the country has faced in the recent past two years. Discussions with policy makers suggest that, this success can be attributed largely to prudent fiscal and monetary measures. Economic policy managers believe that this prudent management will continue and the discovery of oil in Ghana would boost macroeconomic performance.

Real growth of the agricultural sector in 2007 fell short of targets by 1.9 percentage points largely due to poor rainfall in the previous years. This could partially explain the missed growth in overall GDP in 2007. Growth in the industrial and service sectors has also consistently increased over the period. Specifically, the industrial and service sectors recorded a growth of

about 7.7 and 6.7 percent in 2007 but is expected to increase to about 9.8 and 7.3 percent in 2008 respectively. Table 4.1 provides details of real GDP growth. Growth in the service sector exceeded the target of 6.7 percent in 2007. However, that of industry fell below the expected growth of 7.7 percent in 2007. The mining, quarrying and the construction sector has been the main sub sectors that drive industrial growth.

**Table 4.1: Trends in Real GDP and GDP Per Capita Growth**

	2005	2006	2007*	2007**	2008***
Real GDP Per capita growth	3.5	3.9	4		
Real GDP Growth	5.8	6.2	6.5	6.3	7.0
Agriculture	4.1	4.5	6.1	4.3	5.0
Industry	5.6	6.2	7.7	7.4	9.8
Service	5.4	5.5	6.7	8.2	7.3
Net Indirect Tax	4.4	4.5	4.4	4.4	6.0

*Source: MOFEP, Budget Statements*

*Real GDP growth rate based on implicit population growth rate of 2.3 percent calculated from GSS.*

*\*- target, \*\* - Projected outturn, \*\*\* - projections*

Fiscal policies in 2007 focused on maintaining and improving the debt situation inspite of the oil price hikes and the energy crises as well as mobilizing domestic and foreign resources to implement activities in the GPRS II. Provisional estimates indicate that the overall cash balance was in a deficit of 8.1 percent of GDP in 2007. This is higher than the budget estimate of 5.7 percent of GDP.

*Table 4.2: Selected Government Fiscal indicators, 2000-2007, percent of GDP*

	2000	2001	2002	2003	2004	2005	2006	2007*
<b>Total Receipts</b>	<b>36.53</b>	<b>35.69</b>	<b>32.35</b>	<b>33.47</b>	<b>36.01</b>	<b>36.77</b>	<b>37.70</b>	<b>42.23</b>
Total Revenue	17.72	18.16	18.43	20.12	23.81	23.87	22.25	25.52
Tax Revenue	16.26	17.25	17.9	19.56	21.81	20.76	20.25	22.87
Non tax revenue	1.46	0.91	0.53	0.56	1.42	1.91	0.8	2.55
Grants	2.12	6.91	3.19	4.78	6.19	5.26	5.53	5.07
Other receipts	16.69	10.62	10.73	8.57	6.45	4.53	9.92	11.63
<b>Total Payments</b>	<b>36.52</b>	<b>35.7</b>	<b>32.34</b>	<b>33.7</b>	<b>36</b>	<b>36.77</b>	<b>37.70</b>	<b>44.82</b>

Statutory payments	17.14	13.52	13.98	13.84	11.22	12.59	10.87	12.34
Discretionary	19.38	22.18	18.36	19.86	24.78	24.18	26.83	32.48
Budget balance (incl Div)	-8.48	-7.24	-5.26	-3.40	-3.20	-2.00	-7.81	-8.06
Primary budget balance	2.45	3.80	2.14	2.50	0.70	3.40	-4.90	-6.13

*Source: The State of the Ghanaian Economy in 2008, ISSER; \* -Provisional*

For the second year running the primary budget balance to GDP ratio is in a deficit of 6.1 percent in 2007, higher than the 4.9 achieved in 2006. There has been an increase in total receipts from 37.70 percent of GDP in 2006 to about 42.23 percent of GDP in 2007. This is commendable and could partially indicate that revenue mobilization efforts are yielding results. Total payments have also increased from about 37.70 percent of GDP to about 44.82 percent in 2007 largely as a result of increase in discretionary payments from 26.83 percent of GDP in 2006 to 32.48 percent. Majority of the discretionary payments went into the payment of personal emoluments.

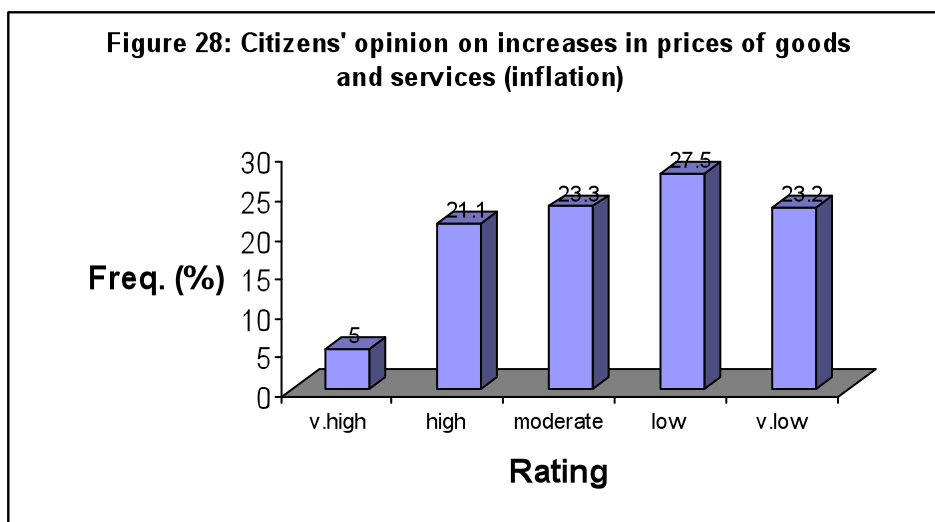
The total debt<sup>12</sup> stock of Ghana was 7,409.72 million US dollars at the end of 2007 but has increased to about 8488.74 million US dollars as at the end of June 2008. In terms of debt-to-GDP ratio, there has been an increase in gross public debt-to-GDP ratio from 41.42 percent in 2006 to about 50.80 percent in 2007. However the figure decreased to about 46.11 percent as at June 2008. While external debt-to-GDP ratio increased from about 16.98 percent in 2006 to about 24.66 percent in 2007 but declined to about 22.67 percent as at the end of June 2008, the domestic debt-to-GDP ratio increased from about 24.44 percent in 2006 to about 26.24 percent in 2007 but reduced to about 23.44 percent as at the end of June 2008.

6 The attainment of single digit inflation is the primary objective of Ghana's monetary policy. However this objective still remains a major challenge given the external and internal shocks. Broad money supply growth declined from 39.07 percent in 2006 to about 36.3 percent

19 <sup>12</sup> The debt discussed here exclude COCOBOD debt.

in 2007 and marginally to 36.1 percent in May 2008. The BoG maintains that growth in broad money supply is mainly supported by expansion of Net Domestic Assets of the banking sector due to the strong private sector credit expansion. Net Domestic Assets increased by 47.78 percent from 2,049 million Ghana cedis in 2006 to 3,028.9 million Ghana cedis in 2007. As at May 2008 Net Domestic Assets stood at 4264.7 million Ghana cedis while the Net Foreign Asset on the other hand reduced by 2.87 percent from about 2,180.7 million Ghana cedis in 2006 to about 2,118.1 million cedis in 2007. As at May 2008 the Net Foreign Asset was about 1966.5 million cedis

Inflation was sustained at about 10.1 percent from January to October 2007 but the figure increased to 11.4 and 12.7 percent in November and December 2007 and to about 18 percent in June 2008 largely as a result of external conditions- oil and food price hikes. Consequently, the cedi depreciated against the major currencies. Cumulative depreciation of the cedis to the US dollars, Euro and British Pound Sterling was 5.4, 18.8 and 7.0 percent respectively. The situation has not improved in 2008. Following the creation of the national electronic payments system - the Ghana Interbank Payment and Settlement System (GIPSS), the BoG introduced the E-zwich card in 2008 and the creation of a common platform for ATMs, credit cards, money transfers, as well as accelerated transaction settlement with automated cheque clearing. It is expected that these measures will speed up financial transactions.



The external sector has shown some improvements in recent years. Increases in export receipts from cocoa and gold as well as donor support have significantly helped to boost external sector's performance. However, the high price of crude oil has led to increases in the import bill and virtually offset all the gains made as indicated in Table 4.3.

**Table 4.3: Summary of Balance of Payments, 2003-2007, US \$ million**

Item	2003	2004	2005	2006	2007*
Current Accounts	278.02	-315.8	-773.41	-810.26	-1,884.73
Merchandise Exports	2562.4	2704.5	2802.2	3726.68	4,194.71
Merchandise Imports	-3232.8	-4297.3	-5345.4	-6753.68	-8,073.57
Trade Balance	-670.4	-1592.8	-2545.1	-3027.00	-3,878.86
Overall balance	558.3	-10.5	84.3	415.18	-413.11

*Source: Bank of Ghana, \* - provisional*

The trade balance was in a deficit of USD3,027 million in 2006. The deficit increased to USD3,878.86 million in 2007. Also, the overall balance of payments which increased by more than 400 percent from about 84.3 million US dollars in 2005 to about 415.1 million US dollars in 2006 took a turn in the opposite direction and recorded a deficit of about 413.11 million US dollars in 2007. Recent increase in the price of oil and its impact on macroeconomic stability

confirms that the economy of Ghana is still fragile and can be derailed by external shocks. Increase in the price of oil in the international market has to some extent led to increases in inflation, interests rate as well as the depreciation of the cedi.

### **3.0 Promoting Sound Macroeconomic Policies**

Various fiscal and monetary policies have been undertaken by the government to ensure sound macroeconomic policies. At the fiscal front, the government has started the implementation of a programme which has been dubbed “Growth and Stability Compact”. The main objectives of the compact include:

- Having a fiscal rule which will quantitatively target debt-to-GDP ratio
- A Unit at MOFEP that will support the proper selection of project to be included in the public investment budget
- Undertaking a rigorous debt sustainability analysis as part of public debt management strategy
- Encouraging the private sector to participate in key infrastructure development as part of an accelerated growth agenda and through an enhanced public-private partnership.

In line with the broad objectives of the Compact, government policies in 2007 and 2008 focused on:

- Issuance of guidelines for the preparation of composite budget to MMDA, Budget Committees of Regional coordinating Councils and DAs
- Deploy of two additional modules –Cash Management and Accounts Receivable in connection with the implementation of the Budget and Expenditure Management Systems
- Organization of workshops on National Accounting for MMDAs across the country

- Design of appropriate frame work for the development of an Aid Policy for Ghana
- Discuss, prepare and implement a composite budget in all MMDAs
- Continue with the second phase of treasury reforms which includes the introduction of a computerized bank transfer system at all regional capitals
- Establishing a regular systematic issuance calendar which reconciles the net borrowing requirements of the government and redemption payments.

Increases in the overall fiscal deficit since 2006 and its negative implications on macroeconomic stability and consequently, confidence of the international community have led the government to consider the introduction of a Fiscal Responsibility Bill. Such a Bill will also provide a signal to the international community on Ghana's commitment to fiscal discipline and debt sustainability. The objectives of the Bill will include:

- setting out fiscal targets and fiscal principles for the State
- making it a goal for the Government to pursue its policy objectives in accordance with those fiscal targets and fiscal principles
- providing for reports on departures from those fiscal targets and fiscal principles to be prepared by the Minister of Finance and Economic Planning
- providing for corrective measures when fiscal targets are missed.

On the monetary front, various policies have been implemented to consolidate the monetary stability gains so far made. Through the MDRI, HIPC Initiative and the bilateral debt write-off, Ghana is now able to raise capital through sovereign bonds. In July 2007, the country raised about \$750 million and won the international award for the "Best Emerging Bond" for 2007 and also the "Best Bond in Eastern Europe, Middle East and Africa". There is the need to ensure that the funds raised on the international financial markets are spent on projects that will yield the necessary returns to help in repaying the principal and interest thereon.

The BoG in November 2007 announced the policy of increasing the minimum capital requirement of banks. The policy required banks and deposit taking non-bank financial institutions to submit capitalization plans by the end of June 2008 towards a minimum capital of GH¢60 million for universal banks from the current GH ¢7 million. To cushion local banks, the BoG has advised banks with local majority share ownership to attain a capitalization of GH¢25 million by the end of 2010 and GH¢60 million by 2012. The policy is expected to enable banks to take part in bigger transactions, compete internationally and to support the country's drive for accelerated economic growth.

The BoG in collaboration with the Association of Bankers introduced the National Switch (E-zwich) and the Biometric Smartcard (e-zwich smartcard) as part of the GIPSS project. The E-zwich is not only a brand name for a secured common platform that links payment systems of all banks, savings and loans institutions and rural banks but also a vehicle for financial institutions to deliver financial products to the banking and non-banking public. The card according to the BoG will serve as a vehicle to transform Ghana from a predominantly cash economy to an economy dominated by electronic transactions using modern state of the art technology. The smartcard can also be used for:

- payment of wages to workers on government payroll. Because of the biometric identification system, ghost workers on the public payroll would be eliminated;
- payment of pensions;
- spending on goods in merchant outlets with VAT credited directly to Government;
- payment of utility bills;
- transferring funds to third parties; (Individuals, Merchants, Employees, Cocoa farmers, Pensioners, Revenue Agencies, etc);
- receiving funds from third parties from within or out of the country;
- withdrawing cash from any ATM in the country.



To strengthen the Financial Sector the government is undertaking the following measures under the ongoing Economic Management Capacity Building:

- Automation of trading on the Ghana Stock Exchange as part of measures to deepen the capital market.
- Develop an appropriate regulatory framework for the facilitation and regulation of over the counter or unlisted securities market to make the capital market accessible for SMEs.
- Completed feasibility studies for the establishment of a Commodities Exchange.
- Promulgation into law of the Municipal Finance Authority Bill, and the Bills and Cheques Bill
- Lenders and Borrowers Bill and Non-Banking Financial Institutions Bill have been passed by Parliament and awaiting Presidential Assent

Almost all these policy measures are at various stages of implementation. The First Annual Financial Literacy Week was also organized to enhance customer understanding and awareness of the range of financial products and services available in Ghana's financial sector.

In order to ensure sound financial management, the Economic Policy Coordinating Committee met regularly to reconcile and evaluate revenue and expenditure performances, discussed policy issues and implementation strategies. Furthermore, the Payment Tracking Committee also held weekly meetings to identify bottlenecks in the government payment cycle and proposed solutions to them. The Project and Financial Analysis Unit of MOFEP is also developing a framework for the public to collaborate with the private sector to design, finance, build and operate public facilities. In this regards, a Bill providing legal backing for the establishment of the Ghana Investment Corporation (GIC) has been drafted and a panel with representatives from public and private institutions has been constituted to review the Bill. The corporation will facilitate the private sector to participate in the financing of infrastructure in energy, roads and railway and water sectors as well as exploring the possibility of investing and

acquiring shares in international and multinational companies that purchase and process our raw materials such as cocoa and gold to enable the country hedge against falling commodity prices, through receipts of dividends and capital appreciation of these multinationals. It is expected that the review will be completed and submitted for Cabinet approval and Parliamentary passage by the end of 2008.

In the area of developing a Macroeconomic Model for Ghana, the Policy Analysis and Research Division of MoFEP has been established with 11 member multidisciplinary team to deal with the issues. To date, the team is still undergoing training to develop their capacities. Five experts have undergone training in CGE modeling. Discussions with the Head of the Unit suggests that while there is still work to be done in developing the Macro-Economic Model for Ghana, the Ministry has developed a macroeconomic model for revenue forecasting and plans to undertake policy based research by conducting impact analysis of government policies and public expenditure surveys to ensure the realization of government's policy objectives. Also, the 2008 budget<sup>13</sup> discussed implementation challenges which centered on problems associated with maintaining debt sustainability, public sector reform and high wage demands, unpredictability of fuel prices and supply constraints in power, improving under five mortality rate, election year and fiscal management and the payment of fair wages.

MOFEP has also commenced the review of the MTEF Handbook and Technical Guide, preparation of a manual to guide the MDAs and MMDAs to access funds from the budget. It has also organized several training programmes for MDAs. Additionally, MOFEP has instituted an internal quarterly review meeting on the national budget implementation and collaborated with NDPC to assist MDAs to formulate comprehensive sector policies. Furthermore, it has re-introduced policy hearing meetings as part of the budget process. National Accounting Workshops have been organized throughout the country for all MDAs and MMDAs. A manual to

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20 <sup>13</sup> Section nine

guide the operations of the Departmental Monitoring Units (DMU) of the CAGD have also been developed and is currently in use. The CAGD has completed the first phase of the Treasury Reforms and six MDAs have been selected for the pilot programme.

Budget information dissemination meetings has been organized for staff of Regional Coordinating Councils, MMDAs and revenue agencies in all the regional capitals to improve on transparency of the budget preparation process. Also an advert calling for inputs into the 2008 budget was placed in the national dailies in the early part of 2007, while stakeholder's fora for individuals and organizations were organized on their input submissions. Discussions with the Private Enterprise Foundation and the Association of Ghana Industries suggest that the government has been involving them in the formulation and implementation of the budget. The two organizations in collaboration with the Employers' Association and the Ghana National Chamber of Commerce and Industry have presented position papers to the government some of which has been included in the budget. These can be confirmed by the Budget Statement and Economic Policy of the Government of Ghana for the year 2008 which list the 49 Civil Society Organizations that were consulted in the implementation of the budget.

In order to improve on public procurement, the Public Procurement Board undertook the 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 has also undertaken preparatory work for the assessment of 500 Procurement Entities and has organized training programmes for these Entities in the posting of Tender and Contract award notices on the Public Procurement Board Website. Consultations with the Association of Ghana Industries on the Domestic Content Bill are underway and it is expected that a draft bill will be prepared and submitted to cabinet for consideration. The Board has also been assessing Procurement Entities to ensure compliance, build procurement capacity in the public service as well as developing database for common user items for use in the country to provide a basis for value for money analysis. The Public Account Committee of Parliament has also continued with

its policy of public hearing of the Auditor General's Report which is expected to help increase transparency.

In spite of the improvements made, there are a few weaknesses. The GPRS II forms the basis for the allocation of resources to the MDAs in the budget. However, external shocks make it difficult for the government to fully adhere to the allocations at the implementation stage. Also, the GPRS II takes into consideration only investment and service budget. However, much of government expenditure goes into the payment of personal emolument which is not taken care of by the GPRS. Additionally, the budget is prepared before government concludes negotiations with organized labor and employers associations. Higher than estimated wage bill put undue pressure on government expenditures. There exist some problems with the MTEF programme. The budget cycle is top-bottom-top in which MOFEP provides ceiling for the MDAs to prepare their budgets which then feed into the national budget. In some cases, MOFEP reviews the ceiled budget submitted by the MDAs. This means that MDAs should go back and review their budget. The implication is that MDAs spend a lot of time in the preparation of the budget and less time on the implementation which is equally important. Weaknesses in expenditure planning prevent resources from being effectively utilized to meet Government policy priorities while incomplete costing of sector strategies makes it difficult to allocate resources across and within sectors appropriately

In terms of monitoring flows through the system, there is limited information on the extent of resources reaching front-line services especially in health and education. The CAGD collects data on flows to cost centres, e.g. districts, but not down to the level of a school or health centre. This makes it difficult to track down expenditures. Also, no public expenditure tracking surveys (PETS) have been carried out in recent years although the Government is planning to undertake one in the education sector. In order to improve information disclosure a Freedom of Information Bill has been drafted and is being considered by cabinet.

Consolidation of fiscal data for general government is also not possible because the Central and Local Authorities use different classification systems. Although MMDA budgets and outturns are provided to MoLGRDE, no consolidated report is prepared.

#### **4.0 Tax Administration**

Various measures have been implemented to improve on non-tax revenue. The MDAs Retention of Funds Act 2007, (Act 735) was passed in May, 2007. The law granted 12 MDAs legislative approval to retain portions of their IGFs and 20 MDAs approval to generate IGF. The Internal Audit Agency has started the investigation of the IGFs of 18 MDAs and 10 MMDAs to engender full disclosure of IGF sources and collections. To curtail revenue leakages, MOFEP in collaboration with Ministry of National Security undertook exercises in a number of MDAs to identify sources of leakage and the prosecution of culprits.

