

## **AFRICAN PEER REVIEW MECHANISM**



# **Country Review Report of the Republic of Ghana**



**June 2005**



### **APRM Participating Countries**

As of June 2005, the following are the APRM Participating Countries:  
Algeria, Angola, Benin, Burkina Faso, Cameroon, Democratic Republic of Congo,  
Egypt, Ethiopia, Gabon, Ghana, Kenya, Lesotho, Malawi, Mali, Mauritius,  
Mozambique, Nigeria, Rwanda, Senegal, Sierra Leone, South Africa, Tanzania,  
Uganda

*Expressions of Intention to Accede to the APRM have been received from:  
São Tomé and Príncipe, Sudan, Zambia*

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# ACKNOWLEDGEMENTS

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It is a momentous juncture for us to be able to present the APRM Country Review report for the Republic of Ghana, the first country to be reviewed under this new African initiative. Preparing this report has been a challenging but enriching experience.

The APR Panel is grateful to the African Heads of State and Government who, through their vision, have recognised the need to address governance issues in African countries so as to promote the achievement of the socio-economic objectives of the African Union. In pursuit of this endeavour, our leaders adopted the Memorandum of Understanding on the APRM and instituted the necessary structures and processes to bring the vision to fruition. The APR Panel notes with appreciation the growing number of countries that have volunteered for the process. In addition, the Panel expresses gratitude for the cooperation that has been received from many countries to develop the programme, both on a continental basis and at national level.

The successful completion of this report for Ghana would not have been possible without the unreserved and fervent support of the country and its people. We thank His Excellency Mr John Agyekum Kufuor, President of the Republic of Ghana, and his government for their courageous decision to lead the way in the APR process. We also thank the Honourable Dr K.K. Apraku, Minister of Economic Cooperation and NEPAD, and the staff of his Ministry for their support. We have great appreciation for the work done by the Ghana APRM Governing Council, the national APRM Secretariat, the Technical Research Institutions and all the other Ghanaian institutions and individuals at all levels of life who have been active and constructive participants in the Ghana APR process.

We would also like to acknowledge the dedication and commitment of our colleague, Dr Chris Stals, who led the Ghana review process and spent countless hours in research and other preparatory work. This has helped to enrich our understanding of the matters at hand and enhanced the guidance offered to the various task teams.

In addition, the Panel would like to recognise the work done by the APR Secretariat and the support provided by the APRM strategic partners, namely the relevant organs of the African Union (AU), the African Development Bank (AfDB), the United Nations Development Programme Regional Bureau for Africa (UNDP), and the United Nations Economic Commission for Africa (UNECA). We thank the various regional institutions that provided technical advice, data and research assistance. These include: African regional economic communities, policy research institutes, academic think-thanks, and the like. The process has also benefited from inputs from international organisations such as the World Bank, the International Monetary Fund and the Organisation of Economic Cooperation and

## ACKNOWLEDGEMENTS

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Development, some of which provided information on countries from previous studies or assessments.

A number of regional and international individual experts were also involved in developing the methodologies, guidelines and tools for the execution of the process. Their contribution includes: developing the APR Questionnaire for assessment; writing background papers on the countries now under review; drafting the Issues Paper; participating in the Country Review Missions; and providing input in drafting the Country Report. The Panel appreciates the exceptional work done by all the individuals and institutions, which at times called for innovation and creativity given the pioneering nature of the process.

Special mention is made of individuals who made a contribution to drafting the final report: Dr Bernard Kouassi, Evelynne Change and Dalmar Jama from the APR Secretariat; Sudir Chuckun of the NEPAD Secretariat; from partner institutions, Prof. Achi Atsain and Seward M. Cooper (AfDB), Zemenay Lakew (UNDP); independent experts, Prof. Ahmed Mohiddin, Dr Afeikhena Jerome, Dr Omotunde Johnson and Prof. L. Adele Jinadu; and in the penultimate stages, the assistance of Dr Aïda Thorne.

The APR process would also not have been operationalised without the financial support provided by the participating countries and several development partners. An APRM Trust Fund is now in place and the unalloyed gratitude of the Panel is expressed to all that have made contributions to this Fund.

The Panel expresses sincere appreciation to all those who have taken the initiative to explain and popularise the APRM in Ghana and in other countries, including the media, non-governmental organisations and various civil society organisations. The Panel commends the enthusiasm with which civil society has embraced the process, both nationally and regionally. The Panel is grateful for the advances that have already been made in the movement towards better governance at all levels through multi-stakeholder dialogue and participation.

In presenting this APRM Report for Ghana to the Forum, we as members of the Panel of Eminent Persons do not underestimate the task that still awaits us.

*Mrs Marie-Angelique Savane, **Chairperson**, Amb. Bethuel Kiplagat, **Deputy Chairperson**, Dr Chris Stals, **member leading the Ghana review process**, Prof. Adebayo Adedeji Dr Graca Machel Mr Mourad Medelci Prof. Dorothy Njeuma*

June 2005



# MAP OF GHANA





# COUNTRY FACT SHEET

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<b>Location:</b>	West Africa – borders/countries: Burkina Faso 549 km, Côte d'Ivoire 668 km, Togo 877 km, and Gulf of Guinea 539 km
<b>Area:</b>	Total: 239,460 sq km; land: 230,020 sq. km; water: 8,520 sq. Km
<b>Land/use:</b>	Arable land: 16%; permanent crops: 7%; other: 77% (2001)
<b>Population/people:</b>	21,377 million (2004)
<b>Independence:</b>	6 March 1957 (from Britain)
<b>Constitution:</b>	Approved on 28 April 1992 and came into force on 7 January 1993
<b>Legal system:</b>	Based on English common law and customary law; has not accepted compulsory International Court of Justice jurisdiction
<b>Political governance:</b>	Type of government: Constitutional democracy President: John Agyekum KUFUOR (7 January 2001) Cabinet: Ministers appointed by the President Elections: Last held 7 December 2004 (next in December 2008) Election results: John Agyekum KUFUOR re-elected as President Percentage of vote: John KUFUOR 53.4%, John Atta MILLS 43.7%
<b>Economy:</b>	GDP purchasing power parity: US\$ 48.27 billion (2004 est.) GDP per capita: US\$ 434 (2004 est.) (source: Bank of Ghana) GDP growth: 5.4% (2004 est.) GDP composition: Agriculture (34.3%), industry (24.2%), services (41.4%) (2004 est.)
<b>Budget:</b>	Revenues: US\$2.17 billion; expenditures: US\$ 2.56 billion, including capital expenditure (2004 est.)
<b>Trade:</b>	Exports: US\$ 3.01 bn f.o.b. (2004 est.); imports: US\$ 3.699 bn f.o.b. (2004 est.); current account balance: US\$ 83.87 mn (2004 est.)
<b>Import partners:</b>	Nigeria 21.3%, China 8.7%, UK 6.7%, US 5.6%, Germany 4.4%, France 4.2% (2003)
<b>Exchange rate:</b>	Cedis per US dollar: 9,064.25 (2004); 7,932.7 (2003); 7,932.7 (2002); 7,170.76 (2001); 5,455.06 (2000)

# COUNTRY INDICATORS<sup>1</sup>

Demographic data	Year	Estimate	Source
Total population (thousands)	2004	21 377	UN population division database
Female population aged 15-24 (thousands)	2004	2 314	UN population division database
Population aged 15-49 (thousands)	2004	10 697	UN population division database
Annual population growth rate (%)	1992-2002	2.4	UN population division database
Percentage of urban population	2003	45.1	UN population division database
Average annual growth rate of urban population	2000-2005	3.22	UN population division database
Crude birth rate (births per 1,000 population)	2004	31.2	UN population division database
Crude death rate (deaths per 1,000 population)		9.9	UN population division database
Maternal mortality rate (per 100,000 live births)	2000	540	World Health Report 2004 , WHO/UNICEF
Life expectancy at birth (years)	2002	57.6	World Health Report 2004, WHO
Total fertility rate	2002	4.2	World Health Report 2004, WHO
Infant mortality rate (per 1,000 live births)	2000	62	World Health Report 2004, WHO
Under 5 mortality rate (per 1,000 live births)	2000	105	World Health Report 2004, WHO
Adults aged 15-49 with HIV/Aids	2003	320 000	UNAIDS, 2004

<sup>1</sup> For consistency reasons, the data used in the above table are taken from official UN publications, while real GDP Growth and per capita income are from African Development Indicators, 2004 and the Bank of Ghana.

## ABBREVIATIONS AND ACRONYMS

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ACCA	Association of Chartered Certified Accountants
ADR	Alternative Dispute Resolution
AfDB	African Development Bank
AIDS	Acquired Immune Deficiency Syndrome
APR	African Peer Review
APRM	African Peer Review Mechanism
AU	African Union
CAT	Convention Against Torture and Other Cruel, Inhuman and Degrading Treatment or Punishment
CBO	Community-Based Organisations
CDD	Centre of Democratic Development
CDF	Comprehensive Development Framework
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CEPS	Customs, Excise and Preventive Service
CHRAJ	Commission for Human Rights and Administrative Justice
CIDA	Canadian International Development Agency
CIMA	Chartered Institute of Management Accountants
CRC	Convention on the Rights of the Child
CRM	Country Review Mission, APRM
CSAR	Country Self-Assessment Report
CSO	Civil Society Organisation
CSPIP	Civil Service Performance Improvement Programme
CSR	Corporate Social Responsibility
DACF	District Assemblies Common Fund
DFID	Department for International Development, United Kingdom
DIC	Divestiture Implementation Committee, Ghana
EC	Electoral Commission
ECOMOG	ECOWAS Military Observer Group
ECOSOCC	Economic, Social and Cultural Council, African Union
ECOWAS	Economic Community of West African States
EDF	Export Development Funds
EPA	Environmental Protection Agency
EPCC	Economic Policy Coordinating Committee, World Bank
ERP	Economic Recovery Programme
EU	European Union
FCUBE	Free Compulsory Universal Basic Education
FDI	Foreign Direct Investment
FIDA	International Federation of Women Lawyers
FSAP	Financial Sector Assessment Programme, World Bank and IMF
GDP	Gross Domestic Product

## ABBREVIATIONS AND ACRONYMS

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GIPC	Ghana Investment Promotion Centre
GNCC	Ghana National Commission on Children
GNP	Gross National Product
GPRS	Ghana Poverty Reduction Strategy
GRATIS	Ghana Regional Appropriate Technology Industrial Service
GSE	Ghana Stock Exchange
GTZ (GTZ)	Deutsche Gesellschaft für Technische Zusammenarbeit GmbH, the German international cooperation agency for sustainable development
HDI	Human Development Index
HIPC	Heavily Indebted Poor Countries Initiative
HIV	Human Immunodeficiency Virus
HSGIC	Heads of State and Government Implementation Committee
ICCES	Integrated Community Centres for Employable Skills
ICT	Information and Communications Technology
ILO	International Labour Organisation
IMF	International Monetary Fund
IOSCO	International Organisation of Securities Commissions
IPO	Initial Public Offering
IRS	Internal Revenue Service
JICA	Japan International Cooperation Agency
M&E	Monitoring and Evaluation
MDAs	Ministries, Departments and Agencies
MDBS	Multi-Donor Budget Support
MDGs	Millennium Development Goals
MDPI	Management Development and Productivity Institute
MMDA	Metropolitan, Municipal and District Assemblies
MOFA	Ministry of Food and Agriculture
MOU	Memorandum of Understanding
MP	Member of Parliament
MPSD	Ministry for Private Sector Development:
MTEF	Medium-Term Expenditure Framework
MWCA	Ministry of Women and Children's Affairs
NAPRM-GC	National APRM Governing Council
NCC	National Children's Council
NCCE	National Commission for Civic Education
NCWD	National Council on Women and Development
NDPC	National Development Planning Commission
NEPAD	The New Partnership for Africa's Development
NGOs	Non-Governmental Organisations
NIC	National Insurance Commission
NVTI	National Vocational Training Institute

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## ABBREVIATIONS AND ACRONYMS

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OAU	Organisation of African Unity
OECD	Organisation of Economic Cooperation and Development
OSCI	Objectives, Standards, Criteria and Indicators, APRM document
PAMSCAD	Programme of Action to Mitigate the Social Costs of Adjustment
PNDC	Provisional National Defence Council
POA	Programme of Action
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
PSMRP	Public Sector Management Reform Programme
PUFMARP	Public Financial Management Reform Programme
RGD	Registrar-General's Department
SEC	Securities and Exchange Commission
SFO	Serious Fraud Office
SMEs	Small and Medium Enterprises
SOEs	State-Owned Enterprises
SSNIT	Social Security and National Insurance Trust
STEP	Skills Training and Entrepreneurship Programme
TRI	Technical Research Institutes
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNHCR	United Nations High Commissioner for Refugees
USAID	United States Agency for International Aid
WABA	Women's Assistance and Business Association
WAMZ	West African Monetary Zone





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## EXECUTIVE SUMMARY

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### **The APR process**

1. The African Peer Review Mechanism (APRM), widely heralded as the crown jewel of the New Partnership of African Development (NEPAD), is a mutually agreed instrument which members of the African Union (AU) have voluntarily acceded to as part of an African self-monitoring mechanism. The primary purpose of the APRM is to foster the adoption of policies, standards and practices that will lead to political stability, high economic growth, sustainable development and accelerated sub-regional and continental economic integration. This will be done through sharing experiences and reinforcing successful and best practice, including identifying deficiencies and assessing the needs of capacity building.

### **Ghana and the APRM**

2. Ghana has been a trailblazer and a shining example in the APRM process, being among the first group of countries to sign the Memorandum of Understanding (MOU) on 9 March 2003. Ghana subsequently created a Ministry of Regional Cooperation and NEPAD in March 2003. The NAPRM-GC is the designated focal point for the APRM in the country.

3. Ghana instituted a National Governing Council in compliance with the requirement for participating countries to have an independent self-assessment of its governance record in the four APRM focus areas (Democracy and Political Governance; Economic Governance and Management; Corporate Governance; Socio-Economic Development). This Council comprised highly qualified and esteemed professionals and public personalities independent of the government. The Governing Council appointed four reputable national independent think-tanks and research institutions to undertake the country self-assessment in each of the four thematic areas of the APRM and to make appropriate recommendations to guide the Council in drafting a National Programme of Action (POA). Ghana submitted its final consolidated self-assessment report and a draft National POA to the APRM Secretariat in March 2005.

### **The Country Review Mission**

4. A sixteen-member Country Review Mission (CRM) comprising experts from the APRM Secretariat, partner institutions, and independent consultants, and reflecting 12

## **EXECUTIVE SUMMARY**

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African nationalities, was fielded in Ghana from 4-16 April 2005. Extensive consultations were held with diverse stakeholders, including government officials, political parties, parliamentarians and representatives of civil society organisations such as the media, academia, trade unions, business and professional bodies. The Mission also ascertained whether the national assessment process was technically competent, credible and free of political manipulation.

5. The Mission observed that Ghana is committed to improved governance and the populace is determined to achieve a better quality of life. The APRM process is seen as an important contributory factor to the achievement of the national objectives of good governance. In keeping with its tradition of “firsts” on the continent, and as the first country to be reviewed in the APRM, Ghana is leading by example in the process. The National APRM Governing Council (NAPRM-GC) was granted autonomy in executing its mandate, which it discharged resolutely.

6. The Technical Review teams chosen to undertake the exercise were credible and competent research institutions, renowned both nationally and internationally. The Mission notes with great appreciation the high quality of the reports prepared by the four technical advisory teams.

### **Democracy and good political governance**

7. Ghana could rightly be described as an oasis of peace and tranquillity in a sub-region perpetually in turmoil. Since the return to democratic rule in 1992, Ghana has moved increasingly towards consolidating and strengthening liberal democratic principles, structures and processes. Its progress in this historic development has been remarkable, albeit fragile in some respects. Three successful post-transition competitive multi-party elections were held in 1996, 2000 and 2004, respectively. The result has been the democratic and orderly transfer of power from one party to another and from one President to another. Even more remarkable is the fact that, unlike earlier democratic transitions in the country that lasted only for a few years before they were aborted, the current transition has lasted over twelve years and seems to have stabilised.

8. The general view expressed by stakeholders across the political spectrum and in various shades of Ghana's public life has been that competition for political power is robust and open, though fractious and, at times, explosive especially before, during and after elections. A number of problems are, however, likely to diminish the

competitiveness and sustainability of democratic politics. These include:

- ? Concerns about the inadequacy of resources, notably the human, financial and logistic capacity of the Electoral Commission;
- ? The sustainability of the Commission's budget, as it is donor dependent;
- ? The lack of internal democracy within the parties and the potential long-term effect this may have in weakening democracy in the country; and
- ? The low representation of women in politics and what this portends for participation and representation in politics and the ethnic voting pattern that seems to be emerging in national elections.

### **Economic governance and management**

9. Ghana initiated a comprehensive Economic Recovery Program (ERP) in 1983, which encompassed macroeconomic and structural policies. This followed a period of protracted economic decline throughout the 1970s and early 1980s. By 1990-1991, Ghana had achieved a measure of success in its reform programme. The growth rate of its gross domestic product (GDP) had reached 4.3%, compared with the negative growth rates of 1980-1983; inflation had declined to 18% in 1991, compared with 78% on average between 1980 and 1983; and the foreign exchange market had been unified and liberalised. Less success had been achieved in export diversification and fiscal management.

10. Overall, Ghana's annual real GDP growth rates have hovered between 4 and 5.4% in the last decade. However, the economy remains relatively weak and highly vulnerable to external shocks from the world economy and sub-regional political instability due to factors originating in neighbouring countries. Successful transformation of the productive structure of the economy has remained elusive, as has firm control over the budget. The latter situation is due, in large part, to difficulties in containing major expenditure items such as the Wage Bill and interest payments on the public debt.

11. Two main issues were stressed in the country self-assessment report and preoccupied the Mission during the country consultation. These are: (a) the weak internal capacity in economic management; and (b) heavy dependence on external resources for financing government development expenditure. This has impelled Ghana to accept International Monetary Fund (IMF) and World Bank guidance in macroeconomic programming in general, while input from the Bank of Ghana has also been important. Even bilateral donors have ranked above local research institutes, private sector institutions and public

sector groups as sources of inputs to policymaking and economic planning.

12. There has been general agreement among stakeholders that national ownership of economic programmes and policies would require the willingness of Ghanaian citizens to take full responsibility for the outcome of national policies. Ownership matters, not only because programmes would then better reflect the preferences and interests of the citizens, but also because it would result in fuller implementation of programmes. Reducing aid dependence could enhance ownership, but most stakeholders consider the domestic capacity to design and implement sound programmes a far more important instrument for bringing about effective ownership. In fact, stakeholders are generally not overly alarmed by the current reliance on foreign aid to finance development expenditure, even though they would prefer a situation of less dependence.

### **Corporate governance**

13. Globalisation and the liberalisation of the economy in recent years have led to a palpable growth in the private sector in Ghana. The government has committed itself to the creation of a golden age for business in Ghana. It has created a Ministry for Private Sector Development (MPSD) to spearhead the realisation of a competitive and vibrant private sector. Ghana has a promising emergent capital market with remarkable performance, significant momentum and a determined will for improvement. These developments have placed a new emphasis on the need for good corporate governance in the country.

14. Despite the foregoing, several challenges are present. Awareness of corporate governance in general, and of corporate social responsibility in particular, is low. The Companies Code, which provides the main corporate governance framework for registered companies, is robust yet out of touch with current developments in corporate governance and is in need of updating. The institutions that are active in promoting good corporate governance are weak in finance, human and institutional terms. In addition, there has been a persistent lack of clarity in the respective roles of the public and private sectors. Difficulties are experienced in access to finance, domestic resource mobilisation, and support offered to small and medium enterprises (SMEs) to facilitate their growth and contribution to the economy. The failure to utilise effectively the preeminent role of the private sector in promoting growth has severely limited economic opportunities.

**Socio-economic development**

15. The pursuit of neo-liberal policies since the early 1980s and generous government incentives have expanded economic, political and sociocultural spaces. Notable strides have been made in several respects to stimulate socio-economic development. The government has made good progress, albeit less than anticipated, because of administrative capacity constraints.

16. Ghana has, however, become a beacon of hope in the volatile West African sub-region. The national aspiration is to become a middle-income country by 2010. In February 2003, the government issued its Ghana Poverty Reduction Strategy (GPRS) Paper for 2003-2005, which has since provided the overarching policy context for the country's socio-economic development. Essentially, the GPRS aspires to achieve broad development objectives, including:

- ? Reduction of extreme poverty;
- ? Social and human development;
- ? Environmental sustainability and regeneration;
- ? Consolidation of democratic governance;
- ? Strengthening of accountability; and
- ? Guaranteeing protection of human rights and the rule of law.

17. Generally, a combination of good socio-economic policies and considerable foreign aid has led to perceptible progress in Ghana's socioeconomic development in recent years. The country is, however, off-target in the attainment of a considerable number of goals set out in the GPRS and in the Millennium Development Goals (MDGs). Perceptible progress on the socio-economic front is distorted by:

- ? Lack of progress in gender mainstreaming as a result of cultural and other impediments;
- ? Weak human, financial and physical resource capacity;
- ? Wide urban/rural and regional disparities in the distribution of the dividends of socio-economic development in the country, with the three northern regions and some parts of coastal Ghana lagging far behind the rest of the country (e.g. in poverty eradication and the provision of basic services and core welfare indicators, like water, electricity, health care, roads, nutrition and education); and
- ? A fiscal and political decentralisation process that is weak, demobilised, unresponsive

and ineffective, thus hindering participation, accountability and transparency in social service delivery at the lower levels of government.

18. As summarised in the Country Report and made all too clear in the various consultations undertaken by the CRM, socio-economic development in Ghana has been less than what would be required for sustainable development. There is ample scope for improvement in the quality and standard of living of Ghanaians. Opportunities and options are available to them to secure and sustain their individual and collective self-development, if the MDGs and the national development objective of US\$ 1000 per capita income by 2010 are to be achieved.

19. Overall, major daunting challenges remain, which Ghana must urgently address if the NEPAD/APRM objectives are to be met. Worthy of note are decentralisation and low governance capacity, especially at lower tiers of government. The institutional and legal frameworks for decentralisation have made great progress since 1992, when District Assemblies were established and the District Assemblies Common Fund (DACF) became operational. Nevertheless, not as much effort has been put into deepening and institutionalising decentralisation in Ghana. The following issues remain, some of which are recurring and cut across the four APRM thematic areas:

- ? The ability of Parliament to perform its representative, legislative and oversight functions is still limited.
- ? Trends over the past few years in key economic parameters reveal considerable progress in stabilising and growing the economy, which is gradually etching towards stability. Slow progress has, however, been made in the structural transformation of the economy.
- ? Cumbersome government requirements are serious obstacles to business development.
- ? The quality and availability of health services need improvement.
- ? School enrolment and retention are still too low, especially in the northern region.
- ? Corruption is a major governance problem in Ghana. Participants at the various stakeholders' consultations carried out by the CRM have complained about the high levels of corruption in Ghana's public sphere at both the national and regional levels.

20. It is hoped that the implementation of the POA, which has been debated by various stakeholders cutting across the various strata of Ghanaian society, will ameliorate these problems.

# 1

## INTRODUCTION

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*“The mandate of the African Peer Review Mechanism is to ensure that the policies and practices of participating states conform to the agreed political, economic and corporate governance values, codes and standards contained in the Declaration on Democracy, Economic and Corporate Governance. The APRM is the mutually agreed instrument for self-monitoring by the participating governments.”*

NEPAD/HSGIC/03-2003/APRM/MOU/Annex II

### 1.1 The APRM and its processes

1. In an effort to enhance the quality of governance in Africa, the Sixth Summit of the Heads of State and Government Implementation Committee (HSGIC) of the New Partnership for Africa's Development (NEPAD) held in Abuja, Nigeria in March 2003, adopted the Memorandum of Understanding (MOU) on the African Peer Review Mechanism (APRM). The HSGIC also adopted the Declaration on Democracy, Political, Economic and Corporate Governance, which had been endorsed earlier at the inaugural Summit of the African Union (AU) held in Durban, South Africa in July 2002. In addition, the Heads of State and Government adopted the main documents that outline the core principles, processes and objectives of the APRM, including the APRM Base Document, the APRM Organisation and Processes document (O& P Document), and the document on Objectives, Standards, Criteria and Indicators for the APRM (OSCI Document).
2. The APRM is an instrument voluntarily acceded to by member states of the AU as a self-monitoring mechanism for African states. The mandate of the APRM is to ensure that policies and practices of participating states conform to the agreed political, economic and corporate governance values, codes and standards contained in the Declaration on Democracy, Political, Economic and Corporate Governance. The primary purpose of the APRM is to foster the adoption of policies, standards and practices that lead to:
  - ? Political stability;
  - ? High economic growth;
  - ? Sustainable development; and
  - ? Accelerated sub-regional and continental economic integration through thsharing

**Box 1.1: The APRM Progress Report**

The APRM, widely heralded as the jewel in NEPAD's crown, is a non-adversary learning process among peers that relies heavily on mutual trust among the states involved in the review, as well as shared confidence in the process. It is a commitment to African governance standards and the tool for implementing the codes and standards enshrined in the Declaration on Democracy, Political, Economic and Corporate Governance.

National ownership and leadership by the participating countries are essential to the effectiveness of such a process. This includes leadership in ensuring consistency with existing national processes, such as the Poverty Reduction Strategy Paper (PRSP) process, other poverty reduction strategies, the Medium-Term Expenditure Framework (MTEF), National Human Rights Action Plans, Strategies for Millennium Development Goals (MDGs), ongoing institutional reforms, and other relevant governance and socio-economic development strategies, programmes and projects.

Twenty-three member countries of the AU have so far voluntarily acceded to the APRM. Algeria, Burkina Faso, Cameroon, the Democratic Republic of Congo, Ethiopia, Gabon, Ghana, Kenya, Mali, Mauritius, Mozambique, Nigeria, Rwanda, Senegal, South Africa and Uganda were the first sixteen countries to accede to the APRM. Benin and Egypt signed the MOU of accession at the Extraordinary Summit of the AU held in Sirte, Libya, in February 2004. In July 2004, the last five countries – Angola, Lesotho, Malawi, Sierra Leone and Tanzania – acceded during the AU Summit in Addis Ababa, Ethiopia.

Ghana, Kenya, Mauritius and Rwanda were the first countries in which reviews were launched. At the time of writing this report, further reviews were initiated in Nigeria and Uganda.

of experiences and the reinforcement of successful and best practice, including identifying deficiencies and assessing the needs of capacity building.

3. The APRM is open to all member states of the AU and twenty-three member countries have so far voluntarily acceded, as indicated in Box 1.1. Accession entails undertaking to submit to periodic peer reviews, as well as facilitate such reviews, and to be guided by agreed parameters for good political and economic governance,



socio-economic development and corporate governance.

4. The APRM process consists of five interrelated stages, which are defined in the *APRM Base Document*. They are briefly described below.
5. **Stage One** is the preparatory phase, both at the level of the APRM Secretariat and at the national level. Under the direction of the APR Panel, the APR Secretariat forwards to the country to be reviewed a questionnaire covering the four focus areas of the APRM. The country conducts a self-assessment exercise on the basis of the questionnaire, and with the assistance, if necessary, of the APR Secretariat and/or relevant partner institutions. Having completed the self-assessment, the country formulates a preliminary POA that builds on existing policies, programmes and projects. Both the Country Self-Assessment Report (CSAR) and the preliminary POA are submitted to the APR Secretariat. During the same period, the APR Secretariat develops a background document on the country. This is done through desk research and gathering available current and pertinent information on the governance and development status of the country in the four assessment areas.
6. **Stage Two** is the country review visit. Under the leadership of the APR Panel, the Country Review Mission (CRM) now visits the country concerned. Its priority order of business is to carry out the widest possible consultations with the government, officials, political parties, parliamentarians and representatives of civil society organisations, including the media, academia, trade unions, business and professional bodies. The main objectives are to:
  - ? Learn about the perspectives of the different stakeholders on governance in the country;
  - ? Clarify the issues identified in the Issues Paper that were not taken into account in the country's preliminary POA; and
  - ? Build consensus on how these could be addressed.
7. It is instructive to note that the country mainly plays a facilitating role during the visit, ensuring that the CRM is able to carry out its review smoothly. The CRM is given full access to all sources of information and stakeholders, as provided for in the MOU for Technical Assessment and the Country Review Visit signed by the country and the APRM.

8. During Stage Three, the CRM's report is drafted. It is informed by the Background Document and Issues Paper prepared by the APR Secretariat, as well as by the information derived from both official and unofficial sources during the wide-ranging consultation with stakeholders during the review visit. The draft report:
  - ? Considers the applicable political, economic and corporate governance and socio-economic development commitments made in the preliminary POA;
  - ? Identifies any remaining weaknesses; and
  - ? Recommends further actions to be included in the final POA.
9. The draft report needs to be clear on the specific actions required in instances where outstanding issues are identified. The draft report is first discussed with the government concerned to ensure the accuracy of the information. The government is given an opportunity to react to the CRM's findings and put forward its own view on how the shortcomings can be rectified. These responses of the government are appended to the CRM's report. At this stage, the country finalises its POA, taking into account the conclusions and recommendations of the draft report.
10. **Stage Four** begins when the CRM's final report and the country's final POA are sent to the APR Secretariat and the APR Panel. The Panel then submits them to the APR Forum of participating Heads of State and the government for consideration and formulation of actions deemed necessary in accordance with the Forum's mandate. If the country shows a demonstrable will to rectify the identified shortcomings, then it will be incumbent upon participating governments to provide the assistance they can, as well as to urge donor governments and agencies to come to the assistance of the country under review.
11. **Stage Five** is the final stage of the APR process. Six months after the report has been considered by the Heads of State and the governments of the participating member countries, the report is formally and publicly tabled in key regional and sub-regional structures, such as: the Regional Economic Commission to which the country belongs, the Pan-African Parliament, the African Commission on Human and Peoples' Rights, the envisaged Peace and Security Council, and the Economic, Social and Cultural Council (ECOSOCC) of the AU.
12. The time-line for these processes is expected to vary considerably among countries, depending on each country's specificity. The anticipated duration of each peer

review from the start of Stage One to the end of Stage Four is between six and nine months.

13. This country report marks the third phase of the APR process in Ghana. It presents the findings of the CRM to Ghana, as well as Panel recommendations. The report is structured in six chapters. Apart from this introductory section, the subsequent four chapters evaluate developments and outstanding challenges in the four APRM focus areas (Democracy and Political Governance; Economic Governance and Management; Corporate Governance; and Socio-Economic Development). Chapter 6 contains a discussion of the overarching issues flagged as critical due to their impact on governance and requiring immediate and urgent attention. The report contains in appendix, the comments received from Ghana on the report. An essential component of the report is the country's POA, which is also appended.

## **1.2 Ghana and the APRM**

14. Ghana could rightly be described as a country of firsts. In 1957, it was the first country in sub-Saharan Africa to emerge from the yoke of colonial rule. Before an economic crisis of unprecedented proportion struck in the late 1970s, Ghana was among the highest per capita gross national product (GNP) on the continent. It has also been prominent in several of the mishaps of political instability. Ghana experienced the trauma of bad governance and bouts of military takeovers long before other African countries suffered similar fates. The country has, however, rebounded after launching one of the first and more stringent economic recovery programmes in the region nearly two decades ago, as well as a successful democratisation process. Again, Ghana has taken the lead in the APRM process and is gradually becoming a shining example to other African countries.
15. Besides being one of the first countries to accede, Ghana is very passionate about the APRM. President Kufuor has personally spoken about his convictions of using the APRM as a tool for instilling good governance and eradicating poverty in Ghana. Ghana, together with nine other countries, signed the MOU for the APRM Review on 9 March 2003 at the Sixth Summit of the Heads of State and Government Implementation Committee of NEPAD held in Abuja, Nigeria. The country created a Ministry of Regional Cooperation and NEPAD in March 2003. The NAPRM-GC is the designated focal point for the APRM.

16. The APRM requires that a participating country should conduct an independent self-assessment of its governance record. In keeping with this spirit, Ghana instituted a local team of highly qualified and esteemed professionals and public personalities deemed independent of the government and with respect of the general populace. This National APRM Governing Council (NAPRM-GC) comprises the following persons:
- ? Rev. Prof. S.K. Adjepong, a former University Vice-Chancellor and currently President of the Methodist University as Chairperson;
  - ? Amb. Alex Ntim Abankwa, a Retired Diplomat and former ambassador who has worked with all governments of Ghana since independence;
  - ? Prof. Samuel K. Botwe Asante, an International Consultant and former Principal Regional Adviser, UNECA;
  - ? Most Rev. Dr Bishop Paul Bemile, the Catholic Bishop of Wa and Director of the Inter-region Dialogue;
  - ? Prof. Miranda Greenstreet, a leading Educationist, former Director of Institute of Adult Education of the University of Ghana, and Chairman of the Coalition of Domestic Election Observers in the Ghana 2001/2004 elections.
  - ? Mr Nutifafa Kuenyehia, a former Chairperson of the Ghana Bar Association and Media Commission;
  - ? Ms Gloria Ofori-Boadu, a former Executive Director of the International Federation of Women Lawyers (FIDA) in Ghana and currently President of the Women's Assistance and Business Association (WABA).
17. To safeguard their independence, members of the Governing Council were not sworn in by the President but inaugurated. During their inauguration at State House on 18 March 2004, President Kufuor urged them to “prick the conscience of the nation” in their work.
18. The NAPRM-GC is supported by a Secretariat, headed by an Executive Secretary. The core running costs of the Secretariat are borne by the government, which has seconded a further six support staff to provide secretarial, technical, coordinating and administrative support services to the Council.
19. The NAPRM-GC appointed four national independent think-tanks and technical research institutes (TRIs) to undertake the country's selfassessment in each of the four thematic areas of the APRM, and to make appropriate recommendations to

guide the Council in drafting a National POA. These TRIs are:

- ? Ghana Centre for Democratic Development (CDD-Ghana) - Democracy and Good Political Governance;
- ? Centre for Policy Analysis (CEPA) Economic Governance and Management;
- ? Private Enterprise Foundation (PEF) Corporate Governance; and
- ? Institute of Statistical, Social and Economic Research (ISSER) Socioeconomic Development.

20. A Support Mission of the APRM visited Ghana on 24-29 May 2004. It was led by Dr Chris Stals, former Governor of the South African Reserve Bank and Member of the APR Panel in charge of the Ghana review process. The mission would assess the status of preparedness of the country to undertake the review exercise. The Mission also analysed the structures, methodologies and participatory processes that had been put in place in preparation for the implementation of the APRM. The APRM MOU on the Technical Assessment Missions and the Country Review Visit was signed on 27 May 2004 by Hon. K.K Apraku, the Minister of Regional Cooperation and NEPAD on behalf of the Government of the Republic of Ghana, and by Dr Chris Stals, on behalf of the Chairperson of the Committee of Participating Heads of State and Government in the APRM (APR Forum).
21. During the visit, the NAPRM-GC organised a National Stakeholders' Forum, which was officially opened by the Vice-President. Following this Forum, the NAPRM-GC organised a three-day Stakeholders' Workshop on 27-30 May 2004 in Akosombo. The workshop was held to create national ownership of the APRM in Ghana and demonstrate that the review is an open, participatory and transparent process that fosters national dialogue and builds trust in the pursuit of national development goals. The workshop was attended by officials from government ministries, departments and agencies, civil society organisations, academia and thinktanks.
22. The NAPRM-GC subsequently embarked on a sensitisation programme in all the regions of Ghana and for specialised agencies, including government ministries, departments and agencies, the media, political parties, trade unions and workers' associations. It would create a platform for national understanding, participation, ownership, knowledge sharing and a convergence of the appropriate methodology to approach the implementation of the APRM.

23. The four TRIs appointed by the NAPRM-GC presented their final comprehensive reports (comprising approximately 1200 pages in total) to the Governing Council in February 2005. Copies of these documents and key action plans suggested by stakeholders were provided to the APRM Secretariat. Ghana submitted its final consolidated CSAR in March 2005, and a draft POA in May 2005.
24. In the interim, the APR Secretariat in conjunction with partner institutions, had compiled a background document on Ghana in the four assessment areas. Based on the CSAR, the preliminary POA and the background document, the APRM Secretariat drew up a 43-page Issues Paper on the four thematic areas and cross-cutting themes to guide the country review process. The Issues Paper identified areas that required further information, as well as major shortcomings or deficiencies and areas for capacity building for further investigation by the CRM. In line with the APRM's mandate, the Secretariat embarked on a CRM in conjunction with partner institutions on 4-16 April 2005.

### **1.3 The Country Review Mission (CRM)**

25. Dr Chris Stals, APR Panel Member, led a sixteen-member CRM to Ghana on 4-16 April 2005. In the spirit of experience sharing and peer learning, the composition of the CRM reflected at least twelve African nationalities: Côte d'Ivoire, Ethiopia, Kenya, Liberia, Mauritius, Nigeria, Sierra Leone, Somalia, South Africa, Uganda, Zambia and Zimbabwe. The CRM included members of the APRM Panel and Secretariat, an official from the NEPAD Secretariat, experts from strategic partner institutions, as well as independent consultants on the thematic areas, as indicated below:

*APRM:*

Dr Chris Stals (Member of the APRM Panel of Eminent Persons); Dr Bernard Kouassi (Executive Director); Ms Evelynne Change (Coordinator: Corporate Governance); and Mr Dalmar Jama (Research Analyst: Corporate Governance).

*NEPAD Secretariat:*

Mr Sudir Chuckun (Coordinator: Multilateral Relations and Policy)

*Partner institutions:*

Mr Seward M. Cooper (Chief Counsel and Head of the Good Governance Unit,

[AfDB]); Prof. Claudius Dele Olowu (Principal Governance Expert, Public Administration, AfDB); Ms Zemenay Lakew (Senior Programme Coordinator, AU-NEPAD Support Unit [UNDP]); and Dr Okey Onyejekwe (Senior Regional Adviser, [UNECA]).

**Independent technical consultants for APR Secretariat:**

- ? Democracy and Good Political Governance Prof. Ahmed Mohiddin (Director, 21st Century Africa Foundation), Prof. Michelo K. Hansungule (Professor of Human Rights Law, Centre for Human Rights, University of Pretoria, South Africa); Mr Alfred Mubanda (former UNDP Resident Representative in Ghana in 1981-1986 and former Minister of State for Foreign Affairs of Uganda);
- ? Economic Governance and Management Dr Afeikhena T. Jerome (Consultant and Senior Lecturer, Department of Economics, University of Ibadan, Nigeria); Dr Omotunde Johnson (Consultant on Economic Issues and former International Monetary Fund Resident Representative in Ghana);
- ? Corporate Governance Ms Gertrude Takawira (former Country Director, South and Eastern African Trade Information and Negotiating Institute [SEATINI] and Managing Consultant, Governance and Development Services, Zimbabwe);
- ? Socio-Economic Development Prof. L. Adele Jinadu (Executive Director, Centre for Advanced Social Science, Port Harcourt, Nigeria).

26. In line with the APRM mandate, the CRM accomplished the following tasks:

- ? Discussed extensively the Issues Paper compiled by the APRM Secretariat in conjunction with partner institutions;
- ? Evaluated the draft POA submitted by the country, and made suggestions as appropriate;
- ? Ascertained as far as possible that the assessment process executed by Ghana was technically competent, credible and free of political manipulation; and
- ? Built consensus with stakeholders on the remaining issues or challenges, and the steps that needed to be taken to address them.

**1.4 Activities undertaken during the CRM**

27. The CRM interacted with a number of stakeholders, starting with meetings with the NAPRM-GC and National APRM Secretariat of Ghana to agree on the modalities

for carrying out the CRM. The CRM also paid a courtesy call on Hon. Dr K.K. Apraku, Minister for Regional Cooperation and NEPAD. Also in attendance were Dr Agyeman-Manu, Deputy Minister for Finance, and Dr Nii Noi Ashong, former Deputy Minister for Finance and Economic Planning members of the President's Committee set up to cost Ghana's POA.

28. The CRM held working sessions with the NAPRM-GC and the Technical Teams to discuss the Issues Paper and the initial draft POA. A Workshop for the Trade Union Congress, academia and non-governmental organisations (NGOs) was held to discuss the CSAR and evaluate the extent to which Ghanaians had been included in the review process. This was followed by similar meetings with representatives of specific sectors, including the Serious Fraud Office, the Commission for Human Rights and Administrative Justice, the Auditor-General, and ministries, departments and agencies.
29. The CRM further visited various regional capitals, including Ho (Volta and Eastern regions), Cape Coast (Central and Western regions), Wa (Upper West, Upper East and Northern regions) and Kumasi (Ashanti and Brong-Ahafo regions), to meet with regional stakeholders. In the course of these meetings, the CRM was able to assess, amongst other things, the level of broad-based participation, the role of regional stakeholders in decision-making, and region-specific challenges.
30. A workshop was held in Accra with Members of Parliament (MPs). The workshop allowed for open deliberations on the APR in-country processes and the role of Parliament as a legislative and oversight institution. The CRM also held a meeting with Ghana's development partners. The CRM further met with the Deputy Minister for Finance and the Deputy Governor of the Bank of Ghana to discuss the macroeconomic policy and management in Ghana.
31. Before concluding the mission, the CRM paid a courtesy call on H.E. Mr John Kufuor, President of the Republic of Ghana. In attendance were Hon. Nana Akuffo-Addo, Minister for Foreign Affairs, and Hon. Mr Kwamena Bartels, Minister of Private Sector Development and Presidential Initiatives of the Republic of Ghana. While welcoming the members of the CRM, the President reiterated Ghana's commitment to the implementation of the APRM. He indicated that Ghana fully endorsed the key principles of the APRM, including leadership and commitment at highest levels, inclusivity and broad-based participation. The



President noted that Ghana is ready to address the issue of improved governance comprehensively, to take corrective measures where necessary, and to cooperate effectively and efficiently to achieve sustainable development.

32. The penultimate event of the mission was a wrap-up meeting held between the CRM and the NAPRM-GC on 15 April 2005.
33. In the main, the CRM was a success. Ghana is committed to improved governance and the populace is resolute in achieving a better quality of life. They look to the APR process as an important contributory factor in achieving their national objectives. Ghana, being the first country to be reviewed, has indeed led by example in the process.
34. The CRM is satisfied as to the autonomy and independence given to the NAPRM-GC in executing its mandate. The Council has also made commendable efforts to sensitise and disseminate information on the APRM to create ownership and ensure broad-based participation.
35. The TRIs chosen to undertake the exercise are credible and competent research institutions, renowned in the country or sub-region, on the continent and some internationally. The TRIs have domesticated the questionnaire to the Ghanaian context to capture country-specific issues. In addition, the TRIs have undertaken broad consultations and in-depth surveys to reflect the views of ordinary Ghanaians. Detailed results of the findings are presented in a clear and objective way. The Panel therefore notes with great appreciation the high quality of the reports, the methodologies followed, the efforts to solicit broad participation, the analyses presented and the recommendations made that have greatly facilitated the task of the CRM. The reports have also enabled the Council to produce a final CSAR that meets the AU's unqualified requirements of professionalism and credibility. If published, these reports could make an important contribution to a better understanding in Ghana, and in other African countries, of the objectives and procedures of the APRM process.
36. In the same context, there is pressure within Ghana for an early release of the final Country Report, as presented to the Forum. In terms of the existing directives, the report must be released "six months after [it] has been considered by the Heads of State and the government of the participating member countries" (see paragraph 25

of the Base Document on the African Peer Review Mechanism). There is a real danger, however, that if delayed for too long, stakeholders in Ghana may lose interest and the present pulsating momentum within the country may fade. As Ghana is also the first country to reach this final stage of the APRM process, there is undue interest within Africa and in the rest of the world in this report for Ghana's process to be finalised.

37. At the time of its visit, the CRM was informed that the initial POA submitted by the NAPRM-GC was still being costed and refined by a ministerial committee, appointed by the President. It is appreciated that the APRM Secretariat, due to time constraints, was under extreme pressure to proceed with the Mission. The revised POA was, however, not available to the Mission and was only forwarded to the Secretariat in mid-May 2005, thus inhibiting the Mission's recommendations during the CRM. In the light of the foregoing, the Panel decided to have a workshop in Ghana on the POA following the CRM. This workshop was held on 8 June 2005 and was attended by the Chairperson of the Panel, the Leader of the Ghana Review Process, and the APR Secretariat. The APRM delegation discussed extensively the Panel's recommendations and the Ghana POA; reaffirmed the commitment of the Government of Ghana to implement the POA; and confirmed the willingness of all stakeholders to participate in, and follow up on the implementation.
38. The findings of the CRM in the four focus areas of the APRM (Democracy and Good Political Governance; Economic Governance and Management; Corporate Governance; and Socio-Economic Development) are presented in the next four chapters.
39. It must be stated at the outset that it was not a function of the CRM or Panel to make its own assessments of the situation in Ghana. The task of the CRM in the APR process is clearly defined in the AU Document on the African Peer Review Mechanism Organisation and Procedures:
- 7.10 ... the visit is an opportunity for the APRM Team to discuss the draft Programme of Action that the country has drawn up to improve their governance and socio-economic development, to provide positive reinforcement for the sound aspects, and to address identified weaknesses and shortcomings in the various areas of governance and development."*
40. The main emphasis in the process rests with what the country itself is prepared and able to produce. The APRM is, after all, structured around the non-negotiable principles of national ownership and leadership, and self-assessment.

# 2

## DEMOCRACY AND POLITICAL GOVERNANCE

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*“... the NEPAD Framework Document and the Declaration identify, among others, democracy and good political governance as preconditions and foundations of sustainable development and the eradication of poverty. The overall objective is to consolidate a constitutional political order in which democracy, respect for human rights, the rule of law, separation of powers and effective, responsive public service are realised to ensure sustainable development and a peaceful and stable society.”*

NEPAD/HSGIC-03-2003/APRM/OSCI, 9 March 2003

### 2.1 Overview

1. The overarching objectives of NEPAD are the promotion of sustainable human development, the eradication of poverty, continental economic and political integration, and global competitiveness. Human development requires the mobilisation of human and material resources, as well as the establishment of various kinds of cooperation and partnership between governments, the civil society and the private sector, and between the peoples, governments and various other organisations at both the national and international levels. Democracy and political governance thus constitute one of the major commitments of NEPAD.

2. Democracy is a system of governance in which people effectively and meaningfully participate in the decision-making processes that affect their lives and livelihood. Politics is the process by which values, goods and services are allocated in society. Governance is the art and skill of utilising political or collective power for the management of society at all levels economic, social and political from the smallest village to the largest nation. Arts and skills are the products of knowledge, information, education, training, cultures, traditions, natural endowments, motivations and commitments to goals. Democracy and good political governance are basic foundations for the promotion of human development and the alleviation of poverty and, indeed, for reaching NEPAD's overarching objectives.

3. Ghana was the first African country to organise successful anti-colonial struggles and achieve independence from Britain in 1957. In this respect, the country was a trailblazer and a torchbearer for those African colonial territories engaged in their respective struggles for independence. Ghanaians embraced their independence with enthusiasm and determination, and it became a model to be emulated by the rest of the colonised

peoples in Africa.

4. Following independence from British colonial rule, however, Ghana unfortunately experienced the dire consequences of various types of bad governance. This ranged from one-party authoritarian governance and dictatorship to military regimes. The military has overthrown elected civilian governments and assumed political power on several occasions, thus subjecting Ghanaians to more than two decades of dictatorship and authoritarian governance. This situation gravely undermined the structure and performance of the economy, creating serious social and political problems. Human rights abuses and infringement on a wide range of freedoms and citizenship entitlements ensued.

5. The intervening civilian rule of the Third Republic presided by President Hilla Limann in 1979 was short-lived, brought to an abrupt end by the fifth military coup. From 1981 to the inauguration of the 1992 Constitution, Ghana was under a quasi-military-dominated system of governance the Provisional National Defence Council (PNDC), led by Flight Lieutenant Jerry Rawlings.

6. Constitutional rule was fully restored in 1993, albeit in a climate of economic hardships and political uncertainties. Nonetheless, the new constitutional provisions incrementally created an environment of peace, security and stability. These provisions circumscribed the range of state control and involvement; the creation of various institutions for reinforcing human rights and freedom of the press; strengthening of the electoral mechanism; and the opening up of the political space. Ghanaians were thus enabled to enjoy several freedoms, and could engage in various creative and productive ventures, as well as political activities.

7. Despite its subsequently revealed operational shortfalls, the 1992 Constitution has created a solid foundation for stability, as well as creating potential for deepening democracy and good political governance in Ghana.

8. To date, Ghanaians have had more than a decade of peaceful and acceptable constitutional rule. They have also been able to change political rulers through the electoral process in a manner generally perceived to be free and fair. The 2000 and 2004 elections have confirmed the citizens' acceptance of the electoral principle as the legitimate mechanism for acquiring political power and assuming leadership of the institutions of governance. There is a growing sense of relief, confidence and pride

**Box 2.1: Dividends of democracy in Ghana**

APRM is essentially about governance and political issues. The APR process has clearly demonstrated that Ghana has made significant – and commendable – progress in institutionalising democracy and promoting good governance. A country that has been under civilian authoritarian and dictatorial rule and military regimes for many years is now stable. Ghanaians are generally confident that they have a system of governance of their own making, appropriate to their own particular circumstances and their efforts to institutionalise democracy and good governance

Ghanaians have also created unique institutions and processes that other African countries could consider emulating or adapting for their own use. These include the Annual Governance Forum, where stakeholders discuss selected issues on democracy and good political governance. It has been held every year since 1998, initially under the auspices of the National Institutional Renewal Programme and Parliament and, more recently, the National Governance Programme. The other, instituted in 2001, is the People's Assembly, an annual unstructured interaction between the President and the people. The Assembly allows Ghanaians from all walks of life to pose any questions to the President.

The Assembly and the Forum have expanded the political space for ordinary people and have brought the government somewhat closer to them. These institutions have certainly demystified the government, rendering it less abstract and remote. Ghanaians' sense of ownership has been strengthened, in that they have a system of governance that listens to them and is approachable. This process demonstrates that partnership between the civil society, the government, media, the press and the private sector is possible and practicable, and eminently useful.

amongst Ghanaians that they have, at last, achieved political stability. Although their system of governance has identified certain major deficiencies, they are confident that they have the freedom, ability and will to rectify these, as indicated in Box 2.1.

9. Major deficiencies are acknowledged both in the practical workings of the Constitution and democracy, institutional capacity, the delivery of public services, the electoral process, and the performance of governance institutions at the various levels of the governance system. These major issues of governance and democracy need to be addressed if Ghanaians are to achieve the overarching objectives of NEPAD.

10. This chapter deals with the democracy and political governance section of the APR process in Ghana. Each objective begins with a summary and analysis of Ghana's Country Self-Assessment Report (CSAR) in this thematic area. This is followed by the findings of the Country Review Mission (CRM) from the consultations with different stakeholders (Ghanaian authorities, civil society, labour and the private business community), both in Accra and in the regions. It concludes with Panel recommendations on governance issues that arose during the background review, the CSAR, discussions during the CRM, and the Programme of Action (POA).

## **2.2 Implementation of standards and codes**

### **i. Self-assessment**

11. Although Ghana has been enthusiastic in acceding to, and ratifying regional and global standards and codes, including human rights instruments, a number of key human rights instruments recommended by the African Union (AU) remain to be ratified. This weakens the country's democracy and good governance record. A number of significant global instruments on governance and human rights have been pending, such as:

- ? Convention Against Torture and Other Cruel, Inhuman and Degrading Treatment or Punishment (CAT), 1992: Amendments to articles 17 (7) and 18 (5)
- ? CAT, 2002: Optional protocol
- ? Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others, 1949
- ? Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), 1995: Amendment to article 20, paragraph 1
- ? CEDAW, 1999: Optional protocol
- ? Convention on the Rights of the Child (CRC), 1995: Amendment to article 43 (2)
- ? CRC on the Involvement of Children in Armed Conflicts, 2000: Optional protocol
- ? CRC on the Sale of Children, Child Prostitution and Child Pornography, 2000: Optional protocol
- ? Protocol Against Human Trafficking in Women and Children, 2000
- ? Protocol on the Illicit Manufacturing of and Trafficking in Firearms, 2001
- ? Supplementary Protocol Against the Smuggling of Migrants by Land, Sea and Air, 2000
- ? UN Convention Against Transnational Organised Crime, 2000
- ? UN Convention Against Corruption, 2003

## **ii. Findings of the CRM**

12. The country consultations were dominated by discussions on the need for Ghana to ratify outstanding standards and codes and to domesticate them. State parties to the African Charter on Human and Peoples' Rights are required to submit state reports to the African Commission pursuant to the Charter every second year. After having avoided this obligation for a number of years, Ghana submitted its second report to the Commission in March 2000. Since then, the country has not been to the Commission. This is a major weakness in the internal systems of the Ministries of Foreign Affairs and Justice. These ministries normally are the focal points in dealings with international bodies on the implementation of human rights obligations.

## **iii. Recommendations**

13. The Panel recommends that Ghana:

? Adopt a binding time-frame within which Ghana accedes to the following AU conventions:

- African Children's Charter, 1990
- Amendments to the Constitutive Act of the African Union, 2003
- AU Convention against Corruption, 2003
- AU Non-Aggression and Common Defence Pact, 2005
- Protocol on the African Court of Human and Peoples' Rights, 1998
- Protocol on the African Court of Justice, 2003
- Protocol on the Rights of Women in Africa, 2003
- Protocol to the OAU Convention on the Prevention and Combating of Terrorism, 2004

? Adopt a deliberate plan to clear outstanding arrears and institute a mechanism for automatic compliance with the reporting obligation. Additionally, consider strengthening the Ministries of Foreign Affairs and Justice so that they can fulfil this mandate.

? Develop a plan and programme to incorporate into Ghana's domestic law the ratified covenants and conventions, so as to make them an integral part of the country's own enforceable standards.

### 2.3 Assessment of the performance on the APRM objectives

14. There are nine objectives for this focus area of the review.

Objective 1: Prevent and reduce intra- and inter-country conflicts

**Box 2.2 Ghana's contributions to (sub)-regional and international peace-keeping**

Ghana's role as a "peace-keeper" and "peace-maker" is well known. Its contribution and involvement in sub-regional, regional (continental) and international peace and security efforts are a credit to Ghanaians. Troops are sent for peace-keeping operations, most recently in Côte d'Ivoire, Liberia and Sierra Leone. Peace summits are attended and hosted. Accra has been a venue for several important peace talks involving troubled neighbours, while the President has personally brokered many such peace efforts. Ghana has played an active role in the formation of ECOMOG, the Military Observer Group of the Economic Community of West African States (ECOWAS). In these respects, Ghana's example is commendable.

