

GHANA



MILLENNIUM DEVELOPMENT GOALS

REPORT 2004

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STATUS AT A GLANCE

GHANA'S PROGRESS TOWARDS THE MILLENIUM DEVELOPMENT GOALS

GOALS	WILL GOAL BE REACHED?				STATE OF SUPPORTIVE ENVIRONMENT			
Extreme poverty and hunger Halve the proportion of people below the national poverty line by 2015 Halve the proportion of people who suffer from hunger	Probably	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving	Weak
	Probably	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving	Weak
Universal primary education Achieve universal access to primary education by 2015	Probably	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving	Weak
Gender equality Eliminate gender disparity in primary and junior secondary education by 2005 Achieve equal access for boys and girls to senior secondary by 2005	Probably	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving	Weak
	Probably	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving	Weak
Under-five mortality Reduce under-five mortality by two-thirds by 2015	Probably	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving	Weak
Maternal mortality Reduce maternal mortality ratio by three-quarters by 2015	Probably	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving	Weak
HIV/AIDS & Malaria Halt and reverse the spread of HIV/AIDS by 2015 Halt and reverse the incidence of malaria	Probably	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving	Weak
	Probably	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving	Weak
Ensure environmental sustainability Integrate the principles of sustainable development into country policies and programmes and reverse loss of environmental resources Halve the proportion of people without access to safe drinking water by 2015 By 2020 a significant improvement would have been achieved in the lives of at least 100 million slum dwellers.	Probably	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving	Weak
	Probably	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving	Weak
	Probably	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving	Weak
Global partnership for development Deal comprehensively with debt and make debt sustainable in the long term	Probably	Potentially	Unlikely	Lack of data	Strong	Fair	Weak but improving	Weak

1.0 BACKGROUND

Documentation of Ghana's progress towards the achievement of the Millennium Development Goals began with the compilation of the 2002 MDG report, which focused on performance indicators prior to the implementation of the Growth and Poverty Reduction Strategy (GPRS) in 2002. On July 13 2004, after successfully implementing the GPRS for one year, Ghana became the 14th nation to reach "completion point", joining Benin, Bolivia, Burkina Faso, Ethiopia, Guyana, Mali, Mauritania, Mozambique, Nicaragua, Niger, Senegal, Tanzania, and Uganda. It is therefore instructive for Ghana to assess its performance and progress towards the realization of the MDG since 2002. The findings of this report will feed into the GPRS review and update process currently in progress.

The findings of the 2002 MDG report revealed good progress towards the realization of the MDG goals of halving poverty and reducing under-five mortality by 2015. However, the report also noted that it was unlikely that, by 2015, Ghana would have achieved the goal of reducing maternal mortality by two-thirds. Furthermore, performance with respect to universal primary education, environmental sustainability, gender equality, HIV/AIDS and malaria and global partnership for equity was mixed. In effect, the prognosis was that achieving the goals of the MDGs would require additional effort on the part of policymakers particularly in the area of maternal mortality.

However, since the publication of the last report, several new developments have occurred that focus on addressing the constraints to the realization of the MDGs. This report updates the 2002 report by examining the effectiveness of current policy initiatives resources in achieving the goals of the MDG.

THE DEVELOPMENT CONTEXT

Prior to joining the HIPC initiative Ghana had an unsustainable external debt service, double digit inflation, soaring interest rates and a volatile and continually depreciating currency. The population growth rate of 2.6 percent combined with the slow average GDP growth rate of 4.3 percent had contributed to the relatively low per capita income growth rate of 1.7 percent.

Economic Performance

Since the implementation of the Ghana Poverty Reduction Strategy (GPRS), the economy's macro-indicators have improved markedly. The local currency (i.e. the cedi) stabilized against other major currencies (particularly the US dollar), gross international reserves (including goods and services) increased from 1.9 months in 2002 to 3.8 months by 2004, inflation (year-on-year) declined from 15.2 percent in 2002 to 11.8 percent in 2004 while real GDP growth increased from 4.5 to 5.8 percent over the same period.

On average, real GDP has grown at a much faster rate since the implementation of Ghana's PRSP. Real GDP grew at an average rate of 5.2 percent (between 2002 and 2004) compared to an average growth rate of 4.1 percent over the previous three year period (i.e., 1999-2001).

Although the macroeconomic climate has improved in recent years, in the absence of new data on the poverty rate, the impact of the stable macro-economic environment on poverty is yet to be determined. However, one can make informed judgments about poverty trends based on the performance of the real sector (i.e., the GDP and its components) and trends in other socio-economic indicators.

With the exception of the services sector, all sectors experienced faster growth in the PRSP era (i.e., 2002-2004) than in the three

years prior to the implementation of the PRSP (i.e., 1999-2001). The favourable sectoral performance growth was led by agriculture which grew at an average rate of 6.0 percent (over the 2002-2004 period) compared to an average growth of 3.3 percent over the period 1999-2001.

Although the favourable performance was largely concentrated in the *cocoa* sector, both the *food and livestock* and *fishing* sub-sectors, which have traditionally fared poorly, also experienced positive growth trends. Growth in the *food and livestock* subsector increased from a low of 1.1 percent in 2001 to 5.4 percent in 2004. Between the pre-PRSP (1999-2001) and PRSP (2002-2004) periods, growth increased from 3.6 percent to 5.3 percent. The *fishing* subsector also reversed its negative growth of -1.6 percent in 2001 to achieve a 3.8 percent growth in 2004; the highest growth in over a decade (i.e., since 1990).

The favourable performance of the agricultural sector is significant because it employs the bulk of the poor. Indeed, the Ghana Living Standards Survey (1998/1999) revealed that while overall poverty rates declined from 51.7 percent to 39.5 percent between 1991/92 and 1998/99, food-crop farmers experienced the highest incidence of poverty in Ghana. Approximately 60 percent of those engaged in this economic activity fell below the poverty line in 1998/1999.

Incidentally food-crop farmers are predominantly women. Thus, improving agricultural productivity must be central to any initiatives aimed at addressing poverty in Ghana and reducing gender disparities in the distribution of income.

The survey also found growing evidence of regional concentration of poverty particularly in the northern and central regions of the country. Five out of ten regions in the country had more than 40

percent of their population living in poverty in 1999. Of the ten regions, six experienced increases in poverty and extreme poverty in 1999. Furthermore, one third of the population cannot meet their basic nutritional needs.

GOVERNMENT EFFORTS

In the context of GPRS implementation the government has taken several measures to address poverty in Ghana. To address the nation's unsustainable debt and release resources for growth and poverty reduction, Ghana joined the HIPC initiative in 2001 and mapped out a strategy for poverty reduction in the Ghana Poverty Reduction Strategy (GPRS). Full implementation of the GPRS began in 2002 when Ghana's GPRS was formally approved by the joint IMF/World Bank executive board.

The HIPC Experience

In 2001 Ghana announced its decision to join the HIPC initiative. The country however, reached *decision point* in 2002 after qualifying under the fiscal criterion. At the time its debt to revenue ratio of 571 percent (IMF/IDA Enhanced HIPC Decision Point Document February 4, 2002) exceeded the HIPC threshold of 250 percent.

After one year of successful implementation of its Poverty Reduction Strategy Paper (PRSP) Ghana reached *completion point* in 2004 making it eligible for debt stock cancellation. Overall, HIPC assistance has reduced government's external debt and provided additional resources to amortize the domestic debt burden; twenty percent of HIPC resources are currently applied to domestic debt servicing.

Total debt relief under the enhanced HIPC Initiative from all of Ghana's creditors amounts to US\$3.5 billion in nominal terms. This assistance is equivalent to a reduction in net present value (NPV)¹ terms of US\$2.2 billion.

Since Ghana qualified for HIPC assistance because its total debt was approximately six times (570 percent) the size of its revenue (i.e., under the fiscal criterion), debt relief was originally calculated to bring the NPV of debt-to-government revenue ratio down to the HIPC threshold of 250 percent. This implied that its debt would be approximately 2.5 times (as opposed to 6 times) larger than its revenue after HIPC relief.

In reality, however, debt relief, together with bilateral assistance beyond HIPC relief, is expected to lower Ghana's debt-to-government revenue ratio to 130 percent by the end of 2004. This level is 120 percentage points below the HIPC threshold of 250 percent (for the debt/revenue ratio). The debt-to-export ratio is also expected to decline to 84 percent after HIPC relief. Again, the original consideration was a debt to export ratio of 230 percent. In effect, the quantum of HIPC relief exceeded expectations.

Debt service relief from the International Development Association will amount to US\$1.4 billion (US\$782 million in NPV terms), which will be paid to Ghana through a 67 percent reduction in the country's debt service obligation to the IDA from 2002 to 2022.

The IMF will provide debt relief of US\$112 million (in NPV terms) on payments falling due to the IMF during 2002 to 2009. The remaining bilateral and multilateral creditors are also expected to provide their share of relief required under the enhanced HIPC Initiative.

In addition, many bilateral creditors have indicated their intention to provide additional relief beyond the enhanced HIPC Initiative (estimated to total about US\$500 million in NPV terms). Between 2004 and 2013, Ghana will save approximately US\$230 million annually in debt service costs.

The debt servicing savings derived from the HIPC initiative are to be used to finance programmes and projects that benefit the poor. These programmes as articulated in the 2005 Budget Statement focus on the following priority areas: a) human resource development achieved through improved delivery of education and health services b) private sector development with a focus on improving agricultural sector productivity and c) good governance.

To address the excessive domestic debt burden stemming from high interest rates and the short-term maturity profile of the domestic debt, the government applied 20 percent of its HIPC resources to the repayment of the domestic debt and introduced longer dated securities to lengthen the maturity profile of its domestic debt.

To curb excessive fiscal spending, Parliament passed a bill restricting the Central Bank's financing of the budget deficit to no more than 10 percent of the previous year's tax revenue.

The Financial Administration Bill was also passed into law at the end of December 2003 to strengthen the regulatory framework and public expenditure management. Jointly these efforts contributed to Ghana's favourable sovereign credit rating of B+ in 2003.

Government efforts were not restricted to the creation of a stable macro-economic environment. To directly improve the conditions of the poor, the government directed savings from the HIPC initiative to the sub-national level (i.e., the districts) to finance the construction of schools and improve the delivery of health, water and sanitation services.

Correspondingly, budgetary allocations to the health, education and water and

sanitation sub-sectors have been increased since the implementation of the GPRS.

Some of the successes recorded in the area of health, include improved immunization coverage and a reduction in malaria case fatalities among children (under-five).

To improve access to potable water and reduce the incidence of guinea worm infestation, water management projects were initiated in several districts including the rehabilitation of water treatment plants and the construction of boreholes in 9 guinea worm endemic districts.

To facilitate market access particularly of farm produce to urban centers of demand, the government rehabilitated 2000 km of feeder roads in 2003, constructed 90 bridges nationwide and reintroduced a mass transit system in all the major cities.