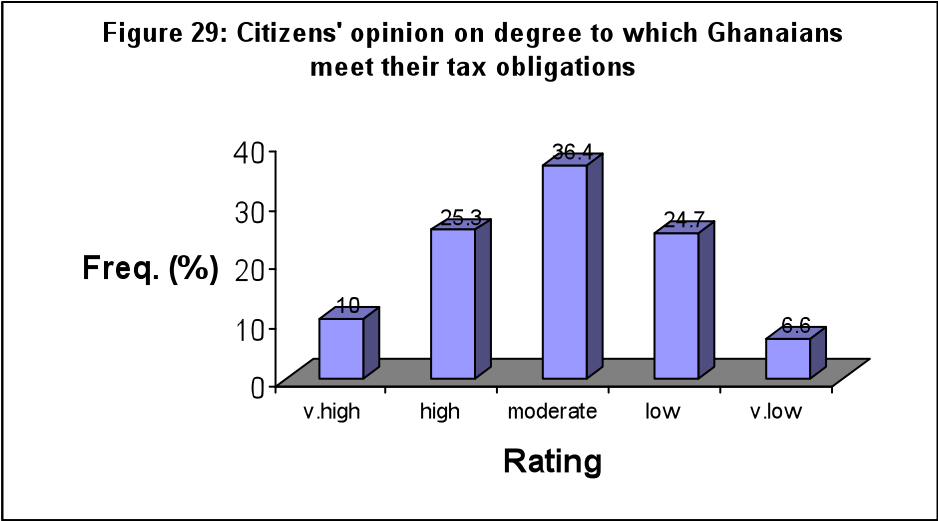
Also, procurement process for some local banks to provide on-site banking services for 14 MDAs in Accra and other parts of Ghana has been concluded. The implementation of the National Lotto Act, 2006, (Act 722) is also under way with the establishment of the National Lottery Authority and the formation of the Governing Board. Additionally, revenue projection workshop has been organized for 150 participants from seventy-five MDAs to fully institutionalize the preparation of revenue estimates. Furthermore, a committee set up to bring proposals for the review of rents on government bungalows/flats has started its work. All these has led to an increase in non-tax revenue from about 22.78 percent of total revenue in 2006 to 26.47 percent in 2007 and it is projected to increase in 2008.

The Tax Policy Unit of MOFEP is currently undertaking a review of the existing exemptions regimes under the various enactments with the view to scaling down the exemption drain on national revenue, improve coverage and compliance. Various policies and activities have been undertaken by the RAGB to enhance revenue generation. These among others include commencement of 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 responsibility of taxpayers, computerization and the establishment of electronic transactions price database for of IRS and CEPS operations, administration of the rent tax and the tax stamps in all districts, and the connection of more organizations to the GCNet among others. To improve revenue collection and ensure efficiency import duty and import VAT on all mobile phones imported into the country has been abolished. However, there is an introduction of a specific excise duty per minute of air time use, which is 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 rates was passed and has been operationalised.

Over the past three years, the revenue agencies have also undertaken initiatives to inform the public about their tax liabilities and the procedures required to meet them, including the establishment of websites (for customs and excise and VAT), the publication of brochures, and the conduct of public awareness campaigns.

Respondents (35.3 percent) indicated that Ghanaians are now responding better to meeting their tax obligations following the extensive tax education campaign (Figure 29).



## 5.0 Debt Management

A major problem facing the government of Ghana is how to reduce the level of public debt. There has been an increase in public debt from about US\$ 5,310.55 million in 2006 to US\$ 7,409.72 in 2007 and further to about US\$ 7,667.58 in June 2008. The debt-to-GDP ratio however increased from 41.42 percent in 2006 to about 50.90 percent at the end of 2007 but reduced to 46.11 percent in June 2008. MoFEP in 2008 plans to improve revenue mobilization by mobilizing an amount of US\$2.00 billion in the form of loans and grants from development partners (DPs). The Ministry is also in the process of developing a draft Aid Policy for further consultations.

To enhance public debt management in an era of commercial bonds, the Ministry is undertaking the following activities:

- Maintain a healthy mix of both concessional (minimum grant element of 35 per cent) and non concessional loan financing.
- Step-up efforts at mobilizing more programme type aid and seeking more grants to finance poverty reduction and growth enhancing activities.
- Maintain up-to-date information on contingent liabilities, in the quest to ensure comprehensiveness of the public debt and collaborate with BOG to improve data on non guaranteed private sector debt.
- Publish the updated compendium of donor policies to serve as a reference point for information regarding policies of DPs.
- Enhance better capacity in middle office functions to identify and manage the trade-offs between expected costs and risks in the government debt portfolio.
- Publish a medium term debt strategy which will be updated annually.
- Facilitate the amendment of the loans Act of 1970 by Parliament to make it more relevant to current circumstances

Efforts by MOFEP have yielded some results. External debt-to-GDP has increased from about 16.98 percent in 2006 to about 24.66 percent in 2007 and further to about 22.67 percent as at the end of June 2008. Details of external debt are presented in Table 4.4.

**Table 4.4: External Debt, 2003-2008 (US\$ million; end of period)**

Items	2003	2004	2005	2006	2007	2008*
<b>Total</b>	<b>7,548.90</b>	<b>6,447.89</b>	<b>6,347.80</b>	<b>2,177.24</b>	<b>3,586.65</b>	<b>4,168.86</b>
<b>Multilateral creditors</b>	<b>5,057.76</b>	<b>5,287.27</b>	<b>5,565.12</b>	<b>1,326.86</b>	<b>1,711.30</b>	<b>1,783.43</b>
of which IMF	453.10	446.83	423.97	158.17	166.64	170
<b>Bilateral Creditors</b>	<b>2,222.84</b>	<b>922</b>	<b>602.50</b>	<b>732.03</b>	<b>930.54</b>	<b>1091.16</b>
Of which						
Paris Club	2,059.14	753.88	447.96	480.99	608.98	764.75
Non-paris Club	163.70	168.12	154.54	251.04	321.56	326.41
<b>Commercial creditors</b>	<b>268.30</b>	<b>238.63</b>	<b>180.19</b>	<b>118.35</b>	<b>994.81</b>	<b>894.63</b>
External Debt/ GDP Ratio (%)	107	77	65	22	26	25.07
<b>Total External</b>	<b>7,548.90</b>	<b>6,447.89</b>	<b>6,347.80</b>	<b>2,177.24</b>	<b>3,586.65</b>	<b>4,168.86</b>
Medium term	268.30	238.63	180.19	118.35	194.81	339.15
Long term	7,280	6,209.26	6,167.62	2,058.89	3,391.84	3,769.21

Source: ADMD, MOFEP \* up to June

Information from the ADMD indicates that there had been improvements in capturing information on donor resources in fiscal reports. To improve transparency the ADMU of MOFEP published the half year external aid financing performance report from January to June 2008.

Domestic debt management policy in 2007 and 2008 has focused on deepening the money market, maintain the domestic debt stock at sustainable levels, extending the maturity profile, diversifying the investor base to include non resident investors and promoting and facilitating



the development of the domestic capital markets. Specifically, the policy thrust of the GoG in the area of domestic debt management focused on:

- Establishing a regular, systematic issuance calendar which takes into consideration redemption payments as well as the net borrowing requirements of government.
- Establishing a primary dealers system to encourage competition and trading in government securities in order to boost secondary market activity.
- Continuing to build the capacity of the Treasury Management Committee to improve the forecasting and managing of Public Sector Borrowing Requirements of Government.
- Continuing the process of lengthening the domestic debt profile through the issuance of longer maturity debt instruments.

As indicated in Table 4.5 there has been an overall increase in domestic debt from US\$ 3,819.36 million in 2007 to about US\$ 3,898.37 million in June 2008. The domestic debt-to-GDP ratio increased from about 24.44 percent in 2006 to about 26.24 percent in 2007 but reduced to about 23.44 percent as at the end of June 2008. While there has been an increase in short term instruments, medium and long term instruments have decreased in 2008.

**Table 4.5: Domestic Debt (US\$ millions)**

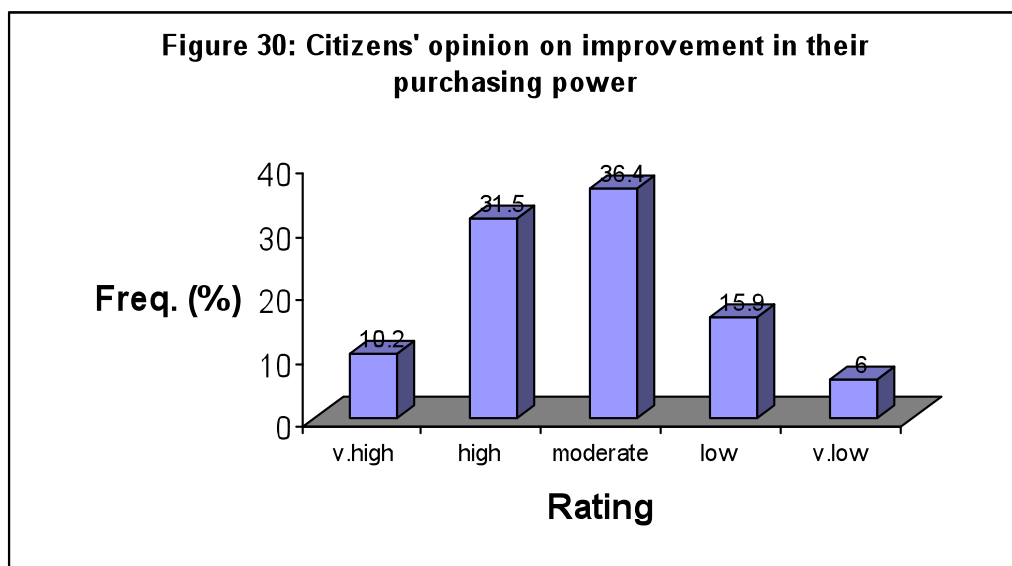
	2002	2003	2004	2005	2006	2007	2008
<b>Short-Term Instruments</b>	<b>977.</b>	<b>912.24</b>	<b>785.</b>	<b>580.28</b>	<b>859.05</b>	<b>906.58</b>	<b>1064.2</b>
91-Day Treasury Bills	566.	465.9	373.	139.82	243.67	252.84	448.7
182-Day Treasury Bills	303.	303	297.	212.46	140.63	138.02	178.56
1-Year Treasury Notes	107.	143.33	113.	228	474.74	515.01	436.95
<b>Medium-Term</b>	<b>443.</b>	<b>410.57</b>	<b>592.</b>	<b>803.93</b>	<b>1,186.</b>	<b>1,682.</b>	<b>1673.2</b>
2-Year Floating Treasury	—	—	176.	290	150.22	41.97	38.63
2-Year Fixed Treasury	—	—	36.8	241.68	517.95	696.12	629.49
3-Year GGILBS Bonds	158	163.42	56.0	24.64	1.03	—	0
3-Year Floating Rate Bonds	-	—	12.5	14.69	14.53	2.17	0.1
3-Year Fixed Rate Bonds	—	—	17.3	29.77	164.22	665.7	743.43

5-Year GOG Bonds	—	—	—	—	81.93	276.83	261.55
<b>Long-Term Instruments</b>	<b>235.</b>	<b>216.97</b>	<b>489.</b>	<b>613.14</b>	<b>1,087.</b>	<b>1,229.</b>	<b>1,160.9</b>
GOG Petroleum Financed	—	—	88.4	87.63	86.65	82.41	77.87
TOR Bonds	285.	247.15	205.	115.52	170.4	113.3	107.05
Long-Term Govt. Stocks	70.3	66.93	65.2	—	456.5	434.22	410.26
Revaluation Stocks.	155.	147.55	421.	539.92	533.89	507.83	479.81
Other government	9.9	2.5	2.41	2.39	2.36	2.25	0.96
Telekom Malaysia Stocks		—	—	70.83	94.59	89.97	85.01
<b>Total</b>	<b>1,65</b>	<b>1,539.</b>	<b>1,86</b>	<b>1,997.</b>	<b>3,133.</b>	<b>3,819.</b>	<b>3,898.3</b>

Source: ADMD, MOFEP

According to the 2007 budget statement, Debt Sustainability Analysis (DSA) undertaken together with IMF and the World Bank including taking on additional debt of US\$750million from the capital market indicated that Ghana's debt is in sustainable thresholds. The B+ rating obtained from both Standard & Poors and Fitch Ratings in 2004 was affirmed by both agencies.

Respondents (41.7 percent) indicated that there has been an improvement in their purchasing power (Figure 30) compared to 21.9 percent who reported a decrease in their purchasing power.



## **6.0 Corruption**

A comprehensive assessment of corruption in Ghana is difficult due to the dearth of information on the subject. Out of the 180 countries that were included in the 2007 assessment of Corruption Perception by Transparency International, Ghana occupies the 69<sup>th</sup> position, with a score of 3.7 out of a maximum of 10. Also, in a survey<sup>14</sup> of corruption perception by the Ghana Anti-Corruption Coalition, 66.7 percent of respondents responded that corruption is not going down in Ghana (sample size is 228). The low score of 3.7 and the high perception that corruption is not going down to some extent indicate that not much is being done to curb corruption in Ghana. According to the Ghana Integrity Initiative the most important things that should be done to stem corruption in Ghana is to pass the Freedom of Information Bill, and review the Asset Declaration Bill, Procurement Act and the Whistle-Blowers Act based on identified weaknesses.

## **6.0 Regional Economic Integration**

In the area of regional integration, the policy of the country has been among others increasing participating in regional and global markets, diversifying and strengthening the export base as well as processing agricultural products. With regards to the development of an effective rate of protection methodology for local industries to create a level playing field and to ensure competition, information from the MOTI/PSI/PSD indicates that the industrial sector does not understand the issues very well. However, the Ministry has undertaken a tariff review study. The study has been used to prepare an effective rate of protection methodology and a database has been developed. The Ministry has developed a framework and information is being collected from the pharmaceutical industry to test the framework. The Tariff Advisory Board has been established with representation from the relevant public and private sectors. The Competition Policy and the Consumer Protection Policy has also been drafted. It is expected that the policies will become operational before the year comes to an end.

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21 <sup>14</sup> <http://www.ghana-anticorruption.org/index.php>

Capacity building is also going on seriously using the WTO and EPA training programmes. The Ministry has also sponsored a staff to Switzerland to specialize in multilateral trade law. Training of staff in the area of trade contingency measures has also been done by the Ministry. These Experts will support the Tariff Advisory Board. The Ministry in November plans to organize a training course for relevant staff of the MOTI/PSI/PSD, MDAs and the private sector.

The Trade Information Center has been strengthened with the establishment of a website which provides information on technical and phyto-sanitary barriers to trade. However, this was done through a project and now that the project has ended it is becoming difficult to host and manage the site. Currently, plans are underway to redesign the site to make it more effective. The existence of the center has also been published while the center has ordered various publications to enhance its collection. In the area of product development, the GEPC has contracted a consultant to help people in artifact industry to develop new products. Capacities have also been developed for horticulturalist especially those in the pineapple industry to enable them go into the production of new varieties. These policies have led to an increase in Non-traditional exports from US\$ 892 million in 2006 to US\$ 1165 million and to US\$ 661 million as at the end of June 2008 as shown in Table 4.6.

**Table 4.6: Value of Non- Traditional Exports (in million US dollars)**

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
Value	400.56	459	504	588	705	777	892	1165	<b>661*</b>

**Source : GEPC, \*- figure is up to June 2008**

Discussions with the relevant agencies indicate that Ghana is fully implementing the ETLs. However, majority of the countries are not giving the preference. Burkina Faso and Cote d'Ivoire appear to be the only countries that give preference to Ghana. One reason for this

occurrence is that for many of the countries implementing the ETLs, especially, the French speaking countries, international trade taxes form a major source of revenue. Thus, losing them becomes a big problem. The proper functioning of the compensation fund would have solved this problem, however, contributions to the fund is not that encouraging. A major observation is that Ghana has never benefited from the compensation fund. This can largely be attributed to the inability of our revenue agencies to compile accurate and timely data to enable the ECOWAS Bureau apply for compensation.

National Approval Committee has been set up, Chaired by the Director of the ECOWAS Bureau with representatives from CEPS, MOTI/PSI/PSD, GEPC, Ghana Chamber of Commerce and Industry. The objective of the committee is to screen applications for exemptions and make recommendations. The committee meets quarterly. As at June 2008 about 329 companies and over 800 commodities have been registered under the scheme. Also, training has been undertaken by the ECOWAS Bureau, CEPS and GIS. However, more need to be done by the stakeholders - GCCI, AGI, GIPC, MOTI/PSI/PSD and GEPC to educate their members on the ETLs since it is imperative for stakeholders to be on top of the implementation.

There are a number of challenges including the use of unapproved routes by certain nationals of member states and without documents, especially border residents; use of National Identity Cards by some citizens for the purpose of traveling within the Sub-Region instead of the approved travel documents (i.e. national passports, ECOWAS travel certificates and ECOWAS Passports); lack of infrastructure facilities at many border crossing points; excessive border documentation requirements from numerous border agencies; lack of adequate awareness of the rights and responsibilities of travelers under the ECOWAS protocols and the general insecurity resulting from conflicts in the sub-region which has resulted in cross border crimes such as trafficking of small arms and light weapons, illicit trafficking of drugs, human trafficking, armed robbery, money laundering, banditry and rape; motor vehicle theft, advance fee fraud (419), internet fraud forgery and smuggling, among others.

The performance of the country in terms of satisfying the four primary convergence criteria of WAMZ is facing challenges in meeting them on sustainable basis. Since 2003, the country has consistently satisfied two out of the four primary criteria. In 2007 only one of the four primary convergence criteria - Gross External Reserves. End of period inflation increased to 10.7 percent in December 2007 from about 9.9 percent in 2006. One of the major issues hindering the attainment of single digit inflation is the fuel and food price hikes which spontaneously cause inflation.

**Table 4.7: Ghana's Status of Primary Convergence Criteria**

Primary Criteria	Target	2000	2001	2002	2003	2004	2005	2006	2007
									June
Inflation Rate (End Period)	<10%	40.5	21.3	15.2	23.6	11.8	14.8	9.9	10.7
Fiscal Deficit excl. Grants/GDP (%)	≤4%	10.1	13.2	8.3	7.5	8.1	7.5	6.5	10.9
Central Bank Financing of Fiscal Deficit as % of previous	≤10%	-	12.1	-	-	-	-	-	-
Gross External Reserves (Months of Imports)	≥3 months	0.8	1.4	2.6	4.9	4.5	4.0	3.7	3.5
Number of Criteria Satisfied		-	1	-	2	2	2	2	1

**Source: West African Monetary Institute, Sept.2008**

The fiscal deficit/GDP ratio which has never been satisfied since the commencement of the programme increased to 10.9 percent in 2007. The major challenge facing the government is how to improve budgetary performance through improvements in revenue mobilization and strict expenditure control.

## CHAPTER

# 5

## CORPORATE GOVERNANCE

### 5.0 Introduction

This section provides an assessment of the progress made in implementing the recommendations under the Corporate Governance portion of the National Programme of Action.

### 5.1 Develop Single Corporate Governance Guidelines

The Securities and Exchange Commission (SEC) notes that there is still no single document on Corporate Governance guidelines. The country has however a number of mandatory and voluntary codes and these include:

- Companies Code, 1963 (Act 179)
- Corporate Governance Manual of the Securities and Exchange Commission
- Institute of Directors (IoD) Code of Ethics for Directors
- Ghana Business Code
- Multinational corporations have Corporate Governance Guidelines of their parent company

The SEC says more funds are needed in order to harmonise and develop unified corporate governance guidelines that will be used by companies in the country. However, a number of private sector organisations, including Private Enterprise Foundations (PEF) are working to harmonise the current voluntary and mandatory codes into a unified document.

### **5.1.1 Intensify Education of Business Community**

The SEC has organised several training seminars for companies listed on the Ghana Stock Exchange (GSE) with its own resources. Participation at these seminars is voluntary.

The Institute of Directors (IoD) still focuses on educating the business community on good corporate governance practices.

### **5.1.2 Certified Training Programmes for Directors and Chief Executive Officers**

The IoD runs customized training programmes three (3) times a year for directors of companies. Organisations that have benefitted from such training include Student Loan Trust, Quality Assurance Company, and Apex Rural Banks among others. After the training programmes, the IoD supports these organisations by calling on them from time to time to monitor progress.

## **5.2 National Accounting Standards**

### **5.2.1 Educate Accounting Personnel on International Accounting and Audit Standards**

The Ministry of Finance and Economic Planning (MoFEP) and the Institute of Chartered Accountants (ICA) have organised workshops on International Accounting and Audit Standards. These workshops have targeted the public at the launch on March 24<sup>th</sup>, 2007 of the International Financial Reporting Standards (IFRS). The institutions have however been slow in educating the accounting personnel.

The Ministry is advised to create an implementation committee like the International Accounting Standards Committee in the U.K. to help interpret the IFRS. The capacities of the implementing bodies should also be strengthened and the ICA should be charged with implementing and monitoring the activities over a longer-term because the IFRS cannot be learnt in detail within a two-three hour workshop.



## **5.2.2 Enforce Use of International Standards in Financial Reporting**

The transition from the Ghana Accounting Standards to the IFRS has introduced greater responsibilities as well as human resource and financial burdens on these companies due to the complex nature of the IFRS. Enforcement will pose a challenge.

According to the MoFEP, the adoption and use of IFRS by Small and Medium Enterprises (SMEs) in Ghana is not feasible as the budget of these SMEs cannot accommodate the cost associated with IFRS adoption and use. As an alternative, SMEs in Ghana are advised to use IFRS for Small Scale Enterprises. This is a simplified version of international accounting standards.