#### **i. Self-assessment**

##### *Inter-country conflicts*

15. Ghana is clearly a stable country in a neighbourhood that has been characterised by violent conflicts, insecurity and instability. In fact, the country is seen as an oasis in an otherwise volatile sub-region.

16. On the whole, Ghana's relationships with its neighbours have tended to fluctuate between friendship, suspicion and animosity, depending on the respective governments in power. Although relations with Burkina Faso and Togo have historically been marked by turbulence and mutual suspicion, Ghana has never engaged in war with its neighbours. The current administration of President John Kufuor has initiated a new policy of "good neighbourliness", aimed at deliberately cultivating peaceful coexistence. This policy has resulted in increased official cross-border visits, the establishment of bilateral commissions to examine and resolve areas of potential conflict, and the sharing of intelligence information.



**Intra-country conflicts**

17. Internally, several potential and real areas of conflict need appropriate attention. Among these are disputes about land ownership, land use and chieftaincy, as well as political disputes, particularly those relating to elections. Underlying land and chieftaincy disputes are issues of inheritance and succession, which, in turn, are due to the absence of a uniform and legally enforceable set of governing principles.

**Mechanisms for conflict resolution**

18. Ghana has well-established and well-defined institutions and mechanisms for the prevention, management and resolution of conflicts, including:

- ? State Security Services;
- ? National Security Council; and
- ? Regional and District Security Councils.

19. There is a hierarchy of chieftaincy institutions, made up of the following:

- ? National House of Chiefs;
- ? Regional Houses of Chiefs and Traditional Councils;
- ? National Disaster Management Organisation;
- ? Commission on Human Rights and Administrative Justice; and
- ? National Reconciliation Commission.

20. In addition to the State judicial system, there are a host of civil society organisations (CSOs). Furthermore, with the support of NGOs, like the Ghana Association of Chartered Mediators and Arbitrators, the government has recently introduced an innovative, appropriately structured and cost-effective mechanism into the country's justice system the Alternative Dispute Resolution (ADR).

21. The critical role of traditional chieftaincy institutions in conflict prevention, management and resolution is well established and acknowledged in Ghana. For various reasons, however, the chieftaincy institutions have been weak in the actual performance of these functions. A poignant example is the ongoing feud over the succession dispute arising from the death of the traditional ruler, Ya-Na Abdulai Andani II.

**ii. Findings of the CRM**

22. Discussions under this objective, especially in the regions, have been dominated by chieftaincy institutions and their roles. There is a strong consensus on the relevance of

the chieftaincy institution and chiefs in state and society; and in conflict prevention, resolution and management in Ghana, particularly at lower (regional, municipal, metropolitan and district) levels of government. Despite attempts to modernise the chieftaincy institution in Ghana, and the generous provisions in the 1992 Constitution to protect its independence, CRM consultations have shown that it is beset with serious problems. These arise from conflicts engendered by chieftaincy succession issues, and from the wider cultural, legal, political and socio-economic roles of chieftaincy institutions in state and society.

23. In the regions, particularly during stakeholders' consultations in Ashanti, Ho and Wa, chiefs present and the audience complained about the many unresolved chieftaincy issues pending in the Regional Houses of Chiefs. Among the obstacles are the dearth of lawyers attached to these Houses to give them legal advice, and the irregularity of meetings and sittings of their judicial committees.

24. Many stakeholders pointed to the need to codify customary law and rules of chieftaincy succession to reduce chieftaincy and land disputes. Some stakeholders, highlighted the operational difficulties between the traditional administration of justice and judicial administration under the common law, and the need for clarification of mandates and roles.

25. There are conflicting views on the political roles of chiefs. Some would like to see chiefs play an active policy advisory and consultative role, particularly at the lower levels of government (regional and district levels). Others feel that such a role might involve them in partisan politics and compromise their cultural position as “fathers” of their people.

### **iii. Recommendations**

26. The Panel recommends the Government of Ghana, with the assistance of relevant stakeholders, to:

- ? Continue to review the institution of chieftaincy to make it more responsive to the needs and demands of the rapidly changing Ghanaian society, and to the aspirations of people across the gender divide.
- ? Enhance the capacities of the National, Regional and Traditional Houses of Chiefs so they can discharge their constitutional mandates more efficiently.
- ? Adopt a time-framed programme for clearing the backlog of cases awaiting

adjudication in the Judicial Committees of the National and Regional Houses of Chiefs.

- ? Implement existing proposals for the introduction of a comprehensive land law providing easy access to land in both systems of tenure, bearing in mind the needs of vulnerable groups, especially women. The law should provide adequate security of tenure, especially (but not only) for individual users in customary land tenure systems.
- ? Complete the review of the 1999 Land Policy recommendations and formulate a plan for their implementation.
- ? Adopt an action plan to complete the process of accession to, or ratification of outstanding international protocols, particularly those related to human rights.

**Objective 2: Enhance constitutional democracy, including periodical political competition and opportunity for choice, the rule of law, citizens' rights, and supremacy of the Constitution**

**i. Self-assessment**

*Democratic competition for political power*

27. Underlying all forms of democracy is the electoral principle, and the choice of those who govern, or the representatives acting or deciding on behalf of others, must be determined by elections. The electoral principle in democracy entails the following provisions:

- ? Adherence to the rule of law, so that people can campaign and vote in freedom without fear or favouritism;
- ? Freedom of association, so that people can organise to articulate and promote their interests, or defend their rights;
- ? Fair play, in that all those wishing to participate are subject to similar conditions and equal treatment;
- ? Free flow of information and access to publicly owned and controlled media and the press, so that the public is adequately informed about public issues and policy options;
- ? A system of representation that will enable the articulation of a wide range of views and interests; and
- .? Continuous adjustment to the constituency boundaries to reflect the fluctuating

numbers of people living within them, so as to ensure adequate and equitable representation.

28. Ghana is a presidential-parliamentary system of governance under a multi-party electoral system, in which the President and legislatures serve four-year terms. The President's electoral tenure is limited to two consecutive terms, whereas that of parliamentarians is unlimited. Any citizen of Ghana who is over 21 years of age, is of sound mind, is a registered voter, is not bankrupt or in default of taxes, and has not been convicted of a serious criminal offence including electoral malpractice is eligible for election to membership of Parliament. Some groups of people are, however, precluded from such membership, for instance chiefs, members of specified public services, revenue agencies, security services, Ghanaians who owe allegiance to other countries, and those who have been the subject of "adverse findings" by unspecified commissions of inquiry. Nonetheless, a great majority of Ghanaians trust that the 1992 Constitution guarantees and provides for the promotion and protection of a broad range of rights and freedoms for the citizenry.

### **Rule of law and supremacy of the Constitution**

29. The supremacy of the Constitution and entrenchment of the rule of law are the basic foundations on which all the institutions of governance, the private sector and civil society are grounded. The constitution and the rule of law offer protection of individual life; security of property; sanctity of contracts; protection from the government's arbitrariness or abuse of power; and the assurance that one can enjoy the fruits of one's labour. Without constitutionalism and the rule of law, no one will venture into productive and creative activities, or create wealth and employment and thereby promote human development and the alleviation of poverty.

30. The 1992 Constitution contains ample provisions that entrench the rule of law, affirm the supremacy of the Constitution and constitutionalism, and constrain the abuse of power and discretionary authority of those in governance positions. The courts have clearly asserted their independent powers of judicial review and their willingness to pronounce certain Acts or behaviour of the Executive branch unconstitutional. Ghana has demonstrated that it is possible for the judiciary to be independent in Africa.

31. Collated and analysed data in the CSAR indicate, however, that although the rule of law is a reality in Ghana, some sections of the populace are routinely denied access to

justice because they cannot afford legal representation. Due to a variety of factors, notably poverty, the judicial system in Ghana is inaccessible to the majority of the population. This is most evident among capital as well as other criminal offenders, who generally come from the poverty ranks. The high cost of justice in Ghana is serious cause for concern. CSOs have attempted to alleviate the situation by running legal aid facilities, but these are few and insufficiently funded.

32. The judiciary itself suffers from lack of adequate capacity to administer justice. Availability of office space and courtrooms is a major problem, both at the headquarters in Accra and countrywide. Each year, budgetary allocations have been insufficient to meet the growing infrastructure needs of the judiciary. This affects the easy flow of justice and ultimately compromises the rule of law.

#### **Promotion and protection of political rights**

33. Several provisions in the 1992 Constitution underscore the democratic rights of Ghanaians, and secure the independence of electoral mechanisms to ensure free and fair electoral processes. The Electoral Commission (EC) and the National Commission for Civic Education (NCCE) guarantee, promote and protect the fundamental constitutional rights of Ghanaians to participate in political and related activities. The judicial system is designed to protect these rights and offers opportunities for redress by aggrieved persons and groups whose rights are violated or infringed upon. Independent bodies to ensure electoral competition, good governance and accountability

34. Created in 1992, the independence of the EC is constitutionally guaranteed. The EC does, however, suffer from certain deficiencies in institutional capacity that have constrained the effective performance of its functions. These deficiencies include human and material resources, in particular the recruitment and retention of skilled and experienced staff; as well as timely release of budgetary allocations. The Commission also suffers from the general perception that it is partisan and in favour of the incumbent government. To the extent that the perception affects the EC's integrity, its efficiency and effectiveness are undermined.

35. The administration and conducting of free and fair elections, and a civic-minded citizenship are central to the democratic processes and the competition for power. The NCCE is constitutionally mandated to create and sustain within the Ghanaian society the awareness of the principles and objectives of the Constitution as the fundamental

law of the people of Ghana; and to educate and encourage the public to defend the Constitution. It is intended to promote and consolidate citizenship rights and entitlements, the democratic competitive principle for political power, and transparency and accountability in public life. It is also expected to formulate programmes for consideration by the government, aimed at realising the objectives of the Constitution. It should design, implement and monitor programmes for educating Ghanaians about their citizenship entitlements and responsibilities.

36. Established in 1993 by an Act of Parliament, the Commission for Human Rights and Administrative Justice (CHRAJ) has the mandate to: (a) investigate and take remedial action, or make appropriate recommendations on complaints of alleged corruption, abuse of public power and human rights violations; (b) to promote public knowledge and awareness of human rights; and (c) to enforce the provisions of Chapter 24 of the Constitution on the Code of Conduct for public officials. As critical as the CHRAJ is in the promotion of good governance and accountability in Ghana, its pronouncements have not always been respected by the government. At times, the government has also attempted to influence or manipulate its work.

### **The situation of women**

37. Few women hold key decision-making positions in the economic, political and social life of Ghana, and they encounter serious problems in and hindrances to their involvement in politics and in public political life. Currently, only nineteen of the 200 MPs are women. The Affirmative Action Policy of 1998 stipulated a 40% representation of women at all levels of governance, on public boards, commissions, councils, committees, the Cabinet and Council of State. The fact that this goal has largely not been achieved is attributed to lack of political will or commitment to gender equality by the political class. It is also attributed to the lack of clear affirmative action policies by most constitutionally created bodies and their failure to mainstream gender deliberately and systematically in their operations.

### **ii. Findings of the CRM**

#### **Political competition**

38. The general view across the political spectrum and in various sectors of Ghana's public life is that competition for political power is robust and open, yet fractious and

explosive especially before, during and after elections. Stakeholders are particularly pleased about the orderly succession from one party and President to another through the peaceful and internationally acknowledged free and fair elections held since 1992.

39. A number of problems are, however, likely to diminish the competitiveness and sustainability of democratic politics. There is concern about the inadequacy of resources, notably the human, financial and logistic capacity of the Electoral Commission, and particularly the sustainability of its donor-dependent budget. Another concern is the lack of internal democracy within the parties and its potential long-term effect in weakening democracy in the country. The matter of low representation of women in politics and what this portends for participation and representation in politics has been raised. Some stakeholders are dissatisfied with the ethnic voting pattern that seems to be emerging in national elections.

### **Decentralisation**

40. Stakeholders generally agree that decentralisation is not working as it should. At various meetings countrywide, they have made it clear to the CRM that real power (be it administrative, financial or political) should be delegated and extended from the centre to the decentralised structures at the regional, metropolitan, municipal and district levels. This would make for more accountable, participatory and transparent political governance, financial management and socio-economic development at those critical, grassroots levels. Several stakeholders have expressed their preference for elected District Chief Executives and District Assemblies.

### **Security forces and the rule of law**

41. Members of the security and uniformed services among the stakeholders have admitted that human rights abuses and violations are committed by these forces. They insist, however, that the situation is being rectified and is changing, and that human rights education has been incorporated into their curriculum.

### **Iii. Recommendations**

42. The Panel recommends that the Government of Ghana:  
? Make provision in the electoral law for the continuous registration of voters as and when the need arises, to ensure citizenship electoral entitlements.

? Provide adequate funding to governance institutions to continue educating the public on their citizenship entitlements and responsibilities, thus empowering them to vote knowledgeably and responsibly.

? Consider the adoption of an appropriate plan to facilitate the transfer of administrative and financial power to the decentralised bodies.

? Consider the merits of making all positions in District Assemblies elective, and act accordingly and promptly.

? Adopt an affirmative action for women and youth in organs of the decentralised system of governance, with clearly specified quotas and time-frames.

? Lift the ban on political party activity in decentralised systems, including political party campaigns on the basis of party affiliations.

### **Objective 3: Promote and protect economic, social, cultural, civil and political rights, as enshrined in all African and international human rights instruments**

#### **i. Self-assessment**

43. In providing a firm and solid constitutional framework for promoting respect for human rights by all Ghanaians and preventing abuses by the State, the 1992 Constitution has been a refreshing improvement on previous constitutions of the country. Chapter 5 of the Constitution provides not only for traditional civil and political rights, but also for social and economic rights. Due to the liberal constitutional provisions, there has been a blossoming of CSOs and NGOs, and a very vibrant, active civil society in Ghana has emerged. Ghanaians have made impressive gains in: (a) redressing the legacy of human rights abuses under military rule; (b) enhancing rule of law and constitutionalism; (c) fostering accountability; and (d) promoting grassroots participation in the development and democratisation processes. In this regard, the work of the CHRAJ has been outstanding. It has taken action to address abuse and violations of human rights committed by the State and its officials, and also those arising from cultural practices, like trokosi (the perpetual enslavement of virgins in south-eastern Ghana), female circumcision and penal colonies for alleged witches.

#### **Legal provisions recognising and guaranteeing human rights**

44. Constitutional provisions exist for the promotion and protection of the following categories of human rights: civil and political rights; and economic, social and cultural rights. Among the civil and political rights enshrined in the 1992 Constitution, are: the



right to life, the right to liberty and security of the person, the right to human dignity, the right to equality and freedom from discrimination, the rights of accused, arrested and detained persons, the right to free speech and expression, the rights of political participation, the rights of free association and assembly, the rights to access to information, and religious and cultural freedom. These rights are not absolute, however, and conditions for deviating from them, usually for reasons of State, are also stipulated in the Constitution. There was little evidence of direct human rights violations over the five-year period of 1999 to 2004.

### **Economic, social and cultural rights**

45. Other constitutional provisions also promote the economic, social and cultural rights of Ghanaians. Among these are: (a) the right to security and privacy of personal property (although this right is constrained by problems related to compulsory acquisition by the State); (b) the right to education, including such elements as free and compulsory basic education, the general availability of and access to secondary education, and accessibility to higher education on the basis of capacity; (c) the right to health, concretely manifested by the introduction of the National Health Insurance Scheme in 2003, enabling Ghanaians to obtain free basic health at the point of delivery; (d) the right to employment and the Labour Act of 2003; and (e) the right to basic utilities.

46. Survey data in the CSAR indicates that a majority of the elite and household respondents are satisfied with the steps taken to protect civil and political rights in Ghana. There are concerns that economic rights are virtually non-existent.

## **ii. Findings of the CRM**

### *Civil and political rights*

47. Stakeholders generally believe that the protection of human rights is possibly Ghana's most spectacular success since the return to democratic rule in 1992. It is a welcome and refreshing departure from the situation during the prolonged periods of military rule when violations of human rights, especially by the State and its agencies were common. Concrete steps in the form of institutions and agencies have been taken, and policies and programmes have been put in place to promote and protect constitutional provisions for civil and political rights, such as freedoms of expression,

including press freedom, association and assembly.

48. However, a great deal still needs to be done to improve and strengthen the human rights, particularly of marginal and vulnerable groups, like women, children and disabled persons. There has been a general impression from the various discussions that the Ghana Police and other security agencies have continued to violate and infringe on the human rights of citizens. Suspects have been detained or held in custody without trial indefinitely and, in some cases in the past, extra-judicial killings were carried out.

49. Stakeholders have expressed mixed views on institutions like the CHRAJ, established to enforce human rights. Some institutions, in particular the CHRAJ, have been carrying out their mandate diligently, proactively and vigorously, enabling indigent victims of human rights violations to access justice and seek redress. There is general agreement, however, that the CHRAJ suffers from several human, financial and logistical resource constraints.

50. It is felt that the bloated mandate of the CHRAJ, which includes the additional objectives of fighting corruption and ensuring administrative justice, has overstretched its limited capacity. During the stakeholders' meeting in Accra, the issue of the status of the CHRAJ's decisions was raised. Even though the High Court has acknowledged the legality of some of the decisions, uncertainty still hangs over their status and the enforceability of the awards made by the Commission.

### **Economic, social and cultural rights**

51. During the stakeholders' meeting in Accra and later in Kumasi, a number of participants raised the issue of environmental rights, stating the importance of preserving the environment. They pointed out that the 1992 Constitution does not expressly address the issue of environmental rights.

52. Several stakeholders addressed the issue of culture and cultural rights. While some view culture as a vital engine of democratic development, others see it merely as a cog in that development. It is felt that culture has been neglected in government priorities it has been said that when people are educated, they tend to forget their cultures. Other stakeholders condemn cultural practices, like the *trokosi*, which harm women and girls. Some chiefs at Ho have confirmed the occurrence of some of the discriminatory cultural practices against women, but maintain that these affect certain and not all communities

in their area.

53. While applauding the government's policy of free, compulsory and universal basic education, several stakeholders across the country in the regions visited complained about the high cost of education, including basic education, which renders education unavailable to many. For example, in some parts of the country the authorities allegedly charge US\$ 50 per child for tuition in a public school, in addition to other costs, which most parents cannot afford.

### **iii. Recommendations**

54. The Panel recommends that the Government of Ghana:

? Facilitate the enactment of the Access to Information Bill to deepen and entrench freedoms of expression and information in Ghanaian society.

? Excise the docket on labour matters from CHRAJ by assigning it to a Labour Tribunal that should be set up within reasonable time.

? Enhance the capacity of CHRAJ and other governance institutions to ensure their effectiveness in promoting and protecting human rights and freedoms.

? Adopt a policy clarification on the status of decisions and awards of CHRAJ in relation to the jurisdiction of the courts.

? Adopt a policy designed to enforce the international law of free and compulsory basic education.

? Facilitate reforms in the police and other security services, so as to position them more clearly with regard to complying with basic commitments on human rights.

? Adopt a self-binding plan to ratify all the international human rights treaties that Ghana has not yet ratified.

? Implement state-reporting obligations owing in various treaty bodies.

? Take measures in the Ministry of Justice to domesticate the applicable international human rights instruments.

? Release the findings of the Reconciliation Commission.

## **Objective 4: Uphold the separation of powers, including the protection of the independence of the judiciary and of an effective Parliament**

### **i. Self-assessment**

55. The tendency of the Executive to monopolise power has been evident universally

throughout the ages. In Africa, the Executive has historically been the most powerful governance institution, from the pre-colonial chieftaincy through the colonial period, and from one-party rule of the post-independence period to the democracy in recent times. While the need to check and balance the powers of the Executive and constrain its discretionary authority might appear to be obvious, it is no less urgent with regard to other institutions of governance. Checks and balances are essentially measures and mechanisms calculated to inhibit the tendencies for the excessive use of power. They regulate the exercise of discretionary authority of the institutions of governance within the constitutional provisions and political culture of a country. The entrenchment of the principle of separation of powers in a constitution provides the legal foundation for such checks and balances.

56. The principle of separation of powers is a central feature of the 1992 Constitution. Survey data results in the CSAR show that Ghanaian households have a popular and strong preference for the separation of powers.

57. There is a fusion of the Executive and Legislature in that the Constitution stipulates that the majority of Ministers of State must be sitting MPs. In contrast, the independence of the judiciary is restricted by the fact that there is no upper limit to the number of Justices of the Supreme Court that can be appointed. Nonetheless, the number of significant cases in which private individuals and entities, including minority parties, have prevailed against the government in court, demonstrate the exercise of judicial review by the Supreme Court.

58. The 1992 Constitution contains provisions that both promote and protect the independence of the legislature, particularly from the Executive branch. Article 71 protects the legislature from Executive influence and control by making the internal expenses of the legislature, including salaries of MPs and of the Speaker and other officers, a charge on the Consolidated Fund.

59. However, by giving the President the power to appoint as many MPs as Ministers, Article 78 potentially diminishes the independence of the legislature and its effectiveness in enforcing horizontal accountability. As Ministers, they are likely to be diverted from their legislative duties and be more mindful of the Executive's interests and agenda, as demanded by the principle of collective and ministerial responsibility.

60. Moreover, Article 108 does not grant Parliament the power to determine or influence

its own institutional budget. In effect, this means that Parliament can only reduce and not increase the allocations to a particular line item in the Executive branch budget proposal. Its own budget is thereby made subject to the item-by-item control of the Minister of Finance, and it has to appear occasionally before the Executive branch as a supplicant for funds. Parliament has nonetheless been trying to enforce the principle of Executive accountability to itself through its standing parliamentary committees.

## **ii. Findings of the CRM**

### **Independence of the judiciary**

61. Stakeholders generally feel that the Executive has, by and large, not interfered with the judiciary since the promulgation of the 1992 Constitution. The CRM's consultations however, pointed to a number of serious portents in some specific cases that challenge the country's good governance record. While the government has avoided interfering with judicial independence blatantly, more surreptitious methods of interference have occurred. For instance, in the so-called "poultry case" before the High Court of Ghana, the Poultry Farmers' Association took the government to court, challenging it on its failure to implement its own law introduced to raise tariffs for imported poultry products from 20% to 40%. The Association sought an order to have a mandamus designed to compel the government to implement the law.

62. After the Court granted the mandamus order and had fixed a date for the parties to agree on the mode of implementation, the government decided to fast-track a bill not by parliamentary fiat, but by suspending relevant standing orders that allowed it to repeal the law on an emergency basis. With the repeal of the Act, the Court order became otiose. A number of stakeholders feel that this amounts to interference with the judicial process and is a clear violation of the principle of separation of powers. It is therefore an affront to the rule of law and the independence of the judiciary.

### **Effective legislature**

63. During stakeholder meetings and, in particular, meetings with MPs in Accra, the point was repeatedly made that Parliament is neither effective nor independent of the Executive branch. Minority or opposition members of Parliament claim that, unlike the judiciary, Parliament is solely dependent on the Executive. The creation of the Ministry of Parliamentary Affairs is used as a case in point. Members of Parliament have pointed to the large number of MPs who are Cabinet and junior Ministers, 88 in all, as evidence

that Parliament is overwhelmingly made up of the Executive. Moreover, Parliamentary Committees are too weak to provide the much needed oversight and power to countervail Executive power.

### **iii. Recommendations**

64. The Panel recommends that the Government of Ghana:

- ? Revise the power of the President to establish ministries as and when the President so wishes, by subjecting this law to Parliamentary approval.
- ? Provide appropriate capacity to Parliamentary Committees enabling them to perform their functions efficiently in overseeing and providing effective checks and balances against the Executive, as stipulated in the Constitution.
- ? Review the desirability of the Ministry of Parliamentary Affairs, as it tends to blur the lines between the legislature and the Executive arms of government.
- ? Adopt a self-binding plan to implement the constitutional requirement for measures to achieve reasonable regional and gender balance in Parliament and Cabinet as part of the broader requirement.
- ? Adopt a self-regulating cycle designed to review and improve remuneration and conditions of service for MPs.
- ? Provide for additional Courts of Appeal in Kumasi and Tamale, to ease the pressure on the only Court of Appeal in the country.
- ? Continue with efforts to clear the backlog of cases, especially in the High Court and regional tribunals.
- ? Adopt a self-regulating mechanism to reduce by half the backlog each year for the next three years.

### **Objective 5: Ensure accountable, efficient and effective public office holders and civil servants**

#### **i. Self-assessment**

65. Accountability is the obligation to account for a responsibility that has been conferred. Those individuals and organisations charged with particular functions or the delivery of services or activities are therefore held responsible for them, and this responsibility is judged or measured in terms of clearly stipulated codes of conduct. Society is an intricate network of reciprocal and accountable relationships between people at various levels and for a variety of purposes. It is the cluster of these

relationships with acknowledged and validated codes of conduct that creates trust, compassion and social capital a conducive environment for promoting human development and alleviating poverty.

66. Legislation has been introduced to ensure accountability, transparency and efficiency in the civil service of Ghana. Principally, such legislation includes: (a) the 1993 Civil Service Law, which spells out the functions of the civil service; (b) the Financial Management Act, 2003, regulating the financial management of the public sector to ensure transparent and effective management of the revenues and expenditures of the State; (c) the Public Procurement Act, 2003, which aims to foster competition, efficiency, transparency and accountability in public procurements; and (d) the Internal Audit Agency, which coordinates, facilitates, monitors and supervises internal audit activities in ministries, departments, agencies and the metropolitan, municipal and district assemblies (MMDAs) to ensure and secure quality internal audits.

67. There have been several strategic measures and policies of the government in the area of public service reform. Among those highlighted in the CSAR are the:

- ? Public Sector Management Reform Programme (PSMRP), a World Bank-UK Department for International Development (DFID) project, designed to run through 2010 in three phases at a cost of US\$ 173 million;
- ? Civil Service Performance Improvement Programme (CSPIP), launched in 1995 to improve efficiency and effectiveness in the delivery of services and outputs in Ghana's central and local government institutions; and
- ? Public Financial Management Reform Programme (PUFMARP), designed in 1995 to bring about wide-ranging reform in public financial management, thereby improving macroeconomic stability, government revenue collection, and allocation of resources; and ensuring enhanced accountability and transparency in the use of public funds within the government.

68. There have also been various reviews of the ongoing public sector reform programmes carried out by the government, sometimes in partnership with donor agencies, to assess their success and map the way forward. These reviews have included the:

- ? Public Sector Management Reform Project (Mid-term Review, February-March 2001), which suggests the reform of public pay policy as a priority, since current salary levels constitute a major constraint on public sector reform;
- ? Reform of Pilot Subvented Agencies; and

- ? Public Sector Management Reform Project (Implementation Support Mission, October 2002).

### **ii. Findings of the CRM**

69. This objective was discussed mainly in Accra, but also in other parts of the country. Among the issues of concern is the rampant bureaucratic centralisation and red-tape, for instance the procedures for securing a licence to start a business, which many stakeholders feel hampers effectiveness and efficiency in the public service. Many hope that the ongoing PSMRP will address some of the obstacles to the emergence of an effective and efficient public service in the country.

70. Stakeholders agree that sexual harassment and issues of gender equality and gender mainstreaming in the public service constitute major problems that should be addressed urgently. The government needs to show the political will to pursue the issues vigorously and determinedly in the public service, instead of paying lip service and pursuing a policy of tokenism.

### **iii. Recommendations**

71. The Panel recommends that the Government of Ghana:

- ? Develop an enforceable code of conduct, including a declaration of assets and liabilities for public officials, making provision for petition and vigilance by members of the public.
- ? Adopt measures, both financial, legal, moral and ethical, to enable the public service to deliver more effectively and efficiently.
- ? Develop a deliberate policy aimed at mainstreaming gender in the public service and clarifying the status of “gender desks”.

## **Objective 6: Promote development and participation of civil society and the media**

### **i. Self-assessment**

72. Civil society organisations and the media play a very important role in the promotion of good governance. Acting as vigilant watchdogs for human rights and the abuse of authority by those in power, they ensure accountability, transparency,



credibility and legitimacy. As service providers for their members, they offer alternative sources of supply, as well as complementing the services provided by the public sector, thereby contributing to the alleviation of poverty. They also forge partnerships between people and governments, thus providing channels of communication and flows of information between governments and citizens.

## **ii. Findings of the CRM**

73. Civil society and the media have historically facilitated governance, sometimes by helping to resist oppressive rule and encouraging grassroots political participation. In recent years, they have worked together to challenge the legitimacy of government policies and to expand the political space in the country. There is, however, a limited presence of CSOs in rural areas. There also tends to be a duplication of CSO activities, with evidence of bureaucratisation of activities, and accountability and transparency problems in organisation and activities.

## **iii. Recommendations**

74. The Panel recommends the Ghana employ efforts to:

- ? Promote a better understanding between the government and the media, clarifying their respective roles in the promotion of good governance and human development.
- ? Support the training of professional investigative journalism.
- ? Advocate the promotion of democracy within the CSOs and community-based organisations to ensure accountability to stakeholders and membership.

## **Objective 7: Fight corruption in the public sphere**

### **i. Self-assessment**

75. Corruption is one of the consequences of bad governance. Pervasive and rampant corruption has distorted the economies of many African countries, as scarce resources are diverted from supporting economic growth and providing essential social services to service debt repayments accumulated by authoritarian and dictatorial regimes, corrupt politicians and bureaucrats. It is the poor who pay the high price of corruption they are denied basic social services and have no resources to pay bribes to corrupt public servants.

76. Corruption remains a major governance problem. The Ghana Governance and Corruption Survey of the Centre for Democracy and Development found that 75% of the households surveyed regarded corruption as a serious national problem; 80% felt it had worsened over the previous years; 82% of public officials thought corruption was more prevalent in 2000 than in the previous three years; 59% of households saw corruption as a major problem in the private sector; and 86% saw it as a major problem in the public sector. Of the causes of corruption, 80% of the public officers surveyed attributed the leading cause to low salaries. Bad internal management practices were also cited as a cause of corruption.

77. The government has taken various measures to combat corruption, including:

- ? The introduction and stern application of criminal law;
- ? Civic education;
- ? Strident sermonising and purification, particularly by religious groups;
- ? Promotion of a National Integrity System, initiated by the CHRAJ, resulting in the Ghana Integrity Initiative as a local chapter of Transparency International, and the creation of the Ghana Anti-Corruption Coalition with an action plan to combat corruption, which has been integrated into the GPRS; and
- ? The Declaration of Zero Tolerance for Corruption in January 2001 by the President.

78. In addition, the government has taken various legal and institutional measures, notably the CHRAJ, created by Parliament in 1993. In addition to other functions, it is mandated to investigate all instances of alleged or suspected corruption and the misappropriation of public monies by public officials. The Serious Fraud Office (SFO) was established in 1993 to monitor, investigate and, with the consent of the Attorney-General, prosecute criminal offences involving financial or economic loss to the state. The Office of Accountability was created in 2003 as an internal corrective body under the Presidency, to which all presidential appointees are subject.

79. Although the CHRAJ and the SFO have recorded successes in the fight against corruption, it is noteworthy that both institutions are constrained by inadequate capacity human and material resources, organisational, logistics and infrastructure. Serious concerns have been raised: (a) about the powers of the SFO's Executive Director to restrict the movements and freeze the assets and bank accounts of those accused of fraud; and (b) about the inquisition-like power of the SFO to buy incriminating evidence to use against them.

## **ii. Findings of the CRM**

80. Participants at the various stakeholders' consultations complained about the high degree of corruption in Ghana's public sphere, at both the national and regional levels. In Ho and Cape Coast, stakeholders generally felt that corruption is rampant in decentralised organs of government, such as the MMDAs. Participants in Wa generally feel that unless one has contacts in Accra, one will not be attended to.

81. The prevalence and persistence of corruption in the country has prompted a combined group of state and non-state organisations to form an Anti-Corruption Coalition. But, as was pointed out in the CRM discussions, a problem with lingering corruption in the country is the absence of comprehensive legislation on the issue, with corruption being dealt with in various disparate statutes.

82. In terms of the Criminal Code, corruption is a misdemeanour. CHRAJ, which is occupied with human rights violations, especially the large number of labour-related cases, is additionally responsible for investigating and enforcing sanctions against corruption. The SFO is a more recent creation, set up primarily to deal with much more serious offences of corruption and related financial and economic crimes that result in serious losses of state resources. Consultations by the CRM have revealed serious deficiencies, such as the absence of a Board and substantive Chief Executive in the institutional structure of the SFO.

83. Some stakeholders pointed out that a clear institutional dualism or gap needs to be closed in the fight against corruption. Some would see the enactment of a law setting up an organisation that is solely responsible, and has exclusive and expanded powers and functions for fighting corruption. It has been suggested that the SFO could be such an organisation.

## **iii. Recommendations**

84. The Panel recommends that the Government of Ghana:

- ? Implement recommendations of anti-corruption bodies for the government to enact a comprehensive legislation against corruption.
- ? Establish a central organ within the government but independent of it, conferred with exclusive jurisdiction to fight corruption.
- ? Increase budgetary allocations to programmes and activities for disseminating

information and educating the public on the evils of corruption.

- ? Re-establish SFO authority by appointing a Board and Executive Director
- ? Enact the Whistle-Blowers' Bill.

### **Objective 8: Promote and protect of the rights of women**

#### **i. Self-assessment**

85. More than half the Ghanaian population is female. Good governance demands that all people, both men and women, be involved in the development and democratic processes.

#### **Measures to promote and protect the rights of women**

86. Article 17 of the 1992 Constitution bans discrimination against men and women and provides that all persons be seen as equal before the law. The Criminal Code in Ghana criminalises rape, defilement, incest, abduction and forced marriage. The realisation that the code inadequately criminalises domestic violence led the Law Reform Commission in 1999 to recommend proposals for legislation against domestic violence. This resulted in the Domestic Violence Bill. Domestic violence continues to be one of the more common human rights abuses in Ghana. Research conducted by the Gender Centre in 1999 shows that over 90% of the victims of domestic violence are women and children, with one in three women in the country having been physically abused by an intimate partner. Other common forms of violence against women are sexual harassment at home and the workplace, and female circumcision. Legal foundations for gender mainstreaming policies and programmes in Ghana are lodged in the Directive Principles of State Policy, and Chapter 5 on Fundamental Human Rights in the 1992 Constitution. Many of these policies and programmes also have their roots in regional and international standards and codes, as the CSAR has amply illustrated.

#### **Right to political participation**

87. There are no specific laws in Ghana on the political rights and participation of women, although Article 9 of the African Charter's protocol obliges State parties to ensure equal participation of women in political life through affirmative action and enabling legislation. Protection of family and marriage and the right to citizenship.

88. There are three types of marriage in Ghana: the Islamic Ordinance, the Marriage

Ordinance, and the Registration of Customary Marriages Law. The Matrimonial Causes Act regulates the dissolution of marriages, and the 1998 Children's Act criminalises forced marriage. It also fixes the minimum age of marriage at eighteen years. With respect to citizenship rights, Ghana's nationality law has been amended to allow foreigners married to Ghanaians to apply for and acquire Ghanaian citizenship. Ghanaian women married to foreigners can confer citizenship to their spouses. Abduction of girls for marriage is still prevalent, especially in the northern regions, and registration of marriages is not yet fully applicable or acceptable as a necessary requirement.

### **Affirmative action**

89. Article 35(6) (b) of the 1992 Constitution provides that the State takes appropriate measures to achieve reasonable gender and regional balance in recruitment and appointment to public office. The government introduced an Affirmative Action Policy in 1998, which includes the directives that 50% of government appointees to District Assemblies should be women and 20% of the District Assembly Common Fund should be spent on poverty programmes that target women.

### **Rights of the disabled, aged and other vulnerable women**

90. Article 29 of the 1992 Constitution guarantees the rights of people with disabilities in general, and a directive principle of State policy enjoins the State to promote all other basic human rights and freedoms, including those of the disabled, the aged, children and other vulnerable groups. Women with disabilities are nevertheless among the most vulnerable groups in Ghana, and widows are often subjected to harmful widowhood rites which, though criminalised, are still being practised.

### **Right to education**

91. There are no specific laws guaranteeing women's right to education. There is, however, a disparity between the number of boys and girls enrolled in basic education, with the number of boys being substantially higher than that of girls. The CSAR notes that the 2000 Housing Census Population recorded that 54.3% of females who are 15 years and above have never been to school, or are illiterate. This disparity is attributed to various cultural and socio-economic factors, such as parents' attitudes to education; child labour; mothers' attainment in education; and sexual harassment of girls. To rectify the situation, the government has initiated programmes like the Skills Training

and Entrepreneurship Programme (STEP) to provide skill training to out-of-school employed youth. The Ghana Functional Literacy Training Programme provides literacy for school dropouts and illiterates. Both programmes offer opportunities for women to acquire vocational skills and literacy.

### **Right to property**

92. Article 22 of the 1992 Constitution provides that: (a) a spouse shall not be deprived of reasonable provisions of the estate of a spouse, whether or not the spouse died intestate; (b) spouses have equal access to property jointly acquired during marriage; and (c) assets jointly acquired during marriage shall be distributed equitably between the spouses upon the dissolution of the marriage. Parliament has yet to pass a law regulating the property rights of spouses, twelve years after the promulgation of the Constitution.

### **ii. Findings of the CRM**

93. Stakeholders agree that the 1992 Constitution provides specific guarantees for the rights of women and that government policy, particularly that on affirmative action, will ensure the promotion and protection of these rights. However, many feel that the status of women in Ghana leaves much to be desired and requires urgent attention. The political class needs an exemplary political will to deal with the primarily cultural impediments to the promotion and protection of women's rights.

94. Stakeholders condemn domestic violence against women. Immediate and urgent legislation is needed to criminalise this major assault on the rights of women. Stakeholders are disappointed that an attempt in this regard, in the form of the Domestic Violence Bill, has come up against much opposition, principally on account of the clause that seeks to criminalise “spousal rape”.

95. Although Ghana has ratified several conventions and covenants on women's rights, some instruments concerning women's rights are awaiting ratification. For example, the Protocol to the African Charter on Human and Peoples' Rights on Women's Rights, and the UN Protocol against Trafficking in Human Persons especially Women and Children, are still on the drawing board at the Ministries of Justice and Foreign Affairs. They are undergoing processing for ratification, which is long overdue, and it is unclear what is causing the delay.

### iii. Recommendations

96. The Panel recommends that the Government of Ghana:

- ? Adopt a binding time-frame within which to ratify the 2003 AU Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa.
- ? Take additional measures to enforce the law against abusers of women's rights.
- ? Speed up efforts to enact the Domestic Violence Bill. To this end, organise a stakeholders' meeting or conference to discuss contentious issues around the Domestic Violence Bill, with a view to preparing it for introduction to the legislature for possible enactment.
- ? Increase budgetary allocations to the Ministry of Women and Children's Affairs (MWCA) and other institutions dealing with the protection of women's rights.
- ? Adopt a programme within the Ministry of Justice to domesticate the CEDAW and endow it with legal force of law.
- ? MWCA is to initiate a policy framework to be implemented over an agreed reasonable time-frame, designed to bind the government and all political parties to adopt a 40% quota for women in all spheres of public society (Parliament, Cabinet, public service, etc.), as indicated by Ghana to the UN Secretary-General.

### Objective 9: Promote and protect the rights of children

#### i. Self-assessment

97. Our children are the building blocks of future societies. If they receive the proper education, development, protection and identity, and have a say in matters that affect their lives and their prospects for a future livelihood the basic provisions of the UN Convention on the Rights of the Child, 1998 children will be important assets in the promotion and sustainability of the NEPAD vision. The prospects of a future of peace and prosperity (good governance), or of violent conflicts and poverty (bad governance), will largely depend on how children are treated today.

#### Legislation and measures to promote and protect the rights of children

98. Ghana was the first country in the world to ratify the UN Convention on the Rights of the Child, in addition to being a State party to a number of related regional,

continental and international treaties. It has made great strides in creating a national environment conducive to the promotion and protection of these rights.

99. The 1992 Constitution contains provisions for promoting and protecting the fundamental rights of children, and the CHRAJ is responsible for protecting these rights. The Child Law Reform Advisory Committee was established by the government in 1995. In reviewing the extent and impact of existing laws for protecting the rights of children, the Committee made far-reaching recommendations, which resulted in the following legislation:

(a) Criminal Code (Amendment) Act of 1998, conforming the 1960 Criminal Code to the UN Convention on the Rights of the Child; (b) Children's Act of 1998, to advance "the best interests of the child", by defining the rights of children to having care and protection, the duties of parents and processes for adjudicating disputes involving children; (c) Legislative Instrument 1705 of 2002, giving practical effect to children's rights codified in the Children's Act; and (d) Juvenile Justice Act of 2003, granting specific additional rights, protection and corrective opportunities to children accused or convicted of crimes.

100. The Government of Ghana has undertaken a series of reforms, procedures and processes to implement the Convention of the Rights of the Child, such as the establishment of the:

- ? Ghana National Commission on Children (GNCC) as the main coordinating body for the Convention on the Rights of the Child, awareness-raising and implementation process;
- ? Women and Juveniles Unit of the Ghana Police Force in 1998 to prevent, protect, investigate and prosecute crimes against women and children;
- ? Girls' Education Unit within the Basic Education Division of the Ghana Education Services, to increase the participation of girls in the formal education system;
- ? Responsibility of the Department of Social Welfare of the Ministry of Manpower Development, Youth and Employment for child welfare services nationwide; and
- ? Early Childhood Care and Development Policy to promote a good start in life for children.

101. The government has also legislated and implemented policy measures to conform



to regional, continental and international standards and codes in the following areas: health and welfare, child education, custody and guardianship, the right to information aiming at promoting social, spiritual, physical and mental well-being, child slavery, child labour, child prostitution and child pornography. Since 1997, Ghana has submitted annual reports to the UN Committee on Children's Rights, detailing legal and administrative reforms carried out to conform to the Convention on the Rights of the Child.

**Comments and perceptions on the rights of the child**

102. The views of the general public on this issue are reflected in the publication, Comments on the Dissemination of Ghana's Report to the United Nations Committee on Children's Rights. It is felt that, while considerable progress has been made in the education, health and welfare of children, infringement on and violation of their rights are still prevalent. The report makes recommendations concerning registration of birth, publicising the Convention on the Rights of the Child, child labour, cultural practices infringing on or detracting from the rights of the child, and teenage pregnancy. The 1997 NGOs' Complementary Notes on the Ghana Report to the UN Committee on Children's Rights identifies gaps in the implementation process, including the fact that the Ghana National Commission on Children is lacking in authority to enforce the provisions of the law.

**ii. Findings of the CRM**

103. There are complaints about the negative impact of modernisation on children, in its cumulative impact of eroding or violating their right to innocence.

104. Stakeholders pointed out that practices such as human trafficking, forced labour, slavery and prostitution seriously detract from and violate the human rights of children. Ghana is a party to the UN Convention on the Rights of the Child and has enacted the Children's Act in line with the constitutional protection and promotion of the dignity of children. However, consultations by the CRM revealed that Ghana has not ratified the two UN protocols on sexual exploitation of children and on child involvement in armed forces, nor the Convention on Human Trafficking.

**iii. Recommendations**

105. The Panel recommends that the Government of Ghana:

- ? Adopt the UN Protocol against Human Trafficking in Women and Children.

- ? Review the Children's Act to mirror more closely international standards on the rights of the child.
- ? Adopt a binding time-frame within which to accede or ratify to UN instruments on the rights of the child.
- ? Convert the GNCC into an independent autonomous organ within the government, separately from the Ministry of Women and Children's Affairs.
- ? Increase budgetary allocations to institutions dealing with the promotion and protection of children's rights.
- ? The MWCA is to consider recommending a policy instrument on behalf of the government for possible representation of the youth in the Legislature. This could be rationalised on the grounds of affirmative action of the youth constituency in Ghana.

### **Objective 10: Promote and protect the rights of vulnerable groups**

#### **i. Self-assessment**

106. Vulnerable groups refer to ethnic minorities, refugees, migrant workers, the aged, disabled persons, people with HIV/Aids and children orphaned by HIV/Aids. In addition to the various provisions of the 1992 Constitution and government policies, there are also programmes relevant to the promotion and protection of the rights of these vulnerable groups, and in conformity to Ghana's obligations under the relevant regional, continental and international standards and codes.

107. According to the survey data, almost all elite respondents believe that the relevant institutions to facilitate the rights of the vulnerable groups in Ghana have been established. A majority of the respondents maintain, however, that the institutions are incapacitated in their functions by resource constraints human, financial and logistical. On the other hand, more than half the elite respondents believe that NGOs focused on vulnerable groups receive sufficient resources from international donor agencies, although they also feel that the activities of these NGOs are not commensurate with the resources received.

#### **ii. Findings of the CRM**

108. Ghana hosts scores of refugees from neighbouring countries, and the UN High Commissioner for Refugees uses Ghana as a centre for screening refugees in preparation

for settlement in other countries. Although there is no explicit clause in the 1992 Constitution on refugee rights, the statutory principles are based on international standards. For example, the international law principle of refoulment is an integral part of Ghana's internal legal heritage. Ghana's Refugee Act, therefore, closely mirrors universal standards. For this reason, and given the absence of a formal civil or international war, the country has become a haven of peace and security for the thousands of people fearing for their lives in their countries of origin.

109. In fashioning its statutes after international treaties, Ghana has not only looked to the UN Conventions as models but also, more importantly, to the 1969 OAU Convention on Refugees. As the OAU Convention radically differs from global standards, Ghana has encapsulated the two radically different conceptions, fashioning a comprehensive law on refugees, compared with that of other jurisdictions. Ghana, like most African countries, harbours several hundreds of thousands of internally displaced people.

110. Some stakeholders would like to see the problem of disabled persons and issues of disability mainstreamed and prioritised on the policy agenda, as part of the political governance policy agenda.

### **iii. Recommendations**

111. The Panel recommends the following:

- ? That the international community should assist Ghana with necessary support in coping with the demands of the refugee population, especially women and children.
- ? Ghana is to review its internal capacities and constraints, both technical and practical, to cater for the rights and needs of internally displaced peoples.



# 3

## ECONOMIC GOVERNANCE AND MANAGEMENT

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*“... to promote market efficiency, to control wasteful spending, to consolidate democracy, and to encourage private financial flows all of which are official aspects of the quest to reduce poverty and enhance sustainable development.”*

Declaration on Democracy, Political, Economic and Corporate Governance, paragraph 18

### 3.1 Overview

1. On attaining political independence in 1958, Ghana's economic policies were geared towards the development of infrastructure and the provision of social services. The most successful venture during this period was the Volta River Project, with its hydro-electric power scheme and the new town of Temba.

2. From 1966 onwards, various ambitious plans for restructuring the economy and developing local manufacturing capacity met with little success. Ghana's economy, including the country's balance of payments, remained anchored to only a few products (cocoa, gold and timber). These were mainly exported to earn foreign exchange to be used for importing basic essential consumer goods. These efforts to restructure the economy were, however, hampered by political instability, excessive government intervention in the economy, balance of payments constraints and an untenable foreign debt position.

3. A period of serious economic decline followed throughout the 1970s and early 1980s. Ghana initiated a comprehensive Economic Recovery Programme (ERP) in 1983. This programme embraced macroeconomic, structural (including public sector) reform, and was supported by resources from the International Monetary Fund (IMF), the World Bank, the African Development Bank (AfDB) and other donors. Macroeconomic and structural policies under the ERP included:

- ? Strengthening of the foreign exchange system and external trade liberalisation;
- ? Various initiatives to diversify exports;
- ? Privatisation of some state enterprises and improvement in the management of others;
- ? Concerted fiscal reforms to control the Wage Bill, improve the management of other public sector expenditures, reform the tax system and improve tax administration, with a view to reducing budget deficits as a proportion of gross

domestic product (GDP);

- ? Restructuring the financing of fiscal deficits to reduce their inflationary impact;
- and
- ? Improving monetary management.

4. As is evident from these policy objectives, the ERP placed some emphasis on the need for stabilising the macroeconomic situation.

5. By 1990-1991, Ghana had achieved some success in attaining macroeconomic stability and recovery in economic growth. Its GDP growth rate had reached 4.3%, compared with the negative growth rates of 1980-1983. Inflation had declined to 18% in 1991, compared with an average of 78% between 1980 and 1983. Moreover, the foreign exchange market had been unified and liberalised. Export diversification and fiscal management were, however, less successful.

6. After the 1996 parliamentary elections, little progress was made with the economic reform agenda and the economy drifted into yet another crisis. By 1997, the authorities had come to recognise the need for renewed commitment to addressing the sources of macroeconomic instability. Ghana then entered into an Enhanced Structural Adjustment Facility with the IMF. The objective was to create an environment that would eliminate fiscal instability, encourage investment and growth, increase the efficiency of the financial sector, address social issues and encourage the development of the private sector. Poverty reduction, via enhanced economic growth and directed policies, became the major motivation in policy-making. In 1999, real economic well-being was compromised by a large drop in world cocoa prices, relaxation in fiscal discipline and a weak monetary stance. This situation, among other things, led to a sharp rise in domestic prices and a depreciation of the cedi. Election-induced spending in 2000 only served to aggravate inflationary pressures.

7. In January 2001, the President expressed his determination to rein in the forces behind macroeconomic instability. Policies would be introduced to enable the country “to attain the important milestone of US\$ 1000 per capita income in the shortest possible time”. The government aimed at alleviating its debt burden and strengthening public expenditure management and control. In March 2001, it announced its decision to join the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative. Ghana reached the Decision Point in February 2002 and the Completion Point in July 2004. In addition, monetary accommodation of the budget deficit had diminished since 2001.

8. Successful transformation of the productive structure of the economy has remained elusive. Broadly speaking, there has not been much success in raising agricultural productivity and advancing general industrialisation of the economy. Despite great success in tax reform efforts since 1983, firm control over the budget remains to be achieved. This is due, in large part, to difficulties in containing major expenditure items such as the Wage Bill and interest payments on public debt. Moreover, fiscal management is complicated by uncertainties of budget support flows resulting from Ghana's high net dependence on aid. In 2002, the authorities introduced the multi-donor budget support (MDBS) mechanism. It operationalises arrangements with Ghana's development partners to harmonise and simplify procedures of external flows to the budget. The early success of the new mechanism could be seen from the full disbursement of commitments in 2004.

9. Following the elections in 2000, the new government initially had to focus on restoring macroeconomic stability. Early progress was, however, followed by serious fiscal and quasi-fiscal slippages in 2002. These slippages prevented the completion of the final review of the programme supported by the Poverty Reduction and Growth Facility (PRGF). In late 2002 and early 2003, the government redoubled its reform efforts, implementing a plethora of measures to improve the fiscal situation, including a significant rise in petroleum prices at the pump and adjustments in automatic electricity and water tariffs. On the strength of the reforms undertaken and the economic programme of the authorities, the IMF approved a second PRGF arrangement on 12 May 2003.

10. In February 2003, the government issued the Ghana Poverty Reduction Strategy (GPRS) Paper for 2003-2005. Over the past few years, the GPRS has served as the foundation for the macroeconomic and socio-economic programmes implemented in the country. The government summarised its objectives with the GPRS2 as follows:

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

- ? Ensuring sound economic management for accelerated growth;
- ? Increasing production and promoting sustainable livelihoods;

The government informed the Country Review Mission that a revised version of the GPRS was in progress and would be finalised by mid-2005. The revisions would, inter

alia, incorporate as far as possible the major objectives of the AU and the APRM.

- ? [Providing] direct support for human development and the provision of basic services;
- ? Providing special programmes in support of the vulnerable and excluded;
- ? Ensuring good governance and increased capacity of the public sector; and
- ? [Seeking] the active involvement of the private sector as the main engine of growth and partner in nation building.”

11. Ghana's annual real GDP growth rates have exceeded 4% since 2000. The economy remains relatively weak, however. It is highly vulnerable to external shocks from the world economy and from sub-regional political instability due to factors originating in neighbouring countries.

12. Following on the relative successes in recent years in pursuing the objectives of macroeconomic stabilisation, the authorities have identified these priorities for their development strategy:

- ? Human resource development through education and improved health service delivery, and other related services;
- ? Private sector development, envisaging success in agriculture based on human development, and the improvement of infrastructure by the government in partnership with the private sector; and
- ? Good governance.

13. The remainder of this chapter appraises Ghana's position with respect to the APRM standards and codes. It discusses the progress and challenges in achieving five key general objectives of the APRM Questionnaire:

- ? Promoting macroeconomic policies that support sustainable development;
- ? Implementing transparent, predictable and credible government economic policies;
- ? Promoting sound public financial management;
- ? Fighting corruption and money laundering; and
- ? Accelerating regional cooperation and integration.

14. The discussion of each objective starts with a brief summary of Ghana's self-



assessment in the area of economic governance and management. This is followed by a summary of the discussions the Country Review Mission (CRM) had with stakeholders both at the national and regional levels (Ghanaian authorities, civil society, labour and the private business community). The issues discussed were motivated by the background and Country Self-Assessment Report (CSAR), and are followed by the main findings of the CRM. There are a number of areas in policy-making where resolute action by the authorities will greatly improve governance. Each objective thus ends with Panel recommendations on the governance issues that arose in the background review, CSAR, CRM discussions and the Programme of Action.

15. It is instructive to state at the onset that the CRM did not analyse or assess the country's current macroeconomic policies in any detail. The APRM assessment is primarily about the quality of governance, and the appropriateness of overall policies for attaining the longer-term objectives of NEPAD. In the short term, the mix between fiscal, monetary, trade and labour policies can be expected to be influenced by developments in the domestic business cycle, temporary domestic disruptions and international developments. The CRM acquiesced with the following judgment of the Centre for Policy Studies (the Technical Institute appointed by Ghana's National APRM Governing Council for the economic self-assessment exercise):

*“Sound macroeconomic policies involve a delicate mix of monetary, fiscal and exchange rate policies to achieve macroeconomic stability as a necessary condition for growth and development. To be sustainable, it must also induce a reasonable level of supply response. On average, the combination of macroeconomic policies in Ghana may be described as technically correct in terms of the assignment of instruments to targets, except for 1999 and 2000, when the adverse terms of trade were perceived as temporary and a wrong combination of policies was used.” (paragraph 227)*

16. At the end of this report, in Chapter six, there is a section dealing with certain cross-cutting problems that are relevant to each of the four thematic areas of the APRM review. These include issues such as: the need for improving the capacity and quality of governance, the gender discrimination problem and, in the case of Ghana, the problem of landownership.

17. The Panel is of the opinion that the recommendations made here, if pursued by the authorities, will improve governance, both in actual practice and in the perception of individuals, organisations of civil society and private businesses in Ghana.