To address rural-urban and district level disparities in access to education, the government initiated a programme to upgrade or build at least one model senior secondary school in every district of the nation.

As part of its effort to promote broad-based growth through accelerated investment in agriculture, the government has proposed the development of a regulated warehouse receipt system. Under this system farmers will be able to use their commodities or farm produce as collateral for credit. It is anticipated that the system will contribute to increased agricultural output for domestic and external markets, thereby improving food security, agro-processing and incomes of farmers.

To facilitate the development of sustainable livelihood activities for the poor and address the financing needs of micro and small enterprises (MSEs) the government has put in place policy measures to provide financial support to MSEs, strengthen linkages between the formal and informal financial

sector institutions and build the institutional capacity of Micro-finance institutions.

To ensure informed policymaking, government, together with donor partners, commissioned five Poverty and Social Impact studies to determine the impact of a variety of poverty sensitive policy reforms on the poor.

Finally, government expenditures on poverty-focused activities increased as a proportion of total expenditures. Poverty-related expenditures include expenditures on basic education, primary health care, rural water, feeder roads, agriculture and rural electrification.

The initiatives of government outlined above will facilitate the realization of several of the MDG goals. For instance, improving public expenditure management and the decision to participate in the HIPC initiative have been critical elements in reducing the nation's total (external and domestic) debt burden. This achievement is consistent with realizing the MDG objective of ensuring long term debt sustainability (Goal 8).

Government's initiatives to improve access to potable water and reduce the incidence of guinea worm infestations are also consistent with realizing the MDG target of halving the proportion of people without access to safe water (Goal 7). Furthermore, measures to increase immunization coverage will help in achieving the MDG reducing under-five mortality (Goal 4).

Improving market access for agricultural produce and the introduction of the warehouse receipt system is a potentially effective means of increasing the income of farmers and consequently minimizing the incidence of poverty among this group. Since farmers are disproportionately represented among the ranks of the poor this measure can contribute to the realization of

the MDG goal of halving the incidence of poverty by 2015 (Goal 1).

Challenges

Despite government efforts to improve the socio-economic well-being of the majority of its citizenry through broad-based growth, several challenges remain. One of such challenges is the limited success in the area of public sector reform. Reform in the public sector is required to improve public sector efficiency and conditions of service while simultaneously improving the fiscal balance by reducing the relative share of budgetary resources allocated to the public sector wage bill.

As a proportion of discretionary expenditures the public sector wage bill has been as high as 80 percent in some years. This has left little funding for investment, administrative overheads and other service related expenditure. Furthermore it has deepened the nation's fiscal dependence on

donor partners and ultimately undermined fiscal autonomy and genuine country ownership of development policy, programmes and projects.

Furthermore, the institutional capacity to monitor implementation of programmes and projects is generally weak. This poses a challenge for policymaking because it makes it difficult to identify and correct lapses in programme and project implementation.

Moreover, while current government policy initiatives to deregulate the petroleum sector could improve the fiscal stance of government, in the absence of targeted safety nets, such policies could deepen the incidence of poverty particularly among vulnerable groups. Hence, there is a need for the design and implementation of socially and financially sustainable safety nets to mitigate the impact of rising petroleum product prices on the poor.

GOAL 1: ERADICATE EXTREME POVERTY

Target 1: Halve the proportion of those in extreme poverty between 1990-2015

Indicator: Proportion below national basic needs, poverty line

1 - Reducing Extreme Poverty:

Status and Trends

The most recent data on the incidence of poverty in Ghana compiled in 1999 (Ghana Living Standards Survey 4) estimated a poverty rate of 39 percent. According to the survey, poverty was concentrated in the northern, upper east and central regions of the country and among food-crop farmers.

However, trends in the macro-economic indicators including increased sectoral growth rates and increased expenditures on poverty-focused activities point to a decline in poverty rates.

Indeed, improvements in macro-economic indicators have been associated with faster GDP growth. Furthermore, GDP growth has been led by the agricultural sector which employs the majority of the poor.

While these developments are positive indicators of declining poverty rates other factors suggest that trends in the real GDP growth must be interpreted with caution.

The 5.2 percent average real GDP growth over the 2002-2004 period is still well below the 7 percent rate estimated to significantly reduce poverty by 2015.

2- Challenges to reducing extreme poverty

The 2002 MDG argued that the realization of the MDG goal of halving the poverty rate by 2015 hinged on the formulation of appropriate policies, the political will to implement the policies and the ability to monitor and review policy through timely access to reliable poverty data and effective monitoring institutions.

With the formulation and implementation of the GPRS, issues with respect to policy formulation have largely been addressed. The most pressing

challenges to date are in the area of policy implementation and effective monitoring.

Specifically, the critical challenges include:

- Ensuring that programmes in the GPRS are linked to the annual budget and funded as planned;
- Maintaining macro-stability in the face of external shocks such as rising crude oil prices;
- The ability to fund safety nets for groups adversely affected by current and imminent policies of full cost recovery pricing in the energy sector;
- Rationalizing the public sector and reducing the relative size of the discretionary budget allocated public sector wage bill;
- Addressing long term population growth rate through reductions in the fertility rate;
- Addressing the growing risks implied by the spread of HIV/AIDS;
- Coordinating the myriad of poverty focused programmes and projects currently in place;
- Sustaining the political will to implement the GPRS.

Significant challenges also exist in the area of monitoring and evaluation and routine data collection and processing. For instance, currently, the Ministry of Food and Agriculture captures data for only food crops. There is a need to expand the coverage of the Annual Survey to include non-food crops. Also, data at all levels need to be disaggregated with respect to gender. This will allow policies, programmes, and projects to directly focus/target the poor, and will reduce budgetary variances /deviations/ optimize budgetary allocations.

Furthermore, there is a need to accord greater fiscal priority to monitoring and evaluation. Ensuring adequate financing of poverty monitoring initiatives and data collection at the

district level will improve the quality and timeliness of data delivery.

3 – Supportive Environment

Several policy measures and projects consistent with the goal of poverty reduction have been undertaken since the implementation of the GPRS in 2002. They include:

- Substantial improvements in the macro-economic environment as evidenced by a decline in inflation and interest rates and a corresponding increase in credit to the private sector from 11% in 2001 to 37.5% in 2003;
- Efforts to link the GPRS to the budget through the Medium Term Expenditure Framework;
- Efforts to promote district-level autonomy in the implementation of their development plans through the enactment of the Local Government Bill;
- The preparation of a draft National Decentralization Action Plan and district composite budgets to operationalize the Local Government Act;
- Channelling HIPC-related expenditures to health, sanitation, education and employment-generating projects at the district level;
- In addition to providing funds to MDAs to finance district level projects, government has also directly funded district Assemblies to carry out projects that impact directly on the poor;
- Increased budgetary share of rural infrastructure expenditure;
- The introduction of improved irrigation technologies and a doubling of the area of land under irrigation since 2002. The total land area under irrigation is currently estimated at 0.08%;
- The enactment of the National Insurance Bill to increase access to health care and

minimize the health expenditures of the poor;

- The introduction of a high impact and rapid delivery programme in selected districts in the Northern and Upper East regions to reduce malnutrition and regional inequalities in under-5 and maternal mortality;
- An overall increase in poverty-related expenditures. Poverty-related expenditures accounted for 30.25 percent of total government expenditure in 2004 (2005 Annual Budget Report) representing approximately a 28 percent increase over planned poverty reduction expenditures in 2003.

3.1 Resource Requirements

The Ghana Poverty Reduction Strategy is currently being reviewed and updated hence there are no current estimates for the second phase of implementation. The first GPRS was however, estimated to cost approximately \$5 billion. This amount covered the implementation of all programmes and projects under the five thematic areas of the GPRS including priority programmes scheduled for implementation during the period 2002-2004.

4 – Priorities for Development Assistance

Donor and domestic resources must respect the priorities of the GPRS. Furthermore, disbursements must be made in a timely fashion to ensure effective utilization of resources. In this respect, donor partners must continue to promote greater participation and commitment to leveraging the government resource envelope through mutually agreeable mechanisms such as the multi-donor budget support (MDBS) programme.

4 – Reducing extreme poverty: Monitoring and evaluation environment

Elements of Monitoring Environment	Assessment		
Data-gathering capacities	Strong	Fair	Weak
Quality of recent survey information	Strong	Fair	Weak
Statistical tracking capacities	Strong	Fair	Weak
Statistical analysis capacities	Strong	Fair	Weak
Capacities to incorporate statistical analysis into policy, planning & resource allocation mechanisms	Strong	Fair	Weak
Monitoring & evaluation mechanisms	Strong	Fair	Weak

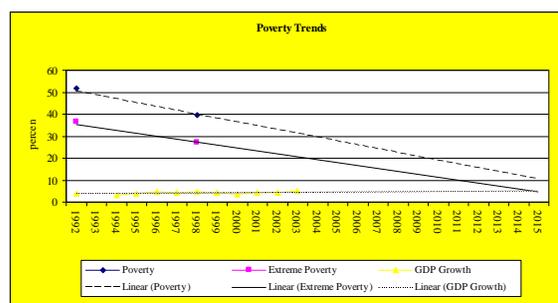
Status at a Glance

Will Target be reached by 2015?

Probably, Potentially, Unlikely, Insufficient Data

The 2002 report noted that a real GDP growth rate of 4 percent would halve the poverty rate by 2015 without necessarily reducing the absolute number of poor people. Reducing the number of poor persons would require at least a 7 percent real growth rate.

At the time of compiling the 2002 report, real GDP growth averaged 4.3 percent over the period 1995-2000. However, real GDP growth has been slightly higher since the implementation of the GPRS (2001-2004); it averaged 5.2 percent. Linear trend estimates suggest that the current growth trajectory of approximately 5 percent per annum (in real terms) is consistent with an extreme poverty rate of approximately 6 percent in 2015 and a poverty rate of 10 percent in the same year.



Given the increased growth that the economy has attained in recent years together with the strong supportive environment, it is very likely that Ghana will halve the poverty rate by 2015. It is important to caution however, trends in poverty reduction are not necessarily linear since they can be influenced by shocks, policy reversals and other unforeseen circumstances.

State of supportive environment

Strong, Fair, Weak but Improving, Weak

GOAL 1: ERADICATE EXTREME POVERTY AND HUNGER

Target 2: Halve the proportion of people who suffer from hunger by 2015

Indicator: Prevalence of underweight children (children under-five)

1. Status and trends

Malnutrition remains a concern in Ghana. Protein energy malnutrition is the most prevalent nutritional disorder. Micronutrient deficiencies in Vitamin A, iodine, and iron are also quite common. The groups most vulnerable to malnutrition are children of pre-school and school going ages, pregnant women and lactating women. Hunger and malnutrition often translate into a high incidence of stunting, wasting and low weight among these groups.