## **5.3 Labour Laws**

### **5.3.1 Ratify ILO Convention No. 184**

The ILO Convention No. 184 has not been ratified. The convention deals with health and safety in the agriculture sector.

### **5.3.2 Prepare National Policy on Agricultural Health and Safety**

The Ministry of Food and Agriculture (MOFA) notes that although the country does not have a national policy on agriculture health and safety, the various departments within the Ministry incorporate good safety and health practices in their policies. A committee is however to be formed to prepare a national policy on agriculture safety and health.

The General Agriculture Workers Union (GAWU) believes that the non ratification of Convention 184 which deals with safety in agriculture is a horror as some farmers are using agro-chemicals indiscriminately causing environmental damage and endangering their own lives.

### **5.3.3 Strengthen the Labour Department**

The Labour Department argue for an increase in staff strength, adequate financial resources and to be electronically linked to other agencies in order to enable the department carry out

effective inspections. At the moment, the Labour Department has staff in the field that inspects violations of labour laws and other international conventions.

## **5.4 Insurance Law**

### **5.4.1 Lobby Parliament to Review Bill**

The Insurance Bill was passed into an Act of Parliament (Act 724) in 2006 and was granted Presidential Assent on 31<sup>st</sup> December, 2006. It is reported to have increased the capital requirement for both insurance companies and brokers.

The law has introduced some provisions such as:

- All public buildings would have to be insured
- Insurance companies operating both life and non-life policies must be separated into two different companies: life insurance and non-life insurance companies-with different boards of directors. This has been effected.
- All existing companies both insurance and brokers must reregister at the National Insurance Commission.

The Act did not cover residential properties.

### **5.4.2 Educate Public, Business Community and Insurance Institutions on New Law**

The National Insurance Commission (NIC) has embarked on educating insurance institutions, business community and the public on the details and requirements of the law. The workshops organised targeted the insurance companies, the Police Service and Judges as well as the general public.

## **BUSINESS REGISTRATION AND APPROVAL**

### **5.5 LENGTH OF TIME REQUIRED TO COMPLETE BUSINESS REGISTRATION**

#### **5.5.1 Re-organise and Resource RGD to Deliver Customer Friendly Business Registration Services**

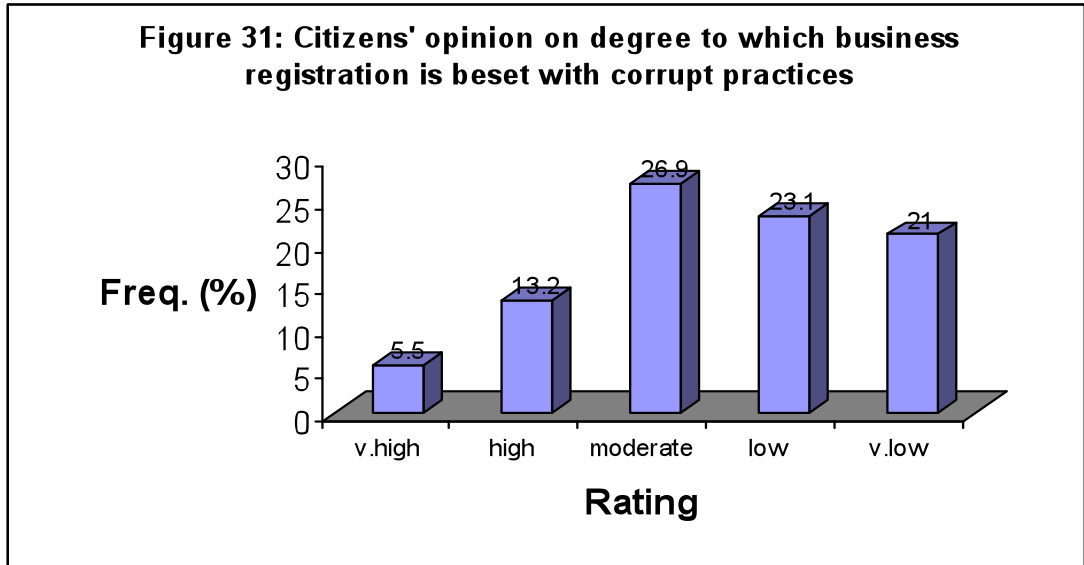
The Registrar General's Department (RGD) opened its ultra-modern front office in March 2008 at its Accra head office. It has an on-site bank to facilitate payments. The office is to enable the department provide customer friendly services while preventing leakages. The RGD is also training its staff in change management, performance management and basic Information Technology (IT).

The RGD has also implemented a new organizational structure and developed job descriptions for all positions. The department is also redesigning all registration documents and plans to embark on public education and sensitization programmes through radio and television.

With regard to funding, the RGD is a beneficiary of resources provided by the Development Partners pool Fund under the Private Sector Development Strategy of the Government; RGD also retains 20 percent of its non-tax revenue for its development.

Some of the challenges the RGD has faced include some members of the public trying to get registration done by offering the staff money or paying the registration fees to them instead of paying at the bank and some staff who take money from people to register their companies for them.

Respondents (45.1 percent) indicated that following the reorganization of RGD, corrupt practices associated with business registration have been significantly reduced (Figure 31).



**5.5.2 Upgrade Business Registration Software –RGDPro to Provide Front Office Services and Electronic Forms Processing**

The business registration software used by the RGD is now available at the front office allowing the department to create a database to electronically store information on all categories of business registrations.

The RGD has also invited tenders for the purchase of scanners and appropriate software for capturing data directly from forms into the registration database.

**5.5.3 Decentralise Business Registration Processes**

The Department has also started a process of decentralizing its operation by opening offices in Kumasi, Takoradi and Tamale. The Takoradi and Kumasi offices are operational. The registration process is done in Accra and documents returned to the offices for distribution. The Northern Regional Administration has given a block of four (4) offices to RGD which is currently undergoing rehabilitation.

The RGD is also using the services of post offices nationwide to deliver business registration services. Registration forms can be purchased, filled and submitted to the post offices to be forwarded to the RGD where they are processed. The RGD would then send the certificates to the post offices for distribution.

It is also in the process of providing a Wide Area Network facility to link the branches to the Head Office in Accra. This would enable the offices to undertake the full processes in the registration of businesses.

## **DUPLICATION OF INFORMATION REQUIREMENTS WITH COMPANY REGISTRATION PROCEDURE**

### **5.5.4 Establish Guidelines for Inter-agency Information Sharing**

An Electronic Data Interface to load Tax Identification Numbers (TIN) from TIN centre to RGD has been completed. The Department is now electronically linked to the TIN generating system of Revenue Agencies Governing Board (RAGB).

### **5.5.5 RGD Should Collaborate with IRS to Establish a Single Identification Number**

The RGD, Internal Revenue Service (IRS) and other revenue agencies now use Tax Identification Numbers (TIN) generated by the RAGB. The Department now forwards electronic copies of information on newly registered business to the IRS on monthly basis. Elimination of duplicate registration requirements is yet to be addressed since the programme is on-going.

## **INADEQUATE DATABASE AND ACCESS TO COMPANY INFORMATION**

### **5.5.6 Recruit Additional ICT Personnel at RGD to Manage the Database and Applications**

An IT manager and two (2) IT professionals have been seconded to the Department from the Central Systems Development Unit (CSDU). The IT personnel have been given training in Oracle Database Administration and Cisco Certified Network Administration to enable them manage the database and the registration applications.

### **5.5.7 Collaborate with Ghana Statistical Service to Identify Dormant Companies**

A data quality improvement project is currently on-going to among other things remove dormant companies from the electronic database. None has been removed yet.

Ghana Statistical Service (GSS) was supposed to collaborate with the RGD to create the database. GSS in pursuance of this process purchased five (5) new computers in 2004 and jointly trained some staff of the RGD and the GSS.

There has been no feedback from RGD after the training programme which was offered by GSS. Collaboration between the two (2) institutions has never taken place making it difficult to develop the database of the various companies' information in the country.

The Ghana Statistical service is therefore advocating for the need to continue with the collaboration which will be in the best interest of RGD and other revenue agencies in the country.

## **OUTDATED GIPC LAW**

### **5.6 Amend GIPC Law to Reflect the Changing Mandate of GIPC**

The Ghana Investment Promotion Centre (GIPC) submitted a draft GIPC Law to key business stakeholders at a meeting organized by PEF to review the Law.

The absence of the revised law has significantly affected the business of traders in the country.

Generally, members of the Ghana Union of Traders' Association (GUTA) rate the services and activities of GIPC as inadequate and are calling on GIPC to speed up work on the revision of the old investment law.

## **DELAYS IN ACQUIRING APPROVALS FOR IMMIGRATION QUOTAS**

### **5.6.1 GIPC Should Play an Advisory Role on Immigration Quota and Working Permit Issues**

Stakeholders note that the number of days required to obtain working permits has not decreased. The period required to obtain working permits ranges between three (3) weeks to four [4] weeks. This is due to the bureaucratic delay at the Ghana Immigration Service. This has been the bottleneck that hinders the goal of achieving the reduction in time required to obtain work permits from 32 to 14 days.

## **COMMERCIAL DISPUTE RESOLUTION**

### **5.7 Delays in Commercial Disputes Leading to Increased Costs for Parties in Dispute**

Under the Judicial Sector Reform Programme (JSRP), the Commercial Court was set up to handle disputes among businesses. The Commercial Court was established on March 4<sup>th</sup>, 2005

with the aim of offering speedy, efficient and effective delivery of justice in commercial disputes. Before the court was established, disputes among businesses had to be taken to the traditional courts and they sometimes took 10 – 15 years to resolve. The Commercial Court since its inception has been able to minimize the time and costs of commercial disputes. The Judiciary Service has constructed a Court of Appeals in Kumasi which has been officially opened. The Judiciary Service intends to use one of the courts as a Commercial Court. This means there will be two (2) Commercial Courts in the country.

Cases are settled quickly within an average period of three (3) months, through a mediation procedure, all things being equal. The court has rules that prevent it from keeping cases at the court for a long time.

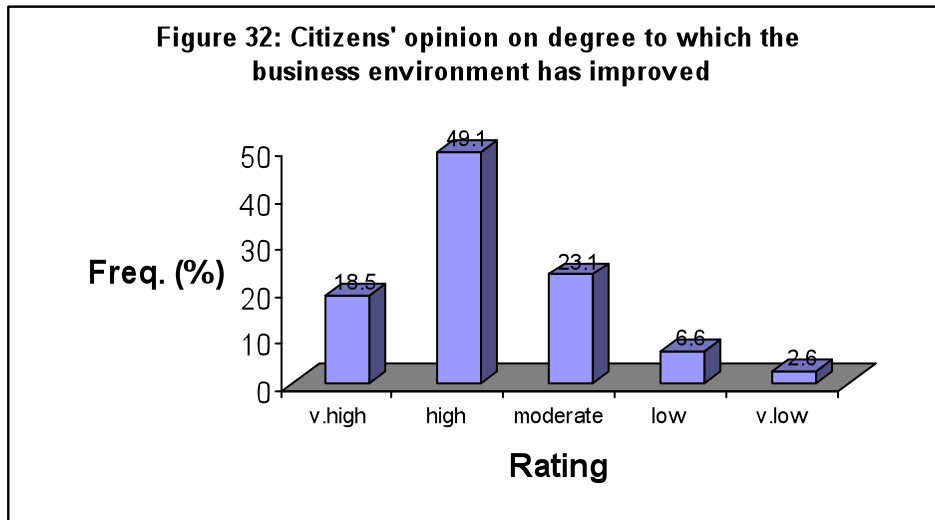
#### **5.7.1 Undertake Study on Access to Justice for Businesses, esp. MSMEs, and Development of Cost Effective (Non – Court) Solutions**

Through the Alternative Dispute Resolution (ADR) mechanism, MSMEs have a procedure to solve disputes cost effectively. ADR mechanisms that are used in the country include negotiations, mediations and arbitrations. Negotiations procedures usually involve offers and counter-offers being exchanged by the parties involved in the dispute until the proposals are acceptable to both parties. Advocates of contemporary negotiations in the country call for “Good Faith Negotiations” where the parties consider the interest of the other parties and assist in resolving the disputes. The Labour Act, 2003 (Act 651) advocates this method of negotiation. In mediation procedures, the parties voluntarily select and invite a neutral third party, to help them in exploring viable options to conclusively resolve disputes amicably. The ADR mechanism at the Commercial Court is free of charge, however if the parties want an independent mediator, the court will recommend one but at a cost.

#### **5.7.2 Continue Training, Resource Provision, and Monitoring of Quality of the New Commercial Court**

The Commercial Courts are funded from government, donor and internally generated sources. Currently, the courts have requested for more personnel in order to maintain the quality of the service.

Majority of Respondents (67.6 percent) reported that the general environment for conducting business has improved (Figure 32).



## 5.8 INFRASTRUCTURE

### ROADS

#### 5.8.1 Road congestion and Traffic Jams

Vehicular population in Accra has increased over the past years as the human population has increased. The Motor Traffic and Transport Unit (MTTU) points out that about 50 percent of the cars in Ghana are in Accra and about 20 percent of the remaining half commute in and out of Accra. The Department of Urban Roads (DUR) believes that the government cannot prevent people from buying cars thus keeping traffic under control is the only choice available. However, despite its best efforts, travel times within the major cities have still not been reduced.

The DUR recommend that in order to reduce road congestion and traffic jams in the long term, certain measures such as construction of major roads, construction of fly-overs and putting more buses on the road instead of creation of by-passes which is only a short term measure. The Department argues for more buses on the road because a bus can take a maximum of sixty



passengers whilst a taxi takes maximum five (5) passengers. Therefore twelve taxis on the road can be removed for one bus and this can help ease the traffic congestion in the city.

With the government about to start the Rapid Bus Transit, the MTTU hopes people will be encouraged to use public buses thus freeing up the roads.

Another factor is the increase in commercial vehicles referred to as “Trodro”. This increase has not seen a subsequent expansion of stations thus some commercial vehicles use the roads as places to load and offload passengers.

Indiscipline among commercial drivers is another factor.

The Progressive Road Transport Owners Association (PROTOA) is helping to reduce road congestion by making sure all its members have valid drivers’ licenses, roadworthy certificates and service their vehicles regularly. Also, member drivers of the association undergo training and education in road signs, rules and regulations, avoidance of reckless driving and respect for authority among others.

In addition to the above, the association also makes sure that none of its drivers overloads and take in alcohol on duty. PROTOA has also instituted disciplinary measures to punish member drivers who are known to have flaunted road rules and regulations. These measures range from fines to suspensions depending on the intensity of the offence. The association believes that this has helped reduce the number of accidents on the road.

### **5.8.2 Identify and Create By-Passes along Major Routes in Regional Capitals**

The Department of Urban Roads (DUR) is creating by-passes along the major routes in the regional capitals but the Ghana Private Road Transport Union (GPRTU) points out that they have not noticed any major by-passes created by the road transport authorities. Those created are all illegal by-passes in Accra, especially on the Accra – Tema motorway.

One big challenge the Department is facing is the difficulty in ejecting people from areas earmarked for road construction. In resolving this, DUR has a team that alerts Accra

Metropolitan Assembly (AMA) and Town and Country Planning Department (TCPD) about developments on lands earmarked for road construction. Funding continues to be a problem and because of this many road projects have not been completed.

### **5.8.3 Provide Street Lights and Traffic Wardens along Major Streets**

The MTTU have about 180 officers who serve as traffic wardens in the city. The Ghana Highway Authority notes that there are 150 signalized intersections in Accra and over 180 non-signalized. In some cases, some of the signalized ones do not work properly and for the MTTU to monitor these units, they will need about 900 personnel to manage all the intersections in the city in a day. This is obviously not feasible at the moment as the department is short of funding and cannot increase its personnel or buy logistics to carry out its duties.

The National Youth Employment Programme (NYEP) of the Ministry of Youth, Manpower and Employment is assisting the MTTU through providing personnel that help out as Community Protection Personnel. These men and women help out the MTTU in directing traffic at various intersections in the city. Complaints against the Community Protection Assistance programme usually hovers around disciplinary problems and the MTTU is considering how it can help train the Community Protection Assistants to be more disciplined in their work.

### **5.8.4 Educate Pedestrians on Road Crossing Regulations**

The National Road Safety Commission (NRSC) was established by an Act of Parliament (Act 567 of 1999). The key function of the Commission is to plan, develop and promote road safety for all categories of road users across the country.

They have undertaken outreach programmes with the Information Service Department to educate pedestrians on road crossing regulations and road safety in general. This was done prior to the Christmas holidays in 2006. This helped reduce road accidents on major highways during Christmas festivities as compared to figures recorded in 2005.

They also undertook education through the electronic media - television and radio. Consistent road safety programmes were run on the national television (GTV) as well as private television

stations (Metro TV, TV3, TV Africa and Sky TV) and local radio stations to educate the public on specific issues related to safe road user practices. The national television station still runs these programmes.

The Commission also trained teachers, children and parents on road safety. The programme targeted teachers, parents and pupils in basic schools in the Greater Accra, Northern, Volta and Western regions of Ghana.

Since accident figures are high in communities along highways, the Commission collaborated with the Ghana Highway Authority to embark on a road safety education tour for road users in 22 communities along the Kumasi – Konongo Highway. They also printed and distributed over 20,000 different copies of posters, flip charts and CD's containing road safety information at the Ghana International Trade Fair Centre.

All these activities have helped to educate and sensitize the public and pedestrians on road safety regulations and have helped to slightly reduce the accidents involving pedestrians so far.

The Commission has however faced some challenges in the implementation of their activities, these include the attitudes of some people on road safety issues, getting the message on road safety across to the physically challenged especially the blind and indiscipline of some drivers.

In order to overcome these challenges and to sustain the progress made so far, the Commission has formed and inaugurated District Road Safety Units in the various districts as well as inaugurated District Road Safety Committees to help educate and ensure road safety in the various districts. They have also inaugurated road safety clubs in basic, junior and senior high schools and some training colleges. The Commission has also created a call centre at their premises with a toll free number that the general public can use to report any issue concerning safety on roads. The centre is now operating on a pilot basis before it goes nationwide.

The MTTU which also educates pedestrians on road safety issues uses the print media to educate the public about road safety issues. In addition to this, it carries out outreach programs

for commercial drivers. These programmes take place at the various stations of the drivers. The MTTU is planning on going to Churches to extend its road safety campaign.

#### **5.8.5 Enforce Axle Control Regulations**

According to the MTTU, axle control is the responsibility of the Ghana Highway Authority and what the MTTU does is to offer security if needed.

GPRTU concurs with the MTTU that Ghana Highway Authority should be the one enforcing the axle control regulations. Although, the union has seen them on the highways at check points at Ofankor and Tema, it cannot be sure if they are enforcing the axle control regulations. The Ghana Haulers Association believes that the axel control is being enforced in Ghana and not in other countries in the sub-region. The Association would like to see most countries within the sub-region adopt a regional standard in axle control and enforce it.

#### **5.8.6 Increase Road Maintenance and Upgrading**

The DUR is ensuring that roads are maintained and upgraded regularly since the road networks are increasing in the country.

The GPRTU and the Ghana Haulers Association acknowledge that major roads in the city of Accra are in good shape but most roads in the suburbs need upgrading.

#### **5.8.7 Protect Road Shoulders from Haphazard Development**

Protecting road shoulders from haphazard development has been a difficult task for the authorities to carry out because people have encroached and built into shoulders of the road. When these buildings are set to be demolished, it generates into a scuffle and as a result retards the progress of the Department and hence slows the pace of development. The DUR would like the Accra Metropolitan Assembly (AMA) and the TCPD to monitor the spread of developments unto road shoulders. Some of the actions that the Department takes to prevent people from developing along road are planting of trees and mounting of pillars and poles.

## **RAIL NETWORK**

### **5.9 Poor State of Rail Network and Limited use of Rail Transport**

The Ghana Railways Company Limited has not been able to fully carry out any of the activities indicated in the NPoA. This is mainly due to lack of funds as the concessionaries who were given the network have failed to secure the necessary funding for implementation of the rehabilitation and extension projects.

Due to this development, the Government of Ghana is looking for a partner to undertake the projects on Public-Private Partnership basis.

The Company would advise that a thorough feasibility study should be carried out to capture the realities on the ground so as to be able to provide a realistic project cost.

A major strike action which was undertaken by workers of the Ghana Railway Company for over two (2) months greatly affected the mining sector especially the Ghana Manganese Company and the Bauxite Company since they heavily depended on rail transport for the bulk of their materials to the Takoradi port. As a means of mitigating this situation in the near future, mining companies have resorted to contract transport firms to transport their materials and produce by road which also goes to increase their operational cost.

#### **5.9.1 Rehabilitate Accra-Tema-Nsawam Network for Passenger and Freight**

The Ghana Railways Company Limited has not been able to rehabilitate the entire rail line on this corridor. Rehabilitation works have been carried out from the Achimota Station to Asoprochona Station with rehabilitation works currently ongoing from Asoprochona to Tema Station. The Ghana Railways Company Limited says that the Accra-Nsawam network is yet to begin although initial works have been carried out.