## **3.2 Implementation of standards and codes**

### **i. Self-assessment**

18. Ghana has made significant strides in implementing best practices in a number of areas of economic management, particularly institutional and structural aspects of the macroeconomy. The aim has been to improve fiscal transparency, budgetary processes and corporate governance. The country has also adopted various internationally accepted standards and codes, or plans to do so in the near future. As a consequence, laws have been passed and various practices reformed or adopted as necessary.

Table

3.1 lists the status of implementation of various standards and codes.

### **ii. Findings of the CRM**

19. The authorities reiterated the views already expressed in the CSAR. They stressed that Ghana had made great strides in implementing best practices in a number of areas of economic management. These are related especially to institutional and structural aspects of the macro economy. The country has already adopted several internationally accepted standards and codes, or plans to do so in the near future.

<b>Table 3.1: Ratified standards and codes in economic governance and management Standards and codes</b>	<b>Date of signature</b>	<b>Status – date of ratification or adoption</b>	<b>Implementing institutions</b>
NEPAD Framework Document (2001)		March 2003	Parliament, Ministry of Regional Cooperation and NEPAD
Constitutive Act of the African Union (2000)	12/07/2000	11/05/2001	Ministry of Foreign Affairs
Code of Good Practices on Fiscal Transparency*			Ministry of Finance and Economic Planning
Guidelines for Public Debt Management*			Bank of Ghana, Ministry of Finance and Economic Planning
International Standards in Auditing*			Audit Service
International Accounting Standards*			Controller and Accountant–General’s Department
Code of Good Practices on Transparency in Monetary and Financial Affairs*			Bank of Ghana, Ministry of Finance and Economic Planning
Core Principles for Systemically Important Payment Systems* [Principles for Payment Systems (Act passed)]	31/12/2003	11/12/2003	Bank of Ghana
Core Principles for Security and Insurance Supervision and Regulations*		Sept. 1997	National Insurance Commission
Core Principles for Effective Banking Supervision			Bank of Ghana

African Union Conventions on Preventing and Combating Corruption	31/10/2003		Ministry of Interior, Ministry of Justice and Attorney General
Abuja Treaty establishing the African Economic Community (1991)	03/06/1991	25/09/1991	Ministry of Finance and Economic Planning, Ministry of Trade and Industry
Best Practices for Budget Transparency*			Ministry of Finance and Economic Planning
Principles of Corporate Governance (international and national)*			

20. Some standards and codes require explicit signature and ratification for their implementation. Others, such as those relating to accounting, banking supervision and payment systems, require important institutional and organisational arrangements, procedures and practices, but no signatures or formal ratification. In the latter cases, compliance may be vetted by international organisations such as the IMF, World Bank or the Bank for International Settlements. This is typically part of a peer review process to alert a country if it has missed some important element of compliance. Such compliance is usually in the interests of the country, because economic management is thereby improved. In addition, other participants in international (particularly financial) markets may refrain from cooperating with firms and governments of countries that fall short of certain minimum standards.

### iii. Recommendations

21. The Panel recommends the Government of Ghana to:

- ? Regard the implementation of all standards and codes with a high degree of importance, whether or not they require explicit signatures and ratification. (In this regard, the Panel recognises that almost all of those standards and codes that do not require ratification and signatures have influenced recently enacted Acts of Parliament see Table 3.1.)
- ? Ensure that organisational arrangements are in place to guarantee that the laws are fully implemented.

### 3.3 Assessment of the performance of APRM objectives

#### Objective 1: Promote macroeconomic policies to support sustainable development

##### i. Self-assessment

22. The CSAR stresses that weak internal capacity and heavy reliance on external resources for financing government development expenditure have impelled Ghana to accept IMF and World Bank guidance in macroeconomic programming in general. Input from the Bank of Ghana has also been important. Even bilateral donors are ranked above local research institutes, private sector institutions and public sector groups as sources of inputs for policy-making and economic planning.

23. Certain disadvantages of excessive reliance the policy analysis and advice of multilateral institutions are highlighted. In particular, many stakeholders believe that macroeconomic stabilisation can be overemphasised trade-offs between macroeconomic stability and economic growth are ignored, while certain social priorities are subordinated. There is also a perception of weak national ownership, which adversely affects programme implementation. Moreover, to many, the role of the state is being redefined without adequate consultation with relevant national stakeholders.

24. In the area of monetary policy and operations, the Bank of Ghana, while operating within the macroeconomic framework established by the IMF, has made considerable progress in recent years. Fiscal management has, however, been far less successful in achieving the desired objectives.

25. Prudent fiscal management requires realistic budgeting, budget implementation that respects budgetary constraints, and an effective system of monitoring and evaluating such implementation. Some progress in these areas is reported, including improved strategies for expenditure management, the introduction of measures for expenditure commitment, and the establishment of a new cash management unit. In addition, the Economic Policy Coordinating Committee (EPCC), established in 2001, is expected to track government cash flows and offer timely advice in this regard. In the context of the GPRS, the National Development Planning Commission (NDPC) also performs functions related to monitoring and evaluation (M&E) of policies in this general area. The staff and technical capacities of both the EPCC and NDPC are weak, however.

26. Too often, sectoral policies have been poorly designed and implemented, with adverse effects on supply response and economic growth. Agriculture and infrastructure, in particular, have become an increasing concern to the authorities. There is an ongoing attempt to develop a comprehensive industrial policy, as well as to pursue more aggressively the President's Special Initiatives in textiles and garments, agroprocessing, and salt and oil palm production.

27. Relevant stakeholders in Ghana feel that policy-making for regional equity and employment creation is receiving sufficient attention and making good progress. In matters of poverty alleviation, economic growth, environmental sustainability and gender equity, however, success has been modest.

28. Resource mobilisation efforts have been more successful from external than from domestic sources. This state of affairs is regretted, as budget implementation may be vulnerable to shocks in external development assistance flows. Hence, the CSAR underscores the desirability of increased mobilisation of domestic resources. It lists factors that have contributed to increasing the tax revenue to GDP ratio: improved institutional capacity and recovery methods, improvements and diminished political interference in tax administration, wider coverage of taxes, and increased commitment to prosecuting defaulters. Improvements in the financial sector and macroeconomic stability have increased the flow of loanable funds in the financial market. Capital flight is also not a major hindrance to resource mobilisation.

29. Respondents to surveys of the CSAR ranked the top seven challenges to macroeconomic management as follows:

- ? Oil price shocks;
- ? Volatility in export prices;
- ? Weak private sector;
- ? Large public sector Wage Bill;
- ? Weak internal capacity for mobilising resources;
- ? Dependency on donors;
- ? Unreliability of donor resource flows; and
- ? Inefficient use of public resources.

30. Policy reform would have a desirable effect on the large public sector Wage Bill, internal resource mobilisation and the inefficient use of public resources.

31. A further major challenge to economic management is the general lack of good internal economic analysis caused by weaknesses in analytical capacity and inadequate data. In particular, the perception of a weak Statistical Service needs to be addressed. Since 2001, the Bank of Ghana has implemented a series of measures for improving the quality and reliability of monetary statistics. The quality of Ghana's fiscal data has also improved recently, but concerns remain about their reliability, consistency and comprehensiveness. Employment data remain weak.

### **ii. Findings of the CRM**

32. The CRM discussed issues related to:

- ? National ownership in policy-making;
- ? Participation in policy-making, and transparency of decision-making processes;
- ? Government efficiency and capacity; and
- ? Economic development challenges over the next several years.

### **National ownership**

33. Stakeholders generally agree that national ownership of economic programmes and policies would require the willingness of citizens to take full responsibility for the outcome of national policies. The ability to realise effective ownership would depend greatly on the country's domestic capacity to design and implement programmes for solving its economic problems. Such programmes would contain policies on which there was national consensus. General participation of national stakeholders would certainly foster a sense of national ownership. Stakeholders agree that ownership matters, not only because programmes would be a better reflection of the preferences and interests of all citizens, but also because the programmes would then be more fully implemented. Although a reduction in aid dependence could enhance ownership, stakeholders consider the domestic capacity to design and implement sound programmes a far more important instrument for bringing about effective ownership. Stakeholders are generally not particularly alarmed by the current reliance on foreign aid to finance development expenditure, although they would prefer a situation of less dependence.

34. All participants – government officials, civil society and the private business sector feel that attracting more foreign direct investment (FDI) to replace foreign aid would be

good for ownership, as well as for debt management and the development of entrepreneurship or the private sector in general. Stakeholders agree that the ability to attract FDI would increase with improvements in macroeconomic policies, institutions (property rights, constraints on government, and the legal framework in general), and government efficiency (including reducing corruption). Measures for raising the quality of human capital (e.g. schooling, technological capability of the labour force, and worker discipline), would also contribute to attracting FDI. Stakeholders did not, however, elaborate on how these improvements and measures should be brought about.

**Participation and transparency**

35. Several stakeholders state that, participation in economic programme design by persons and bodies outside the government, especially outside the Accra region, is currently very weak, as is transparency in decision making. Inadequate information about government plans and procedures prohibit substantive contributions to policy-making. Too often, suggestions offered to the government are ignored in its decision-making and some of the political elites are simply insensitive to feelings at grassroots level. It is felt that government officials underestimate the capabilities of ordinary persons and civil society organisations, particularly those outside Accra, to contribute substantially to economic policy-making. Broad participation in national policy-making and transparency in government decision-making would improve program design, policy implementation and economic performance.

36. Government representatives emphasised that the capacity of stakeholders is a key component of their ability to contribute to public policy-making. The government is not reluctant to elicit wide participation, but such an invitation must of necessity be limited to those stakeholders with adequate capacity to make a significant contribution. Concerted efforts are typically made to achieve broad participation in those policies with a major welfare impact on all citizens. Hence, in formulating development plans and poverty programmes, such as the GPRS, discussions and consultations occur at all levels and in all regions. Careful attention is paid to ensuring that the objectives and instruments, as well as the projected costs and benefits to various groups and regions, are clearly understood. The government frequently organises workshops for chiefs and other groups, enabling them to participate more substantially in governance.

37. A few government representatives in regions outside Accra contend that, since Ghana's parliament plays an important role in economic decisionmaking, it is logical to



expect that the views and interests of the politicians brought to the discussion would reflect those of their communities. Some of the non-government stakeholders feel that this may be true for some parliamentarians some of the time. Yet, such an alignment of views and interests could be obstructed by the distance that sometimes exists between the parliamentarians and their constituencies.

38. Access to information on government plans, and decision-making processes are also being improved. Government representatives maintain that attempted contributions to policy-making are not deliberately ignored, but are usually taken seriously. Decisions are reached only after careful consideration of diverse perspectives. Greater transparency as to the way in which decisions are reached would address stakeholders' concern that their views are often simply ignored. It would indeed be vital to ensure that the views of regions other than Accra are given due attention.

#### **Government efficiency and capacity**

39. Two interrelated and recurring themes at all the meetings were that low government efficiency and weak government capacity adversely affect the quality of governance at all levels of the public sector, including the regions. There is a dire need for clarity about, and measurement of efficiency and capacity. Although there were no suggestions as regards specific policies and measures for addressing these areas, some general remarks were made that reflect the immediate concerns of the stakeholders.

40. Factors constraining efficiency are corruption, administrative confusion and complexity, and poorly motivated staff. Addressing corruption and effecting certain institutional and organisational changes in the government are first steps towards finding solutions. Beyond this, the detailed problems need to be approached case by case. Participants pointed out that certain inefficiencies in the government are glaring and hamper the provision of state services, investment (including foreign investment), and economic growth. They wish to impress on the authorities that something should be done, and that civil society and business are willing and able to assist in seeking solutions.

41. The government's ability to provide services of a certain quality is dependent on its capacity and level of efficiency. This, in turn, depends on the quantity and quality of human and non-human resources available to the government. Insufficient, poorly trained and inexperienced staff, and inadequate or outdated equipment are the main

constraining factors. As capacity increases can be costly, the extent to which capacity should be “installed” is not an easy decision. Stakeholders nevertheless feel that, in many cases, the government can afford much more capacity than it has in place. It should therefore be encouraged to enhance its capacity in certain critical areas of state services.

42. Concerns over capacity and its effect on the supply of public services often has to do with the distribution of available capacity. Moreover, areas where capacity could be increased at very low costs but with major returns are sometimes neglected. This would greatly expand the productivity of government expenditure, with substantial returns in terms of macroeconomic performance. For instance, the overall productivity of the government would be improved if some capacity increases in the regions took place at the expense of Accra and the central government (that is, with no overall increase in central government expenditure). For instance, such redistribution would allow certain fiscal and functional decentralisation changes to take place, resulting in improved efficiency in government.

43. Capacity constraints have greatly affected the ability of the authorities to design and implement macroeconomic policies for stability and growth. This includes agricultural and other sectoral policies and the mobilisation of domestic resources. The analytical capabilities of various departments and agencies of the central government and the districts are thought to be weak, notably the Ghana Statistical Service and the Policy Analysis Department of the Ministry of Finance and Economic Planning.

### **Economic development challenges**

44. A major concern of the participants (which is also well documented in the CSAR), is that Ghana would be faced with many demands over the next several years or even decades. Some of these challenges are exogenous, such as world oil prices and fluctuations in the world prices of Ghana's exports. The authorities would have to counter their negative impact with appropriate policies. Other challenges do not depend as much on world economic forces, but would equally test the resolve of the authorities and the cooperation they are able to elicit from the private sector and civil society. Looming large among these challenges were the continued maintenance of macroeconomic stability. There is also a need to effect structural transformation of the economy and export diversification, such as would raise the growth rate from about 5% to approximately 9% in the very near future, and for many years.

45. Stakeholders agree that, to meet the challenge of macroeconomic stability, Ghana would need to: (a) find ways to develop and enhance the efficiency of the financial sector; (b) continue to improve tax administration and contain the public sector Wage Bill; (c) grant institutional and organisational capacity to the central bank to control inflation; and (d) intensify efforts to improve the management of public debt, especially foreign debt.

46. Meeting the challenges of structural transformation and export diversification would require the following, in addition to macroeconomic stability:

- ? Appropriate policies for strengthening entrepreneurship and the private sector, including the design of efficient state-private sector cooperation and coordination mechanisms;
- ? Substantial increase in the stock and quality of human capital, including the technological capability of the labour force; and
- ? Creation of a more favourable climate for foreign direct investment.

47. Participants stressed that the private sector and civil society have much to offer in the search for effective policies in the areas listed above. Specific suggestions have, however, not been discussed in much detail at the meetings and workshops.

48. In terms of the APRM Questionnaire for self-assessment, the first objective of public economic and financial management is to promote macroeconomic stability. This is considered a necessary condition for achieving sustainable development. In recent years, Ghana's macroeconomic strategies have had some success in reducing the rate of inflation, establishing a more stable exchange rate system, creating a more sound banking and financial environment, and abstaining from inflationary financing of fiscal deficits. The macroeconomic stability achieved through sound macroeconomic policies, however, remains fragile and vulnerable.

### **iii. Recommendations**

49. The Panel recommends that the Government of Ghana:

- ? Continue to pursue macroeconomic policies that will not only consolidate the degree of macroeconomic stability already achieved, but will also create an even more conducive macroeconomic environment in support of sustainable

development.

- ? Pursue steps to achieve certain intermediate objectives. Such objectives, which will themselves be instrumental in promoting macroeconomic policies to support sustainable development, include:
- Allowing more effective country ownership in policy-making.
  - Accelerating structural change and diversification in the economy.
  - Enhancing the capacity to mobilise domestic resources.
  - Strengthening the analytical capability in and outside of the government for national economic policy-making.
  - Promoting domestic regional equity in economic growth and per capita income, employment and access to certain basic services.
  - Implementing market liberalisation policies.

50. These intermediate objectives are discussed below.

#### **More effective country ownership**

51. There are two major reasons why the Ghanaian authorities should emphasise ownership in policy-making. First, civil society and the private sector want such ownership and, second, ownership matters in the success achieved with economic policies. Indeed, success in achieving the other five intermediate objectives will depend greatly on country ownership.

52. The defining feature of ownership is a country's voluntary acceptance of full responsibility for the outcome of its economic programme. If a country "owns" a programme, its commitment to implementation is stronger. The CRM suggests that the government should always take steps to obtain general domestic support (legitimization) of its economic programmes. Such support will facilitate country ownership and programme implementation. Legitimization is promoted by open deliberation of programmes and policies.

53. When designing and implementing measures for achieving the other intermediate objectives indicated above, the authorities should encourage advice and collaboration from persons and organisations outside government. For instance, for policy-making, for each intermediate objective, the authorities could organise around a specific body or coordinating council. Its members could be drawn from the government, expert organisations (e.g. universities, research bodies and institutes), civil society and the private business sector. Gender and regional balance should be sought.

54. Insisting on ownership does not mean that the inputs of foreign individuals, bodies and organisations will be shunned. For example, technical assistance could be useful in learning about past experience, measures and methods used in other countries in relevant cases. A library of best and useful practices could be put together in this way. Comments and technical peer reviews could be elicited. Foreign personnel could be used in the training of local persons, and in building capacity to perform certain analyses and operational tasks in policy-making. Foreign staff could also serve as advisers while the requisite capacity in domestic human capital is being built. Such an approach could speed up appropriate reforms, while limiting mistakes and reducing cost.

55. Technical assistance and peer reviews are beneficial, because they allow existing knowledge and experience to be tapped. The complexity of the analytical, institutional, organisational, operational and administrative tasks that need to be performed to achieve the intermediate objectives mentioned above, should not be underestimated. In the global community, much work has been done and experience has been accumulated on detailed policies and procedures for achieving all six objectives. Ghana would benefit from drawing on this stock of knowledge and expertise.

56. At the same time, Ghana should be highly selective in making use of foreign technical experts. International knowledge and experience should be applied to Ghana by persons who understand the important structural (including socio-political) realities in the country. Moreover, many Ghanaians are familiar with the state of knowledge in all six subject areas, and have had practical experience working in international organisations and other African countries. Tapping into this pool of local expertise should yield fruitful results.

57. A more difficult challenge for the authorities, and a matter of great concern to some stakeholders in the review, would be how to avoid underestimating and even “discriminating” against those Ghanaian professionals who did not participate in the brain drain. Those who went abroad are seen to have had better opportunities for learning and capacity building, and to have become more qualified over time than those who stayed behind. In reality, the latter have also built up some advantage over those persons who left the country. Their knowledge of the local community includes how to work and get things done in a particular socio-political context, given the available stock of cooperative factors and technical inputs. Some local experts have also succeeded in keeping abreast of the growth in analytical knowledge and practical experience in certain subjects.

58. Such comparative advantages should therefore be explicitly recognised and duly rewarded. Conversely, an environment should not be created in which expatriates are refused re-entry at levels that reward them for their current level of knowledge and the value of their potential contribution to the country's development. In addition, the authorities should not tolerate a hostile environment in which those who stayed behind deliberately frustrate the returning émigrés. These are all complex issues. The Panel recommends that stakeholders in Ghana address directly the question of how to value and reward the potential contributions of the two sets of professionals, and how to create an environment in which they can work cooperatively and harmoniously. Clearly, this would require focused discussion among all stakeholders.

59. In the area of human resource management in general, the Panel recommends the application of a merit-based reward system, where the general criteria for what one deserves are clearly set out. Decisions pertaining to human resource management (recruitment, staffing, compensation, career development, separation, etc.) would then be made using criteria that are transparent and generally accepted as being objective and fair.

### **Structural change and diversification**

60. The economy of Ghana remains vulnerable to external shocks and internal disruption through uncontrollable events such as crop failures and adverse weather conditions. The past 45 years have also proven that it is no easy task to engineer structural change in, and greater diversification of the national economy in a very competitive global environment. The government's objective to encourage more active private/public sector ventures and to create a more conducive environment for private sector initiatives should lend support to the objective of diversification. The President's Special Initiatives and the Free Zone Areas should also be used constructively to encourage greater participation in the economy by private sector institutions.

61. In this regard, the problems of land ownership, asset protection and the institutionalisation of businesses (covered in the chapter on Corporate Governance) form essential elements of the programme for encouraging a more active private sector in the economy.

### **Mobilisation of domestic resources**

62. Domestic resource mobilisation efforts may not yield solid results as easily as would be expected. This is because low incomes tend to reduce savings and taxable income, both absolutely and in relation to gross income. In addition, in the typical African country, many persons from all income levels prefer to hold their savings in instruments outside of the financial system, or purely in cash, rather than in instruments such as government treasury bills or saving bonds. In spite of such obstacles, savings, tax revenue and holdings of bank deposits and government securities could all be increased in relation to income. This can be done by:

- ? Instituting measures that strengthen the banking system and reform the financial sector in general;
- ? Improving tax administration, and
- ? Carrying out various sensitisation efforts to encourage the general population to pay taxes.

### **Strengthening of analytical capability**

63. The analytical capability, in and outside of the government, for national economic policy-making could be strengthened in a number of ways. The need for improving the Statistical Services is widely recognised, also by the authorities. In particular, it has been pointed out to the CRM that labour statistics such as employment and unemployment figures and productivity are lacking, and detailed information on expenditure trends in the national accounts need to be improved on. A concerted effort in this regard is, therefore, recommended. Other actions include measures for attracting qualified persons and improving the facilities available to them to perform their tasks at a high level. Budgetary challenges will obviously not be easy to overcome, but given the future benefits, the mission would urge the authorities to do their utmost to galvanise public support for any short-term sacrifice that this may entail.

### **Promoting domestic regional equitability**

64. From a macroeconomic perspective, policies that foster domestic regional equity are good for economic growth. On the one hand, they promote socio-political stability; on the other hand, they enhance economic efficiency in resource allocation and in the marginal efficiency of investment in both human and physical capital. The efficiency

gains result from the fact that regional inequities tend to lead to “missed opportunities” in the regions enjoying fewer advantages opportunities, which, if exploited, would raise the average productivity of factors of production in the economy as a whole. More often than not, however, some investment in infrastructure and human capital is called for in the neglected areas, while measures may be needed to alleviate the risk and uncertainty felt by entrepreneurs in investing in relatively unfamiliar territory. Selective intervention by the government is often inevitable, and the challenge to the authorities is to determine the nature and extent of tenable intervention that makes economic sense. Clearly, the higher the level of analytical capability in the country at large, the greater the ability of the authorities to grapple with such formidable issues.

65. A great deal has been achieved with the broad decentralisation policy in recent years, but there is also general agreement that the role and functions of regional governments should be expanded. In particular, the fiscal decentralisation policy will have to be expedited to avoid frustration in rural areas about the slow pace of development.

### **Continuing with market liberalisation policies**

66. In all the areas described above, liberalisation policies, if properly sequenced, should provide enormous incentives to the private sector to respond vigorously to public sector initiatives, thereby enhancing the success of the policies. Hence, the Ghanaian authorities are encouraged to continue with their liberalisation policies in the financial, labour and commodity markets. At the same time, they should take appropriate steps to ensure that the order and timing of the liberalisation measures foster economic stability, in addition to enhancing growth. A study of the policy reform experiences of a large number of other countries under highly varied socio-political and economic structural conditions should make this exercise more easily manageable for confident decision-making by the Ghanaian authorities.

### **Objective 2: Pursue transparency, effectiveness and predictability of government economic policies**

#### **i. Self-assessment**

67. Transparency refers to an environment in which the public is supplied with the following in a clear, accessible and timely manner: (a) the objectives of policy and its institutional (including legal) and economic framework; (b) policy decisions and their rationale; (c) data and information related to policies; and (d) the terms of accountability.



68. The CSAR notes that several projects were implemented in the late 1990s to enhance transparency and effectiveness in public administration, the legislature and monetary and fiscal administration. Key efforts include the National Institutional Renewal Programme (1994), Civil Service Performance Improvement Programme (1996), Public Sector Management Reform Programme (1999), Public Financial Management Reform Programme (1999) and the National Governance Project (1997). These programmes have had mixed results. Failure in achieving appropriate transparency and effectiveness has been due to inadequate political commitment and time-frames for implementation.

69. The surveys indicated that the workings of Parliament, the Bank of Ghana and the Ministry of Finance and Economic Planning are becoming more transparent, while the workings of Customs, Excise and Preventive Services (CEPS), local government and the judiciary are rated as having made the least improvement in transparency. Ratings for effectiveness and predictability in performance are highest for the Bank of Ghana, the Ministry of Finance and Economic Planning, Parliament, the VAT Secretariat and the Internal Revenue Service, in that order. The perception of effectiveness is lowest for CEPS, the judiciary, local government and public administration.

## **ii. Findings of the CRM**

70. The discussions on the transparency, effectiveness and predictability of government economic policies proceeded along the lines of the CSAR:

- ? Actions that would make public administration, legal and legislative systems, and the fiscal authorities work effectively in a transparent manner;
- ? Measures for making economic policies predictable; and
- ? Challenges that the country faces in promoting cooperation and coordination.

71. A recurring theme of stakeholders outside the public sector was that too often public information is unavailable on: (a) current policy thinking; (b) the workings and plans of important role-players in the public sector; (c) the state of implementation of development plans; and (d) reforms, including those intended to improve effectiveness and transparency in public administration and the fiscal sphere. The CEPS, judiciary, local government and public administration in general are thought to need a major overhaul in the way they work, to improve both their effectiveness and transparency.

72. Weaknesses in the lines of communication and flow of information among the ministries, departments and public sector agencies prevent them from attaining their full potential for effectiveness, given their current capacity. The example was given of the flow of information between the Bank of Ghana, the Ministry of Finance, and the Controller and Accountant-General's Department. Monitoring and evaluation units of ministries, departments and agencies also often appear weak in the light of the evidence available to the public.

73. Public sector personnel acknowledge that there is room for improvement. They point out that a sound legal basis exists to enable a high degree of effectiveness and transparency in the public sector while further enhancements are planned. Examples, similar to those contained in the CSAR, were cited of steps taken in recent years to augment effectiveness and transparency in the public sector. They agree that the civil service may be rather resistant to change and that implementation of existing rules and laws could be more effective.

74. Article 35, paragraph 6(d) of the Directive Principles of State Policy of the 1992 Constitution enjoins the state "to take appropriate measures to afford all possible opportunities to the people to participate in decision-making at every level in national life and government." Also, Article 34, paragraph 2 of the 1992 Constitution under the Directive Principles of State Policy states that the "President shall report to Parliament at least once a year the steps taken to ensure the realisation of the policy objectives ... in particular the realisation of basic human rights, a healthy economy, the right to work, the right to good health care and the right to education."

75. At a less fundamental level, recent actions in the legal arena to improve effectiveness and transparency have included the Audit Service Act, 2000 (Act 584); Internal Audit Service Act, 2003 (Act 6580); Public Procurement Act, 2003 (Act 663); and Financial Administration Act, 2003 (Act 654). If implemented, these legal initiatives should further improve effectiveness and transparency in public administration and the fiscal area.

76. Representatives of the authorities contended that a sound legal basis exists for facilitating a high level of collaboration among subnational authorities and government departments in implementing economic policies and programmes. The basic legislation is the Local Government Act, 1993 (Act 462). For instance, it permits District Assemblies to appoint a joint committee for any project in which they are jointly interested. The Act explains the nature of the supervisory relationship between the

NDPC and District Assemblies, and lays the foundation for administrative and other forms of decentralisation.

77. The representatives admitted that much remains to be done in implementing decentralisation, but point out that a great deal has been achieved in areas such as education and health. The Local Government Services Act, 2003 (Act 656) should enable more rapid and effective implementation of administrative decentralisation. It should assist in clarifying and rationalising the relationships between district administrations and government departments, and in ensuring consistency in the institutional framework among sectors and districts. Some have argued that the time is ripe for District Chief Executives to be elected, and for competitive party elections to be introduced at the local government level, similar to those at the national level.

78. Among the actual steps taken, the authorities are proud of the National Economic Dialogue, an annual forum started in 1997, which involves civil society, labour and the private sector. At the forum, the government typically makes a presentation on national economic policies, and participants comment and make recommendations. The authorities have also recently constituted the Ghana Investor's Advisory Council, which meets twice a year under the chairmanship of the President and has become a vehicle for consultation with the private sector.

79. The government is also taking steps to improve coordination within the public sector to enhance the predictability of economic policy generally. A major element is the timely release of budgetary resources. A favourable development in raising the quality of coordination within the public sector has been the processes utilised during the formulation of the GPRS and its subsequent implementation. A great deal of learning has resulted from this experience.

80. In the formulation of national macroeconomic policies, it is believed that the annual National Economic Dialogue would contribute to a better understanding of policies and objectives. The efforts of the National Planning Commission to consult with the general public on a wide front on macroeconomic issues is also seen as positive. There are, nevertheless, certain general concerns about transparency, as well as the implementation of reforms in particular departments and agencies where the public believes that transparency is low. Persons and organisations in the domestic community look for transparency because they want to: (a) participate in policy formulation; (b) be assured that there is fairness, competence and professionalism in government decision-making; and (c) feel that they are regarded as being of equal worth in the community.

### **iii. Recommendations**

81. In order to promote wide debate on economic policy matters and consensus on policies put in place, the Ghanaian authorities are advised to take even more determined steps to enhance transparency in government economic policies. In particular, the Government of Ghana is advised to:

? Reveal to the public the data available and the nature of the processes and procedures that decision-makers utilise in all areas of economic management.

? Look at ways to satisfy the demands and interests of Ghanaians and international partners for additional transparency.

82. The Panel also recommends that all ministries, departments and agencies that are covered in Ghana's CSAR should conduct their own selfassessment, and this should be made public within a year. The Panel's recommendations are elaborated in more detail below.

### **Provision of information**

83. The underlying factor in promoting transparency is the provision of information. This is done via publications, radio and television broadcasts, the Internet, or by opening up processes and procedures to the public for direct observation through attendance at meetings and debates. Thus, it seems reasonable that one must start by revealing to the public the data available and the nature of the processes and procedures that decision makers utilise in all the important areas of economic management. This requires that decisions be made about the processes deemed democratic, what should be revealed, through what media, and to whom. As the provision of information will entail economic costs, the decisions will include the charges and prices for access to various types of information (content and media).

### **Transparency in policy-making**

84. The evidence is that the Ghanaian authorities are making progress in improving transparency in policy-making. The Panel nevertheless recommends that attention be given to looking at ways to satisfy the demands and interests of Ghanaians and international partners for additional transparency. It is suggested that specific persons or an organisation be assigned the task, with clear terms of reference, of making

recommendations on how this could be accomplished. A Programme of Action of the authorities could then follow the recommendations, with regular reporting on progress made.

### **Ministries, departments and agencies**

85. In the meantime, and in the immediate future, all the ministries, departments and agencies covered in Ghana's CSAR should conduct their own self-assessment, making use of the information collated during the self-assessment work. Steps can then be taken to remedy deficiencies. This would be especially important for bodies like Customs, Excise and Preventive Services, as well as those in local government and the judiciary which the CSAR has identified as having made the least improvement in transparency. Even agencies that were seen as becoming more transparent, like Parliament, the Bank of Ghana and the Ministry of Finance and Economic Planning, would benefit from a self-assessment of their own, followed by action to accelerate the progress they have been making. These actions should be made public within a year, even before the release of the overall report by the specific persons or organisation assigned the overall task of looking at the transparency problem as a whole.

### **Objective 3: Enhance sound public finance management**

#### **i. Self-assessment**

86. The Public Financial Management Reform Programme (PUFMARP) has been designed as an integrated modern financial management system. According to the CSAR, PUFMARP is widely perceived as having been costly and yet to produce the desired results. A World Bank assessment in mid-2003 has rated the overall project as marginally unsatisfactory. Most respondents have rated progress in the different areas of public finance management identified in the survey as either good or satisfactory. Only 10% consider progress in any specific area as very satisfactory. Progress in budget planning, formulation and comprehensiveness, and the link between planning and budgeting is rated as average.

87. In all key areas of government expenditure control, accounting procedures and reporting, the survey respondents assess progress as marginally satisfactory but insufficient to curtail misuse of public resources, or to stop leakages of funds flowing from the central to local government units. External auditing, payroll management,

procurement, capacity building, internal auditing and timely release of financial reports are areas of least progress in public finance management. Payroll management remains a troublesome area in expenditure control.

88. The use of a cash accounting regime for budgeting and financial reporting remains a problem in monitoring the implementation of fiscal policy measures and budgetary outcomes. The current system of non-carry forward of unused appropriations encourages ministries, departments and agencies to pre-commit to spending towards the end of the financial year.

89. A notable feature of the structure of public spending is the large component of earmarked or statutory funds and allocations to subvented organisations, which therefore would have little incentive to economise on resource use.

90. Parliament has a fiscal and monetary oversight role in ensuring sound public finance management, as guaranteed in the Constitution, and operating through the Public Accounts and Finance Committees. Yet, parliamentary committees charged with such oversight functions have not always followed the rules, thus falling short of public expectations. The audit process has seen some reforms in recent years (for instance, backlogs of arrears up to 1993 were cleared in 2003 and 2004). It remains weak, however, being hampered by inadequate accounting systems, the absence of clearly defined audit standards, and the weak capacity and insufficient autonomy of the audit authorities. Parliament has also been constrained to act in a timely manner and to authorise remedial actions.

91. The CSAR argues that fiscal decentralisation remains weak for a number of reasons, such as centralisation of the management of public finance in accordance with legislation, and the general lack of trained manpower at the local level.

## **ii. Findings of the CRM**

92. Stakeholders discussed certain issues concerning public finance management for the economy as a whole, and fiscal relations among central government and subnational governments (metropolitan, municipal and district assemblies):

- ? Measures taken to implement a predictable medium-term fiscal framework;
- ? The effectiveness of existing practices in revenue and expenditure targeting,

- monitoring, reporting and auditing, and oversight functions in fiscal operations;
- ? Promotion of effective public finance management; and
- ? The flow of resources between the central government and local governments, in the context of fiscal decentralisation.

93. Participants agree that public finance management is bedevilled by weaknesses in the ability to raise domestic revenue, low capacity in various aspects of public finance, and failure in implementing fiscal decentralisation. Inefficiencies in expenditure control, tracking and monitoring could be addressed without major capacity increases, for instance, by reducing the complexity of rules and procedures. Capacity constraints are generally felt to be particularly serious and need to be addressed soon. For example, qualified staff is needed, and management systems must be put in place utilising appropriate information technology.

94. Stakeholders outside the public sector feel that the authorities' satisfaction with their performance in raising external resources and managing public debt is justified. Virtually all other areas of public finance are seen to have weaknesses. It is, however, not clear to the CRM whether civil society and private sector stakeholders in general understand the nature or importance of certain problems in public finance management with which the government has been grappling. Such problems include improving the link between planning and budgeting; containing the public sector Wage Bill; dealing with weak expenditure control and tracking in general; and improving cash flow management in particular.

95. It was not possible to get independent coherent assessments of these problems from non-public sector stakeholders and of ways to ameliorate the situation. This might indicate that ways have not yet been found to educate civil society and the private sector at large about certain aspects of public finance management while encouraging broad debates on the issues. This goes beyond the traditional concern about transparency and borders on civic education, which is a major focus of some of the NGOs that participated in the discussions. These organisations have emphasised the value of civic education in helping citizens to monitor government performance in public finance management.

96. Given the information and technical deficiencies of the general public, the oversight role of Parliament in public finance becomes even more important. MPs agreed that their oversight role should go beyond the budgeting stage to include aspects of

implementation. This would require greater transparency in the work of revenue and spending ministries, departments and agencies (MDAs). Parliamentarians agree on the need for regular reporting and disclosure of information to them on the management of public finances by these bodies. Parliamentarians recognise that they would benefit from an increase in their own capacity to perform the oversight responsibilities expected of them under the Constitution. Their capacity to do independent analysis is currently very limited and the MDAs do not regularly report to them on budgetary implementation.

97. Fiscal decentralisation is generally rated as unsatisfactory, and most stakeholders blame the centralisation of the management of public finance. Delays in the flow of funds from the centre to the local governments add to the frustration of the critics. The timing of revenue flows to the consolidated funds appears not to carry as much weight to the critics as the matter of administrative procedures. The government representatives argue that the procedures are a consequence of a need for accountability. The Auditor-General's reports have, for example, uncovered instances of waste, misuse and gross mismanagement of funds. Capacity weaknesses in accounting and internal auditing systems at the level of the District Assemblies necessitate careful procedures for fund transfers if the primary aim of fiscal decentralisation – improved quality and quantity of public services per cedi of government expenditure – is to be realised.

98. The government representatives of the authorities showed great pride in the progress they have made in strengthening aspects of the institutional (and legal) and organisational framework to promote sound public financial management. They acknowledge facing a major challenge in enforcing the laws and rules and implementing the required organisational reforms. Tangible progress includes:

- ? The Audit Service Act 2000 (Act 584), which provides for an Audit Service headed by an Auditor-General and a Governing Board;
- ? The Public Procurement Act, 2003 (Act 663), which sets out the rules and guidelines for governing public procurement, and provides for a Public Procurement Board with clearly specified functions; and
- ? A Revenue Agencies Governing Board, which was established in 2002 to improve information flow and communication among Ghana's three revenue agencies. This Board also acts as an interface among the revenue agencies, the Ministry of Finance and Economic Planning and the Economic Management Team.



99. For both capacity and fiscal decentralisation, a major problem involves defining and measuring the nature and extent of the problem. For instance, capacity is often confused with efficiency. Capacity, however, has to do with the technical, financial and human resources available to achieve results, whereas efficiency is concerned with the value of output achieved per unit of input, given the available capacity. Improved allocation of resources, restructuring of incentives, and certain forms of reorganisation can increase output per unit of input, without changing capacity. In the case of fiscal decentralisation, often there is misunderstanding as to the nature, content and sequencing of the decentralisation that has been agreed, as well as whether the decentralisation is conditional on certain factors, such as the evolution of capacity in the local authorities. This means that some consensus must be reached on the nature and extent of the problem.

100. One should not underestimate the complexity of designing and implementing Programmes of Action (POAs) for capacity building in the fiscal area, and for achieving optimal fiscal decentralisation. In each case, the analytical requirements are huge and there is a need to incorporate Ghanaian realities in the analyses. Technical assistance, for example by the AfDB, World Bank and/or the IMF, would yield substantial dividends.

### **iii. Recommendations**

101. The Panel recommends that Ghana:

#### **Capacity and decentralisation**

- ? Take immediate resolute action to raise capacity in the public finance area, and to make fiscal decentralisation a reality.
- ? Undertake a diagnostic exercise in each of these areas in order to set objectives and clear POAs to achieve the objectives, doing the work in such a way that national consensus can be reached on the objectives and POAs.
- ? Put an effective organisational framework in place to monitor developments, inform the public about the progress being made, and invite responses from ordinary citizens and autonomous organisations regarding their satisfaction with the progress.
- ? Control the process as far as possible, especially as regards the choice of sources of technical assistance.

### **Oversight role of Parliament**

- ? Put in place institutional and organisational changes to facilitate an enhanced oversight role for Parliament in the public finance arena, by implementing specific actions to take advantage of rights granted to Parliament in the Constitution, such as requiring greater transparency and regular reporting of revenue and spending MDAs to Parliament.
- ? Conduct an inquiry into the parliamentary oversight function and its performance in middle and high-income countries, to see what lessons could be drawn for Ghana.
- ? Parliament itself should put in elements (workshops, seminars, additional library facilities, technical advisers) that would contribute to increasing its own capacity to oversee aspects of fiscal management.

### **Fiscal management**

- ? Continue to work closely with the multilateral financial institutions to address various aspects of fiscal management that continue to plague Ghana, such as: (a) containing the salary and Wage Bill in the budget; (b) maintaining high standards in auditing and public procurement; and (c) improving public debt management.
- ? Strengthen the policy ownership and capacity of authorities in such areas to ensure that policies and measures agreed with multilateral organisations not only promote macroeconomic stability in Ghana, but also receive the full support of the populace at large.
- ? Resolutely implement any policies thus agreed, thereby enhancing the authorities' credibility for good governance in international financial markets.

### **Objective 4: Combat corruption in public administration and money laundering**

#### **i. Self-assessment**

102. The CSAR indicates that several Auditor-General reports dating from the 1990s have drawn attention to widespread occurrences of corruption and malfeasance in public administration. Examples include wages paid to non-existent workers and fraudulent payments. Some 52% of respondents to the survey perceive corruption as a common feature of the Ghanaian public administration, while 27% see it as occurring

only in isolated cases. Some 6% regard the problem as systemic and endemic. Nearly 40% feel it is on the decline.

103. Key factors Ghanaians have identified as contributing to corruption are:

- ? Low real wages and salaries in the public sector;
- ? Weak or ineffective powers of prosecution of corruption cases;
- ? Non-transparent procedures in public administration;
- ? Lack of public knowledge of the cost of corruption to economic growth and development;
- ? The gift-giving culture;
- ? Lack of perception of corruption as a criminal act;
- ? Nepotism and patronage;
- ? A weak code of conduct of public officials.

104. The survey respondents rate the ongoing institutional approaches to fighting corruption as satisfactory to very satisfactory. The overall effort of the Executive is rated higher than that of Parliament, the judiciary and the Public Accounts Committee, in that order. The challenges in fighting corruption, according to the CSAR, ranges from lack of public cooperation, weak institutions and weak commitment to fight corruption, to the complex court and administration procedures in prosecuting corruption cases.

105. Four out of every ten respondents do not view money laundering as an immediate problem. However, an equal number see it as becoming so, while two out of every ten feel it is already a problem. Several preemptive measures are in place to counter money laundering:

- ? Narcotic Enforcement and Sanction Law, 1990;
- ? Three conventions on terrorism, ratified in 2002;
- ? A four-phase action plan designed in 2003 in response to the Inter-Governmental Action on Money Laundering under the aegis of the Economic Community of West African States (ECOWAS); and
- ? The establishment in 2004 of the Financial Intelligence Unit. Complementary efforts have emanated from the operations of banking and non-banking financial institutions and the law enforcement agencies.

**ii. Findings of the CRM**

106. The CRM's discussion on corruption and money laundering focused on measures that could be put in place to combat both. There has been much more enthusiasm among stakeholders for discussing corruption rather than money laundering.

107. As regards money laundering, the Ghanaian authorities are taking action in certain areas, especially money laundering related to drug trafficking and smuggling. A difficult area in the Ghanaian, and indeed African, setting is related to legitimate cross-border operations (involving proper transit at customs stations) and money transfers related to remittances and trade. Many persons both traders and non-traders simply do not operate in the formal banking systems, even though they handle large amounts of cash. Similarly, remittances often involve cash transfers through foreign exchange bureaus and other private agents. It becomes a challenge to the authorities to decipher which constitute genuine fund transfers and which involve money laundering.

108. The private and civil society stakeholders expressed the earnest desire that the government should deal resolutely with corruption in public administration, as it undermines public finances as well as the government's credibility. They welcome government efforts to tackle corruption (e.g. via legal and other institutional and organisational reforms), but note that low salaries make certain types of corruption difficult to eradicate. Institutional arrangements must be accompanied by a strong commitment to enforce the rules in actual practice. Organisations tasked with implementing the arrangements must have adequate capacity and incentives to do so. There is, for instance, a widely held public perception that corruption at the level of the judiciary, coupled with the problem of producing concrete evidence, has made the fight against corruption extremely difficult.

109. Government representatives at the discussions noted the institutional and organisational efforts recently put in place or reinforced to tackle corruption, such as the Serious Fraud Office (SFO) and the Office of Accountability. Laws relating to auditing and procurement also play a part in the fight against corruption in public administration. Various additional procedures include:

- ? Enforcement of codes of conduct;
- ? Simplification of procedures in the provision of public services;
- ? Prompt investigations of allegations of corruption; and
- ? Establishment of clear and publicised rules and procedures for procurement.

110. Government representatives agree with the private sector and civil society stakeholders that there is room for improvement in enforcement. The SFO representatives, for example, have complained of serious capacity constraints and an inability to prosecute officials directly.

111. Civil society participants are particularly disappointed that two important pieces of legislation, which could help in combating corruption, have not been passed, namely the Whistleblower Bill and the Freedom of Information Bill. The latter bill would have been helpful, as a National Governance Workshop in Ghana in 2001 cited unequal access to information as one of the causes of corruption. The Parliamentarians agree that these bills, especially the Whistleblower Bill, have been “lingering for too long”, but they have not commented on a possible time-frame for parliamentary passage.

112. It is appreciated that the authorities fully understand the importance of resolute enforcement and implementation of laws and rules for the effective control of corruption, as well as the need for building the appropriate capacity and incentive systems in organisations established to perform the tasks related to corruption control.

### **iii. Recommendations**

113. The Panel recommends that the Government of Ghana:

#### **Corruption**

- ? Seek the cooperation of civil society and private business organisations to improve performance in aspects of corruption control.
- ? Address the public perception that corruption at the level of the judiciary, coupled with the difficulty in producing concrete evidence, has hampered the fight against corruption. Do this by investigating the basis of the perception and the gravity of the difficulties, using independent bodies if necessary.
- ? Pass the Whistleblower Bill and Freedom of Information Bill as soon as possible, and implement them fully in addressing the problems.
- ? Consider consolidating different bodies working on anticorruption matters, in view of the limited financial and human resources available to support such activities.

### **Money laundering**

- ? Devote some time and resources to studying cross-border trafficking of funds and its relation to cross-border trade and money laundering.
- ? Consider the possible role the banking system in Ghana could play in reducing the large sums of cash that Africans tend to carry around to conduct legitimate cross-border trade and other operations.
- ? Study more closely the money transfer business to ensure that it does not become a vehicle for money laundering.

### **Objective 5: Accelerate regional cooperation and integration**

#### **i. Self-assessment**

114. The CSAR states that the Government of Ghana has always agreed that regional economic growth could greatly benefit the economic development of the region. Ghana has participated in almost all the regional initiatives in this respect. Hence, Ghana has been a member of ECOWAS and has acceded to the second West African Monetary Zone (WAMZ) initiative.

115. The CSAR claims that consensus exists among stakeholders in Ghana that the benefits from ECOWAS trade liberalisation schemes have not been encouraging. It is generally felt that full reciprocity in the implementation of agreed protocols has been lacking among other member countries.

#### **ii. Findings of the CRM**

116. During the CRM, there was much discussion on regional economic integration efforts, mainly because the civil society and private sector participants do not have substantive issues of governance to raise in this context. They are broadly supportive of the idea of furthering regional economic integration in Africa, and for Ghana to be one of the leaders in such an exercise. They agree that the Ghanaian authorities should always be mindful of Ghanaian producers and consumers when negotiating protocols and treaties in ECOWAS, WAMZ, or any other grouping. They expressed the hope that, in addition, the Ghanaian authorities will keep the citizens well informed about government activities in regional integration efforts, and not enter into any agreement without the express support of the people of Ghana.

117. The Ghanaian authorities explain that the Ministry of Regional Cooperation and NEPAD has been fairly instrumental in raising the level of public awareness of integration efforts and achievements, particularly through ECOWAS protocols. Many Ghanaians were apparently initially unaware of the potential benefits of regional integration, and the Ministry appreciates that much work still needs to be done in this regard. The Ministry has urged interested non-government bodies to join in performing a prominent educational role in this area as well.

**iii. Recommendations**

118. The Panel notes the appreciable effort Ghana is making to forge ahead with regional integration in Africa. It would recommend greater sensitisation of citizens on the imperatives of regional integration and the perceived benefits, with a view to creating greater awareness. More stakeholders, especially the private sector, should be brought on board in this regard.





# 4

## CORPORATE GOVERNANCE

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*“Good corporate governance provides a level of disclosure and transparency regarding the conduct of corporations and their boards of directors that enables the supervision of their accountability while ensuring that they comply with their legal obligations and remissions, are accountable to shareholders and responsible to stakeholders including employees, suppliers, creditors, customers and communities, And act responsibly regarding the environment. “*

(APRM Questionnaire, Section 3)

### 4.1 Overview

1. Good corporate governance has seven distinguishing characteristics: discipline, transparency, independence, accountability, responsibility, fairness, and social responsibility. These traits are important because they increase investor confidence, making it easier for corporations to raise equity capital and finance investment. Historically, Africa is a continent that has attracted very little investment. The hope is that improved corporate governance on the continent (especially in the context of wider economic and systemic governance) will enhance the confidence of investors both domestic and foreign. Furthermore, most economies in Africa rely on agriculture, mining and other extractive industries that have adverse effects on the environment. In addition, abject poverty, hunger and the scourge of pandemics such as HIV/Aids, malaria, and tuberculosis afflict many of our communities. This means that the concepts of corporate citizenship and corporate social responsibility need to be complied with to ensure not only that corporations manage the environment in a sustainable way, but also that they impact positively on the communities within which they operate.

2. For purposes of the self-assessment process, the APRM adopts the OECD's definition of corporate governance as a system by which corporations are directed, controlled, and held to account. This definition embraces all forms of enterprise in the private and public sectors, including public listed companies, private companies, state-owned enterprises, familyowned enterprises and small and medium enterprises (SMEs). However, in Africa, unlike in many developed countries, most of the commercial activity takes place outside the formal sector. In addition, not many African countries have a stock exchange and those that have report very few listed companies or activity. In order to remain relevant to the African context therefore, the APRM corporate

governance programme recognises that small and micro-enterprises and the informal sector form an inherent part of the business sector. Therefore, the assessment exercise also seeks information on how to support this key segment of the African private sector, to spur economic growth and reduce poverty.

3. In Ghana, several developments have placed a new emphasis on the need for good corporate governance. Recently, globalisation and the liberalisation of the economy have led to a palpable growth of the private sector in the country. The government has committed to the creation of a golden age for business in Ghana and created a Ministry for Private Sector Development (MPSD) to spearhead the realisation of a competitive and vibrant private sector. Ghana also has a promising and emerging capital market with remarkable performance, significant momentum and a determined will for improvement. Because of these developments, corporate bodies have to disclose relevant information and be more transparent in their dealings with stakeholders and communities in order to justify their investments.

4. Despite the foregoing, several challenges continue to exist in connection with: the country's corporate governance policy framework; enforcement and compliance practices; and doing business in Ghana. Awareness of corporate governance in general, and corporate social responsibility, in particular, is low. The Companies Code (1963) provides the main corporate governance framework for registered companies. Though robust, it is out of touch with current corporate governance developments and is in need of updating. The institutions that are active in the promotion of good corporate governance are weak in finance, human and institutional terms. Furthermore, a persistent lack of clarity exists in the respective roles of the public and private sectors. The failure effectively to utilise the pre-eminent role of the private sector in promoting growth has severely limited economic opportunities. Difficulties also exist regarding access to finance, domestic resource mobilisation and the support necessary for SMEs to grow and contribute to the economy.

5. This section provides an assessment of Ghana's performance on the agreed APRM codes and standards, and the progress that the country is making to meet the objectives for corporate governance reform. The following codes and standards are listed in the Objectives, Standards, Criteria and Indicators (OSCI) document of the APRM to guide corporate governance reform:

- ? Principles of corporate governance (OECD and Commonwealth);

- ? International accounting standards;
- ? International standards on auditing;
- ? Core principles of effective banking supervision;
- ? Core principles for securities and insurance supervision and regulation;
- ? African Charter on Human and Peoples' Rights;
- ? Labour Codes of the International Labour Organisation (ILO); and
- ? Codes on industrial and environmental safety and hygiene of the World Health Organisation.

6. The OSCI document also identifies five broad objectives for guiding corporate governance reform in Africa:

- ? Promoting an enabling environment and effective regulatory framework for economic activities;
- ? Ensuring that corporations act as good corporate citizens with regard to human rights, social responsibility and environmental sustainability;
- ? Promoting the adoption of codes of good business ethics in achieving the objectives of the corporation;
- ? Ensuring that corporations treat all their stakeholders including shareholders, employees, communities and suppliers, fairly; and
- ? Providing for accountability of corporations, directors and officers.

#### **4.2 Implementation of standards and codes**

##### **i. Self-assessment**

7. Ghana has adopted a number of internationally accepted corporate governance standards and codes, as reflected below.

##### **Principles of corporate governance (OECD and Commonwealth)**

8. In Ghana, before the publication of the OECD, Commonwealth and King's reports, the Companies Code (Act 179 of 1963) was the main instrument with provisions that affect corporate governance, for example the appointment and replacement of directors, treatment of shareholders and requirements for external audits. Following the promulgation of the international codes, Ghana developed a Manual on Corporate Governance and Codes of Conduct that upholds the principles enshrined in the OECD, Commonwealth and King's reports. The Securities and Exchange Commission (SEC)

has also published a Code of Best Practice on Corporate Governance for the Stock Exchange, licensed securities market operators and issuers of publicly traded securities. Other institutions in Ghana, such as the Institute of Directors and the State Enterprises Commission, are also active in promoting principles of good corporate governance. For instance, the State Enterprises Commission has developed a code of corporate governance for state-owned enterprises (SOEs).

9. Despite the foregoing, business practices still fall short of promoting transparent and ethical corporate practices. The level of awareness on matters of corporate governance is generally low, even among those who are supposed to apply it or encourage others to do so, for example directors. In addition, most entities still operate solely under the Companies Code. The Code needs to be amended to reflect internationally upheld corporate governance practices, for example the formation of audit committees and the requirements for internal audits.

### **International accounting standards**

10. In 1996, Ghana developed National Accounting Standards that reflect international accounting standards. However, owing to the changes in the global landscape, these need to be reviewed to comply with the latest current international accounting standards. The monitoring and enforcement capacity for their implementation is also weak.

### **International standards on auditing**

11. External auditing in Ghana is largely provided by international accounting firms, such as KPMG, Price-Waterhouse Coopers, Ernst & Young, Deloitte & Touche, and Pannell Kerr Forster. These firms subscribe to international auditing standards. As pointed out above, however, the Companies Code is in need of amendment to elaborate on auditor's duties, remuneration, and the monitoring of conflict of interest.

### **Basel core principles for effective banking supervision**

12. Ghana is a signatory of, and participant in the Basel I principles (the 1988 Capital Accord). The Central Bank conducts banking supervision under the provisions of the Basel I principles of effective banking supervision. In 2000-2001, the IMF conducted a Financial Sector Assessment Programme assessment of Ghana's compliance with these

principles. It found that the country exhibited a high degree of compliance with the principles, but noted significant shortcomings in several areas, in particular the need for supervisors to enforce prudential standards more aggressively. The report noted that supervisors tended to favour moral suasion, which is both ineffective and time-consuming.<sup>3</sup> A recent West African Monetary Zone (WAMZ) assessment of Ghana showed full compliance with six of the principles and significant or major compliance with fifteen of the core principles.<sup>4</sup> Ghana has no immediate plans to move to Basel II, although training programmes are under way.

<http://www.imf.org/external/pubs/ft/scr/2003/cr03396.pdf>.