Data from the 2003 GDHS indicate that child malnutrition remains a major problem. The survey results show that 30 percent of children under five are stunted 30 percent are wasted and 7 percent are underweight.

Trends in children's nutritional status indicate that efforts to reduce child malnutrition since the 1990s have yielded mixed results. While the incidence of both underweight and wasted children have declined, albeit marginally, the reverse is true for stunted children.

For instance, the proportion of children underweight, decreased slightly from 10% in 1998 to 7 % in 2003. Similarly, the proportion of children identified as wasted also decreased from 25% to 22% over the same period. However, the proportion of children under-five categorized as stunted increased from 26% in 1998 to 30 percent in 2003.

There are also marked rural-urban as well as regional differences in vulnerability to child malnutrition. Rural children are more likely to be underweight than urban children.

Furthermore, children living in the three northern regions, including the Volta region also are more likely to be underweight (GDHS, 2003) than children in the other regions of the country.

The Ghana Demographic and Health Survey (2003) attributes the problem of nutrition to chronic food shortages particularly in the northern regions of the country. In effect, food security is key to improving the nutritional status of children.

Indeed, the nutritional status of children correlates with poverty levels of households. Children who live in the lowest wealth quintile are at higher risk of being underweight than those from higher wealth quintiles (GDHS, 2003).

2. Challenges

In order of importance, the key challenges to reducing the proportion of underweight children are:

- Improving household food security, especially among poor households;
- Reducing seasonal variations in food production, particularly in “hungry season” prone areas in the northern regions;
- Minimizing the incidence of inappropriate feeding practices;
- Ensuring adequate dietary intake;
- Improving cross-sectoral collaboration in the design and implementation of nutritional programmes.

3. Supportive environment

A number of programmes/projects are being implemented to address the problem of malnutrition.

District Health Management Teams (DHMTs) have instituted Child Welfare Clinics to monitor children at risk of malnutrition. Such Clinics also promote and advocate exclusive breast feeding practices, engage in nutritional education and assessment and also designate deserving health facilities as Baby Friendly.

A National Plan of Action for Food and Nutrition was initiated in 1993, following the recommendation of International Conference on Nutrition. Under the Action Plan, a micronutrient deficiency control programme was established with sub-committees for iodine, Vitamin A, and iron. The programme was also complemented by the promotion of Vitamin A supplementation for pregnant and lactating mothers and children.

As part of the country's poverty reduction strategy, a community-based nutrition and food security project is currently being implemented on a pilot basis with the support of the World Bank. The project is aimed at strengthening the capacity of communities to achieve, on a sustainable basis, adequate nutrition and food security, especially for pregnant and lactating women and children.

A school feeding programme to improve the nutritional status of school children and enhance enrolment is being implemented.

3.1 Resource Requirements

Information on the resource requirements for this goal is currently unavailable.

4 – Priorities for Development Assistance

Development partners can assist government by coordinating their investments in programmes to reduce micronutrient deficiencies in children.

5 – Hunger and malnutrition - Monitoring and evaluation environment

Elements of Monitoring Environment	Assessment		
Data-gathering capacities	Strong	Fair	Weak
Quality of recent survey information	Strong	Fair	Weak
Statistical tracking capacities	Strong	Fair	Weak
Statistical analysis capacities	Strong	Fair	Weak
Capacities to incorporate statistical analysis into policy, planning & resource allocation mechanisms	Strong	Fair	Weak
Monitoring & evaluation mechanisms	Strong	Fair	Weak

Status at a Glance

Will Target be reached by 2015?

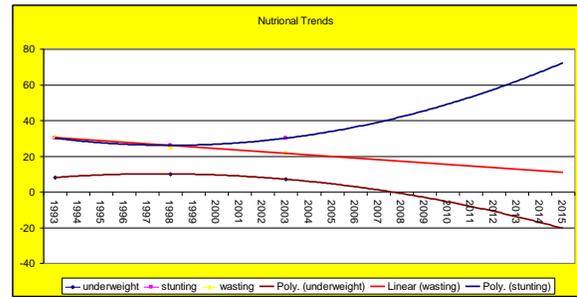
Probably, **Potentially**, Unlikely, Insufficient Data

If current trends in nutritional trends should continue, it is likely that Ghana will meet the MDG target of reducing by half, the incidence of underweight and wasted children by 2015. For instance, current trends indicate that, by 2015, the incidence of underweight children will be virtually nil by 2015. However, the incidence of stunting will continue to rise if unchecked.

Stunting has been observed to decline with increased birth intervals; hence efforts to lengthen birth intervals through comprehensive family planning practices could reverse the growing incidence of stunting.

State of supportive environment

Strong, **Fair**, Weak but improving, Weak



GOAL 2: ACHIEVE UNIVERSAL PRIMARY EDUCATION

Target 3: Achieve universal access to primary education by 2015

Indicator: Net primary enrolment ratio

1-Status and Trends

Due to unavailability of data on net enrolment ratio prior to 2002, the gross primary enrolment ratio (GPER) is used here to discern trends in achieving the target of universal primary education by 2015. The gross enrolment ratio gives an indication of level of participation in the primary education and takes into account all pupils enrolled in primary school.

Ghana has experienced steady but marginal increases in the GPER since 2001/02. The ratio increased from 83.8% in 2001/02 to 85.7% in 2002/03 and then to 86.3% in 2003/04 (MoES, 2004).

Available data on retention of pupils reveals that, on average, the survival rate from primary grade 1 to primary grade 6 improved modestly from 79.9% in 2002/03 to 84.7% in 2003/04 (MoES, 2004). Even with this improvement in survival, about 15% of all pupils who enter school drop out by primary 6. Nevertheless, progress which have been made in primary enrolment and survival rates over the years have impacted positively on the number of pupils completing primary education.

The factors constraining enrolment include inadequate number of schools in good condition, lack of proximity to schools, inability of poor parents to provide school uniforms for their children, and lack of trained teachers. In addition, fees and levies imposed by district assemblies and schools tend to prevent many children in both urban and rural areas from attending school.

Although the number of primary schools increased from 12,326 in 1998 to 16,046 by

2003/04, several of primary school buildings are in severe state of disrepair. It is estimated that about 31.4% of public primary classrooms need rehabilitation (MoES, 2004).

Another factor that has compromised school enrolment is parental perception of a decline in the quality of education. To the extent that parents believe they are not getting good returns to their investment in their children's education in terms of quality and relevance, they will be hesitant about sending their children to school.

Progress towards improving quality of basic education has been slow and given rise to public concern. In particular pupil: core textbook ratios are falling. Furthermore, the national primary pupil: teacher ratio of 1:35 is below the internationally accepted optimum of 1:40 which ensures efficiency without compromising quality. Meanwhile, the percentage of qualified teachers has not improved sufficiently to make an impact on quality of education. Other factors that contribute to poor quality of education include poor school facilities, low level of teacher commitment due to poor working conditions, poor supervision of schools and low motivation of students.

The low quality of education is reflected in poor performance in both the Criterion Reference Test (CRT) and the Performance Monitoring Tests (PMT) conducted periodically by the Ministry of Education and Sports to monitor quality of education. Addressing the issue of quality of education will require substantial investments in the education sector. A large proportion of the financial allocations to the sector is absorbed by teachers' salaries, leaving little funds for non-salary expenditure. This has adversely

affected the availability of teaching and learning materials and the level of infrastructure development.

2- Challenges

The key challenges to achieving universal basic enrolment revolve around the issue of formulating appropriate strategies to stimulate primary school enrolment and pupil retention. Specifically, they include:

- Realignment of education budgets towards primary education
- Extending per capita grant schemes (school operating budgets) to all districts and abolishing school fees/levies
- Closing the gender gap in primary education
- Addressing geographical disparities in access to education
- Introducing a formal system of re-absorbing school drop outs
- Implementing measures to ensure teacher deployment and retention in favour of deprived districts and rural areas
- Implementing measures to increase the number of trained teachers
- Involving parents and community in school administration

3 – Supportive Environment

To improve the delivery of basic education services, the Ghana Poverty Reduction Strategy (GPRS) places renewed emphasis on expanding access to basic education. Measures implemented towards achieving these objectives include the rehabilitation/development of physical infrastructure; providing incentive schemes to increase the enrolment and retention of girls; procurement and supply of teaching and learning materials; implementing teacher retention schemes in the most deprived districts; and increasing the resources delivered to deprived districts.

The Ministry of Education and Sports completed an Education Strategic Plan (ESP),

which is informed by the GPRS, in 2003. Implementation of the ESP is expected to facilitate the achievement of the targets of the Universal Primary Education by 2015.

The government's commitment in expanding access to basic education is reflected in increased financial resources to the education sector. The execution rate of budgeted non-salary recurrent expenditure on education, for example, improved significantly from its 2002 level of 63.6% to 91% in 2003. In addition to government funding, resources from traditional authority sources (such as the *Otumfuo Education Fund* and the *Northern Education Trust Fund*) and non-governmental organisations support the financing of primary education in Ghana.

Addressing the problems of the education sector will require:

- Strengthening programmes that ensure access to education
- Expanding teacher retention schemes in deprived districts
- Improving the quality of teaching and learning
- Improving and strengthening teacher supervision.
- Ensuring the autonomy of the Inspectorate Division of the Ministry of Education and Sports through either institutionalizing it as separate department within the Ministry or as an external agency outside the Ministry.
- Improving and strengthening educational planning and management.

3.1 Resource Requirements

The Ghana Poverty Reduction Strategy estimates the cost of increasing access to education and training at \$524 million.

4 – Priorities for Development Assistance

Donors can assist government by the following:

- Providing more support for improving the quality of basic education
- Assisting government’s effort to abolish all school levies
- Assisting government to improve the quality and storage of data on education
- Supporting the training of teachers
- Supporting capacity building (human and material) to facilitate school supervision and monitoring progress in basic education.

5 – Monitoring and evaluation environment

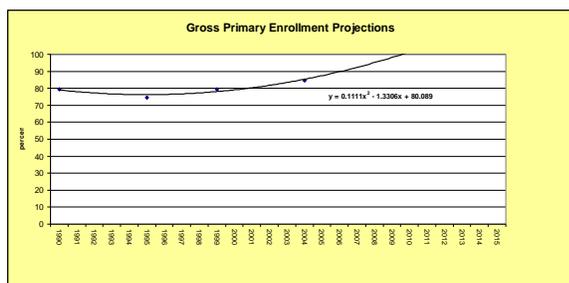
Elements of Monitoring Environment	Assessment		
	Strong	Fair	Weak
Data-gathering capacities	Strong	Fair	Weak
Quality of recent survey information	Strong	Fair	Weak
Statistical tracking capacities	Strong	Fair	Weak
Statistical analysis capacities	Strong	Fair	Weak
Capacities to incorporate statistical analysis into policy, planning & resource allocation mechanisms	Strong	Fair	Weak
Monitoring & evaluation mechanisms	Strong	Fair	Weak

Status at a Glance

Will Target be reached by 2015?

