

AFRICAN DEVELOPMENT FUND



GHANA

**COUNTRY STRATEGY PAPER
2005-2009**

COUNTRY DEPARTMENT, WEST REGION

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ABBREVIATIONS AND ACRONYMS

ADB	African Development Bank
ADF	African Development Fund
APR	Annual Progress Report
BOG	Bank of Ghana
CEDAO	Communauté Economique des Etats de l’Afrique de l’Ouest
CIDA	Canadian International Development Agency
CSP	Country Strategy Paper
CWIQ	Core Welfare Indicator Questionnaire
DANIDA	Danish International Development Agency
DIC	Divestiture Implementation Committee
DFID	Department for International Development (UK)
DRL	Debt Recovery Levy
ECG	Electricity Company of Ghana
ECOWAS	Economic Community of West African States
EIA	Environmental Impact Assessment
ERS	Economic Reform Strategy
EU	European Union
FASDEP	Food and Agriculture Sector Development
FDI	Foreign Direct Investment
FIAS	Foreign Investment Advisory Services
FINSSP	Financial Sector Strategic Plan
FOB	Free on Board
GCB	Ghana Central Bank
GDHS	Ghana Demographic and Health Survey
GLSS	Ghana Living Standards Surveys
GIPC	Ghana Investment Promotion Centre
GNPC	Ghana National Petroleum Corporation
GOG	Government of Ghana
GPRS	Ghana Poverty Reduction Strategy
GTZ	Gesellschaft für Technische Zusammenarbeit
HIPC	Highly Indebted Poor Countries
HIV/AIDS	Human Immune Virus/Acquired Immune Deficiency Syndrome
IAS	International Accounting Standards
IMF	International Monetary Fund
IRA	Internal Revenue Allotments
JICA	Japanese International Cooperation Agency
KfW	Kreditanstalt für Wiederaufbau
LBC	Licensed Buying Companies
LGI	Local Government Institutions
MDAs	Ministries, Departments and Agencies
MDBS	Multi-donor Budget Support
MDGs	Millennium Development Goals
MOFA	Ministry of Food and Agriculture
MOH	Ministry of Health
MOWAC	Ministry of Women and Children
MRT	Ministry of Roads and Transport
MTEF	Medium Term Expenditure Framework
NBF	Non Banking Financial Institutions
NED	National Economic Dialogue
NGOs	Non-Governmental Organizations
NIRP	National Institutional Review Program
NPRP	National Poverty Reduction Program
NRS	National Revenue Service
PIMES	Participatory Impact Monitoring and Evaluation System
PMM	Poverty Monitoring Measurement
PPA	Participatory Poverty Assessment
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
PSRS	Power Sector Reform Strategy
PUFMARP	Public Financial Management Reform Program
PURC	Public Utilities Regulatory Commission
PUSERMOS	Public Sector Reinvention and Modernization Strategy
SFO	Serious Fraud Office
SIF	Social Investment Fund
SEAS	Strategic Environmental Assessments
SOEs	State Owned Enterprises
SSE	Small Scale Enterprises
STI	Sexually Transmitted Infections
SWAP	Sector Wide Approach
TOR	Tema Oil Refinery
UK	United Kingdom
UNDP	United Nations Development Program
UNICEF	United Nations Children’s Fund
USAID	United States Agency for International Development
VIP	Village Infrastructure Progress
VRA	Volta River Authority
WAMZ	West Africa Monetary Zone

Executive Summary

1. Since the last full Country Strategy Paper (CSP) was presented to the Board on 7 May 2003, Ghana has been experiencing faster growth and declining income poverty, underpinned by a stable macroeconomic framework and far-reaching structural and Institutional reforms. Driven mainly by renewed growth (averaging over 5 percent annually), income poverty has declined by an estimated 13 points between 1999 and 2004. The protracted terms-of-trade-induced depression that dominated the decade up to the mid-1990s has now been substantially reversed. However, despite the decline in income poverty, other social indicators, including HIV/AIDS prevalence, which now touches almost 4 percent of the adult population, have not moved in a positive direction towards overall significant improvement in the social conditions of the people.
2. **The Government's Program:** The Ghana Poverty Reduction Strategy (GPRS, May 2002) linked directly with this CSP, seeks to achieve poverty reduction through promoting economic growth and developing basic infrastructure; improving governance; improving access and quality in the provision of social and public services; and mainstreaming crosscutting issues such as HIV/AIDS, gender, and environment. The Government is committed to implementing a robust anti-corruption policy, and sees macroeconomic stability as a prerequisite for private-led, export oriented growth.
3. **The Bank Group Strategy:** The Bank Group's assistance strategy - comprising of projects, programs, policy dialogue, and partnerships-is aligned with the Government's GPRS through two strategic pillars: (i) improving investment environment to increase growth; and (ii) supporting pro-poor pro-gender equity policies by expanding service delivery in order to improve the quality of life of Ghanaians and facilitate the achievement of Millenium Development Goals (MDG's).
4. **Lending Program:** The total allocation for the implementation of the 2005-2009 CSP includes the resources that would be allocated to Ghana under ADF X (2005-2007) and part of the resources of ADF XI (2008-2010). The Bank Group's evaluation of the performance of countries determines the base allocation. For ADF X, Ghana is ranked as a strong-performing country, and will be a loans-only country. The evaluation of the performance of Ghana has enabled its base allocation to be set at UA 204 million. Bank Group assistance is explicitly rooted in a results framework, and is aligned with the agenda detailed in the country's Poverty Reduction Strategy (GPRS). One of the main challenges underlying GPRS implementation is that of strengthening the institutional framework for pro-poor economic management in order to help Ghana meet the MDGs through better delivery of basic public services and private sector-led growth. The results-based CSP explicitly build upon the existing portfolio as a major contributor towards progress on GPRS indicators and CSP outcomes over the next five years. Selectivity of new lending is key for refocusing and streamlining the areas of Bank intervention in line with its comparative advantage and other donors' support programs.
5. **Non-Lending Program:** The Bank's planned non-lending work program will concentrate in the following areas: (i) support the development of sound private sector and agricultural programs through strategic and analytical work that will underpin future lending activities, and (ii) update the knowledge base through a Governance profile and Country Gender Assessment.
6. **Risks:** Attainment of CSP and GPRS objectives faces five main risks: (i) opposition to reforms by interest groups; (ii) preoccupation with political issues, which divert attention away from the poverty agenda; (iii) economic and political developments in neighboring countries such as Togo and the possibility of peace collapsing in the Côte d'Ivoire; (iv) continuing HIV/AIDS pandemic affecting all spheres of the economy; and (v) lack of good governance. Bank interventions, with support from partnerships with other donors, civil society and private sector, are designed to mitigate and limit exposure to these risks.

I. INTRODUCTION

1.1 The Boards of Directors approved the last Country Strategy Paper (CSP) for Ghana, covering the period 2002-2004, on 7 May 2003 (Document ADF/BD/WP/2003/16). The CSP analyzed Ghana's recent political, social and economic developments and assessed the Government's Poverty Reduction Strategy. Based on this analysis and assessment, the 2002-2004 CSP proposed a medium-term strategy for the Bank's intervention, which aimed at poverty reduction through policy, institutional and governance reforms as well as through direct project investments in social and economic infrastructure. The CSP identified agriculture, basic infrastructure and social services as priority areas for Bank Group intervention.

1.2 During the consideration of the 2002-2004 CSP, the ADB Boards noted with satisfaction the substantial progress made in macroeconomic stabilization since the late 1990s. In particular the Boards noted the relatively high growth rates, and the substantial decline in inflation and fiscal deficit. The Boards also commended the Government for progress realized in poverty reduction, as well as the improvements in the social indicators since 1999. The Boards took note of the Government's commitment to continue to implement its Ghana Poverty Reduction Strategy (GPRS), which provided the framework for reaching the Decision Point on the enhanced HIPC Initiative. The Boards however expressed concern at the continuing weaknesses in some areas, including the heavy reliance on external financing; expenditure control at the commitment stage, which in turn led to a build-up in the additional expenditure arrears; and the slow progress in the implementation of the privatization and divestiture program. The Boards urged the Government to remain committed to implementing macroeconomic and governance reforms and emphasized the need to focus on rural areas and disadvantaged regions, with a view to achieving further gains in reducing poverty.

1.3 The Government of Ghana has been making progress in implementing, as part of its policy and institutional reform, a number of measures that address the concerns and observations raised by the ADB Boards during the last CSP discussions. On the Boards' concern regarding the country's *heavy reliance on external financing*, the Government's GPRS includes strategies to diversify the production and export base, and expand non-traditional products for which there are export markets. On "*improving expenditure control at the commitment stage*", the Government has enacted three basic laws and implemented several institutional reform measures, designed to improve fiscal management and enhance transparency and accountability. On the third concern raised by the Boards relating to the "*slow progress in the implementation of the privatization program and divestiture*", the Government has issued a Private Sector Development Strategy and Action Plan. The Boards' observation that the Government should "*remain committed to macroeconomic reforms and economic governance*" has been a major preoccupation of the Government as evident from the improved macroeconomic position. The Government in responding to the Boards' concern regarding "*focusing on rural areas and disadvantaged regions*" has developed in 2003 a new resource allocation formula that resulted in additional budget allocation to the four deprived regions. In addition, the Government launched a SWAP for the health sector and has initiated school mapping in 10 districts, designed to assure equity in resource distribution. Action has also been taken to increase resource allocation to at least ten deprived areas.

1.4 Despite progress made since the last CSP, Ghana's main challenge for the medium-term remains the need to implement policies and programs to reduce poverty. The 2005-2009 Country Strategy Paper (CSP) for Ghana outlines the recent economic and social developments in Ghana, the challenges faced by the country, and proposes a poverty reduction results-based Bank Group intervention strategy in line with the country's development priorities under the Ghana Poverty Reduction Strategy (GPRS), the Bank Group Vision Statement and Strategic Plan. To this end, the CSP has been prepared using the participatory approach that involves all stakeholders, in line with the decision by the Boards of Directors and Management of the Bank Group.

II. COUNTRY CONTEXT

2.1 Political Context

2.1.1 Ghana achieved independence in March 1957 and was ruled by a succession of military regimes for much of its post independence history. In 1992, a new constitution was approved by referendum and multiparty presidential and parliamentary elections were held. The 1992 constitution provides for a multi-party, liberal, democratic political order that is underpinned by the separation of executive, legislative and judicial powers.

2.1.2 Since the coming into force of the Constitution, there has been a significant expansion and liberalization of the right to free expression and several important measures aimed at improving governance have been initiated. These include, *inter alia*, the enactment of the *Local Government Service Law* in December 2003 and the preparation of the *Freedom of Information Bill*, and the *Whistle Blowers Bill*, which were submitted to the Cabinet in April 2004. The constitution contains extensive provisions on citizen's right to political participation in a variety of ways apart from the periodic election of the president, Members of Parliament and the District Assemblies. The Constitution also attaches great importance to accountability, transparency and openness of government. The elections held under the 1992 Constitution have been generally considered free and fair, although there are still complaints of some irregularities in spite of the existence of an independent electoral commission. These point to the need for the democratic process to be improved in a number of areas

2.1.3 The December 2004 elections passed off peacefully and were won by the incumbent President and his New Patriotic Party. The party secured 128 out of the 230 seats giving them a small majority. According to research conducted before the election by Ghana's National Commission for Civic Education, voters considered education, health and employment as the most important issues that they wanted the government to address.