Odonye, O.J. 2004. Assessment of Banking Supervision and Regulation in the West African Monetary Zone. Paper presented at the Workshop on the Capital Adequacy standards (Basel II) and Bank Corporate Governance. Johannesburg, South Africa, November 2004.

### **Core principles for securities and insurance supervision and regulation**

13. In 1997, Ghana adopted the core principles for securities and insurance supervision and regulation. The National Insurance Commission (NIC) that was established by Provisional National Defence Council (PNDC) Law 229 of 1989 provides for supervision of insurance companies and monitors the implementation of the core principles. The Background Report on Ghana prepared by the APR Secretariat noted that the presence of the NIC has greatly improved the regulatory situation within the insurance industry. However, the NIC needs to be strengthened in both human and institutional terms.

### **Labour codes of the ILO**

14. Ghana has ratified the following ILO conventions: the Freedom of Association and Protection of the Right to Organise, 1965; the Right to Organise and Collective Bargaining, 1959; Equal Remuneration, 1968; and Discrimination Employment and Occupation, 1961. With regard to child labour, Ghana has ratified ILO Convention 182 on the prohibition and immediate action for the Elimination of the Worst Forms of Child Labour. Ghana has, however, taken no action on ILO Convention 138 on the minimum age for employment.

### **ii. Findings of the CRM**

15. Although Ghana has adopted and developed a number of codes that reflect

internationally accepted corporate governance principles, the CRM has confirmed that the level of application and enforcement of these was low. Generally, there was limited awareness of corporate governance and corporate social responsibility. Despite the indication in the CSAR that the Institute of Chartered Accountants in Ghana has recommended that from January 2005 Ghana should adopt fully the current international accounting standards, during the CRM it could not be established conclusively that international accounting standards are in mandatory use. The enforcement and monitoring capacity of the Institute is generally weak and there are few accountants, especially in the regions. On the positive side, the CRM confirmed that the ACCA and CIMA qualifications that accountants in Ghana are required to obtain do promote adherence to international accounting and audit standards.

16. With regard to labour codes and standards, the CRM found that the level

Ghana has also taken no action on the optional protocol to the Convention on the Rights of the Child on the Sale of Children, Child Prostitution and Child Pornography, and the Optional Protocol on the Involvement of Children in Armed Conflict.

of implementation and enforcement of these standards is generally weak and the process for realising these rights protracted. Child labour remains widespread.

### **iii. Recommendations**

17. The Panel recommends that Ghana:

- ? Develop holistic corporate governance guidelines and frameworks specifically for Ghana, and ensure relevance and continuous updating according to global trends.
- ? Develop and run certified targeted programmes for entities and personalities charged with implementation of corporate governance, for example directors, to ensure the application of adopted codes and standards.
- ? Review the National Accounting Standards to make them compliant with international accounting standards.
- ? Support the Institute of Chartered Accountants and relevant enforcement institutions such as the Auditor-General's Office, to improve monitoring capacity.
- ? Train more accountants and make them available for the regions.
- ? Create a labour tribunal and excise labour matters from the docket of the Commission for Human Rights and Administrative Justice (CHRAJ), whose

capacity is overstretched.

- ? Increase the number of inspectors in the Labour Department.

### 4.3 Assessment of the performance on APRM objectives

#### Objective 1: Promote an enabling environment and effective regulatory framework for economic activities

##### i. Self-assessment

##### Legal and regulatory framework

18. In addition to the adopted international codes and standards noted, the Companies Code (1963), which is based substantially on the UK's Companies Act of 1960, provides for governance of all companies incorporated in Ghana. According to the CSAR, the Code, which was generally heralded as being ahead of its time when it was promulgated in 1963, has seen no major changes since then. Most of the amendments passed have been for increasing minimum capital requirements and fees to take into account the effect of inflation. The only major amendment was the Companies Code (Amendment) Act 474 of 1994, comprising six amendments covering, among other things, subscription by the public to publicly limited companies, regulations of the stock market and the investigative ability of the Registrar-General's Department (RGD).

##### **Box 4.1: The business environment in Ghana**

The business environment in Ghana is hospitable. In August 2003, Ghana received a B+ (stable) credit rating from Standards and Poor's. In addition, over the past few years, the government has initiated specific policies to lay a solid foundation for private sector development. These include the following:

- Liberalisation of imports;
- Foreign exchange and remittances;
- Restructuring of the banking sector to respond more positively to the needs of the productive sector;
- Introduction of incentive packages, such as reduced company taxes;
- Public investment strategies to rehabilitate physical infrastructure on a large scale;
- Facilitation of access to credit;
- Establishment of partnerships between Ghanaians and foreign enterprises;
- Provision of advisory services to the private sector; and
- Promotion of SMEs.

19. Other key legal and regulatory instruments include the Securities Industry Law of 1993, as amended by the Securities Industry Act, 2001; Stock Exchange Listing Rules; the Banking Law, 1989; and the Financial Institutions (Non-Banking) Law, 1993. The CSAR also lists the following: the Incorporated Private Partnerships Act 1962 (Act 152), as amended; the Registration of Business Names Act 1962 (Act 151), as amended; the Cooperatives Societies Decree of 1968 (NLCD 252), as amended; Protection Against Unfair Competition Act 2000 (Act 589); Bodies Corporate (Official Liquidations) Act, 1963 (Act 179); Factories, Offices and Shops Act 1970 (Act 328); and Contracts Act 1960 (Act 25). There is also the Ghana Investment Promotion Centre Act and specific industry regulation dealing with issues such as timber resources, mining, oil exploration, and fishing.

20. Principally, the Trade Marks Act 1965 and the Patents Act 1992 protect intellectual property rights. The RGD is responsible for registering industrial property rights under the Industrial Designs Act 2003 (Act 660). Article 20 of Ghana's Constitution protects the citizens' rights to private property and provides against expropriation of private property. The CSAR, however, points out that there is need for Parliament to promulgate and pass an enabling statute to promote the realisation of these rights.

21. The 1992 Constitution provides for three categories of land ownership public lands (including land vested in the President in trust for the Ghana public), stool lands administered in trust for the community by traditional chiefs and community leaders, and privately owned lands. Foreigners can lease, but not own, land for up to fifty years. Land availability for industrial purposes is limited, notwithstanding the constitutional provision for acquisition of land by the government through the Compulsory Acquisition Law, the State Lands Act, and the Stool Lands Act, if this is deemed in the public interest.

22. Every SOE has an enabling Act that set it up. In 1996, Act 461 converted some SOEs to limited liabilities companies. In addition, the Divestiture of State Interests Law (1993) introduces clear procedures for privatisation transactions involving enterprises owned by the central government. The Act establishes the Divestiture Implementation Committee (DIC), which, among other tasks, aims to ensure consistency in the application of procedures in particular regarding valuation, invitation to bid, negotiation of sale, and settlement of accounts in Ghana's privatisation programme.

23. A number of laws relevant to corporate governance are still in draft form waiting to



be passed by Parliament. These include, for example, the Insolvency Act, consumer's legislation, Anti-Money Laundering legislation, and the Freedom of Information and Whistle Blower's Bills.

### **Regulating agencies**

24. The established regulating agencies include: the Bank of Ghana, National Insurance Commission (NIC), Registrar General's Department (RGD), Securities and Exchange Commission (SEC), Ghana Stock Exchange (GSE), Ghana Investment Promotion Centre (GIPC), Internal Revenue Service (IRS), the State Enterprises Commission, Ghana Immigration Services, Environmental Protection Agency (EPA), Ghana Standards Board and Ghana Tourism Board. Most of the regulatory and enforcement agencies need strengthening in capacity and institutional terms to be able to execute their mandate effectively.

### **Key professional associations**

25. There are a number of trade and business associations and professional bodies in Ghana. The business associations include: the Association of Ghana Industries, Ghana Chamber of Mines, Federation of the Association of Ghana Exporters, Association of Small Scale Industries, Licensed Cocoa Buyers Association, among others.

26. Professional bodies include: the Institute of Chartered Accountants of Ghana, Institute of Bankers, Chartered Institute of Marketing, Institute of Public Relations of Ghana, Ghana Institute of Management, the Bar Association of Ghana, Ghana Medical Association and professional bodies for registered nurses, engineers, architects, teachers, and the like. There is also the Association of Certified Entrepreneurs, the Pharmaceutical Society of Ghana, the Ghana Institute of Surveyors, the African Capital Markets Forum, and the Institute of Economic Affairs. The Employers' Association of Ghana is the umbrella body of employer organisations in Ghana and represents employers' interests in collective bargaining with the Trade Union Congress. Every year it contributes to national discussions on policy through the tripartite committee (Employers' Association, Trade Union Congress and the government). There is no consumer rights organisation.

### **Categories of business**

27. Businesses in Ghana fall into the following categories: limited and unlimited liability companies, branches of external companies, partnerships, joint ventures, and sole proprietorships. The CSAR reports that there are currently 112 422 limited companies, 13 000 companies limited by guarantee, 14 000 partnerships, 300 000 business names and 928 external companies. Most publicly listed companies in Ghana are multinational corporations and basic manufacturing conglomerates.

### **SOEs**

28. In 1988, an SOE reform programme was launched as part of Ghana's overall ERP. One of the techniques adopted by the government with regard to the divestiture of SOEs was to list as many companies as possible on the GSE. However, because of poor performance and non-profitability, many SOEs did not meet the listing requirements of the GSE. As a result, the important technique of public listing as an option for privatisation has been restricted to only a few companies, mostly those with some original private sector participation. As of 31 December 2004, 343 SOEs (or parts of SOEs) were registered as divested. Despite the privatisation programme, Ghana still has several SOEs, including the Electricity Company of Ghana, Ghana Water Company Limited, Ghana Post, Ghana Telecom, Ghana Railway Company Limited, Ghana Ports and Harbours Authority, and the State Transport Company Limited.

29. The Ghanaian Divestiture Implementation Committee (DIC) itself has also been the object of public criticism for a lack of transparency in its operations. An aspect that is criticised is the non-involvement of the private sector in its membership, thus allowing dominance of the Social Security and National Insurance Trust (SSNIT), a government organisation to the exclusion of the private sector. Other aspects are some perceived inefficiencies in the operations secretariat, and increasing the rate of unemployment through its divestiture activities.

30. Part of the problem with the issue of transparency is that the law itself does not prescribe procedures for ensuring transparency, but leaves it up to the DIC to “develop criteria for the selection of enterprises to be divested and assume such responsibility as the Committee may deem fit over bodies earmarked for divestiture in order to prepare such enterprises for divestiture”<sup>6</sup> and “ensure consistency in procedures for divestiture, in particular with regard to valuation, invitation for bids, negotiation of sales and

settlement of account.”

### **SMEs**

31. No information is available from the CSAR on the size of the SME sector. However, the focus on the industrial development in Ghana has highlighted the important role played by small-scale enterprises in the economy. Parliamentary Act 434 of 1985 established the National Board for Small-Scale Industries in Ghana, which is an apex body for the development of micro- and small-scale enterprises. The government provides funding and training to the SME sector. There have been pilot SME projects in sericulture, night schools for apprentices, coconut products development, adhesives, stone slicing, fruit wines, vegetable processing, indigenous products and small-scale yarn production. Funding is sourced from the government in collaboration with NGOs, banks and credit unions.

6 Divestiture of State Interests (Implementation) Law 1993 (PNDCL 326), Section 3 (2) (c).

#### **Box 4.2: Support for SMEs in Ghana**

Government funding of SMEs includes: the National Microfinance Project located in the Ministry of Finance and Economic Development; the Ministry of Women and Children Affairs/Japan International Cooperation Agency (JICA) Microcredit scheme, which exclusively targets rural women entrepreneurs; the Social Investment Fund targeting agro-processing, agro-trade, fishing and poultry; the Venture Capital Fund; Export Development and Investment Fund; Community-Based Rural Development Project; the Export-Import-Guarantee Loan Facility; and the Government of Ghana/Swiss Government Loan Facility. The government supports skills development, entrepreneurship, management, and business training through institutions such as the Ghana Regional Appropriate Technology Industrial Service (GRATIS), National Vocational Training Institute (NVTI), Integrated Community Centres for Employable Skills (ICCES), Management Development and Productivity Institute (MDPI) and the Skills Training and Employment Project (STEP).

### **Informal sector**

32. According to the CSAR, the business community in Ghana is dominated by the informal sector, which employs about 80% of the workforce and accounts for 20% of real GDP. The CSAR further adds that the informal sector in Ghana is a motley of partnerships, joint ventures and sole proprietorships in the rural agricultural sector, small-time gold and diamond miners (galamsay), small-time garages and repair workshops, small manufacturing businesses that adopt simple technologies, private lotto operators (popularly known as “banker-to-banker”), small traders of various categories such as street vendors and hawkers, occupational groups such as providers of commuter services in major cities, food processors, providers of small-time savings schemes, and so forth. The informal sector faces problems in accessing finance for growth, poor skills development, and lack of amenities.

### **Key financial institutions**

33. The financial sector comprises the Central Bank (Bank of Ghana), nineteen commercial banks and 115 rural and community banks, funding by NGOs and credit unions, and an informal financial system covering a range of activities known as susu, including individual savings collectors, rotating savings and credit associations, and “credit clubs” run by operators. Nonbank financial institutions also exist and include discount houses, building societies, leasing companies, finance houses, mortgage finance companies, savings and loans companies, and insurance companies that contribute to the domestic investment industry.

34. Both the CSAR and the Background Report underscore the problem of access to finance for investment owing to high interest rates driven by excessive local borrowing and several structural weaknesses, notably the lack of a conducive macroeconomic environment. Further research into the Ghanaian banking sector has found some evidence of an oligopolistic banking structure due to the high profit ratios and high cost structure of Ghanaian banks.<sup>7</sup>

### **Securities market**

35. The Securities and Exchange Commission (SEC) is established under PNDC Law 333 of 1993, and was formally inaugurated in September 1998. It commenced operations in early 1999. The SEC is the regulator of the securities market and securities

industry in Ghana. As such, the SEC is responsible for licensing and regulating the GSE and any future stock exchanges in the country. It is in charge of guiding and regulating the securities industry in Ghana, including investment advisers, mutual funds and unit trusts, securities dealers and their agents. The SEC allows for alternative dispute resolution under its rules. Its regulations require that all avenues for dispute settlement be covered before a matter is taken to court. Currently, there are some private arbitration initiatives driven by the private sector in Ghana, for example the Ghana Arbitration Centre.

## GSE

### **Box 4.3: The Ghana Stock Exchange**

In recent times, the GSE has been the second fastest growing stock exchange market in Africa, after Nigeria. The GSE attributes the good run in the market to three factors: (a) stable macroeconomic indicators, including interest rates on treasury instruments, the inflation rate, and the exchange rate; (b) excellent appreciation results posted by securities listed on the Exchange; and (c) sustained high demand from a buying public.

Provisional Listing Arrangements also known as “Fast Track Listing” enable companies, especially SMEs and those on the government’s divestiture list, to secure upfront listing before an Initial Public Offering (IPO) and six months within which to seek formal listing.

36. The Ghana Stock Exchange (GSE) was incorporated in July 1989 as a private company limited by guarantee under Ghana's Companies Code. The Exchange was recognised as an authorised stock exchange under the October 1990 Act, and trading on the floor of the Exchange commenced in November 1990. In April 1994, it converted into a public company limited by guarantee. The GSE is a self-regulatory organisation, but laws require that the SEC should approve membership and listing rules. GSE enforces its own rules, but the SEC acts as a surveillance mechanism. SEC staff conducts inspections and other monitoring duties, while SEC regulators look at areas such as monthly/quarterly reporting requirements, capital adequacy, and liquidity issues.

37. A council governs the Exchange with representation from licensed dealing members, listed companies, banks, insurance companies, the money market, and the general public. The managing director is an ex-officio member. The functions of the Council include preventing fraud and malpractice, maintaining good order among members, regulating stock market business and granting listings.

38. The GSE currently has fourteen stock broking firms licensed to deal on the Exchange and hosts thirty listings. In December 2004, total market capitalisation stood at 97 437.33 billion cedis or US\$ 10.79 billion.<sup>8</sup> Ashanti Goldfields Company Limited, now jointly owned by the government and Anglo Gold of South Africa, is the largest company on the GSE, with a market capitalisation of 2 099.75 billion cedis, which is about 57.45% of total market capitalisation. In future, the GSE would like to attract more SMEs who wish to access long-term financing for growth. Currently, concerns over loss of control, costs of listing, transparency and accountability keep some of these firms from listing.

## **ii. Findings of the CRM**

39. The Mission noted various constraints on doing business in Ghana and the provision of an effective regulatory environment for economic activities. Overall, stakeholders have complained of bureaucracy and inefficiency of institutions that interface with the private sector; prevalence of corruption; delays in, and escalating costs of litigation; poor trade-related infrastructure; unreliable provision and the relatively high cost of utilities.

Legal and regulatory framework

40. Stakeholders confirmed the need to review legislation (e.g. the Companies Code Act) for its adequacy and relevance to current developments. They also emphasised the need to enact the outstanding legislation relevant to corporate governance, such as the Anti-Money Laundering and Whistle Blower's Bills. The CRM confirmed that relevant laws (Companies Act, GSE, SEC, and banking laws) are being reviewed under the Financial Sector Strategic Plan. A part of the review is undertaken through the Business Law Division at the Ministry of Justice, which is charged with reviewing the business law charged with reviewing the business law framework with a view to making amendments.

Business registration

41. Many entrepreneurs complain about unnecessary delays in obtaining business registration and trade licences, and overcentralisation of service at the capital. Another problem expressed to the CRM is the difficulty in enforcing compliance due to a lack of supervisors. As expressed in the CSAR as well, the RGD has only seven supervisors to monitor compliance to the Companies Code in the whole of Ghana. It is, therefore, difficult to follow up on companies operating without a licence or those that fail to file annual returns, in particular those out in the regions.

42. When the Mission visited the RGD, it was indicated that these matters are being looked at. Some decentralisation is being effected and rudimentary decentralised offices have already been set up in Takoradi and Tamale. The decentralised offices were, however, not fully operational at the time of the CRM, as the necessary staff were not in place. Decentralisation without comprehensive computerisation may also not be the ultimate solution, in view of some identified shortcomings. For example, verification of the availability of business names still has to be sent to Accra via the state postal service, which is indicated to be unreliable. The CRM was informed that plans are under way to enhance the computerisation of the RGD through the acquisition of more computers and the introduction of non-paper application for the registration system.

43. The CRM was given a copy of a draft document entitled “Business Registration and Filing Reform Strategy” that has just been completed (April 2005). The study was commissioned by the government, who used consultants from Ernst and Young to undertake a review of the registration, filing and licensing of businesses in Ghana. The study has come up with various proposals to address identified shortcomings in the RGD. The strategy recommends reforms in business registration and licensing, financial budgeting, organisational processes, and the ICT areas, among others.

#### **Access to finance**

44. Participants identify the obstacles faced in accessing finance as being high interest rates, lack of adequate collateral and an insufficient record of creditworthiness. Furthermore, the CRM observed no developments on a collateral registry for moveable assets, credit bureaus, and related issues such as fair reporting laws.

45. With regard to collateral, participants highlighted the problem of land ownership and acquisition due to the complexity of the present land tenure system that requires extensive negotiations with a number of stakeholders. This is further compounded by an

inefficient land administration system that creates problems relating to title deeds. In an attempt to ameliorate the situation, the GIPC has established a land bank with information on land and real-estate properties available for lease, rental or equity investment purposes. Additionally, and in line with the government's objective of facilitating access to land for investment purposes, the Ministry of Food and Agriculture (MOFA) has compiled a list of individual portions of land available in all Ghana's districts, in an effort to establish a land bank for the information of potential investors. However, the question of access to land is flagged as a cross-cutting issue that needs to be addressed holistically by the government.

**SMEs**

46. The CRM identified several challenges faced by SMEs: access to finance, problems with registration, poor record-keeping, lack of property rights, and the need for training and skills development. Lending requirements are also stringent (even for those accessing state funds or funds from NGOs and micro-institutions). Stakeholders noted that government funding is insufficient and not made in a timely fashion. Access to state funds is sometimes politicised and follow-up mechanisms are weak.

**SOEs**

47. Most of the non-performing and uncompetitive SOEs that have not yet been privatised would require considerable restructuring and injection of capital before meeting the listing requirements of the GSE. It has been suggested that these enterprises should be branded more positively if they are to attract investors. In addition, despite the large-scale privatisation programme, the SOE sector weighs heavily on the economy and state involvement is extensive, including involvement in public enterprises and utilities. Several reasons are given for this. Sometimes, for political reasons, the state cannot divest certain entities if it means a loss of jobs for a large percentage of the populace. Concerns have also been expressed about foreign ownership and monopolies of divested entities. The revised Companies Act needs to address this matter.

48. The CRM met with representatives of the SEC and the GSE who expressed optimism at the prospects of the securities market in Ghana. Overall, these representatives feel that the regulatory framework for the securities market is adequate, except for minor adjustments. For example, the SEC aspires to meet the requirements of the International Organisation of Securities Commissions (IOSCO) and would need to



enhance its enforcement and monitoring capacities in line with this aspiration. The Companies Code also requires amendment to the provisions relating to ownership of shares and platforms for trading to take into account the central securities depository planned in the future. The Bank of Ghana established a central depository for government securities in 2004. The system is to be developed further to cover corporate securities. In addition, the GSE anticipates the onset of electronic trading and electronic certification, which would require revision of current laws.

### **Securities market**

#### **iii. Recommendations**

49. The Panel recommends that Ghana to take necessary steps to:

- ? Improve public service delivery to the private sector.
- ? Find modalities to expedite the resolution of commercial disputes through private arbitration and other alternative dispute settlement mechanisms.
- ? Enhance current initiatives such as the fast track courts, specialised commercial courts and the private arbitration strategies.
- ? Engage holistically with corruption (corruption is flagged as a crosscutting issue).
- ? Enhance and continue its efforts to rehabilitate the physical infrastructure.

50. Legal and regulatory framework

- ? Review legal and regulatory frameworks governing corporate activity for their adequacy and relevance to current corporate governance standards.
- ? Continue the review of the Companies Act, Securities Law, GSE rules and other laws under the Financial Sector Strategic Plan to ensure that Ghana meets the needs of an expanding and progressive private sector.
- ? Support the Business Law Division in its work through enhancing its research and drafting capacities.
- ? Strengthen the legislative research capacity of Parliament and undertake the training of parliamentarians.
- ? Expedite the passage of bills by Parliament.
- ? Enact the draft legislations relevant to corporate governance such as the Insolvency Act, consumer's legislation, Anti-Money Laundering legislation, the Freedom of Information and Whistle Blower's Bills. Promulgate and enact a

law on property rights.

- ? Define land ownership and improve access to land for investment through the elaboration of a policy of private land ownership for both Ghanaians and foreigners.
- ? Develop an effective, reliable and easily accessible land registry that will improve access to title and feed individual land registrations into a national registration system.
- ? Computerise fully the Lands Commission, and deeds and title registries.

#### 51. Business registration

- ? Implement the Business Registration and Licensing Reform Strategy developed by Ernst and Young that comprehensively covers a range of relevant issues including a strategy for business registration and licensing; reforms for filing renewals and amendments, organisational and institutional reform; ICT reform; and legal reform.
- ? Continue decentralisation efforts.
- ? Ensure that decentralised offices are capacitated in human and institutional terms.

#### 52. Access to finance

- ? Introduce a suitable legal framework to facilitate the operation of credit reference bureaus.
- ? Address the inadequacies identified in property titles and weak judicial enforcement of foreclosure processes.
- ? Find strategies for increasing banking competition.
- ? Address the wide interest rate margins in commercial lending.

#### 53. SMEs

- ? Increase government funding to SMEs timeously so that they do not become overburdened by government arrears.
- ? Ease lending requirements to SMEs and depoliticise access to these funds.
- ? Improve follow-up mechanisms to ensure the sustainability of SME support funds.
- ? Encourage firms to improve their corporate governance, recordkeeping, and

financial reporting.

- ? Provide education on financing to potential borrowers and skills development (e.g. preparation of business plans) to ensure optimum and profitable use of the funds.
- ? Ease registration and listing requirements for SMEs in alignment with the Ministry for Private Sector Development, and Presidential Special Initiatives.
- ? Mount nationwide awareness campaigns to highlight the benefits of incorporation as a starting point.
- ? Remove barriers, such as long registration processes and demands.
- ? Target the provision of facilities for micro-enterprises for whom registration is not yet an option, for example premises for trade, social amenities, and tools of trade to raise capital levels.
- ? Provide training and access to financing to SMEs who are organised and traceable for follow-up.
- ? In the longer term, facilitate the emergence of e-commerce to support the growth of domestic enterprises by introducing more efficient payment instruments, such as common technological platforms for cash machines and point-of-sale facilities and credit/debit cards.
- ? Consider the creation of over-the-counter securities markets.
- ? Find effective ways to attract and facilitate investment from Ghanaians in the Diaspora and other entrepreneurs through equity and venture capital financing.
- ? Consider in the long term the use of asset-backed securitisation (although uncommon in sub-Saharan Africa, it is widely accepted in more developed economies) as a funding source for SMEs and larger enterprises that have owner managers with a sizeable amount of equity in the business.
- ? Manage SMEs effectively to increase the capital base and enhance domestic resource mobilisation.

#### 54. SOEs

- ? Fine tune by capital injection, restructuring and positive branding the divestiture programme strategy for the loss making SOEs to lead to their privatisation.
- ? Open up the membership of the DIC to private sector representatives, to benefit from their entrepreneurial direction and commitment
- ? Make the work of the DIC more transparent by amending the Divestiture of State Interests Law to outline clear procedures for ensuring transparency in the selection of entities to be divested.

- ? Provide opportunity, encouragement and support for Ghanaians living at home and abroad to participate in the privatisation programme.
- ? Amend the necessary laws including the Companies Code and the Divestiture of State Interests law to facilitate this.
- ? Establish, publicise and monitor the implementation of a corporate governance framework for SOEs, which enshrines OECD and Commonwealth guidelines.
- ? Counter the laissez faire attitude, excessive bureaucracy, lack of technical expertise and low commitment that contribute to the nonprofitability of some SOEs.

### **55. Securities market**

- ? Strengthen the SEC to meet IOSCO requirements.
- ? Create a separate enforcement department at the SEC.
- ? Clarify and/or delineate the supervisory roles of the SEC and GSE.
- ? Improve the ICT capacities of the GSE to enhance electronic market surveillance.
- ? Complete and implement the review of relevant laws under the Financial Sector Strategic Plan in anticipation of future developments in the securities industry.

### **Objective 2: Ensure that corporations act as good corporate citizens with regard to human rights, social responsibility and environmental sustainability**

#### **i. Self-assessment**

56. Further to the ILO conventions, the rights of workers in Ghana are also reinforced by the 1992 Constitution and enshrined in the Labour Regulation Act, 1969; Labour Decree, 1967; and the new Labour Act, 2003. Although the above rights are guaranteed, certain legislation such as the Industrial Relations Act of 1965 and the Trade Union Ordinance of 1941 effectively limits these freedoms. For example, although strikes and lockouts are not outlawed, the established legal procedures make it impossible to have a lawful strike or lock out. Only 5.7% of the labour force is unionised.

57. Environmental issues are handled through the Environmental Protection Agency Act. Established in 1994, the EPA is mandated to seek and request information on the activities of any establishment perceived to have adverse effects on the environment. Periodically, large companies in Ghana, such as Coca-Cola Bottling Company of

Ghana, Nestlé and Unilever, are required to submit environmental assessment reports to the EPA. The EPA reviews these reports in collaboration with relevant ministries and government agencies. However, human, institutional and resource problems hinder the effective implementation exercise of the EPA's mandate.

58. Organisations that contribute to the corporate social responsibility (CSR) agenda in Ghana include the Ghana Anti-Corruption Coalition, Transparency International, the media and a number of NGOs that deal with social and environmental issues. CSR reporting is, however, not a requirement for listed companies.

## **ii. Findings of the CRM**

59. Overall, the issues of corporate social responsibility appear not to be well understood. Corporations are not actively engaged in the communities and the CSR is widely regarded as a philanthropic “add-on”.

60. The unemployment rate in Ghana is soaring, and initiatives for job creation, apprenticeship, training and capacity building by corporations are few in number. Most employees who interacted with the CRM have expressed the need for better terms of service. In particular, the problem of relatively low wages, especially in the public sector, was highlighted. As a result, poor morale has affected the quality of public service delivery. Concern has also been expressed about poor employee protection in SMEs and the informal sector.

61. Another concern is gender issues such as stereotyping and discrimination against women. In many cases, female workers earn less than their male counterparts do (there is no equal pay for equal work). Additionally, corporate Ghana is male dominated at the upper echelons, with women mainly employed as receptionists, secretaries, and the like.

62. Concern was expressed about child labour and child workers. Some children work in the construction industry and as petty traders. In some regions, the cultural practice of trokosi, which involves child servitude, is practised. In discussions, the Trade Union Congress noted that it has been active in shaping policy around labour issues, in particular the matter of child labour. This is on the understanding that in very specific contexts, some children (over the age of sixteen) have to work, either as heads of households when orphaned by HIV/Aids, or in assisting their parents. The CRM has also been informed that there are active efforts by the government and the police to combat child trafficking. Child work in mines or plantations is prohibited.

63. Furthermore, for a country in which most commercial activities to some extent affect the environment (mining, logging, construction and fishing), proactive engagement on environmental issues is not apparent. Environmental protection tends to focus more on commercial industrial concerns to the detriment of attempts to deal with hazardous waste. Environmental degradation caused by illegal gold panners and logging for fuel wood in rural areas is also ignored. Legislation protecting the environment is not widely known, and penalties and fines for environmental degradation are outdated and not in line with current trends of inflation. The EPA has set aside a reclamation fund or bond as insurance for the specific purpose of restoring any degraded area. Officials have stated that the government has stepped up efforts to regulate logging.

However, the CRM is of the view that enforcement of such regulations is weak

### **iii. Recommendations**

64. The Panel recommends that the Government of Ghana, the private sector and other relevant entities:

- ? Establish a comprehensive legal and regulatory framework for corporate social responsibility to complement the corporate governance framework.
- ? Include guidelines on corporate social responsibility in corporate governance codes developed by institutions such as the Institute of Directors and the SEC for their members.
- ? Encourage reporting on CSR activities by listed companies.
- ? Address stereotyping of women and gender discrimination in the workplace.
- ? Tackle with greater resolution the problem of child labour and eliminate child trafficking.
- ? Create a tribunal instead of the CHRAJ to handle employee grievances.
- ? Enhance the capacity of the Labour Department to monitor compliance with labour standards.
- ? Undertake sensitisation of communities, civil society and corporations around the issue of corporate social responsibility.
- ? Encourage corporations to support communities and social programmes.
- ? Motivate corporations to engage in training, apprenticeship and skills development, especially in manufacturing and production.
- ? Encourage corporations, in addition to financial reporting, to report on their involvement in social programmes and their impact on the environment.
- ? Revisit legislation that affects the CSR (e.g. the Land Act and the EPA

legislation) for its appropriateness and relevance.

- ? Enhance the EPA's capacity for supervision and enforcement.

**Objective 3: Promote adoption of codes of good business ethics in achieving the objectives of the corporation**

**i. Self-assessment**

65. Ghana is party to several international instruments governing terrorism, as well as UN and AU resolutions on international terrorism, including the International Convention for the Suppression of the Financing of Terrorism and the OAU Convention on the Prevention and Combating of Terrorism, Algiers, 1999. The government has also committed itself to passing a bill on terrorism that includes provisions dealing with penalties, financing of terrorism and money laundering.<sup>9</sup>

66. Although there is no existing law on money laundering in Ghana, the Bank of Ghana has intensified its uncompromising stance on money laundering. It has introduced a draft Anti-Money Laundering Bill that is yet to be passed by government. The Central Bank also requires banks to apply the policy of “know your customer”. In addition, a committee comprising the Bank of Ghana, IRS, RGD, the Committee of Controllers of Commercial Banks, VAT Services, Criminal Investigation Department of Ghana, and Interpol, has been formed at the national level to combat money laundering.

67. The State Enterprises Commission, Securities and Exchange Commission, and the Ghana Stock Exchange have gazetted corporate governance guidelines on best practices for listed companies. These are incentives for listed companies to comply with corporate governance practices. Good business ethics is promoted through relevant ministries, departments, and agencies; trade and business associations; shareholders, creditors and other stakeholders; civil society groups; and Ghana's development partners.

68. The government has performed its role in promoting codes of good ethics mainly through policy directives, legislation and relevant guidelines. Chapter 24 of the 1992 Constitution makes provision for a “Code of conduct for public officers”. The code is

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<sup>9</sup> National Laws and Measure: Counter-Terrorism Regulation of Biology: Ghana.  
[Http://www.interpol.int/Public/BioTerrorism/NationalLaws](http://www.interpol.int/Public/BioTerrorism/NationalLaws).

applicable to the President, Vice-President and all heads of public corporations or companies in which the government has a controlling stake, ministers, Members of Parliament, the Chief Justice and Justices of the Superior Court, judicial officers, the Commissioner and Deputy Commissioners of the CHRAJ and the Auditor-General. This code includes submission of a declaration of all property, assets and liabilities before taking office, every four years and at the end of the term of office. Ghana has also undertaken a number of public service reforms (these are elaborated on in the Democracy and Good Political Governance section of this report). Nonetheless, there are concerns over poor public service delivery and high perceptions of corruption.

69. Business associations have adopted voluntary codes of conduct to which members need to adhere. The media is also empowered by the 1992 Constitution, which guarantees freedom of speech and expression, freedom of the press and media, and the abolition of laws considered hostile to press freedom, such as the Criminal Libel Law. The draft Whistle Blower Bill does not cover disclosures to the media. Proponents for the inclusion of the media in the bill argue that if its coverage is expanded to include the media, this would strengthen the ability of investigative journalists to enforce better public administration and business ethics. Opponents feel that such coverage can only be beneficial in an environment of responsible journalism.

70. The government collaborates with development partners within the context of the Country Development Framework (CDF) in pursuance of its governance agenda. The main partners are the UNDP, World Bank, DFID, CIDA, USAID, EU, Japan and GTZ. Under the coordination of the UNDP, thematic groups have been formed to reflect on the main areas of interest of the donors. The groups are for parliament, the judiciary, anticorruption and oversight institutions, the Electoral Commission, civil society, and decentralisation. A governance trust fund is being promoted, with support from the thematic groups. This is primarily to implement the ten-year strategic plans of seven governance institutions, as well as support for the Presidency, the Serious Fraud Office (SFO), and the Ghana Anti-Corruption Coalition.

71. The African Development Bank (AfDB) is actively involved in the area of governance in Ghana. The Bank seeks to promote good governance in the areas of accountability, efficiency, transparency and anticorruption. This is done through support to strengthen the institutional and human resource capacity of the Parliamentary Service, Judicial Service, the CHRAJ and the National Development Planning Commission that is responsible for coordinating the PRSP process.



## **ii. Findings of the CRM**

72. Corruption and rent seeking are major concerns in Ghana. The private sector is widely perceived to lack corporate integrity. Lack of resources and capacity limits the effectiveness of oversight and enforcement mechanisms. Weak financial and investigative journalism also hampers the enforcement of good business ethics.

## **iii. Recommendations**

73. The Panel recommends that Ghana:

- ? Enhance the human and institutional capacity of institutions for supervision and enforcement (including the SEC, RGD, EPA, SFO, CHRAJ, and the Auditor-General's Department). These bodies are resource constrained and find it difficult to meet the supervisory and enforcement obligations arising from an expanded financial and private sector.
- ? Enact the draft Anti-Money Laundering Bill and the Whistle Blower's Bill.
- ? Train journalists in order to enhance their investigative and financial reporting abilities, enable them to practise responsible journalism and to serve the public interest better.

## **Objective 4: Ensure that corporations treat all their stakeholders (shareholders, employees, communities, suppliers and customers) in a fair and just manner**

### **i. Self-assessment**

74. The Companies Code of 1963, the Securities Industry Law of 1993 as amended, and the regulations of the GSE recognise all categories of shareholders. No distinction is made between foreign and domestic shareholders in shareholder rights under the law, except that foreign holdings in listed companies are subject to ownership thresholds based on exchange control restrictions. Minority shareholders are afforded the opportunity of obtaining effective redress of violation of their rights under the Companies Code. All shares issued, unless otherwise specified, rank *pari passu* with other shares of the same class in issue, and in the case of ordinary shares, one share carries one vote.

75. The CSAR also lists other legislation that provides for the protection of the rights and powers of all classes of shareholders. These include the Constitution of Ghana,

1992; Ghana Investment Promotion Centre Act, 1994; Free Zone Act, 1995; Ghana Stock Exchange Rules on Takeovers and Mergers; High Court Civil Procedures Rules, 1954; Securities Industry Law, 1993; Securities Industry Act, 2000; and the Bodies Corporate (Official Liquidations) Act, 1963. The Securities Industry Law, for example, prohibits and penalises insider trading and abusing self-dealing. Enforcement is to be carried out by the SEC and GSE, although in practice there are few prosecutions.

76. The main institutions charged with ensuring the equal treatment of different classes of shareholders are the RGD and the courts. The RGD, for example, has set up a client service unit whose aim is to redress grievances and problems quickly, for example of minority shareholders. Unsatisfied clientele can further seek redress from the public complaints unit of the office of the head of the civil service and the courts. Other institutions that to an extent protect shareholders include the SEC, GSE, GIPC and the Ghana Free Zones Board.

77. Stakeholders' rights are established and protected under the general laws pertaining to commerce, contracts and labour. In addition, voluntary codes, for example SEC Guidelines and the Institute of Directors' Code of Ethics, cover certain stakeholder issues. The Bodies Corporate (Official Liquidations Act) of 1963 provides the insolvency regime. Debt collection procedures are also found in the Companies Code, although in many instances they are not effectively employed. There is no legislation on individual bankruptcies. As mentioned, employee grievances are normally addressed through the CHRAJ. Creditors and suppliers seek redress through the RGD, courts or other alternative dispute mechanisms. In most cases, mechanisms for redress are lengthy and time and resource consuming.

78. At present, consumer rights are enforced through laws such as the Contracts Law, the Sale of Goods Act and the Food and Drugs Law, which establish minimum conditions of sale requirements, including standards for labelling and production. Consumers have the right to seek redress from the judicial system, including using the courts to compel statutory agencies to carry out their enforcement mandates. However, there is a need for consumer-specific legislation for Ghana. A Consumer Protection Bill has been drafted but has not been tabled in Parliament. The bill would provide a harmonised compensation scheme for consumers in the case of harmful or defective goods and services. The bill also seeks the establishment of an independent body, the National Consumer Council, as well as a Commissioner for Consumer Affairs, and regional and district level consumer affairs councils, arbitration committees and small-claims courts.

79. Consumers are protected from unfair competition. The Protection Against Unfair Competition Act, 2000 (Act 589) ensures that principles of fair competition are maintained. People damaged by unfair competition can seek an injunction in court to prevent such activities, or a provisional order from the courts to preserve evidence before damages or compensation is awarded to them. People who believe their intellectual property rights have been misused can also seek redress under the court system. Although there is now a draft Competition and Fair Trade Practices Act seeking the establishment of a special court and complaints office dealing with competition issues, it has yet to be tabled in Parliament.

### **ii. Findings of the CRM**

80. Shareholder rights in general are well observed and shareholders are equitably treated under the law. Duties of care and loyalty also appear adequate, and are hardly contested in practice. However, this may be explained by the low level of awareness of the various rights and the lengthy judicial process. The CRM was informed that most Ghanaians would rather be “out of pocket” than tackle the lengthy and expensive court system, unless very significantly aggrieved.

81. The level of awareness of stakeholder rights is extremely low among communities, though higher among large companies. Non-owner stakeholders, including employees at non-senior levels, have complained of limited access to company information. No information was, however, provided on the frequency of false advertising, product recalls and copyright infringement, which are key elements of assessments relating to stakeholder rights.

### **iii. Recommendations**

82. The Panel recommends that Ghana:

- ? Educate shareholders and stakeholders about their rights.
- ? Improve mechanisms for providing information to stakeholders.
- ? Enhance efforts to expedite commercial dispute resolution.
- ? Strengthen debt collection and foreclosure mechanisms.
- ? Pass the draft Insolvency Act to address individual bankruptcies.
- ? Enact consumer legislation and establish a consumer's organisation.
- ? Enact the draft Competition and Fair Trade Practices Act.
- ? Establish a special court and complaints office dealing with competition issues.

**Objective 5:**

**Provide for accountability of corporations, directors and officers**

**i. Self-assessment**

**Directors of registered and listed companies**

83. The Companies Code contains no directives for the appointment of independent directors. It does not require the separation of the role of the chairperson and the chief executive officer. The Companies Code allows for Board committees to be set up, but does not have specific requirements for setting up committees such as the Audit Committee. However, the listing rules of the GSE require written evidence of an audit subcommittee, including its composition, as far as possible, by non-executive directors. The SEC also requires that listed companies have audit committees. The SEC guidelines, which are voluntary, also require a non-executive chairperson of the Audit Committee.

**Directors of SOEs**

84. The process for appointing directors of SOEs is specified in the enabling Act of the institutions. The Public Services Commission guidelines for SOEs recommend that SOEs should have non-executive directors who can provide independent judgment, outside experience and objectivity, which are not subordinated to operational considerations. However, in the recent history of SOEs in Ghana, the government of the ruling party makes director appointments on its own. In the case of the ruling party losing its seat on a Board, the Board is always reconstituted with new members. Normally, the Board is given a term of three years. However, the length of service is not uniform and it depends on the particular SOE. Appointments of Board members are only made public after the government has appointed them in consultation with the Public Services Commission. This creates problems from a corporate governance perspective, as the process does not allow for sufficient vetting of appointments under consideration. SOE Boards of Directors fix their own remuneration in consultation with the sector ministry. Apart from their remuneration, they also receive paid allowances each time the Board convenes. SOE annual financial reports contain statements of the remuneration and benefits for each director.

### **Directors of SMEs**

85. In accordance with common practice in Ghana, Boards for SMEs are based on the unitary model. The main shareholders usually appoint the SME Boards and members are usually either family, friends or the main shareholder. There is frequent overlapping of the roles of chairperson and chief executive. There are no formal programmes or schemes for the remuneration of directors, but the size of the business, its length of existence and profitability are relevant factors. Most SMEs are ownermanaged, but in case of the need for professional management, the recruitment process tends to favour qualified family members.

### **Disclosure mechanisms**

86. Structures and processes are in place to ensure that suitable accounting policies have been consistently applied in the preparation of financial statements. For example, the corporate body's annual financial statements are presented in accordance with the Ghana National Accounting Standards and other accounting standards and principles issued by the Institute of Chartered Accountants of Ghana, and for disclosing any deviations from the said standards. The processes also ensure that the corporate body's annual and interim financial statements are circulated to shareholders and regulators within the time-frames specified by law and regulation. They guarantee that annual and interim financial statements are prepared on a basis that facilitates comparability. Auditor's reports on financial statements are faithfully reproduced to the users of such statements, and a balanced, understandable assessment is given of the financial and operating results of the corporate body in the financial statements.

87. No provision for explicit liability of the Board on the accuracies of financial information is made in the Companies Code. Disclosure of material facts, such as changes in directors or auditors, is sometimes not made in real time to the public, and there is little enforcement of this requirement. Compliance with non-financial disclosures is generally weak. Although requirements for the disclosure of related party transactions are adequate, enforcement and oversight capacities for implementation of the same are weak. External auditors are permitted by the Companies Code to provide other services (e.g. accounting, costing, taxation) that could cause conflict of interests.

## **Banks**

88. The Banking Supervision Department of the Bank of Ghana holds meetings with banks and external auditors to discuss items to be given full disclosure in the published accounts. The CSAR notes that Banks that failed to comply with the requirements in 2002 were sanctioned. The entire process is supervised internally, and this is controlled by the Audit Committee of the Board of each bank.

### **ii. Findings of the CRM**

89. Boards are reported to be captive to controlling shareholders and ineffective in managing corporate governance practices or monitoring conflicts of interest. Recruitment processes in most enterprises are marred by nepotism, often resulting in incompetence of personnel.

90. Stakeholders indicated the need for better record-keeping by firms, in particular SMEs. Only NGOs consistently keep accounts and make use of external auditors, mainly because it is a requirement from donors for continued funding. In Wa, the CRM interacted with a church-run initiative that offers accounting and other professional services for SMEs. Stakeholders have recommended that such initiatives be encouraged.

### **iii. Recommendations**

91. The Panel recommends that:

? The Companies Code and relevant laws be amended to take into account global corporate governance developments, especially the codes of the OECD and Commonwealth for the governance of companies, including SOEs and SMEs, for example to:

- Require the formation of Board committees in general, and audit committees in particular;
- Introduce responsibility for the accuracy of financial statements;
- Require internal auditing for companies;
- Require the appointment of independent directors; and
- Require guidelines for managing conflicts of interest.

? Corporations and other entities make material information more widely

available in real time and periodically.

- ? Supervisory authorities enhance the monitoring of disclosure and enforcements for breaches.
- ? Entrepreneurs be encouraged to institutionalise SMEs and smaller companies to ensure the continuity of the enterprise once the principal or dominant shareholder is no longer there and enhance prudent financial management to ensure viability and growth of the business.
- ? The Institute of Directors and the SEC consider undertaking certified training programmes for directors.





# 5

## SOCIO-ECONOMIC DEVELOPMENT

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*“Africa faces grave challenges and the most urgent of these are the eradication of poverty and the fostering of socio-economic development, in particular, through democracy and good governance. It is to the attainment of these twin objectives that the NEPAD process is principally directed.”*

NEPAD/HSGIC/03-2003/APRM/MOU Annex 1

### 5.1 Overview

1. The overarching twin objectives of NEPAD, which are underscored by the NEPAD Declaration and for which reason the APRM was instituted, are the eradication of poverty and the fostering of socio-economic development. This is to be achieved on the basis of partnership between the state, the private sector and the civil society, under broadly participatory and accountable democratic political governance.

2. The goal is to improve the quality of life of African peoples, through the pursuit and implementation of policies designed to expand opportunities and options for individual and collective self-development and selfrealisation. It is this same broad objective that provides the seamless web of cross-cutting and overlapping objectives linking socio-economic development with the other thematic areas (Democracy and Political Governance; Economic Governance and Management; and Corporate Governance), elaborately set out in the NEPAD Declaration.

3. Ghana is arguably one of the most stable countries in West Africa. With its good endowment of natural resources, strong export base and social capital, Ghana was well-poised towards achieving sustained increase in economic growth soon after attaining independence. Yet, that outcome was prematurely terminated due to the political upheavals that engulfed the country from the mid-1960s. Ghana experienced spurts of growth in the 1960s, propelling it into a higher per capita income bracket. Rapid economic decline set in during the mid-1970s and standards of living plummeted so sharply that Ghana joined the ranks of other low-income African countries.

4. Since the early 1980s, Ghana has sought extensive reforms in an effort to reverse dirigisme and inward-looking policies. The initiation of the Economic Recovery

Programme (ERP) in 1983 witnessed the beginning of a marked transformation of the economy from an administrative system of control towards a more market-oriented system of economic management. Major macroeconomic and structural reforms measures were implemented in both the real and financial sectors of the economy.

5. Since the return to democracy in 1992, Ghana has progressively strengthened and consolidated its democratic rule, which understandably is still fragile. The pursuit of neo-liberal policies since the early 1980s and generous government incentives have expanded economic, political and socio-cultural spaces. Notable strides have been made in several respects to spur on socio-economic development. The government has made good progress, albeit less than anticipated, because of administrative capacity constraints. Ghana has indeed become a beacon of hope in the volatile West African sub-region.

6. Government policies are currently geared at making Ghana the gateway to West Africa. The national aspiration is to become a middle-income country by 2010. Ghana's Poverty Reduction Strategy (GPRS)<sup>10</sup> provides the overarching policy context for the country's socio-economic development. Essentially, the GPRS aspires to achieve broad development objectives, including:

- ? Reducing extreme poverty;
- ? Promoting social and human development;
- ? Pursuing environmental sustainability and regeneration;
- ? Consolidating democratic governance;
- ? Strengthening accountability; and
- ? Guaranteeing protection of human rights and the rule of law.

7. In the main, socio-economic outcomes have been mixed. Ghana is currently in the medium human development category. Its Human Development Index (HDI) has improved remarkably, from 0.438 in 1975 to 0.506 in 1990, 0.525 in 1995 and 0.548 in 2000. However, with an HDI index of 0.568, Ghana ranked 131st out of 171 in the 2004 United Nations Human Development Report, down from 129 in 2003. Attaining the national objective of achieving middle-income country status by 2010, would require an annual growth rate of 8-10%, far above the current trajectory of 4-5% recorded in the last decade. It also falls short of the 6.5% prescribed by the GPRS. The population growth rate of 2.7%, combined with the GDP growth rate of 4-5%, implies a relatively low per capita income growth of 1.7-2%. About 41.3% of the population are children, with a consequently high dependency ratio.

8. Several policies are currently in place to ensure access to social services, including education, health and other basic services. Social expenditure on roads, basic education

**Box 5.1: Ghana and the Millennium Development Goals**

As one of the principal architects of the Millennium Declaration, the precursor of the MDGs, Ghana has remained at the forefront of efforts to situate national development targets within the context of these globally acclaimed priorities. It is now widely acknowledged that the MDGs provide the veritable long-term outcomes to be pursued through successive poverty reduction strategies and a series of annual budget plans.

Thirteen of the MDG indicators are included in the GPRS core list, while fourteen others are covered within the existing information systems.

10 The GPRS was preceded by a series of plans that placed emphasis on poverty reduction and human development. The first was the report entitled *Making People Matter: A Human Development Strategy for Ghana* (1991), followed by the *National Development Policy Framework* (1994) later renamed *Vision 2020* a 25-year development perspective. An *Interim Poverty Reduction Strategy Paper* was produced in 2000. and health care has increased in recent years, for instance by as much as 40% in education. There has, however, not been a commensurate increase in the quality and impact of such expenditure in providing enhanced, sustainable and affordable access to public goods for many households in urban and rural areas, and in reducing regional and urban/rural disparities.

9. A preliminary finding from the forthcoming *Ghana Human Development Report* is that, although many schools have been built in the last few years, this development has not been matched by the recruitment of sufficient numbers of teachers. As a result, there has been a marked drop in the teacher/pupil ratio. While the male/female disparity in school enrolment at primary and secondary school levels has narrowed substantially in recent years, the situation is different in universities and polytechnics. Here male students far outnumber female students, despite affirmative action to encourage enrolment of the latter. The government's health policies appear to be making some headway, although the health system continues to suffer from an exodus of health personnel. Available statistics indicate that in the decade up to 2003, Ghana lost over 30% of its trained health personnel.

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<sup>11</sup> Aryeetey, Ernest, et al. *The State of the Ghanaian Economy in 2003*. Institute of Statistical, Social and Economic Research, University of Ghana, July 2004.

10. Unemployment is gradually assuming an inexorable position in Ghana, with the national rate of unemployment rising from 10.4% in 2000 to 12.2% in 2003. The slow pace of past growth, coupled with an expanding labour force, has resulted in growing unemployment. A disturbing dimension of the problem is the growing joblessness among university graduates and graduates of the middle and junior secondary schools, which often fail to provide the requisite skills.

11. The informal sector is the main source of employment in Ghana. As an illustration, between 1984 and 2000 informal sector employment rose by approximately 46%, at an annual average rate of 2.7%. At peak impact of the ERP in 1992, 88% of Ghanaian employment was in the informal sector, although this share declined to 80.4% in 2000. The majority of employment in the rural informal sector is in agriculture, while urban informal sector work is predominantly in the retail trades.<sup>11</sup>

12. Ghana has aggressively targeted the Millennium Development Goals (MDGs), as indicated in Box 5.1, and may meet some of the goals set out in the Millennium Declaration. Whereas the country's accomplishments are undeniable and need to be sustained, real challenges still linger in critical areas necessary for attaining the MDGs fully. The most important challenges lie in combating hunger, reducing under-five mortality, reversing the spread of HIV/Aids, increasing primary school enrolment, as well as improving access to safe water supply and sanitation. Equally difficult to achieve are the goals of eliminating gender disparity and reversing malaria incidence. There is also weak but improving state support for the achievement of environmental sustainability.

13. The HIV Sentinel Survey of 2002 indicates that an estimated 3% of the adult population, aged between 15 and 49 years, was infected with the HIV virus in 2002, translating into 330 000 adults living with HIV/Aids. Unofficial estimates tend to suggest higher prevalence rates. About 64% of Aids cases are in the 20-39 age group, with women constituting 58% of the total cases and becoming infected much earlier than males. Some measures have been taken to address the issue of HIV/Aids, prominent among which is the recognition of the developmental relevance of the disease and the need to combat it with a holistic approach.

14. Ghana has made significant progress following the adoption of the National Policy on HIV/Aids and Sexually Transmitted Diseases. The government has prepared and endorsed a National HIV/Aids Strategic Framework for implementation. Despite a

difficult macroeconomic environment, Ghana has been able to invest increasing amounts in HIV prevention and control, although there are concerns about the sustainability of commitment and resources.

15. The general picture emerging indicates that a combination of good socioeconomic policies and considerable foreign aid has led to perceptible progress in Ghana's socio-economic development in recent years. The country is, however, off-target in the attainment of a considerable number of the goals set out in the GPRS and in the MDGS. Perceptible progress on the socio-economic front is distorted by:

- ? Impediments to gender mainstreaming as a result of cultural and other factors;
- ? Weak human, financial and physical resource capacity;
- ? Wide urban/rural and regional disparities in the distribution of dividends of socio-economic development in the country, with the three northern regions and some parts of coastal Ghana lagging far behind the rest of the country (e.g. in poverty eradication, provision of basic services, and core welfare indicators, like water, electricity, health care, roads, nutrition and education); and
- ? A weak, demobilised, unresponsive and ineffective fiscal and political decentralisation process, thereby hindering participation, accountability and transparency in social service delivery at the lower levels of government.

16. The country's socio-economic development has also suffered from the negative impact of macroeconomic distortions, such as the economy's susceptibility to external shocks as a result of fluctuations in world primary commodity prices, exchange rate instability, inflation and high donor dependence. As the CSAR points out, and the various consultations undertaken by the CRM have made all too clear, socio-economic development in Ghana has been less than is required for sustainable development. There is ample scope for improvement in the quality and standard of living of Ghanaians, measured in terms of the opportunities and options available to them to secure and sustain their individual and collective self-development, if the MDGs and the national development objective of US\$ 1000 per capita income by 2010 are to be achieved.