Probably, Potentially, Unlikely, Insufficient Data

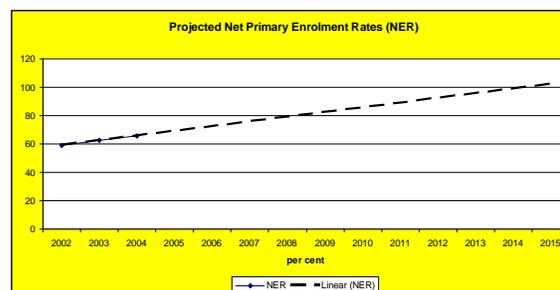
Projections based on current trends in gross enrolment rates suggest that universal access to primary education will be achieved by 2010.



Using 2002 baseline data on net primary enrolment rates (NER), the Ministry of Education and Sport’s Education Strategic Plan (ESP) for the 2003-15 period, projects

that Ghana will achieve 100 percent net primary enrolment by 2015. The NER increased from 58.8 percent in 2002 to 65 percent by 2004. Net enrolments will therefore need to increase by approximately 3.5 percentage points per year to achieve universal primary education by 2015.

However, at current net enrolment rates projected trends confirm that the objective of universal primary enrolment is likely to be realized by 2015.



State of supportive environment
Strong, Fair, Weak but improving, Weak

GOAL 3: PROMOTE GENDER EQUALITY AND EMPOWER WOMEN

Target 9: Eliminate gender disparity in primary and secondary education by 2005

Indicator: Ratio of females to males in primary, junior and senior secondary schools

Target: Achieve equal access for boys and girls to senior secondary by 2005

Indicator: Ratio of females to males in senior secondary school

1-Status and Trends

Closing the persistent gender gap in education at all levels continues to be a major challenge to the education sector in Ghana. Available information points to only slow progress in achieving gender parity in education. At the primary level, the Gender Parity Index (GPI) marginally improved from 82 to 93 females to 100 males between 2002/03 and 2003/04. The national GPI masked regional differences. In the Northern Region, GPI is below the national average at 0.81. In the Upper East and Upper West, it is above the national average at 0.98 and 1.02 respectively.

Gender parity is lower at the junior secondary school level than at the primary level. However, unlike the primary level, the GPI for junior secondary school improved significantly between 1990 (62 females to 100 males) and 2003 (88 females to 100 males). Socio-cultural barriers to female enrolment in education in Ghana include poverty, direct cost of schooling, gender socialization, level of parental education and cultural and traditional practices, such as early marriage, customary fostering, puberty rites and Trokosi (female ritual slavery). Girls enrolled in school are more likely than boys to be withdrawn from school to help in household chores and family business.

2-Challenges

Achieving equal access to education for boys and girls faces several challenges including:

- Implementing strategies for gender equality in education that take into account the need for changes in attitudes, values and cultural practices
- Expanding and strengthening incentive and scholarship schemes for girls
- Improving the quality and relevance of basic education
- Increasing the transition rate for girls to senior secondary schools
- Sensitizing parents and communities about the importance of girls' education.

3 – Supportive Environment

In spite of challenges, concrete measures have been taken that have led to improvements in gender parity in enrolments. They include the *appointment of a Minister responsible for, among other things, girl-child education. A girls' Education Unit was also established in 1997 to give special emphasis to girls' education*, in order to provide equal access to education and educational opportunities, and improve the status of women and girls. The Unit emphasizes increasing girls' enrolment, reducing the dropout rate for girls and increasing the transition rate for girls to senior secondary school.

The current policy of *mainstreaming preschool education in all basic schools* has the potential to eliminate gender enrolment disparities at the primary level particularly since disparities are currently minimal at that level.

Other measures implemented to improve girls' enrolment at the basic level include:

- Provision of material support including school uniforms, stationery, school bags and food rations;
- District and national level scholarship programmes for girls;
- The implementation of gender differentiated capitation grants that provides relatively higher levels of funding for female pupils to address gender disparities;
- Ensuring that separate sanitation facilities are available for female pupils;
- Eliminating gender stereotyping in educational materials;
- Encouraging the recruitment and deployment of female teachers to act as role models;

- Instituting systems/processes to ensure girl child security whilst at school.

3.1 Resource Requirements

The resource requirements for achieving universal primary completion is estimated at \$260.1 million in 2004 and the funding gap for 2004 is \$37.9 million. (MOES, 2004).

4-Priorities for Development Assistance

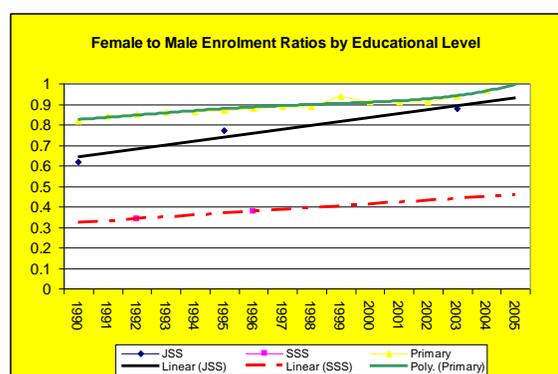
The provision of incentives to encourage female enrolments will greatly enhance and reduce the gender disparities existing. Donor assistance must also focus on funding initiatives aimed at improving access to and delivery of Technical/Vocational Institutions that seek to improve the relevance of education to employment opportunities.

5 – Monitoring and evaluation environment

Elements of Monitoring Environment	Assessment		
Data-gathering capacities	Strong	Fair	Weak
Quality of recent survey information	Strong	Fair	Weak
Statistical tracking capacities	Strong	Fair	Weak
Statistical analysis capacities	Strong	Fair	Weak
Capacities to incorporate statistical analysis into policy, planning & resource allocation mechanisms	Strong	Fair	Weak
Monitoring & evaluation mechanisms	Strong	Fair	Weak

Status at a Glance

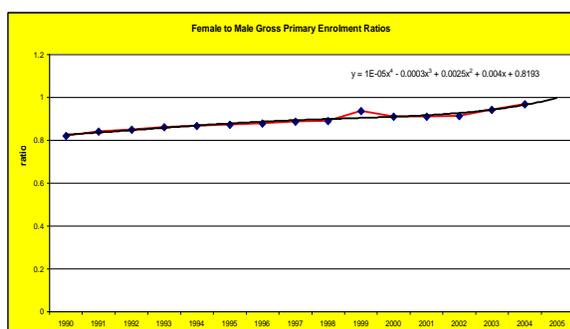
Will Target(s) be reached by 2005?
Probably, Potentially, **Unlikely**, Insufficient data



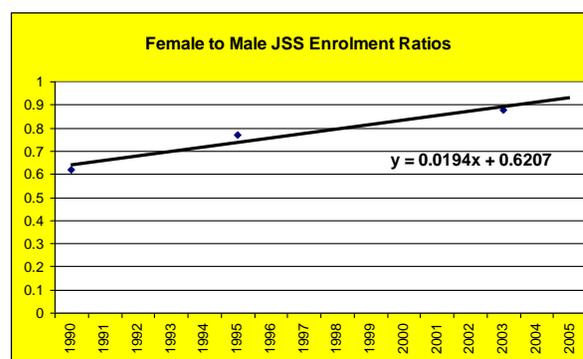
Although gender parity is likely to be achieved at the primary level, it is unlikely to be realized at either the junior or senior secondary level by 2005. Thus, the overall goal of achieving gender parity at the primary, junior secondary and senior secondary levels is unlikely to be achieved.

Hence the ESP targets gender parity at JSS level in 2008 and SSS level for 2015.

The Ministry of Education and Sports projects that gender parity in gross primary enrolment will be achieved by 2005. By this date, it is projected that enrolment rates for both sexes will be 88.5 percent. This projection is corroborated by a trends analysis of female to male primary enrolment ratios (See Graph).



At JSS level, given gender parity trends to date, female enrolment rates will be approximately 90 percent of male enrolment rates by 2005. Given gender parity trends to date, female enrolment rates will be approximately 90 percent of male enrolments rates by 2005. Thus, it is unlikely that gender parity will be achieved at the junior secondary level by 2005.



Recent data on the ratio of females to males in senior secondary schools was not available at the time of compiling this report. However, existing data suggests that gender parity at the senior secondary level is unlikely to be achieved by 2005.

The percentage of females attending SSS is 43.2% for the 2004/05 academic year.

State of supportive environment

Strong, **Fair**, Weak but improving, Weak

GOAL 4: UNDER-FIVE MORTALITY

Target 5: Reduce under-five mortality by two-thirds by 2015

Indicator: Under-five mortality rate

1-Status and Trends

In Ghana, under-five mortality rate (U5MR) remains relatively high and has even increased slightly in the most recent five-year period. Comparison of the 1998 and 2003 Ghana Demographic and Health Surveys (GDHS) shows that U5MR increased from 108 per 1000 live births in 1998 to 111 per 1000 live births in 2003. Under the current child mortality rate of 111 per 1000 live births, one in every nine children dies before reaching age five.

There are marked socio-economic differentials of under-five mortality in Ghana. Mortality levels in rural areas are higher than in urban areas. According to the 2003 GDHS report, U5MR in rural areas is 118 per 1000 live births compared with 93 for urban areas. Across geographical regions, U5MR ranges from 75 per 1000 live births in Greater Accra to a high of 208 in the Upper West Region. The risk of dying is also highest among children whose mothers have no education and/or have no say in household decision making.

The lack of progress in reducing under-five mortality can be attributed to the persistence over the years of six threats to children's health. These threats are high incidence of malaria, acute respiratory infections, diarrhoea, malnutrition, anaemia, measles and neonatal causes. Together, these health problems account for 50% of all childhood admissions and 30% of all childhood deaths.

Childhood mortality rates are also generally associated with demographic factors such as age of mother, birth interval and birth weight. Data from the 2003 GDHS indicate that all these factors are associated with elevated risk of mortality. Infant mortality, for example, is 50% higher among low birth

weight babies than babies of average or larger weight.

Access to safe water, adequate sanitation and safe shelter are also important correlates of child health and mortality. In Ghana less than 50% of rural population have access to safe water and sanitation (CWIQ, 2003) and housing conditions in the country, especially urban slums are characterized by high average occupancy rates and/or excessive pressure on shared facilities such as kitchens, bathrooms and toilets.

2-Challenges

The key challenges confronting the country in its efforts to reduce under-five mortality include:

- Expanding and strengthening EPI programmes, especially to hard to reach areas
- Reducing the equity gap in access to maternal and child health services
- Relocation and retention of health professionals in most deprived regions
- Improving household and community practices
 - Sanitation, water supply and environmental issues
 - Nutrition
 - Immunization
 - Counterproductive cultural beliefs
- Improving the quality of care at all levels especially the referral system
- Prevention of mother to child HIV transmission particularly through breastfeeding.