Box 1: Ghana: Key features of the Country

Ghana is located on the west coast of Africa bordering the Gulf of Guinea, a few degrees north of the Equator, with Togo on the east, Cote d'Ivoire on the west and Burkina Faso to the north. Ghana covers a total area of 239 square kilometers (92,100 square miles) and has 138 districts within its 10 administrative regions. Ghana is a low-income country, with a population of about 20.9 million. Per capita income in 2003 was \$450 (World Bank Atlas Method).

Poverty incidence (population below the poverty line)

	1991/92	1998/99
National head count index	51.7	39.5
Urban head count index	27.5	22.8
Rural Head Count Index	62.4	51.6

Poverty-related spending 2004

Public expenditure Health (as % of GDP)	1.7
Public expenditure on Education (as % of GDP)	4.2

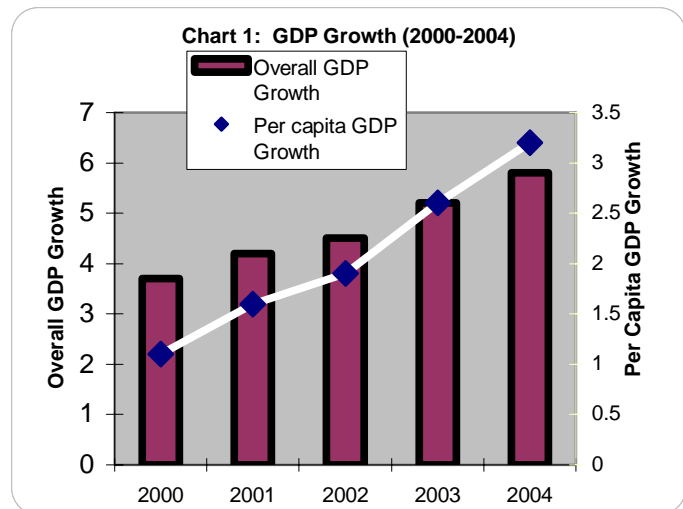
Non income measures of Poverty 2003

Access to Health Services (% of population)	25.0
Access to safe water (% of population)	79.0
Access to Sanitation (% of Population)	58.0
Maternal Mortality Rate (per 10,000)	740
Infant Mortality (per 1,000)	58.0
Adult Illiteracy Rate-Total (%)	25.1

2.2 Macroeconomic and Structural Context Issues

2.2.1 Macroeconomic context Issues. Since the last Country Strategy Paper for Ghana was approved in 2003, economic developments have turned positive. Following a decade of severe economic decline, Ghanaian GDP rebounded by an estimated real GDP growth of 5.8 per cent in 2004 up from 5.2 per cent in 2003, and sustained economic growth is expected to continue in 2005. This stronger growth was led by robust performance in cocoa and gold exports as well as in increases in private remittances.

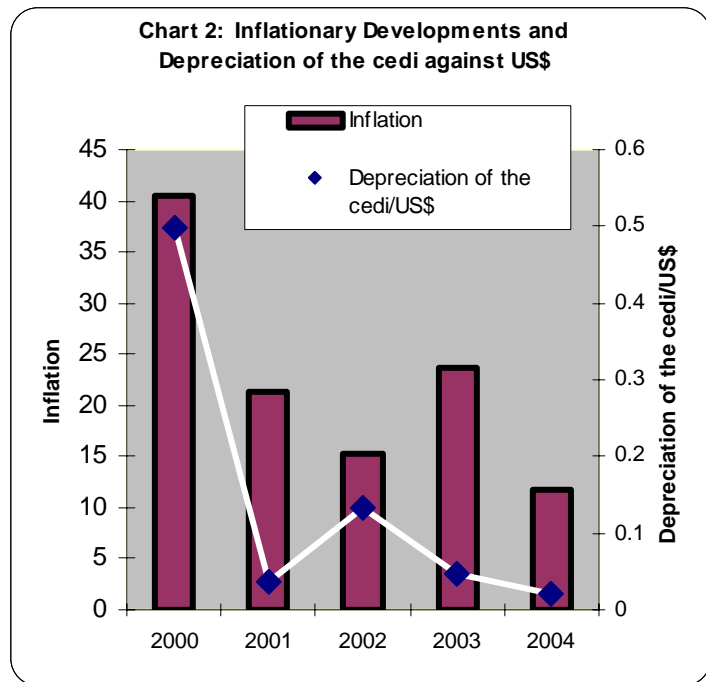
2.2.2 Overall GDP growth and per capita GDP growth have all exhibited upward trends. Former substantial trade and current account deficits have turned to surpluses, while the general government budget deficit narrowed considerably (indeed registering surpluses during 2002-2004). Foreign exchange reserves have quadrupled, and now stand at close to four months of imports. Inflation declined from 23.6 per cent in 2003 to 11.8% in 2004. The rise in petroleum prices on international markets have, however, affected fiscal developments, leading to higher than planned subsidies to the petroleum sector, reaching 2.4 percent of GDP against 1.4 percent of GDP originally programmed. Poverty related expenditures have, nevertheless, been protected from these developments, rising to almost 7 percent of GDP, up from 6.5 percent at end-2003. Higher subsidies were accommodated, therefore, through higher donor inflows and better-than-expected performance of tax and non-tax revenues.



2.2.3 In recent years, Ghana has made significant progress in improving public expenditure management (PEM). This has been confirmed by the “ HIPC Expenditure Tracking Assessment and Action Plan ” carried out by the World Bank in early 2004. The assessment shows that Ghana has now achieved 7 out of the 16 PEM benchmarks, compared to 1 out of 15 in the earlier assessment carried out in 2001. Looking at the challenge to consolidate recent achievements and stay on track with GPRS implementation, the 2004 External Review of Budget-related Developments jointly carried out by a number of Multi-Donor Budget Support (MDBS) partners emphasized that government action should be aimed at maintaining fiscal discipline, allocating resources in line with agreed policies and enhancing the efficiency and effectiveness of public spending to improve service delivery.

2.2.4 The Central Bank has progressively strengthened the conduct of monetary policy through the use of Monetary Policy Committee to guide its decisions, and a prime rate to signal its intentions. The Government intends to sharpen its tools further, with the introduction of Central Bank paper at shorter maturities than the treasury bill now used for open market operations, and the establishment of a central securities depository which should encourage the development of a secondary market.

2.2.5 The relative stability of the nominal exchange rate has probably helped dampen inflationary expectations. Over the year 2004, the cedi moderately depreciated by 2.2 percent vis-à-vis the dollar, compared with 4.5 percent depreciation in 2003 and more than 13 percent in 2002. The real exchange rate has remained broadly stable. The Central Bank has maintained a floating exchange rate regime and limited interventions to smoothing short-term fluctuations in the foreign exchange market. In addition to a 9 percent primary reserve requirement, commercial banks are required to hold at least 20 percent of their deposits in treasury bills and 15 percent in inflation-indexed government bonds. With gross international reserves approaching the equivalent of four months of imports, the Central Bank intends to increase its market sales of foreign exchange in the face of strong inflows. This would help take the pressure off monetary growth and support the disinflation process.



2.2.6 **Structural Context Issues.** Structural reforms in Ghana, including **privatization**, have moved slowly in the last three years. In the case of privatization, the main difficulties related to low investor interest, delays in outsourcing companies for divestiture, problems relating to land titles and outstanding liabilities, and lack of transparency in the process. The central government owns a 50 percent or greater share in nearly 30 companies, many of which have been operating at less than cost recovery pricing, thus perpetuating inefficiency in service delivery, generating financial imbalances to the government, and leaving a significant debt burden to future generations. Between 1999 and 2001, while the overall deficit of the general government averaged 7.5 percent of GDP, the consolidated overall deficit of the five largest state-owned enterprises averaged 9.25 percent of GDP. With the establishment of the Public Utilities Regulatory Commission (PURC) in 1997, there has been gradual progress on introducing automatic tariff adjustments, especially for utility companies. Electricity and water tariffs have begun to be adjusted to cover costs.

2.2.7 **The Energy Sector** is targeted for substantial reform. Until recently, subsidies to the loss-making Tema Oil Refinery (TOR), an oil importer, presented a significant burden on the budget and the size of its debt affected the financial sector through its overdraft facility with the Ghana Commercial Bank (GCB). To address some of the critical energy sector issues, in mid-February 2005, the authorities raised petroleum prices by 50 percent on average, bringing retail prices to import parity levels. In addition, the Parliament enacted a Debt Recovery Levy (DRL) on petroleum products, estimated to generate 1.5 percent of GDP in 2005, to help retire the bonds issued to cover the losses at the TOR. A major reform program covering generation and distribution is now underway. These actions drew on the lessons from the energy sector performance during the 1990s when the Electricity Company of Ghana (ECG) and Volta River Authority (VRA), the two major energy sector public enterprises, became financially weak due to delays in adjusting electricity tariffs and petroleum retail prices. In addition, delays in maintenance and needed investments further contributed to weakening the performance of these enterprises, making a comprehensive improvement in sector performance urgent.

2.2.8 Investment Environment constraints still hinder private investment. High real interest rates driven by excessive local borrowing by government have long hindered private enterprise access to affordable financing. Other constraints to private sector development include: inefficiency of institutions that interface with the private sector, including the dominant Ghana Commercial Bank (GCB) and, to some extent, the other commercial banks; poor trade-related infrastructure; unreliable provision and relatively high cost of utility services; non-conducive policy framework relating to factors of production; bureaucratic red tapeism. The government has recognized these adverse factors, and has recently begun to take action to address some of the issues. To help improve the dialogue between government and the private sector, the President established the Ghana Investors Advisory Council; it has been effective in setting forth a clear agenda. However, a 2003 Foreign Investment Advisory Services (FIAS) analysis of administrative barriers to investment, that measured progress in meeting identified constraints since 1995, found only a few areas where identified reforms had been implemented, and those reforms were not comprehensive enough to make a significant improvement¹. Results from at least two surveys² suggest that small and medium-size firms bear a relatively high share of the costs of the business environment in Ghana, preventing them from expanding and reaching a size sufficient for entering world markets.

2.2.9 In the Cocoa Industry, with a long-term view of improving performance and competitiveness, restoring Ghana's leading role in world markets, and raising farmer's incomes, the Government has now revised its medium strategy in the sector, in broad consultations with stakeholders. The strategy is to create market incentives that lead to broad-based rural growth and income enhancement that will reduce poverty. Notably, the strategy features accelerated increases in the farmer's share of the fob export price and the introduction of private competition in external marketing. The main elements of the strategy include: (i) raising the producer price to 70 percent by the year 2005/2006; (ii) reducing the cocoa export tax to 15 percent of the fob export tax by 2004/05; (iii) allowing qualified Licensed Buying Companies (LBCs) to export 30 percent of their domestic purchases; (iv) deepening internal marketing competition by giving all LBCs equal access to Cocoa Board's exportable cocoa to domestic processors. As a result of these measures, cocoa production rose from 400,000 tons in 2000/2001, to 736,000 metric tons in 2004.

2.2.10 While much of **the Banking System** is functioning reasonably well, some small banks are experiencing financial problems and there is need to further strengthen the laws and regulations to supervise banks. The government has adopted a program to deal with these problems and to strengthen the financial system. The Central Bank of Ghana (BOG) has established limits on deposit mobilization and lending to banks not meeting the capital adequacy ratio. In parallel, the supervisory and liquidity management functions of BOG will be further strengthened. Measures include new regulations to limit banks' foreign exchange exposure and sharpen BOG's powers to intervene in troubled banks.

¹ Foreign Investment Advisory Services (FIAS), "Ghana Administrative Barriers to Investment Update," June 2003.