The Railways Company points out that rehabilitation work carried out on the Achimota – Asoprochona network saw huge project cost overrun as a result of providing new track formations at certain sections which had been badly degraded due to channeling of effluents from nearby settlements.

The rehabilitated Accra-Asoprochona network now has trains commuting between Accra and Asoprochona thus reducing vehicular traffic on the road.

### **5.9.2 Rehabilitate Southern National Network: Accra-Kumasi-Sekondi/Takoradi**

The Accra-Kumasi-Sekondi/Takoradi network has not been rehabilitated. This is mainly due to lack of funds.

### **5.9.3 Construct Kumasi-Burkina Faso Rail Network**

The Kumasi-Burkina Faso rail network has not been rehabilitated also due to lack of funds. However, a pre-feasibility study has been completed by China Railway and Design Institute Group Ltd.

## **WATER TRANSPORT**

### **5.10 Replace Over-aged Ferries with 4 New Ones of Larger Capacity**

Through the Millennium Development Authority (MiDA), the Government of Ghana is to acquire two (2) new ferries by 2012 and the Ministry of Harbours and Railways is also to acquire in addition two (2) ferries by 2012. The Volta Lake Transport Company (VLTC) believes that about Five Million Ghana Cedis (GH¢5 million) will be required to purchase two (2) new ferries. However, the government has not been able to obtain the funds to purchase the ferries.

In view of this, VLTC is considering exploring alternative means of financing the purchase of the ferries or rehabilitating the two (2) existing ferries. Rehabilitation will cost about Two Million Ghana Cedis (GH¢2 million).

#### **5.10.1 Harvest Tree Stumps in Lake**

The Volta River Authority (VRA) has signed an agreement with Clark Sustainable Company Limited (CSCL) of Canada to harvest the tree stumps. However, this will be done after the experimental uprooting of the stumps which is currently ongoing.

#### **5.10.2 Navigate and Chart Water Courses in Lake**

After the tree stumps are harvested successfully, navigations and charting of water courses in the lake will be done.

### **5.10.3 Enforce Regulations on Safety to Minimise Accidents**

In order to enforce regulations on safety to minimize accidents, the Ghana Maritime Authority (GMA) has marine surveyors who inspect the boats to make sure they are in good condition and also assign the maximum number of people on a boat. There are also naval task forces to monitor loading of goods and people into boats. There are some at Yeji, Brong Ahafo Region; Abotoase, Dzemani, Ketekrachi, and Dambai, Volta Region.

The GMA is also in the process of drawing up a new set of regulations to cover water transport. Reviewing of the draft is in progress after which it will be vetted and sent to Parliament for passing. The Regional Maritime University at Nungua in the Greater Accra Region is to offer courses for boat operators.

Also an electronic surveillance system is being put in place to monitor boats on the lake. Search and Rescue Centres have also been established to help handle accidents on the lake.

These actions undertaken have so far been quite effective as there have been no accidents on the lake since 2007.

In order to sustain the progress made so far, the GMA wants all boats to be licensed before they can operate on the lake. This is to ensure that boats are in good shape. Also the Authority is educating people about the Lake Safety Code. The GMA is also trying to get patrol boats on the lake and ensure safety.

### **5.10.4 Revoke Sole License to Volta Lake Transport and Introduce Competition**

On the issue of revoking the sole license to Volta Lake Transport, the GMA is not sure of its status.

## **AIR TRANSPORT**

### **5.11 Develop and Upgrade Airstrips and Airports**

Most of the smaller airports need to be upgraded. The Navrongo airstrip in the Upper East Region which is tarred needs to be upgraded to enable smaller aircraft have access to the

facilities. When this is done it will go a long way to help the various Non Governmental Organisations (NGOs) that assist communities in the region bring in people and supplies.

The Takoradi airstrip in the Western Region has been undergoing rehabilitation, with tarring of the runway making it possible for small aircrafts to land. The rehabilitation will also help the developing petroleum industry. The CAN 2008 hosting led to the provision of flood lights at the Kumasi and Tamale Airports in the Ashanti and Northern Regions respectively. These lights need to be made permanent.

The Tamale airstrip needs to be upgraded into an international airport to serve as an alternative to Accra in times of emergency. As at now Ghana does not have any alternate airport that airlines can use in case there is a problem in Accra. The situation that pertains now is that Ghana relies on Alternate airports outside Ghana and this causes a lot of inconvenience to passengers whose flights are diverted to these airports.

#### **5.11.1 Provide Incentives to Attract Private Operators**

There has not been any increase in private sector involvement in air transport. The number of private airlines has not been increased; there are only two (2) operators: Antrak Air and CityLink, in the country. There have not been incentives to attract more private operators into the sector. The Ministry of Aviation has to do a lot more in this respect to catalyse growth in the industry.

#### **5.11.3 Promote the Establishment of Cold Chain Facilities from Farm Gate to Airports**

According to Millennium Development Authority (MiDA) and some other stakeholders such as Horticultural Association of Ghana (HAG), Vegetable Producers and Exporters Association of Ghana (VEPEAG) and the Ghana Airport Company Limited, funds have been allotted as a major component of the Millennium Challenge Account [MCA] for the construction of a cold chain facility at the KIA.

MiDA has currently issued a request for proposals for consulting services for the project. After the selection of the consultant on Friday October 17 2008, the successful consultant would be



required to review the available designs of the cold storage facility. Furthermore he would be required to supervise the construction process.

The capacity of the facility would be agreed upon based on the recommendation of the consultant.

Construction is scheduled to commence in April 2009 and will require a minimum of nine (9) months for completion.

The Export Markets Quality Assurance Project of MOFA is starting a project to build cold chain facilities in four (4) designated areas across the country. This is to enable produce destined for exports maintain their quality. VEPEAG is also establishing a pack house on the Accra – Winneba road to help in preserving agricultural produce.

## **SEAPORTS**

### **5.12 Expand GCNet to Paga and Establish Specialised Connections for Key Stakeholders**

The Ghana Community Network Services Limited (GCNet) system has been extended to Customs, Excise and Preventive Service (CEPS) regional offices in Bolgatanga, Upper East Region, Koforidua, Eastern Region and Kumasi, Ashanti Region. Also, the system has been extended to the land borders of Elubo in Western Region, Paga in Upper East Region, Kulungugu in Upper East Region, and Aflao in Volta Region.

Also major stakeholders such as the Ghana Standards Board (GSB), Food and Drugs Board (FDB), Environmental Protection Agency (EPA), Ghana Free Zones Board (GFZB), Ghana Investment Promotion Centre (GIPC) and the Ministry of Trade, Industry, Private Sector Development and President's Special Initiatives (MOTI/PSD/PSI) among others have been connected to the system for the issue permits or exemptions.

The Ghana Shippers Council acknowledges that GCNet has been strengthened and connected to key Ministries, Departments and Agencies (MDAs).

### 5.12.1 Train and Equip CEPS to Take Over Destination Inspection

CEPS continues to work with Destination Inspection Companies (DICs) to undertake destination inspection. Gateway Services Limited (GSL), one of such DICs recently began a series of training programmes to prepare CEPS officials to takeover operations at the ports. The company's mandate expires in 2010 and officials hope CEPS will be ready to take over destination inspection.

### 5.12.2 Establish a Transit Cargo Tracking System

CEPS is currently using the I-Transit technology which allows the Service and its partner GCNet to monitor a cargo's movement via satellite and the Internet. A tracking device is placed on top of the cargo and this helps officials monitor cargo trucks bound for Ghana's landlocked neighbours.

According to CEPS, a cargo truck or vehicle is monitored by four (4) Global Positioning Systems (GPS) satellites. Data is transmitted through a communication satellite to a station in the United Kingdom (U.K.). The images are then transmitted to a tracking server via internet to the GCNet tracking portal.

The system enables CEPS to share information with other countries in the region using an Information Technology (IT) based system.

### 5.12.3 Long Turn Around Time for Ships

Table 5.1: PORT OF TEMA – VESSEL TRAFFIC AND TURN AROUND TIME (AVERAGES) – BY PORT ZONE - 2008

PORT ZONE	JAN	FEB	MARCH	APRIL	MAY	JUNE
WHOLE PORT – ALL VESSELS						
VESSEL CALL	158	140	118	126	121	126
WAITING TIME	31.59	32.63	47.64	40.73	49.74	39.95
PORT NAVIGATION	0.97	0.94	0.89	0.62	0.89	1.33
TIME AT BERTH	83.75	106.47	60.49	64.25	66.89	64.93
TIME IN PORT	116.31	140.04	109.01	105.60	117.52	106.21

Source: Ghana Ports and Harbours Authority, 2008

#### **5.12.4 Improve and Introduce Efficient Handling Equipment**

The Ghana Ports and Harbours Authority (GPHA) has a dedicated container terminal where three (3) Ship-To-Shore (STS) gantry cranes and four (4) Rubber Tyre Gantry (RTG) cranes are used to offload containers from ships. The new equipment works much faster than the cranes on the ships.

#### **5.12.5 Expand Facilities and Reduce Container Clearance Times to Decongest Ports**

According to the GPHA, clearance at the ports involves several agencies with CEPS being the lead agency. GPHA in helping reduce clearance times has as a policy that all secondary handling of cargo should not be done in the port area. The authority has established Inland Clearance Depots (ICDs) where cargos are to be taken. This has freed up the port area thus reducing the turnaround time for ships.

The Ghana Haulers Association notes that GPHA has created a transit yard where transactions can be completed when the main Port is congested. Trucks are allowed to stay at this yard for a period of 24 hours. The Ghana Shippers Council also acknowledges that with the completion of quay 2, efficiency has increased at the ports.

Meridian Ports Services (MPS) has been granted the concession to operate the container terminal area of the Tema Port. Under the agreement, MPS is exclusively responsible for managing, stevedoring and handling all containers at the port.

GPHA is reviewing a Master Plan drawn in 2000 which called for a second container terminal to be constructed at the Western part of the Tema port. The authority believes that towards the end of the year, a decision will be reached with regard to the second container terminal.

#### **5.12.6 Dredging of Ports Should Continue to Increase Water Depths to Accommodate Larger Vessels**

GPHA is continuing with dredging of ports as some vessels have requested for depths of 12.5 meters. The authority is considering this as previous targets were 12 meters.

## **ENERGY**

### **5.13 DIFFICULT ACCESS TO SECURE AND QUALITY ENERGY SUPPLY**

The Electricity Company of Ghana (ECG) is responsible for the distribution of power generated by the VRA. VRA generates the power at a very high voltage and the ECG distributes it to consumers at a lower voltage.

To ensure that energy supply is secure, ECG is increasing circuit capacity, replacing outmoded switchgear and panels, building more redundancies into the system and installing shunt capacitor banks to help improve voltage profiles and to eliminate flicker. The ECG is also installing prepaid meters in all its areas of operations and installing Local Area Network (LAN) and Wide Area Network (WAN) for effective data transfer and networking among the vending stations.

To ensure sustainability, the ECG is training its staff, setting attainable targets and educating the consumer.

ECG also notes that it is educating the general public on the effects and consequences of cable and conductor thefts as well as negotiating with government to pass legislation to ensure that in every developed area, space will be created for the building of substations or power stations.

#### **5.13.1 Increased Maintenance and Introduction of New Power Stations**

The Energy Commission has completed two (2) new power stations, three (3) are under construction and one (1) is yet to be started but for which license has been given.

The Ministry of Energy pointed out that although power plants have been built, most of them are on stand by because the water level at the Akosombo Dam is now high and is providing enough energy for the country. Also, most of the power plants were built with the hope that the gas from the West African Gas Pipeline (WAGP) will be available but there have been delays and so should the power plant operate, they will have to use crude oil which is quite expensive at the moment.

The ECG has also built several sub-stations recently at Osu, Lashibi, Ashaiman and Ofankor in Accra and is in the process of building more in Takoradi. The ECG has also set up maintenance schedules for the sub-stations and if faults develop on them, they are worked upon or replaced with new ones. For instance, on September 14, 2008 most parts of eastern Accra were without power so as to enable ECG engineers to do maintenance work on the sub-stations.

The ECG has also made provisions for the construction of 17 primary sub-stations around the country. This is to help make electricity more readily available to people all over the country, because the more substations there are, the more flexible power supply will be.

### **5.13.2 Promote Independent Power Suppliers**

The Government of Ghana has introduced the possibility of power producers and the ECG has signed agreements with five (5) companies. The companies include CINERGEX, Shenzhen Energy Group limited, Tropical Energy Resources, Bui Hydro and Trans/Tema Power limited. The Ministry of Energy (MoE) has signed two (2) power purchase agreements with Balkan Energy Limited for the Operationalization of the Osagyefo Power Barge and the Tema Osonor Power Plant.

Over the years, access to quality energy supply has been fraught with so many inconsistencies due to the frequent and unannounced power outages. In this regard, the Ghana Chamber of Mines acknowledges the effort made by the Government of Ghana in contracting investors to venture in the provision of energy from other alternative sources other than Hydro.

Work by these Independent Power Producers (IPPs) when started, will go a long way to reduce the cost of inputs such as diesel fuel. Uncertainty in the availability of gas from the WAGP is also major hindrance and drawback in the mining industry.

### **5.13.3 Explore Alternative Sources of Power (Solar, Biogas)**

In order to ensure the exploration of other sources of energy (renewable energy), the Renewal Energy Law is in the pipeline to help pave the way for the development of renewable energy.

The Energy Commission has conducted wind energy assessments and possible sites for wind farms have been identified.

Private investors have started Jathropha plantations as part of efforts to promote bio-fuel production in Ghana.

## **WATER**

### **5.14 INADEQUATE AND INFREQUENT WATER SUPPLY**

The Water Research Institute (WRI) of the Centre for Scientific and Industrial Research (CSIR) was engaged as consultants by Community Water and Sanitation Agency (CWSA) in the Central Region to work in three (3) districts namely; Twifo Hemang Lower Denkyira (THLD), Upper Denkyira (UD) and Komenda – Edina – Eguafo – Abrem (KEEA) on their rural water supply projects.

The project started in 2006 and ended in 2007. The Consultancy consisted of carrying out hydro-geological studies, supervision of drilling of boreholes and installation of hand pumps. The table below shows the number of communities which benefited from the project and now enjoying potable water.

<b>Year</b>	<b>UD</b>	<b>THLD</b>	<b>KEEA</b>
2006	16	11	6
2007	20	22	6
Total	36	33	12

*Source: Community Water and Sanitation Agency, 2008*

In all eighty-one (81) boreholes were provided for the communities in the three districts from 2006 – 2007.

The Environmental Biology and Health Division of the WRI monitor drinking water quality in relation to public health and the reports released by the division have assisted in the intensification and enforcement of sound environmental practices leading to use of safe and good water source. Also, a study on levels of cyano bacteria has indicated presence of high levels of toxins (neurotoxins and hepatoxins) in the Weija Lake. This has led to the water

treatment operator to re-design the water treatment plant to divert the algae discharge from the sedimentation tank to reduce the level of algae in the intake point.

To make water safe to drink and use, the WRI would like new settlements to be well planned in collaboration with the Ghana Water Company Limited (GWCL).

Sub-head work should be setup apart from main Head Works at Weija. At the sub-head works raw water can be pumped and treated thus decreasing the distance water has to travel to communities.

## **INFORMATION AND COMMUNICATION TECHNOLOGY**

### **5.15 DELAYS AND DIFFICULT ACCESS TO FIXED/LAND LINES; LIMITED EFFICIENCY AND RELIABILITY, AND RELATIVELY HIGH RENTAL COSTS**

The National Communication Authority (NCA) points out that the Ghanaian Telecom sector has been expanding very fast and continues to grow rapidly especially the mobile telephony sector. The NCA notes that with increased competition, prices have come down thus offering consumers a variety of choices and wider access. The Government of Ghana has divested its shares in Ghana Telecom and Westel to Vodafone of the United Kingdom and Zain Communications of Kuwait in order to encourage more competition within the sector.

Pursuant to the National Telecommunications Policy 2005 (NTP'05) and in furtherance of the Authority's quest to enhance access, choice and at the same time reduce the intra-country digital divide, the Authority plans to embark on the following regulatory mandates:

- Auction of frequencies in the 2.5 and 3.5GHz Bands for WiMax Services - 2<sup>nd</sup> Quarter 2008
- Development and Implementation of Interconnection Charge Model for telecoms networks i.e. fixed and mobile networks – 3<sup>rd</sup> Quarter 2008

- Development and Adoption of New Numbering Plan – 2<sup>nd</sup> Quarter 2008 through 2<sup>nd</sup> Quarter 2009
- Acquisition of Quality of Service Monitoring Equipment to independently monitor the quality of telecommunications services being provided by network operators to the general public.
- Acquisition of Spectrum Management and Monitoring System to ensure effective use of Spectrum and to monitor the spectrum field to forestall interferences.

#### **5.15.1 Completion of National Fibre Optic Backbone to the Rest of the Country**

The Ministry of Communication (MoC) reported that the first phase of the fibre optic backbone which was to be extended to Tamale has been completed.

#### **5.15.2 Improve Third Party Access to Existing National Fibre Optic Backbone**

The issue of improving third party access to existing national fibre optic backbone is irrelevant now. This is because the project has not been completed and so no third party firm has been given access to the supposedly already-established fibre optic backbone.

Stakeholders point out that the implementation of the national fibre optic backbone is a mess due to fact that the Ministry does not have an idea about how to implement this project.

#### **5.15.3 Introduce Greater Competition in Provision of Fixed/Land Line Network**

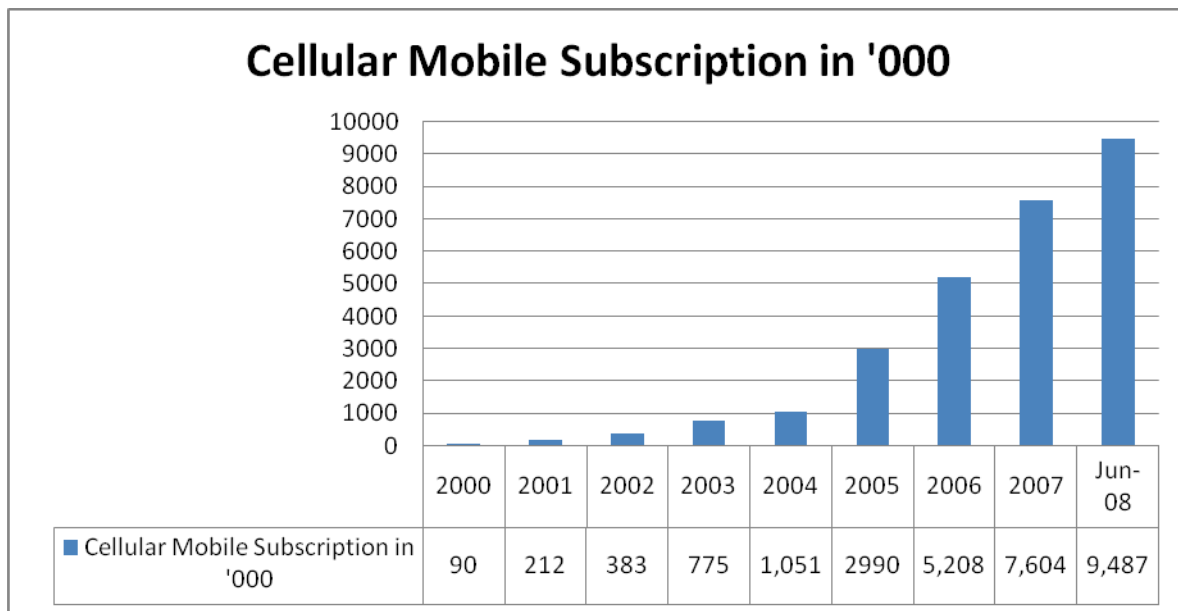
As at end of July 31, 2008, there were two (2) fixed line telephony operators plus six (6) mobile telephony operators, four (4) of which are fully operational. The fifth and sixth mobile licenses were issued to Westel (Zain Communications Group) and Glo Mobile Ghana Limited on October 31, 2006 and July 17, 2008 respectively.

It is expected that when the fifth and sixth mobile licensees become operational, there would be enhanced network expansion and greater competition.



Kasapa Telecom has extended its operations to seven (7) regions in the country. The rest of the regions that is the Upper East, Upper West and the Northern regions will be covered by the end of the year or early 2009.

Mobile telephony has increased remarkably since the introduction of competition in the sector. With a subscriber base of just over 90,000 corresponding to 0.5% mobile penetration as at year end 2000, subscription has risen to 9,487,000 corresponding to a penetration of 43.1% as at the end of June 2008. The NCA believes that this achievement has come about because of good policies, effective regulation and a heightened level of competition among operators. Below is a graph depicting growth in the mobile telephony sector:



**Source: National Communication Authority, 2008**

This exponential growth has been accompanied by decreasing end-user tariffs however the growth has not been matched with the requisite quality of service delivery – i.e. Mobile operators have not been able to scale up (by providing adequate infrastructure such as more cell sites and interconnect trunk capacity) to meet the growth in demand. The industry has been facing challenges with respect to site acquisitions, mast installations etc., which hampers

the expansion of cell sites thereby impacting negatively on the quality of service delivery by Operators.