3-Supportive Environment:

The Ghana Poverty Reduction Strategy gives priority to the health sector and emphasizes primary health care delivery. Consequently, expenditures on health have

increased. The proportion of non-wage recurrent expenditure on health has doubled in four years, from 5.7% in 2000 to 11.8% in 2003. In addition, a new expenditure allocation formula to provide additional funding for health expenditure in deprived areas has been adopted. Expenditure allocation in the new formula is based on population adjusted for health needs (as measured by the levels of IMR and U5MR). Further, under the Highly Indebted Poor Country Initiative a proportion of savings was used to enhance access to basic services of water and sanitation, education and health care.

In response to the prevailing high childhood mortality in the country, specific interventions have been implemented over the years to improve child survival and development. These include:

1. **Integrated Management of Childhood Illness (IMCI):** The programme involves improving the case management skills of health professionals; strengthening health systems to provide essential drugs and logistics for managing childhood diseases; and providing cost-effective interventions including the promotion of breastfeeding, use of ITNs, and managing diseases such as malaria, diarrhoea, and measles.
2. **Expanded Programme in Immunization (EPI):** EPI has been implemented in Ghana since 1978 through a combination of routine and mass immunization exercises. Immunization has been against the six childhood diseases (i.e., diphtheria, measles, pertussis, poliomyelitis, tuberculosis). Efforts to increase immunization coverage are yielding results. According to the 2003 GDHS, the proportion of children age 12-23 months who have fully vaccinated has increased over the past fifteen years, from 47% in

1998 to 69% in 2003. However, there are large geographical variations in coverage, with coverage below the national average in rural areas and the northern part of Ghana.

3. **Enhance Access to Health Services:** The 2003 CWIQ shows that access to health services is a key determinant of health service utilization. Implementation of a Community-based Health Planning and Services Strategy (CHPS) is the Government's strategy for addressing the disparities in health outcomes between regions by bringing services closer to people. The objective of CHPS is to move health services to community locations, developing sustainable voluntarism and community health action programs, empowering women and vulnerable groups and improving interaction between health providers, households and the community.

Other initiatives include:

- Macro-Economics and Health Initiative
- The Global Fund
- Roll back Malaria Program
- The program for accelerated control of measles, maternal and neonatal tetanus
- High Impact Rapid Delivery Program for U5MR and MMR

3.1 Resource Requirements

The cost of enhancing efficiency in health service delivery in general is yet to be estimated.

4-Priorities for Domestic and External Resource Mobilization

- Focus and expand programs in areas of inequity

- Support the scaling up of IMCI and PMTCT
- Coordinate activities with other donors involved in water and sanitation projects
- Support integrated, sustainable outreach services for all communities
- Support the improvement of under-five nutrition

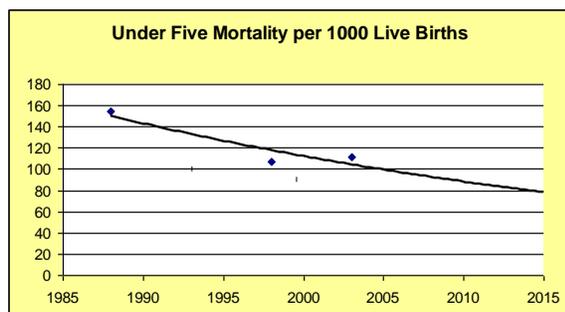
5 – Monitoring and evaluation environment

Elements of Monitoring Environment	Assessment		
Data-gathering capacities	Strong	Fair	Weak
Quality of recent survey information	Strong	Fair	Weak
Statistical tracking capacities	Strong	Fair	Weak
Statistical analysis capacities	Strong	Fair	Weak
Capacities to incorporate statistical analysis into policy, planning & resource allocation mechanisms	Strong	Fair	Weak
Monitoring & evaluation mechanisms	Strong	Fair	Weak

Status at a Glance

Will Target be reached by 2015?

Probably, Potentially, **Unlikely**, Insufficient Data



Achieving the under-5 mortality target implies that mortality per 1000 live births must decline from the base figure of 155 per 1000 in 1988 to approximately 53 per 1000 live births by 2015.

However, current trends suggest that by 2015 under - five mortality will be in the range of 80 per 1000 live births. Given current trends in infant mortality it is unlikely that MDG 4 will be realized.

State of supportive environment

Strong, **Fair**, Weak but improving, Weak

GOAL 5: IMPROVE MATERNAL HEALTH

Target 6: Reduce maternal mortality ratio by three-quarters by 2015

Indicator: Maternal mortality per 100,000

1-Status and Trends

There is little agreement on extent maternal deaths in the country due to unavailability of reliable data. Available estimates put the level of maternal mortality from a predicted ratio of 586 (Hill, 2001) to about 210 per 100,000 live birth (WHO, 1999), with considerable differences between the regions. It has been estimated, for example that the deprived northern regions have MMR over 800 maternal deaths per 100,000 live births.

The most recent information on the risks associated with the high maternal mortality in the country comes from the Maternal Health Project (1997/98). The project identified postpartum haemorrhage, severe anemia, sepsis, and obstructed labour as important risk factors. Structural factors that impede treatment of obstructed labour such as timely transportation to health facility cost of emergency admissions and health care providers' attitudes and practices are also important contributory factors.

Efforts have been made since the early 1990s to improve the health and well being of expecting mothers and children through the Safe Motherhood Initiative (SMI). The components of the SMI include antenatal care, supervised delivery, postpartum care, family planning, and management of abortion complications.

Antenatal care coverage has been generally encouraging with over 88% of health facilities in Ghana currently offering antenatal care services. Concurrently, there has been an improvement in the utilization of professional antenatal services by pregnant women in the last five years, from 82% in 1998 to 92% in 2003. As at 2003,

98% of urban women and 89% of rural women received antenatal care from trained health professionals. Most women (69%) make at least the four recommended antenatal visits during pregnancy and the median number of months pregnant at first visit stands at 3.8 among urban residents and 4.2 among rural residents.

A professionally assisted delivery reduces the health risks associated with childbirth such as complications and infections that can cause the death of the mother and/or baby. Delivery assistance by trained health professionals continue to be low in the Ghana. Nationally over half (53%) of births still occur at home under the supervision of traditional birth attendants or elderly women. Reasons for low utilization of professional supervised delivery by mothers include problems of transportation to health facility during labour, poverty and socio-cultural beliefs that may discourage giving birth outside the home environment.

Family planning improves maternal health and it is an important component of maternal health care delivery in the country. The 2003 Ghana Demographic and Health Survey indicate that there remains a high unmet need for family planning. The survey shows that only 25% of currently married women reported using a family planning method, with only 19% using modern methods.

Unsafe abortion contributes substantially to maternal morbidity and mortality. A woman put her health and life is at risk as a result of unsafe abortion. In Ghana the law prohibits induced abortion unless a woman's life is endangered by her pregnancy, the foetus is impaired, or other circumstances by the law courts. Consequently many induced abortions are not reported. Increasing access

to abortion management and post abortion care are critical challenges that must be addressed in the context of preventing maternal mortality.

2-Challenges

Efforts at addressing the high incidence of maternal mortality are faced with the following challenges:

- Improving on the quality and reliability of data on maternal mortality
- Improving access to and utilization maternal health services
- Providing and improving access to essential obstetric care, especially at the district level
- Prevention and management of unsafe abortion.
- Strengthening family planning programmes
- Improving availability and retention of trained health personnel, infrastructure and equipment
- Improving the nutritional status of women of child bearing age

3-Supportive Environment

Under the primary health care system, Ghana developed a reproductive health policy and a safe motherhood programme in the early 1990s to improve the health and well being of pregnant mothers and their children. The focus of the safe motherhood programme is on reducing maternal morbidity and mortality through:

- Enhancing access to basic and comprehensive essential obstetric care.
- Increasing average antenatal care attendance
- Provision of post abortion care services
- Reducing unmet need in family planning.

Specific strategies for achieving the MDG target include the creation of a supportive policy environment, improving access to obstetric care, especially in deprived districts, improving the care of the newborn and expanding adolescent health services.

The GPRS provides a framework for improving the exemption policy to cover obstetric emergencies and life-threatening pregnancy related conditions and mortality due to childhood diseases in the impoverished central and northern regions (i.e., Upper East, Upper West and Northern region).

In 2003, Government adopted an exemption policy for maternal deliveries, which was operationalised in the four underserved regions (Northern, Upper East, Upper West and Central) with maternal mortality and low supervised deliveries. In 2004, the exemption policy was extended to cover deliveries in public health institutions in the whole country.

3.1 Resource Requirements

The resources required to achieve this objective would be reflected in the cost of increasing the extent and quality of health care and the cost of improving access to safe water and environmental health. The estimated GPRS cost is approximately \$1 billion. Increasing the extent and quality of healthcare comprises the following elements:

- Bridging gaps in access to quality healthcare and nutrition services-- \$102 million
- Ensuring sustainable financing arrangements that protect the poor -- \$122 million
- Enhancing efficiency in health service delivery--\$142 million.

4-Priorities for Domestic and External Resource Mobilization

- Improvements in the consistency and accuracy of statistical reporting on the incidence of maternal mortality and pregnancy losses

- Increased participation and funding for CSO operating in the health sector
- Improved resources for monitoring from the perspective of the user.

5 – Monitoring and evaluation environment

Elements of Monitoring Environment	Assessment		
	Strong	Fair	Weak
Data-gathering capacities	Strong	Fair	Weak
Quality of recent survey information	Strong	Fair	Weak
Statistical tracking capacities	Strong	Fair	Weak
Statistical analysis capacities	Strong	Fair	Weak
Capacities to incorporate statistical analysis into policy, planning & resource allocation mechanisms	Strong	Fair	Weak
Monitoring & evaluation mechanisms	Strong	Fair	Weak

Status at a Glance

Will Target be reached by 2015

Probably, Potentially, **Unlikely**, Insufficient Data

State of supportive environment

Strong, **Fair**, Weak but improving, Weak

GOAL 6: COMBAT HIV/AIDS AND MALARIA

Target 7: Halt and reverse the spread of HIV/AIDS by 2015

Target 8: Halt and reverse the incidence of Malaria

1-Status and Trends

In the last 13 years, sentinel surveillance data from antenatal clinics has been the main source of data for estimating the national HIV prevalence rate. Although the country recorded a slight reduction in the national prevalence rate from 3.6% in 2003 to 3.1% in 2004, HIV prevalence doubled from 1.5% in 1999 to 3.1% in 2004¹. According to available data, there is no marked difference in HIV prevalence between the rural and urban areas. Among the ten regions in the country the prevalence rate varies from 1.7% to 6.5%. The potential of the epidemic to increase exponentially if not effectively controlled is demonstrated by the findings that six out of thirty-four sentinel sites have HIV prevalence rates of 5% or more.