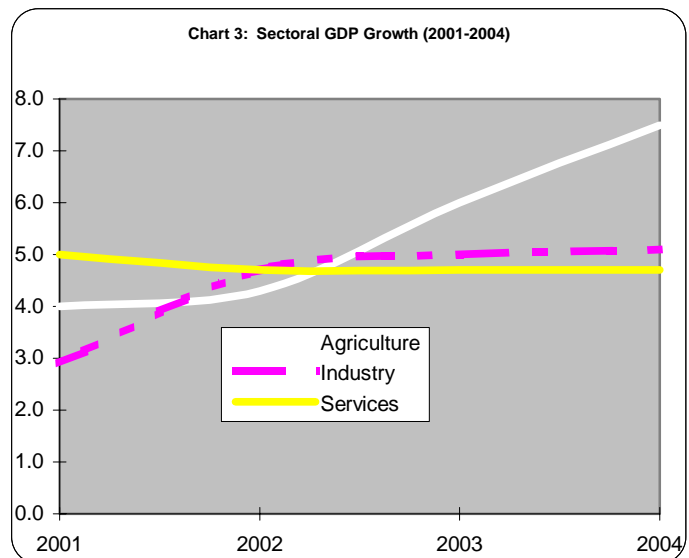
² "World Business Environment Survey, 2000" and "Regulatory and Administrative Cost Survey, 2003," conducted by Bruks and Associates and sponsored by FIAS, Ghana Investment Promotion Council.

2.2.11 The Government has begun to implement a **Public Sector Reform Program** to be carried out over the next decade. Initial efforts will focus on (i) reforming central management agencies (e.g. the Ministry of Finance and Economic Planning, the Public Services Commission, the National Development Planning Commission, the Office of Head of Civil Service) and (ii) rationalizing 175 subvented agencies employing approximately 400,000 staff.

2.3 Sectoral Context Issues

2.3.1 **The Agricultural Sector:** The Ghanaian economy is heavily reliant on agriculture, which accounts for about 39.2 percent of GDP at constant 1993 prices, directly employs 70 percent of the labor force, and accounts for more than 55 percent of foreign exchange earnings. Its performance is, however, a major cause for concern, having fallen short of the targets of 5-6 percent growth per annum set in the Vision 2020 document of the Government. Instead, agricultural output increased by 3.9 percent in 1999, 2.1 percent in 2000, and showed a recovery of 7.4 percent in 2004. The major challenge for the government is to restructure the sector in such a way that high growth rates can be sustained over long periods.

2.3.2 A number of studies into Ghanaian agriculture have always suggested a huge potential for transforming both the sector and the economy with a view to enhancing productivity. What indeed appears necessary, given the nature of the rural economy, is for growth in agriculture to stimulate growth in the non-agriculture sector. Increasing productivity in agriculture must play a central role in rural poverty reduction, and this is likely to be particularly important in the more remote areas where poverty levels tend to be highest. Agriculture in its current form will not be able to achieve this, and needs to be reformed. Improved rural infrastructure can play an important role in this process and promote increased trade, but many of the key issues are not being addressed at present including land tenure and access to inputs for smaller farmers (as well as larger farmers where much more of the focus currently seems to be). Under the Accelerated Agricultural Growth and Development Strategy (AAGDS), it has been planned to achieve an average agricultural sector annual growth rate of about 6% between 1997 and 2007.



2.3.3 It is generally acknowledged that poor roads and other infrastructure hamper the growth of agriculture as this affects the distribution of produce. The difficulty in developing markets is generally acknowledged to be behind the poverty of agricultural households. Thus, in order to reduce the incidence of poverty in the rural areas, the Ghana Poverty Reduction Strategy (GPRS) emphasizes the need to provide access through better road networks in deprived areas. To this end the Ministry of Roads and Transport (MRT) is working towards increasing the level of investment in feeder roads in the three northern regions, and also in the Western and Eastern regions, where the bulk of cocoa is produced. There is, however, no clear link between what the MRT is engaged in and its impact, and the development programs of these high-poverty areas. Available statistics indicate that about 88% of targeted road maintenance was accomplished in 2003, with an additional 4278 km of feeder roads re-graveled, rehabilitated or undergoing spot improvement. Work to increase access to markets through improvements in farm roads were also 54% of what was targeted.

2.3.4 The Industrial Sector: The performance of the industrial sector, which accounted for close to 28 percent of GDP in 2004, remains relatively weak, with its growth rate having declined from 5.9 percent in 1999, to 4.6 percent in 2004. Manufacturing growth, which was negative in the early 1990s recovered to record growth rates of 4.1 and 4.6 percent in 1999 and 2004 respectively. On the other hand, the mining sector, which accounts for about 6 percent of GDP and is dominated by gold production, has reaped some benefits from economic and structural reforms implemented since 1983. The mining sub-sector recorded a growth rate of 4.5 percent in 2004, compared to a negative 1.6 percent in 2001. The electricity and water sub-sector recorded a growth rate of 3.7 percent in 2004. Ghana is still heavily reliant on imported energy inputs. In 2004, the total energy needs of 6.8 million tons oil equivalent were met by imported petroleum (25 percent) and electricity (12 percent).

2.3.5 The Financial Sector: Ghana has a small financial sector, consisting of 17 commercial banks, 115 rural banks, 39 non-banking financial (NBF) institutions, and an emerging stock market. Progress has been made towards improving the framework for prudential regulation. In a bid to further strengthen the Central Bank as a monetary authority, Parliament passed into law the Bank of Ghana Act at the end of 2001. The act gives operational independence to the Bank of Ghana and among other provisions, limits government borrowing to 10 percent of revenues, and establishes a Monetary Policy Committee to be responsible for formulating monetary policy. A major challenge facing the sector is strengthening the financial soundness of banks, and improving the access of SMEs and ordinary Ghanaians. In addition, the NBF sector remains relatively small and undeveloped; while on the Ghana Stock Exchange the level of market capitalization and liquidity are low and market volatility high.

2.4 Priority Cross-Cutting Issues

2.4.1 Governance: Ghana has volunteered for scrutiny under the NEPAD Peer Review Mechanism, providing an avenue for independent public critique for the government. Ghana is also a signatory of the African Union's convention against corruption. Structural reforms under the GPRS incorporate policy actions ranging from (i) continuing efforts aimed at reducing fraud and combating corruption, (ii) implementing government's framework for decentralized delivery of local public services, (iii) refocusing the public sector reform by improving the service delivery capacity of the civil service, and (iv) the deepening of payroll management and control. Decentralization is moving forward, with the critical laws (National Decentralization Act and Local Government Service Act) having already been passed, and beginning the process of implementation. The public sector reforms are expected to commence with the organizational restructuring of the civil service and the establishment of new Human Resource (HR) structure at the Office of the Head of the Civil Service (OHCS) expected to be completed by December 2005.

2.4.2 In the area of economic governance, the government has initiated several measures to strengthen its financial management framework. These include the strengthening of the regulatory framework through new laws covering financial administration, auditing and procurement, as well as improvements in the scope, timing and quality of the reporting of budget execution. The core government accounting system is being replaced by a new integrated computer system (Budget Planning and Expenditure Management System or BPEMS) that is being progressively rolled out, and the payroll system by the Integrated Personnel and Payroll Data System (IPPD II). Military expenditures are transparently audited and reported; Ministry of Defense expenditures are reported in a manner similar to that for civilian entities. According to the 2004 budget, Ghana's military expenditures were about 4.7 percent of total discretionary expenditures in 2004 and are projected to remain low at around 4.9 percent in 2005.

2.4.3 Labor Market: Employment in Ghana is predominantly in the informal sectors, particularly for those with little formal education, women, the vulnerable and rural dwellers. The majority of the labour force, estimated at 8.7 million in 1998, is mostly concentrated in the rural areas, and is dominated by women, who account for slightly over 50 percent. There is no reliable information on the level of unemployment and underemployment, though indicative estimates suggest that it is between 10 and 20 percent.

2.4.4 Ghana has made significant progress in the implementation of the Core Labor Standards. The distribution of the labor force in Ghana has remained stable since 1995, with the agriculture sector accounting for about 50 percent, formal sector employment at between 14-18 percent, and the remaining 32-36 percent in the informal sector. Informal sector employment has been growing faster as the formal sector has been unable to absorb the increasing urban labor force. Labor rights are protected by the 1965 Industrial Relations Act, which sets out, *inter alia*, the framework for the formation of trade unions at the enterprise level, procedures for obtaining the Collective Bargaining Certificate, and mechanisms for settling industrial disputes, and created a tribunal on unfair labor practices. Ghana's constitution forbids forced labor (the Government ratified ILO Convention 105), guarantees equal opportunity and non-discrimination in employment, and allows for freedom of association including the right to strike. Minimum wage legislation exists, covering urban and rural workers, the schedule of minimum wage is adjusted periodically by a tripartite commission composed of labor unions, government and employer groups. Of growing concern, nonetheless, is the issue of child labor. About 1.2 million children in Ghana are estimated to be engaged in child labor, in activities such as street peddling, quarrying, illegal mining, fishing and providing household help³. Ghana has several legal and policy instruments aimed at combating this phenomenon, including its ratification of the ILO Convention on the Rights of the Child in 1990, establishment of the Ghana National Commission on Children (1991), passage in 1998 of the Children's Act (which directly addresses child labor issues, especially the worst forms of child labor), and the National Plan of Action to Combat Child Labor (November 2000).

2.4.5 Regional Integration: Ghana is a member of the Economic Community of West African States (ECOWAS), and has eliminated tariffs on most trade with ECOWAS member countries. Together with Nigeria, Ghana is leading the efforts to establish a common currency for six non-CFA West African countries, namely Gambia, Ghana, Guinea, Liberia, Nigeria, and Sierra Leone; and the country is home to the West African Monetary Institute, which will spearhead the moves towards a single currency. Ghana is participating in the West Africa Power Pool arrangement, transport corridor, and gas pipeline projects. The success of these regional initiatives will depend on political stability in the region.

2.4.6 Population Dynamics: Ghana has a population of 20.9 million, growing at 2.7 percent per annum. About 3.2 percent of the total population is aged 65 years and above and 41.4 percent below 15 years. The country has on average a population density of about 52 persons per square kilometre. Most of the population is concentrated in the southern part of the country, with the highest densities occurring in urban areas and cocoa-producing regions. Overall, the urban population is estimated at 36 percent of the total population, which puts considerable pressure on social services and infrastructure. Rapid population growth is one of the main forces driving the increase in poverty. Ghana was the first country in Sub-Saharan Africa to promulgate a population and family planning policy in 1969 but over the years the attention given to family planning issues appear to have reduced. Although family planning could not eradicate poverty, it is a major factor in poverty reduction. The rapid increase in population is a major constraint to achieving sustainable

³ Source: Ghana Child Labor Survey, Ghana Statistical Service, March 2003.

growth because it leads to: (i) increased investment in basic service delivery such as health and education just to keep up with the population consuming scarce resources which could otherwise be used to improve access to and the quality of these services; (ii) increased pressure on marginal lands increasing erosion and deforestation problems; (iii) and reduced household per capita resource availability to invest in improving the quality of human capital.

2.4.7 Gender mainstreaming: While progress has been seen in women's empowerment, severe gender disparities persist in both human and income poverty. Trafficking of women and children, as well as gender-related violence, are major concerns. Promoting women's advancement is one of the five pillars of the Government's GPRS. Out of the 953 contestants in parliamentary election held in December 2004, women constituted 100. The women who contested for parliamentary seats were just about 10.5 %. Of this small percentage, only 25 of them won seats in the 230-member parliament. Thus, women are just a little below 11% of the lawmakers. However, the figure shows that there has been an increase in the number of women parliamentarians from 19, which represented 9.5% in the 200-member parliament to 25, which represents almost 11 percent in a 230-member parliament

2.4.8 Combating HIV/AIDS and communicable diseases: The rapid spread of HIV/AIDS has received attention from the Government and its partners. The immediate challenges include the prevention of the spread of HIV/AIDS and the provision of care for persons living with AIDS and their families. There are very limited choices on fertility regulation among poor families. These families tend to be large, which critically constrain sustainable poverty reduction. Important measures envisaged include ensuring implementation of the Ghana HIV/AIDS Strategic Framework: 2001-2005.