The Authority is therefore working with critical stakeholders such as the EPA, the Municipal/District Authorities and the Ghana Civil Aviation Authority (GCAA), to address these challenges.

Growth in the fixed telephony market has rather been very slow compared to the mobile market. At the end of year 2000, fixed subscribers numbered 206,300 corresponding to 1.1% penetration of the total population. However, by end of 2002, total fixed lines stood at just 270,000 being surpassed for the first time by mobile subscription which stood at 383,000 at the time. Like most countries, since the initial overtake by mobile subscription, fixed service subscription has never been able to catch up and currently, that is, as at June 2008, total fixed lines stood at 383,900 which accounted for just 1.8% of total population.

Some stakeholders believe that competition has not increased in the sector due to the inability of the communication authority to enforce the various rules and regulations it has put in place. This has made some Telecom companies do whatever pleases them.

The introduction of the Communication Services Tax has led to a 10 percent decrease in all outgoing calls and thus there is less spending on the part of the customer and Government is rather benefiting.

Ghana Telecom (GT) would like the general public to act as watch dogs and help stop stealing of GT cables.

#### **5.15.4 Extend Telephone Facilities to all District Capitals to Facilitate Decentralisation**

Rural communities' access to telephone facilities is achieved primarily through the regulated Fixed Network Service Provider, GT, Mobile Cellular Operators and investments through the Ghana Investment Fund for Telecommunications (GIFTEL). For example, the establishment of Communications Information Centres (CICs) in rural areas, under the auspices of MoC was as a result of GIFTEL.

Also, GIFTEL has constructed Common Facilities platforms to encourage telecom to extend services to rural areas.

## **LAND**

### **5.16 Complex and lengthy procedures, and high costs associated with purchase and registration of lands**

There are three (3) types of land ownership in Ghana with an approximate ratio of 10 percent belonging to government and the remaining 90% is either family or stool lands. Lands Commission is one of the institutions involved in registration and purchasing of land. The Land Administration Project (LAP) is to streamline the whole land purchase and registration procedure and bring all the institutions under a new Lands Commission.

The Commission explained that there has been little change in the procedures to really affect the time it takes for total processing. This is because process of registration involves various sister but independent departments (i.e. Land Title Board, Land Valuation Board, TCPD, and Survey Department among others). At each of these places the procedures are long.

It is against this background that through the LAP, a One – Stop – Shop (OSS) is being piloted at Madina in Accra to bring all the Land Sector Agencies (LSAs) under one roof. The concept of the OSS is to “co-locate the LSAs and reduce steps involved in the administrative service procedures and to change the way these services are provided, from “many doors for one service” to “one door for many services”<sup>15</sup>. The OSS will offer patrons of the LSAs the ability to use a single service centre for all the agencies.

With regard to cost of registration, there has been little to no change.

The Commission has no involvement in transaction of Family Owned Lands. When the transaction is over a stool land, the Commission grants a concurrence and with government or public lands, Lands Commission does the processing of documents.

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22 <sup>15</sup> OSS Task Team, Report on the Development of One – Stop – Shop (OSS) for Madina

Land searches conducted by the Commission take two (2) weeks, which is a long period for investors. However, the Commission maintains that when complaints are lodged at the Service Unit of the Commission the search is worked on immediately. The search procedure is manual and tedious as records are not computerised. Sometimes the search may have been done but tracking its movement within the Commission is done manually and this contributes to the delays.

The Lands Commission has therefore invited experts to study the system and design appropriate software to help keep track of searches.

The Client Service Unit, the Central Records and Greater Accra offices are running a pilot trial on how to simplify and quicken procedures. The trial gives specific times by which documents are transferred and deadlines set for specific tasks. This will enable easier tracking much and will not allow a pile to build up.

## **TAXES**

### **5.17 HIGH WITHHOLDING TAX**

#### **5.17.1 Undertake Regulatory Impact Assessment to Evaluate Impact on Industries and Review Tax Accordingly**

Withholding Tax imposed on industries has been reduced from 7.5% to 5%. It could not be reduced to 2.5% because of the expected huge revenue loss of about 35% which Withholding Tax contributes to the total direct tax revenue. The Internal Revenue Service (IRS) mentions that no research work was carried out to find out the impact on direct tax revenue if the Withholding Tax was reduced to 2.5% and thus they cannot be expected to reduce the tax to that level.

The Legislative Instrument (L.I.) has been passed and an intense tax education and compliance campaign is being carried out by the IRS. This is expected to increase the compliance rate of Withholding Tax 'Tax Payers' and thereby the tax revenue. Also, the reduction will bring about

an increase in operational income to individuals and enterprises thus allowing for more investments.

## **5.18 HIGH CORPORATE TAX**

### **5.18.1 Undertake Regulatory Impact Assessment to Evaluate Impact on Industries and Review Tax Accordingly**

The corporate tax has been reduced to 25% and this was addressed in the 2006 budget. The L.I. 1830 was passed which saw the Corporate Tax reduced from 28% to 25%. The corporate tax is now the same for both listed and unlisted companies. The IRS undertook tax awareness and tax compliance campaigns to educate the business community on the new corporate tax rate.

The IRS felt that this tax rate could result in an increase in the operational income of corporate organizations thus allowing for more investments, increased employment and enhance direct tax revenue. However, the IRS felt that the reduction could result in a loss of revenue as Corporate Tax contributes about 50% to the total direct tax revenue. This could be countered by intensifying tax enforcement and compliance strategies.

## **5.19 VAT ON IMPORTED INPUTS FOR MANUFACTURING**

### **5.19.1 Undertake Regulatory Impact Assessment to Evaluate Impact on Industries and Review Tax Accordingly**

The Value Added Tax (VAT) Secretariat and the MoFEP note that pharmaceuticals enjoy a favourable tax policy as tax on their manufactured products is zero rated. However, a review has been conducted and has been discussed by the Finance Committee in Parliament with no objections.

## **5.20 TAX STAMP**

### **5.20.1 Undertake Regulatory Impact Assessment of Tax Stamp to Evaluate Impact on Micro and Small Enterprises in Different Administrative Regions and Review Tax Stamp Accordingly**

The Tax Stamp has been reviewed and re-categorised to reflect the class of the business. The highest category is GH¢15.00 and the lowest category GH¢3.00. Previously, the levels were

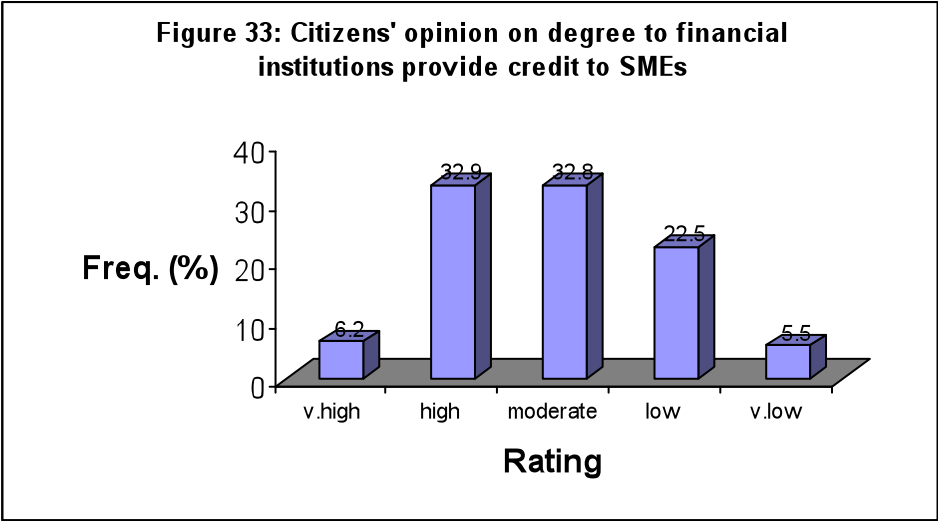
GH¢25.00 for the highest and GH¢5.00 for the lowest. The IRS believes this might affect the total tax revenue as micro and small enterprises tax payers contribute the lowest share to direct tax revenue. To be able to overcome this, the IRS is undertaking a tax awareness campaign among small business owners as well as ensuring tax compliance among Tax Stamp payers.

**5.21 CREDIT**

**5.21.1 SUPPORT FOR MICRO, SMALL AND MEDIUM ENTERPRISES**

On the issue of access to credit, stakeholders including GUTA believe that over the years they have not been treated fairly by financial institutions as well as government assisted micro credit projects. Several attempts made by GUTA to MOTI/PSD/PSI to accept proposals from the traders to go into the production of items such as buttons, zips, matches, and toothpicks among others to supplement the industrial needs of the country has fallen on deaf ears which is a big worry since there is a market for these items.

Respondents (39.1 percent) indicated that there has been an improvement in the provision of credit to business entities by financial institutions (Figure 33).



## **5.22 CENTRAL REGISTRY SYSTEM**

### **5.22.1 Complete the Development of the Central Depository System to Include Equities**

The Central Securities Depository (CSD) System commenced operations On November 29, 2004 to provide a registry for securities in electronic form. It operates as a unit under Bank of Ghana (BoG). It has a depository that is capable of handling equities, government debt and corporate debt instruments and transactions on these securities. The implementation of the system was in two phases. The first phase involved the registration of investors into the CSD system and the admission of Government of Ghana and Bank of Ghana (BoG) Securities. The second phase would involve the admission of equities into the CSD system. This will require the availability of a legal framework and the repeal of some existing sections of the Companies Code, 1963 (Act 179).

A Central Securities Depository Bill has been passed into law. The law, The Central Securities Depository Act, 2007 (Act 733), was given presidential assent on May 16, 2007. The law creates the legal framework for the establishment of a CSD, outlines the functions of the CSD, the admittance of Securities (including Equities) into the CSD among others, and some consequential amendments.

Section 1 of the Central Securities Depository Act, 2007 (Act 733) requires that, “A central securities depository may be established by a company under the Companies Code, 1963 (Act 179)”. According to the Act, a company will have to be established for the operations of the CSD.

Section 2 of the Act, under Application Procedure, also requires that, “A person who intends to establish or operate a central securities depository shall apply in writing to the Commission (The Securities and Exchange Commission)”. The CSD will therefore be under the direct supervision of the SEC.

The Ghana Stock Exchange (GSE) has set up a securities depository. Hence BoG’s depository would for the moment provide custody for only government securities.

### **5.22.2 Expand the Depository System into a Registry System**

The GSE depository will serve as a registry for companies and shares until the BoG depository is operational.

## **PAYMENT SYSTEMS (SETTLEMENT TIME)**

### **5.23 DELAYS IN CLEARANCE OF CHEQUES AND PAYMENT SYSTEM**

#### **5.23.1 Promote the 2 Hours Transmissions of Payments under BoG's NPDS**

The Ministry of Finance and Economic Planning (MoFEP) and the Bank of Ghana (BoG) are working on reducing settlement time to T+1. In order to accomplish this, a national electronic payment switch is being developed.

#### **5.23.2 Introduce Central Electronic Clearing of Cheques**

The Bank of Ghana has started with implementation of the central electronic clearing of cheques. Funds have been provided by MiDA, with a solution provider selected to install the system. The Bank points out that the system is expected to be operated by the Ghana Interbank Payment and Settlement System (GHIPSS), a subsidiary of Bank of Ghana.

All banks are expected to be linked electronically to the system. The BoG has targeted the second quarter of 2009 for the system to commence operations.

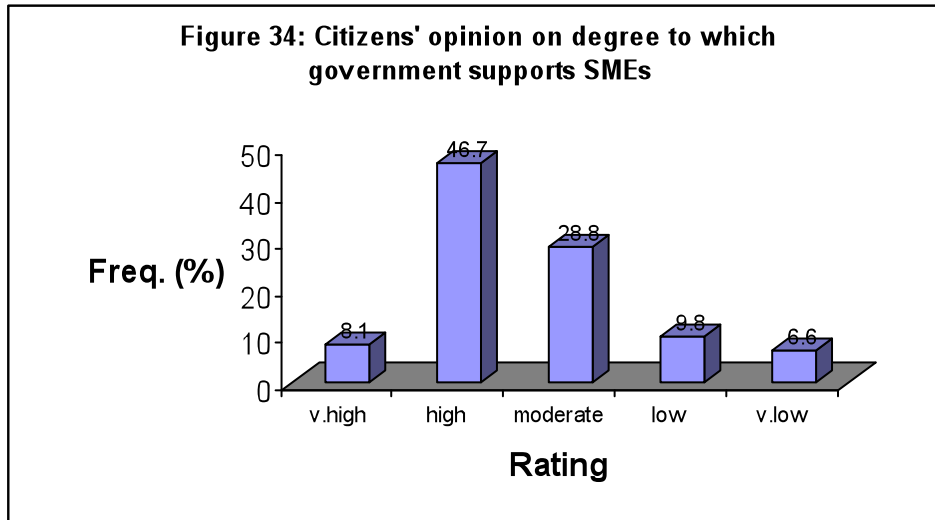
### **5.24 CAPACITY OF REGULATORY BODIES TO MONITOR COMPLIANCE**

#### **5.24.1 Enhance GSE, SEC, NIC Resources, Staffing and Training**

The Securities and Exchange Commission (SEC) would like to have more resources in order to do their job more effectively.

Majority of Respondents (54.8 percent) reported that there has been an improvement in Government's support to SMEs (Figure 34).





#### **5.24.2 Continue Addressing Jurisdiction Overlap of SEC, BoG and NIC via JCFSRC**

The BoG for its part has put in place training programs for its staff about jurisdiction overlaps and works with both the SEC and National Insurance Commission (NIC) when it comes to matters relating to securities market developments and insurance activities.

#### **5.24.3 Develop a Fully Electronic Market Surveillance System**

The electronic market surveillance system being developed by SEC is ongoing and it is expected to be built on GSE automation. The BoG has e-facts to address electronic market surveillance issues and the introduction of Off-shore Banking and Anti-Money Laundering Act has helped in monitoring the market.

Most rural banks are poorly networked and this makes it difficult to monitor them electronically.

## **OBJECTIVE 2: ENSURE THAT CORPORATIONS ACT AS GOOD CORPORATE CITIZENS WITH REGARD TO HUMAN RIGHTS, SOCIAL RESPONSIBILITY AND ENVIRONMENTAL SUSTAINABILITY**

### **LABOUR LAWS**

#### **5.25 Resource Labour Department to Employ Adequate Staff**

The Labour Department bemoans that the cumbersome nature of the public service system derail its effort in employing adequate staff. However, with the existing staff strength, they have been able to ensure peaceful labour environment in the country.

#### **5.26 DAMAGE TO THE ENVIRONMENT BY CORPORATE BODIES**

Ghana Chamber of Mines maintains that all the mining firms in the country comply with the Environmental Protection Agency (EPA) environmental performance rating where different codes are assigned to denote compliance level.

WACAM has not witnessed any changes being made by the implementation agencies. This is blamed mainly on the low environmental standards in the country.

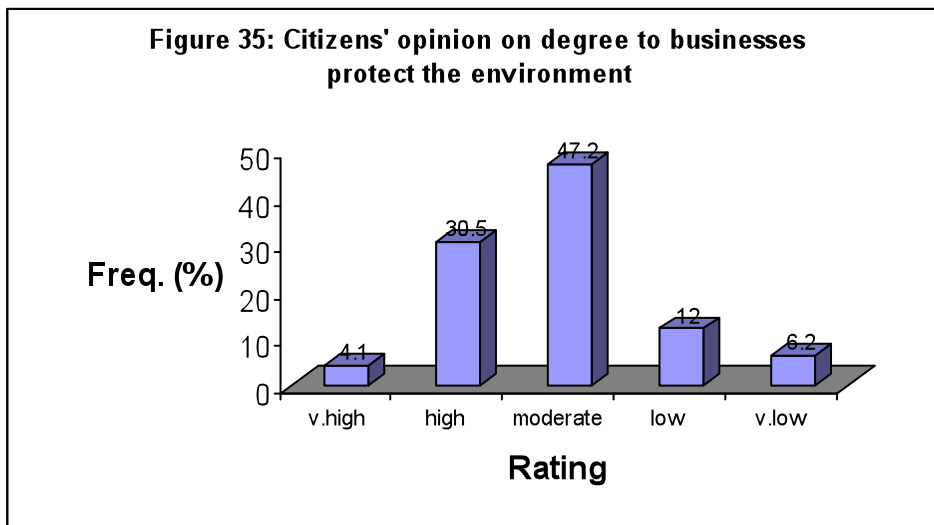
Mining communities demand accountability from the implementation agencies as sometimes, when there is an issue or a complaint to the EPA, no feedback is given on the findings to the community. The EPA seems to be passive recipients of community complaints. When issues are raised by communities and supported by NGOs, the EPA feels undermined and attacked. Although the EPA and NGOs should be working together, this is not the case. The Minerals Commission on the other hand has shown some positive response to the cries of NGOs.

Issues of human rights abuses are a great challenge for NGOs, as they claim some mining companies use law enforcement agencies (i.e. police and army) to intimidate and abuse some members of the community. These issues should be made known to higher rank officers in the law enforcement agencies.

The rights of the grass roots people must not be violated. With the increase in education, the communities are making more demands which are leading to confrontations.

To avoid these confrontations, WACAM is calling for an improvement in the way public hearings are conducted. The Environmental Impact Assessment (EIA) must be simplified and explained to the local people and their views considered.

Respondents (34.6 percent) indicated that there has been an increased awareness among the business community to protect the environment (Figure 35).



**OBJECTIVE 3: PROMOTING THE ADOPTION OF CODES OF GOOD BUSINESS ETHICS IN ACHIEVING THE OBJECTIVES OF THE CORPORATION**

**GOOD BUSINESS ETHICS**

**5.27 ABSENCE OF CONSUMER WATCH DOGS FOR QUALITY DELIVERY/SERVICE**

The Ministry of Trade, Industry, Private Sector Development and President's Special Initiatives (MOTI/PSD/PSI) has tasked PricewaterhouseCoopers to develop a consumer protection policy.

This policy has been drafted and based on the policy of a consumer protection law which will be enacted.

### 5.27.1 Enact and Enforce a Consumer Protection Framework Law

As the drafted policy has not been approved, there is no Consumer Protection Law in Ghana. Consumer associations would like the courts to be involved in the setting up of a consumer protection law.

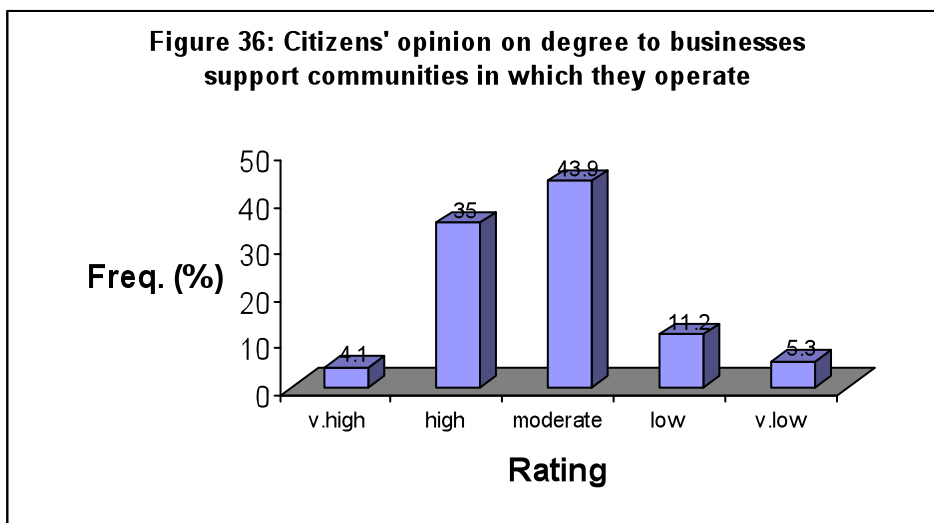
### 5.27.2 Enact/Amend Subsidiary Legislation to Ensure Protection of Consumer Rights

There is no clear and broad legislation that prevents the sale of unsafe and poor quality goods on the local market except the Sales of Goods Act and the Food and Drugs Board Act which are not really applicable to the broad range of consumer related items.

### 5.27.3 Conduct Consumer Awareness Campaigns

Consumer associations in the country are conducting consumer awareness campaigns but there is the need for more campaigns as the average Ghanaian citizen needs more education on consumer rights.

Respondents (39.1 percent) reported that businesses were becoming more alive to their corporate social responsibilities (Figure 36). Respondents cited support to educational and health institutions.



## **CORRUPTION**

### **5.28 Expedite Action on the Whistle Blower and Freedom of Information Bills**

The Whistleblower Bill has been passed into an Act of Parliament (Act 720). The Bill was gazetted on October 20<sup>th</sup>, 2006 and under the act, individuals can, without fear or retribution, report corrupt and illegal conduct in the country.