17. Against this background, this chapter reviews the policies and practices of Ghana in conforming to the agreed governance values, codes and standards of the socio-economic development objectives of the NEPAD Declaration on Democracy, Political, Economic and Corporate Governance, as well as outstanding challenges. It reviews the contents of the CSAR and background papers in this thematic area, as well as the

consultations the CRM had with stakeholders. As with the other thematic areas, the CRM raised a number of issues with various stakeholders (Ghanaian authorities, civil society, labour and the private business community) at both the national and regional levels, motivated by issues contained in the Background Report and the CSAR. The recommendations of the Panel on major governance issues are presented in the light of the findings.

18. In addition to the status of implementation of the prescribed standards and codes, Ghana's self-assessment in the thematic area of socio-economic development has addressed issues related to six objectives, namely to:

- ? Promote self-reliance in, and build capacity for self-sustaining development;
- ? Accelerate socio-economic objectives to achieve sustainable development and poverty eradication;
- ? Strengthen policies, delivery mechanisms and outputs in key social development areas, including education and combating HIV/Aids and other communicable diseases;
- ? Ensure affordable access to water, sanitation, energy, finance (including microfinance), markets, information and communications technology, and shelter and land to all citizens, especially the rural poor;
- ? Progress towards gender equality in all critical areas of concern, including equal access to education for girls at all levels; and
- ? Encourage broad-based participation in development by all stakeholders at all levels.

19. In what follows, we review developments on the performance of the standards and codes and the objectives.

### **5.2 Implementation of standards and codes**

#### **i. Self-assessment**

20. Ghana has made remarkable progress in complying with the codes and standards enumerated in the socio-economic development objectives of the APRM. Six of these ten standards and codes have been fully ratified. These include:

- ? NEPAD Framework Document (March, 2003);

- ? Right to Development in the African Charter on Human and Peoples' Rights (24/04/1989);
- ? World Summit on Sustainable Development (30/05/2003);
- ? African Charter on the Rights and Welfare of the Child (February 1990);
- ? Constitutive Act of the African Union (adopted July 2000); and
- ? Convention on the Elimination of All Forms of Discrimination Against Women Beijing Plan of Action (02/02/1996).

21. Others are yet to be ratified, partly as a result of financial constraints and lengthy bureaucratic procedures. There is a general lack of awareness of such standards, and the ratification status of some could not be ascertained from implementing institutions and other official sources. The process of translating standards and codes into local laws is being pursued in a number of cases. The concern has been expressed that some implementing agencies are not well informed about the status of the treaties.

#### **ii. Findings of the CRM**

22. Discussions during the CRM centred on the need to ratify the remaining standards and codes and fast-track the process of translating standards and codes into local laws. Stakeholders outside of the public sector overwhelmingly agree that the standards and codes are useful and appear to have achieved their intended objectives, particularly the Convention on the Elimination of All Forms of Discrimination Against Women, the African Charter on the Rights and Welfare of the Child, the NEPAD Framework Document, and the African Charter on Human and Peoples' Rights. At the same time, they feel that greater sensitisation would be useful to inform ordinary citizens about the standards and codes, their nature and objectives, and the manner of their implementation.

#### **iii. Recommendations**

23. The Panel recommends that the Government of Ghana:

- ? Ratify outstanding standards and codes and translate them into local laws.
- ? Sensitise ordinary citizens as to the standards and codes, their nature and objectives, and the manner of their implementation.

### **5.3 Assessment of the performance on APRM objectives**

#### **Objective 1: Promote self-reliance in development and build capacity for self-sustaining development**

##### **i. Self-assessment**

24. The GPRS provides the overarching policy context for the country's development policies, strategies and projects. It is geared towards creating wealth and reducing poverty. The intermediate objectives are the transformation of the economy to achieve growth, accelerated poverty reduction and the protection of the vulnerable and excluded within a decentralised, democratic environment.

25. A more vigorous effort went into making the GPRS process participatory and locally owned by Ghanaian stakeholders, than was the case with earlier initiatives such as Vision 2010, the Medium-Term Expenditure Framework (MTEF) and the Programme of Action to Mitigate the Social Costs of Adjustment (PAMSCAD). In general, however, there is room for improvement in consultation and participatory processes. Stakeholders, during the preparation of the report, frequently suggested that consultation processes could be better structured, including the participation of District Assemblies.

26. The Background Report reiterates that strategies for human development and the provision of basic services in Ghana are mainly outlined in the GPRS, while the various sectors and ministries include medium-term strategies in their respective Sector Plans.

27. Over half the government's development expenditure is externally funded, albeit on a downward trend in recent years. External aid enabled the government to restore confidence in the economy, especially during the 1980s. Such aid increased outlays on infrastructure development and social services, and contributed significantly to poverty alleviation. However, it also endangered macroeconomic instability. Since 1983, multilateral and bilateral donor support has inadvertently created monetary shocks and quasi-fiscal deficits of a magnitude overwhelming the government's capacity for macroeconomic management.

##### **ii. Findings of the CRM**

28. Discussions under this objective were dominated by capacity and ownership issues. Several participants from outside the public sector expressed the view that improvement



in certain capacities of the District Assemblies would greatly enhance ownership and accelerate the sociodevelopment process. These include the capacity to:

- ? Collect and analyse data;
- ? Develop projects to be financed under the District Assemblies Common Fund (DACF) and funds of the Heavily Indebted Poor Countries Initiative; and
- ? Generate own funds from market tolls, property rates and other levies to finance development programmes.

29. Participants also stated that there is a need for improvement in the way the consultative and participatory processes are carried out to ensure that the underlying objectives of self-reliance, ownership and sustainability are achieved.

30. There were no suggestions as to specific measures for effecting change. Nor was the issue addressed of improvements requiring capacity increases versus those that could be made simply by enhancing efficiency without adding capacity at a national or even local level. Evidently, the primary objective has been to send a message to the authorities that something should be done to make further progress in the programmes concerned, and that civil society and business were willing and able to assist in coming up with solutions.

31. Implementing self-reliant, sustainable poverty reduction programmes that create wealth requires maximum consultation, participation, coordination and ownership by all stakeholders. Although the GPRS goals are geared towards self-reliance and sustainability, there is ample scope for improvement, notwithstanding the progress made so far.

32. Objectives of growth, inflation and currency stability require rather conservative macroeconomic policies that encourage saving and investment, contain certain government expenditure, and limit monetary expansion in relation to real output growth. The objectives of reducing poverty, enhancing access to basic services and facilities, and reducing inequities require some bias towards consumption and progressive income distributional policies. In dealing with the apparent trade-offs, government policy-making, as well as cooperation amongst societal agents as a whole, will be challenged.

33. In a culture of shared growth, as evidenced in the high-performing countries of East Asia, Ghanaians would be willing to work hard to contribute to high economic growth. There would be credible expectations that everyone would share in the growth via income distribution mechanisms that are accepted as fair.

**iii. Recommendations**

34. The Panel recommends that the Government of Ghana:

- ? Balance sound macroeconomic policies (to increase economic growth, reduce inflation and ensure the stability of the cedi), against other policies (to reduce poverty, increase access to basic services and public facilities, and reduce inequities in the economy).
- ? Educate citizens that the following is required to meet these apparently conflicting objectives: discipline, hard work, thrift and a high level of productivity.
- ? In this context, develop a culture of shared growth.
- ? Use coordinating councils (of the types discussed in Chapter 4), with members drawn from the government, expert organisations, civil society and the private business sector, to help in developing the sort of cooperation that enables a culture of shared growth to emerge and grow.

**Objective 2: Accelerate socio-economic development to achieve sustainable development and poverty reduction**

**i. Self-assessment**

35. The GPRS has identified five thematic areas as medium-term (3-5 years) priorities in pursuing the interrelated objectives of sustainable development and poverty reduction in the country:

- ? Macroeconomic stability;
- ? Production and gainful employment;
- ? Human resources and basic services;
- ? Protection of the vulnerable and excluded groups; and
- ? Good governance.

36. Owing to a combination of slow growth in per capita income and high, volatile inflationary pressures, as well as an annual population growth rate of about 2.7%, Ghana's weak economic performance in the 1990s made it impossible to realise the government's projection that the country would achieve middle-income status by 2013. To attain such status, the CSAR projects that Ghana would have to record an annual

growth rate of 8-10% in per capita income, and an annual population growth rate of about 1.5%. Nevertheless, there has been a modest increase in economic performance, with economic growth hovering around 4-5% per annum since the 1990s, compared with the negative growth rates in the 1980s. The country has also mobilised more resources from internal sources during the same period.

37. A more sombre picture emerges, however, when it is realised that the economic growth that has been achieved masks regional disparities and rural/urban imbalances in respect of its distribution. It also falls far short of the 8% predicted in Ghana's Vision 2020, and of what the GPRS envisaged as necessary for lifting the country from the poverty trap. Given the vulnerability of the country's economy to external shocks and high donor dependence, the picture becomes even more worrisome. Those sub-sectors that would greatly benefit the poor (food crops and livestock, manufacturing, and wholesale and retail trade) have fared badly.

38. Although Vision 2020 and the GPRS are the most recent policy documents for achieving accelerated socio-economic development, monitoring of the progress made has faced considerable challenges. In the preparation of annual progress reports, the main problem has been lack of up-to-date data, as well as inconsistent data from different sources.

39. Survey results from the northern parts of the country and the Volta Region suggest that poverty is still acutely prevalent in the country and has worsened over the years. There are legitimate concerns among the populace that political affiliation determines access to funds meant for poverty alleviation. Several respondents feel that some of the HIPC and DACF funds should have gone to income-generating activities instead of infrastructure development projects. The view has also been expressed that the District Assemblies are unable to generate adequate funds from market tolls, property rates and other levies to finance development programmes.

40. Ghana has made remarkable progress in achieving the MDGs, but some challenges remain, including a high fertility rate (4.5) and infant mortality rate (56.5/1000, 2001 estimate). Life expectancy has still not reached 60 years of age, currently being 59 years for women and 56 years for men. Only 64.5% of the population is literate, with a significantly higher percentage of men (70%) than women (51%) being able to read and write.

41. The following MDG goals are identified as the least likely to be realised:

- ? Halving the proportion of people living in extreme poverty;
- ? Achieving universal education;
- ? Reducing child mortality;
- ? Improving maternal health; and
- ? Combating HIV/Aids, malaria and other diseases.

**ii. Findings of the CRM**

42. Issues that came up in discussions around this objective mirror the responses in the survey. It has been suggested that investment criteria should include direct effects on poverty alleviation. In practice, this implies that greater attention needs to be given to investment in sectors that employ poor people, such as agriculture.

43. Some stakeholders, including those representing the public sector, pointed out that the authorities, in fact, do not ignore this criterion in public investment decisions. What is lacking, however, is transparency of the importance it plays in such decisions. There was consensus in the discussions that the government should consider these concerns carefully and look more systematically into what could be done. It should take due account of any trade-offs between short-term and long-term effects on growth and development, and employ investment criteria that take the direct short-run employment effects on the poor into account.

44. The impact of rural-urban migration on urban poverty is a cause for concern to some stakeholders, who have noted that the lack of a corresponding expansion of infrastructure and service delivery is a major reason for this relationship. The obvious response to alleviate the problem increasing spending on urban infrastructure is not considered a feasible option because of resource constraints. Neither do the stakeholders consider policies for reducing rural-urban migration, such as improving employment and welfare conditions in the rural areas. In the context of equity, however, many stakeholders stress the need for improving conditions in the rural areas, especially access to basic facilities. The motivation is to achieve equity, and not to reduce rural-urban migration.

45. Despite several decades of social scientific research on rural-urban migration, its causes, benefits and costs, there are signs of neglect by public policy in Ghana of certain basic questions: whether anything should be done about rural-urban migration in Ghana; how to reduce its costs and take advantage of its benefits; and whether there is a

need to take positive measures to slow it down or, conversely, to accelerate it. Indeed, there may be different approaches to the issues in different parts of Ghana.

46. Most stakeholders are concerned about the small size of the formal sector. They all feel that, for a variety of reasons, it would be good to formalise the informal sector. This appears to be an aspect of socio-economic development that could have a direct impact on economic development and poverty reduction. Stakeholders have urged the authorities to consider direct intervention for achieving desired results. Civil society and the private sector indicated that they might have some valuable ideas to offer, but these were not forthcoming at workshops and technical meetings during the CRM.

47. From a socio-economic welfare perspective, there is a need to reduce informality in economic relations in the economy as a whole. It is not self-evident what policies should be put in place, and what the role of direct intervention of the government should be vis-à-vis merely enabling spontaneous order to function well. In the latter case, government activities would include education, allowing adequate freedom of contract, and efficiently enforcing laws and contracts. Civil society and business persons could also be active as agents in this process.

### **iii. Recommendations**

48. The Panel recommends that Ghana:

- ? Modify or reorient the current pre-eminently state-driven approach towards socio-economic development, applying a much more conscious determination to generate and mobilise internal capital through savings and investment.
- ? Achieve such targets by encouraging the active participation of the organised and unorganised private sector (including the informal sector), individual entrepreneurs and self-help community organisations in the provision of social and physical infrastructure and in human resource development in the country.
- ? Sustain the momentum to achieve all the MDGs, paying attention to the specific problem areas identified. The MDGs are critical to Ghana's own agenda for growth and prosperity.
- ? Consider the urgency of gathering good data and statistics, which are important for understanding problems and tracking performance in many areas of socio-economic governance and development.
- ? In light of the above, make a concerted effort to re-energise and reform the Ghana Statistical Services.

- ? Take the leadership in organising focused study and analysis of policies for fostering development of the formal sector and the concomitant shrinking of the informal sector.
- ? Take steps to remedy rural-urban migration.

**Objective 3: Strengthen policies, delivery mechanisms and outcomes in key social areas**

**i. Self-assessment**

49. Social sector policies and programmes in the GPRS seek to promote activities that would enhance access to education, health care, potable drinking water and sanitation services. There are policies and measures for reducing poverty, increasing access to basic services and public facilities, and for effecting greater equity in gender, regions and rural-urban disparities for which capacity enhancements are required.

50. In education, the net primary enrolment rate increased nationally from 58% in 1999 to 69.9% in 2003, but may not have been sufficient to meet the policy target of 88.5% by 2005. In the same period, secondary school enrolment declined slightly from 40 to 38.1%, whereas female enrolment increased marginally. Tertiary education in general and university education in particular, have increased over the decade, with enrolment at universities increasing from about 18 000 in 1994 to approximately 56 000 in 2003. Over the same period, female enrolment at universities increased by 353% from 4400 in 1994. The CSAR states that this rapid increase in enrolment has been driven by the affirmative action policies of the universities.

51. A major policy initiative in the sector has been the ten-year (1995-2005) strategic plan for education, in the form of the Free Compulsory Universal Basic Education (FCUBE) programme. The objective was to enrol and provide all school-age children with quality primary and junior secondary education by 2005, with community participation in its implementation. The overriding goal is to lay a firm foundation for reorienting the entire educational system towards the promotion of creativity, science and the acquisition of more flexible skills by students at all levels. It is also geared to improve the quality of teaching and learning and, in particular, to enhance educational access and opportunity for females and other disadvantaged groups.

52. In the area of health, the emphasis of government policy is on the prevention of disease, health promotion and basic primary health care. Under the GPRS, the emphasis is on bridging inequalities in the delivery of health care. The government has embarked

on several programmes, including the National Health Insurance Scheme, the National HIV/Aids Programme, and HIV/Aids Surveillance.

## **ii. Findings of the CRM**

53. Stakeholders are concerned that the quality of primary and secondary education had eroded in recent years. They want the authorities to consider carefully possible contributing factors, such as teacher-learner ratios and the quality of instruction. As some of the subsequent remedial steps by the government might require significant time before yielding results, the stakeholders feel that measures with more immediate results are necessary. The use of television and information technology in the classroom to improve numeric and literacy skills should be urgently considered, especially as the authorities have expressed recognition of the strength of the case.

54. Despite the expansion of tertiary education institutions, male students significantly outnumber females. The representatives of the authorities have agreed with other stakeholders that this situation requires immediate attention.

55. Stakeholders have also highlighted the issue of the brain drain, which has seen the departure of teachers, particularly those in sciences, to greener pastures. It is suggested that incentives be found to retain teachers, especially in rural areas.

## **iii. Recommendations**

56. The Panel recommends that Ghana:

- ? Undertake “good faith” reviews to see where capacity increases make economic sense from a cost-benefit perspective.
- ? Identify areas where improvements could be made via policies and measures that augment efficiency without incurring large additional expenses, as would be necessary for capacity increases.
- ? Raise productivity of resources with little or no additional expenditure by reorganising and reallocating facilities, redistributing funds and refining processes and procedures. Areas where attention could be given in this regard are:
  - The relative incentives of teachers and health professionals to work in cities and in the South vis-à-vis the rural areas and the North;
  - Access to financial services across regions and rural-urban households and businesses;

- . - Distribution of goods markets across the country;
- . - Transparency in decision-making, particularly in the contribution of participatory groups and individuals at the unit and district levels to the final decision; and
- . - Regular information on the implementation of development projects.

**Objective 4: Ensure affordable access to water, sanitation, energy, finance, markets, information and communications technology, shelter and land for all citizens, especially the poor**

**i. Self-assessment**

**Housing**

57. The CSAR draws attention to housing scarcities. In the rural areas, the market for formal housing delivery is not lucrative for real-estate developers. In the urban areas, the rapid rise in the population has been accompanied by slow growth in real incomes and land litigation. The result has been shortage of rental accommodation, high rents, and hardship for a good fraction of the population. Most respondents to the survey support some form of public-private partnership, as well as direct government intervention, in the provision of houses.

58. Sources of difficulties in increasing the housing stock include the processing of applications for building permits, the high cost of building materials (relative to incomes), and unavailability of credit. The CSAR suggests that these difficulties could be alleviated by instituting housing loan schemes, promoting the use of local building materials and enforcing by-laws and regulations on housing construction. It suggests strengthening the Department of Rural Housing and Cottage Industries and NGOs to operate housing schemes in all districts, especially in rural areas.

**Electricity**

59. Access to electricity in the rural areas is low (16.1%), relative to the urban areas (74.6%). Access in rural areas is being promoted via the Self-Help Electrification Programme, which is partly financed through a levy on electricity consumption and loans and grants from aid donors. To augment private sector participation, the government has introduced a Power Sector Reform Programme.



60. In the area of pricing, a “lifeline tariff” has been set to subsidise poor households whose consumption falls below a threshold of 50 units per month. The CSAR claims that households living in multiple dwellings seem not to benefit from these subsidies as intended. Moreover, some consumers have complained about inaccurate charges, which seem to result mainly from the inability to provide all consumers with meters.

### **Water**

61. Access to water is a major problem in Ghana. Access to pipe-borne water is estimated at about 71.2% and 16.1% for the urban and rural populations respectively. The Ghana Water Company Limited, which supplies the urban areas, is currently unable to invest in expansion of the system. The Community Water and Sanitation Agency, which is responsible for supplying the rural areas, has enabled that fraction of the population with access to safe drinking water to expand from 41 to 46.4% between 2000 and 2003, by providing boreholes and hand-dug wells. Due to the increase in the incidence of guinea worm infections between 1998 and 2003, the government is providing funds to assist rural communities in the installation of water and sanitation facilities.

### **Financial services**

62. Access to financial services has eluded many small businesses. The main source of rural finance, the rural banking system, currently comprises 117 banks, yet it holds less than 5% of the deposits of the banking system as a whole. These rural banks have been important sources of credit for small farmers and industries, and rural women have been the objects of special credit schemes. Rural banks have also helped with community development projects, such as electricity poles, boreholes, markets and scholarship schemes for the needy.

63. Apart from these banks, other sources of rural credit include susu organisations, credit unions, savings, loans and NGOs. Recently, under the enhanced HIPC initiative, funds have been allocated to poverty-related activities, including the microfinance programmes for women to be used in agricultural production and marketing activities. The District Assemblies manage these funds. The CSAR indicates that inadequate capacity for management and a perception of political interference in the disbursement of funds are among the issues citizens consider important.

## **Markets**

64. Adequate and well-functioning goods markets, 911 in all, are a feature of the Ghanaian environment. Yet, access to such markets, especially in the rural areas, is hampered by an inadequate road network and poor conditions of feeder roads. Most of the markets are small and undeveloped, without paved floors or well-constructed stalls, or even organised warehousing facilities with offices for revenue collectors. Furthermore, the markets lack information centres and fire-fighting equipment. The government and certain NGOs are making efforts to ensure that every market has good infrastructure facilities, such as warehouses and toilets.

65. The government has identified information and communications technology (ICT) as a driver and means for achieving the objectives of the GPRS. The government strategy is to encourage ICT growth through private competition and local entrepreneurship. The National Communication Authority is the regulator of communications by wire, cable, radio, television, satellite and similar technology. It is mandated to see to the orderly development and operation of communication services in Ghana.

66. A substantial number of survey respondents in the CSAR have commended the government on its efforts to promote science and technology. However, close to half of them feel that the government is providing inadequate funding in this regard.

### **ii. Findings of the CRM**

67. As regards access to essential and basic services under this objective, the general feeling of the stakeholders was that the government understands the nature of the problems, both with respect to the nation as a whole and as they relate to equity (regional, rural-urban, gender). What is needed is for the authorities to have clear plans of action for each service, involving targets and objectives, policies and measures for achieving them, and a feasible time-frame. Experience has shown that the major challenges are those of implementation. Lack of appropriate consultation with stakeholders also affected the quality of the programme design but, in general, failures in implementation seem more likely than failures having to do with design.

68. The stakeholders agreed that implementation problems are often related to capacity constraints or inadequate ownership, yet the most important factor is the lack of

political will. This is particularly true of equity issues and regional inequalities. Regional marginalisation, particularly of the North, is attributed to a lack of political will and not to capacity constraints or insufficient ownership. What is needed is the marshalling of political will to address the issues of access in such a way as to achieve the true potential of the nation. Stakeholders acknowledge that the lack of ownership, capacity constraints, and inefficiencies in design and implementation have been critical factors in the average performance of the nation in this regard.

### **iii. Recommendations**

69. The Panel recommends that Ghana:

- ? Set quantitative targets, design explicit policies and measures, and plan detailed timing to achieve the objectives in the area of socio-economic development. Such an overarching approach would facilitate monitoring and accountability.
- ? In doing this exercise, consider where progress has been slow or disappointing because of objectives being too modest, inattention, or lack of implementation. This calls for a clear understanding of:
  - Feasibility of targets and objectives;
  - Transmission processes from programmes, policies and measures to objectives;  
and
  - Difficulties likely to be experienced in policy implementation, as well as measures that could be put in place to overcome these.
- ? Make use of coordinating councils or bodies comprising representatives of civil society, businesses and government, and seek gender and regional balance in these bodies.
- ? Continue with the current policy to harmonise land laws and practices in the country; to reduce land disputes; and to enhance access to land and make it more productive through the 15-year Land Administration Policy.

## **Objective 5: Make progress towards gender mainstreaming and equality**

### **i. Self-assessment**

70. Ghana's commitment to gender mainstreaming and gender equality dates back to

the early independence era and to the creation of the National Council on Women and Development (NCWD) in 1972. A recent development has been the creation of the Cabinet-level Ministry of Women and Children Affairs in 2001. Ghana has also adopted or ratified several international conventions and human rights instruments designed to improve women's welfare and to promote gender equality. The international law obligations deriving from these conventions and instruments have been reflected, by and large, in domestic legislation and policies.

71. Despite policies put in place by the government and NGOs to make gender mainstreaming a reality, implementation has been disappointing. As the CSAR report makes clear, “in many respects, Ghanaian women have made important strides in the public service ... But, in other ways, the position of women has not changed much. The bulk of women employees have remained at the lower end of appointments, specifically in clerical jobs” (page 140, paragraph 361).

72. The CSAR cites elements of a strategy being put in place to enhance progress in this area. These include:

- ? Strengthening the institutional framework;
- ? Motivating greater political will to act on gender issues;
- ? Establishing clear benchmarks so that the government can be held accountable;
- ? Strengthening women's skill in advocacy and representation of their constituencies; and
- ? Addressing the cultural constraints that make it difficult to eradicate gender inequities.

## **ii. Findings of the CRM**

73. The authorities were eager to stress that there is no lack of political will to address the issues of gender resolutely. Yet, they do not dispute that cultural biases may be hampering women's progress in this regard. They agree that, as the majority of women work in the informal sector as small farmers, food processors and traders, the cultural biases against women, which appear to be stronger in the informal sector, are aggravated by the greater concentration of women than men in this sector.

74. Many stakeholders called for specific programmes to enhance women's access to resources and services. Among the challenges facing women in the economy are:

- ? Severe limitations on land ownership;
- ? Limited access to credit and technology;
- ? Difficulties in contracting and employing labour; and
- ? Limitations on accessing and utilising machinery in agricultural production.

75. The representatives of the authorities pointed out a number of positive developments, many of which are also contained in the CSAR. For example, the country's commitment to gender mainstreaming and gender equality dates back to the early independence days. A milestone was the creation of the NCWD in 1972. A cabinet-level Ministry of Women and Children Affairs was created in 2001.

76. Ghana has adopted or ratified several international conventions and human rights instruments designed to improve women's welfare and promote gender equality. The international law obligations deriving from those conventions and instruments are largely reflected in domestic legislation and policies. More fundamentally, the 1992 Constitution provides the constitutional basis for gender mainstreaming and equality, and for related legislation such as the Children's Act (Act 560), 1998; the Amended Criminal Code Act of 1998 (Act 554); Act 484; the Revised Population Policy of 1994; the Local Government Act, 1996; and the Domestic Violence Bill.

77. In addition to legislation, the government has introduced a number of policy measures and embarked on programmes to promote women's rights in the country, including the Affirmative Action Policy, 1998; the National Gender and Children's Policy, 2004; and the Early Childhood Care and Development Policy, 2004.

78. Among specific measures that have been introduced under the Affirmative Action Policy are the following:

- ? Commitment to provide 40% women representation in decisionmaking and executive positions at all levels of government;
- ? Allocation of a 30% quota of female government appointees to the District Assemblies;
- ? Establishment of a Women's Desk in all ministries, departments and agencies;
- ? Promotion of girls' education as part of Free Compulsory Basic Education; and
- ? Increased enrolment of girls at the tertiary level.

79. Implementation of these key initiatives has been a challenge. Stakeholders singled out the Ministry for Women's Affairs and the Women's Desk in Ministries Departments and Agencies as institutions that are chronically under-resourced.

### **iii. Recommendations**

80. The Panel recommends that:

- ? The political leadership provide the will, good faith and determination to fight and overcome the cultural impediments to gender equality in Ghana.
- ? The Domestic Violence Bill, which seeks to enforce the rights of women be enacted.
- ? Ghana take steps to promote affirmative action to accelerate gender equality in public institutions and in the organised private sector, for example, by programmes for Women in Management and Women in Development.
- ? The Government of Ghana and other stakeholders specify the benchmarks of progress in achieving gender equality and mainstreaming, and the application of sanctions against institutions that are tardy in meeting the benchmarks.
- ? The Government of Ghana and relevant stakeholders strengthen or create the institutional machinery at all levels of government to oversee and monitor progress in meeting the benchmarks.

## **Objective 6: Ensure broad-based participation in development**

### **i. Self-assessment**

81. A number of initiatives have been adopted to elicit broad-based participation of stakeholders in the area of socio-economic development, but much dissatisfaction remains. The main measures employed to encourage broad-based participation at the national policy level for socioeconomic development include the following:

- ? National Economic Dialogue, bringing development think-tanks and policy-makers together to discuss the country's economy;
- ? Homecoming Summit, enabling Ghanaian and the African Diaspora to provide input into the policy process;
- ? Stakeholders' workshops, where trade unions, research institutions, various associational groups (including professional bodies) and civil society groups

discuss national and international issues and policies;

- ? Memoranda presented to Parliament by individuals and various organisations;
- ? Peoples' Assemblies, organised annually to provide a forum for the President and the Cabinet for answering ordinary people's questions on policy and other national and international issues;
- ? “Meet the Press”, where Ministers take turns on a rotational basis to explain policies to the general public through the media, and to answer questions from media representatives.

82. Many stakeholders feel that important recommendations made at workshops and forums are ignored when it comes to implementation, and that stakeholders outside the authorities have not been given prominent roles in policy-making.

83. At lower levels of government, attempts to institutionalise broad stakeholder participation (the local equivalent of Peoples' Assemblies) in policy formulation have largely been inadequate, ineffectively organised and unsystematic. This has generated public apathy towards policy consultative or participatory meetings initiated by metropolitan, municipal or district assemblies (MMDAs).

84. To broaden participation of the people in the development process, the CSAR suggests that monitoring and evaluation units be strengthened, development programmes well coordinated, decentralisation processes intensified and deepened, and the relationship between MMDAs and civil society strengthened.

## **ii. Findings of the CRM**

85. Representatives of the public sector at the stakeholder workshops and meetings acknowledge that there is room for improvement to ensure that mechanisms for increasing participation in policy-making work better and in ways that would assure Ghanaians that the suggestions of ordinary citizens are never simply ignored. These relevant mechanisms include the National Economic Dialogue, the Homecoming Summit, stake-holder workshops and memoranda presentations to Parliament.

86. All participants agreed that long delays in releasing fiscal resources from the DCAF (which many non-government participants believe have delayed the implementation of projects at the local level), need to be investigated and remedial steps taken. The concern of the civil society and private businesses is that such delays undermine the credibility of local institutions. Government representatives seek assurance that accountability and transparency in the processes are adequate, and that procedures are utilised to avert

corruption and malfeasance and promote efficiency in the use of funds of the DCAF.

87. Many stakeholders, particularly in Ho, the Volta Region and Wa, are disquieted over regional disparities in socio-economic development. They contend that policy should urgently be directed at ameliorating these disparities so as to ensure and promote equitable development in the country.

88. Equity with regard to gender and region is the most emotional issue that the CRM observed in the socio-economic thematic area. From a perspective of socio-political stability, the regional inequities appear to warrant the most immediate attention. Northerners with obvious influence and stature were very vocal about the fact that the three Northern regions have the highest percentage of persons below the poverty line and the highest unemployment, as well as the least access to electricity, water, educational, health and road facilities.

### **iii. Recommendations**

89. The Panel recommends that Ghana:

- ? Pay serious attention to equity issues, particularly with respect to gender and region. Ameliorating the North-South disparities seems particularly urgent.
- ? Purposefully pursue policy to reduce regional disparities in economic growth and development through special development projects or Presidential Initiatives in depressed regions of the country. This would preclude long-term destabilising political risks, should the disparities persist unabated or deepen.
- ? Find incentive schemes and targeted policies to improve conditions in the Northern regions. Northerners blame not only government policies for their plight, but also their own professionally qualified natives who have moved to Accra and foreign countries. This is an added challenge to the authorities; for as they seek to encourage Ghanaians to stay in the country, they must also persuade Northerners, in particular, to stay and work in the northern regions of the country. Working in cooperation with the civil society and private sector, it must be possible for the authorities to come up with incentive schemes to meet this challenge. Apart from direct incentives to encourage Ghanaian citizens

- Northerners and those from other parts of the country - to work in the North, targeted policies to improve the infrastructure and access to public services in the Northern regions would be required.



# 6

## CONCLUSION

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*“It is expected that country efforts will be enhanced and strengthened by the APR process and that, after the first review, countries will sustain their efforts to achieve the shared objectives identified in the APRM and their Programmes of Action. This will require updating these Programmes of Action on a regular basis on the basis of self-monitoring results of their own progress and lessons learned from sharing with other countries, which will be facilitated actively by the APRM ... Subsequent peer reviews will monitor progress against these benchmarks as defined in the countries' evolving Programmes of Action.”*

NEPAD/HSGIC-03-2003/APRM/Guideline/OSCI, Section 6.5, 9 March 2003

### 6.1 Over-arching issues

1. Chapters 2 to 5 of this report provide brief summaries of the status of Ghana across the four focus areas based on the CSAR, background information and the findings of the CRM. The various sections elaborate on the recommendations of the Panel for each of the thematic areas of Democracy and Good Political Governance, Economic Governance and Management, Corporate Governance and Socio-Economic Development.

2. In general, there is consensus that Ghana is well on course in pursuing the main objectives of the APRM. Many challenges still remain, however, which need further action and must be addressed in order for Ghana to meet the ultimate objectives of NEPAD and the APRM. These challenges are recognised in the recommendations made by the Panel in this report, and are also covered in the Programme of Action (Appendix II) presented by Ghana following the self-assessment and review exercises.

3. Without being selective or attempting to define priorities, there are a few areas of deficiency in the Ghanaian system that are of a recurring or crosscutting nature and have been identified in more than one thematic area. These more general problems may require a holistic, immediate and critical approach because of the wider impact they have on the quality of governance in all areas of activity. The salient overarching issues are the following: (a) capacity constraints; (b) gender equity; (c) corruption; (d) decentralisation; (e) land issues (f) chieftaincy, (g) unemployment and (f) external dependency.

### 6.1.1 Capacity constraints

4. Reference to capacity constraints appears with regularity in the CSAR, the CRM report, the list of Panel recommendations and the Ghana Programme of Action. Lack of capacity is indeed a major constraint on the ongoing efforts to improve the quality of governance in all spheres of activity. In view of the focus of the APRM programme on the need for improving “political, economic and corporate governance values”, it is imperative that this problem be addressed with determination in a resolute and holistic approach. It is believed that the Government of Ghana has already taken up the challenge by accepting human resource development and good governance as two of the three priorities of its current development strategy.

5. There is no instant solution to the problem of a shortage of capacity (and its impact on efficiency) in the development of the human resources component of any country. In the context of contemporary Africa, capacity building has become a catchword in the search for sustainable development. New initiatives are being introduced by institutions such as the AfDB and World Bank. Ghana will benefit from studies in progress within these institutions, and in seeking multilateral support for its own efforts to address the daunting problem of capacity.

### 6.1.2 Gender

6. The marginalisation of women remains a very real problem in Ghana, despite constitutional and other legislative provisions to protect and preserve the rights of women. It is manifested strongly at the national, regional and local levels of government, where women numbers in political structures remain conspicuously low. Public and private entities are generally reluctant to promote women to senior positions. In addition, the CRM was confronted by many complaints of violence against women and continued cultural biases against the education of women.

7. It must be emphasised that there is no lack of political will to address this problem, and the Constitution clearly commits the country to the elimination of gender discrimination. Nonetheless, the Panel has thought it necessary to include in a number of its recommendations, proposals for enhanced efforts at individual, local and national level to ensure that all practices of gender discrimination are tackled with greater resolution and eliminated as soon as possible.

### **6.1.3 Corruption**

8. Corruption, a publicly acknowledged phenomenon, remains prevalent in all spheres in Ghana. On several occasions, the government has declared a policy of zero tolerance to corruption. Various legal and institutional measures have been taken in recent years to combat the problem. However, these efforts have not met with sufficient success. The government is urged to take serious note of the various recommendations in this report for a more intensive campaign against corruption in the country.

### **6.1.4 Decentralisation**

9. For some years now, Ghana has been involved in a very comprehensive programme of decentralisation. The devolution of power to regional and local authorities covers not only political structures, but also fiscal policies, socio-economic development programmes and other aspects of public administration. The strategy is opening up many opportunities for enhanced development in rural areas, and has created huge expectations among these communities. There is, therefore, an urgent need for the government to employ all possible means at its disposal to speed up this broad-based programme of decentralisation. Decentralised institutions and agencies will need the appropriate capacity to implement and administer the programmes so as to ensure that the decentralisation policy is sustainable.

### **6.1.5 Land issue**

10. Land is central to the livelihoods of the majority of Ghana's population. The matters of ownership of land, access to land, arrangements for the transfer and registration of land, and the protection of land ownership have cropped up as contentious issues in all four thematic areas. Ghana has a peculiar and complex land tenure system that reflects the country's unique traditional political organisations such as chieftaincies, the sociocultural differences and divergent regional traditions. Insecurity of tenure is endemic and has a bearing on both poverty reduction and economic growth. It inhibits, for example, the transformation of the agricultural sector from subsistence farming into a more dynamic entrepreneurial activity. Failure to provide for the protection of land rights also places the poor, the vulnerable and women at most risk. By and large, the land issue is still considered problematic, sensitive and generally too complex.

11. Although sensitive, the problem of land must be addressed, albeit sympathetically

and with great discretion. There are many advantages linked to growth and poverty reduction that are associated with access to land, individual land ownership and security of tenure. The Panel therefore recommends that the ongoing review of the 1999 Land Policy recommendations should be expedited and a plan for their implementation be formulated.

#### **6.1.6 Chieftaincy**

12. It is understood that chieftaincy institutions are unique establishments and have been integral parts of the Ghanaian system of governance for centuries. The chieftaincy system is respected and honoured by most citizens. The system undoubtedly plays an important part in the decentralisation programme and has a critical contribution to make in the promotion of human development and the eradication of poverty. Chieftaincies control vast tracts of cultivable land that could be utilised more economically to produce commodities for domestic consumption and export. Because of Ghanaians' respect for, and pride in chieftaincies as their own indigenous institutions of governance, chieftaincies must remain active participants in, and constructive contributors to the processes of decentralisation, democratisation and sustainable development.

13. It is necessary to find a workable balance between the retention of established cultural and traditional customs, and growing pressure from communities for the implementation of the neo-liberal provisions contained in the 1992 Constitution. The problem of finding a desirable equilibrium that will avoid unwanted frustration, dissatisfaction and friction is best left to Ghanaians to solve for themselves.

#### **6.1.7 Unemployment**

14. Unemployment is gradually assuming an inexorable position in Ghana. The unemployment rate has been gradually growing. A disturbing dimension of this problem has been identified as the growing joblessness among the youth, university graduates, and graduates of middle and junior secondary schools. Stakeholders in Ghana feel that policy making in employment creation is receiving attention although success in this regard has been modest. To spur economic growth, there is a need to step up employment creation particularly in the production sector. Stakeholders also call for more involvement of the private sector in job creation.

### 6.1.8 External Dependency

15. Ghana's CSR stresses that weak internal capacity and heavy reliance on external resources for financing government development expenditure have impelled the Country to accept IMF and World Bank guidance in macroeconomic planning. According to the CSAR, even bilateral donors are ranked above local research institutes, private sector institutions and public sector groups as sources of inputs for policy-making and economic planning. Input from the Bank of Ghana has however been important. This report has pointed out the disadvantages of excessive reliance on external policy analysis: macro-economic stability can be emphasized-trade offs between macro-economic stability and growth are ignored-while certain social priorities are subordinated; perception of weak national ownership which adversely impacts on programme implementation; and the fear that the role of the state is being redefined without consultation with relevant national stakeholders.

16. Some of the above disadvantages can be remedied if international policy and advice are applied by people who understand the important structural (including socio-political) realities in the country. During the mission, stakeholders highlighted the issue of the brain drain, which has seen the departure of many highly qualified Ghanaian professionals. Ghanaians though working in international institutions and other areas are familiar with the realities of Ghana. Tapping into this pool of local expertise should yield fruitful results. This should be done carefully so as to avoid underestimating or discriminating against those Ghanaians who did not participate in the brain drain. This latter group have good knowledge of the local community, and some have succeeded in keeping abreast of international developments. More importantly Ghanaians at home know how to work and get things done in a particular socio-political context, given an available stock of cooperative factors and technical inputs.

17. Resource mobilization efforts have also been more successful from external than from domestic sources. External aid enabled the government to restore confidence in the economy especially during the 1980s. Such aid for example increased outlays of infrastructure development and social services, and contributed to poverty alleviation. However, over reliance on external development assistance flows can create monetary shocks and quasi-fiscal deficits of a magnitude overwhelming the government's capacity for macro-economic management. The Panel underscores the desirability of increased mobilisation of domestic resources through for example, increased productivity, promotion of the private sector and improved institutional capacity for tax administration and collection.

## 6.2 The Ghana Programme of Action

18. In response to the findings of the CSAR and the CRM, the Panel has made a number of recommendations in this report for addressing the priority deficiencies and shortcomings identified. The government has responded with the attached Programme of Action (POA). In interactions with Ghana following the CRM, including a visit by the chairperson of the Panel, the leader of the country review process, the Secretariat, and the Panel has satisfied itself that the POA:

- ? Has been designed by all stakeholders in Ghana and that all have participated actively in the self-assessment process;
- ? Covers the important gaps and deficiencies identified in the extensive APRM process;
- ? Provides satisfactory indications of costs and time-frames;
- ? Elaborates on monitoring and implementation responsibilities;
- ? Represents a firm commitment from all stakeholders; and
- ? Is fully endorsed by the government, which unreservedly accepts its share of responsibility for the implementation of the programme.

19. The total estimated cost for the implementation of the POA over the indicated time periods for all programmes is USD 2,847,925,363. There is a firm commitment from the government to proceed with the implementation of the programme and indeed, significant allocations of budget funds to some of the activities have already been made. Given the multitude of identified capacity gaps, it is realistic to state that Ghana will ultimately not be able to implement the programme on its own.

20. The Panel therefore calls on other Heads of State and governments participating in the APRM to offer their assistance. In line with paragraph 24 of the APRM Base Document:

*... If the government of the country shows a demonstrable will to rectify identified shortcomings, then it will be incumbent upon participating governments to provide what assistance they can, as well as urge donor governments and agencies also to come to the assistance of the country reviewed.*

The Panel reiterates and underscores, however, that the APRM is, and will remain a process owned by Africa. In the final situation, the responsibility for implementing the POA remains vested in Ghana and in all of its people.

### 6.3 The way forward

21. The APRM exercise has made an important contribution in identifying some of the weaknesses of the present Ghanaian system within the context of NEPAD's objectives and programmes. However, the extensive work done in Ghana to promote the APRM's ideals, the programme for sensitising the people, the self-assessment process, the drafting of the POA for the APRM, and workshops and conferences, have already provided a new initiative and inspired many people to work together to achieve the NEPAD/AU objectives. It is hoped that this momentum and enthusiasm will be retained in the ongoing process of implementation.

22. The presentation of the reports, proposals, recommendations and the POA to the Forum is but the beginning of an ongoing process that must lead the country and its people forward on the road to a better world for all, with less poverty and deprivation. Indeed, the Panel is heartened to learn that there have been many positive developments in governance following the Review Mission, which are in line with some of its recommendations in the various thematic areas. Notable is the release of the findings of the Reconciliation Commission, and the inauguration of the Board of the SFO.

23. The APRM is not a “one-shot injection” but a continuing process. It entails periodic reviews of policies and practices of participatory states in order to assess progress made with the implementation of the POA. It requires regular modification of, and adjustment to the POA in the light of changing circumstances and the emergence of new priorities. It presupposes the ongoing support of the APR Secretariat, partner institutions and development partners. Above all, the APRM needs the consistent drive and determination of Ghana and all its stakeholders to ensure that it will succeed.

24. Finally, the APRM presents no miracle solution; neither is it a panacea for all the problems countries in Africa face in their search for sustainable growth and development. It is not a substitute for, but only a supplement to existing initiatives aimed at attaining the common objective of reducing the devastating impact of poverty on the continent.





**APPENDIX I**

**AFRICAN PEER REVIEW MECHANISM**



**REPUBLIC OF GHANA**

**GHANA COUNTRY REPORT  
COMMENTS  
OF  
GOVERNMENT OF GHANA  
SUBSTANTIVE ISSUES**

**SUBMITTED BY:  
THE OFFICE OF THE  
PRESIDENT  
CASTLE  
OSU – ACCRA**



## APPENDIX I

### AFRICAN PEER REVIEW MECHANISM COUNTRY REPORT GHANA: COMMENTS FROM THE GOVERNMENT OF GHANA

#### INTRODUCTION

The Government of Ghana (GOG) has taken note of the APRM Country Report and wishes to first congratulate the APRM Panel for a report that lives up to the expectations of the APRM. The Government also notes that this is the first APRM Report of its kind, not only in Africa but also perhaps in the whole world. It has therefore taken cognisance of the fact that as a novel project, it does not have antecedents. It is further observed, that the most important aspect of the Report is the extent to which it meets the APRM principles of an open, transparent, participatory, democratic and accountable approach. The Report also meets the criteria of credibility, objectivity, professionalism and absence of political manipulation.

Furthermore, the GOG is of the view that the essence of the APRM and its commitment to that process is to foster good governance and socio-economic development to alleviate poverty. Ghana's political will and commitment to be the first country to accede to and implement the APRM has been guided by its long standing, pan-Africanist traditions to join hands with other African countries. The GOG in this respect is convinced that unless the entire continent endeavours to make a united and concerted effort the meaningful development of Africa cannot be Attained. With these principles in view, we wish to submit the following comments on the Ghana Country Report. First of all we have observed that the document still requires some editorial work and we hope the Panel would take the appropriate measures to address these gaps and deficiencies.

#### COMMENTS

The Government of Ghana has noted that the Report has come out with many worthwhile recommendations. However some of these recommendations fall outside the ambit of the country's Constitution, which is the supreme law. Examples include putting a cap on the number of Ministers that can be appointed, as well as the number of ministries that can be created. Another is the introduction of partisan politics into District Assemblies and thirdly, doing away with the Ministry of Parliamentary Affairs.

### **Democracy and Good Political Governance**

The first comment on this thematic area is with regard to a statement to wit “ and about the inquisition-like power of the SFO to buy incriminating evidence to use against them”. The Government is rather taken aback at the language and import of the statement in respect of such an important anticorruption agency. Secondly, nowhere in the Ghana Country Self-Assessment Report was such a statement made or even suggested. Thirdly, the Country Report did not provide any evidence in support of the statement. The remaining comments on Democracy and Good Political Governance are as follows:

Kindly note that the National Labour Commission has recently been established under the new Labour Law, to facilitate the settlement of industrial disputes, investigate labour related complaints, unfair labour practices and take such steps, as it considers necessary, to prevent labour disputes. The Commission aims to use Alternative Dispute Resolution mechanisms rather than Labour Courts.

Additionally, regarding the National Reconciliation Commission Report, please note that Government released the Report on April 22 2005. A White Paper was also prepared. It is important that the report recommendations are implemented, particularly the recommendations for institutional reforms We are also happy to inform you that a seven member SFO Board of Directors was recently inaugurated on April 27 2005.

With reference to the issue of NGOs and their focus, it is noted that the Report doesnot validate the finding nor is there any other fact or evidence to support the statement.

### **Economic Governance and Management**

As regards Economic Governance and Management, there are no substantive issues for comment by the Government.

### **Corporate Governance**

Comment on the size of the Small and Medium Enterprise (SME) Sector:

The 2003 National Industrial Census (NIC) carried out by the Ghana Statistical Services (GSS) in collaboration with the Ministry of Trade and Industry, with assistance from the United Nations Industrial Development Organisation (UNIDO) has some preliminary results that give an indication of the size of SMEs engaged in manufacturing, mining and quarrying.

<b>Sector</b>	<b>No. of enterprises</b>
Manufacturing	25,931
Mining and quarrying	167

As regards decentralisation of the Registrar-General's Department offices, please note that decentralised offices have already been set up in Tamale, Takoradi and Kumasi. Negotiations are on going to utilize the presence of Post Offices in all district capitals to serve as registration points.

Access to finance was identified as one of the constraints to Private Sector Development, particularly in the Small and Medium Scale Enterprises – Attempts to address credit constraints faced by SMEs, include the establishment of the Venture Capital Trust Fund which is to be financed by 20% of proceeds from the National Reconstruction Levy. The Fund is to provide start-up capital for new and young entrepreneurs.

In the area of non-financial assistance to new entrepreneurs, initiatives include the establishment of a Business Incubator in Accra (the BusyInternet Co Ltd office complex) with assistance from the World Bank, provides office space and business advisory and support services to entrepreneurs. The initial advert in 2004 was highly over-subscribed.

Regarding consumer protection, a Consumer Protection Association does exist in Ghana that has undertaken public education on Consumer Rights and advocating the passage of Consumer Protection Law. Of late though, they are quiet due to financial constraints.

### **Socio-Economic Development**

In reference to the statement that there were no suggestions as to specific measures that could be put in place to effect changes, our comment is that it is not consistent. Firstly, many solutions are provided in the Country Self-Assessment Report, secondly, the many suggestions that were proposed and well noted and applied during the Country Review Mission and thirdly the issues as outlined in the Ghana National Programme Of Action.

### **Chapter Six**

In respect of Chapter 6, the Conclusion, we wish to observe the following: that in addition to the cross-cutting issues identified by the Panel, the improvement and efficiency of the Justice system, deepening Public Sector Reforms and enhancing the role of Parliament, were also identified by Government, as cross-cutting issues.

### **CONCLUSION**

It is our fervent hope that this first APRM Review exercise, will provide us all with lessons and shared experiences that can benefit other assessments according to the principles of the APRM.

## APPENDIX I

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This is the sure way for all of us to benefit from the noble objectives of the APRM. The GOG would like to reiterate its commitment to the APR Process and particularly to ensure the implementation and monitoring of the POA through a national consultative, participatory and democratic process that brings together significant stakeholders including government, the private sector and civil society.

We wish to once again thank the Panel of Eminent Persons, in particular, Dr Chris Stals, the leader of the Ghana Country Mission for his sense of devotion, commitment and faith in the Ghana APRM process.

We also wish to thank the staff of the APR Secretariat for their untiring efforts and last, but not least, we are appreciative of the efforts of Technical Partner Institutions that participated in the Country Review Mission.

**Dated 10th June 2005, Accra, by the National African Peer Review Mechanism Governing Council, on behalf of the Government of Ghana.**

**AFRICAN PEER REVIEW MECHANISM**



**Republic of Ghana**

**FINAL PROGRAMME OF  
ACTION**

Prepared by:

**MRCN & NAPRM GC**

**AFRICAN PEER REVIEW MECHANISM -  
GHANA NATIONAL PROGRAMME OF ACTION**

**2005 - 2008**





## INTRODUCTION

The major objective of this Ghana National Programme of Action (GNPOA) is to address gaps, deficiencies and weaknesses identified in the National Self-Assessment Report. It seeks to provide clear, time-bound commitments on key governance and socio-economic development priorities over the next 3 years. It includes the identification of key stakeholders for implementation, and the estimated cost to implement the activities mapped out. The specific objectives of the GNPOA are:

- i. To guide and mobilize the country's efforts in implementing the necessary changes that can foster improvements in the state of political and good democratic governance, economic governance and management, corporate governance and socio-economic development.
- ii. To indicate time-bound commitment on implementation of key governance and socio-economic development priorities in the four thematic areas of the APRM including the identification of key stakeholders for implementation.
- iii. To highlight the capacity building and resource mobilization requirements for undertaking the GNPOA
- iv. To outline the implementation, monitoring and evaluation mechanisms that are critical success factors to drive the GNPOA.

This introductory narrative on the GNPOA seeks to chart the road map that was used to prepare the GNPOA and the participatory processes that informed it. In particular it articulates the nature of national consultations that took place between the National African Peer Review Mechanism Governing Council (NAPRM-GC) which is the national APRM focal point, the Government, the Private Sector, Civil Society Organizations and other stakeholders during the national self-assessment process and the preparation of the Country APRM Report and the outcomes of these processes which were used as the basis to generate the GNPOA. Second, it examines how the GNPOA has integrated existing national development strategies and programmes to reflect policy initiatives already on the ground. Third, it describes the methodologies that were used to calculate the cost of the priorities identified in the GNPOA. Four, it outlines the feedback mechanism that has been established to keep local stakeholders involved in the process.

### **The GNPOA and the nature of national consultations**

The implementation of the APRM in Ghana has been a long march in respect of the political commitment of the Government of Ghana to enthrone and entrench democracy in the body politic through popular participation. Ghana was the first

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African country to publicly declare its intention to accede to the APRM. The country was also among the first six countries to officially declare its intention to accede to the APRM when the subject was first raised at the 5<sup>th</sup> HSGIC meeting on November 3, 2002 in Abuja, Nigeria. Again, when it came to signing the Memorandum of Understanding to officially accede to the APRM, Ghana demonstrated faith by being among the first twelve countries to accede in March 2003.

Further to this demonstration of faith in the APRM, the Government created the Ministry of Regional Cooperation and NEPAD, the first of its kind in Africa in May 2003 to among others to spearhead the implementation of NEPAD and prepare the country to actualize the tenets of the APRM to foster good governance. With the political leadership committed to use the APRM as a useful instrument to entrench democracy, good governance and popular participation not only in Ghana but Africa in general it embraced the APRM as an open, participatory and transparent process through an extensive national consultation process.

In line with the APRM principles of national ownership and leadership, based on an open and participatory process that fosters transparency and accountability and to ensure that the review is technically competent, credible and free from political manipulation, emphasis was placed on stakeholder leadership and ownership of the APRM. With national consultation and all-inclusiveness at the heart of the APRM, the autonomy and non-interference in the work of the structures to undertake the country self-assessment was stressed to engender integrity, impartiality, transparency, objectivity, professionalism and a non-partisan national exercise.

In line with these principles and following a wide range of consultations with relevant stakeholders, including all the chairmen and ranking members of all select committees in parliament, political parties, the media and a number of civil society organizations, a seven member National APRM Governing Council (NAPRM-GC) made up of men and women who have demonstrated public spiritedness, integrity and professionalism was established. It is important to underscore that the NAPRM-GC was not set up to operationally conduct the country self-assessment and prepare the GNPOA. Rather the Governing Council provided a leadership and oversight role that ensured that the ownership of the APRM process including the generation of the GNPOA is driven by stakeholders including the Government, the Private Sector, Civil Society Organizations and others.

With the Governing Council and its Secretariat providing strategic leadership and policy guidance as well as managerial and support services how to first operationalize the APRM questionnaire as a national broad-based consultative and participatory process devoid of political manipulation and which is technical, scientific, objective and professional remained unanswered. Second, there was the need to anchor the national consultation and assessment including the generation of issues in respect of the

GNPOA on stakeholder ownership and leadership. It was to address these and consistent with a bottom-up stakeholder leadership and ownership approach that civil society organizations with proven capacity, competencies and know-how and with recognized reputation as independent think-tanks were appointed as National Technical Review Teams.

The four independent civil society National Technical Review Teams that conducted the actual technical consultations and assessment were:

- i. Center for Democratic Development (CDD) Democracy and Good Political Governance
- ii. Center for Policy Analysis (CEPA) Economic Governance and Management
- iii. Private Enterprise Foundation (PEF) - Corporate Governance
- iv. Institute of Statistical Social and Economic Research (ISSER) Socio-Economic Development

To provide room for an open, transparent, democratic and participatory APRM process that is all-inclusive with an open door policy and with a flexibility that did not inhibit any individual, group or organization to participate in the APRM, a civil society liaison desk was established in the APRM Secretariat. This facilitated a participatory norm that engendered public ownership and input into the review process and contributed to make the GNPOA process credible and legitimate. It also provided a reality check on the work of the technical review teams and prevented the development of the GNPOA from being reduced to a narrow research and scientific basis instead of a human-centred approach.