2.4.9 There are regional variations in prevalence of HIV with Eastern Region recording the highest rate at 5.3% and Upper East Region the lowest at 1.3%. The prevalence among patients with sexually transmitted infections (STIs) and blood donors in the southern part of the country is 24% and 3% respectively. In 2000, it was estimated that AIDS accounted for about 12% of all deaths in Ghana and the number of children orphaned as a result of AIDS was estimated at 140,000. With the level of infection and very limited gains in behavioral change, a renewed focus on HIV/AIDS prevention is the key to achieving sustainable poverty reduction, given the low cost relative to treatment. Resources will need to be provided for care and support for those living with the disease and their families, to reduce exclusion and further enhance prevention. The draft National HIV/AIDS & STI Policy, the National HIV/AIDS strategic framework (2001-2005) and the GPRS consultations provide direction for the 2003-2005 period. This framework focuses on preventing the spread of the disease, and improving the quality of people living with HIV/AIDS (as well as for orphans and vulnerable children). The high migrant population and resistance to attitudinal change point to an increasing prevalence rate over time. Also, the incidence of malaria remains the highest single source of morbidity and mortality in Ghana, with improved case management receiving priority but little attention is given to prevention measures such as the use of bed-nets.

2.4.10 Protecting the environment: Ghana faces a number of environmental problems resulting from natural factors, rapid population growth and economic and social activities. Forests, wildlife and fisheries are under strain because of poor management and overexploitation. For instance, land is degraded by bush burning, resource overexploitation, and unsound agricultural practices. Other environmental include mining. Beginning in the late 1980's, formal mining operators began to adopt environmental and social safeguards and social responsibility agreements (or Community Action Plans). Recent studies conducted by independent reviewers have shown that pollution abatement and environmental cleanup at the mines has gained greater prominence. Beyond mines, solid waste generation and disposal pose major environmental risks throughout the country.

2.4.11 Developing the informal sector: A large section of the urban work force is self-employed in the informal sector. The informal sector in the Ghanaian economy is indirectly captured in the three basic sectors of the economy-agriculture, services and industry, but could be described plausibly as the fourth sector. It is peculiar because substantial parts of its activities are difficult to measure in the traditional national income accounting framework. The sector has also received limited attention: after 48 years of independence, no comprehensive policy framework has been designed for the development of the sector. Nevertheless, it is the sector that contains the greatest portion of the work force, and the majority of poor people in Ghana. Thus continuing neglect of this sector could undermine the positive impact of the Ghana Poverty Reduction Strategy (GPRS). The informal sector is characterized by ease of entry, small-scale operations, unregulated markets, reliance on indigenous resources and outdated technology. Other features include the prevalence of family ownership, self-employment and a small element of wage employment, labor intensity and low productivity. People in the sector include both farm and non-farm self-employed and some wage earners. It makes an appreciable contribution to real GDP and can provide a means of acquiring useful skills for the youth who do not make it through school for one reason or another.

2.4.12 Reforming Land Tenure: One of the most contentious issues relating to agricultural development in Ghana is associated with availability of land for farming. In aggregate, Ghana is not a land-constrained economy. There is, however, general agreement in Ghana that the land tenure and administration systems face serious problems, which have exacerbated land tenure insecurity with implications for national development. These problems include the general indiscipline in the land markets, indeterminate boundaries of customarily held lands, a weak land administration system, the problematic articulation of statutory and customary land tenure systems, and confusion over the status of derived interests and customary tenancies. Other problems include the lack of consultation with land owners, chiefs and land users in decision-making and conflicts between land ownership and land use. Land tenure also implies socio-economic relations between different parties -- chiefs, lineage heads, customary successors, landlords, tenants, pastoralists, sedentary farmers, male and female lineage members and spouses, and young people and elders. As such, land tenure issues have a different complexion when considered from the viewpoint of these different social categories. The Ghanaian authorities have not developed adequate institutions and structures to deal with these problems. The consequence is that agricultural investment is less than 2% of GDP, and less than 2% of arable land is under irrigation. Acquiring land for commercial farming is extremely difficult, hence the difficulty in raising capital for the sector. There is hardly any regional variation in the incidence of this problem

2.5 Poverty, Social Context and Issues

2.5.1 The overall trend in poverty during the 1990's has been broadly favorable in Ghana. Taking the upper poverty line of Cedi 900,000, the percentage of the Ghanaian population defined as poor has fallen from about 51 per cent in 1991-92 to about 43 per cent in 1998-99. According to the GLSS4, the incidence of poverty follows a geographic pattern, but also relates to the economic activities in which households are engaged. In 1998-1999 in particular, poverty was highest among food crop farmers. The contribution of food crop farmers to the national incidence of poverty was much in excess of their population share. Indeed, at the national level, around 58 percent of those identified as poor were from households for whom food crop cultivation was the main activity. Other groups with noticeable incidence of poverty included export farmers, private informal sector wage employees and the non-farm self-employed. Non-farm self-employed constituted a big group. In 1998/1999, over 24 percent of the poor in Ghana was from households engaged primarily in non-farm self employment.

2.5.2 National and Geographic Trends: Current estimates from the Ghana Living Standards Survey, using the upper poverty line of Cedis 900,000, indicate that between 1992 and 1999, overall poverty in Ghana declined from 51.7 percent to 39.5 percent, while extreme poverty declined from 36.5 percent to 26.8 percent over the same period. The decline was largely due to relatively high rates of economic growth, which averaged above 5 percent per annum in the 1990s. However the reduction was uneven, and was mainly in the urban and forest areas in the South, while in the northern (Savanna) and central regions poverty actually increased. In the Northern region 70% of the population are poor and in the Upper West and Upper East regions, this figure rises to 90%, while in the Accra region this figure falls to 10%. Furthermore, poverty in Ghana is substantially higher in rural areas than in urban areas. In terms of socio-economic groups, reduction in poverty was large among employees of public sector, private formal sector, and export crop farmers. Poverty is, however, highest by far among food crop farmers, with 59.4 percent of their number living below the national poverty line. Women constitute a disproportionate percentage of the poor. They make up the majority of food crop farmers and the informal sector, among whom poverty is highest. However, it is encouraging to note that overall inequality has declined in Ghana. The Gini-coefficient—a measure of the inequality of income distribution—has been declining from 0.352 in 1988 to 0.338 in 1992 and 0.327 in 1997.

2.5.3 The sharp geographical variations in the pattern of poverty are even more marked with extreme poverty. Throughout the 1990's, more than half of those in the Rural Savannah were classified as extremely poor. The incidence of extreme poverty in this locality actually increased slightly between 1991/92 and 1998/99 (in contrast to the observed decline in the incidence of poverty based on the higher poverty line). The income gap ratio, the proportion by which the average consumption level of poor households falls below the poverty line, gives some indication of just how intense poverty has been in Ghana. The average consumption among the poor is around 30 per cent below the upper poverty line, this figure having increased marginally from 1991-92 to 1998-99. The corresponding shortfall for the extreme poor is about 35 per cent, and this also increased marginally over the period. This indicates the significant presence of the very poor despite the large overall decline in poverty. In summary, though the incidence of poverty has fallen, the depth of poverty for those who remain poor has increased marginally.

Table 1. Poverty incidence by location, 1991/92 and 1998/99⁴

	Poverty line=Cedis 900 000 (1991/92)		Poverty line = cedis 700 000 (1998/99)	
	Poverty incidence	Contribution to total poverty	Poverty incidence	Contribution to total poverty (%)
GLSS- 1991/92				
Accra	22.4	3.6	11.6	2.7
Urban Coastal	28.3	4.8	14.9	3.6
Urban Forest	25.8	5.6	12.9	4.0
Urban Savannah	37.9	4.0	27.0	4.0
Rural Coastal	49.7	13.8	30.7	12.2
Rural Forest	60.8	35.4	45.1	37.4
Rural Savannah	72.1	32.8	55.9	36.2
Urban	27.5	18.0	15.3	14.2
Rural	62.4	82.0	45.8	85.8
All Ghana	50.8	100	35.7	100
GLSS- 1998/99				
Accra	4.7	0.9	2.4	0.6
Urban Coastal	26.8	5.3	17.1	5.1
Urban Forest	24.8	5.9	15.1	5.2
Urban Savannah	42.2	4.4	29.7	4.5
Rural Coastal	46.3	16.1	30.1	15.1
Rural Savannah	41.4	31.6	24.4	26.9
Rural Forest	70.5	35.6	58.2	42.6
Urban	22.8	16.7	14.5	15.4
Rural	51.6	83.3	36.2	84.6
All Ghana	42.6	100	29.4	100

SOURCE: GLSS3 AND GLSS4

⁴ The most recent data on poverty reflects the findings of the Ghana Living Standards Surveys (GLSS3 and GLSS 4) for 1992 and 1999. A new GLSS 5 is expected to be completed by 2005. So, it is not possible to assess poverty trends robustly.

2.5.4 **Social Dimensions of Poverty:** The improved growth recorded since the mid 1980s brought about some improvement in a number of social indicators such as, health and education, leading to a moderate improvement of the country's HDI ranking from 132 in 1992 to 129 in 2000. In education, net primary enrolment increased from 75 to 79 percent between 1992 and 2000 while

secondary school enrolment increased from 30 to 36 percent over the same period. At primary education level, the gender gap is narrowing, but remains large at the secondary level, and the rural-urban enrolment divide is large. Adult literacy increased from 66 to 71.5 percent, although the gap between the male and female rates remained fairly high (males 83.0 and females 62.9 percent). One of the main constraints emerging in education is related to the bottlenecks created by the tremendous increase of graduates from junior secondary schools seeking admission into senior

Box 2: Ghana: Poverty characteristics

For Ghana as a whole, poverty decreased from close to 52 percent in 1991/92 to less than 40 percent in 1998/99. Extreme poverty fell from 36.5 to 26.8 percent over the same period. The rural population experienced a larger absolute decline in poverty than did the urban population, but poverty continues to be more widespread in rural than urban areas: rural poverty fell from 63.6 to 49.5 percent and urban poverty fell from 27.7 to 19.4 percent. Extreme poverty follows essentially the same pattern. People living in female-headed households are generally less poor than those in male-headed households, although the reduction in poverty was greater for male- than for female-headed households. The reductions in poverty were concentrated in Accra and the forest zones, both urban and rural. With the exception of the rural savannah, where the incidence of poverty increased, urban and rural poverty otherwise fell only modestly. The main reductions in extreme poverty also took place in Accra and the forest zones, although the reduction for the urban forest population was modest. Cocoa producing households experienced the largest decrease in poverty. There was very little improvements in the incidence of poverty among food crop farmers S. Canagarajah and Claus S. Portner: *“Evolution of Poverty and Welfare in Ghana in the 1990’s”*, The World Bank, Africa Region Working Paper Series, Number 61, October 2003

secondary schools in rural and small urban centers. In health, life expectancy is quite low at 57 years, with female life expectancy at 58.3 years in 2001 and that of males at 57.5 years. Although the infant mortality rate fell from 85 to 63.4 per 1,000 live births over the period 1992-2001, progress has been slow with respect to access to resources and services. It is estimated that Ghana has respectively 6 and 72 physicians and nurses per 100,000 people while trained health personnel attend to only 44 percent of the births. Only 63 percent of the population have access to sanitation and, though good progress has been made in increasing the provision of potable water, about 1 out of 3 persons do not have access to safe water. The nutritional status in the country also requires improvement, especially for young children, pregnant women, and lactating mothers.