Although HIV prevalence in Ghana is lower than many other African Countries, the National AIDS Control Programme projects that Ghana's prevalence rate could increase to 8.2% by 2009 and 9.5% by 2014 if the current trend continues. It is estimated that almost 400,000 people are infected with HIV/AIDS in the country and about 200,000 children have been orphaned by HIV/AIDS. More than 90% of cumulative AIDS cases occurred between the ages of 15-49 years, with 63% of the reported cases being females. The peak ages for AIDS cases are 25-29 for female and 30-34 for males.

In Ghana, as in the rest of Africa, heterosexual contact (80%) and mother to child transmission (15%) account for over 95% of new HIV infections. Blood transfusion and the use of infected skin

piecing instruments contribute to less than 5% of new transmission. Groups most at risk of HIV infection in Ghana include commercial sex workers, men who have sex with men (MSM), uniform personnel, young people, long distance drivers, mine workers, among others. Reported HIV prevalence rate among commercial sex workers in two major cities Accra and Kumasi are 75.8% and 82% respectively. The major determinants of HIV/AIDS in the country include slow rate of behaviour change, stigma and discrimination, gender and socio-cultural practices, limited access to HIV/AIDS services and programmes, poverty, migration, urbanization, and limited national response.

The HIV/AIDS epidemic continues to be a major challenge both to public health and the socio-economic development of the country. If unchecked the epidemic will reverse gains made in sectors such as education, health and human resource development. Ghana will spend close to \$1.2 million on HIV/AIDS treatment annually if the trend continues, which is far greater than the projected national health budget of \$9.4 million. Life expectancy which was estimated at 55 years for men and 60 years for women is expected to reduce by five years by 2015 due to HIV/AIDS. Similarly, under-five mortality is expected to increase by 16 per 1000 births by 2015. The number of people impoverished by HIV/AIDS will also increased from the current 440,000 to 530,000 by 2015. The social cost of AIDS coupled with the reduction in productivity of the labour will adversely affect the economic growth and development of the country.

¹ HIV/AIDS Sentinel Report 2004 –NACP/GHS

2 – Challenges

Please consider replacing the challenges listed to reflect the following:

- Promulgate relevant policies and guidelines including guidelines for preventing mother-to-child transmission, post-exposure prophylaxis protocols, blood transfusion, condom pricing, OVC and workplace policies on HIV/AIDS. This will enhance the enabling environment for the successful implementation of the national response
- Provide universal access to treatment (ART and OI) in line with the “3 by 5 Initiative” and increase access to essential services including access to VCT, condoms, PMTCT, support for affected families especially children orphaned by AIDS
- Strengthen the operationalisation of the three ones (one national AIDS Authority, one national strategic plan and one monitoring and evaluation framework) as a way of improving the coordination of the national response
- Scale-up District Response Initiative (DRI) to all districts and improve capacities at all levels
- Strengthen mechanisms for research and monitoring the characteristics of the epidemic (second generation surveillance) and the effectiveness of the national response
- Effectively target high risk and vulnerable population groups

3 - Supportive Environment

It will be appropriate to highlight the following issues under the supportive environment:

- ✚ The national HIV/AIDS and STI policy was promulgated in 2004

- ✚ The joint review of the national response was conducted in 2004 to identify achievements, gaps, challenges, constraints and opportunities in relationship to the five strategic intervention areas identified in the National Strategic Framework I.

- ✚ Based on the recommendations of the joint review of the national response a new National Strategic Framework (NSF II) is being developed for 2006-2010, under the auspices of the Ghana AIDS Commission.

4. Resource Requirement

In addition to the information provided, there is the need to emphasize that under the new National Strategic Framework pool funding and common management arrangement modelled along the Sector Wide Approach (SWAP) mechanism will be used to mobilize resource for the implementation of the national response.

Malaria

Malaria in Ghana is the leading cause of mortality and morbidity, especially among children under five and pregnant women. Malaria has, over the years, consistently accounted for 44.5% of all outpatient illnesses, 36.9% of all admissions, and 13.2% of all deaths in health facilities (MOH, 2005). An estimated 800,000 children under age five die from malaria annually and it is estimated that the disease accounts for 25% of under-five mortality (which has increased over the past five years).

Since the country attained independence in 1957, she has embarked on a number of initiatives aimed at controlling malaria. These include the creation of a National Malaria Service under the global Malaria Eradication Programme in 1961 the

launching of a 5-year (1993-97) National Malaria Control Action Plan with focus on capacity building for improved disease management.

2- Challenges/constraints

The success of the current malaria control programmes is constrained by:

- Limited geographic and financial access to basic health services
- Enhancing the efficient delivery of health care
- Low use of bednets, particularly for children (due to limited availability and high cost),
- High cost of malaria treatment
- Mismanagement of malaria cases in health facilities
- Lack of education and non-adherence to treatment regimes
- Poorly managed community environmental sanitation.
- Managing the potential impact of irrigation projects on malaria control; programmes for rolling back Malaria are often at odds with irrigation activities aimed at enhancing agriculture production.
- Retention and equitable distribution of professional health personnel.

3- Supportive Environment

Since 1998 Ghana has committed itself to the Roll Back Malaria (RBM) initiative of WHO, which builds on the Global Malaria Strategy with a focus on Africa. The goal of the Roll Back Malaria Initiative is to halve the world's malaria burden by 2010. Consequently the country has drawn up a Medium Term Strategic Plan for Malaria Control in Ghana' (1998-2002), which seeks to improve the coverage of malaria control activity by adopting an inter-sectoral approach involving other government sectors and partnership with the private sector and the community ii It has also committed itself to the Abuja Declaration on

Roll Back Malaria in Africa, which similarly seeks to achieve specific targets on malaria prevention and control with time limits.

A major intervention promoted under the RBM Initiative is the use of insecticide treated nets (ITNs) as a key component of Ghana's new strategic malaria control plan. The new National Malaria Control Programme (NMCP) in Ghana also outlines the strategy for promoting the availability of ITNs through state-private sector partnership. The malaria control programme aims to reduce mortality and morbidity due to malaria by 25% by 2008 through improved case management, implementation of multiple prevention methods, focused research and improved partnerships. Though ITNs have been shown to be efficacious against malaria, their use in Ghana is still very low. Currently the national coverage of ITNs in children less than 5 years 3.5% of and coverage in pregnant women is 2.2%.

4- Priorities for Donor Assistance

Donor assistance in reducing the incidence of malaria should focus on both prevention and treatment.

Prevention:

- Continued support for research efforts to create an anti-malaria vaccine
- Support for information dissemination programmes at the district level on best practices in malaria prevention
- Support the production of ITNs
- Provide equipment and transport to assist health care providers.
- Support training of nurses.
- Support national effort to enhance the efficient delivery of health services.

Treatment:

- Subsidization of malaria treatment drugs
- Continued support for malaria treatment programmes such as the Malaria Control programme and the Accelerated Malaria programme
- Support for research on the efficacy of local herbs in malaria treatment.

5 – Monitoring and evaluation environment

Elements of Monitoring Environment	Assessment		
Data-gathering capacities	Strong	Fair	Weak
Quality of recent survey information	Strong	Fair	Weak
Statistical tracking capacities	Strong	Fair	Weak
Statistical analysis capacities	Strong	Fair	Weak
Capacities to incorporate statistical analysis into policy, planning & resource allocation mechanisms	Strong	Fair	Weak
Monitoring & evaluation mechanisms	Strong	Fair	Weak

Status at a Glance

Will Target be reached by 2005?
HIV/AIDS

Probably, **Potentially**, Unlikely, Insufficient Data

State of supportive environment
HIV/AIDS

Strong, **Fair**, Weak but improving, Weak

Will Target be reached by 2005?

Malaria

Probably, Potentially, Unlikely, **Insufficient Data**

State of supportive environment

Malaria

Strong, Fair, **Weak but improving**, Weak

GOAL 7: ENVIRONMENTAL SUSTAINABILITY

Target 9: Integrate the principles of sustainable development into country policies and programmes and reverse loss of environmental resources by 2015

Indicator: Proportion of land area covered by forest

Target 10: Halve by 2015, the proportion of persons without access to safe drinking water.

Indicator: The proportion of population with sustainable access to an improved water source

Target 11: By 2020 a significant improvement would have been achieved in the lives of at least 100 million slum dwellers

Indicator: Proportion of households with access to secure tenure

1-Reversing Loss of Environmental Resources

Status and Trends

In 2003 the Environmental Protection Agency of Ghana in collaboration with the National Development Planning Commission conducted a Strategic Environmental Assessment (SEA) of the Ghana Poverty Reduction Strategy to holistically address the nation's environmental concerns as they appear in the GPRS.

Among other things, the SEA seeks to ensure that a) sustainable development principles are integrated into all development policies, plans and programmes b) development programmes and projects are consistent with the realization of the MDG goal of sustainable environmental development. The principles of the SEA are currently being reflected in the update of the GPRS.

The following areas have been identified as national priorities with respect to achieving environmentally sustainable development.

- Forest and Wildlife resources
- Land Management
- Energy resources/utilisation
- Fisheries resources
- Climate change

- Water and Sanitation Environmental management/governance

The 2002 report observed that Ghana lost approximately 79 percent of its forest cover since the beginning of the 20th century. Forest cover declined from 8.2 million at the beginning of the 20th century hectares at to 1.7 million hectares by the 21st century. At this rate, it is estimated that Ghana's forest cover could be depleted in the next two decades.

The major causes of this high rate of deforestation are poor enforcement of *regulations on natural resource utilization*, and inefficient management of forest reserves. In turn this has contributed immensely to:

- over exploitation of timber through legal and illegal commercial logging;
- forest encroachment for agricultural activities;
- the increased incidence of bushfires;
- increased fuel-wood extraction;
- excessive surface mining,
- over-exploitation of wildlife resources.

Weak Enforcement

Even though several policies and laws have been promulgated to ensure sustainable management of forest and wildlife resources in Ghana, enforcement has generally been ineffective. In most instances, this is due primarily to weak institutional capacity (i.e., lack of human resources and logistical

support) of the agencies required to enforce these laws.

Illegal Commercial Logging

Illegal commercial logging activities have increased in response to the growth of the timber and construction industries. At 3.7 million cubic meters per annum, the installed capacity of the timber industry far outstrips the legal annual ceiling (i.e., allowable cut) of 1.5 million cubic meters. Consequently, this has given rise to illegal logging activities including the proliferation of illegal chainsaw operators.

Forest Encroachment for Agricultural Purposes

Declining productivity of available agricultural lands, due largely to lack of improved farming methods (mainly slash and burn) coupled with the rapid expansion of the country's population over the last few decades have resulted in encroachment on large tracts of forests for agricultural purposes.