The Freedom of Information Bill is however yet to be passed into an Act of Parliament. The delay is due to a lack of adequate record keeping in the MDAs and the focus is now on providing adequate record keeping management for the MDAs.

## **INVESTIGATIVE JOURNALISM**

### **5.29 Resourcing and Training of Journalists in Financial Journalism**

The Institute of Financial and Economic Journalists (IFEJ) is an independent private sector led institution which receives funding support from donor agencies such as Friedrich Erbert Foundation, the International Finance Corporation (IFC)/Good Morning Africa and corporate bodies such as Barclays Bank and Unilever Ghana limited.

IFEJ notes that there is not a single educational institution primarily setup to train students in financial and economic journalism and also serve as the hub of financial research; for IFEJ itself lacks the resources to undertake the training.

PEF with the support of the Government of Japan and the United Nations Development Programme (UNDP) is undertaking a project that will train about forty students and journalists in financial journalism.

**OBJECTIVE 4: ENSURE THAT CORPORATIONS TREAT ALL THEIR STAKEHOLDERS  
(SHAREHOLDERS, EMPLOYEES, COMMUNITIES, SUPPLIERS AND CONSUMERS) IN A FAIR AND  
JUST MANNER**

**5.30 LIMITED ACCESS TO BASIC CORPORATE INFORMATION**

**5.30.1 Enforce Obligation under the Companies Code for Companies to file Annual Returns**

The RGD has recruited 12 additional company inspectors to augment the existing personnel of the Inspectorate Section and has also taken delivery of seven (7) vehicles to help with company inspection in order to enforce obligations under the Companies' Code for companies to file annual returns.

**5.30.2 Post Such Information on RGD Website**

A website is under development where such information will be posted and accessed for a fee.

**5.30.3 Seek Legal Backing for Electronic Display of Company Information**

Three (3) Acts are to be promulgated, namely: the Rights to Information Act, Data Protection Act and the Law for the Acceptability of Electronic-based Documents and Forms (on-line registration). These are to give legal backing to electronic display of company information but are currently at the drafting stage at the Ministry of Justice and Attorney-General's Department.

**5.30.4 Promote the Creation of easily Accessible Credit Rating for Organisations and  
Individuals**

The BoG pointed out that the Credit Reference Bureau system is not operational and this contributes to the difficulty in accessing loans by individuals.

## **OBJECTIVE 5: PROVIDE FOR ACCOUNTABILITY OF CORPORATIONS, DIRECTORS AND OFFICERS**

### **5.31 NON-COMPLIANCE WITH REQUIREMENTS ON COMPANIES TO SUBMIT TIMELY AND ACCURATE DISCLOSURE OF CORPORATE INFORMATION**

#### **5.31.1 Reorganise and Resource RGD to Ensure Compliance with the Companies Code**

The company inspectors employed will visit the premises of businesses to ensure compliance with the Companies Code.

### **5.32 TRAINING OF DIRECTORS OF COMPANIES**

#### **5.32.1 Institute Orientation and Systematic Annual Training Programmes for Board Members**

The IoD organizes customized training programmes for directors of all companies to underscore the importance of good corporate governance. The training programmes offered are based on practical experience of corporate governance issues.

The Institute believes that training of directors should be mandatory as directors are in charge of legal entities that if mismanaged can affect the well-being of several people. For the benefit of stakeholders, corporate directors need training to ensure that they are equipped to successfully run companies.

IoD noted that some job advertisements for senior management positions in the United Kingdom require applicants to have IoD certificates. This ensures that all those wanting to apply have undergone some training in how to manage companies. However, the Institute pointed out that such certificate should not be used as a carte blanche in getting appointed to manage a company but applicants should qualify for the job first. The qualified applicant can later undergo training.

## CHAPTER

# 6

## SOCIO-ECONOMIC DEVELOPMENT

### 6.0 INTRODUCTION

The report observed that some progress has been made in terms of key aspects of socio-economic development in Ghana. School enrolment rates, gender parity index and the pupil-teacher ratios have all improved due to supportive policies such as the capitation grant and upgrading of teacher training colleges among others. The NHIS has contributed to improvement in access to health and quality of health services in the nation's health delivery system. In addition, development programmes are becoming more participatory with civil society contributing to national development programmes, the annual budget and monitoring of development programmes. The development of land banks is gradually improving access to land for development purposes. Also, provision of agricultural equipments, small scale community owned and managed irrigation schemes, improved extension services and fisheries development services are vital for improving agricultural output. The national NYEP is contributing its quota for livelihood support for the youth.

However, some aspects of the socio-economic development of Ghanaians remain to be addressed. For instance, citizens lack the capacity to participate in debating on issues affecting their lives at the local level. Though civil societies make inputs into national development issues such as the annual budget, information on these issues from government can be more timely. Also, although school enrolment and pupil-teacher ratios have improved, the proportion of untrained teachers has also increased, though marginally. A related issue is that the capitation grant and the school feeding programmes have increased enrolment without a corresponding



increase in educational infrastructure. Access to sanitation facilities remains a problem especially for the rural dwellers.

Access to potable water and affordable housing needs a further boost. In particular, government should fast-track the construction of affordable houses for civil servants. The legal framework for business registration in the country requires modernization to boost investment, employment and poverty reduction. ICT and communication services need further improvement to support the business community. In addition, the timely payment for the beneficiaries of the NYEP needs improvement for the desired benefits of the project to be realised. Last but not the least, savings mobilisation should be intensified while lending rates further reduced to enable private entrepreneurs to access credit for investment.

## **6.1 STANDARDS AND CODES**

### **6.1.1 Ratification of the African Charter for Popular Participation**

The ratification of global, continental, regional and sub-regional treaties on development and poverty reduction is a mark of a country's commitment to development and fighting poverty. Despite this, the following codes and standards remain un-ratified by Ghana:

- African Charter for Popular Participation in Development
- The World's Summit on Social Development
- The United Nations Declaration on the Right to Development

Electronic records of ratified Standards and Codes by government have not yet also been established by 2007 and hence cannot be regularly updated.

### **6.1.2 Awareness of Standards and Codes**

Civil society's awareness of the treaties to which the government has committed itself is crucial to holding governments responsible to its own actions and intentions. Some stakeholder

groupings are aware of the various conventions and treaties that the Ghana government has endorsed. For example, women groups are well informed about the ratification of the CEDAW.

### **6.1.3 Poor Data Storage by MDAs**

Data storage in the MDAs and in the public sector in general has not been satisfactory. Poor data storage in the public sector has been partially attributed to the delay in the passage of the Freedom to Information Bill. Government is addressing the problem through the public sector reform strategy and the Ghana ICT for Accelerated Development (ICT4AD) Policy to improve data storage, sharing and online communication.

### **6.1.4 Use of Previous Evaluation Reports**

The benefits of learning from previous mistakes will forever be lost and the country risks of repeating the same errors in its development efforts if evaluation and research reports are left to gather dust on the shelves. The NDPC tries to rectify this problem by preparing and distributing its annual progress reports which essentially recaps progress made in the previous year, and assesses the extent to which the country is achieving its set objectives and targets under the GPRS II.

In addition, the Bank of Ghana provides the needed information through its Quarterly Economic Bulletin for the Monetary Policy Committee and the business community to take key decisions. Decisions by the Monetary Policy Committee are also announced immediately after their quarterly meetings and reported in both the print and electronic media. In addition, the annual budget carries a comprehensive review of achievement and shortfalls of the previous year's budget.

## **Objective 1: Promote Self Reliance in Development and Build Capacity for Self Sustaining Development**

### **6.2 Consultations with Stakeholders to Ensure Effective Participation in Development**

Consultations with stake holders and effective participation in development programmes are vital for self reliance and to ensure sustainable development. Hence, important government draft policies documents are distributed for comments by civil society, the private sector and labour unions. Additionally, NGOs desk have been established in some ministries and government departments including the Ministries of Foreign Affairs, Women and Children's Affairs, Interior, Health and the Department of Social Welfare to allow for civil society participation in government policy and development programmes.

Civil society has been participating actively in various activities under the growth and poverty reduction strategy as well as on anticorruption issues. For instance, civil society organisations have inputted in the formulation and review of the GPRS II and the annual progress reports prepared by NDPC on the GPRS II. Civil society has also been represented at the consultative group meeting between development partners and the government. About 40 civil society organisations participated and made contributions to the issues discussed.

The National Tripartite Committee (NTC) established under the labour act of 2000 (Act 651) mediates conflict between government, business and labour. The national Tripartite Committee plays a major role in the development of policy that affects the three parties.

### **6.3 Stakeholder Participation in District Budgeting and Planning Processes**

At the lower level of governance, civil society participation in development programmes and issues affecting the grass roots is rather low. Government assessment of the national decentralisation action plan noted that, there is no structured and formalised arrangement that seeks to foster partnership and participation of civil society, traditional institutions and the private sector in local governance. For instance, participation of the local people in district budgeting and planning is very limited. Citizens and their elected assemblymen and women

have very little capacity, knowledge and skills to engage effectively with budget proposals presented by the district budget planning committee.

#### **6.4 Transparent Budget Process**

Self reliance in development and capacity building for self sustained development will remain an illusion if budgeting for development programmes is not transparent. The Ministry of Finance and Economic Planning (MoFEP) is in charge of budgeting in Ghana and often invites the general public to make inputs into the preparation of the annual budget. Individuals and institutions who respond to the invitations are acknowledged in the budget statement itself. Additionally, the ministry holds consultative meetings with various stakeholders to capture their perspectives on various policy decisions prior to the preparation of the budget. For instance, meetings are held between organised labour, employers and government to fashion out an acceptable policy on wages and public sector reforms in the next budget. A consultative meeting of tax administration officers and the leadership of Ghana Union of Traders Association to recommend implementation guidelines for input into the next budget for the flat rate Value Added Tax was held.

Budget measures have been properly and frequently reported on to inform civil society and the citizenry in general about progress of targets set in the budget. The print media carry achievements on macro-economic targets released by the Ghana Statistical Service on monthly basis and has started releasing data on the government employment initiatives.

Though civil society has some access to budget information, civil society remains in need of budget information that is of better quality, more comprehensive, timely and useful. It is worthy of note that, no pre-budget statement or report is published in Ghana. Information about the upcoming budget only becomes publicly available when it is tabled in parliament for discussion. There is therefore little time to analyse and debate the information before the budget approval.

## **Objective 2: Accelerate Socio-Economic Development to Achieve Sustainable Development and Poverty Reduction**

### **6.5 Lack of Adequate Progress on Monitoring of National Planning Documents**

The importance of monitoring of indicators in national planning cannot be overemphasised. In a survey conducted by the APRM Monitoring Group, stakeholders acknowledged the fact that, there has been improvement in monitoring key government policies. The Annual Progress Report of the NDPC which details out the extent to which government is achieving its stated objectives and targets in the GPRS II was cited. The Ghana Statistical Service (GSS) also reports on achievement of macro-economic targets and releases data on the outcome of government employment initiatives.

### **6.6 Undertake Impact Surveys of Key National Programmes**

A number of impact studies of national development programmes have been undertaken by MoFEP and Parliament. The report of a study of the use of the Highly Indebted Poor Countries (HIPC) initiatives funds from 2002 to 2006 by the MoFEP is available on the aforementioned ministry's website. MoFEP has also undertaken a study on the implementation of tax policies and administrative measures based on budget statement and economic policies of the government from 2001-2006.

The Government Assurances Committee of Parliament has also undertaken an assessment of the performance of key government policies - Free, Compulsory, Universal Basic Education (FCUBE), the Health Exemption Initiative for the vulnerable and extremely poor, the National Health Insurance Scheme (NHIS) and the programme to eradicate guinea worm.

However an urgent call is made on government to undertake an assessment of the various micro-credit schemes initiated by the various MDAs and the Poverty Alleviation Fund.

## **6.7 Low Savings and Investment**

Savings and investment among the populace in the country is generally low. The share of savings deposits in people portfolio choices declined from 36.6% in 2005 through 35.9% in 2006 to 22.3% in 2007 while the share of time deposits fell from 27.7% to 21.3% from 2006 to 2007, ISSER (2008). The share of money market instrument increased from 36.3% in 2006 to 56.4% in 2007, implying that, people were putting their moneys into treasury bills even though their yields were falling. Many Ghanaians also still prefer to keep moneys in their homes and stores. The recent spate of market fires in which billions of cedis (cash) were lost to fire however is making many traders rethink their strategies.

In addition, the Bank of Ghana reports that, over 70% of total currency issued by the bank circulates outside the formal financial system. In the APRM Monitoring Group survey, stake holders lamented the wide interest rate disparity between savings (3-5%) and borrowing (19.5 - 25%) as a disincentive for Ghanaians to save. Thus, it was suggested that, the Bank of Ghana “on-site cash collection” should be intensified to achieve its intended objective.

## **6.8 Set up Investor Referral Points and Dedicated Investor Handholding Services**

Investment is key for accelerated socio-economic development to achieve sustainable development and poverty reduction. The Ghana Investment Promotion Centre (GIPC) is mandated for the registration of all investors in Ghana. In order to boost investment in the country, the GIPC has obtained office accommodation in Kumasi and Tamale to set up investment referral points under the trade sector support programme (TSSP).

## **6.9 Develop and Promote Investment Packages for Strategic Sectors**

The investment framework of Ghana guarantees tax holidays for potential investors. Investors interested in cocoa production enjoy a full tax free regime while those interested in tree cropping and cattle ranching enjoy a 10 year tax holiday. Other attractive incentives include easy remittances of dividends, profits and fees and a liberalised import regime and foreign exchange transactions.

#### **6.10 Increase Overseas Presence in Key Investments Markets.**

Increasing overseas presence in key investments countries is aimed at attracting investment from such nations. Ghana has established trade desks in India and China which have over the years increased their investment drives in the ECOWAS Sub-region

#### **6.11 Development of Land Banks**

The objective of a Land Bank System is to facilitate access to land by developers. The Ministry of Water Resources, Works and Housing has acquired 50,000 acres of land to feed the National Housing Programme.

#### **6.12 Low Agricultural Productivity and Over Reliance on Rainfall**

The use of traditional implements and the reliance solely on rain as the source of water for farming are not compatible with high yields/output. Hence, the Ministry of Food and Agriculture (MoFA) is vigorously promoting the use of farm mechanisation to reduce the drudgery of farming activities and improve productivity. To this end, the Ministry established Letters of Credit for the importation of tractors to augment the fleet available in the country. The 2007 Annual Report of the GPRS II revealed that, between 2005 and 2006, 800 new tractors were imported from India. The report also indicated that, MoFA imported 500 pieces of power tillers and 200 low capacity tractors from the Czech Republic to cater for small scale farmers.

#### **6.13 Establishment of Mechanisation Centres**

MoFA also recognises the fact that most farmers lack the financial ability to purchase and own farm machinery. Consequently the ministry established 9 mechanisation centres from where farmers can rent from a pool of farm machinery to improve farmers access to these machinery.

Low agricultural productivity in Ghana has also been attributed to low fertilizer use. A local firm, (a subsidiary of WIENCO) has started the production of inorganic fertilizers using local raw materials which would lower the cost of fertilizers to farmers.

#### **6.14 Small Scale (Community Owned and Managed) Irrigation Schemes**

MoFA's focus has been in the promotion of small scale community owned and managed irrigation schemes. 36 small scale dams have been constructed under the Upper East Land Conservation and Small holder Rehabilitation Project (LACOSREP). An additional 60 small dams and dugouts have been constructed under the Small Scale Irrigation Development Projects (SSIDP). The government has also signed a contract under the Spanish Protocol to develop a solar controlled irrigation system. Large scale irrigation schemes (Tono and Veve in the Upper East Region) are also being rehabilitated.

#### **6.15 Extension Services**

Extension services to farmers have also been enhanced and in order to promote the application of science and technology in food and agricultural development, 18,000 demonstration plots were established to show to farmers the effect of modern inputs such as fertilizers on production. The output of this activity contributed to the storage of 900mt of maize at the National Strategic Stock in Ejura and Sunyani.

#### **6.16 Fisheries Development**

The Annual Report of the GPRS II by the NDPC indicates that, the Ministry of Fisheries has established a Fish Health Unit within the Fisheries Directorate for disease management and quality control of fish produced within the country. The Ministry of Fisheries has also commenced the restocking of the Volta Lake and other reservoirs, dams and water bodies in the three northern regions.



## 6.17 Slow Private Sector Development and Limited Gainful Employment

Despite stable macro-economic indicators and declining prime rates, private sector development remains low. The 2007 Annual Progress Report (GPRS II) argues that, lending rates can only reduce significantly if inflation and default premiums also decrease with the prime rate to enable private sector borrow and invest to create the needed jobs.

Despite the low private sector response, the government is playing its role in providing some employment opportunities for the youth. Hence, seven out of the 10 employment modules under the National Youth Employment (NYEP) have been rolled out and are being implemented (table 6.1). A total of 107,114 youth have been engaged on the seven modules as at August 2007.

**Table 6.1: Employment Modules under the National Youth Employment (NYEP)**

<b>Modules</b>	<b>Number Employed</b>
Agri-business	25,383
Community Education Teaching and Volunteers Teachers	32,801
Community Protection Unit	2,749
Health Extension Workers	15,000
Waste and Sanitation	9,100
Internship	5,200
Sub-modules (forestry & Revenue Mobilisation)	16,881
<b>Total</b>	<b>107,114</b>

Source: Ministry of Manpower, Youth and Employment

## 6.18 Large Informal Sector Activities Including Financial Markets

### 6.18.1 Legal and Regulatory Framework

The legal and regulatory framework continues to be a major impediment to the promotion and growth of the informal sector. The APRM Monitoring Group survey found out that, the

Registration of Business Name Act, 1962 (Act 151) which seeks to regulate sole proprietorships in Ghana was outdated and out of touch with the emerging business environment.

### **6.18.2 Financial Institutions**

Some bank and non-bank financial institutions are making some in-roads into the private sector. The Social Security and National Insurance Trust (SSNIT) has intensified its educational campaigns among the large informal sector operators who account for only 1% of the over 1 million Ghanaian workers under the SSNIT scheme. The Trust has instituted a Retirement Scheme for operators in the informal sector. A number of banks, including Barclays Bank have instituted programmes (Aba Pa) aimed at reaching out to the informal sector operators.

### **6.18.3 Limited Access to and High Cost of Credit for Private Business**

The argument has already been made that, though the prime rate has been reducing, the banks lending rate has not been reducing correspondingly. Thus the cost of lending remains high for the private sector. Base rates of banks moved to a cluster of within a range of 18 and 21.45% in July 2007 from a range of 18.5 to 22.50% in January 2007 while average lending rates remain unchanged within a range of 15.0% and 33.5%.

However, in 2007, formal financial institutions' lending to the private sector has increased dramatically. In the first six months of 2007, the private sector accounted for 78% of the total credit flow.

### **Objective 3: Strengthen Policies, Delivery Mechanisms and Outcomes in Key Social Areas Including Education and Combating HIV/AIDs and other communicable Diseases**

The Annual Progress Report of the GPRS II and a survey conducted by the APRM Monitoring Group showed that, significant improvements have been made particularly in the areas of basic school enrolment and access to quality health care.

## **6.19 Education**

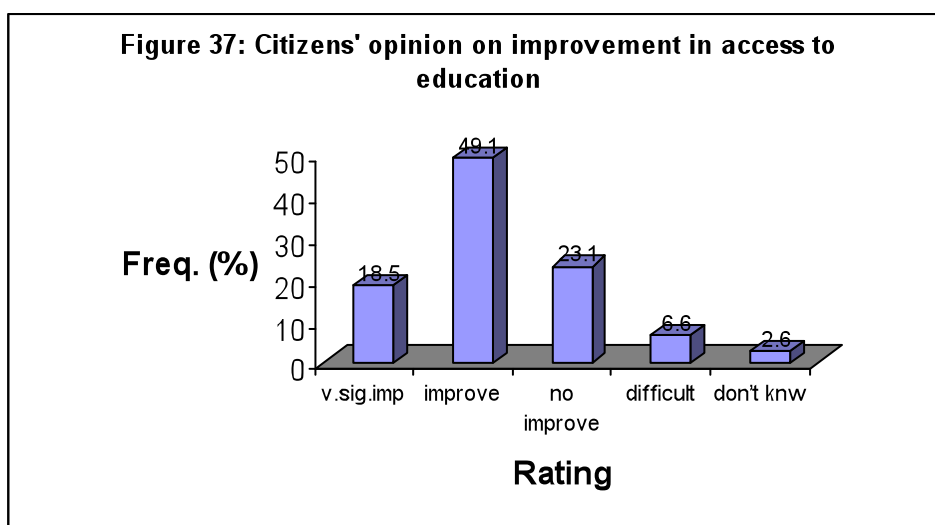
### **6.19.1 Enrolment Rates**

Access to education has shown positive trends in 2007 due to appropriate policy actions and increased resource allocation to the educational sector. The Education Management Information System (EMIS) reports a KG Net Enrolment Rate of 55.8% with a Gender Parity Index (GPI) of 0.99, doubling the enrolment at that level from approximately 550,000 in 2001/02 to 1,104,779 in 2006/07. Primary school enrolment has increased from 2.5 million pupils in 2001/02 to almost 3.4 million in 2006/07, registering an increase of 35%. In the APRM Monitoring Group survey, the majority of respondents (75%) indicated that, there has been a significant improvement in access to education, particularly at the primary level.