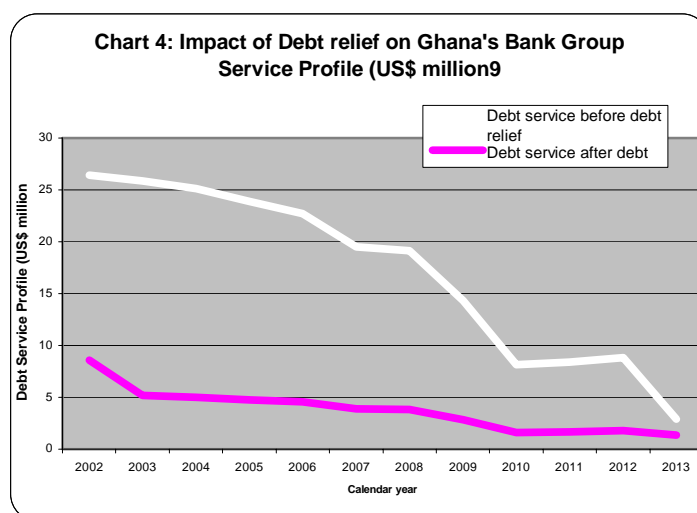
2.6 Medium Term Economic Outlook and External Environment

2.6.1 **Constraints** Ghana's small and open economy is vulnerable to external shocks such as oil price hikes and fluctuations in the prices of primary commodities. Cocoa, gold and timber account for over 70 percent of Ghana's total export earnings. Even though the country has a comparative advantage and a premium price for cocoa, the strong dependence on a few primary commodities makes the country vulnerable to external price fluctuations. Ghana has made efforts to reduce its vulnerability through measures to enhance its international competitiveness, diversify the export base and improve productivity at the micro level. Ghana made important strides in developing non-traditional exports (NTEs) during the 1990. However, the country still remains largely vulnerable to negative effects of global economic trends because of the slow progress made so far in the diversification of its export base.

2.6.2 The external environment for Ghana is fraught with some challenges. The negative spillover effects of the political turmoil in parts of the West African sub-region over the last two decades continue to pose significant challenges for sustainable growth in Ghana. About 48,000 Liberian, Sierra Leonean, and Togolese refugees lived in Ghana at end-2003. Although instability in Côte-d'Ivoire contributed to an upsurge of international cocoa prices, and diverted freight traffic originally destined for Abidjan to Ghanaian other West African ports, overall the sub-regional crisis has the potential to dampen Ghana's growth and stability prospects. Last year's forward sale of the cocoa crop meant Ghana was not initially able to reap the full benefits of the increase in world prices; inefficiencies at the port prompted shippers to go elsewhere; major trunk roads are deteriorating faster than anticipated owing to increased traffic of heavy duty trucks transshipping goods to the landlocked countries to the North; and population displacements have exacerbated the risk of rapid HIV/AIDS transmission. In general, anecdotal evidence suggests that sub-regional volatility has had a deterrent impact on foreign investment.

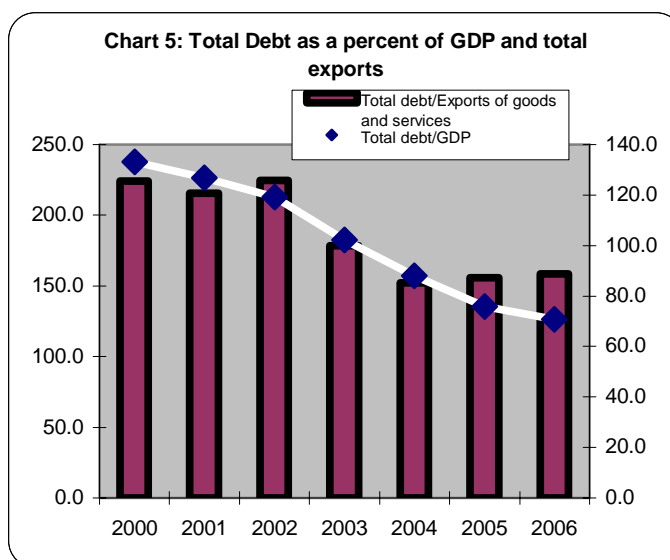
2.6.3 **Prospects:** The economic outlook for Ghana in the short to medium term is positive. In spite of the inherent challenges, the economic growth outlook for the near future is positive, with signs of robust economic activity that should allow the economy to achieve the 5 percent real GDP growth target, and 2.9 percent average per capita real GDP growth, over the next two years. Current industry forecasts project cocoa production comparable to the record levels of 2003. There is also evidence of strong investment activity in cement production, mining and agro-processing, as well as continued growth in the service sector (tourism, banking and communication). In addition, expatriate remittances, estimated to have reached over US\$500 million in 2003, are expected to remain high reflecting the rising number of Ghanaian professionals working abroad and measures to improve the processing of foreign transfers. In short, sustained growth will be supported by the cocoa industry, by robust investment activity and continued growth in the service sector (tourism, banking and communications). In light of the favorable macroeconomic outcomes over the past years, the government is resolved to consolidate the gains made thus far in macroeconomic stability while reinforcing the implementation of reforms.

2.6.4 The realization of this positive growth scenario assumes the continuation of the current macroeconomic policy environment, in particular prudent fiscal policy, and a benign external environment. Prudent fiscal management is expected to continue, translating into domestic primary balances in the range of 3 percent of GDP. Achieving this target for the domestic primary balance would come from sustained revenue growth, including from revenue measures introduced in 2003. Expenditures would continue to track tax revenue growth owing to lower transfers to utility companies (resulting from timely adjustments in tariffs for electricity, water, and petroleum products) and lower interest payments on the domestic public debt. The medium term economic outlook points in the direction of a gradual recovery in private investment, arising from expected increase in credit to the private sector. This development will be assisted by lower interest rates that are lower because of the decline in inflation, and improved financial intermediation resulting from the ongoing strengthening of the regulatory framework for the financial sector, reforms in the public banking system, and improvements in the enabling environment for private sector development.



2.6.5 Ghana's debt is now at a sustainable level. An Assessment of the debt sustainability was undertaken by examining its sensitivity under three scenarios: a deterioration in the terms of trade, related to a drop in cocoa prices; a significant decline in grant financing; and a lower growth outlook, in line with historical performance. As a result of the terms of trade shock, i.e., the lower cocoa prices, the trajectory of the debt stock indicators (e.g., debt-to-fiscal revenue ratio) would remain below the HIPC threshold levels, although the trend in debt service during later years would indicate a rising slope. Regarding the reduction in grant financing, the shock would increase the NPV of debt to fiscal revenue ratio by 81 percentage points to 199 percent, and maintain a positive slope throughout the period, but below the HIPC threshold of 250 percent; nevertheless, debt service levels after 2015 would trend rapidly towards unsustainable levels. With respect to the lower growth shock, this scenario assumes a growth path of 4 percent, consistent with trends over the past decade.

2.6.6 Lower economic growth would lead to an average increase in debt service of almost 1 percentage point of revenue, and 1.1 percentage point of exports, but throughout the period, the NPV of debt-to-revenue ratio would remain almost flat and below the HIPC threshold. The impact of debt relief on Ghana's debt service profile is illustrated in Chart 4 above. The debt service obligations, after the debt relief in year 2004 up to year 2009, are stable, being below US\$10 million. This trend is due to the HIPC debt service reduction, which is about 80 percent per year. The debt relief assistance significantly affects the country's debt service obligations. For example, in 2005 the debt service obligations fall from about US\$ 23.88 million to about US\$ 4.78 million. After 2009 the debt service obligations profile decrease slightly because there is no more ADB debt. Ghana will assume full payment of its debt service falling due after the year 2013.



2.7 Private Sector Business Climate and Issues

2.7.1 The development of the private sector in Ghana has yet to achieve its full potential and recent performance has been sluggish. Private sector investment has fallen from about 57 percent of aggregate investments in the early 1990s to below 50 percent in 2004. The share of private fixed capital formation in GDP, which improved from 7.1 percent in 1995 to reach 14.5 percent in 2000, declined to 12.5 percent of GDP in 2004. Foreign direct investment (FDI) has also declined from its peak level of US\$631.6 million in 1995 to US\$ 132.1 million in 2000 and further to US\$ 97.3 million in 2001. The relatively high FDI investments in the mid 1990s were mainly due to investments in telecommunications and other privatized industries. One of the main constraints facing the business climate is the high cost of doing business in Ghana, mainly in view of lengthy procedures of business registration, inadequate trade infrastructure, paucity of skilled labor and marketing problems. Weaknesses in the financial sector are also a serious problem, evidenced by the low level of financial intermediation, which in turn is associated with lack of confidence in the financial system, weak financial infrastructure, and - until recently - crowding out of private sector credit. Two important keys to promoting financial intermediation will be continued stability of the macro economy and reduction of the stock of government domestic debt. Investors, in particular, cite the unreliability and high cost of energy as a major constraint to private sector growth. The *Ghana Poverty Reduction Strategy (GPRS)* has taken cognizance of these impediments and has

incorporated several policy measures designed to improve the private sector business climate and to remove obstacles to firm-level competitiveness. The government has completed a survey of the regulatory and administrative cost of doing business, in preparation for removing burdensome regulations and simplifying administrative processes.

2.7.2 Actions aimed at improving private sector business climate under implementation in the GPRS focus on trade facilitation to ensure export-led growth, and tackling factors that result in a high-cost business environment. Specific actions taken under trade facilitation include: (i) reduction by 50 percent of the average clearance time with the introduction of automated customs clearance procedures (GCMS/GCNET) at the Kotoka International Airport (KIA), and the Tema port; and (ii) measures to decongest port facilities, with Tema Container Terminal Project already commissioned, and a majority (70%) of cargo handling and stevedoring operations at the ports of Tema and Takoradi transferred to private licenced companies. Measures taken to reduce the time for registering new businesses include: (i) strengthening the offices of land registration with the aims to increase security of land tenure; and (ii) a new regulatory framework for the financial sector with the goal to facilitate and broaden the private sector's access to credit and capital. The simplification and computerization of the registration process of new businesses has resulted in 34 percent reduction in time⁵.

III. NATIONAL DEVELOPMENT AGENDA AND MEDIUM TERM PROSPECTS

3.1 Key Elements of the Government Development Agenda

3.1.1 The GPRS provides a sound framework for implementing the Government's anti-poverty agenda. The strategy builds on creating conditions for private sector led growth, improving the delivery of basic services, and raising the effectiveness of the public sector. To this end, the strategy emphasizes the importance of maintaining a sound macroeconomic environment, with prudent fiscal management and increased availability of basic social services. The other key element of this strategy is the reform of the public sector, aiming at further decentralizing the state, strengthening public financial management, reforming public employment and pay, and reviewing key elements of the public sector regulatory framework

3.1.2 *Sectoral Priorities:* In the Medium Term, the GPRS sets out five priority areas, namely, (i) infrastructure development; (ii) modernized agriculture based on rural development; (iii) enhanced social services with emphasis on health and education; (iv) good governance; and, (v) private sector development.