Bush Fires

Fires are at present the main threat to forest conservation and biodiversity in Ghana. Records indicate that 80% of the nation's forest experience bush fires on a regular basis. The annual loss of revenue from merchantable timber from fire is currently estimated at \$24 million.

Fuelwood Extraction

Rising costs of kerosene and Liquefied Petroleum Gas (LPG) have increased demand, particularly among the poor for charcoal and firewood for lighting and cooking purposes. Charcoal in particular, is a wood-intensive product and consequently contributes immensely to deforestation.

Excessive Surface Mining

Open cast mining for minerals (gold, diamond, bauxite and manganese) by both small and large-scale operators poses a serious threat to the forest ecosystem in

Ghana. In most instances, miners do not adhere to the laid down environmental and land use regulations. They employ mining methods that are crude and leave in their wake gaping holes, which make reforestation extremely difficult if not impossible.

Over-exploitation of Bushmeat

Wildlife, particularly (i.e., bush meat) is a major source of protein for most rural and urban dwellers in Ghana. In recent times, bush meat trade has expanded rapidly, in response to increased domestic and external demand. This has resulted in the adoption of aggressive and excessive hunting practices for various animal species in Ghana. In the absence of sustainable wildlife management practices several of the wildlife species risk extinction.

In turn, depletion of wildlife valued as a source of meat is likely to have a negative impact not only on a huge variety of species, but also importantly on food security, and the livelihoods and nutritional status of local communities in Ghana.

2- Challenges

A major challenge to formulating sustainable environmental programmes is the ability to balance genuine environmental concerns with the economic imperatives of stakeholders. Such tensions underline the operational difficulties in achieving effective enforcement. In effect, compliance with environmental laws is more likely to improve when such laws do not impose undue hardship on affected parties.

Other challenges to environmental sustainability include building the capacity of environmental enforcement agencies and improving their conditions of service.

Another challenge involves formulating sustainable environmental policies that balance environmental priorities and

concerns with the economic imperatives of stakeholders. Environmental laws and regulations cannot be sustainable if they unduly threaten the economic livelihood of the citizenry.

A third challenge involves the ability to adopt and effectively implement sustainable population policies so as to reduce pressure on natural resources and minimize environmental degradation.

Ultimately however, the overriding challenge in formulating effective environmental policies is to obtain buy-in from stakeholders by involving them in the management of their natural resources.

3 – Supportive Environment

Since the compilation of the 2002 report, the government has undertaken several initiatives to address the nation's environmental concerns.

Land Reform:

To ensure easier access and more efficient land ownership and title processes the government through the Ministry of Lands and Forestry, initiated a Land Administration Program (LAP) in April 25, 2003.

The LAP will harmonise land policies and the legal framework with customary land law practices to ensure greater transparency in land administration and the enforcement of property rights.

Meanwhile, there has been some progress in land reform with respect to the issuing of Land Title certificates to individuals, and the establishment of 2 customary land administration units in 2003.

Environmental Planning

To ensure that environmental concerns are adequately reflected in the nation's development planning framework, the Environmental Protection Agency (EPA) in

collaboration with the National Development Planning Commission (NDPC), conducted a Strategic Environmental Assessment of the Growth and Poverty Strategy Paper (GPRS).

To address pollution stemming from vehicular emissions, the EPA undertook a baseline study of the Accra-Tema Metropolitan area to establish a reference point for subsequent monitoring processes.

Mining

Mining activities are a major source of environmental degradation. The use of harmful chemicals (e.g., cyanide and mercury) and explosives poses a threat to wildlife, fish and humans alike. However, few government initiatives are in place to address these serious concerns. Existing measures such as studies on mercury abatement and public awareness campaigns on the dangers of such chemicals must be complemented by a review of the comprehensiveness of existing EPA laws, rigorous enforcement of such laws and aggressive monitoring of all mining activities.

Forestry and Wildlife Management

The Forestry and Wildlife Policy of Ghana aims at conservation and the sustainable development of the nation's forest and wildlife resources.

Indicators suggest that the annual rate of deforestation has decreased from 65,000 to 50,000 hectares. Good progress towards reforestation targets has also been made with respect to replanting in forest reserves and urban areas: 1300 hectares of urban land and 25,691 hectares of degraded forest reserves were replanted in 2003.

Under the Forestry and Wildlife Policy, the emphasis has switched from the export of round logs to wood processing and the introduction of lesser known wood species for export.

However, the recent reduction of taxes on lumber exports announced in the 2005 Budget Statement is in conflict with the objective of discouraging the export of round logs.

Wildlife experts from Ghana, Burkina Faso and Mali are collaborating to protect the wildlife corridors spanning their mutual borders. Funded by the Global Environment Fund, the \$7.6 million trans-boundary wildlife project is intended to foster cross-fertilization of ideas and experiences in the area of wildlife management.

In collaboration with the Ministry of Energy, the Ministry of Environment, Science & Technology and the Ministry of Local Government & Rural Development, the Ministry of Lands and Forestry is currently implementing a comprehensive ten-year sector investment programme: the Natural Resource Management Programme.

The objective of this programme is to protect, rehabilitate and sustainably manage the national land, forest and wildlife resources through collaborative management with the rural communities that collectively own these resources. Key aspects of the programme include:

- Enhancing community involvement in the management of forest & wildlife and savannah woodland resources and improving benefit flows to communities from resource sales
- Increasing community and farmer adoption of improved land and water management techniques
- Improving management of wildlife while increasing its contribution to local livelihoods and economic development

5– Monitoring and evaluation environment

Elements of Monitoring Environment	Assessment		
Data-gathering capacities	Strong	Fair	Weak
Quality of recent survey information	Strong	Fair	Weak
Statistical tracking capacities	Strong	Fair	Weak
Statistical analysis capacities	Strong	Fair	Weak
Capacities to incorporate statistical analysis into policy, planning & resource allocation mechanisms	Strong	Fair	Weak
Monitoring & evaluation mechanisms	Strong	Fair	Weak

Status at a Glance

Will Target be reached by 2015?

Probably, **Potentially**, Unlikely, Insufficient Data

The performance of government with respect to the environment is mixed. Performance is strong in the area of reforestation but relatively weak in the area enforcement of existing environmental

regulations. The overall assessment is that Ghana has the potential to achieve the MDG on the environment. Realizing its potential will however require greater effort in the enforcement of its environmental regulations.

State of supportive environment

Strong, Fair, **Weak but improving**, Weak

Target 10: Water

1- Status and Trends

The 2002 MDG report observed wide regional and rural-urban disparities in access to safe water in Ghana despite a rise in the national average from 49% in 1990 to 74% in 1998. For instance, in 2000, the proportion of rural population with access to safe water was only 40%, while that for urban areas was 70%.

Despite relatively higher urban access to safe water, supply is sporadic and unreliable. Rural areas on the other hand, experience seasonality of supply.

Recent data on the status of Water and Sanitation, indicates that progress towards increasing access to safe water to the rural population is mixed.

While the proportion of rural population with access to safe water increased from 40.0% to 46.6% over the 2000-2003 period, reported cases of guinea worm (a water-borne disease) increased from 5,545 in 2002 to 8,000 in 2003 suggesting a deterioration in water quality in recent years.

Furthermore, the level of access to safe sanitation remains very low with a national average of just over 55 percent. Access to adequate sanitation in the three northern deprived regions is around 20 percent or lower.

To accelerate rural water supply, communities are required to own and manage their own supply systems, contribute 5-7% of the capital costs and be fully responsible for operation and maintenance.

Communities have the choice of technology and may install small piped systems, boreholes and/or wells. Installation is with the assistance of the Community Water and

Sanitation agency and the District Assemblies.

However, rural systems are characterized by frequent break-downs and in some communities, the high salinity levels of the ground water results in the abandonment of boreholes for the traditional sources of water such as ponds, and rivers, which tend to be unsafe.

In the urban areas, the problem is a lack of consistency in water supply. There are also wide variations in access even within urban areas.

2- Challenges

The key factors constraining the supply of water and include low installed plant capacity, poor planning on the part of government agencies and lack of funding. Funding issues are inextricably linked to the pricing policy for water and sanitation services and the inefficiencies in collecting payments for such services. It is not unusual for individuals to use water without receiving a bill. Furthermore, the incidence of illegal access to water is high.

The debate on an appropriate water pricing policy rages on. Critics of the proposed private public partnership in the production and delivery of water argue that it will result in a situation where the poor will be priced out of the market because pricing policy will be driven largely by economic considerations.

Adherents of the policy argue that the current situation of under-pricing has resulted in continual water shortages and thus created a defacto privatization of the water market for a large segment of the population. In effect, the issue of cost recovery pricing is moot since the poor currently pay cost recovery prices anyway.

Challenges for rural water production include limited ability of communities to

contribute to capital costs associated with water delivery, low bore-hole yield, poor quality of ground water and limited capacity to maintain bore-holes.

Contributing to the lack of maintenance of water infrastructure is poor access to spare parts. There are very few spare parts outlets in remote rural areas.

3-Supportive Environment

In order to improve access to safe water and sanitation and tackle the resurgence of guinea worm infestation, the government constructed 246 boreholes in guinea-worm endemic areas.

The targeted districts have been exempted from the mandatory 5 percent community contribution to capital costs for water infrastructure.

In 2003, several new boreholes, community/town pipe systems and hand-dug wells were constructed in rural and peri-urban communities:

To address the erratic water supply problem in the urban areas, the Ghana Water Company Limited rehabilitated and expanded two of its major water treatment plants (i.e., in Weija and Ichaban).

5- Monitoring and evaluation Environment

Elements of Monitoring Environment	Assessment		
Data-gathering capacities	Strong	Fair	Weak
Quality of recent survey information	Strong	Fair	Weak
Statistical tracking capacities	Strong	Fair	Weak
Statistical analysis capacities	Strong	Fair	Weak
Capacities to incorporate statistical analysis into policy, planning & resource allocation mechanisms	Strong	Fair	Weak
Monitoring & evaluation mechanisms	Strong	Fair	Weak

Status at a Glance

Will Target be reached by 2015?

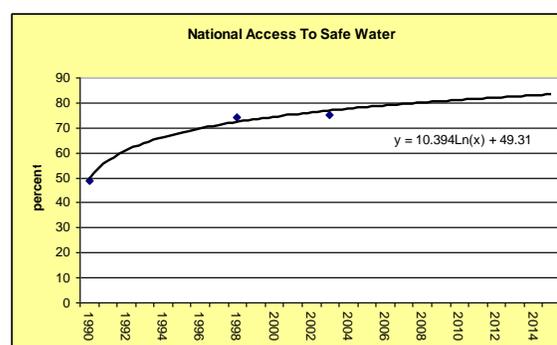
Probably, Potentially, Unlikely, Insufficient Data

In 1990 approximately 50 percent of the nation was without access to safe water. Achieving the goal of reducing by half the number of person without access to safe water implies increasing the access rate to 75 percent by 2015. The national trends in access to safe water suggest that if current trends continue Ghana will *exceed the MDG target*; the national access rate will be over 80 percent. However, rural urban disparities

will persist in the absence of significant improvements in rural water delivery.