### **6.19.2 Pupil-Teacher Ratio**

The Pupil-Teacher Ratio at primary school level improved marginally from 34 : 1 in 2003/04 to 33 : 1 in 2006/07. About 53% of respondents in the survey indicated they were satisfied with the quality of education.

The majority of Respondents (50.6 percent) reported that there has been an improvement in access to educational facilities (Figure 37).



### 6.19.3 Supportive Policies and Programmes

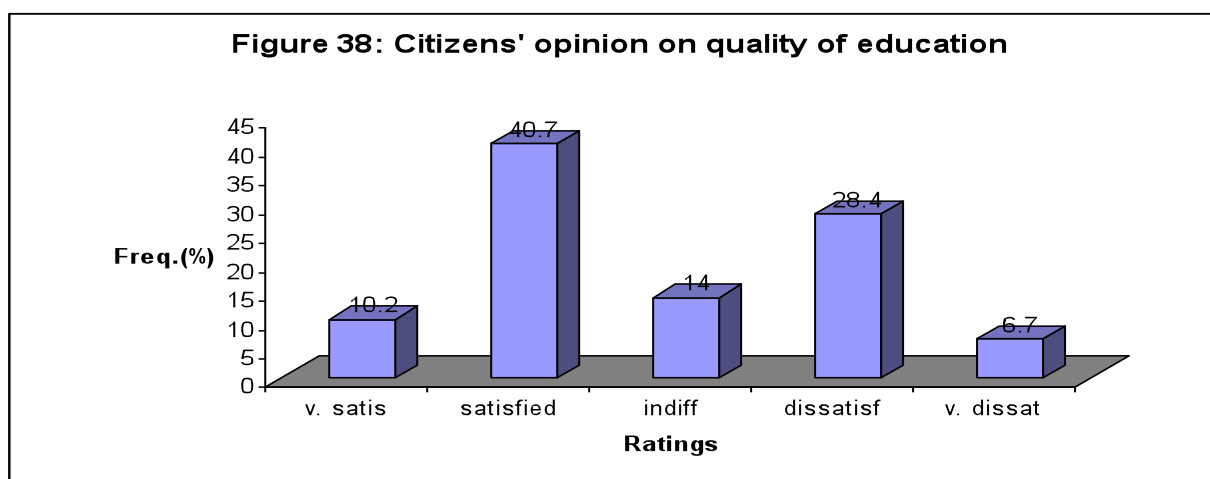
The following policies and programmes were cited by respondents as contributing to the improved school enrolment and quality of education during a survey by the APRM Monitoring Group and also from the 2007 Annual Progress Report on the Implementation of the Growth and Poverty Reduction Strategy (GPRS II) for Ghana, 2006-2009.

- i) The Capitation Grant, School Bussing and NEPAD School Feeding Programme
- ii) The on-going up-grading of teacher training colleges (TTC) under the New Education Reforms including the construction of classrooms and libraries in 38 TTCs as well as the construction of science laboratories in 15 selected science, mathematics and technology focussed TTCs.
- iii) The Distance Learning Education programme affords teachers the opportunity to upgrade themselves without physically leaving the classrooms and also ease pressure on the study leave scheme.
- iv) The untrained teachers Diploma in Basic Education (UTDBE) programme and
- v) Community Teacher Assistance Modules of the National Youth Employment programme are also commendable.

It was observed in the survey that:

- i) Some parents moved their children from schools outside the pilot programme to those in the School Feeding Programme, thus increasing the teacher : pupil ratio in the latter.
- ii) There were delays in the payment of salaries for those employed under the NYEP.
- iii) The proportion of untrained teachers increased from 26% to 38% between 2003/4 and 2006/7 due to high attrition rates of trained teachers from the classrooms and by the limited capacity of the teacher training colleges to produce enough trained teachers.

Majority of Respondents indicated an improvement in the quality of education (Figure 38)



#### 6.19.4 Remuneration and Incentives for Teachers, Particularly Those in the Rural Areas

Incentive packages including 8,280 bicycles were distributed to teachers in deprived schools in the three northern regions. An amount of 4.1 million Ghana cedis was also spent to put up accommodation facilities for teachers posted to deprived areas. In Addition, the government has corrected distortions and wrong job placements on the Ghana Universal Salary Structure (GUSS), resulting in improvement in the salaries of teachers.

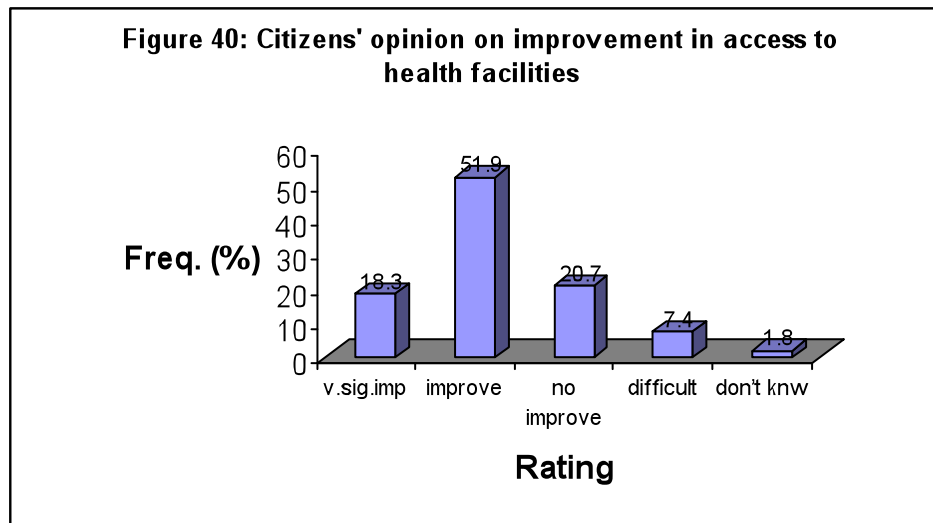
### 6.19.5 Public-Private Partnership

The government is promoting public-private partnership in many sectors of the economy (education, health, sanitation, water, electricity etc). The Pro-Vita Hospital Nursing Training programme and the contribution of private educational institutions in general are worthy of note in the educational sector.

### 6.20 Motivation for Health Professionals

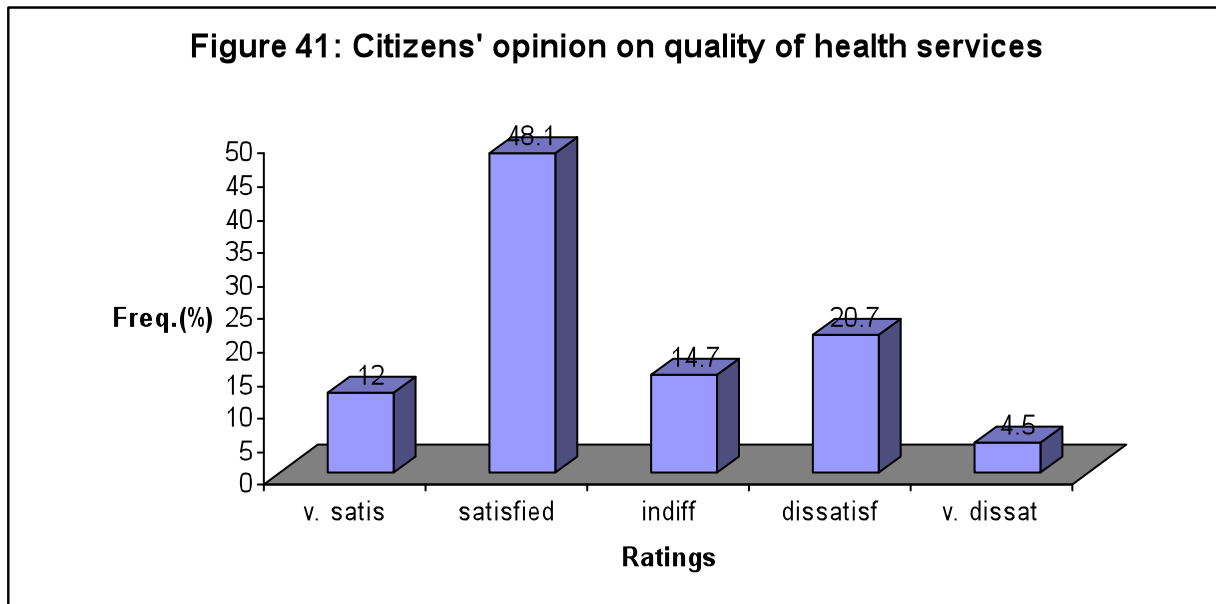
The health training institutions have also been expanded, bringing about an increase in the newly trained health workers from 550 in 2003 to over 2000 in 2007. Government has introduced both monetary and non-monetary incentives to motivate health professionals to stay in the country. These include improvement in the salary structures and car incentive packages for health workers. The government has also introduced and maintained the deprived area incentive of an additional 30% of a health workers salary.

Majority of Respondents (70.2 percent) indicated an improvement in their access to health care (Figure 40).



The improvement in access to and quality of health services was attributed to the NHIS and arrangement by district assemblies and private road transport operators to transport pregnant women free of charge to hospitals.

Respondents (60.1 percent) reported satisfaction in the quality of health care (Figure 41).



However, the deprived area incentive of an additional 30% of a health workers salary has not achieved the desired results of encouraging health workers to stay in deprived areas since it is said to be too low.

## 6.21 Reversing the Spread of HIV/AIDS

Ghana has a relatively low HIV/AIDS prevalence rate of 1.9% compared to other African countries. However, the Ghana AIDS Commission reports of cumulative HIV/AIDS deaths to date of 147,357.

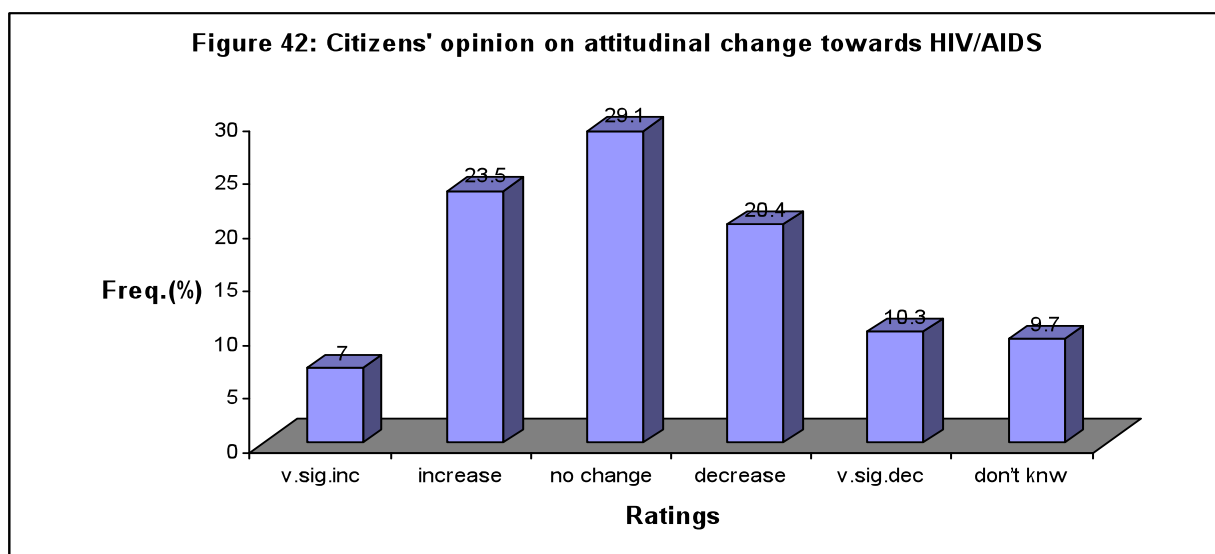
### 6.21.1 Supportive Programme and Policies

As part of efforts to reduce HIV/AIDS in Ghana, the GAC has:

- i) Continued the implementation of the National Strategic Framework 2006-2010 (NSF II) and its accompanying programme of work (PoW).
- ii) Supported the National Stigma and Discrimination Campaign including education in both the print and electronic media
- iii) Established 417 VCT/PMTCT centres in all 138 districts

- iv) operated 48 Anti-retroviral Sites
- v) Developed HIV/AIDS Alert School Model to promote HIV education among children aged 10-14
- vi) Supported the implementation of the Lagos-Abidjan Corridor Project

Respondents (29.1 percent) indicated that there has not been any change in people’s attitude towards HIV/AIDS. Respondents cited reports of increased teenage pregnancies as evidence that the youth were not practising safe sex.



## 6.22 Combating Malaria and other Communicable Diseases

The fight against malaria was given a boost with the launch of the President’s Malaria Initiative (PMI) in December 2007. The initiative will distribute Insecticide Treated Nets (ITN) to more than 1 million Ghanaians in 2008 and conduct indoor insecticide spraying programmes in selected districts to benefit about 100,000 households. In addition, PMI will work with the Ghana Health Service (GHS) to increase access to malaria drugs.

### ***Tuberculosis***

Approximately, 45,000 new TB cases are recorded every year at the health centres across the country with a relatively high mortality rates.



### **Guinea Worm**

During the year 2007, 3,219 cases of guinea worm were reported and managed from January-May in the Northern region alone. The Guinea Worm Eradication Programme is being re-designed to achieve maximum impact. Key among the strategies are:

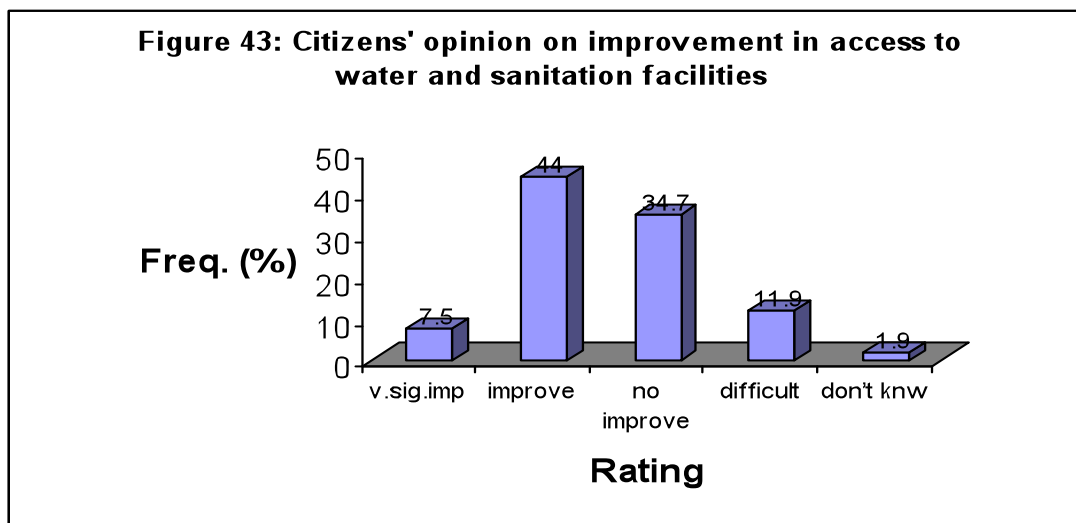
- Collaboration with Ghana Water Company Ltd (GWCL) and Community Water and Sanitation Agency (CWSA) to provide potable water to the 10 endemic districts
- Carrying out of monthly water abating before the onset of rains to control the vector
- Construction of eleven case containment centres and strengthening of existing ones in endemic areas
- Continue support for water guards to police ponds and other water resources by district assemblies

### **Objective 4: Ensuring Affordable Access to Water, Sanitation, Energy, Finance, Market, ICT Shelter and Land to All Citizens Especially the Rural Poor**

#### **6.23 Access to Treated Water**

Access to potable water by rural dwellers has increased steadily for the past five years from 41% in 2000 to 52% in 2005. The preliminary report of the 2006 Multiple Indicator Cluster Survey (MICS) indicates that, 38% of Ghanaians depend on pipe/public tap for drinking water, 29% on borehole, 11% on river/stream, 6% on protected wells/springs and 6% depends on unprotected wells. In the survey by APRM Monitoring Group, 48% of respondents indicated an improvement whilst 38% reported dissatisfaction with the quality of water and sanitation. However, more than one-fifth of households still depends on unimproved sources of water according to the MICS preliminary report.

Majority of Respondents (51.5 percent) reported an improvement in their access to water and sanitation facilities (Figure 43).



The 2007 Annual Progress Report for the Growth and Poverty Reduction Strategy indicated that, access to safe drinking water increased marginally in 2007 for both rural and urban communities (Table 6.2). There is also a wide variation in access to safe drinking water across the regions in Ghana, with some regions like Upper West and Brong Ahafo showing improvements whereas others like Ashanti and Western experienced declines between 2006 and 2007.

**Table 6.2: Summary of indicator achievements in Water Sub-Sector, 2004-2007**

Indicator	Target 2007	Indicator status 2004	Indicator Status 2005	Indicator status 2006	Indicator Status 2007	Progress towards target
Percentage of rural population with access to safe water sources.	58.6%	51.7%	52.0%	53.18%	54.86%	Slow progress
7 Percentage of urban population with access to safe water sources.	57.8%	54.5%	55.0%	56.0%	58.0%	Achieved

Source: GSS; CWSA Annual Progress Report, 2007; Ghana Water Company, 2007 Annual Report.

### 6.23.1 Supportive Policies and Programmes

Actions being taken to improve coverage for both urban and rural water include:

- Urban water expansion projects were undertaken by the Ghana Water Company in various urban centres including Tamale, Wa, Koforidua, Sunyani and Kumasi in 1007.
- Preparation and submission of a National Water Policy to cabinet for approval
- The approval of the Community Water and Sanitation Agency (CWSA) Strategic Investment Plan covering a 10 year period from 2005-2015 which reflects the requirement for Ghana to meet the MDGs targets for water.

### 6.24 Poor Sanitation

Reporting on sanitation is often hampered by lack of annual data in the country (GPRS II, 2007 Annual Progress Report). The MICS preliminary report in 2006 noted that, 83% of urban households have access to improved sanitary facilities compared to about 50% of rural households.

An analysis of survey data from GLSS5 conducted in 2005 and 2006 revealed that, access to adequate sanitation remains poor in the country. Majority of households continue to rely on unhygienic toilet facilities, while a significant proportion (19.4%) of rural households has no toilet facilities at all (Table 6.3).

**Table 6.3: Percent Distribution of households by locality and type of toilet facility, 2006**

Type of facility	Urban	Rural
Flush toilet	22.2	10.2
Pit latrine	15.7	31.5
KVIP	14.4	11.7
Pan/bucket	2.6	1.3
Public toilet	38.7	24.4
Toilet in another house	1.0	1.4

Type of facility	Urban	Rural
No toilet facility (bush/beach)	5.3	19.4
Other	0.0	0.1
Total	100.0	100.0

*Source: GSS, GLSS5 Draft Report, 2007*

#### 6.24.1 Solid Waste Collection and Disposal

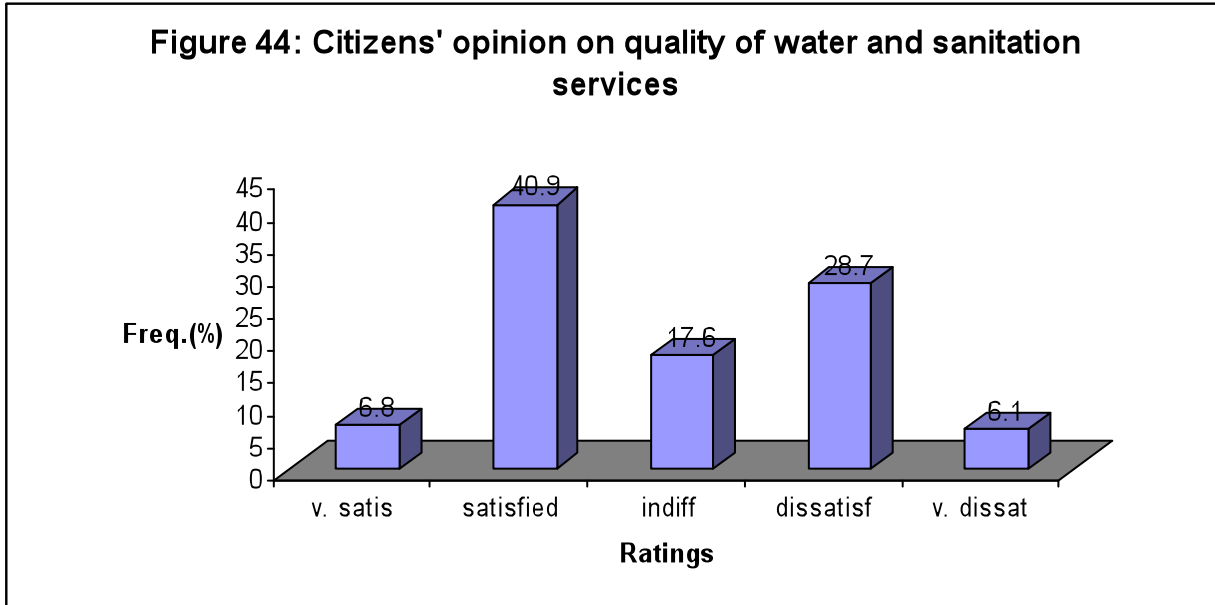
A large proportion of households rely on communal or public dumps which are not emptied regularly in many instances. By 2006, public dump continued to be the major method of refuse disposal, which constituted 57.6% (Table 6.4). House-to-house refuse collection represented only 4.8% and those burned, buried or dumped elsewhere constituted 7.9%, 3.9% and 25% respectively.