It may be added that some civil society organizations including the African Security Dialogue and Research (ASDR) and Institute for Democratic Governance (IDEG) on their own accord undertook a shadow APRM review of the country to interrogate and complement the official review process to deepen the national consultation engagement. This provided alternative information that was fed into the preparation of the GNPOA.

### **Stakeholder Involvement and Identification**

To ensure that the APRM is an open, participatory and transparent process that fosters national dialogue and builds trust, it is important to create national ownership and leadership of the process. To this end, the involvement of stakeholders was viewed as paramount. In this respect, we identified stakeholders including Government officials, politicians, trade unions, traditional rulers, private sector actors, security services, media practitioners, professionals, civil society organizations, community based organizations, opinion leaders, women groups, the youth, vulnerable groups among others to create a broad-based understanding and participation in the APRM. To this

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end, the Technical Review Teams consulted about 5,000 people, whilst the NAPRM-GC combed the entire country to reach out to about 18,000-20,000 people. A combined team of the NAPRM-GC and partners including the National Commission on Civic Education and the Media interacted with about 50,000 people.

To ensure a balanced representation of stakeholders in the national consultation process a criterion of selection that grouped and identified stakeholders into three broad categories of people was adopted. First, stakeholders from government agencies; second, those from institutions and organizations in civil society that have the capacity, expertise, knowledge and know-how to understand and interrogate the issues raised in the APRM questionnaire and could make significant contributions to the GNPOA. These included think-tanks, academia, civil society organizations, community based organizations and opinion leaders, research institutions, professional associations, Non-Governmental Organizations etc. The third category of stakeholders included ordinary Ghanaians at the household and community level at the grassroots of society.

Armed with the selection criteria above first, the Stakeholder Liaison Officer travelled across the length and breadth of the country to identify stakeholders for the ten administrative regions. Second, civil society organizations were encouraged to participate in the process. Third, the technical review teams were tasked to identify stakeholders in respect of the requirements of the questionnaire. Fourth, the NAPRM-GC undertook a nation wide outreach education and creation of ownership drive. Fifth, the NAPRM-GC teamed up with national bodies to reach the widest possible stakeholders. It is instructive that our selection criteria benefited from the participatory methodology adopted by the Ghana Poverty Reduction Strategy Programme (PRSP) and the National Economic Dialogue which bring together representative national stakeholders.

The modalities for the involvement of stakeholders entailed consultation and engagement of state and non-state stakeholders, civil society and the public at large to enable them to participate actively in the self-assessment process and the preparation of the GNPOA including planning, generating and validating findings. Participation was in the form of panel interviews for government officials and non-state actors with knowledge and competencies. Second, focus group discussions were held for ordinary citizens. Third, syndicate group discussions were held for stakeholders and their reports fed into the process. Fourth, memoranda were elicited from identified groups like trade unions and teacher associations after taking their members through education and sensitization on the APRM. Fifth, as indicated civil society groups on their own have undertaken autonomous review as their input. Sixth, in the area of democracy and good political governance the technical teams invited relevant civil society groups to undertake the review in their area of expertise and competence. This included issues like conflict and security, gender, human rights among others. Seventh, an internal peer review involving competent public and civil society actors interrogated the reports

presented by the technical teams. Eighth, the Governing Council commissioned civil society professionals and experts to interrogate each of the APRM thematic areas in the draft Country Self-assessment Report and Programme of Action. Last but not least a National Stakeholders Validation Workshop that brought together significant stakeholders was organized on 10-13 February, 2005 to cap the national consultation process in respect of both the National Self-Assessment Report and GNPOA.

### **What methodology underpinned the National Consultation Process?**

The methodology underpinning the implementation of the National Consultation process of the GNPOA was designed as a bottom-up approach. In this regard how to hinge the process on the participation of Ghanaians in an open, all-inclusive and transparent manner was core to the methodology we used.

In the main, the conduct of the National Consultation process of the GNPOA was informed by four methodological approaches.

These are:

- i. The pre-field methodology
- ii. Field methodology
- iii. In-house methodology
- iv. Post-field methodology

### **The Pre-Field Methodology**

The pre-field methodology had as its major objective, to enlist popular participation and to attain a broad-based process of national consultation in the conduct of the national Self-Assessment Report and the preparation of the GNPOA. In this light, steps were taken to educate, sensitize and create ownership among Parliament, civil society and the populace at large. This was significant in sparking off advocacy, public debates and discussions on the implementation of the APRM and the generation of the GNPOA. Different media were used. These included television and radio discussions, newspapers, pamphlets and brochures. Others were newsletter, workshops, educational and awareness creation tours to specified institutions, targeting of significant stakeholders like parliament, professionals, trade unions, traditional rulers, religious bodies, vulnerable groups and the youth. We also teamed up with the media and national institutions set up to disseminate information after taking them through a trainer of trainer courses. A nation-wide trekking to sensitize and elicit participation of ordinary people in all ten administrative regions was used. We also empowered civil society organizations by providing them with funds to enable them to make an autonomous and self-organizing input as part of the national consultation process. It is particularly significant to bear in mind that in all these instances the participants were

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made to make recommendations which were factored as inputs in preparing the GNPOA.

### **The Field Methodology**

The field methodology served three main purposes. First, to engage in national consultations with relevant stakeholders as respondents to the APRM questionnaire. Second, to collect, collate and analyze information to prepare the National Self-Assessment Report. Third, to provide empirical grounds as a basis to fashion out the GNPOA. The field methodology employed in the Country Self-assessment Report and GNPOA adopted a three-prong approach. In the first place, an elite survey involving interviews with persons who by virtue of their specialized background occupy senior positions in public, private and civil society organizations and institutions was conducted across the country.

Second, field methodology involved a mass household survey to capture broad and representative views. This was conducted in all the ten administrative regions of Ghana. This aimed at making the country self-assessment and GNPOA an open, participatory and broad-based process that enjoys the credibility and legitimacy of the mass of Ghanaians in the implementation of the APRM.

Finally, focus group discussions with identifiable organized groups on specific issues raised in the questionnaire were done. For instance, the physically challenged, children advocacy groups and youth organizations among others were specifically targeted as focused groups to make the national self-assessment as all-inclusive as possible.

### **In-House Methodology**

In-house methodology involved two main approaches. First desk research and second in-house peer reviews. Desk research entailed making a study of existing literature, research and documents on the four thematic areas in order to establish the current state of knowledge of the area in focus. Desk research was a critical part of the GNPOA as it afforded the integration of ongoing development strategies and initiatives. These included:

- ? Ghana Poverty Reduction Strategy,
- ? Millennium Development Goals
- ? National Economic Dialogue Reports
- ? Millennium Challenge Account
- ? Multi-Donor Budget Support Programme of Development Partners
- ? Poverty Reduction Support Credit of the World Bank
- ? Poverty Reduction and Growth Facility of the IMF
- ? Public Sector Reform Programme

- ? Reports of Governance institutions such as the Electoral Commission, National Commission on Civic Education, the National Governance Programme, CDD and
- ? The Women's Manifesto
- ? Reports on human rights and administrative justice issues. National Medium Term Private Sector Development Strategy: 2004-2008
- ? National Economic Dialogue Reports
- ? Ghana Investment Policy
- ? Policy Options for the Ghana National Trade Policy
- ? Business Registration and Licensing Reform Strategy;
- ? The Securities and Exchange Commission's Manual on Corporate Governance;
- ? The Listing Regulations of the Ghana Stock Exchange; and
- ? Ghana: Administrative Barriers to Investment (Foreign Investment Advisory Service).

In-house peer reviews on the other hand provided a window to interrogate the GNPOA by civil society organizations, experts, academia and consultants through peer review, critique and advice on methodologies. This therefore provided avenues to broaden the national consultation process.

### **Post-Field Methodology**

Post-field methodology sought through national consultations to provide a reality check on the preliminary reports of national self-assessment and the GNPOA. First, the Governing Council engaged experts in the four thematic areas to interrogate the draft reports and POA prepared by the technical review teams. Second measures were taken to ensure that the national self-assessment report and the GNPOA were not reduced to mere research outcomes. To avert this, the post-field methodology employed a process of stakeholder validation of the draft reports and POA presented by the technical review teams. In this regard, a national validation exercise comprising representatives from Government, civil society, private sector, security agencies, academia etc. was held on 10-13 February 2005 to deliberate on the national self-assessment report and the GNPOA. After this a revision was made. Following which Government Officials from the Ministry of Regional Cooperation and NEPAD subjected the draft national self-assessment report and the GNPOA to an in-house ministerial review. Second, a team of experts set up by Government reviewed the draft national self-assessment report and the GNPOA at a retreat in Elmina on 18-20 February, 2005. Third, a Government team was set up to specifically review the GNPOA. Fourth the Parliamentary Select Committee which represents Parliament on APRM matters reviewed the national self-assessment report and the GNPOA. Fifth, the Trades Union Congress also had an opportunity to validate the national self-assessment report and the GNPOA.

### **How has the GNPOA been integrated into existing national development strategies and programmes?**

To ensure that the GNPOA builds on existing development policy processes like the GPRS, National Economic Dialogue, Medium Term Expenditure Frameworks and other ongoing institutional reforms, a number of measures were taken. First, APRM focal persons were appointed in all Ministries, Departments and Agencies. They provided relevant information on ongoing institutional reforms that could be integrated into the GNPOA. Second, the technical teams through their desk research captured the existing programmes and institutional reforms unfolding in the country in the Self-Assessment Report and these were subsequently factored into GNPOA. Third, and perhaps most important, the National Development Planning Commission (NDPC) which is responsible for preparing the country's PRSP and development plans was first, directed by Government to draw on the findings of the APRM; and second, to ensure an integration of the work on the PRSP into the GNPOA they were drafted into the preparation of the latter. The NDPC offered staff that contributed expert advice and actually provided a hands-on assistance in preparing the GNPOA.

### **Methodologies used in calculating cost of priorities identified in the GNPOA**

It is instructive that Ghana's POA was developed from the wide consultations between Government, Civil Society, the private sector, academia etc following the preparation of the country self-assessment report. The POA that directly resulted from this broad-based national consultation and covered all the four thematic areas was sent to the APR Secretariat and the Government. Following this a directive was received from the APR Secretariat for the POA to be costed. The President was informed accordingly. He indicated government's acceptance of the POA without any change. Subsequent to this, the President set up a three member Ministerial Committee under the chairmanship of the Minister of Regional Cooperation and NEPAD with the Executive Secretary of the NAPRM-GC as secretary to cost the POA. In their work the Ministerial Committee proceeded on the assumption that the POA has been accepted by the President and for that matter their remit was to cost components of the POA that demanded the allocation of resources. In effect, they did not tamper with the POA developed through the national consultation of stakeholders but rather supplemented it by assigning cost figures to the proposed actions.

In calculating the cost of the priorities identified in the GNPOA, two main methodologies were used. First, in respect of priorities made in the country self-assessment report and the POA developed through broad-based national consultation which did not exist as part of an on going development policy effort in the country the government tasked all Ministries, Departments and Agencies to individually cost the priority areas that came under their purview. These were collected, collated and analyzed by the Ministerial Committee set up by the President. It was this effort that



produced the initial costed POA submitted by government.

Second, in respect of priority areas that coincided with on-going development policy initiatives, like the PRSP, MDGs, MDBS, NGP etc, these sources had already costed the priority areas and they provided the basis for arriving at the cost calculated.

### **Feedback mechanism to keep local stakeholders involved in the process**

The implementation and monitoring of the GNPOA was designed by factoring the monitoring and evaluation role of stakeholders into the choice of technical teams. To ensure that Government is maintained as one of the many stakeholders and not made the only player, and consistent with the bottom-up stakeholder leadership and ownership approach, civil society organizations with proven capacity, competencies and know-how as independent think-tanks were appointed by the APRM Governing Council to undertake the operational conduct of the Country Self-assessment. It is important to underscore that these civil society organizations were not appointed solely on criterion of capacity to deliver a sound technical and professional Country Self-assessment report and a draft POA. This could have been handled by competent Government bureaucracies. Rather, in addition to their proven technical competence, these organizations are recognized for their leadership as civil society policy advocates. Besides they have proven lobbying skills to influence public policy and have a reputation for critical and yet objective public policy evaluation to enhance performance in the four thematic areas.

These organisations inform and shape public opinion and policy debates in their respective spheres of competence. In effect they provide civil society leadership to monitor and evaluate policies, programmes and projects in the areas they were appointed. Their appointment therefore was meant to reinforce their role as rallying points that galvanize civil society to own and lead the APRM process. Furthermore, in the eventual implementation of the National Programme of Action the Governing Council saw them as strategic partners who could facilitate a strong civil society drive in support of the spelt out actions.

It is also important to underscore that in their work on the APRM, these organisations enlisted the expertise of a coalition of civil society organizations. These civil society organizations have maintained and sustained their interest to monitor and evaluate the implementation of the GNPOA. In this respect these civil society organizations have constituted themselves into a Research and Advocacy Organization to provide objective, critical and tested empirical feedback into the implementation, monitoring and evaluation of the GNPOA in support of improvement in public policy and the national development process.

Besides civil society organizations in an autonomous fashion have undertaken a shadow

review of the APRM process. Their findings can then be ploughed back to interrogate the GNPOA as a monitoring and evaluation mechanism.

The NAPRM-GC, as the country's APRM Focal Point, also has the responsibility to feed the interventions identified by the GNPOA into ongoing national development policy initiatives. As indicated there is collaboration to integrate the findings in the preparation of the country's PRSP. Other linkages can be established with the general reforms in the public sector, the National Governance Programme, private sector reforms and related corporate governance reforms as well as to input into the work of the different select committees of Parliament. These are just about a few examples that can be cited in respect of how the GNPOA can be factored into existing programmes and to keep stakeholders involved in the process. Invariably then, there are numerous channels through which stakeholders can avail themselves to participate and contribute towards realizing the aspirations of the GNPOA.

### **Conclusion**

The GNPOA has been crafted as a bottom-up process in which the concerns of ordinary people can find their way into the public policy making process and to find response from the appropriate authorities. The GNPOA therefore seeks to empower ordinary people to find a voice in a polity which is deepening democracy and good governance. The expectation is that the priorities can be implemented to address shortcomings and weaknesses that have been a drawback on the country's quest for socio-economic development and poverty alleviation. It is with this objective in view that the GNPOA has placed broad-based national consultation at the heart of its design and implementation.

**AFRICAN PEER REVIEW MECHANISM**



**Country Report  
of the  
Republic of Ghana**

**PROGRAMME OF ACTION  
ON  
DEMOCRACY AND GOOD  
POLITICAL GOVERNANCE**

Submitted to:

THE APR PANEL, MIDRAND, SOUTH AFRICA



**DEMOCRACY  
AND GOOD  
POLITICAL  
GOVERNANCE**



## **ABBREVIATIONS**

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AGI	:	Association of Ghana Industries
ASDR	:	African Securities Dialogue Research
BOG	:	Bank of Ghana
CDD	:	Center for Democratic Development
CHRI	:	Commonwealth Human Rights Initiative
DAs	:	District Assemblies
GNECC	:	Ghana National Education Campaign Coalition
GSS	:	Ghana Statistical Service
GPS	:	Ghana Police Service
ICT	:	Information and Communications Technology
IEA	:	Institute of Economic Affairs
ILGS	:	Institute of Local Government Studies
ISSER	:	Institute of Statistical, Social and Economic Research
KNUST	:	Kwame Nkrumah University of Science and Technology
NETRIGHT	:	Network on Women's Rights
NCCE	:	National Commission for Civic Education
NDPC	:	National Development Planning Commission
NHIS	:	National Health Insurance Scheme
MDAs	:	Ministries, Departments, and Agencies
MOES	:	Ministry of Education and Sports
MLGRD	:	Ministry of Local Government and Rural Development
MMDAs	:	Metropolitan, Municipal and District Assemblies
MOWAC	:	Ministry of Women and Children's Affairs
PSC	:	Public Services Commission
PSR	:	Public Sector Reform
SSNIT	:	Social Security and National Insurance Trust
WAJU	:	Women and Juvenile Unit





## INTRODUCTION

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The Ghana National Programme of Action (GNPOA) has been generated from a national consultative process that affirmed that the government and people of Ghana have faith in a constitutional approach to managing the resources of the country. This Programme of Action covers the APRM thematic area of Democracy and Good Political Governance.

It has been conceived upon stakeholders' concern to entrench the universally acknowledged principles of transparency, accountability, equity and inclusiveness within the confines of the rule of law.

The GNPOA seeks to foster a partnership between the government, private sector and civil society to operate freely but jointly toward the advancement of the interests of the state. It therefore revolves around the belief that a functioning effective state, a productive private sector and an active civil society offer the best opportunity for the realisation of the development objectives of the country and outlines the policy options which the government and the people of Ghana ought to pursue to realize their aspirations of an enduring democratic polity and accelerated socio-economic development.

Deepening the democratisation process in Ghana is contingent upon the practice of good political governance. In this connection, the GNPOA identifies the pillars of democratic governance to include:

- ? a credible electoral system,
- ? unrestrained pluralism, (multiparty politics)
- ? broad participation in decision-making both at the national and the sub-national levels
- ? enfranchisement of the electorate,
- ? a peaceful alternation of government,
- ? reduction and eventual elimination of frequent and violent intra and inter-state conflicts
- ? promotion of peace and stability within the sub-region
- ? enjoyment of human rights
- ? rule of law

These considerations informed the choice of outputs and the appropriate policy interventions identified in the GNPOA to bridge the performance gaps in this thematic area. To arrive at these, broad-based consultations with a number of stakeholders, were complemented by a review of existing policy initiatives, including:

- ? The Ghana Poverty Reduction Strategy,
- ? The Millennium Development Goals

- ? The National Economic Dialogue Reports
- ? The Millennium Challenge Account
- ? The Multi-Donor Budget Support Programme of Development Partners
- ? The Poverty Reduction Support Credit of the World Bank
- ? The Poverty Reduction and Growth Facility of the IMF
- ? The Public Sector Reform Programme
- ? Reports of Governance institutions such as the Electoral Commission, National Commission on Civic Education, the National Governance Programme, Center for Democratic Development
- ? The Women's Manifesto

**The critical issues that emerged from the GNPOA include:**

- ? Resolving the perennial conflict engendered by the problems of land ownership and land use in the country
- ? Delays in the administration of justice
- ? Maintaining the practice of separation of powers as a way of curbing excesses in the exercise of power among the arms of government
- ? Hastening the decentralisation process to create opportunities for citizen-participation in local governance and to promote sustainable local development
- ? The need to redouble the efforts of the government to curb corruption
- ? Promoting efficiency and effectiveness in the use of public resources and improving service delivery.
- ? Creating opportunities for the assertion of rights by all groups especially women, children, young persons, persons with disability and the aged.

A major challenge to the realisation of the objectives of this GNPOA on democracy and good governance is that of inadequate human and institutional capacities as well as the dearth of resources needed to translate desires into deeds. The hard truth however is that the scale of resources required to support the GNPOA is well beyond the capabilities of the government alone.

## Democracy and Good Political Governance

Issue	Expected Output	Indicator	Proposed Action	Ongoing Initiative	Estimated Budget (\$)	Time Frame	Implementing Institution	Stakeholders	M & E Agency
Standards and Codes									
A number of AU conventions not acceded to/ratified	Conventions acceded to/ratified	Accession/Ratification of Amendments to the Constitutive Act of the AU, 2003 Protocol on the African Court of Human and People's Rights, 1998 Protocol on the Rights of Women, 2003 Protocol on the African Court of Justice, 2003 AU Convention Against Corruption AU Non-Aggression and Common Defence Pact, 2005 Protocol to the OAU Convention on the Prevention and Combating Terrorism, 2004	Adoption of a deliberate Plan to clear outstanding arrears  Ministry of Foreign Affairs would take steps to ensure that a ministries that signs a treaty on behalf of Ghana, prepares the necessary memoranda to Cabinet for approval and submission to parliament for ratification and subsequent accent by the President of the Republic.  Institute mechanisms for automatic compliance Strengthen the Ministries of Foreign Affairs and Justice to fulfill mandate  Develop a plan and program to incorporate into domestic law, the ratified covenants and conventions	Review process initiated by Ministry of Regional Cooperation and NEPAD  UN Convention on corruption and the AU Convention on Preventing and combating are before Parliament for ratification.	250,000	2005-2007	Ministry of Regional Cooperation and NEPAD  Ministry of Foreign Affairs, Ministry of Justice Parliament  Ministry of Parliamentary Affairs	NGOS CSO	NAPRM- GC Office of the President

Issue	Expected Output	Indicator	Proposed Action	Ongoing Initiative	Estimated Budget (\$)	Time Frame	Implementing Institution	Stakeholders	M & E Agency
Objective 1: Prevent and reduce intra- and inter-state conflicts									
1. Poorly defined land ownership and problems with land registration/administration leading to conflict	Well demarcated, registered community/ethnic/state lands	Land Use Master Plan for areas of endemic land disputes	Develop a Land Use Master Plan that demarcates all lands in dispute.  Establish decentralized one-stop shops for land registration in all registry	Land Reform Programme (LAP)	6,972,400	2005-2007	Min of Land, Forestry and Mines  Min of Justice	NGOs CSOs	NAPRM-GC Office of the President
2. Poorly defined land ownership and problems with land registration/administration leading to conflict	Improved access to land for investment	Reformed land law	Enact a law which facilitates land acquisition for investment		250,000	2005-2007	Min of Land, Forestry and Mines	NGOs CSOs	NAPRM-GC Office of the President

Issue	Expected Output	Indicator	Proposed Action	Ongoing Initiative	Estimated Budget	Time Frame	Implementing Institution	Stakeholders	M & E Agency
3. Lack of effective and efficient Early Warning System mechanism.	Operational Early Warning System	Established EWS in selected conflict points Guidelines prepared and implemented Number of conflicts reduced	Prepare clear procedural guidelines for use by national, regional and district security councils Provide logistical support to security agencies in conflict prone points		500,000	2006	Ministry of Interior, National Security Council, NGOs Ministry of Local Govt. and Rural Dev. ,District Assemblies	NGOs CSOs	NAPRM-GC Office of the President
4. Sub-regional Security	Peace and Stability in the Sub-region secured	Provisions of ECOWAS and AU Protocols on Peace and Security Number of meetings Reports/peace accords Number of peacekeeping officers Intelligence reports	Initiate high level negotiation meetings Peace keeping forces deployed where necessary Undertake continuous intelligence gathering		100,000	2005	Ministry of Foreign Affairs, Ministry of Interior, National Security Council, NGOs Ministry of Local govt and Rural Devpt. District Assemblies Ministry of Foreign Affairs	NGOs CSOs	NAPRM-GC Office of the President
5. Responsiveness of Chieftaincy to the rapidly changing social needs	Capacity of National and Regional Houses of Chiefs enhanced to discharge constitutional mandate	Number of backlog cases awaiting adjudication cleared in Judicial Committees of both Houses	Develop time-bound program for clearing backlog cases Build capacity of Judicial Committees of both Houses	Adjudication of cases in progress	345,000	2005-2010	National and Regional Houses of Chiefs, National Commission on Culture Chieftaincy Secretariat	NHOs Civil Society organisations	APRM Office of the President

Issue	Expected Output	Indicator	Proposed Action	Ongoing Initiative	Est. Budget	Time Frame	Implementing Institution	Stakeholders	M & E Agency
Objective 2: Promote Constitutional Democracy, political competition and the rule of law									
1. Periodic Voter registration	Enfranchised eligible voters	Introduction of a National Identity system to ease periodic update of voters' register Number and distribution of registration points. National computerized database of births and deaths registration	Accelerate establishment of National ID system Regularly revise Voters Register Decentralise births/deaths registry		55,556	2005	National ID Authority Electoral Commission	Political Parties, Civil Society NGOs CDD	NAPRM-GC Office of the President
2. Decentralization	More effective decentralized local governance system	Increased number of decentralized MDAs Increased broad based participation in local governance and development Improved levels of internally generated funds of MMDAs	Acceleration of Decentralisation process Develop capacity of MMDAs to mobilize additional local revenue	National Decentralisation Action Plan development Local Government Service Act Passed 15-member LG Service Board Inaugurated	8900	2005-2009	Min of Local Govt and Rural Dev (MLGRD)	Institute for Democratic Dev. CDD, NGOs Advocacy groups/Media	NAPRM-GC Office of the President
3. Low public confidence in Justice system; poorly resourced; and overloaded with cases. Weak relations among various units of Justice System undermine effective and fair administration of justice.	Increased capacity of legal sector to provide affordable and speedy access to justice	Modernized Court system Revised rules and procedures for speedy administration of justice Increase in funding for legal aid and mediation/arbitration	Continue Court Modernization Provide more resources for legal aid and mediation/arbitration. Review existing costs, rules and procedures Harmonize relations between police, Attorney – General's Dept, Courts and prisons	Computerization of court system is in progress	11,200,000 250,000 448,000	2005	Min of Justice, Attorney General's office Legal Aid Board	Centre for Public Interest Law, CDD CSOs NGOs	NAPRM-GC Office of the President
4 Voter education	Improved understanding of citizen civic responsibilities	Number of Civic education campaigns, publications, advertisements, workshops	Provision of logistical support to governance institutions for voter education	People's Assemblies Frequent Political party rallies, Workshops and Seminars	1,200,000	2005-2008	NCCCE, Electoral Commission, Parliament	NCCE, Electoral Commission, Parliament IEA, CDD, Media, Political Parties.	

Issue	Expected Output	Indicator	Proposed Action	Ongoing Initiative	Estimated Budget	Time Frame	Implementing Institution	Stakeholders	M & E Agency
Objective 3: Promotion and Protection of civil, political, economic, social and cultural rights									
1. Access to Justice	Increased and speedy access of women and children to justice	Additional offices, officers and logistics for WAJU of the Police Service around the country	Recruit/transfer more staff to WAJU. Assess needs and provide appropriate additional resources to WAJU	Expansion of WAJU	1,484,444	2005-2007	Ministry of Interior	NGOs CSOs CDD	NAPRM-GC Office of the President
	Reduction in violent white collar crime and fraud	Improved ability of law enforcement agencies to investigate financial crime. Reduction in incidence of crime	Increase number of law enforcement officers. Organise training for Financial Intelligence Unit Procure equipment for Law enforcement agencies	Programme to increase numbers in GPS and to provide equipment	4,555,556	2005	Ministry of Interior	NGOs CSOs Private security organizations, CDD	NAPRM-GC Office of the President
3. Safety and security of life and property	Reduction in cross border crimes, such as smuggling and human trafficking	Drop in recorded cross border crimes Increase in border patrols and random checks	Introduction of new technology to fight crime Provide logistics for increased border patrol Build capacity of security agencies in new cross border crimes		714,333	2005	Ministry of Interior Security Agencies	NGOs CSOs ASDR, CDD	NAPRM-GC Office of the President
4. Capacity of CHRAJ to prosecute its mandate	Effective promotion and protection of fundamental Human Rights and Freedoms	Exclusion of Labour matters from CHRAJ Redefinition of status of decisions and awards of CHRAJ, Review report	Provide resources to CHRAJ Review the mandate of CHRAJ		274,300	2005-2008	CHRAJ, Ministry of Justice, Parliament	NGOs CSOs, Human Rights Groups	NAPRM-GC Office of the President

Issue	Expected Output	Indicator	Proposed Action	Ongoing Initiative	Estimated Budget (\$)	Time Frame	Implementing Institution	Stakeholders	M & E Agency
5. Cultural practices harmful to women	Reduction of elimination of cultural practices harmful to women and children	Targeted support given to law enforcement agencies to ensure specific compliance Number of girls released from ritual servitude. Decline of abuses against witches	Secure release of and rehabilitate girls in ritual servitude Mount awareness campaign on discontinuation of violence and harmful traditional practices against women	Enforcement of existing legislation NGO Activity in securing the release and rehabilitation of children with family.	150,000	2005	Min of Women and Children Affairs (MOWAC) Min of Manpower, Youth and Employment (MMYE)	NGOs CSOs CDD	NAPRM-GC Office of the President
6. Child trafficking and child labour	Reduced rate of child trafficking and child labour	Percentage of trafficked children and child labourers	Secure release of and rehabilitate children under difficult circumstances Equipping Security agencies and civil society groups to promote enforcement and compliance	MOWAC initiatives NGO initiatives in securing and reuniting child slaves with their families	500,000	2005-2008	MOWAC MMYE	NGOs CSOs CDD	NAPRM-GC Office of the President
7. Under Representation of women in public life	Progressive growth in number of women participating in public life	Number of new affirmative action schemes introduced Report on gender analysis of affirmative action policy Gender policies prepared in all MDAs Increase in number and percentage of women in decision making positions Number and type of participants provided with gender sensitisation training	Identify and institute schemes to increase participation of women in public life Gender analysis Monitoring, evaluation and review of Affirmative Action Policy facilitate and implement gender mainstreaming in MDAs. Analyse budgets and national development policies from a gender perspective Undertake gender sensitisation in the security services and MDAs		10,000	2005-2009	MOWAC MMYE	CDD NGOs CSOs CDD	NAPRM-GC Office of the President
8. Violation of rights of the disabled	Disability rights secured	Passage and implementation of Disability Bill	Need to finalize Bill Present to Cabinet, Present to Parliament, Pass and Implement		20,000	2005	MMYE	NGOS SCOS Ghana Federation of the Disabled	NAPRM-GC Office of the President



Issue	Expected Output	Indicator	Proposed Action	Ongoing Initiative	Estimated Budget (\$)	Time Frame	Implementing Institution	Stakeholders	M & E Agency
Objective 4: Uphold the Separation of Powers, including the protection and independence of the Judiciary and of an effective legislature									
1. Parliament oversight functions	Effective exercise of oversight function by Parliament	Use of Article 103 (3) of the Constitution for investigation and enquiries into activities of public officials and agencies	Strengthening the Committees of the Parliament  Capacity Building for MPs of Public Accounts and Finance Committees	Increase in number of Private members bills and motions	395,000	2005	Min of Parliamentary Affairs  Parliamentary Service	CDD, IDEG, IEA NGOs and CBOs	NAPRM-GC Office of the President
2. Lack of adequate resources for governance institutions.	System of funding for non-Executive governance institutions established	Procedures for funding established	Implement an effective system for funding		450,000	2005-2006	MOFEP, Parliament, NDPC NGP	CDD, IDEG, IEA NGOs and CBO	NAPRM-GC Office of the President
3. Initiation and passage of bills by Parliament.	Parliament enabled to initiate bills	Number of bills initiated by parliament	Education and sensitisation of Members of Parliament.  Strengthen Parliamentary Draftsman's Office		234,000	2005-2006	Parliament Ministry for Justice	CDD, IDEG, IEA NGOs and CBO	NAPRM-GC Office of the President
5. Backlog of Cases in High Court and Regional Tribunals	Cleared backlog of Cases in High Court and Regional Tribunals	Backlog reduced by 50% in next 3 years	Adoption of self-regulating mechanisms to clear backlogs Establishment of additional Courts of Appeal		67,500	2006-2008	Min of Justice,	CDD, IDEG, IEA NGOs and CBO Civil Society orgs.	NAPRM-GC Office of the President

Issue	Expected Output	Indicator	Proposed Action	Ongoing Initiative	Estimated Budget (\$)	Time Frame	Implementing Institution	stakeholders	M & E Agency
Objective 5a: Ensure Accountable, efficient public office holders and civil servants									
1. Bureau and inefficient procedures in the Public Service	Transparency, Efficiency and effectiveness in public resource use	MTEF framework indicating MDA priority programmes and activities. Appropriate Procurement, Internal Audit laws and Financial regulations Enforcement and monitoring	Build capacity of MDA to formulate and implement programmes in MTEF. Set up institutional structures to regulate public procurement, internal audit, and financial administration as provided in these laws and regulations		500,000	2005-2007	Office of Senior Minister Public Sector Reform Ministry (PSR) Public Services Commission (PSC) MFEP	NGOs CBOs CDD	NAPRM-GC Office of the President
2. Bureau and inefficient procedures in the Public Service	More Accountable public and civil service	Annual MDA reports Annual Progress Reports of GPRS Citizen charters	Improve capacity of MDA to develop and implement strategic plans Build civil society capacity to monitor public policy	Performance Contracts for leadership of public Service, Performance Appraisal Framework in use	194,444	2005-2007	Office of Senior Minister (OSM) PSR PSC, MFEP	NGOs CBOs CDD	NAPRM-GC Office of the President
3. Poor service delivery in public services	Improved service delivery and capacity of public servants.	Number of complaints received, investigated and resolved every year Public Education Campaign	Educate and sensitize public on their rights with respect to the provision of social service. Establish clear public complaints mechanism and guidelines for investigating and resolving complaints MDAs to prepare citizen's charter of service delivery	Public Sector Reform is in progress under Office of Senior Minister, Public Sector Reform Ministry, National Governance Program and Public Service Commission	2,000,000	2005-2009	MDAs NCCE	NGOs CBOs CDD	NAPRM-GC Office of the President

Issue	Expected Output	Indicator	Proposed Action	Ongoing Initiative	Estimated Budget (\$)	Time Frame	Implementing Institution	Stakeholders	M & E Agency
<b>Objective 5b: Promote participation of civil society and media in governance</b>									
<b>1. Civil society engagement in national dialogue and decision.</b>	<b>A more engaged civil society</b>	<b>Institutional structures that promote civil society involvement in public policy formulation and implementation</b>	<b>Establishment of formal working groups with civil society representation at all levels of decision-making</b>	<b>Civil Society involvement in policymaking, implementation, monitoring and evaluation. Many social Accountability initiatives</b>	<b>282,000</b>	<b>2005-2009</b>	<b>MDA, MMDAS Civil Society Organisations</b>	<b>MDA, MMDAS Civil Society Organisations CDD</b>	<b>NAPRM-GC Office of the President</b>
<b>2. Lack of media specialisation and investigative reporting.</b>	<b>Greater media specialization and investigative journalism</b>	Revised curriculum in communications institutions. Number of specialist training programs initiated  Number of specialist desks created at media houses.	Review the curriculum in communications institutions. Provide specialist training Capacity Building Create specialist desks at media houses. Ensure professionalism and high standard of ethics.		<b>81,417</b>	<b>2005-2009</b>	<b>MDA, MMDAS Civil Society Organisations District Assemblies</b>	<b>MDA, MMDAS Civil Society Organisations, GlJ CDD</b>	<b>NAPRM-GC Office of the President</b>
<b>3. Lack of transparency in frequency allocations</b>	<b>Procedures of broadcast frequency allocations streamlined and made public</b>	Reviewed guidelines for the allocation of frequencies published.  Current time for processing frequency allocation shortened by 50%	Review Guidelines on Frequency Allocation.  Re-examination of membership of Frequency Board <b>Applications for allocations processed within set time-frame</b>	<b>Frequency Allocations proceeding</b>	<b>62,000</b>	<b>2006-2007</b>	National Media Commission  <b>National Communications Authority The Executive Ministry of Communication and Technology.</b>	<b>NGOs CBOs CDD</b>	<b>NAPRM-GC Office of the President</b>

Issue	Expected Output	Indicator	Proposed Action	Ongoing Initiative	Estimated Budget (\$)	Time Frame	Implementing Institution	Stakeholders	M & E Agency
<b>Objective 6: Fighting Corruption in the Public Sphere</b>									
<b>1. Coordination of anti-corruption agencies.</b>	<b>Comprehensive anti-corruption legislation passed by 2007.</b>	Law on anti-corruption Monitoring & enforcement Passage of Freedom of Information and Whistle Blower Protection Bills Guidelines on Conflict of interest Corruption reduced	Define and institute an unambiguous definition of bribery and corruption Pass the Freedom of Information Bill to enable credible public access to information Pass the Whistleblower's Protection Bill Define clear guidelines on conflict of interest	Freedom of Information Act in place <b>Whistleblower's Protection Act in place</b> <b>Guidelines on conflict of interest publicized</b> <b>Definition of bribery and corruption applied</b> <b>Legislation enforced</b>	<b>700,000</b>	<b>2005-2007</b>	Parliament Ministry of Justice Commission for Human Rights and Administrative Justice Serious Fraud Office Presidency Office of Accountability	NGOs CBOS CDD	NAPRM- GC Office of the President
<b>2. Asset declaration regulations</b>	<b>Current Asset declaration regulations revised</b>	Revised Guidelines on Asset Declaration to allow for easier investigation and prosecution of violators	<b>Review Law on Assets Declaration</b>	<b>Asset Declaration</b>	<b>65,700</b>	<b>2007-2008</b>	Ministry of Justice The Auditor General Commission on Human Rights and Administrative Justice.	NGOs CBOS CDD, IEA	NAPRM- GC Office of the President
<b>3. Applying public procurement procedures</b>	<b>All institutional structures of new Procurement Act duly established and operational by 2006</b>	Establishment of functioning Public Procurement Entities as stated in the Act <b>Reduction in improper award of contracts and bribery</b> <b>Publication of successful contractors</b> Assessments of tender bids Merit selection procedures documented	Establish all procurement entities as required by the law <b>Award of public contracts strictly on the basis of the provisions of the Act</b>		<b>22,700</b>	<b>2005</b>	MDAs Office of the Chief of Staff	NGOs CBOS CDD	NAPRM- GC Office of the President

Issue	Expected Output	Indicator	Proposed Action	Ongoing Initiative	Estimated Budget (\$)	Time Frame	Implementing Institution	Stakeholders	M & E Agency
<b>Objective 7: Promotion and protection on the Rights of Women</b>									
1. Legislation to protect women's rights	Relevant outstanding legislation enacted:	Passage of Domestic Violence Bill	Completion of bills Present to Cabinet Present to Parliament	Domestic Violence Bill on floor of Parliament	50,000	2005	Parliament MOWAC NGOs,CBOs	NGOs, CBOs Women's Organisations, ABANTU, Netright, CDD, IEA	NAPRM-GC Office of the President
		Property Rights Bill	Adopt program to domesticate CEDAW and endow it with force of law	It has been done – 28 <sup>th</sup> July,2005.					
	Protocol ratified and implemented	Documentary evidence of Ratification.	Ratify the Protocol to the African Charter on Human and People's Rights on the Rights of Women and enact national laws to implement it	Processes initiated to ratify Protocol and to enact appropriate law	25,000	2006	Ministry of Foreign Affairs. The Executive Parliament Ministry of Justice MOWAC Ministry of Foreign Affairs	NGOs CBOs CDD	NAPRM-GC Office of the President
	Appropriate implementation legislation enacted	Passage of appropriate legislation							
3. Gender advocacy and women's rights groups lack capacity and resources	Intensified gender advocacy and women's rights issues	Number of publications on gender issues. Inventory of women's rights organizations and programs Sensitization Workshops, Conferences Public Debates	Assist with funding assistance under appropriate schemes and monitor progress	Guidelines on funding eligibility criteria Amounts of funding provided	504,000	2005-2010	MOWAC, Women's Organisations, ABANTU, Netright, CDD, IEA	NGOs CBOs CDD Women's Organisations, ABANTU, Netright, CDD, IEA	NAPRM-GC Office of the President
4. Under-representation of women in politics	Increased numbers of women in politics	Policies and programs developed by Political parties to increase recruitment and representation of Women in public life Policies developed and implemented Increase in # women of women MPs in political life	Develop gender policies with specific actions to help overcome barriers faced by women in entering the political arena Monitor numbers of women in politics		150,000	2005-2015	MOWAC, Women's Organisations, ABANTU, Netright Political Parties Parliament	MOWAC, Women's Organisations, ABANTU, Netright, CDD, IEA	Focal Point NDPC Office of the President

<sup>1</sup> Other critical women's issues are covered under Objective 3.

Issue	Expected Output	Indicator	Proposed Action	Ongoing Initiative	Estimated Budget (\$)	Time Frame	Implementing Institution	Stakeholders	M & E Agency
<b>Objective 8: Promotion and Protection of Rights of Children and Young Persons</b>									
<b>1. Child prostitution and pornography</b>	<b>Child prostitution and pornography banned</b>	Policy banning child prostitution formulated and publicized Increase in investigations into child prostitution and pornography and prosecutions applied where applicable Decrease in incidents of child prostitution and pornography	Undertake a study on the levels of child prostitution and associated problems and make recommendations Develop policy on child prostitution and pornography Implement and publicize policy Conduct education and awareness campaign		200,000	2005-2007	Ministry of Women and Children Affairs, Ghana National Commission on Children (GNCC) Ghana Police Service National Media Commission(NMC) National Commission on Culture(NCC) CEPS Ghana Immigration Service(GIS) Relevant NGOs	(GNCC) Ghana Police Service NMC NCCE CEPS GIS Relevant NGOs	NAPRM-GC Office of the President
<b>2. Compulsory basic education</b>	<b>Progress toward full enrollment of all children of school age</b>	Annual increase in gross enrollment at the basic education level. Full enrolment by 2015 Gender disaggregated Statistics	Investigate means to achieve full enrolment of children (both girls and boys) in compulsory education (such as feeding programs, provision of textbooks and school uniforms for the needy) Continue programs promoting gender equality in education. Implement recommendations of review report/s and monitor progress.	<b>FCUBE programmes on education</b> <b>Educating the girl child</b> <b>Feeding programmes</b>	82,000,000	2005-2015	Ministry of Education, PTAS	NGOs CBOs CDD	NAPRM-GC Office of the President
<b>3. Protection of the rights of domestic workers</b>	<b>Legislation on rights of adolescent domestic workers passed</b>	Law on Rights of Domestic workers	<b>Enact Domestic Workers Law and implement specific provisions protecting adolescent domestic workers</b>	Studies on domestic work	23,000	2006	Ministry of Women and Children's Affairs, Dept. of Social Welfare Trades Unions	NGOs CBOs CDD	NAPRM-GC Office of the President

4. Autonomy of Ghana National Commission on Children	GNCC made autonomous of Ministry of Women and Children Affairs	Statutes indicating decoupling GNCC from MOWAC	Initiate program of granting GNCC autonomous status	GNCC has no separate existence. It is treated as a department of MOWAC	500,000	2006 - 2008	MOWAC, Min. of Manp. & Employment, NGOs District Assemblies Department of Social Welfare	NGOs CBOs CDD	NAPRM-GC
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Issue	Expected Output	Indicator	Proposed Action	Ongoing Initiative	Estimated Budget (\$)	Time Frame	Implementing Institution	Stakeholders	M & E Agency
4. Street children and vulnerable youth	Street children and vulnerable youth equipped with employable skills	Number of street children and other vulnerable youth enrolled in skills training programs. Reduction in the number of street children and vulnerable youth	Review studies on street children and other vulnerable youth to assess needs and means to best address them. Develop an action plan for assisting street children and vulnerable youth. Resource and Expand the STEP Programme. Partner with NGOs to provide shelter, healthcare, education, skills programs and financial credit to street children and vulnerable youth to get them off the streets and provide them with safe means to survive		231,000	2005-2009	Min of Manpower, Youth and Employment MOWAC Min of Edu. And Sports NGOs District Assemblies GNCC Department of Social Welfare	NGOs CBOs CDD	NAPRM-GC Office of the President



Issue	Expected Output	Indicator	Proposed Action	Ongoing Initiative	Estimated Budget (\$)	Time Frame	Implementing Institution	Stakeholders	M & E Agency
Objective 9: <b>1. Access to public facilities by the disabled</b>	<b>Disabled provided Access to public facilities</b>	Legislation requiring access to all public facilities <b>Legislation in place</b> <b>Needs Assessment report</b> <b>Plan/policy on disabled access</b> Increase in the number of public facilities with access for the disabled	Undertake a needs assessment to determine priorities for providing disabled access to existing public facilities Pass and enforce legislation requiring the provision of disabled access in public facilities Develop a plan to provide access to public facilities by the disabled Monitor implementation		<b>30,000</b>	<b>2005-2007</b>	<b>Parliament</b> <b>The Executive</b> <b>Min. of Works &amp; Housing</b> <b>Department of Social Welfare</b> <b>NGOs</b> <b>Private Sector</b>	<b>NGOs</b> <b>CBOs</b> <b>CDD</b> <b>Action on Disability and Dev.</b> <b>CDD</b> <b>Ghana Federation for the Disabled</b>	<b>NAPRM-GC</b> <b>NDPC</b> <b>Office of the President</b>
<b>2 Inadequate and insecure pension schemes</b>	<b>Current pensions revised with better Conditions for pensioners</b>	New Policy document on Pension schemes	Implement recommendations of Commission	<b>Commission on Pension Scheme Report submitted</b>	<b>15,000</b>	<b>2005-2006</b>	<b>Ministry of Manpower, Youth and Employment</b> <b>MOFEP</b> <b>TUC</b> <b>NGOs</b>	<b>Ministry of Manpower, Youth and Employment</b> <b>MOFEP</b> <b>TUC</b> <b>NGOs, Pensioners</b> <b>Assoc. CDD</b>	<b>NAPRM-GC</b> <b>NDPC</b> <b>Office of the President</b>
<b>3. National policy on the Aged</b>	<b>Operational National Ageing Policy</b>	National Ageing Policy Document published	Finalise and implement the National Ageing Policy Implement, monitor and review implementation		<b>27,500</b>	<b>2005-2006</b>	<b>Dept. of Social Welfare</b> <b>NGOs</b> <b>Dist. Assemblies</b>	<b>NGOs</b> <b>CBOs</b> <b>CDD</b> <b>Dist. Assemblies</b> <b>CDD</b>	<b>NAPRM-GC</b> <b>Office of the President</b>
<b>4. Protecting The rights of refugees</b>	<b>Current refugee program revised</b>	Revised Refugee Policy with provisions for better services and institutional coordination	<b>Undertake a review of the Ghana Refugee Board and make recommendations to strengthen it, including its coordination with UNHCR</b> <b>Assess the current immigration policy regarding refugee/asylum</b>		<b>50,000</b>	<b>2005-2007</b>	<b>Ghana Refugee Board</b> <b>Min. of Interior</b> <b>Ghana</b>	<b>NGOs</b> <b>CBOs</b> <b>CDD</b> <b>Service</b> <b>NGOs</b> <b>UNHCR</b>	<b>NAPRM-GC</b> <b>Office of the President</b>

	between Refugee Board and UNHCR	<b>regarding refugee/asylum seekers and make improvements</b> Provide better access to basic services for refugees Enforce legislation regarding the rights of refugees				<b>Immigration Service NGOs</b>	
<b>TOTAL ESTIMATED COST FOR DEMOCRACY AND GOOD GOVERNANCE</b>							<b>\$118,982,083</b>

**AFRICAN PEER REVIEW MECHANISM**



**Country Report  
of the  
Republic of Ghana**

**PROGRAMME OF ACTION  
ON  
ECONOMIC GOVERNANCE  
AND MANAGEMENT**

Submitted to:

THE APR PANEL, MIDRAND, SOUTH AFRICA

NOVEMBER 2005



**ECONOMIC  
GOVERNANCE  
AND  
MANAGEMENT**



## **ABBREVIATIONS**

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ADRA	ADVENTIST DEVELOPMENT AND RELIEF AGENCY
AGI	ASSOCIATION OF GHANA INDUSTRIES
APRM	AFRICAN PEER REVIEW MECHANISM
BOG	BANK OF GHANA
BPEMS	BUDGET AND PUBLIC EXPENDITURE MONITORING SYSTEM
CAGD	CONTROLLER AND ACCOUNTANT GENERAL'S DEPARTMENT
CEPA	CENTRE FOR POLICY ANALYSIS
CEPS	CUSTOMS, EXCISE & PREVENTIVE SERVICE
CHRAJ	COMMISSION ON HUMAN RIGHTS AND ADMINISTRATIVE JUSTICE
CSIR	COUNCIL FOR SCIENTIFIC & INDUSTRIAL RESEARCH
DACF	DISTRICT ASSEMBLY COMMON FUND
EPA	ENVIRONMENTAL PROTECTION AGENCY
ECOWAS	ECONOMIC COMMUNITY OF WEST AFRICAN COUNTRIES
EPPC	ECONOMIC POLICY COORDINATION COMMITTEE
ETLS	ECOWAS TRADE LIBERALISATION SCHEME
FAGE	FEDERATION OF ASSOCIATION OF GHANAIAN EXPORTERS
GII	GHANA INTEGRITY INITIATIVE
GPRS	GHANA POVERTY REDUCTION STRATEGY
GSS	GHANA STATISTICAL SERVICE
IDEG	INSTITUTE OF DEMOCRATIC GOVERNANCE
IMF	INTERNATIONAL MONETARY FUND
IRS	INTERNAL REVENUE SERVICE
JS	JUDICIAL SERVICE
MDAs	MINISTRIES, DEPARTMENTS AND AGENCIES
MES	MINISTRY OF EDUCATION & SPORTS
MLGRD	MINISTRY OF LOCAL GOVERNMENT & RURAL
MMDAs	METROPOLITAN, MUNICIPAL, DISTRICT ASSEMBLIES
MOFA	MINISTRY OF FOOD & AGRICULTURE
MOFEP	MINISTRY OF FINANCE & ECONOMIC PLANNING

MOJ	MINISTRY OF JUSTICE
MOTI	MINISTRY OF TRADE & INDUSTRY
MPSD & PSI	MINISTRY OF PRIVATE SECTOR DEVELOPMENT & PRESIDENTS' SPECIAL INITIATIVE
MPSR	MINISTRY OF PUBLIC SECTOR REFORM
MPC	MONETARY POLICY COMMITTEE
MRCN	MINISTRY OF REGIONAL COOPERATION & NEPAD
MTEF	MEDIUM TERM EXPENDITURE FRAMEWORK
NCCE	NATIONAL COMMISSION FOR CIVIC EDUCATION
NDPC	NATIONAL DEVELOPMENT PLANNING COMMISSION
NGS	NATIONAL GOVERNANCE SECRETARIAT
NIC	NATIONAL INSURANCE COMMISSION
OA	OFFICE OF ACCOUNTABILITY
PEF	PRIVATE ENTERPRISE FOUNDATION
TUC	TRADES UNION CONGRESS



## **INTRODUCTION**

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The Economic Governance and Management thematic area of the Programme of Action (POA) provides measures that seek to address shortfalls identified in this area of the country assessment report and to strengthen economic governance and management in Ghana. The main issues identified by the stakeholders to strengthen economic governance and management include the following:

- ? A need to build capacity in the areas of macroeconomic planning and policy analysis for efficient macroeconomic framework.
- ? The weak coordination between economic planning and budget formulation must be addressed.
- ? Effective environmental sustainability must be ensured in programme and policy designs.
- ? The dependency on external resources for socio economic development must be reduced to mitigate external shocks.
- ? There is need for improvement in the collection, collation, and analysis of macroeconomic data.

The Programme of Action has been developed on the basis of broad consultations with stakeholders who have shown interest in the thematic area of economic governance and management. The POA was also informed by ongoing development initiatives in respect of documents including.

- ? The Ghana Poverty Reduction Strategy
- ? National Economic Dialogue Reports
- ? Millennium Challenge Account
- ? Multi-Donor Budget Support Programme of Development Partners
- ? The National Budget
- ? Assessment reports on the implementation of the GPRS
- ? Poverty Reduction and Growth Facility of the IMF
- ? Public Sector Reform Programme

The Programme of Action addresses the deficiencies identified in the country Self-Assessment report and offers remedial measures that can provide solutions to them. It provides policy options that the government and stakeholders can agree on to mitigate the problems. The immediate challenge in economic governance and management is the non-availability of sufficient resources.

Further to that, two main challenges that need to be addressed are:

- ? The management of a stable and predictable economic environment that resists external shocks.
- ? The distribution of the benefits of economic growth across the length and breadth of the country.