3.2 Assessment of Implementation Progress of the Agenda

3.2.1 **Macroeconomic program.** The Government is preparing its second Progress Report on the GPRS covering the year 2004. The second year of implementation of the GPRS happened against a backdrop of sustained growth and stable macroeconomic environment, with real GDP growth at 5.8 percent in 2004, up from 4.7 percent in 2003. Growth has been driven by the strong performance of exports and higher prices for gold. As a result of implementing the GPRS reform agenda; Ghana reached the HIPC completion point in July 2004, leading to a US 2.2 billion debt relief in net present value (NPV) terms.

⁵ According to the World Bank's "Doing Business Data Base", between January 2002 and January 2004, the time to start a business fell from 129 to 85 days (-34.1%), and the cost to start a business, measured as a percentage of per capita GNI, fell from 130.8% to 84.0% (-35.8%). These changes were driven largely by a time cut in obtaining the environment certificate and tax registration, and a lower registration fee.

3.2.2 Social Sector Reforms. Significant progress has been made in implementing policy actions in the social services. In the GPRS, these reforms have centered on improving the delivery of social services (education, health and social protection), especially in the deprived areas:

- **Education:** The progress in the implementation of policy actions in the education sector has been satisfactory, with a focus on (i) increasing access, completion and quality in basic education, particularly in three poorest regions (Northern, Upper East and Upper West), (ii) ensuring sustainable financing arrangements that protect the delivery of education to the poor. There have been measurable increases in gross primary enrollment rates, especially among girls in deprived districts, and in primary pupil-teacher ratios, despite some delays in the delivery of core textbooks for primary schools.
- **Health:** The progress in the implementation of the health program has also been satisfactory. The program focuses on (i) bridging the equity in the access to health care services in deprived regions (Northern, Upper East, Upper West and Central) and (ii) ensuring sustainable financing arrangements for the health sector that protect the poor. Specific actions include strengthening existing programs for attraction and retention of healthcare professionals, with a view of further decentralization of the management of human resources. In this regard, the Ghana Health Service (GHS) has revised the resource allocation criteria for items goods and services in the budget 2005. The goal is to increase the allocation for goods, services and investment to deprived districts, without making other districts worse off when compared to the 2004 allocations.
- **Social Protection:** Social Protection under the GPRS center on the National Street Children program and community programs for the prevention of HIV transmission. The national prevalence rate of HIV/AIDS has been maintained at 3.6% in recent years. The focus of government's program has therefore shifted toward high-risk areas and groups among which the prevalence rate is above 5%. As a result, government sponsored HIV/AIDS programs are now operational in 200 communities, reaching an estimated 8,000 people.

Box 3: Summary of Key Elements of Government agenda and expected outcomes

Policy Reforms	Expected Outcomes
Maintain Sound Macroeconomic Framework:	Strengthen Monetary Policy and reduce inflation Improve revenue mobilizations Reduce Domestic and external Debt burden Achieve Exchange rate stability
Structural reforms	Accelerate the privatization and divestiture process Restore the financial health of public utilities
Social Sector	
Education:	Increase in secondary school enrolment rates, Narrowing the Gender and rural/urban gap in school enrolment
Health	Reduce under five mortality Improve the health status of the poor
HIV/AIDS.	Preventing new infections of HIV Providing a continuum of care for people living with HIV/AIDS (PLWHA) and their families,
Governance	Improve the capacity and role of the state Greater transparency and accountability
Private sector development	Roads constructed and rehabilitated Increase the availability of energy

3.2.3. Enabling environment for private sector: Government reforms under the GPRS aim at strengthening the business environment through: (i) increased supply of reliable and cost-effective energy sources, (ii) broader access to credit, and (iii) sound natural resource management. Progress has been made in promoting the deregulation of electricity services. The automatic mechanism for adjusting electricity tariffs remain operational although no adjustments were required because of the shift in the electricity generation mix towards less expensive hydroelectric sources. Progress was also made in laying the ground for signing of performance-based Management Support Services Agreements (MSSAs) for the Electricity Company of Ghana (ECG), and the Volta River Authority (VRA) into three separate companies (the transmission company, the thermal company and VRA hydro). Finally, progress was made in increasing the access of the poor to credit by strengthening the administrative framework for micro-finance to better coordinate micro-finance activities in the country and to better assist food crop farmers, who constitute the largest share of the poor, by raising the Extension Agent-Farmers ratio from the current level of 1:1400 to 1:1000 by 2009.

3.3 The Partnership Framework

3.3.1: In Ghana, donor coordination is excellent. Through the work of numerous sectoral committees, the World Bank-led Consultative Group, the new Multi-Donor Budgetary Support Group (where the Bank Group collaborates and is a financier), and ad hoc groups focusing on a variety of specific concerns, donors share information and lessons learned and explore new opportunities. Sectoral committees meet on a fairly regular basis, with or without government participation.

3.3.2 The Bank will continue to work closely with the donors participating in the Multi-Donor Budget Support program (MDBS), a common-basket initiative which promotes key policy reforms. MDBS members include among others, the African Development Bank, World Bank, European Union, Canada, Denmark, Netherlands, Germany, Switzerland and the United Kingdom. Donor coordination is also key in providing support to sector programs, including agriculture, education, health, roads and good governance, with over twenty development partners having supported or currently providing support since the country began implementing structural reforms. Donors have organized themselves along thematic groups, within the CDF in order to improve their support to the government in the mobilization of resources for development. Government-Donor Thematic Groups are found in the areas of Poverty Reduction (including Nutrition, Street Children, Poverty monitoring); Governance; Health; Roads and Transport; Education; Agriculture/Food; Public Finance; Decentralization and Rural Development; Energy; Private Sector and Industrial Development; Urban Development; Water; Natural Resources and Environment; and the Financial Sector. Each thematic group is co-coordinated by the relevant

Box 4: Donors Interventions by Sector

Economic Reforms: IMF: The World Bank, ADB DANIDA, DFID, CIDA, EU, The Netherlands, Switzerland USAID

Poverty Reduction and the PRSP: World Bank, DFID, GTZ, EU and DANIDA, ADB

Governance: DFID, The World Bank, EU, DFID, CIDA, The Konrad Adenauer Foundation DANIDA; ADB.

Agriculture: FAO, ADB, UK, Germany, France, Japan, EU, IFAD, KfW, The Netherlands,

Decentralization and Local Government: CIDA; GTZ; The Netherlands and the EU, DANIDA, USAID, JAPAN, UNDP, DFID, ACTIONAID, UNICEF

Infrastructure: The World Bank, KfW, EU, GTZ, JICA, JBIC, The Netherlands, OPEC Fund, DANIDA, ADB, JICA, JBIC, FONDS CEDEAO, DfID, Arab Bank for Economic Development in Africa

Education: DfID, USAID, KfW, EU, GTZ, France, JICA, The World Bank, ADB

Health: DfID, DANIDA, EU, The World Bank, ADB

Government ministry and one or two development partners. The ADB has been an active participant in the meetings of these sector thematic groups, as well as being an active partner and co-financier in the MDBS process.

3.4 Challenges and Risks

3.4.1 **Challenges:** Important development challenges would need to be confronted in order to achieve the results envisaged in this CSP.

- The main challenge continues to be **extending the benefits of economic growth to all Ghanaians**, particularly the poor. This CSP aims to contribute to assisting keep growth above 5 % per annum and distribute its benefits in an equitable manner.
- **Improving private sector competitiveness and productivity** is also a key challenge. The sector is stagnating and generating few new jobs. Constraints to its growth include the high cost of credit, insecure land rights, labor market inflexibility and high infrastructure costs. These constraints are more evident in agriculture, where work needs to be done to improve farmer's productivity and generate off-farm income.
- **Deepening access to basic social services and making infrastructure available to the poor is another challenge.** Increased support will have to be given to basic education, increasing the supply of teaching and learning materials and ensuring that all teachers are well trained. Specific priorities are to reduce gender disparity in enrolments, targeting deprived areas for the provision of educational infrastructure including housing for teachers, and enhancing community participation in education. Coverage of, and access to, primary health care facilities and potable water are still inadequate. Programs to increase access to primary health care facilities and potable water need to be strengthened. While achieving the universal access to basic health and educational services remains a challenge, **ensuring quality of services is an even greater challenge**, which also has a direct impact on sustainability.
- **Government capacity and accountability structures are improving, and the challenge here is improve them further** to enable the Government to take leadership of its development program.

3.4.2 **Risks:** Attainment of CSP and GPRS objectives faces five main risks: (i) opposition to reforms by interest groups; (ii) preoccupation with political issues, which divert attention away from the poverty agenda; (iii) economic and political developments in neighboring countries and the possibility of peace collapsing in Côte d'Ivoire; (iv) continuing HIV/AIDS pandemic affecting all spheres of the economy; and (v) lack of commitment to good governance. Bank interventions, with support from partnerships with other donors, civil society and private sector will mitigate and limit exposure to these risks.

3.4.3 There is a risk that the Government may not continue to show commitment to macroeconomic reforms if certain interest groups begin to oppose the reforms. This risk, however is mitigated by the fact that Ghana is politically stable, ethnic friction is minimal and the government has demonstrated a commitment to persevering with the implementation of the reform program. The HIPC debt relief will free up substantial resources to enable an increase in spending for poverty-focused programs.

3.4.4 Finally, exogenous shocks will remain a risk, which could set back the reform program and cause growth to fall short of the targets set out in the GPRS. In particular, political or security concerns could slow the projected increase in private investment and unfavorable weather conditions could hold back agricultural production. However, based on the gains registered in fiscal consolidation and debt reduction since the last CSP, Ghana is now far better positioned to weather such shocks with less risk to macroeconomic stability and debt sustainability.

IV. BANK GROUP COUNTRY ASSISTANCE STRATEGY

4.1 Country Context and Strategic Selectivity

4.1.1 This Country Strategy Paper sets out to further consolidate during the period 2005-09 a growing partnership with the Government of Ghana. Assisting Ghana, with policy dialogue and financing for development, is central to the Bank Group's mission to help reduce poverty. The overarching thrust of this strategy is to maximize and leverage the resources of the Bank Group to scale up development impact, help contribute to improving the quality of life for Ghanaian citizens, and help Ghana move closer to achieving the MDGs.

4.1.2 Alongside the GPRS, Ghana has developed the following four initiatives: (i) The Coordinated Program for Economic and Social Development of Ghana (2003-2012) or "Vision 2012" which embodies an ambitious goal of achieving per capita income of \$1,000 by 2012; (ii) The National Economic Dialogue (NED), an annual public-private effort to build consensus on national priorities among the Ghanaian leadership and society. The NED process is recognized in the GPRS as an important vehicle for stakeholder input; (iii) The Financial Sector Strategic Plan (FSSP) which attempts to achieve a single framework for financial sector reforms to

Box 6: Consultations on the Bank Group Strategy

In March 2005, the Bank organized consultations with civil society organizations with the objective of giving civil society organizations the opportunity to provide input into the Bank's Country Assistance Strategy for Ghana. About 100 participants participated in consultations involving NGOs, trade unions, women's groups, the private sector and district assemblies. The meetings focused on the Ghana Poverty Reduction Strategy (GPRS), and included representatives of the administration. A follow up consultation, the CSP dialogue mission, to Accra was undertaken in June 2005. These consultations gave participants the opportunity to learn more about the Bank Group's mission in Ghana and make suggestions for the future. The consultations helped increase the Bank Group's awareness of the impact of its assistance in Ghana and ground the main pillars of its future strategy in the reality of past implementation record. Participants want the Bank to step up its role in improving the investment climate to increase growth and in supporting and deepening pro-poor pro-gender-equity policies. They wanted the Bank to invest more in private sector development, education and health, and infrastructure. *That the Bank Group can play an important role in Ghana over the coming decade is very much the view of the participants at these meetings.*

make reforms more private sector and investment friendly; and (iv) The Medium-Term Expenditure Framework (MTEF) which is the budgetary framework that Ghana uses to produce its annual budget. The GPRS, in tandem with these initiatives, provide the country context for Bank Group assistance.