State of supportive environment

Strong, **Fair**, Weak but improving, Weak



Target 11: By 2020 a significant improvement would have been achieved in the lives of at least 100 million slum dwellers.

Indicator: Proportion of households with access to secure tenure

1- Status and trends

Census data in Ghana indicate that the country has been experiencing rapid urbanization. The proportion of urban population, for example, has increased from a low of 33% in the 1960s to 43.8% by 2000. The Ghana Statistical Service defines any locality with 5000 or more people as urban. On the basis of this definition, the number of settlements classified as urban also increased from 189 in 1984 to 364 in 2000. Majority (34%) of urban settlements have a population range of 5,000 to 10,000.

An off shoot of urban growth has been development of urban slums which are characterized by inadequate drinking water supply; inadequate sanitation facilities; lack of security of tenure; and poor quality of houses. According to UN-Habitat (2003) about 70% of Ghana's urban population lives in slum conditions. The number of slum dwellers is expected to reach 5.8 million by 2010. Slum areas are very pronounced in the major cities of Accra, Kumasi, Sekondi-Takoradi, Tema and Tamale. There are also pockets of slums in Cape Coast, Koforidua, Sunyani, Ho and Bolgatanga.

The most recent and comprehensive information on housing conditions in the country comes from the 2000 Population and Housing Census. Data from that Census indicated that, overcrowding; inadequate facilities; and poor sanitation are major housing issues. A typical Ghanaian household occupies a room in a compound house with an average of 2.5 people per room. Illegal occupation is also becoming a

worrying phenomenon, especially in the cities.

The key factors driving the growth of urban slums include rural-urban migration, limited supply of land and lack of appropriate regulatory frameworks to guide urban development. Most rural-urban migrants are young people abandoning agriculture in the rural areas for towns and cities where jobs are not readily available. They are likely to end up in slums, putting pressure on already overstretched urban housing, water, electricity, health and sanitation

2- Challenges

The key challenges to improving slum upgrading include:

- Improving basic urban infrastructure and services through targeted upgrading programmes/projects
- Improving access to decent and affordable houses
- Improvement in the supply of serviced land
- Encouraging the use of local building materials and appropriate technologies in housing provision
- Enhancement of development control
- Establishment of mortgage banks.
- Improving security of tenure, including restructuring of the Rent Control Act
- Provision of land, infrastructure development and construction finance
- Improving urban governance by encouraging the participation of slum dwellers in slum upgrading.

- Improving the management of solid and liquid waste in big towns and cities
- Developing and implementing strategic development plans for urban centres.

3- Supportive environment

To date, the Government of Ghana does not have an urban development policy. However several urban development strategies can be found in various government publications. These strategies have focused mainly on stimulating the growth of small and medium-sized towns serving rural areas and human settlement planning and management. The GPRS document, which provides the policy framework for national development, did not deal extensively with issues relating to slums and slum

development. The document only mentioned slum as a cross cutting issue.

3.1- Resource Requirements

It is estimated that it will cost approximately \$65 million per year over the period 2005-2015 to achieve this MDG.

4 – Priorities for Development Assistance

- Supporting the Ministry of Works and Housing to produce strategic/development plans for urban centres
- Improving urban basic infrastructure
- Improving solid waste management of urban areas.

5 – Improving the lives of slum dwellers - Monitoring and evaluation environment

Elements of Monitoring Environment	Assessment		
Data-gathering capacities	Strong	Fair	Weak
Quality of recent survey information	Strong	Fair	Weak
Statistical tracking capacities	Strong	Fair	Weak
Statistical analysis capacities	Strong	Fair	Weak
Capacities to incorporate statistical analysis into policy, planning & resource allocation mechanisms	Strong	Fair	Weak
Monitoring & evaluation mechanisms	Strong	Fair	Weak

Status at a Glance

Will Target be reached by 2020?

Probably, Potentially, Unlikely, **Insufficient Data**

State of supportive environment

Strong, Fair, **Weak but improving**, Weak

GOAL 8: DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT

Target 15: Deal comprehensively with LDC debt and make debt sustainable in the long term

Indicator: Debt service as a percentage of exports

1 – Dealing Comprehensively with Debt:

Status and Trends

Ghana's domestic and external debt service positions have improved since its accession to the HIPC initiative in 2001.

After making considerable progress in the implementation of its Poverty Reduction Strategy, Ghana reached completion point in mid-2004.

Prior to joining the HIPC initiative in 2001, the external debt was 127 percent of GDP or approximately US\$5.3 billion in 2001. Unlike the external debt, which was largely concessionary and long-term, the domestic debt consisted largely of 91-day Treasury Bills contracted at commercial interest rates. Consequently, the debt service burden of the domestic debt posed a severe fiscal problem for government.

Furthermore, due to poor debt monitoring mechanisms, particularly with respect to debt contracted by state-owned agencies, estimates of government contingent liabilities were poor.

In response to this problem, the government carried out nationwide forensic audits of public institutions to arrive at a reliable estimate of the domestic debt.

By 2003, the domestic debt burden (i.e., the debt to GDP ratio) had declined to 22.6% in 2003; down from 29.1% in 2002. This reduction in domestic debt helped reduce inflation and lending rates. As a result, credit growth to the private sector increased from -11% in 2001 to 37.5% in 2003.

Lower interest rates in turn reduced government's domestic debt service burden.

2- Challenges

The threat of internal and external shocks poses a major challenge to efforts aimed at managing the debt burden.

Failure to implement an automatic pricing formula for petroleum products has necessitated continued fiscal subsidies for such products. In February 2005, however, the government increased the price of petroleum products by 50 percent.

The challenge is to fully deregulate the petroleum sector without precipitating social unrest. It is expected that deregulation of the petroleum sector will among other factors, de-politicize the petroleum pricing mechanism.

The recent price hike will invariably improve governments fiscal burden by reducing petroleum-related expenditures and improving petroleum tax revenues and consequently.

Potentially, the 2005 petroleum price hike will enable more resources to be devoted to amortizing petroleum related debts incurred by the state-owned oil refinery (i.e., Tema Oil Refinery, TOR). In turn, this measure will help in easing Ghana's domestic debt burden.

Another critical challenge is in the area of public sector reform. The slow pace of reforms in the public sector will undermine efforts to stem the growth in the relative size of the public sector wage bill. This could

ultimately compromise government's ability to control the budget deficit.

Moreover, sharp hikes in crude oil prices and volatile export earnings can worsen the trade deficit, reduce foreign exchange reserves and consequently undermine government's efforts to service its external debt.

Furthermore, the tendency for developed countries to impose relatively higher tariffs on processed raw materials (i.e., tariff escalation) and subsidize their agricultural commodities undermines efforts of developing countries to grow their economies out of debt.

In addition, the government faces an equally daunting challenge of removing obstacles to production posed by:

- Weak infrastructure particularly the construction of storage and irrigation facilities and roads
- Inadequate extension services
- Weak institutions and ineffectual legal regulatory systems.

3– Supportive Environment

Since the 2002 MDG report, government has deepened efforts to reduce its debt burden through debt restructuring, expenditure management, improved domestic resource mobilization and the pursuit of stable price and exchange rate policies.

To reduce its total debt burden to sustainable levels, the country requested debt relief under the enhanced HIPC initiative in 2001. Concurrently, the government drafted a Poverty Reduction Strategy Paper to promote sustainable broad-based growth.

To minimize the domestic debt burden, 20 percent of savings from HIPC is currently applied to financing the domestic debt. By 2003, the domestic debt stock had declined from 17 percent of GDP to 16.1 percent of GDP.

The government further reduced its domestic debt burden by increasing revenue collection through improvements in the efficiency of revenue collecting agencies. Consequently, the revenue to GDP ratio rose from 20.7 to 21.3% between 2002 and 2003. On the other hand, expenditure to GDP ratios recorded relatively lower growth rates of 18.5 and 18.8 percent in 2002 and 2003 respectively, resulting in an improvement in the fiscal balance.

Expenditure management measures currently in place include the installation of an expenditure tracking system on a pilot basis in the Ministry of Finance and the training of Budget Committees of Ministries Departments and Agencies (MDAs) on mechanisms to improve the links between the PRSP and the budget.

The enactment of the Financial Administration Bill in 2003 strengthened the legal framework governing public expenditure while the introduction of the Tax Identification Number (TIN) system, potentially minimized the incidence of income and corporate tax evasion.

Passage of the Banking Law which restricted government borrowing to 10% of expected revenues, has also been effective in controlling excessive borrowing on the part of government.

Furthermore, a new procurement code has been established with the passage of the procurement Act in December 2003 to ensure greater transparency in procurement.

However, the proposed deregulation of the petroleum sector is yet to be implemented. As a result, petroleum pricing remains a politicized event that could trigger social unrest.

4-- Requirements of Domestic and External Resources

Estimates by the International Monetary Fund suggest that debt relief provided to Ghana after completion point will enable the country achieve debt sustainability provided

the economy follows sound economic policies. However, the sustainability analysis also cautions that if Ghana were affected by permanent adverse shocks, or combination of shocks, debt sustainability could once again be compromised.

5 – Monitoring and evaluation environment

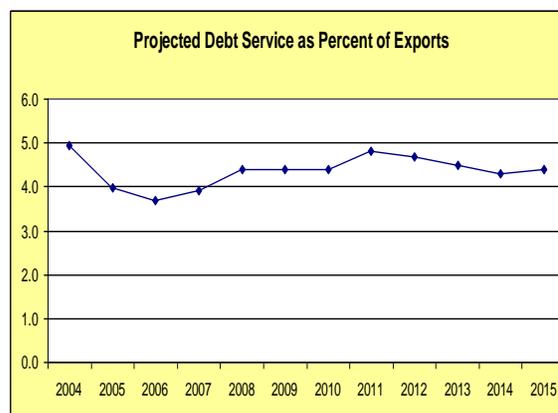
Elements of Monitoring Environment	Assessment		
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Capacities to incorporate statistical analysis into policy, planning & resource allocation mechanisms	Strong	Fair	Weak
Monitoring & evaluation mechanisms	Strong	Fair	Weak

Status at a Glance

Will Target be reached by 2015?

Probably, **Potentially**, Unlikely, Insufficient Data

The most recent debt sustainability analysis (DSA) of Ghana by the IMF over the projection period 2004-2023 reveals a relatively sustainable external debt position. The Net Present Value of the external debt-to-exports ratio is expected to decline from over 200 percent at end-2003 to approximately 113 percent by 2015. The debt service to export ratio will however experience only a modest decline over the 2004-2015 period. These trends suggest a cautiously optimistic debt sustainability outlook for the future.



State of supportive environment

Strong, Fair, Weak but improving, Weak

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