**Table 6.4: Coverage of Refuse Collection and Disposal by Method (National and Regional average)**

Region	Collected	Burned	Public dump	Dump elsewhere	Buried	Other
National	4.8	7.9	57.6	25.0	3.9	0.9
Western	2.2	4.6	59.6	28.6	34.6	4.0
Central	0.8	6.4	69.3	19.9	2.6	0.9
Greater Accra	19.5	12.2	51.4	11.5	4.6	0.7
Volta	2.4	12.9	46.5	31.6	5.8	0.8
Eastern	2.2	10.1	56.5	25.2	5.2	0.9
Ashanti	1.3	3.3	78.9	13.4	2.6	0.4
Brong Ahafo	0.9	3.4	70.3	22.6	2.4	0.4
Northern	2.1	9.4	30.4	55.3	2.5	0.3
Upper East	3.3	16.4	13.3	55.2	5.7	6.2
Upper West	2.3	4.6	21.1	65.6	6.0	0.3

*Source : Facts Sheet No. IV, National Population Council, 2006 in Annual Report (GPRS II)*

Respondents (47.7 percent) indicated an improvement in the quality of water and sanitation services (Figure 44).



***Supportive Policies***

In 2007, the Ministry of Local Government, Rural Development and Environment, together with relevant sanitation agencies, produced a National Environmental Sanitation Strategy and Action Plan to improve the sanitation situation. Principal components of the strategy include:

- collection and sanitary disposal of wastes, including solid wastes, liquid wastes, excreta, industrial wastes, healthcare and other hazardous wastes;
- storm water drainage;
- cleansing of thoroughfares, markets, and other public space
- control of pests and other vector disease;
- food hygiene;
- environmental sanitation education;
- inspection and enforcement of sanitary regulations;
- control of rearing and straying animals;
- monitoring the observance of environmental standards.

The strategy also incorporates monitoring and evaluation as a key focal area for improving environmental sanitation services.

### **6.25 Access to Energy Supply**

Government adopted both short term measures and medium to long-term strategies to address the energy short falls in the light of the energy crisis that rocked the country in 2006 and 2007. The short term measures included emergency power plants installed by government, VRA and the private sector to curb the situation. These include;

- 126 MW power plant by Government
- 126MW gas turbine power plant by VRA
- 80 MW thermal plant at Tema by a consortium of mining companies
- 50MW power plant at Tema by Wood-Group and Transdanubia Limited of United Kingdom
- Government approved the importation and free distribution of 6 million energy saving compact fluorescent lamps (CFLs) to replace incandescent filament lamps (IFLs) to reduce cost to consumers and save about 200MW of electricity during peak periods.

For the long-to-medium term, government acquired 220MW gas turbine power plant from Asltom of Switzerland, concluded arrangements for the acquisition of 84 MW Gas Turbine Power Plant from BHEL in India and another 50MW Gas Turbines Power Plant from Siemens in the U.K to secure power supply in the medium-term. Over 2,000 MW of power is to be provided by Independent Power Producers (IPPs) of which Power Purchase Agreements (PPAs) have been concluded with 4 of them (2007 Annual Report, GPRS II).

A Power Purchase Agreement was signed with Balkan Energy Company to operationalize the 125 MW Osagyefo Power Barge at Effasu – Mangyea, (2007 Annual Report, GPRS II).

### **The Bui Dam Project**

Parliament approved a loan facility of US\$562.0 million from the Chinese Government for the Bui Dam project, while the Government of Ghana provided counterpart funding of US\$60.0 million. The Bui Power Authority Bill was also passed by Parliament to provide the institutional framework for the development and management of the hydropower plant in 2007.

### **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.

### **Ghana Grid Company**

As part of the on-going Power Sector Reform Programme, an Electricity Transmission Utility (ETU), the Ghana Grid Company (GRIDCO) was established.

9 electricity sub-stations were upgraded to improve transmission.

The ECG also undertook a Distribution System Improvement Project (DSIP) to improve the availability and quality of power supply as well as reduce system losses.

### **Rural Electrification**

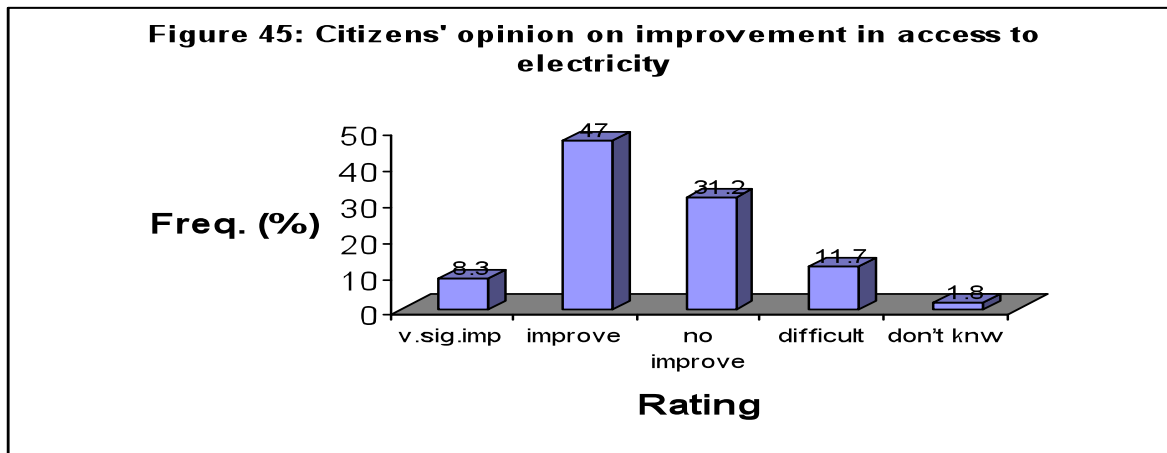
Works on the government-supported electrification of 200 communities under the Self Help Electrification Programme (SHEP) was continued. Works for 57 communities were completed, while the remaining communities were between 95%-98% complete (2007 Annual Report, GPRS II).

The US\$90.0 million electrification project under the China EXIM Bank/GoG funding commenced in August 2007 to benefit over 550 communities throughout the country. Works also commenced on the Japanese Government Grant Aid electrification project for

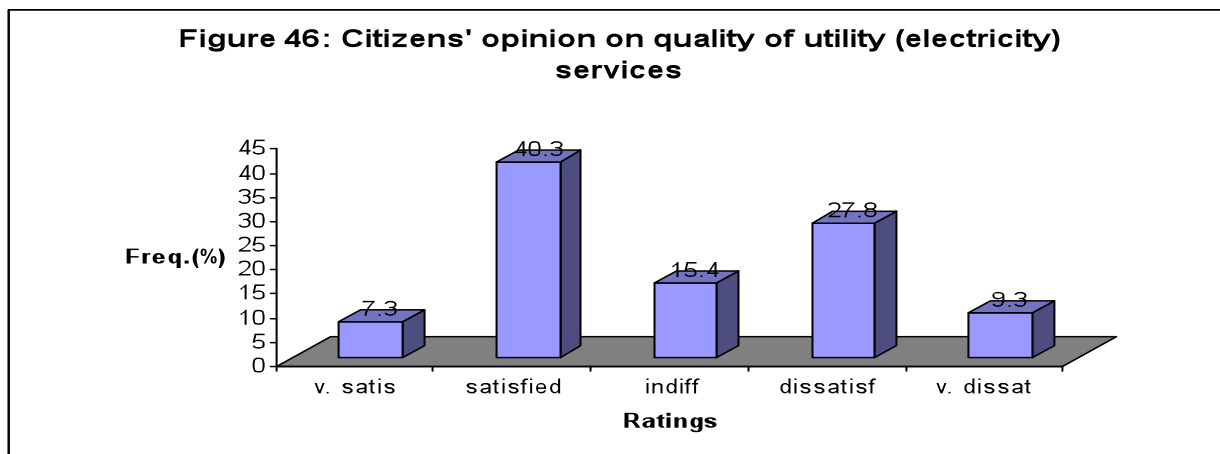
31 communities in the West Akim and Suhum-Kraboa-Coaltar Districts (2007 Annual Report, GPRS II).

In the survey conducted by APRM Monitoring Group, 46% respondents indicated that there has been an improvement in access to electricity while 40% respondents were dissatisfied with the quality of electricity services they receive, citing frequent power outages as their reason.

Majority of Respondents (55.3 percent) reported an improvement in access to electricity (Figure 45).



However, only 47.6 percent indicated they were satisfied with the quality of electrical supply (Figure 46).





## **6.26 Affordable Housing**

Many households in the country do not still have access to affordable housing in the country. In the survey, 54% of respondents reported there has not been any improvement in access to housing facilities in the country while about 51% expressed dissatisfaction with the quality of housing facilities that are offered for rentals, decrying houses that have no toilet and bath facilities and yet are offered for rentals.

The 2007 Annual Progress Report on the implementation of the GPRS II revealed that, the proportion of urban population living in slum areas has not changed much over the years, ranging from 21% in 2005 through 20.9% in 2006 to 20% in 2007. According to UNDP, many parts of the metropolitan areas can be characterized as slum: Accra Metropolis (17), Kumasi (6), Tema (4) Sekondi/Takoradi (4) and Tamale (2)

These slums are characterized by:

- Poor structural quality,
- Overcrowding,
- Inadequate access to safe water and sanitation facilities
- Illegal structures
- Children living in streets

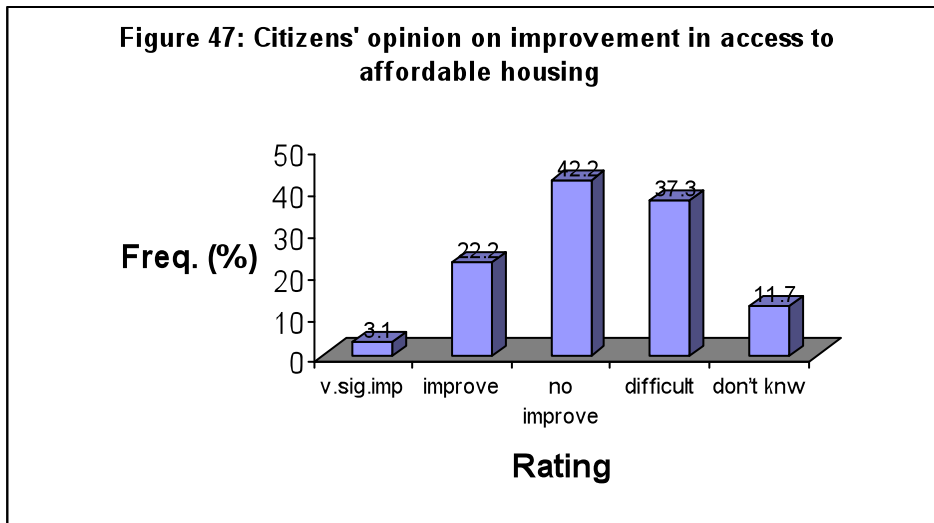
### ***Supportive Policies***

In 2007, Ministry of Water Resources, Works and Housing had started to construct low cost flats for public servants under its National Housing Programme in:

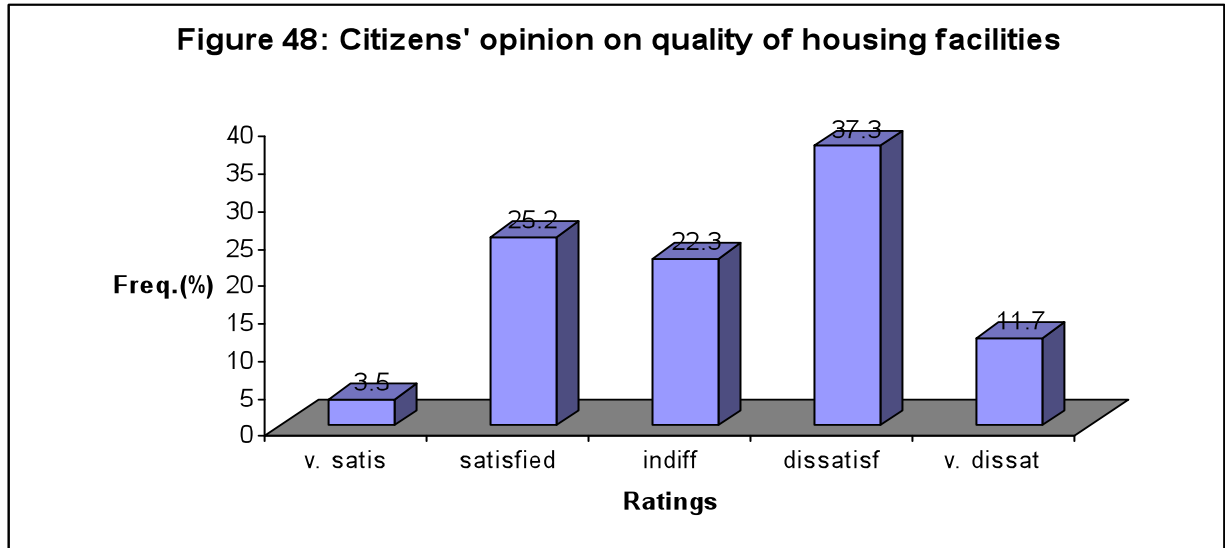
- Kpone (1,500) and Borteyman (1,500) in the Greater Accra region
- Asokore-Mampong (1,192) in the Ashanti region
- Tamale (200) in the Northern region
- Koforidua (400) in the Eastern region

In the survey, respondents called on government to review the Rent Control Act and institute a more humane regime to do away with the current 2-year and 3-year rent advance being charged by landlords.

Majority of Respondents (42.2 percent) indicated there has been no improvement in access to quality and affordable housing (Figure 47). Respondents cited exorbitant rent advances as well as poor housing structures.



49 percent of Respondents reported their dissatisfaction with the quality of housing they occupy (Figure 48)



### 6.27 Information and Communication Technology (ICT)

Under the e-Ghana project, the Ministry of Communication has developed human resource capacity related Information Technology Enabled Services (ITES) certification and standardisation procedures. The Ministry is also pursuing the development of the National Fibre Communication Backbone infrastructure network to provide open access broad band connectivity. Network survey and design of the various sites were undertaken, equipment procured, Achimota distribution site constructed, and 492 km of fiber cable laid.

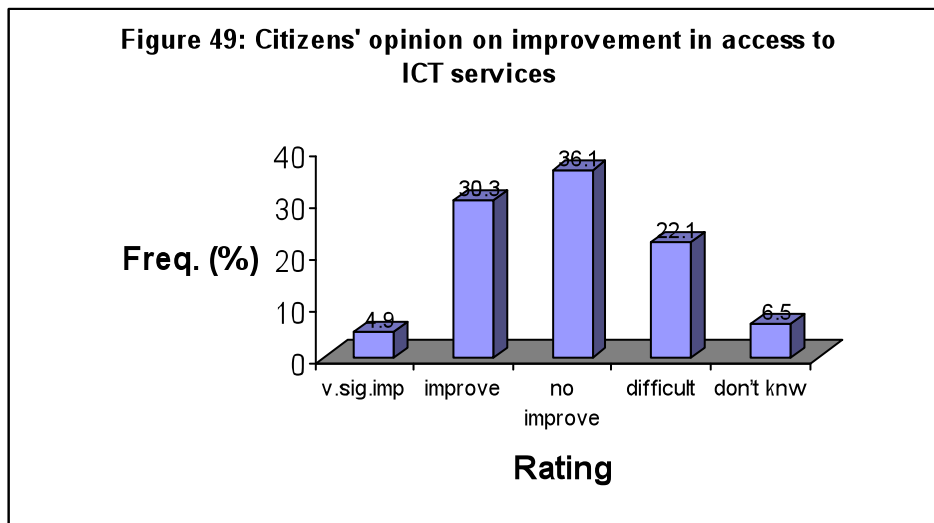
The National Communication Authority (NCA) is developing modalities for allocation of Worldwide Information for Microwave Access (MIMAX) services to benefit all the major telecom sector operators. This will promote the development of affordable wireless broadband access.

92 Community Information Centres (CICs) out of the projected 230 were constructed to promote all-inclusive information and knowledge society to benefit under served and rural areas. The Government Assisted PC Programme (GAPP) under the iAdvance Computer 4All Project sold 10,000 units of computers to the public and private educational institutions as well as individuals to increase the availability and usage of computers in the country. In the

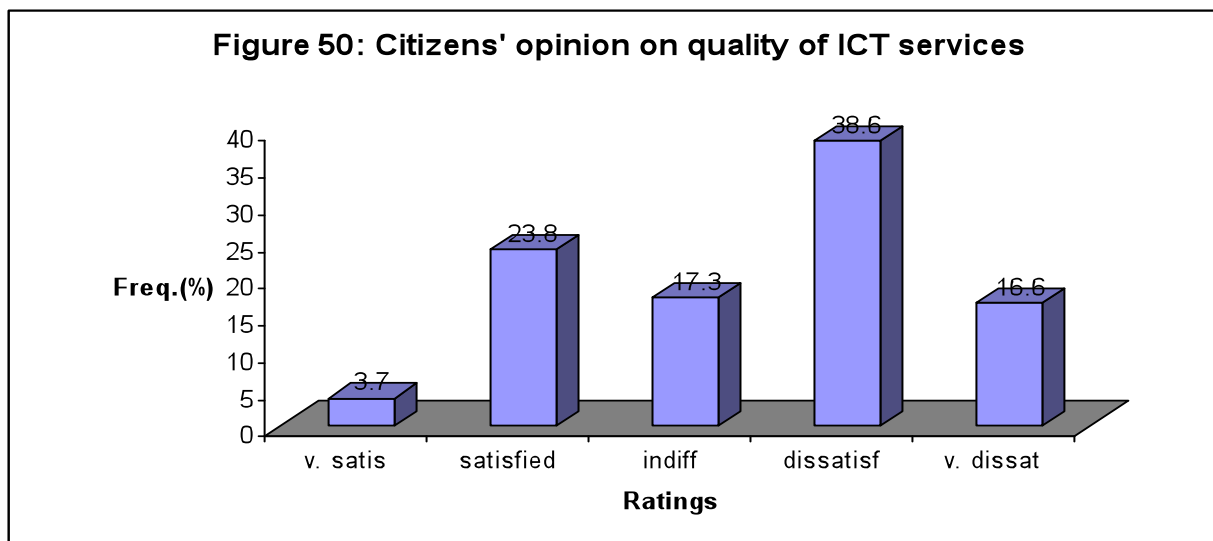
APRM Monitoring Group survey, 46% of respondents indicated an improvement in Access to ICT services.

In the survey, 36% of respondents expressed dissatisfaction with the quality of ICT services, alluding to the poor services offered by some telecommunication operators and slow connection of internet services in some regions of the country.

Respondents (36.1 percent) indicated there has not been any improvement in access to ICT services, whilst 35.2 percent reported there has been an improvement (Figure 49)



Majority of Respondents (54.2 percent) however reported dissatisfaction with the quality of ICT services (Figure 50)



#### **Objective 5: Progress towards Gender Mainstreaming and Equality**

The National Development Planning Commission (NDPC) assisted all 138 MMDAs to mainstreams the dimension of gender, vulnerability and sustainable development into their Medium-Term Development Plans. The commission organised a workshop for 94 participants from 24 MDAs to provide additional support for mainstreaming crosscutting issues including environment and worst form of child labour.

MOWAC has established a core group of 18 persons on gender from the ministries of Manpower, Youth and Employment; Health; Education, Science and Sports, Food and Agriculture; and Justice to facilitate the conduct of gender training in MDAs to enhance gender mainstreaming. MOWAC also undertook a number of activities aimed at promoting gender mainstreaming. These include:

- Sensitisation of Chief Directors of MDAs and their representatives on gender issues
- Cross sector gender policy coordination and implementation discussions with MDAs to enhance collaboration and effective gender policy implementation partnership.

- MOWAC is developing, in collaboration with the Ghana statistical Service (GSS) sex disaggregated data collection