4.1.3 The Consultative Process: This CSP is based on consultations with the Government, and other stakeholders, including NGOs, the private sector, civil society organizations, opinion leaders, and the international development partners. Discussions focused on the Bank's experience in implementing the previous CSP as well as on strategic choices confronting the Bank over the next five years. The country's own development priorities were revisited, as articulated in the Ghana Poverty Reduction Strategy (GPRS), which the CSP supports and which was itself based on extensive consultations.

4.1.4 Strategic selectivity. This CSP proposes a continuation and deepening of past Bank efforts, which remain appropriate in overall design and orientation. As in the past strategies, this CSP aims to help improve the investment environment, expand service delivery (to businesses and to the poor), and build public sector capacity and accountability structures, so that firms are encouraged to expand and create jobs and the poor are equipped to take advantage of the economic opportunities that are available to them. The key strategic shifts between this CSP and the previous CSPs are to be found in a much sharper focus, in this CSP, on managing for results. This CSP aims much more explicitly to articulate clear and monitorable expected results (see Results Framework, Table 3. and Annex 1) that have been agreed with the Government and that can form a more objective basis for ex-post learning and performance assessment.

4.2 Portfolio Management and Lessons Learned

4.2.1 The Bank Group's Operations in Ghana commenced in 1973, and as of 31 March 2005 the Bank had committed funds up to UA 854.32 million net of cancellations for 85 operations comprising 69 projects, 11 studies, 2 institutional support projects and 3 Policy-Based Loans. Six (6) operations, mostly from the private sector window and amounting to UA 60,045.19 million were cancelled. Of the 85 operations approved (net of cancellation) operations for Ghana, 51 have been completed and 34 are still on going.

4.2.2 Total net commitment on the 29 on-going projects is UA 327.25 million. The sector distribution in terms of net commitment is as follows: 40.0 percent in agriculture: 37.5 percent in transport, 16.7 percent in the social sector and 1.3 percent in multisector projects. As at 31 December 2004, disbursements from the on-going projects amounted to about UA 99.0 million, representing about 30.5 percent of the net commitments for the ongoing operations. This relatively low disbursement ratio is due to the fact that 10 operations, with a cumulative commitment of UA 156.52 million (48.9% of the entire amount of the ongoing portfolio) were approved over the ADF IX period (2002-2004). This low disbursement ratio is due to several other factors, including inadequate managerial and technical capabilities of executing agencies; and strict adherence to public expenditure ceilings, which often results in under-provision of counterpart funds. There are three multinational operations for which Ghana is a beneficiary, with a commitment value of UA 72.19 million. Two are within the agricultural sector and one is a road project interlinking Ghana with Burkina Faso and Mali.

4.2.3 The quality of the portfolio has improved over the last few years, as a result of joint action by both the government and the Bank. Since most of the delay in project implementation has been due to unfamiliarity of executing agency with the Bank's procedures relating to procurement and disbursement, the Bank conducted a loan administration seminar in Accra during February 2004. The Bank has also intensified supervision missions, and continued to undertake launching missions for all operations, soon after loan effectiveness. The Government from its side has strengthened the ADB desk by appointing another economist and improved its communication facilities. Ghana is generally current with the Bank Group in respect of loan repayments and capital subscriptions.

4.2.4 The last Country Portfolio Review Report (CPRR) for Ghana was undertaken in November 2004. Overall management of the portfolio has been assessed as satisfactory. The CPRR and supervision reports for individual projects carried out later, however, have identified some generic weaknesses in implementation performance. These include lengthy delays in signing loan agreements and subsequent entry into force. For a number of projects, especially in infrastructure, costs and implementation period overruns are frequent, the latter sometimes of up to two years. The most recent 2003 Bank-wide Annual Portfolio Performance Report (APPR) indicated that the on-going portfolio had 7 actual or potential problem projects representing 43.8 of the active portfolio or 52.7 percent of commitments at risk. The situation has tremendously improved in 2004 as a result of steps taken by the Bank to address some of the implementation bottlenecks. The Bank now systematically undertakes supervision missions for on-going projects at a rate of 1.5 per year.

4.2.5 In terms of lending activities, the Bank 2002-2004 strategy emphasized poverty reduction through targeted interventions in three sectors, namely, agriculture, infrastructure and rural development, and social sector (mainly education and health). The envisaged level of support during the previous CSP period was about UA 31 million per year. Between January 2002 and December 2004, the Boards of Directors approved seven (7) loans, two in agriculture, two (2) in transport, two (2) in social sector and one (1) in public utilities for an amount of UA 90.64 million, which was within the resource envelope. The Bank further approved five technical assistance grants for an amount of UA 12.45 million (or UA 4.15 million per year). Over the years, the Bank has demonstrated a comparative advantage in the agriculture and rural development and road transport sub-sector. Within the new CSP period, the Bank intends to further deepen this advantage, while increasing its interventions in the social sector to deal with the country's growing socio-economic challenges, especially the HIV/AIDS problem and the objective of helping Ghana achieve universal primary education, with particular focus on improving the quality of education provided, and giving priority to the poor and the disadvantaged, particularly girls and children in rural areas.

4.2.6 **Lessons learned:** The implementation of the 2002-2004 CSP and the November 2004 Country Portfolio Performance Review Report (CPPR) indicate some lessons and recommendations for the Bank Group.

- The Bank needs to be more selective in its engagement, focusing its limited resources on fewer areas and on specific outcomes. While the Bank should continue to play a broad role as an analytic and strategic partner to the Government, especially in sector analysis and policy and programs design, it needs to be much more selective in its project financing, as its resources are limited.
- Bank projects need to be simplified to ensure a better fit with the Government's implementation capacity. Projects succeed only if the Government and its partners agree on key policy reforms and maintain focus throughout implementation.
- The Bank Group can do much better to monitor its own results, both at the project level and program level, and to help the government to monitor GPRS results.

4.3 CSP Results Framework

4.3.1 The CSP results framework (see Table 3 and Annex 2) indicates the outcomes that the Bank expects to help the Government achieve over the CSP period. These outcomes were chosen in light of the MDGs, the priority indicators in the Government's PAF matrix and the HIPC expenditure-tracking indicators. These expected results take into account Ghana's development priorities, Government ownership, Bank projects under implementation and the Bank's track record and comparative advantage vis-à-vis other development partners. The strategy is results-oriented: it

supports the long-term objectives of the government program, and sets clear and monitorable intermediate outputs/targets linked to those objectives. The proposed assistance is geared to maximizing the impact of government and Bank resources in meeting the intermediate objectives agreed in the “ Results Framework”.

4.3.2 The triggers underpinning the operationalization of the Bank Group’s assistance strategy are based on measurable outcomes, which have the MDGs as frame of reference. The Bank Group CSP will also be shaped by (i) the lessons learnt from implementation of the past Bank Group CSP in Ghana and (ii) the concerns of Ghanaian stakeholders as expressed during the participatory-approach consultations held by the Bank Group, as well as findings of the on-going Country Assistance Evaluation conducted by the Operations Evaluation Department (OPEV).

Table 2: CSP Results-based framework Summary

GPRS Pillars	CSP Pillars	CSP Outcomes
1. Maintaining macro economic stability	Improving the Investment Environment	Reduced time and cost of doing business; urban tariff raised to permit cost recovery and network extension; proportion of people living below the poverty line reduces from 40% in 1999 to 32% in 2007; expenditures stay within appropriations; stable and competitive exchange rate and reduction in inflation rate; increased productivity of the agricultural sector.
2. Increasing Production and Employment		
3. Promoting human resource development	Promoting Pro-Poor Pro-Gender Equity Policies	Increased pro-poor spending; reduced proportion of people living below the poverty line; HIV/AIDS strategy revised; reduced under-five mortality; reduced gaps between girls and boys enrollments; improved health status of children under five; improved health status of communities and decreased under five mortality; improved maternal health and reduce child mortality; availability of anti-retroviral (ARV) treatment for PLWHAs.
4. Implementing special programs for the vulnerable and the excluded		
5. Ensuring good governance through accountability and transparency		

4.4 CSP Pillars or Areas of Focus

4.4.1 The Bank Group’s program for 2005-2009 is built around a results framework that itself builds on the GPRS’s priorities. The CSP has two pillars: (i) improving the investment environment, and (ii) promoting pro-poor and pro-gender-equity policy.

Strategic Pillar 1: Improving the Investment Environment

4.4.2. Bank activities under this pillar aims to help the Government to sustain GDP growth per capita and reduce income poverty through improving the investment environment and facilitating public-private partnership in infrastructure. Performance under this pillar will be judged against progress made in: lowering the cost and time of registering a business, lowering customs clearance times, ensuring compliance with international accounting standards and maintaining an expanding length of primary and secondary roads.

4.4.3 Building on recent progress, the strategy will contribute to easing constraints to business; strengthen the overall fiduciary framework; reform the financial sector by modernizing supervision capacity and ensuring that all banks comply with International Accounting Standards (IAS); and implementing public sector reforms aiming to tackle corruption, improve service delivery, and reduce bureaucratic inefficiencies. As the Government and the Bank gain experience with budget support and the overall fiduciary framework is strengthened, Bank's support for policy reforms will be gradually expanded to incorporate support for sector activities, thereby complementing the Bank's support for capacity building efforts (see pillar2).

4.4.4 **Strengthening the Incentive and Regulatory Regime:** The private sector in Ghana can play a broader role in the development process and participate in achieving the poverty reduction goal by producing goods and services that are needed to enhance the quality of life. Government will, however, need to continue to improve the enabling conditions for private sector growth. First and foremost, there is need to create a stable macroeconomic environment by restructuring state owned enterprises and promoting competitiveness and production efficiency. The Bank strategy will support reforms in this area.

4.4.5 Since the IMF is the lead institution in supporting macroeconomic stabilization, the Bank will play a supportive role in contributing to certain aspects. Here, the Bank will contribute to a review of the public finance management system in Ghana as part of the Country Governance Profile. Good governance, policy predictability, transparency and accountability are central elements of a strong macro environment for private sector-led growth. Major outcome indicators during the CSP period 2005-2009 include an improvement in the management of resource flows, and a significant reduction of Government transfers to parastatals.

4.4.6 The Bank Group will continue its support to financial sector development, another major component of the 2002-2004 CSP. In particular, over the CSP period, Bank Group Support will continue to focus on deepening banking sector governance reforms and strengthening the regulatory and supervisory capacity of the Bank of Ghana. This last outcome will be supported through an Economic Management Support Project envisaged in 2008. It will follow up on the ongoing Institutional Support for Two Ministries grant aimed at strengthening the capacity of the Ministry of Finance and Economic Planning.

4.4.7 **Creating the Conditions for Accelerated, Sustained Rural Growth:** The agriculture sector recorded poor performance in recent years and its contribution to GDP and productivity has fallen significantly. The poor performance of the sector has exacerbated unemployment and poverty problems particularly in the rural areas, while the food security situation has deteriorated. There is recognition in the country that sustainable agricultural recovery requires that attention be paid to economic and institutional reform and the rationalization of agricultural practices. The challenge is to enhance food security and increase the well being of all citizens through equitable and sustainable use of existing natural resources. To achieve this, government will need to create conditions for the emergence and strengthening of smallholder farmers as a commercially oriented sub-sector; modify the role of the public sector from direct intervention to support; and, facilitate and catalyze community initiatives in agriculture.