## STANDARDS AND CODES

ISSUE	EXPECTED OUTPUT	ACTIVITIES	INDICATOR	ONGOING INITIATIVE	ESTIMATED BUDGET US \$	TIME FRAME	IMPLEMENTING AGENCY	STAKEHOLDERS	MONITORING AND EVALUATION AGENCY
Many signed Treaties not ratified and relevant officials not aware of the fact.	Relevant Government officials are aware of the status of treaties. Time table to ratify signed treaties made known to the public Regular Reporting to the public status of ratification of signed treaties.	Relevant Ministries and Government agencies are to recommend to Parliament through Cabinet to ratify signed treaties and declarations. Establish an archive of standards, codes, treaties and protocols at the Ministry of Regional Cooperation & NEPAD. Increase public awareness and access	Number of ratified treaties published in Hansard, national newspapers and newsletter of the Ministry of Regional Cooperation & NEPAD. Number of Government actions based on the standards and codes Number of public servants aware of relevant treaties and codes in their area of work increase	Initiative at MRCN to establish an archive	120,000	2005-2006	Ministry of Foreign Affairs MRCN Ministry of Foreign Affairs MOFEP MOJ Ministry of Interior Ministry of Justice National Commission on Culture. Public Records & Archives Dept.	Parliament CEPA TUC	Office of the President. And NAPRM-GC
Building efficiency predictability and transparency in economic management	Legal framework for standards and codes completed Revisions and updates of legislative and administrative	Enact Insurance Legislation Ratify the African Union Convention on Preventing and Combating corruption	On-going Parliamentary processes of legislation		50,000	2005-2006	MOP NIC MOJ BOG	Financial Institutions CEPA Agencies responsible for fighting corruption	Office of the President and NAPRM-GC
				Sub-Total =	170,000.00				

ISSUE	EXPECTED OUTPUT	ACTIVITIES	INDICATOR	ONGOING INITIATIVE	ESTIMATED BUDGET US \$	TIME FRAME	IMPLEMENTING AGENCY	STAKEHOLDERS	MONITORING AND EVALUATION AGENCY
	instruments to reflect international best practices continued.	<p><b>Publish Regulations for the Payment Systems Act</b></p> <p><b>Enact Money Laundering Bill</b></p>							

STANDARDS AND CODES									
ISSUE	EXPECTED OUTPUT	ACTIVITIES	INDICATOR	ONGOING INITIATIVE	ESTIMATED BUDGET US \$	TIME FRAME	IMPLEMENTING AGENCY	STAKEHOLDERS	MONITORING AND EVALUATION AGENCY
	Improved information plans in budget reporting	Provide Line item on tax expenditures in the annual budget statement  Add information to budget reporting on fiscal risk in budget and alternative budget  Publish report on assessment of procedures  Review procedures for reporting on internally generated funds  Implement findings of Report on review of non-tax revenues  Provide information on Budget and act on discretionary and statutory payments by sector	Line item on tax expenditures in the annual budget statement  Publication of report on assessment of procedures  New procedures in place for non-tax revenue recovery  Increase in non-tax revenue to GDP rate  Information on actual and budgeted statutory and discretionary payments by sector in annual budget  The Mid-year Report	Discussion among MDA's	50,000.00	2005	MOFEP	MDAs CEPA	Office of The President  And  NAPRIM-GC
				Sub-Total =	50,000.00				

ISSUE	EXPECTED OUTPUT	ACTIVITIES	INDICATOR	ONGOING INITIATIVE	ESTIMATED BUDGET US \$	TIME FRAME	IMPLEMENTING AGENCY	STAKEHOLDERS	MONITORING AND EVALUATION AGENCY
Macroeconomic framework	Macroeconomic modeling team in place. Improved local capacity for macro economic planning framework for policy guidance The interaction of fiscal initiatives with monetary policy responses Improved ability to determine the likely short and	Strengthen and upgrade the Policy Analysis Division of MOFEP to Policy Research Division Institute a collaboration for a macroeconomic building team including the Research Dept. of BOG Policy and Research Division of MOFEP and independent local think tank and NDPC Develop baseline projection for estimating the impact of proposed policy changes on future	National Budget Baseline Projections of MOFEP and NDPC. Increase in number of skilled staff at MOFEP, NDPC, BOG and MDAs. Reports of the MPC Conditions of service at NDPC, MOFEP and MDAs	National Economic Dialogue. There exists a Macroeconomic Team based at the NDPC	200,000	2005-2006	MOFEP BOG NDPC PARLIAMENT	MDAs CEPA	Office of the President and NAPRM-GC
				Sub Total = 200,000.00					

ISSUE	EXPECTED OUTPUT	ACTIVITIES	INDICATOR	ONGOING INITIATIVE	ESTIMATED BUDGET US \$	TIME FRAME	IMPLEMENTING AGENCY	STAKEHOLDERS	MONITORING AND EVALUATION AGENCY
	medium term macro economic effects of budget measures on target inflation rate, money supply growth and desired monetary response  Increasing revenue and expenditure projections are based on sound Baseline Projections of macro economic variations	budgets (e.g. Tax policy changes)	Reports on sensitivity analysis of budget under different scenarios.  Per capita GDP In US\$ 2005 = 492 2006 = 538 2007 = 584  Real GDP Growth rate in % 2005 = 5.80 2006 = 6.11 2007 = 5.83						Office of the President and NAPRM-GC

OBJECTIVE 1: PROMOTE SOUND MACROECONOMIC POLICIES THAT SUPPORT SUSTAINABLE DEVELOPMENT									
ISSUE	EXPECTED OUTPUT	ACTIVITIES	INDICATOR	ONGOING INITIATIVE	ESTIMATED BUDGET US \$	TIME FRAME	IMPLEMENTING AGENCY	STAKEHOLDERS	MONITORING AND EVALUATION AGENCY
Ineffective implementation of macroeconomic policies	Expenditure limits MDAs.	Provide MDAs with expenditure Institutes prior to start of budgetary process	Provision of relevant reports to MDAs	Discussion among MDAs	5,000	2005	MOFEP BOG NDPC MDAs	NGO's CEPA CSO's	Office of the President and NAPRM-GC
Weak linkage between Economic Planning and Budget Formulation	Improved coordination between NDPC and MDAs  The MTEF framework is adopted as a result of provision of incentives to MDAs for multi-period planning and increased prioritisation of programmes and activities	Provide clear definition of the roles and responsibilities of the NDPC as well as of MOFEP and other MDAs with respect to short, medium term planning and identify their complementary roles  Build technical and research capacity of MDAs for budgeting	Broad based budget.  Strategic Analytical Reports of the Macroeconomic framework of MOFEP and NDPC.  Number of cuts by MOFEP reduced.	MTEF	500,000	2005	NDPC MOFEP MDAs Parliament	CEPA	Office of the President and NAPRM-GC
				Sub-Total =	505,000.00				

OBJECTIVE 1: PROMOTE SOUND MACROECONOMIC POLICIES THAT SUPPORT SUSTAINABLE DEVELOPMENT									
ISSUE	EXPECTED OUTPUT	PROPOSED ACTION	INDICATOR	ONGOING INITIATIVE	ESTIMATED BUDGET US \$	TIME FRAME	IMPLEMENTING AGENCY	STAKEHOLDERS	MONITORING AND EVALUATION AGENCY
	<p>Comprehensiveness of the budget is improved</p> <p>Improved linkages between planning and budgetary allocation guided by a planned macroeconomic framework</p> <p>Published broad based budget that includes all project aid financed receipts</p> <p>Mid year budget consistent with medium term fiscal framework and which targets.</p>								<p>Office of the President and</p> <p>NAPRM-GC</p>



OBJECTIVE 1: PROMOTE SOUND MACROECONOMIC POLICIES THAT SUPPORT SUSTAINABLE DEVELOPMENT									
ISSUE	EXPECTED OUTPUT	ACTIVITIES	INDICATOR	ONGOING INITIATIVE	ESTIMATED BUDGET US \$	TIME FRAME	IMPLEMENTING AGENCY	STAKEHOLDERS	MONITORING AND EVALUATION AGENCY
Environmental sustainability in policy and programmes signed	Environmental concerns factored in policy and programme design of MDAs  Improved capacity of MDAs to do environmental sustainability analysis  Improved resources and capacity at the EPA	Develop capacities to improve upon environmental sustainability  Reduce land, soil, degradation	Report of River Basin Sustainability Studies	Strategic Environment Assessment training provided in some MDAs	1,000,000.00	2005-2006	NDPC EPA MDAS Parliament ADRA CEPA	NGO's  CSOs	Office of the President and  NAPRIM-GC
Economy is very susceptible to shocks	Lack of access to export markets due to tariff and non tariff barriers  1. Clear division of roles and responsibilities between MOTI and MDAs with Trade related functions  2. well functioning overseas trade with effective consultations between trade missions and MOTI established  3. effective	? Cabinet memo clearly reflecting roles and responsibilities. ? Effective participation of trade missions in meetings and regular reports of IIC ? Quarterly trade forums ? Well equipped WTO information centre and RIS team ? Position papers discussed and agreed with stakeholders and tabled allies in WTO, EPA, ECOWAS CET	1. Establish trade desks in key MDAs and build capacity of officers to analyse multilateral trade issues  2. post additional officers to Brussels and Geneva and establish new office in Abuja  3. Strengthen the inter- institutional committee on multilateral trade to improve coordination between govt., private sector and civil society  4. Build new capacity within the private sector to	TSSP	3,400,000	2006-2010	MOTI, MFA, MOFA, MRCN	Private sector reps	TSSP inter Agency coordination Group

<p>MOTI established</p> <p>3. effective consultation mechanism with private sector and civil society operational</p>	<ul style="list-style-type: none"> <li>negotiations Clear framework for promoting trade objectives within bilateral agreements agreed by cabinet</li> <li>New trade &amp; investment cooperation proposals within AU and NEPAD developed by MOTI and other stakeholders</li> <li>MOTI fully engaged in AU and NEPAD trade agenda as well as bilateral talks with EU, US, Nigeria and other key trading partners</li> </ul>	<p>4. Build new capacity within the private sector to participate in negotiations</p> <p>5. Strengthen trade information centres</p> <p>6. Strengthen MOTI to oversee and direct negotiations- WTO, ECOWAS, EPA</p> <p>7. Participate effectively in negotiations and relevant fora</p>						
<p>4. Private sector participates effectively in negotiations</p> <p>5. Effective trade information center operational</p>								
<p>6. Negotiating strategies for key issues formulated and executed WTO, ETLS, ECOWAS CET, EPA</p>								
<p>7. Strategy for trade and investment cooperation with other African countries formulated and executed</p>								
<p>8. Strategy for use of Bilateral Economic Cooperation Agreements for trade and investment</p>								

formulated and executed	<ul style="list-style-type: none"> <li>• Functioning secretariat established</li> <li>• Private sector trained in formulation of petitions on tariff / non tariff issues</li> <li>• Inconsistencies eliminated for all duty rates, including concessionary rates</li> <li>• Imports permits, prohibitions and controls compiled into compendiums</li> <li>• Staff trained in trade remedy techniques, risks assessment and toxicology, rules of origin techniques, administration of quotas</li> <li>• Prompt refunds of duty drawback procedures</li> <li>• Improved VAT published</li> <li>• Reduced leakage of products from free-zones onto domestic economy</li> </ul>	<ol style="list-style-type: none"> <li>1. Establish a tariff advisory board</li> <li>2. Review the tariff regime and rationalise to fit national development objectives</li> <li>3. Review, compile and publish all applicable export permits and licenses into a compendium</li> <li>4. train officers and operators to understand issues relating to rules of origin, subsidies, anti- dumping and risks assessment</li> <li>5. Develop effective rates of protection methodology for local industry to create a level playing field and enhance competitiveness</li> <li>6. Audit and rationalise incentive schemes- free-zones, bonded warehouses, duty drawback, etc</li> </ol>	TSSP	2,700,000	2006 - 2010	MOTI, CEPS, MOFEP, GCBNet, GFZB, FDB, EPA, GSB	AGI, PEF, FAGE, CEPA	Office of the President and NAPRM-GC
An inefficient import and export regime								
1. Tariff advisory board established & effectively functioning								
2. tariff rates reviewed and inconsistencies removed								
3. Effective rates of protection methodology established								
4. Capacity to understand / administer contingency trade measures port permits, toxicology and assessment, rules of origin and application administration of Quotas built								
7. Duty drawback scheme streamlined								
8. VAT exemption procedures streamlined								

	<p>B. Efficient multipurpose freezones system in place</p> <p>10. Clear procedures on inward processing under bond established</p>	<p>Increase the share of non-traditional exports in total export values</p> <p>Adopt appropriate econometric models</p>	<p>National Economic Dialogue</p> <p>Increase in percentage share of non-traditional exports to GDP</p>	<p>National Economic Dialogue</p>	<p>40,000,000.00</p>	<p>2005-2006</p>	<p>MOFEP MRCN MOTI MFA MPSD Parliament</p>		
				<p>Sub-Total = <b>46,000,000.00</b></p>					

OBJECTIVE 1: PROMOTE SOUND MACROECONOMIC POLICIES THAT SUPPORT SUSTAINABLE DEVELOPMENT									
ISSUE	EXPECTED OUTPUT	ACTIVITIES	INDICATOR	ONGOING INITIATIVE	ESTIMATED BUDGET US \$	TIME FRAME	IMPLEMENTING AGENCY	STAKEHOLDERS	MONITORING AND EVALUATION AGENCY
	Management of the economy is improved	Identify markets in the ECOWAS sub-region	Stable prices over 2 – 3 years	Meetings of the EPCC					Office of the President and
	Exchange stable rates and stable Prices	Support local manufacturers/producers	Increase in number of ECOWAS countries that implement Trade-related protocols in favour of Ghana.	Meetings of the MPC PSIs Free Zone areas					NAPRM-GC
	Well-resourced supporting agencies	Provide incentives and assistance to exporters of non-traditional exports	Increase in number of people who pay taxes.						
	Opened-up markets in the ECOWAS sub-region								
	Strategic ware homes for Ghanaians goods in some land reform								
	ECOWAS countries Established								

OBJECTIVE 1: PROMOTE SOUND MACROECONOMIC POLICIES THAT SUPPORT SUSTAINABLE DEVELOPMENT									
ISSUE	EXPECTED OUTPUT	ACTIVITIES	INDICATOR	ONGOING INITIATIVE	ESTIMATED BUDGET US \$	TIME FRAME	IMPLEMENTING AGENCY	STAKEHOLDERS	MONITORING AND EVALUATION AGENCY
Quality of macro and micro economic data	Consistency of data among data collection agencies improved  Consistency in macroeconomic data provided by different agencies	Coordinate data collection among data collection agencies  Conduct regular survey of all sectors of the economy and on employment and output trends	Reports of GSS, CEPS, MOTI and MPC.  Number of skilled workers retained in data collection agencies goes up.	Activities on-going  EPCC  MPC	1,000,000.00	2005-2006  2005-2006	GSS MOFEP MOTI BOG Parliament	PEF AGI CEPA MDAS ISSER UNIVERSITIES NGOS CBOS	Office of the President and  NAPRRM-GC
				Sub-Total =	1,000,000.00				

OBJECTIVE 2: IMPLEMENT SOUND, TRANSPARENT AND PREDICTABLE GOVERNMENT ECONOMIC POLICIES									
ISSUE	EXPECTED OUTPUT	ACTIVITIES	INDICATOR	ONGOING INITIATIVE	ESTIMATED BUDGET US \$	TIME FRAME	IMPLEMENTING AGENCY	STAKEHOLDERS	MONITORING AND EVALUATION AGENCY
Concerns of transparency as well as implementation of reforms in particular departments.	Improved flow of information between Government and the private sector. Public sector reforms reports Monitoring and evaluation units of the MDAs Resourced Institutionalized consultations with industry made public Pre & Post-budget consultations held in all district capitals Fairness, competence and professionalism in government decision making.	Develop and implement a programme to extend pre and post – budget consultations with industry. Implement the Public Sector Reform Strategy Draw up code of conduct for each MDA and services provided. Provide avenues for domestic communities to participate regularly in policy formulation. Provide data and inform the public of the nature of the processes and procedures that decision makers utilize in all the important areas of economic management.	Discussion of risks in the budget statement Publications of codes and manual of services provided. Number of consultations held with industry. Number of implemented policies that support the private sector. Reports of AGI and PEF. Number of Reforms implemented	Annual National Economic Dialogue NDPC regularly consults with the general public and MDAs. Some consultations are held between the MPD & MOTI and Business Organisations. Ghana Advisory Business Council The MRCN has an Advisory Council which comprises business persons who do trade in the ECOWAS sub-region.	20,000,000.00	2005	MOFEP MOTI MPSD & PSI NDPC MRCN MPSR Parliament MDAs	Business Associations Trade Unions PEF AGI	Office of the President and NAPRM-GC
					Sub-Total = 20,000,000.00				

OBJECTIVE 2: IMPLEMENT SOUND, TRANSPARENT AND PREDICTABLE GOVERNMENT ECONOMIC POLICIES									
ISSUE	EXPECTED OUTPUT	ACTIVITIES	INDICATOR	ONGOING INITIATIVE	ESTIMATED BUDGET US \$	TIME FRAME	IMPLEMENTING AGENCY	STAKEHOLDERS	MONITORING AND EVALUATION AGENCY
Provision of Information	More consultations with the communities Provision of data More competent staff.	Provide data and inform the public of the nature of the processes and procedures that decision makers utilize in all the important areas of economic management Use the media and public forums to reach the public.	Number of consultations held by the district assemblies with the communities. GSS reports on local data. Number of appearances in on radio on Economic policies.	Parliamentary debates	1,500,000.00	2005-2007	MMDAS GSS	CEPA CSO NGOs ISSER	Office of the President And NAPRM-GC
Transparency in policy making	Report of the Task Force Programme of Action	Provide training Engage a group of persons or an organisation to determine how to deepen transparency in policy making.	Available results of policy actions to the public and international partners. Number of people who believe there is fairness and transparency.	Parliamentary debates are transmitted	100,000.00	2005-2007	MFSR Parliament Public Services Commission OHCS	CEPA Civil Society Organizations	Office of the President and NAPRM-GC
					Sub-Total = 1,600,000.00				



OBJECTIVE 3: PROMOTE SOUND PUBLIC FINANCE MANAGEMENT									
ISSUE	EXPECTED OUTPUT	ACTIVITIES	INDICATOR	ONGOING INITIATIVE	ESTIMATED BUDGET	TIME FRAME	IMPLEMENTING AGENCY	STAKEHOLDERS	MONITORING AND EVALUATION AGENCY
Weak administration of tax system.	Increased collections and deposits into the Consolidated Fund.  Reduced variance between targets and actual collections on quarterly basis.  Government is seen to be enforcing tax laws.	Provide facilities to tax administrators that will increase collections and deposits into the Consolidated Fund.  Enforce tax laws.  Regularly inform public of tax obligations.  Regularly Publicise sanctions against tax offenders.	EPCC reports.  More tax collections	BPMS is in place.  MTEF process of budgeting fully introduced in 2000.  Training of staff on-going.  Commercial courts set up.	15,000,000.00	2005	MOFEP  IRS  CEPS Parliament  MDAs  MMDA's	ISSER CEPA CSOs NGOS	Office of the President. And NAPRM-GC
Weak expenditure tracking, Accounting and Reporting.	Accelerated use of the BPMS to other MDAs to link public finance information system.  Reports of performance of MDAs	Develop guidelines for tracking expenditure. Provide continuous training in the MTEF process to budget committee members of MDAs and MMDAs.  Implement the procurement Act	Introduction of BREMS on going Regularity of reports on performance of MDAs	Ministry of Finance has a Unit that monitors HIPC Funds and other disbursements.  Existence of a Procurement Committee.  Quarterly and Monthly monitoring reports of	10,000,000.00				

OBJECTIVE 3: PROMOTE SOUND PUBLIC FINANCE MANAGEMENT									
ISSUE	EXPECTED OUTPUT	ACTIVITIES	INDICATOR	ONGOING INITIATIVE	ESTIMATED BUDGET US \$	TIME FRAME	IMPLEMENTING AGENCY	STAKEHOLDERS	MONITORING AND EVALUATION AGENCY
MDAs have no prior information on global expenditure limits as agreed prior to the start of the budgetary process.	More realistic targets set by MDAs. Predictions are based on reliable data and reliable forecasting models.	Organise pre budgeting consultations with MDAs on their ceilings for ensuing year. Regularly consult with the Private sector on Government Policies .	Monthly and Quarterly reports of MDAs.	budget performance to Office of the President and MOFEP. Annual National Economic Dialogue The GPRS indicates direction of government policy.	1,000,000.00	2005-6	MOFEP NDPC		Office of the President. And NAPRIM-GC
Sudden reductions in committed ceilings to MDAs.	Comply with budgetary allocations.	Published reports of MDAs on performance of MDAs. Regularly upgrade skills of Budget Committees of MDAs and MMDAs and provide them with appropriate incentives. MOFEP should provide more reliable method of arriving at ceilings for MDAs. Improve Revenue collection.		Scheduled meetings.		2005-6	MOFEP MDAs MMDAs		
					<b>Sub-Total = 1,000,000.00</b>				

OBJECTIVE 3: PROMOTE SOUND PUBLIC FINANCE MANAGEMENT									
ISSUE	EXPECTED OUTPUT	ACTIVITIES	INDICATOR	ONGOING INITIATIVE	ESTIMATED BUDGET US \$	TIME FRAME	IMPLEMENTING AGENCY	STAKEHOLDERS	MONITORING AND EVALUATION AGENCY
Weak Coordination of development planning process and low capacity for budget formulation	Realistic programme of Action of MDAs based on reliable ceilings from MOFEP. Adequate capacity at MOFEP and NDPC to carry out functions	Regular consultations between NDPC and MOFEP to agree on prioritized areas of economy and appropriate funding for activities based on realistic financial resources. Ensure all MDAs and MMDAs comply with MTEF process of budgeting. Provide high level regular training in Budgeting	Number of consultations Increase in number of competent staff	Annual budget preparation consultations with MDAs	1,500,000.00	2005-2007	Office of the President. MOFEP NDPC MDAs MMDAs	Private Sector CEPA ISSER CEPA PEF CSO'S	Office of the President. And NAPRM-GC
				Sub-Total =	1,500,000.00				

OBJECTIVE 3: PROMOTE SOUND PUBLIC FINANCE MANAGEMENT									
ISSUE	EXPECTED OUTPUT	ACTIVITIES	INDICATOR	ONGOING INITIATIVE	ESTIMATED BUDGET US \$	TIME FRAME	IMPLEMENTING AGENCY	STAKEHOLDERS	MONITORING AND EVALUATION AGENCY
Ineffective oversight functions of Parliament	Parliament has capacity to evaluate effects of loans/ aid and utilization of the loans. monitor and evaluate implementation of budgets of MDAs	Revise Standing Order of with clear delineation of the functions of the Public Accounts and Finance Committees. Provide regular training to MPs of the Public Accounts and Finance Committees.	Reports of Sub-Committees of Parliament. Financial Audit Reports Reduction in arrears in publications of status of arrears by MOFEP	Occasionally Public Accounts Committee building public Finance Committee programmes are provided.	5,000,000.00	2005	Parliament MOFEP NDPC Office of the President	DAs CEPA DAs	Office of the President. And NAPRM-GC
Improve Debt management	Reports and programme of action There are fiscal rules to guide debt management. Public debt ratios are maintained at sustainable levels There is reduced vulnerability to	Regularly demand reports of revenue and spending of MDAs  Strengthen institutional coordination of public	Reports on Debts of the Aid & Debt Management Unit of MOFEP. Ghana and INF Policy reports Credit rating of Ghana Regular submission of revenue and spending	Debt figures are provided by MOFEP on request Capacity building programmes are regularly offered but low retention of staff		2005-6	MOFEP BOG CAGD Parliament		Office of the President. And NAPRM-GC
				Sub-Total =	5,000,000.00				

OBJECTIVE 3: PROMOTE SOUND PUBLIC FINANCE MANAGEMENT									
ISSUE	EXPECTED OUTPUT	PROPOSED ACTION	INDICATOR	ONGOING INITIATIVE	ESTIMATED BUDGET US \$	TIME FRAME	IMPLEMENTING AGENCY	STAKEHOLDERS	MONITORING AND EVALUATION AGENCY
	<p>currency risk on external debt service burden.</p> <p>Provision of adequate funding to Audit agencies Capacity built in the Audit Service</p> <p>Timeliness of audited accounts</p>	<p>Debt management and monetary policy.</p> <p>Increase recruitment and training of accountant and auditors</p> <p>Implement decisions reached by consensus with the public.</p> <p>Hold consultation with the public on Ghana and IF Policy issues</p> <p>Perform frequent internal audit to provide feedback to administrators of MDAs</p> <p>Improve external auditing of public institutions.</p> <p>Improve the auditing of all statutory bodies and publicize the audit of such institutions.</p>	<p>reports to committees</p> <p>Publication of Audit of reports</p>		5,000,000.00	2005-2007	Audit Service MDAs Parliament MOFEP	CEPA	Office of the President. And NAPRM-GC
					Sub-Total = 5,000,000.00				

OBJECTIVE 3: PROMOTE SOUND PUBLIC FINANCE MANAGEMENT									
ISSUE	EXPECTED OUTPUT	ACTIVITIES	INDICATOR	ONGOING INITIATIVE	ESTIMATED BUDGET US \$	TIME FRAME	IMPLEMENTING AGENCY	STAKEHOLDERS	MONITORING AND EVALUATION AGENCY
<i>Fiscal Decentralization</i> Limited transparency in the allocation of funds to MMDAs.	Enhanced capacity of MDAs in accounting and auditing.	Employ more qualified accountants at the district level.  Draw up manuals on requirements for effecting transfers of funds from the MDAs to the MMDAs.	Reports of the DACF.  Monthly and Quarterly reports of MDAs and MMDAs.  Number of decentralized departments.  Publication of district allocations.		3,000,000.00	2005 – 2006	MOFEP MLGRD DACF CAGD NDPC Parliament	CEPA ISSER PEF NGOS CBO'S	Office of the President. And NAPRM-GC
Weak structure of taxation at the district level.	A coherent structure for taxation at the local level for all MMDAs.  Reduction in delays of flow of funds from MDAs to MMDAs.  Effective utilization of funds at the local level.	Publish DACF allocations to districts as an appendix to the national budget.  Publish departments that have been decentralized.  Publish the respective district allocations as an appendix to the budget.							

	Clear programme of action	Investigate the requirements for successful decentralisation. Expedite decentralisation but sequence it to meet with capacity	Progress reports Reactions from ordinary citizens and autonomous			2005 – 2007	MOFEP MLGRD		Office of the President. And NAPRIM-GC
								Sub-Total = 3,000,000.00	

OBJECTIVE4: FIGHT CORRUPTION AND MONEY LAUNDERING									
ISSUE	EXPECTED OUTPUT	ACTIVITIES	INDICATOR	ONGOING INITIATIVE	ESTIMATED BUDGET US \$	TIME FRAME	IMPLEMENTING AGENCY	STAKEHOLDERS	MONITORING AND EVALUATION AGENCY
Accelerate governance on public administration Pay fair wages and salaries.	Improvement in service delivery	Formulate and implement a fair wage policy	Comparable salaries across the public sector	Wage Negotiation by Tripartite Committee	100,000	2005-2006	MOFEP MPSR PSC MMDE MOJ SFO CHRAJ O of A Parliament Audit Service MRCN	CEPA ISSER PEF	Office of the President. And NAPRM-GC
Speedy delivery of Justice.	Improve in delivery of Justice.	Provide courts with necessary facilities and personnel and update court procedures as necessary	Increase in number of resolved cases Increase in necessary facilities Increase in budget allocation by 30% Retention of skilled staff.	Commercial courts established Some courts have been computerized	5,000,000.00	2005-2006	MOJ Judicial Service MOFEP Independent bodies. Parliament Office of Accountability Audit Service SFO CHRAJ	CEPA Gil IDEG NGOs CDD	Office of the President. And NAPRM-GC
Reduction in corruption.	Public Awareness and education on what constitutes corruption is improved	Pass the Whistle Blower Bill Pass a Freedom of Information Bill. Increase public education on	Periodic surveys on public perception and knowledge on corruption	Such surveys are carried out by GIP IDEG and others	100,000	2005-2006	MOJ Parliament NCCE GPS MOI MOFEP MRCN		Office of the President. And NAPRM-GC



OBJECTIVE4: FIGHT CORRUPTION AND MONEY LAUNDERING									
ISSUE	EXPECTED OUTPUT	ACTIVITIES	INDICATOR	ONGOING INITIATIVE	ESTIMATED BUDGET US \$	TIME FRAME	IMPLEMENTING AGENCY	STAKEHOLDERS	MONITORING AND EVALUATION AGENCY
		Increase public education and awareness on rights and responsibilities of citizens  Enforce the various service codes of conduct  Introduce stiffer punishments for offenders  Appropriate use of public funds							Office of the President. And  NAPRM-GC
Weak regulation and administration of foreign exchange activities and payment	Updated guidelines for Foreign Exchange activities and payments	Pass the Foreign Exchange Bill  Implement the Payment Systems Act (Act 662) of 2003	Foreign Exchange Act in place  Increase in bank transfers/remittances.	Legislation process underway on Foreign Exchange Bill	1200,000	2005-2006	MOFEP BOG MOJ Parliament Cabinet	Business Associations  CEPA ISSER PEF Financial	Office of the President. And  NAPRM-GC

Lack of information on credit worthiness of corporate bodies and individuals	A credit Reference Agency Established	Provide a database where the identity of individuals and corporate organizations can be cross checked. Discourage use of cash Closely work with foreign exchange bureau to check money laundering through exchange banks Encourage banks to operate foreign exchange bureau	A relevant law in place Initiative to set up database Increase demand for cheque books	1,000,000			MOFEP BOG GAB Ghana Association of Bankers Parliament All State Agencies responsible for corruption	CEPA ISSER CDD GII IEA NGOs CBOs	
									Sub-Total = 2,280,000,

OBJECTIVE 5: ACCELERATE REGIONAL INTEGRATION BY PARTICIPATING IN THE HARMONIZATION OF MONETARY, TRADE AND INVESTMENT POLICIES									
ISSUE	EXPECTED OUTPUT	ACTIVITIES	INDICATOR	ONGOING INITIATIVE	ESTIMATED BUDGET US\$	TIME FRAME	IMPLEMENTING AGENCY	STAKEHOLDERS	MONITORING AND EVALUATION AGENCY
Irrelevant Application of rules by Customs and Immigration officials	Improved Service delivery Systematic application of rules.	Provide regular training to Customs and immigration staff. Sensitize border operatives on ECOWAS Protocol on Free movement of persons and goods Sensitize public on existence of protocols and customs procedures	Reduction in time spent at borders by citizens conduct security checks on ECOWAS Brown Card and . Security Agencies and citizens knowledge about the protocols	GC NET in use Sensitization of border operatives and citizens Discussions to construct Joint Border Posts at Paga, Elubo and Afiao	4,000,000.00	2005-2006	MRT MRCN GIS MOFEP MRCN GIS CEPS Parliament	CEPA NGOS	Office of the President. And NAPRM-GC
Security concerns and cross border crimes	Provision of improved facilities for border operatives. Improved security and cross border random checks  ECOWAS and NEPAD issues are given due prominence in national development activities	Harmonize National Security issues	Reduction in the level of smuggling and cross border crimes.  National Development framework including GPRS and APR country assessment reports.	Establishment National Centre for Regional Integration Studies is under	1,000,000.00		MRCN MFA National Security Council GIS CEPS Parliament	CEPA	Office of the President. And NAPRM-GC

OBJECTIVE 5: ACCELERATE REGIONAL INTEGRATION BY PARTICIPATING IN THE HARMONIZATION OF MONETARY, TRADE AND INVESTMENT POLICIES									
ISSUE	EXPECTED OUTPUT	ACTIVITIES	INDICATOR	ONGOING INITIATIVE	ESTIMATED BUDGET US \$	TIME FRAME	IMPLEMENTING AGENCY	STAKEHOLDERS	MONITORING AND EVALUATION AGENCY
Slow pace of economic integration	Accelerate Regional Integration process	Mandate to carry out varied activities.	Implementation of the ETLS and the Protocol on Free Movement of Persons and goods by Ghana's trading partners in the ECOWAS	ECOWAS protocols are being implemented through bi-lateral talks.	40,000,000.00	2005-2006	MRCN MPSR  GIS NSC CEPS Parliament	Business Associations CEPA ISSER IEA PEF Media	Office of the President. And NAPRM-GC
Limited knowledge by populace of regional integration issues.	Dissemination of Integration Policies.	Mobilize media and other agencies to disseminate issues on integration							
		Implement the WAMZ Programme	Establishment of WAMZ.	Common currency for the WAMZ  Location of the Headquarters of the WACB, WAMZ and the Secretariat and the WAFSA determined  Regular meetings of relevant organs of the WAMZ	20,000,000.00	2005-2009	MRCN MOFEP BOG MOTI	AGI PEF FAGE CEPA Parliament ISSER PEF Business Associations.	Office of the President. And NAPRM-GC
		Work towards	CET in place	CET is being					

OBJECTIVE 5: ACCELERATE REGIONAL INTEGRATION BY PARTICIPATING IN THE HARMONIZATION OF MONETARY, TRADE AND INVESTMENT POLICIES									
ISSUE	EXPECTED OUTPUT	ACTIVITIES	INDICATOR	ONGOING INITIATIVE	ESTIMATED BUDGET US \$	TIME FRAME	IMPLEMENTING AGENCY	STAKEHOLDERS	MONITORING AND EVALUATION AGENCY
Insufficient resources to support peace mediation in the sub-region	More resources mobilized for peace mediation	Identify alternative sources of funds Ensure effective use of funds	Availability of funds for peace mediation	Explore alternative sources of funding	50,000,000	2005-2006	MOFEP MRCN Min. Foreign Affairs	Parliament Ghana Armed Forces GPS	
					Sub-Total = 50,000,00				

OBJECTIVE 6: GENDER AND ECONOMIC GOVERNANCE AND MANAGEMENT									
ISSUE	EXPECTED OUTPUT	ACTIVITIES	INDICATOR	ONGOING INITIATIVE	ESTIMATED BUDGET US \$	TIME FRAME	IMPLEMENTING AGENCY	STAKEHOLDERS	MONITORING AND EVALUATION AGENCY
Gender mainstreaming	Improved disaggregated data on gender	Publish gender disaggregated data	Published reports of GSS on Gender	GSS has initiated number of initiative to improve aggregation of data on gender.	350,000	2005-2006	GSS MDAs PSC	Parliament Women groups MOWAC CEPA	Office of the President. And
	Increased capacity of gender desks in the MDAs	Provide full complement of staff to gender desks	Reports on Staffing Requirements for gender desks			2005-2006			NAPRM-GC
		Mainstream gender desk officers in policy design and management	Staffing of the gender desks with required Personnel			2005-2006			
Inadequate Co-ordination on gender issues.	Coordination between MOWAC and other MDAs strengthened	Build capacity of gender desk offices to conduct gender analysis required for design of policies and programmes Ensure consistency between MDA reports that strategies and strategies developed by MOWAC	Gender desk staff under going required training  Increase in the number of evaluation and implementation completion reports that contain Gender assessment	Training on-going	750,000	2005-2006	MOWAC	MOWAC MDAs	Office of the President. And  NAPRM-GC
					Sub-Total = 1,100,000.00				

**THE GRAND TOTAL = USD 235,305,000**

**AFRICAN PEER REVIEW MECHANISM**



**Country Report  
of the  
Republic of Ghana**

**PROGRAMME OF ACTION  
ON  
CORPORATE GOVERNANCE**

Submitted to:

THE APR PANEL, MIDRAND, SOUTH AFRICA

NOVEMBER 2005





# **CORPORATE GOVERNANCE**



## **ABBREVIATIONS**

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AG	Association of Ghanaian Industries
AG	Attorney General
ASSI	Association of Small Scale Industries
BBG	Barclays Bank Ghana
CDD	Centre for Democratic Development
CEPA	Center for Policy Analysis
CEPIL	Centre for Public Interest Law
CEPS	Customs, Excise and Preventive Service
CSIR	Centre for Scientific and Industrial Research
DFR	Department of Feeder Roads
ECG	Electricity Company of Ghana
EPA	Environmental Protection Agency
FAGE	Federation of Association of Ghanaian Exporters
FDB	Food and Drugs Board
FIAS	Foreign Investment Advisory Service
GAB	Ghana Association of Bankers
GAWU	Ghana Agricultural Workers Union
GCAA	Ghana Civil Aviation Authority
GC-APRM	Governing Council African Peer Review Mechanism
GCB	Ghana Commercial Bank
GCM	Ghana Chamber of Mines
GEA	Ghana Employers Association
GEPC	Ghana Export Promotion Council
GFZB	Ghana Free Zones Board
GIJ	Ghana Institute of Journalism
GIPC	Ghana Investment Promotion Council
GJA	Ghana Journalist Association
GNCCI	Ghana National Chamber of Commerce and Industry
GNPA	Ghana National Petroleum Agency
GPRTU	Ghana Private Road Transport Union
GoG	Government of Ghana
GPHA	Ghana Ports and Harbours Authority
GREDA	Ghana Real Estates Developers Association
GUTA	Ghana Union of Trade Associations
GWCL	Ghana Water Company Limited
ICT	Information Communication Technology
IoD	Institute of Directors
IEA	Institute of Economic Affairs
IFEJ	Institute of Financial and Economic Journalists
ISSER	Institute of Statistical, Social and Economic Research
IRS	Internal Revenue Service
JSRP	Judicial Sector Reform Programme

KIA	Kotoka International Airport
LC	Land Commission
LTR	Land Title Registry
M&E	Monitoring and Evaluation
MDAs	Ministries, Departments and Agencies
MES	Ministry of Environment and Science
MMDAs	Metropolitan, Municipal and District Assemblies
MMDE&Y	Ministry of Manpower Development, Employment and Youth
MoC	Ministry of Communication
MoE	Ministry of Energy
MoFEP	Ministry of Finance and Economic Planning
MFA	Ministry of Foreign Affairs
MLGRD	Ministry of Local Government and Rural Development
MoE&S	Ministry of Education and Sports
MoI	Ministry of Interior
MoJ	Ministry of Justice
MoPH	Ministry of Ports and Harbours
MoRT	Ministry of Road Transport
MoWH	Ministry of Works and Housing
MSMEs	Micro, Small and Medium Enterprises
MTTU	Motor Traffic and Transport Unit of Ghana Police Service
NBSSI	National Board for Small Scale Industries
NCA	National Communication Authority
PAC	Public Accounts Committee
PEF	Private Enterprise Foundation
PROTOA	Progressive Transport Owners Association
PURC	Public Utilities Regulatory Commission
RGD	Register General's Department
RIA	Regulatory Impact Assessment
SCB	Standard Chartered Bank
SEC	Securities and Exchange Commission
SEC	State Enterprises Commission
SG-SSB	Societe Generale Social Security Bank
SMEs	Small and Medium Enterprises
TCP	Town and Country Planning Department
TTB	The Trust Bank
TWN-Ghana	Third World Network-Ghana
URD	Urban Roads Department
VLТ	Volta Lake Transport
VAT	Value Added Tax Secretariat
VRA	Volta River Authority
WACAM	Wassa Association of Communities Affected by Mining
WAGP	West Africa Gas Pipeline

## **INTRODUCTION**

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The Corporate Governance Program of Action provides a summary of measures needed to address shortfalls identified in the country assessment and to strengthen corporate governance in Ghana.

### **The main corporate governance issues identified included:**

- ? Business registration and licensing regime imposes a key constraint on private sector operators
- ? Tax administration is a cause of complaint of business. Tax laws have been subject to frequent and unpredictable changes.
- ? Weak institutional framework and capacity including training, resources and effectiveness of regulatory bodies;
- ? Problems in relation to contract enforcement and debt recovery;
- ? Significant infrastructure constraints on private sector development;
- ? Micro and Small Enterprise Development;
- ? Corruption in both public and private sectors is critical to effective corporate governance, and this has been recognized by GoG and is taking measures to address this;
- ? Consumer Protection; and
- ? Training for Directors and Chief Executives

The Program of Action was developed through a national consultative process by the Thematic Group on Corporate Governance during the Validation Workshop for Stakeholders at GIMPA, Accra. The development of the Program of Action was informed by a number of policy and review documents, including:

- ? Ghana Poverty Reduction Strategy Paper
- ? National Medium Term Private Sector Development Strategy: 2004-2008
- ? National Economic Dialogue Reports
- ? Ghana Investment Policy
- ? Policy Options for the Ghana National Trade Policy
- ? Business Registration and Licensing Reform Strategy;
- ? The Securities and Exchange Commission's Manual on Corporate Governance;
- ? The Listing Regulations of the Ghana Stock Exchange; and
- ? Ghana: Administrative Barriers to Investment (Foreign Investment Advisory Service);

### **Recommendations proposed by stakeholders to address the above issues included:**

- ? Need to staff, train and provide the necessary resources to the Registrar General's Department, the Securities and Exchange Commission, and the Ghana Stock Exchange. The issue of computerization and increasing use of IT, and motivation was raised as paramount to ensure these bodies provided effective oversight;
- ? Train and resource investigative journalists to identify and effectively report on financial and economic crimes both within the public and private sectors;
- ? Need to minimize the frequency of changes of tax laws and to provide clear documentation and explanation of taxes, as well as intensify tax education;
- ? Expedite action on the recommendations made in the Foreign Investment Advisory Services report of 2003
- ? Government to continue investments in infrastructure development, notably that of communications, storage facilities at ports, feeder roads and major roads, energy and water services.
- ? Need for mandatory training of directors of boards

## PROGRAMME OF ACTION: CORPORATE GOVERNANCE

Issue	Expected Output	Indicator	Activities	Ongoing Initiatives	Estimated Budget (\$)	TimeFrame	Implementing Agencies	Stakeholders	M&E
Standards and Codes									
Plethora of Corporate Governance Guidelines	Unified and holistic Corporate Governance Framework developed	Corporate Governance Framework for Ghana	<ol style="list-style-type: none"> <li>1. Intensify education of business community on benefits of good corporate governance</li> <li>2. Develop a single Corporate Governance Guidelines fashion after the OECD and Commonwealth models</li> <li>3. Run certified training programmes for directors, and Chief Executive Officers</li> </ol>	SEC Manual of Corporate Governance	200,000	2005-2007	SEC; BoG; State Enterprise Commission; GSE	IoD; PEF; GEA; AGI; GAB; GNCCI; GREDA; ASSI	Office of the President. And  NAPRM -GC
National Accounting Standards have not been reviewed since 1996	International Accounting and Audit Standards adopted	Adoption and use of International Accounting and Audit Standards by SMEs	<ol style="list-style-type: none"> <li>1. Educate accounting personnel in both public and private institutions on International Accounting and Audit Standards</li> <li>2. Enforce use of International Standards in financial reporting</li> </ol>	Training courses of IoD and GIMPA	250,000	2005-2006	MOFEP; MoJ/Auditor General	ICA -Ghana; Private Accounting and Auditing Firms; Private sector SMEs; PEF	Office of the President and NAPRM - GC
Labour Laws	ILO Convention No. 138, the Minimum Age Convention ratified	Ratified Convention No. 138	<ol style="list-style-type: none"> <li>1. Ratify ILO Convention No. 138 to give full meaning to Children's Act, 1998 (Act 560)</li> </ol>	Signatory to ILO Convention No. 138; MFA will follow up with MMDEY to prepare a cabinet memo to initiate ratification process.	10,000	2005-2006	MoJ/Attorney General; MFA Parliament; MOWAC	Trade Unions; Child Rights NGOs; CDD	Office of the President and NAPRM - GC

	ILO Convention No. 184, Agricultural Workers Health and Safety ratified	Ratified Convention No. 184 National Policy on Agricultural Safety and Health	1. Ratify ILO Convention No. 184 2. Prepare National Policy on Agricultural Safety and Health 3. Strengthen the Labour Department/Factory Inspectorate by providing logistics and personnel to enable them monitor compliance with labour laws	Signatory to ILO Convention No. 184	8,000 25,000 400,000	2005-2006	MoJ/Attorney General; MFA Parliament; MMDE&Y	GAWU/trade Unions; MOFA; CID	Office of the President and NAPRM GC
Insurance	National Insurance Bill passed	The National Insurance Act	1. Lobby parliament to review bill as regards capital considerations 2. Educate public, business community and insurance institutions on new Insurance Law	Draft National Insurance Bill presented to stakeholders	150,000	2005	MOFEP; National Insurance Commission; Parliament	Insurance companies and brokers; private sector; civil society; PEF	Office of the President and NAPRM GC
					1,293,000				

Issue	Expected Output	Indicator (s)	Activities	Ongoing Initiatives	Estimated Budget (\$)	TimeFrame	Implementing Agencies	Stakeholders	M&E
Objective 1: Promoting an Enabling Environment and Efficient Regulatory Framework for Economic Activities									
1. Business Registration and Approval									
Length of time required to complete business registration	Registration procedures simplified and registration time minimized	Number of days required to register a company reduced from 21 days to 5 days	? Re-organise and resource RGD to deliver customer friendly business registration services; ? Upgrade Business Registration Software – RGDPro to provide front office services and electronic forms processing; ? Centralise business registration processes.	Business Registration and Licensing Reform Strategy	3,278,035	2005-2006	MoJ/RGD	Trade and Business Associations <sup>1</sup> (PEF, AGI, GNCCI, NAPRM - GAB; etc)	Office of the President and NAPRM - GC
Duplication of information requirements with company registration procedure	Duplication of information (multiple registration forms) minimized	i. Electronic sharing of information subject to confidentiality requirements; ii. Single business registration form and identification number;	? Establish guidelines for inter-agency information sharing – consistent with confidentiality provisions; ? RGD should collaborate with IRS to establish a single identification number and eliminate the current duplicate registration requirements and identification system	Business Registration and Licensing Reform Strategy	1,600,000	2005-2006	MoJ/RGD	Trade and Business Associations (PEF, AGI, GNCCI, NAPRM - GAB; etc)	Office of the President and NAPRM - GC
					4,878,035				

Trade and business associations is used here to imply both business associations (PEF, AGI, GNCCI, etc) and professional bodies (ICA Ghana; GBA; etc)



Issue	Expected Output	Indicator (\$)	Activities	Ongoing Initiatives	Estimated Budget (\$)	TimeFrame	Implementing Agencies	Stakeholders	M&E
Objective 1: Promoting an Enabling Environment and Efficient Regulatory Framework for Economic Activities									
1. Business Registration and Approval									
Inadequate database and access to company information	Database updated and access to company information improved	Improvement in quality of company information	? Recruit additional ICT personnel at RGD to manage the database and applications; ? Collaborate with Statistical Bureau to identify dormant companies	Business Registration and Licensing Reform Strategy	400,000	2005-2006	MoJ/RGD; Statistical Service;	Trade and Business Associations (PEF, AGI, NAPRM etc.)	Office of the President and NAPRM GC
Outdated GIPC Law	GIPC Law reviewed to reflect current changes in investment environment	Amended GIPC Act	? Amend GIPC Law to reflect the changing mandate of GIPC	GIPC's Strategic Five Year Corporate Plan	35,620	2005-2006	MoJ/ Attorney General; GIPC; GIS; MoJ; MOTLMA	Trade and Business Associations (PEF; AGI, NAPRM etc.)	Office of the President and NAPRM GC
Delays in acquiring approvals for immigration quotas	The process for approving immigrant quotas and work permits streamlined	Time required to obtain immigration quotas and work permits reduced from 32 days to 14 days	? GIPC should play an advisory role on immigration quota and working permit issues	GIPC's Strategic Five Year Corporate Plan	18,600	2005-2006	MoJ, GIS; GIPC; GFZB	Trade and Business Associations (PEF; AGI)	Office of the President and NAPRM GC
2. Commercial Dispute Resolution									
Delays in commercial disputes leading to increased costs for parties in dispute	Delays in resolution of commercial disputes minimised	Decrease in average time and cost of commercial dispute resolution to 50% of 2004 average	? Undertake study on access to justice for businesses, esp. MSMEs, and development of cost effective (non -court) solutions ? Continue training, recourse provision, and monitoring of quality of the New Commercial Court	Justice Sector Reform Programme	125,000	2005-2006	MoJ; AG; JSRP Secretariat	Private sector (PEF, GNCCI, GAB, AGI, GREDA, NAPRM etc.)	Office of the President and NAPRM GC
				Justice Sector Reform Programme	250,000	2005-2006	MoJ; AG; JSRP Secretariat	Private sector (PEF; GNCCI, GAB, AGI, GREDA, NAPRM etc.)	Office of the President and NAPRM GC
					829,220				

Issue	Expected Output	Indicator (s)	Activities	Ongoing Initiatives	Estimated Budget (\$)	TimeFrame	Implementing Agencies	Stakeholders	M&E
Objective 1: Promoting an Enabling Environment and Efficient Regulatory Framework for Economic Activities									
3. Infrastructure									
a. Roads									
Road congestion and traffic jams	Travel times within major cities reduced	New and established arterial roads	? Identify and create by-passes along major routes in regional capitals	Transport Sub-Sector Development Program	400,000	2005-2008	MoRT/URD	GPRTU; PROTOA; Haulers Assn.	Office of the President and NAPRM GC
			? Provide street lights and traffic wardens along major streets	Traffic Management and Safety Pgm	5,000,000	2005-2007	Police/MTTU; MMDAs;	GPRTU; PROTOA; civil society	Office of the President and NAPRM GC
			? Educate pedestrians on road crossing regulations	Traffic Management and Safety Pgm	250,000	2005-2006	Police/MTTU; Road Safety Commission	GPRTU; PROTOA; civil society	Office of the President and NAPRM GC
			? Provide rail transport (especially in Accra)	Rail Sector Transport Devpt. Pgm	80,898,750	2005-2008	MoRT; GRCL	GPRTU; PROTOA; civil society	Office of the President and NAPRM GC
			? Enforce axle control regulations	Axle Control Program	10,000,000	2005-2008	Police/MTTU	GPRTU; PROTOA; Haulers Assn.	Office of the President and NAPRM GC
Poor trunk road condition	Road regulations to increase lifespan of roads enforced	30% reduction in number of vehicle breakdowns and accidents	? Increase road maintenance and upgrading of roads	Routine and Periodic Maintenance Pgm	3,670,000	2005-2008	MoRT/URD	GPRTU; PROTOA; Haulers Assn.	Office of the President and NAPRM GC
			? Protect road shoulders from haphazard development	Minor Rehabilitation and upgrading Pgm	1,200,000	2005-2008	MoRT/URD	GPRTU; PROTOA; Haulers Assn.	Office of the President and NAPRM GC

Issue	Expected Output	Indicator (s)	Activities	Ongoing Initiatives	Estimated Budget (\$)	TimeFrame	Implementing Agencies	Stakeholders	M&E
Objective 1: Promoting an Enabling Environment and Efficient Regulatory Framework for Economic Activities									
3. Infrastructure									
b. Rail network									
Poor state of rail network and limited use of rail transport	Rail network rehabilitated and expanded nationally	40% increase in rail transport use (both passengers and freight)	?	Rehabilitate Tema-Nsawam network for passenger and freight;	Rail Transport Sector Development Programme	2005-2008	MoRT; Ghana Railway Company Ltd.	GPRTU; PROTOA; PEF; Haulers Assn	Office of the President and NAPRM GC
			?	Rehabilitate southern National Network: Accra - Kumasi- Sekondi/Takoradi	Rail Transport Sector Development Programme	2006-2008	MoRT; Ghana Railway Company Ltd.	GCM, Mining companies; and NAPRM GC	Office of the President and NAPRM GC
			?	Construct Kumasi-Burkina Faso Rail network	Rail Transport Sector Development Programme	2006-2008	MoRT; Ghana Railway Company Ltd.	GPRTU; PEF; PROTOA; Haulers Assn	Office of the President and NAPRM GC
			?	Replace over-aged ferries with 4 new ones of larger capacity	Signed agreement with Canadian Government to harvest tree stumps	58,300,000	2006-2008	MoRT; VLI; VRA; GNPA; GHAPOHA	Haulers Association; Bulk Oil Haulage companies; PEF
Underdeveloped water transport	Volta Lake Transport safety and use improved	Increased passenger and freight in lake transport	?	Harvest tree stumps in lake					
			?	Navigate and chart water courses in lake					
	Private sector participation in lake transport increased	No. of private operators providing services in water transport	?	Enforce regulations on safety to minimize accidents					
			?	Revoke sole license to Volta Lake Transport and introduce competition	140,000	2006-2007	MoRT; VLI; VRA; GNPA Parliament; GHAPOHA	PEF; Haulers Association;	Office of the President and NAPRM GC

<sup>1</sup> Government of Ghana is seeking private sector participation in the railway sector through concessionary arrangements

Issue	Expected Output	Indicator (s)	Activities	Ongoing Initiatives	Estimated Budget (\$)	Time Frame	Implementing Agencies	Stakeholders	M&E
Objective 1: Promoting an Enabling Environment and Efficient Regulatory Framework for Economic Activities									
3. Infrastructure									
d. Air transport									
Delays in goods clearance at Kotoka International Airport	Clearance procedures streamlined and competition introduced in freight handling	Reduced clearance time at KIA to 50% of 2004 average  Feasibility Report	? Review laws to allow competition within the freight handling industry; ? Investigate the possibility of developing some airports for international travel purposes (Kumasi and Tamale) to ease pressure on KIA	Trade and Investment Gateway Project <sup>1</sup>	50,000  200,000	2005-2007  2006-2008	MoRT; GCAA	Freight Forwarders; FAGE; PEF and NAPRM GC	Office of the President and NAPRM GC
Limited internal air transport system	Increased private sector involvement in air transport	Number of private airline operators increased from 3 to 6.	? Develop and upgrade airstrips and airports ? Provide incentives to attract private operators	Incentives under GIPC Law;	150,000,000	2006-2008	MoRT; GCAA	Private Sector; Tour operators; Civil Society	Office of the President and NAPRM GC
Deterioration of agricultural produce at KIA	Sheltered and cold storage facilities for agricultural produce installed	30 percent decrease in deterioration of farm produce intended for export	? Promote the establishment of cold chain facilities from farm gate to airports	Trade and Investment Gateway Project	10,000,000	2005-2007	MoRT; GCAA	Freight Forwarders; FAGE; PEF and NAPRM GC	Office of the President and NAPRM GC
e. Seaports									

<sup>1</sup> Facilities at KIA being expanded

Clearance delays and high charges at seaports	<p><i>Delays at the entry and exit points increase the costs of doing business</i></p>	<p>1. GCNNet Strengthened and connected to key MDAs, Border points, Freight Forwarders and other users.</p> <p>2. CEPS adequately trained and performing all valuation Duties efficiently.</p> <p>3. Improved accuracy of National and Regional trade Database.</p> <p>4. Customs Procedures simplified and Entry system for Customs Declarations Strengthened.</p> <p>5. Cargo handling services provided at competitive rates.</p> <p>6. Landlord concept fully implemented.</p> <p>7. Efficient port management in</p>	<p>High speed GCNNet connectivity to key stakeholders. CEPS staff adequately trained and equipped and carrying out DIS functions increasing number of users of reliable trade data.</p> <p>Reduction in valuation appeals by importers. CEPS meet targets set for trade facilitation. Adequate cargo space will be provided for fresh produce exports.</p> <p>Increased private investments in port facilities and services. Tracking facility installed and made operational.</p>	<p>1. Expand GCNNet to Paga and establish specialised connections for key stakeholders.</p> <p>2. Train and equip CEPS to take over destination inspection.</p> <p>3. Strengthen trade information systems and improve data quality.</p> <p>4. Support computerisation of port management and procure equipment to improve security.</p> <p>5. Establish a transit cargo tracking system.</p> <p>6. Upgrade border points to offer 24 hr transit trade services.</p> <p>7. Establish a Free Port</p>				
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Issue	Expected Output	Indicator (\$)	Activities	Ongoing Initiatives	Estimated Budget (\$)	Time Frame	Implementing Agencies	Stakeholders	M&E
Objective 1: Promoting an Enabling Environment and Efficient Regulatory Framework for Economic Activities									
3. Infrastructure									
e. Seaports									
Long turn around time for ships	Turn around time for ships reduced	Turn around time reduced to 50 percent of 2004 figures	? Improve and introduce efficient handling equipment; Expand facilities and reduce container clearance times to decongest ports; ? Dredging of ports should continue to increase water depths to accommodate larger vessels	GPHA Landlord Port Project; Ghana Shippers Council Development Plan	3,600,000 7,000,000 86,000,000	2005-2007 2005-2007 2005-2008	MoPH; GPHA	Freight Forwarders; Stevedoring companies; FAGE; GNCCI; AGI; PEF	Office of the President and NAPRM GC
f. Energy	Electricity availability and security improved	Number of power outages per week	? Increased maintenance and introduction of new power stations; ? Promote independent power suppliers; ? Explore alternative sources of power (solar, biogas)	Strategic National Energy Plan	23,000,000	2006-2007	MoE; ECG; VRA; PURC; WAGP; Energy Commission	Private Sector (PEF; AGI; GCM; etc.)	Office of the President and NAPRM GC
g. Water	Quantity and frequency of water supply improved	Decrease in water wastage from 50% to 20% and increase water supply	? Maintenance and rehabilitation of existing pipe network and treatment plants to reduce water wastage; ? Promote public - private partnership in water management;	Ghana Water Sector Restructuring Programme	18,900,000	2005-2008	MoWH; GWCL; PURC; CSIR; Water Resources Commission	Civil Society (ISODEC; TWN; ISSER; CEPA, PEF etc.) Assn of Water Tankers	Office of the President and NAPRM GC
					149,100,000				

Issue	Expected Output	Indicator (s)	Activities	Ongoing Initiatives	Estimated Budget (\$)	Time Frame	Implementing Agencies	Stakeholders	M&E
Objective 1: Promoting an Enabling Environment and Efficient Regulatory Framework for Economic Activities									
3. Infrastructure									
e. Seaports									
Long turn around time for ships	Turn around time for ships reduced	Turn around time reduced to 50 percent of 2 004 figures	?	Improve and introduce efficient handling equipment; Expand facilities and reduce container clearance times to decongest ports;	GPHA Landlord Port Project; Ghana Shippers Council Development Plan	2005-2007	MoPH; GPHA	Freight Forwarders; Stevedoring companies; FAGE; GNCCI; AGI; PEF	Office of the President and NAPRM GC
			?	Dredging of ports should continue to increase water depths to accommodate larger vessels		2005-2007			
			?			2005-2008			
f. Energy									
Difficult access to secure and quality energy supply	Electricity availability and security improved	Number of power outages per week	?	Increased maintenance and introduction of new power stations;	Strategic National Energy Plan	2006-2007	MoE; ECG; VRA; PURC; WAGP; Energy Commission	Private Sector (PEF; AGI; GCM; etc.)	Office of the President and NAPRM GC
			?	Promote independent power suppliers;					
			?	Explore alternative sources of power (solar, biogas)					
g. Water									
Inadequate and infrequent water supply	Quantity and frequency of water supply improved	Decrease in water wastage from 50% to 20% and increase water supply	?	Maintenance and rehabilitation of existing pipe network and treatment plants to reduce water wastage;	Ghana Water Sector Restructuring Programme	2005-2008	MoWH; GWCL; PURC; CSIR; Water Resources Commission	Civil Society (ISODEC; TWN; ISSER; CEPA, PEF etc.) Assn of Water Tankers	Office of the President and NAPRM GC
			?	Promote public - private partnership in water management;					
							149,100,000		

Issue	Expected Output	Indicator (\$)	Activities	Ongoing Initiatives	Estimated Budget (\$)	Time Frame	Implementing Agencies	Stakeholders	M&E
Objective 1: Promoting an Enabling Environment and Efficient Regulatory Framework for Economic Activities									
3. Infrastructure									
h. Information and Communication Technology									
Delays and difficult access to fixed/land lines; limited efficiency and reliability, and relatively high rental costs	Access to telephone facilities improved	Provision of 2,000,000 telephone lines by 2007	? Completion of national fibre optic backbone to the rest of the country; ? Improve third party access to existing national fibre optic backbone; ? Introduce greater competition in provision of fixed/land line network; ? Extend telephone facilities to all districts to facilitate decentralisation	Ghana Telecom 5-Year Strategic Plan     Rural Telephony Project	2,500,000	2005-2007	MoC; NCA	Service Providers (Ghana Telecom; Milicom; Scancom; Kasapa); Communication Centre Operators; PEF	Office of the President and NAPRM GC
i. Land									
Complex and lengthy procedures, and high costs associated with land registration and purchase	Delays in acquiring land for development and commercial purposes minimised	Decrease in time to acquire land for investment from average 2 years to 3 months	? Implement recommendations in Annex B of the FIAS Administrative Barriers to Investment Update (2003) in relation to site development and land administration	Land Administration Project	12,962,100	2005-2008	Lands Commission; TCP;	PEF; GREDA; Traditional Authorities	Office of the President and NAPRM GC
4. Taxes									
High Withholding Tax	Withholding tax imposed on industries reviewed	Lower withholding tax from 7.5% to 2.5%	? Undertake Regulatory Impact Assessment to evaluate impact on industries and review tax accordingly	Tax Administration Project	50,000	2005-2006	MOFEP; CEPS; IRS; VAT Secretariat	Private Sector (PEF; AGI; GNCC; etc)	Office of the President and NAPRM GC
					155,121,000				

<sup>1</sup> Service operators are required to contribute 1% of their revenue into the Fund for financing development of rural telephony



Issue	Expected Output	Indicator (s)	Activities	Ongoing Initiatives	Estimated Budget (\$)	Time Frame	Implementing Agencies	Stakeholders	M&E
Objective 1: Promoting an Enabling Environment and Efficient Regulatory Framework for Economic Activities									
4. Taxes									
High Corporate Tax	Corporate tax Reviewed	Corporate tax reduced to 25 percent	Undertake Regulatory Impact Assessment to evaluate impact on industries and review tax accordingly	Tax Administration Project	100,000	2005-2006	MOFEP; CEPS; IRS; VAT Secretariat	Private Sector (PEF; AGI; GNCCI; NAPRM etc)	Office of the President and NAPRM GC
VAT on imported inputs for manufacturing	VAT on imported inputs for the manufacturers of textbooks and pharmaceuticals reviewed	Tax anomalies that unfairly punish Ghanaian industry removed	Undertake Regulatory Impact Assessment to evaluate impact on industries and review tax accordingly	Deferment of VAT on imported industrial raw materials	100,000	2005-2006	MOFEP; CEPS; IRS; VAT Secretariat	Private Sector (PEF; AGI)	Office of the President and NAPRM GC
Tax Stamp	Tax Stamp reviewed to reflect different administrative areas	Reviewed Tax Stamp rate	Undertake Regulatory Impact Assessment of Tax Stamp to evaluate impact on Micro and small enterprises in different administrative regions and review tax accordingly	Education of public on Tax Stamp concept	100,000	2005	MOFEP; IRS	Private sector (MSMEs)	Office of the President and NAPRM GC
5. Credit									

Support for Micro, Small and Medium Enterprises	Need to increase availability of and access to long term investment finance facilities at competitive prices  1. SME Bank Established. 2. Credit reference mechanisms established and operating effectively. 3. Early and effective implantation of the Venture Capital Fund and Special purpose Recovery Trust Fund	Increased proportion of loan portfolios of banks allocated to productive enterprises.  Dedicated SME Bank established.  Credit reference mechanism established.  Mutualist credit guarantee scheme established.  Increased credit insurance for SMEs.  Reduced default rate on loans.  Venture Capital Fund, Ghana investment Fund and Special Purpose Recovery Trust.	TSSP	52,940,000	5,000,000	2006-2010	MOTI, MOFEP, BoG	Private sector representatives	TSSP inter-Agency Coordination Group
	Expedite action on the Venture Capital Trust Fund and publish modalities for accessing	Venture Capital Fund operationalised	i. Develop modalities for accessing the Fund; ii. Publish beneficiaries of Fund for transparency	\$1,000,000 Seed Money for Venture Capital Fund		2005-2006	MOFEP	PEF; GUTA; ASSI; AGI; GNCCI	Office of the President and NAPRM/GC

<sup>1</sup> The Venture Capital Trust Fund is meant to provide start-up capital for new entrepreneurs (MSMEs), and it is to be funded with 20% of proceeds from National Reconstruction Levy

Issue	Expected Output	Indicator (s)	Activities	Ongoing Initiatives	Estimated Budget (\$)	Time Frame	Implementing Agencies	Stakeholders	M&E
Objective 1: Promoting an Enabling Environment and Efficient Regulatory Framework for Economic Activities									
6. Central Registry System									
Central Registry System	Central Depository System at BoG developed to include equities.	Central Depository System for equities	1. Complete the development of the Central Depository System to include equities 2. Expand the Depository System into a Registry System	Development of a Central Depository System at BoG; Development of Credit Referencing System by banks (Central Data bank)	500,000 200,000	2005-2006 2006-2007	BoG; SEC	Commercial and development banks; private sector (PEF, AGI, GNCCI, etc.); stockbrokers, etc.	Office of the President and NAPRM GC
	Central Depository System developed into a Central Registry System	Central Depository System							
7. Payment systems (settlement time)									
Delays in clearance of cheques and payment system	Electronic central payment system created	Settlement time improved to T + 1	1. Promote the 2 hours transmission of payments under the BoG's NPDS 2. Introduce central electronic clearing of cheques	Bank of Ghana National Payments Development Strategy (NPDS)	600,000 1,800,000	2005-2007	BoG; MOFEP; SEC	Brokers/Dealers; Banks; Private Sector (PEF, GNCCI, etc)	Office of the President and NAPRM GC
8. Regulatory Bodies (GSE, SEC, NIC, BOG)									
Capacity of regulatory bodies to monitor compliance	1. Capacity of regulatory bodies enhanced	1. Enhanced regulatory bodies' resources, training and staffing	1. Enhance GSE, SEC, NIC resources, staffing and training		2,400,000	2005-2007	MoFEP; BoG; SEC; GSE; NIC	Brokers; Dealers; Private Sector (PEF; AGI; GNCCI; etc.)	Office of the President and NAPRM GC
	2. Jurisdiction overlap between regulatory bodies addressed	2. Joint Committee of Financial Sector Regulators Cooperation (JCFSRC)	2. Continue addressing jurisdiction overlap of SEC, BoG and NIC via JCFSRC	Joint Committee of Financial Sector Regulators Cooperation (JCFSRC)	50,000	2005			
	3. Market surveillance improved	Fully electronic market surveillance	Develop a fully electronic surveillance system		800,000	2005-2007			
					6,350,000				

Issue	Expected Output	Indicator (s)	Activities	Ongoing Initiatives	Estimated Budget (\$)	TimeFrame	Implementing Agencies	Stakeholders	M&E
Objective Two: Ensure that Corporations Act as Good Corporate Citizens with regards to Human Rights, Social Responsibility and Environmental Sustainability									
1. Labour Laws									
Protection of Trade Unions	Protect Trade Unions from anti-union discrimination	Number of disputes reduced from 10 to 5 annually	Review and amend legislation that are overly restrictive of trade union freedoms, and should include the simplification of the legal procedures of calling a strike	Labour Commission set up	127,778	2005-2006	MMDE & Y; Labour Commission;	Trade Unions; Arbitration institutions; GEA; PEF; Business Assns	Office of the President and NAPRM GC
Damage to the environment by corporate bodies	Corporate social responsibility by companies improved	30% decrease in number of environmental pollution complaints from stakeholders	? Strengthen EPA to ensure proactive and effective supervision; ? Review EPA Law and give the agency prosecuting powers ? Build capacity of EPA	Reforestation and reclamation of degraded land by mining and logging companies	55,560  127,778  111,445	2005-2006	MES; EPA	Private sector (PEF; AGI); WACAM; TWIN-Ghana; CEPIL; Small scale mining operators (galamsey)	Office of the President and NAPRM GC
Poor enforcement of labour laws in urban informal and rural communities	Protection workers in the urban informal and rural communities enforced	30% decrease in annual worker rights violations	? Resource Labour Department to employ adequate staff	Labour Commission set up	300,000	2005-2006	MMDE&Y; Labour Dept.	Trade Unions; Trade Associations and NAPRM GC	Office of the President and NAPRM GC
Unfair discrimination against formal sector firms by requiring licenses before start-ups as well as on an annual basis	Additional licensing requirement on all formal sector firms removed	Approvals limited to certain sectors considered dangerous	Remove licensing requirements and focus on factories suspected of having dangerous working conditions	Business Registration and Licensing Reform Strategy	50,000	2005-2006	MMDE&Y	Private Sector (PEF; AGI; GNCCI; GCM; etc)	Office of the President and NAPRM GC
					772,561				

Issue	Expected Output	Indicator (s)	Activities	Ongoing Initiatives	Estimated Budget (\$)	Time Frame	Implementing Agencies	Stakeholders	M&E
Objective Three: Promoting the Adoption of Codes of Good Business Ethics in Achieving the Objectives of the Corporation									
1. Good Business Ethics									
Absence of Consumer Watch Dogs for Quality Delivery/Service	Absence of an effective consumer protection regime	<p>Policy developed</p> <p>Law enacted</p> <p>CPA operational</p> <p>Number of claims handled by small claims courts</p> <p>Incidence of complaints of poor quality goods reduced</p> <p>Consumers understand key rights and means of redress</p> <p>Products mislabelling requirements</p> <p>Consumers aware of issues of sustainable consumption pattern</p> <p>Agenda 21 provisions implemented</p> <p>Consumer charters developed for all MDAs</p> <p>Consumer interests reflected in public sector decisions.</p>	<p>1. Enact a nd enforce a consumer protection framework law.</p> <p>2. Establish a consumer protection Authority and small claims courts.</p> <p>3. Enact/ amend subsidiary legislation to ensure protection of consumer rights.</p> <p>4. Conduct consumer awareness campaigns</p>						
	1. Consumer protection policy developed.								
	2. Framework law on consumer protection enacted.								
	3. Consumer protection Authority established.								
	4. Mechanisms and instruments for delivering speedy redress established and operating effectively.								
	5. Legislation that prevents the sale of unsafe and poor quality goods on the local market enforced.								
	6. Economic rights of consumers protected.								
	7. Clear and sufficient rules on labelling, including foodstuffs, and a code of practice on advertising established and								

2. Corruption										
Corruption in both public and private sector	Institutions that control corruption strengthened	20% increase in number of corrupt practices detected and reported	? Ensure effective implementation of corruption related laws (Financial Administration Act, Internal Audit Agency Act, Procurement Act, etc.); Expedite action on the Whistle Blower and Freedom of Information bills	? Resource institutions fighting corruption	Financial Administration Act, Internal Audit Agency Act, Procurement Act passed; Office of Accountability established	449,420	2005-2006	MOFEP; Auditor General; PAC; Judicial Service; SFO; CHRAJ; Economic Crime Unit of Police;	Civil Society (CDD; IEA; ISSER; PEF; etc.)	Office of the President and NAPRM GC
3. Investigative Journalism										
Weak Investigative Financial Journalism	Institutions that promote financial investigative journalism strengthened	Increased coverage of financial and corporate governance issues in public domain	? Resourcing and training of Journalists in Financial Journalism	IFEJ established and building capacity of journalists	81,417	2005-2006	MoJ; MoC; NCA	GJJ; GJA; Private Sector (PEF)	Office of the President and NAPRM GC	
						580,837				

Issue	Expected Output	Indicator (s)	Activities	Ongoing Initiatives	Estimated Budget (\$)	TimeFrame	Implementing Agencies	Stakeholders	M&E
Objective Four: Ensure that Corporations treat all their Stakeholders (shareholders, employees, communities, suppliers and consumers) in a fair and just manner									
Limited access to basic corporate information	Access to basic corporate information by all stakeholders improved	i. To achieve at least 75% compliance rate annually on the filing of Annual Returns by Companies;	? Enforce obligation under the Companies Code for companies to file annual returns; ? Post such information on RGD website (and may be accessed for a fee); ? Seek legal backing for electronic display of company information;	Business Registration and Licensing Reform Strategy	350,000	2005-2007	Moj/RGD; MOFEP; BoG; SEC; GSE	Private Sector (PEF; AGI; GNCCI; GAB; etc.) Public Sector (SEC)	Office of the President and NAPRM GC
		ii. Credit Registry established and operational	? Promote the creation of easily accessible credit rating for organizations and individuals (Credit Registry)						
	Creditors' rights with Bankruptcy and Insolvency Laws Strengthen	Bankruptcy and Personal Insolvency Acts passed	? Pass Bankruptcy Bill currently in Parliament; ? Expedite action on Personal Insolvency Act	Bankruptcy and Personal Insolvency Bills drafted	120,000	2005-2006	Moj/AG; Parliament	Private Sector (PEF; GAB; AGI; GNCCI; etc.)	Office of the President and NAPRM GC

Companies Code									
Review of the Companies Code, 1963	Companies Code reviewed and harmonized with SEC regulations	Reviewed Companies Code	? Continue review of Companies Code with a view to harmonizing it with SEC regulations (including merger regulations)	Companies Code under review	180,000	2005-2006	Moj/AG/ Business Law Division; SEC; SEInt.C.	Private Sector (PEF; GAB; AGI; GNCCI; etc.)	Office of the President and NAPRM GC
Shareholder Rights	Intensive education of shareholder rights undertaken	Increased demand for rights by minority shareholders	? Update Code in reference to electronic transfer of shares and other innovations 1. Support the creation and promotion of Shareholder Associations 2. Educate shareholders on the rights and obligations 3. Disclosure of ultimate beneficial owners should be mandated in annual reports of companies	Defunct Shareholder Association	150,000	2005-2007	SEC; BoG; GSE	Brokers; Dealers; Shareholders; Private Sector (PEF; AGI; etc.) Civil Society	Office of the President and NAPRM GC
					800,000				



Issue	Expected Output	Indicator (s)	Activities	Ongoing Initiatives	Estimated Budget (\$)	Time Frame	Implementing Agencies	Stakeholders	M&E
Objective Five: Provide for Accountability of Corporate Directors and Officers									
Non-compliance with requirements on companies to submit timely and accurate disclosure of corporate information	Compliance with regulatory requirements enforced	At least 75 percent compliance rate annually on the filing of annual returns by companies	? Re-organise and resource RGD to ensure compliance with the Companies Code	Business Registration and Licensing Reform Strategy	300,000	2005-2006	MOFEP; MoJ/RGD; SEC; GSE	Private sector (AGI; PEF; GNCCI; GAB; NAPRM GC GREDA);	Office of the President and NAPRM GC
Training of Directors of Companies	Training for new and old directors made mandatory	Orientation programme instituted for all board members	? Institute orientation and systematic annual training programmes for board members to sensitize them on their role in achieving good corporate governance as well as their liabilities for the failings of a corporation	IoD-Ghana and Merchant Bank training programme	150,000	2005-2006	MPSD; MoE&S; GIMPA	IoD; SEC; State Enterprises Commission; Private Sector (PEF; AGI; GNCCI; GAB; etc.) ICA-Ghana	Office of the President and NAPRM GC
Corporate Governance Rating	Corporate governance rating incorporated as part of Ghana Club 100 rankings	Corporate Governance Ratings of Club 100 companies	? Adopt naming and shaming of companies based on compliance to corporate governance principles	Ghana Club 100 Ratings by GIPC	100,000	2006	GIPC	Private sector (PEF; AGI; GNCCI; GCM; etc.)	Office of the President and NAPRM GC
					550,000				

<sup>1</sup> The ratings have to date been mainly on company turn-over.

Issue	Expected Output	Indicator (s)	Activities	Ongoing Initiatives	Estimated Budget (\$)	TimeFrame	Implementing Agencies	Stakeholders	M&E
Guidelines on Corporate Governance	Securities and Exchange Commission's guidelines on corporate governance adopted by Government	Number of public and private institutions complying with guidelines	? Public institutions should be guided by the principles outlined in the SEC's guidelines on corporate governance; ? All companies (listed and unlisted) be encouraged to adopt the SEC's Guidelines of Corporate Governance for better governance; ? Government should be seen to be doing business with companies who incorporate good corporate governance principles in their dealings with both government and other stakeholders	SEC Manual on Corporate Governance	180,000	2005-2008	State Enterprises Commission	GSE; SEC; Private sector (PEF; AGI; GNCCI; NAPRM; GAB; etc.)	Office of the President and GC
					180,000				
					<b>2,684,361,693</b>				

<sup>7</sup>The ratings have to date been mainly on company turn-over.

**AFRICAN PEER REVIEW MECHANISM**



**Country Report  
of the  
Republic of Ghana**

**PROGRAMME OF ACTION  
ON  
SOCIO-ECONOMIC DEVELOPMENT**

Submitted to:

THE APR PANEL, MIDRAND, SOUTH AFRICA

NOVEMBER 2005



**PROGRAMME  
OF ACTION  
SOCIO-ECONOMIC  
DEVELOPMENT**



## ABBREVIATION

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AGI	:	Association of Ghana Industries
ASDR	:	African Securities Dialogue Research
BOG	:	Bank of Ghana
CDD	:	Center for Democratic Development
DAs	:	District Assemblies
GNECC	:	Ghana National Education Campaign Coalition
GSS	:	Ghana Statistical Service
ICT	:	Information and Communications Technology
IEA	:	Institute of Economic Affairs
ILGS	:	Institute of Local Government Studies
ISSER	:	Institute of Statistical, Social and Economic Research
KNUST	:	Kwame Nkrumah University of Science and Technology
NETRIGHT	:	Network on Women's Rights
NCCE	:	National Commission for Civic Education
NDPC	:	National Development Planning Commission
NHIS	:	National Health Insurance Scheme
MDAs	:	Ministries Departments and Agencies
MOES	:	Ministry of Education and Sports
MLGRD	:	Ministry of Local Government and Rural Development
MMDAs	:	Municipal, Metropolitan and District Assemblies
MOWAC	:	Ministry of Women and Children's Affairs
PSC	:	Public Services Commission
PSR	:	Public Sector Reform
SSNIT	:	Social Security and National Insurance Trust
WAJU	:	Women and Juvenile Unit
WAMNET	:	West African Mediation Network





## INTRODUCTION

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This GNPOA recognizes that Ghana is still a relatively poor country. In preparing this GNPOA, cognisance was taken that about a third of the population is still very poor and therefore constitutes the target for poverty reduction efforts. A socio-economic development POA should therefore alongside the need to reduce poverty, embark on programmes that promote growth and make the country more competitive. In fashioning out the POA, the national aspiration to make appreciable of bringing Ghana into the category of middle-income countries, informed the choice and design of policy interventions. In this direction, the economic growth objective of GPRS II, which aims at raising per capita GDP from its 2004 level of about \$434 to at least \$1000 by 2015 and the policy interventions it has prescribed were integrated into the POA. For the 2006-2008 medium terms 7 - 8 under GPRS II, this would require that GDP grows at an annual average rate of some percent to put per capita income at about \$635 in 2008.

The POA outlines that growth is led largely by the agricultural sector, which is smallholder-based. It is also worthy of note that the poorest section of the economy is food crop farmers, the larger proportion of which are women. The feminised nature of poverty brings into focus the need to pursue gender-responsive policies in the bid to achieve accelerated socio-economic development.

The POA is intended for government to develop the appropriate system-wide policies and programmes that will facilitate the achievement of the objectives stated above. A major vehicle of achieving this is the government assuming ownership of the policy formulation process. In this respect the POA in this thematic area identified the following issues:

- ? Self reliance in development
- ? A focused programme on poverty reduction
- ? Expanded access of the poor to social services particularly health, education, water and sanitation
- ? Reduction in the cost of social services
- ? Improved service delivery
- ? Access to basic needs such as affordable housing, markets, energy, feeder roads
- ? Integrating gender considerations into development policy formulation, implementation and monitoring

The Program of Action contains recommendations that emerged from consultative workshops held with stakeholders to develop responses to the issues noted above. This is

## INTRODUCTION

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complemented with information from the following documents on on-going initiatives:

- ? Ghana Poverty Reduction Strategy
- ? National Economic Dialogue Reports
- ? Annual Progress Reports on the GPRS
- ? Reports on the Economy by the Institute of Statistical Social and Economic Research (ISSER)
- ? Centre For Policy Analysis Economic Reports
- ? Reports from MDAs

The main public policy challenges arising from the consultative workshops which the POA seeks to capture include:

- ? Building the capacity of state and non-state actors to formulate, implement and monitor development policies
- ? Development of home-grown development approaches
- ? Pursuing the twin policies of poverty reduction and growth simultaneously
- ? Introduce affordable cost effective service delivery in health, education, water and sanitation
- ? Promote programs that are targeted at meeting basic needs of the population and
- ? Mainstreaming gender in the policy making process.

Apart from the constraints of resources, illiteracy, inequality of access to development resources across gender, income and geographic lines pose a major challenge to the effort to accelerate socio economic development.

## Standards & Codes

Issues	Expected Output	Indicator	Activities	Ongoing Initiatives	Estimated Budget (\$)	Time Frame	Implementing Agencies	Stakeholders	M & E
Un-ratified Standards & Codes	All outstanding Standards & Codes ratified	Number of ratified international treaties and instruments	<p>- Ratify the African Charter for Popular Participation in Development &amp; other treaties yet to be ratified</p> <p>Ministry of Foreign Affairs would take steps to ensure that a ministries that signs a treaty on behalf of Ghana, prepares the necessary memoranda to Cabinet for approval and submission to parliament for ratification and subsequent accented by the President of the Republic</p>	Increased Parliamentary accent to major treaties which promotes human rights	210,000	2005-2006	Ministry of Parliamentary Affairs, Parliament, Ministry of Foreign Affairs	NGOs and Civil Society Organization	Office of the President and NAPRM-GC

Lack of Awareness of Standards & Codes	Implementing agencies of the respective standards & codes sensitized	MDAs and all implementing agencies have a working knowledge of the treaties & instruments	Organize workshops for MDAs, civil society, NGOs all relevant stakeholders	Stakeholder workshops, NGOs actively championing women and child's rights, judicial reforms	15,000	2005-2006	NCCE, Ministry of Local Government, Ministry of Parliamentary Affairs, Ministry of Foreign Affairs, NCWD, CHRAJ	Civil Society, NGOs, MDAs, and ISSER	Office of the President and NAPRM-GC
Establishment of electronic records of Standards & Codes	All standards and codes stored electronically	Easy accessibility of standards and codes in an electronic form	Establish a dedicated electronic platform on the internet to be dedicated to a Ghana treaty series.	Registry of international treaties and instruments provided by the Clerk of Parliament and UNDP	30,000	2005-2006	Ministry of Foreign Affairs, Parliament and CHRAJ and Others MDA's	Libraries, ISSER and CEPA	Office of the President and NAPRM-GC

## Prior Assessments and Outcomes

Issue	Expected Output	Indicator	Activities	Ongoing Initiatives	Estimated Budget (\$)	Time Frame	Implementing Agencies	Stakeholders	M & E
Lack of Regular and Up-to-date data	Up-to-date time series and cross-sectional micro and macro data on the various sectors of the economy	Number of Current and user friendly data on the economy which are easily accessible	Resource the Ghana Statistical Service to provide electronic information on the economy	Government is sourcing funds to streamline the activities of the GSS	1,000,000	2005-2006	Ministry of Finance, Ghana Statistical Services, MDAs, NDPC	Civil Society, Universities, Research Institutes and think-thanks, National planning authorities	Office of the President and NAPRM-GC
Poor Data Storage by MDAs	Parliament to pass freedom of information bill	Freedom of information bill passed	Expedite action on Freedom of information bill	Freedom of information bill prepared	500,000	2005-2008	Parliament, Attorney General		Office of the President and NAPRM-GC
Ineffective Use of previous evaluation reports	All sectoral data stored electronically	Library at NDPC where all past reports are kept	Provide resources to MDAs to purchase computers, Task MDAs to keep electronic information, train MDA staff on electronic data storage	Household surveys and Demographic & Health Surveys stored electronically by Ghana Statistical Service, Other datasets in print form prepared by GSS	50,000	2005-2006	MDAs, Ministry of Finance, Ghana Statistical Service	Civil Society, Universities, Research Institutes and ISSER and NGO	Office of the President and NAPRM-GC
	Previous reviews on the economy stored at a central location – National Development Planning Commission	Library at NDPC to establish a central library containing all relevant evaluations on the economy	Resource NDPC to establish a central library containing all relevant evaluations on the economy	The World Bank is resourcing the University of Ghana Library with electronic and print information	50,000	2005-2006	National Development Planning Commission, Ministry of Finance	Civil Society, Universities, Research Institutes and think-thanks, National planning authorities	Office of the President and NAPRM-GC

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

Issues	Expected Output	Indicator	Activities	Ongoing Initiatives	Estimated Budget (\$)	Time Frame	Implementing Agencies	Stakeholders	M & E
Inadequate Consultations with Stakeholders to ensure effective participation in development programmes	Wider and effective consultations of all stakeholders in national development programmes	Satisfactory stakeholder involvement in issues of national planning	Widen stakeholder consultations and sensitization of the general public on national issues	National Economic Dialogue, 'Meet the Press', Stakeholder workshops, GPRS update	100,000	2005-2006	National Development Planning Commission, Revenue agencies, Ministry of Finance, NCCE, MDA's	Civil Society, NGOs, Third World Network ISSER, CEPA, CDD	Office of the President and NAPRM-GC
Lack of effective stakeholder participation in the district budgeting and planning process	Stakeholders effectively involve in district planning and budgeting through the unit committees other sub-structures of the District Assemblies	District Assemblies through unit committees effectively dialoguing with stakeholders on district planning issues	Build capacity of District Assemblies to engage stakeholders in district planning issues	Stakeholder workshops at the districts District Assembly meetings through the unit committees but with limited stakeholder involvement	80,000	2005-2008	Ministry of Local Government and Rural Development, Institute of Local Government Studies, Traditional Authorities, National Commission for Civic Education MDA's	Civil Society Organisations, NGOs,	Office of the President and NAPRM-GC

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

Issues	Expected Output	Indicator	Activities	Ongoing Initiatives	Estimated Budget (\$)	Time Frame	Implementing Agencies	Stakeholders	M & E
Lack of adequate progress monitoring national planning documents	Frequent outcome/impact surveys, well motivated MDAs staff. Consistent & reliable data for monitoring, harmonized triggers/indicators eg GPRS, MDBS, MDGs, etc	Number of impact surveys and progress reports with consistent data and measurable indicators	Prepare GPRS annual progress report with up-to-date and consistent data, under take impact surveys of key national programmes	GPRS update, Impact Studies on energy price increases	300,000	2005-2006	National Development Planning Commission, Ministry of Finance	Civil Society, NGOs	Office of the President and NAPRM-GC
Low Savings & Investment	Need to increase both domestic and foreign investment supporting production  1. Ghana's international investment competitiveness improved  2. Incentives for strategic sectors enhanced  3. Effective investment promotion by overseas trade and investment  4. industrial land inventory and industrial estates developed	Effective investor tracking and monitoring system established  Investment referral desks established in regions airport and key Accra hotels  Ghana listed in world competitiveness yearbook  Investment packages developed for key sectors /markets	1. Set up investor referral points and dedicated investor handholding services  2. develop and promote investment packages for strategic sectors  3. Increase overseas presence in key investment markets  4. Develop land banks	TSSP	11,735,000	2006 - 2010	MMOTI, GIPC, MFEP	Private sector representatives	TSSP

Issues	Expected Output	Indicator	Activities	Ongoing Initiatives	Estimated Budget (\$)	Time Frame	Implementing Agencies	Stakeholders	M & E
Low agriculture productivity & over-reliance on rainfall	Sustainable increase in agricultural productivity and raw materials to feed industries and provide stable income for farmers	Increase in the proportion of land under irrigation, improved crop production technologies	Provide small-scale irrigation, promote inter-firm linkages	Pilot irrigation projects	4,000,000	2005-2006	Ministry of Agriculture, Ministry of Private Sector and President's Special Initiative.	Civil society, Private sector, farmers	Office of the President and NAPRM-GC
Slow Private Sector Development & limited gainful employment	<i>Need for clear policy supporting the development of the industrial sector</i> 1. Industrial policy developed and publicised. 2. Strategic sectors identified and strategies developed 3. Sector working groups established and effectively overseeing implementation of sector strategies.	Cabinet approval of industrial policy Strategic sectors strategies developed Sector working groups in place and working	1. Develop industry policy Develop and implement sector strategies	TSSP	2,605,000	2006 - 2010	MOFI, MOFA	Private sector representatives	TSSP Inter - Agency Coordination Group



Large informal sector activities including financial markets	Need to increase both Informal sector activities formalized by 20%	Reduced informalization of work, finance, etc	Use taxes and regulations to integrate the informal sector into the formal sector	IRS tax stamp, registration of small businesses, Cooperatives and professional associations, eg. Tailors & Dressmakers Association, etc	80,000	2005-2008	Association of Ghana Industries, Ministry of Private Sector Development and President's Special Initiative.	Civil society, professional associations, NGOs Professional Associations, ISSER, Market Women Association, GUTA ISSER	Office of the President and NAPRM-GC
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Issues	Expected Output	Indicator	Activities	Ongoing Initiatives	Estimated Budget (\$)	Time Frame	Implementing Agencies	Stakeholders	M & E
Limited access and high cost of credit for Private Business	Need to provide world class SME services to increase the number of viable enterprises and hence employment and wealth generation  1. NBSSI reorganised and strengthened to deliver world class SME support services  2. Business support institutions in Ghana Delivering effective SME training courses  3. Specialised technology centres and business incubators established  4. Productive enterprises in rural areas established	Number of SMEs benefiting from courses in management and business leadership courses  SME promotion fund / matching grant scheme to support upgrading of business support institutions funded  Dedicated technology centres and business incubators established for each strategic sector  Increased exports from targeted SMEs  Three enterprises under REDP established and operational in each district by	1. Strengthen NBSSI and other BDS agencies to provide world class SME support services 2. Upgrading SME training centres 3. Facilitate development of rural enterprises 4. Establish SME technology centres and incubators			2010	MPSD, MOFEP	representatives	Agency coordination group

Lack of proper Storage and Marketing of Agricultural Products	Post-harvest losses significantly reduced, marketing of agricultural products improved through farmer based organizations	Reduction in post-harvest losses and farmers receiving enough revenue from sales to at least cover production cost	Provide silos and other storage devices, encourage processing of agricultural products, educate farmers on post-harvest management,	Tax incentives to promote agro-processing, improvements in markets and rural roads	2,000,000	2005-2008	Ministry of Agriculture, Private Sector, District Assemblies, MDA's	Civil society, farmers Associations, ISSER, Land Owners	Office of the President and NAPRM-GC
Limited Accessibility to Land	Land Administration Reforms completed, Land Banks Created	Significant improvement to access to land, especially women	Expedite land admin. reforms, reverse the re-zoning of agric. lands	Land Administration Policy, Land reforms	12,000000	2005-2010	Ministry of Land, Lands Commission, Traditional Authorities	Private Investors, civil society, traditional rulers	Office of the President and NAPRM-GC

**Objective 3: Strengthen Policies, Delivery Mechanisms and Outcomes in Key Social areas including Education and Combating HIV/Aids and Other Communicable Diseases**

Issue	Expected Output	Indicator	Activities	Ongoing Initiatives	Estimated Budget (\$)	Time Frame	Implementing Agencies	Stakeholders	M & E
Decline in the Quality of education	Increased educational quality, improvement in Teacher-pupil ratio, Increase in the number of trained teachers	Teacher-Pupil ratio, Number of students passing JSS and SSCE examinations with good grades	Expand educational facilities including teachers, provide training for teachers, textbooks for schools	Study leave with pay for teachers, awards, free basic education, Attempt to allow churches to run certain mission schools	80,000	2005-2008	Ministry of Education, Youth and Sports, Ministry of Finance.	Civil Society Organisation, Traditional Educational Institutions, Authorities, Religious Bodies, Private Investors and ISSER.	Office of the President and NAPRM-GC
Low Remuneration and incentives for teachers, particularly those in the rural areas	Improvement in remuneration and other incentives to retain teachers	A daily wage of at least \$2 a for teachers and other professions	Wages increases, provision of housing for teachers, study leave with pay, adequate medical care, credit facilities	Increases in minimum wages, teacher awards	70,000	2005-2006	Ministry of Finance, Ministry of Educations, Ghana Education Service.	GNAT, Civil Society Organisation, Trade Union Congress	Office of the President and NAPRM-GC
Inadequate Public-Private Partnerships	Joint Public and Private participation in providing education	Private and mission schools should operate but with government as the regulator	Mission school system allowed to operate, private sector allowed to jointly run schools with the state	Public schools and private schools operating separately, plans to re-visit the mission school system	200,000	2005-2006	Ministry of Education, Youth and Sports, Ministry of Finance,	Private investors, GNAT, civil society, Traditional Authorities, Religious Bodies, ISSER	Office of the President and NAPRM-GC

Issue	Expected Output	Indicator	Activities	Ongoing Initiatives	Estimated Budget (\$)	Time Frame	Implementing Agencies	Stakeholders	M & E
Lack of motivation of health professionals & brain drain	Doctor-patient and nurse-patient ratios increased, brain drain reversed	A 10% annual increase Doctor-patient and nurse-patient ratios	Provide incentives such as cars, houses and better remuneration for nurses and doctors, also improve working conditions and equipment	Cars for medical doctors, marginal increases in salaries	400,000	2005-2008	Ghana Medical Association, GRNA, Ministry of Health, Ministry of Finance	Civil society, doctors, nurses	Office of the President and NAPRM-GC
Reversing the spread of HIV/AIDS	HIV Prevalence rate reduced significantly and the spread of the disease reversed	A 10% annual reduction in HIV prevalence rate	Educated society on behavioural change and to practice safe sex, free condoms, etc	Use of ARVs, education, voluntary counseling and testing,	500,000	2005-2008	Ministry of Health, NCCE.	Civil society, NGOs, Noguchi Medical Research, ISSER, NCCE, PPAG, Traditional Authorities and Religious Bodies.	Office of the President and NAPRM-GC
Combating Malaria & Other Communicable Diseases	Deaths caused by Malaria and other communicable diseases reduced significantly	15-20% reduction in deaths caused by Malaria and other communicable diseases	Provide treated mosquito nets at affordable prices, ensure clean environment and educate people on personal hygiene	Spraying of mosquito infested areas, construction of drainage, initiatives on radio and TV to educate people on hygiene practices	700,000	2005-2008	Ministry of Health, NCCE, District Assemblies.	Civil society, NGOs, Traditional authorities	Office of the President and NAPRM-GC

**Objective 4: Ensuring Affordable Access to Water, Sanitation, Energy, Finance, Markets, ICT, Shelter and Land to all Citizens, especially the Rural Poor**

Issue	Expected Output	Indicator	Activities	Ongoing Initiatives	Estimated Budget (\$)	Time Frame	Implementing Agencies	Stakeholders	M & E
Limited Access to Treated Water	Proportion of the population without access to improved water reduced by 30%	Proportion of rural and urban population with access to improved water source	Extend water supply to rural and urban areas of economy	Grant from Danish Government to expand water supply	12,000,000	2006-2008	Ghana Water Company, PURC, District Assemblies, Community Water and Sanitation and Ministry of Works and Housing.	Civil Society Organisation, Community Based Organisations ISSER	Office of the President and NAPRM-GC
Poor sanitation	Proper Sanitation and Drainage systems in place	Increase in the proportion of the population with access to toilet and waste disposal facilities	AMA to desilt gutters and keep the city free from congestion and <del>filth</del>	Decongestion of regional capitals	3,000,000	2006-2006	District Assemblies, Community Water and Sanitation and Ministry of Works and Housing.	Civil society, NGOs and Civil Society Organisations. ISSER	Office of the President and NAPRM-GC
Lack of access to Energy Supply	Rural LPG programme Rural dwellers having access and use of LPG at affordable rate Reduce deforestation Reduce wood fuel health-related problems.	300 rural communities comprising 60 household entrepreneurs will be selected by the project.	15,000 households will be provided with two 3kg cylinders & accessories. Identify credible entrepreneur in each selected community to operate manual LPG filling plant on commercial basis	Seeking funds	\$1.5M	2006-2008	MOE, UNDP	MOE, public, Private Sectors, UNDP	Office of the President & NAPRM-GC

	<p><b>BOST Depot Expansion</b></p> <p>Increase the Strategic Stock of petroleum products to 6 weeks in the medium term and 12 weeks in the long term.</p>	<p>Additional tankage at storage depots: Kumasi- 18,000m3 Accra Plains- 80,000m3 Buipe- 30,000m3 Bolgatanga- 30,000m3.</p>	<p>Monitor project performance through monthly site visits &amp; inspection.</p>	<p>Depot expansion works at Accra Plains, Kumasi, Buipe and Bolgatanga Depots.</p>	<p>3.08 M for Kumasi Depot 7 \$22 M for Accra Plains depot.</p>	<p>2003 - 2006</p>	<p>BOST, MOEn</p>	<p>Public, MOEn, BOST, TOR, QMCs</p>	<p>Office of the President And NAPRM- GC</p>
<p><b>Deregulation of the petroleum industry</b></p> <p>Allowing full private sector participation in the petroleum downstream Govt. intervention in the petroleum Downstream sector</p>	<p>Liberalised market for private sector participation on</p>	<p>Responsibility for petroleum products imports transferred from TOR to private sector</p> <p>Encourage Private sector to participate in crude oil imports</p> <p>Establish deregulation Policy &amp; Law</p> <p>Review Petroleum pricing Formula</p> <p>Establish NPA</p>	<p>Importation of refined petroleum products by the private sector.</p> <p>National Petroleum Authority (Act 691 of 2006) has assumed oversight responsibility over activities of Petroleum Downstream sector</p>	<p>2006 - 2008</p>	<p>MOEn, MOFEP, BOG, Private</p>	<p>MOEn, MOFEP, BOG, Private sector</p>	<p>Public, MOFEP, BOG, Private sector</p>	<p>Office of the President &amp; NAPRM- GC</p>	

<p><i>Rural Kerosene Distribution Improvement Programme</i></p>	<p>Streamlining the distribution system in order to ensure kerosene availability to Ghanaians especially the rural dwellers at Govt. approved price</p>	<p>1,500 kerosene surface tanks fabricated through the district Assemblies nationwide</p>	<p>Distribution of kerosene surface tanks to locations through the district Assemblies</p> <p>Monitor supply of kerosene by OMCs.</p> <p>Investigate programme impact</p>	<p>Distribution of kerosene surface tanks/accessories to selected locations in the Districts (66% completed)</p>	<p>1.5 B funding under kerosene fund</p>	<p>2004 -2006</p>	<p>MDEn, MLGRD</p>	<p>Public, En, MLGRD, OMCs</p>	<p>Office of the President &amp; NAPRM-GC</p>
<p><i>Single Buoy Mooring (SBM) &amp; Conventional Buoy Mooring (CBM) Project at offshore, Tema</i></p>	<p>SBM/CBM buoy installed offshore Tema to allow the discharge of crude and refined products by 150,000 DWT and bigger vessels up to 150,000 DWT</p>	<p>Discharge of crude and refined products by 150,000 DWT and bigger vessels up to 150,000 DWT of Tema port</p>	<p>Install SBM/CBM Buoys at offshore Tema and construct pipeline to connect to TQR's existing tanks</p>	<p>Construction of SBM /CBM system</p>	<p>Private sector funding (\$46M)</p>	<p>2004 -2005</p>	<p>MDEn, TOR, Private sector</p>	<p>Public, OMCs, TOR, MDEn, Esanandiet.</p>	<p>Office of the President &amp; NAPRM -GC</p>



<p><b>Buipe- Bolgatanga Petroleum Products Pipeline project (B2P3 Project)</b></p>	<p>Transportation petroleum products from Buipe to Bolgatanga through a 261 km pipeline</p>	<p>Energy sector Reforms implemented; increases use of L.P Gas</p>	<p>Construction of 8- inch pipeline from Buipe to Bolgatanga Depot</p>	<p>West African Gas pipeline project; West African Power pool</p>	<p>US\$30M US430M (Rural Elec.) US\$0.5M (L.P.G)</p>	<p>2005 -2008</p>	<p>MDE;YRA; ECG; WAGC;EC</p>	<p>Public, MDE, BOST, Financier</p>	<p>Office of the President &amp; NAPRM -GC</p>
<p>Achieving the most cost – effective mode of transporting petroleum products from Buipe to Bolgatanga</p>	<p>Construction of 261 km pipeline from Buipe to Bolgatanga (90% Completion)</p>	<p>Power sector Reforms; Rural Electrification Programme; Off-grid Solar Electrification programme;</p>	<p>Construction of 261 km pipeline from Buipe to Bolgatanga (90% Completion)</p>	<p>US\$30M US430M (Rural Elec.) US\$0.5M (L.P.G)</p>	<p>2003 -2006</p>	<p>MDE, BOST, Private sector</p>	<p>Public, MDE, BOST, Financier</p>	<p>Office of the President &amp; NAPRM -GC</p>	
<p>Improved access to energy supply and sources of energy: Increases use of L.P Gas</p>	<p>Energy sector Reforms implemented; increases use of L.P Gas</p>	<p>Power sector Reforms; Rural Electrification Programme; Off-grid Solar Electrification programme;</p>	<p>West African Gas pipeline project; West African Power pool</p>	<p>US\$30M US430M (Rural Elec.) US\$0.5M (L.P.G)</p>	<p>2005 -2008</p>	<p>MDE;YRA; ECG; WAGC;EC</p>	<p>Public, MDE, BOST, Financier</p>	<p>Office of the President</p>	
<p>Construction of West African Pipeline – main pipeline</p>	<p>Construction of West African Gas pipeline project; West African Power pool</p>	<p>Power sector Reforms; Rural Electrification Programme; Off-grid Solar Electrification programme;</p>	<p>West African Gas pipeline project; West African Power pool</p>	<p>US\$30M US430M (Rural Elec.) US\$0.5M (L.P.G)</p>	<p>2005 -2008</p>	<p>MDE;YRA; ECG; WAGC;EC</p>	<p>Public, MDE, BOST, Financier</p>	<p>Office of the President</p>	

Substitute Thermal power Generation fuel from the use of LCO with natural gas.	Taking final investment decision FID by Project developer and the commencement of activities for construction	GoG arrangement to pay for its 17% equity interest held through the VRA Delivery of line pipes to Tema port.	Preparation towards pipe laying  Concrete coating of line pipes	Approximately \$600M for entire project cost.  Ghana's 17% equity stake amounts to about \$96M	Commissioning and operation of the pipeline is expected in December, 2006	VRA, Ministry of Energy.	Civil Society, NGOs, industries, AGI, Private sector	Office of the President, Ministry of Energy
Construction of secondary network	Make natural gas available for use by industries	Develop policy to guide selection of local distribution Company (LDC)  Selection of LDC	Design policy framework for regulating the network  Prepare Natural gas Regulations  Safety Regulations  Technical / Operational rules Of practice, etc	Drawing up a Road map for the Policy Formulation to be completed by the end of Sept., 2006	N/A  USAID is supporting by the provision of a Consultant through TIPCEE	Aligning steps on the network completion to the commissioning of the main pipeline as possible.	Civil Society, NGOs, industries, AGI, Private sector.	Ministry of Energy
Improved access to energy supply and sources of energy. Increased use of LP Gas	Energy sector reforms implemented. The energy sector resourced to minimize waste and power theft	Accelerate energy sector reforms, encourage use of solar energy and other natural gases	West African Gas Pipeline project, 'unbundling' of energy sector	15,000,000	2005-2008	VRA, Electricity Company of Ghana, Ministry of Energy, Commission.	Civil society, NGOs, ISSER	Office of the President and NAPRM-GC

Issue	Expected Output	Indicator	Activities	Ongoing Initiatives	Estimated Budget (\$)	Time Frame	Implementing Agencies	Stakeholders	M & E
Lack of Affordable Housing	Housing policy that will benefit the poor is put in place, Affordable housing for the middle and low income group	Number of affordable housing units constructed	Review of Housing policy to benefit the poor, public-private partnership to provide affordable housing	Government partnership with foreign estate company to provide houses	180,000,000	2005-2008	Ministry of Works and Housing, Ministry of Finance, SSNIT, NGOs, Private Companies & Landlords	Civil society, private landlords	Office of the President and NAPRM-GC
Limited Access to Finance	Increased share of credit to the private sector, microfinance and micro-interest rates, rural banks networked and resourced to facilitate financial intermediation	Number of rural banks networked, Share of total credit to the private sector increased by 10 percentage points, reduction in the cost of credit	Reduced interest on loans, improve bank operations in the rural areas, improve women's access to credit	Macro-stability and reduction in the bank of Ghana's prime rate	70,000,000	2005-2008	Bank of Ghana, financial institutions	Private Investors, civil society organizations, ISSER, HFC	Office of the President and NAPRM-GC
Inadequate and Improper functioning goods market	Adequate and well functioning markets which are very accessible	Number of effective and accessible markets created annually	De-congest the capital cities and provide markets with the necessary facilities	Re-location and construction of new markets	150,000,000	2005-2008	Department of Town and Country Planning and District Assemblies.	Civil society, private investors, ISSER and NGOs	Office of the President and NAPRM-GC

**Objective 4: Ensuring Affordable Access to Water, Sanitation, Energy, Finance, Markets, ICT, Shelter and Land to all Citizens, especially the Rural Poor**

Issue	Expected Output	Indicator	Activities	Ongoing Initiatives	Estimated Budget (\$)	Time Frame	Implementing Agencies	Stakeholders	M & E
Lack of Affordable Housing	Housing policy that will benefit the poor is put in place, Affordable housing for the middle and low income group	Number of affordable housing units constructed	Review of Housing policy to benefit the poor, public-private partnership to provide affordable housing	Government partnership with foreign estate company to provide houses	180,000,000	2005-2008	Ministry of Works and Housing, Ministry of Finance, SSNIT, NGOs, Private Companies & Landlords	Civil society, private landlords	Office of the President and NAPRM-GC
Limited Access to Finance	Increased share of credit to the private sector, microfinance and micro-interest rates, rural banks networked and resourced to facilitate financial intermediation	Number of rural banks networked, Share of total credit to the private sector increased by 10 percentage points, reduction in the cost of credit	Reduced interest on loans, improve bank operations in the rural areas, improve women's access to credit	Macro-stability and reduction in the bank of Ghana's prime rate	70,000,000	2005-2008	Bank of Ghana, financial institutions	Private investors, civil society organizations, ISSER, HFC	Office of the President and NAPRM-GC
Inadequate and Improper functioning goods market	Adequate and well functioning markets which are very accessible	Number of effective and accessible markets created annually	De-congest the capital cities and provide markets with the necessary facilities	Re-location and construction of new markets	150,000,000	2005-2008	Department of Town and Country Planning and District Assemblies.	Civil society, private investors, ISSER and NGOs	Office of the President and NAPRM-GC

Issue	Expected Output	Indicator	Activities	Ongoing Initiatives	Estimated Budget (\$)	Time Frame	Implementing Agencies	Stakeholders	M & E
Poor Road network and other Infrastructure	Proportion of rural and urban roads linking major cities constructed	At least 60% of Urban Roads and 50% of rural roads have been put in a motorable shape	Improvement in farm roads to markets through re-gravelling, upgrading of feeder roads, develop and maintain major highways	Infrastructure development, particularly highways linking major cities and towns	300,000,000	2005-2008	Ministry of Roads and Highways, Ministry of Finance.	Civil society organizations, Private investors, ISSER.	Office of the President and NAPRM-GC
Low application of ICT and Science and Technology	Increased coverage of telephone, Science & Technology, internet, etc particularly in the rural areas	Internet access increased and at least access to telephone increased by 30%, 5% of annual budget for science & technology research	Increase telephone lines, encourage private participation including FDI, review existing regulations	Increase coverage of cellular phone operators, Ghana Telecom to expand coverage, NEPAD e-school project.	180,000,000	2005-2008	National Communications Authority, Ministry of Information, Kofi Annan ICT Centre	Civil society, private investors, ISSER, Universities.	Office of the President and NAPRM-GC
Limited Access to Land and poor land management		Proportion of women who own land increased significantly, Population with access to land increased	Improve access and security to land, increase irrigation, improve land tenure	Land Administration Project, Land Reforms Policy	170,000,000	2005-2008	Lands Commission and MDA's	Civil society organizations stakeholders, Traditional Authorities, ISSER.	Office of the President and NAPRM-GC

### Objective 5: Progress towards Gender Mainstreaming and Equality

ISSUE	Expected Output	ACTIVITIES	INDICATORS	IMPLEMENTING AGENCIES	BUDGET (\$)	TIME FRAME	M&E
Inadequate Implementation of Gender Policies and Programmes	Gender Desk in All Ministries Operational, scholarship schemes for girls instituted, Capacity building programme in place for women in public office  An enabling socio-cultural environment for women empowerment in place	Sensitization, public education and awareness creation, Training  Women's Desk at the Ministries	Gender Parity in Schools, Proportion of Women Appointees Increased to 20%, Increased Proportion of Women MPs	Ministry of Women & Children's Affairs, Chiefs, MMDAs, MDA's	180,000	2005-2008	Office of the President and NAPRM-GC

**Objective 6: Broad-Based Participation in Development**

ISSUE	Expected Output	ACTIVITIES	INDICATORS	IMPLEMENTING AGENCIES	BUDGET (\$)	TIME FRAME	M&E
Lack of Effective Participation of Stakeholders at the Grass root	Involve all stakeholders in planning and implementation process  Units Committees established in MDAs and MMDAs for monitoring and implementation of policies and Programmes	Involve all stakeholders in planning and implementation process  Establish Units or committees at MDAs and MMDAs to facilitate the implementation of policies and laws with effective public consultation  Training in M&E Skills for MDAs and MMDAs  Training in Project Management	Adequate representation of stakeholders at the implementation stage	MMDAs, MDAs, Ministry of Local Government, NDPC, MOFEP.	16,000,000	2005-2010	Office of the President and NAPRM-GC
<b>TOTAL</b>					1,867,150,000		

**GRAND TOTAL = US\$ 5,000,000,000**

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Wednesday, December 07, 2005

Your Excellency,

**TRANSMISSION OF THE COUNTRY REVIEW REPORTS OF GHANA AND RWANDA IN  
VIEW OF THE NEXT SUMMIT OF THE APR FORUM.**

In accordance with the APRM Base Documents and on behalf of the African Peer Review Mechanism Panel of Eminent Persons, I have the pleasure in submitting herewith the Country Review Reports of Ghana and Rwanda in preparation for the forthcoming summit of the African Peer Review Forum (APR Forum). The venue of the Summit will be communicated to your office in due course.

These Reports provide the findings and recommendations of the Country Review Missions to Ghana and Rwanda and presented officially to the 3<sup>rd</sup> Summit of the APR Forum in Abuja in June 2005. The reports have been editorially revised as requested by the Forum. It is hoped that these edited Reports will enable the APR Forum to undertake the peer review and to formulate any further actions towards an effective implementation of the APRM Process.

Please accept, Your Excellency, the assurances of my highest esteem.

Yours sincerely

Amb. Bethuel Kiplagat  
Chairperson of the African Peer  
Review Panel of Eminent Persons  
(APR Panel)



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Midrand, 3<sup>rd</sup> December 2005

Dear Reader

**SUBJECT: EDITED VERSION OF THE REVIEW REPORT FOR GHANA**

I have the honour and the pleasure to present you the final review report for Ghana, edited without altering the substance as requested by the APRM Forum of Heads of State and Government at their 3<sup>rd</sup> Summit in June 2005. The Government of Ghana's comments in appendix 1 have also been subsequently updated to suit the edited report, and sent in November 2005. They are attached herewith as an addendum, and they should be read together with appendix 1, and considered as part and parcel of the whole report.

Please note that some of the comments in the report have been taken into consideration during the editing of the report in June 2005. The reader is therefore advised to consider the last version of the Ghanaian Government comments in the addendum as the most appropriate for the Peer Review of the respective topic of comments.

You may wish to note also that the addendum contains also the final Plan of action, which replaces the one in the main report.

Once again, we seize this opportunity to thank you, dear reader, for your continued cooperation in support of the APRM process.

Yours sincerely,

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Dr. Bernard Kouassi  
Executive Director  
APRM Secretariat