4.4.8 Bank interventions in agriculture and rural development remain an important area of focus in mainstreaming poverty reduction. In the medium term, the sub-sectoral strategy will seek to support the diversification of the agricultural base to promote non-traditional high-value crops and a gradual shift from subsistence to commercial farming using irrigation and the identification of regional and international markets for Ghana's agricultural commodities. In this instance, the Bank will assist in promoting small-scale irrigation to mitigate the recurrent drought, which has adversely impacted on smallholder agricultural production and support to research activities in drought resistant crops.

4.4.9 The main instruments for assistance are the on-going projects and grants, namely, the Small Scale Irrigation Development Project, the Cashew Development Project, the Inland Valley Rice Development Project, the Food Crops Development Project, the Livestock Development Project and the Export Market and Quality Awareness Program. The targeted outcomes during the CSP period include the intensification and commercialization of livestock production, the diversification of agricultural output to high value crops, and an increase in the number of farmers shifting from subsistence to commercial farming using irrigation facilities. Any expansion of irrigated agriculture needs to be matched by expansion and development of additional water collection and storage facilities as all the available water has been committed to existing schemes. Thus, the on-going operations, especially the Small Irrigation Development and the Kpong Irrigation Projects, are expected to result in the provision of off-water course storage facilities to harness excess water during peak floods, which would otherwise pass unutilized.

4.4.10 Agricultural trade and pricing regimes need to be further liberalized especially the cocoa sector. A significant agenda of second-generation reforms will address the unequal opportunity and capacity to access assets and markets-land, water and financial intermediation, technology and output market. The Bank will therefore focus its assistance over the next five years on: (i) monitoring developments in agricultural policies and institutional and regulatory frameworks governing the functioning of rural markets as well as opportunities for off-farm employment; (iii) seeking opportunities to improve access to financial services and (iv) supporting government's strategy to improve water management and irrigation. Accordingly, an ADB Agricultural Sector Review will be completed in 2005, which will assess the adequacy of policies to accelerate rural growth; this will include inter *alia* an analysis of land and credit markets.

4.4.11 Providing Adequate Infrastructure for Poverty Reduction: The availability of adequate infrastructure facilities, which includes roads, power, water and telecommunications, is critical to stimulate economic growth, improve competitiveness, and reduce poverty. It improves the lives of the poor directly, and facilitates the growth of the private sector. The Government of Ghana recognizes that the removal of infrastructure constraints and increased investment will play a critical role in supporting private sector development, as well as enhance sustainable growth, improve income levels, and reduce poverty. Significant progress has been made in addressing the infrastructure needs of the country but much still remain to be done. In line with Government's priority program for developing the three main roads radiating from Accra into dual carriage-ways namely Accra-Kumasi, Tema-Aflao and Accra-Cape Coast, various sections of these roads are being reconstructed. The Government plans to upgrade the Accra-Kumasi road into a Lane Dual Carriage-way with service road facilities. The rehabilitation of this road, which is the most heavily trafficked, would complete the reconstruction of the transit corridor for Ghana's neighbouring countries. The Bank would support the reconstruction of the Achimota-Okanfor corridor of the Kumasi road to meet the internal transit demands and to realize the full returns on investments made on the rehabilitation of the Accra-Kumasi roads.

Strategic Pillar 2: Supporting Pro-Poor and Pro-Gender-Equity Policies

4.4.12 Promoting Education and Health for All. The Bank Group will support the GPRS core objective to empower people by creating opportunities for increasing rural incomes through improving access to education and health services, especially for girls, and to safety net programs. The Bank's support to these three areas (promoting education and health, supporting pro-poor rural development and community infrastructure, as well as supporting targeted poverty alleviation programs (SIF)) reflect their importance for poverty reduction as well as the Bank's comparative advantage.

4.4.13 Education Sector reforms: The Bank Group's assistance strategy will focus on those interventions in the education sector that would help the goal of achieving universal primary education, with particular focus on improving the quality of the education provided, and giving priority to the poor and disadvantaged, particularly girls and children in deprived regions. In particular, increasing children enrolment will be crucial to the fight against child labor.

4.4.14 Health Sector Reforms: The Bank Group assistance to Health sector reforms, will support strengthening the public health programs: immunization, control of communicable diseases such as malaria and TB, HIV/AIDS; and maternal and child health and family planning. The Bank strategy will focus on improving access of the population to quality health care. This will be achieved by strengthening the public and primary health care system with the objective of accelerating progress towards meeting the health and other social sector-related MDGs. Support will also target the development of referral services, inpatient and outpatient health care relevant to the needs of people in the regions, including effective provision of laboratory and other diagnostic services. Major expected outcomes include a strengthened health sector institutional capacity, a stronger health care delivery system, increased community awareness and participation in the reduction of HIV/AIDS infection and other communicable diseases

4.4.15 Pro-Poor Rural Services and Social Protection: Supporting the deepening of the rural asset base through rural community-based infrastructure projects (particularly for water supply and sanitation services) and the spread of micro-credit have been part of the Bank Group's strategy to promote poverty reduction in the rural areas of Ghana. The Bank's efforts to support key investments in rural infrastructure and support services are designed not only to promote more rapid and sustained rural growth but also to directly attack rural poverty and support social protection.

4.4.16 Pro-Gender-Equity Policies: Since Gender equity is an issue of development effectiveness, the Bank Group plans to intensify its efforts to mainstream gender in projects and programs in Ghana. This would include ensuring better access to and quality of education and health, particularly to women and children, girls especially. In this context, the Bank Group will assist the government implement the component of the ESR focused on boosting incentives through vouchers system, food for school, and other targeted subsidies to increase girls enrollment. A significant program of analytical work is also planned over the CSP period to show the opportunities that gender-responsive policies create for enhanced growth and poverty reduction. The Bank, the government, and the other donors, including UNDP and DFID, have been working together to strengthen the government's analytic capacity on gender sensitive policies. The Bank has a poverty assessment underway, with a survey geared to capturing gender issues with a view to informing public policy regarding the formulation of a gender strategy. A country gender assessment is planned for FY06, which would provide the knowledge base for future Bank policy dialogue and operational interventions.

4.5 Regional Dimensions of Bank Group Assistance

4.5.1 The Bank is preparing a Regional Integration Assistance Strategy Paper (RIAS) for West Africa. The RIAS will seek to improve trade links and enhance the economic integration of African countries using existing regional institutions such as ECOWAS in the case of West Africa. The effort to design a RIAS for West Africa arises from the need to enhance the integration of the region to the global economy, recognizing the limitations of small domestic markets and low level of capitalization. Promotion of regional integration is a primary preoccupation of the Bank, whose mandate is to contribute to the economic development and social progress of its regional members - individually and jointly. Over the years, a strong partnership has been built between the ADB and ECOWAS culminating in the signing of the ADB/ECOWAS Co-operation Agreement in July 2003.

4.5.2 In terms of concrete assistance, some of the projects financed by the Bank include: (i) Industrial Line of Credit and Rural Development Line of Credit and Technical Assistance to ECOWAS Fund; (ii) Floating Weeds Study, and Floating Weeds Project; (iii) ECOWAS Peace and Development Project; (iii) Nerica Rice Project. Besides multilateral projects, the Bank has a healthy portfolio of projects and programs with each of the ECOWAS member states. The Bank Group resources are basically targeted to rural and urban infrastructure, public utilities, agriculture and rural development, industrial development and multi-sector operations. Other areas of Bank intervention have been policy and institutional reforms, human resources development and capacity building.

4.6 Bank Group Assistance

4.6.1 The Bank Group's assistance strategy for Ghana for the period 2005-2009 was developed using the participatory approach, in which extensive consultations were held with various stakeholders (see Box 5). It is anchored on the Ghana Poverty Reduction Strategy (GPRS). It seeks to promote the pro-poor economic and social development of the country by contributing to address the broad range of development challenges facing the country. The Bank's strategic priorities and Ghana's development agenda are set out in Annex 2 which links the country's development agenda to specific objectives and expected outcomes. It identifies the main obstacles to longer-term strategic development outcomes and the main focus of Bank assistance in achieving the expected outcomes. Where appropriate, the CSP identifies quantitative targets to be attained during the implementation period. Annex 2 presents the overall results-oriented framework. The proposed assistance is geared to maximizing the impact of Government and Bank resources in meeting the intermediate objectives agreed in the "Results Framework". In line with the proposed strategy outlined above, the 2005-2009 Bank Group assistance program in Ghana will combine lending and non-lending activities. In the short- to medium-term period covering 2005-2007, the strategy proposes to concentrate the lending activities on the social sector, while the challenges in agriculture and rural development, and physical infrastructure will continue to be addressed through the on-going projects that the Bank is currently implementing. The focus on the social sector was arrived at through extensive consultations with the Government and other major stakeholders in view of the serious social challenges, including the negative impact of the HIV/AIDS pandemic. The non-lending program will comprise economic and sector work, capacity building for results-oriented development agenda and policy dialogue.

4.6.2 Lending: The total allocation for the implementation of the 2005-2009 CSP includes the resources that would be allocated to Ghana under ADF X (2005-2007) and part of the resources of ADF XI (2008-2010). The Bank Group's evaluation of the performance of countries determines the base allocation. For ADF X, Ghana is ranked as a strong-performing country, and will be a loans-only country. The evaluation of the performance of Ghana has enabled its base allocation to be set at a maximum UA 204 million. During ADF X, five operations are envisaged. To support the Government's policy reforms, a second Poverty Reduction Support Loan will provide budget support and assist the government maintain a stable macroeconomic framework, a sine qua non for economic growth and poverty reduction. In the social sector, an Education IV project will contribute to increasing access to quality basic education in deprived regions, and support sustainable delivery of education to the poor. A Health IV project will contribute to bridging the equity gaps in the access to health care services in deprived regions. An Urban Poverty Reduction and Decentralization project will contribute to significantly reducing rural and urban poverty by supporting a Social Investment Fund to enhance the access of the poor to financial services; the project will increase the availability of micro-finance and strengthen community-based organizations, including indigenous micro-finance institutions. An Export Market and Quality Awareness project will enhance the country's capacity in export promotion and marketing, increase foreign exchange generation and raise household incomes. Here, the envisaged support for horticulture will directly benefit women who make up the largest segment of the poor, as Ghanaian women are highly involved in horticultural production. Operations to be funded under ADF XI will be determined during the mid-term review of the CSP.

4.6.3 Non-Lending Activities: As part of its non-lending activities, the Bank will use bilateral resources to undertake a Social Sector Expenditures Assessment and Review study and Gender Profile. The Social Sector Expenditures Assessment and Review will analyze the problems of providing social sector assistance in Ghana and recommend some solutions. A Country Gender Profile will provide information on Ghana for facilitation of gender aware country strategies and projects development, as well as policy dialogue. In addition, the Bank will prepare a Country Governance Profile that will be useful for conducting dialogue in the area of Governance. The Bank would also undertake institutional capacity building to enhance economic analysis and statistical capacity for results-oriented development agenda.

4.6.4 In spite of considerable progress achieved in macroeconomic performance and structural reform in certain sectors, such as power and education, there were persistent weaknesses in the implementation of some structural policies. In particular, the government has delayed price adjustments in the energy sector and has failed to design alternative option to assist energy consumers. In addition, there continue to be weaknesses in the delivery of social services, in particular in the health sector. To tackle these weaknesses, the Government's strategy builds on creating favorable conditions for private sector led growth, improving the delivery of basic services and raising the efficiency of the public sector. The assessment of management and implementation capacity of Bank Group portfolio in Ghana indicates that performance has been mixed. The executing agencies are well staffed with technical skills for implementing the physical components of projects, but the overall performance on the "less-physical" projects or activities -- selecting consultants for studies, preparing tender documents, and ensuring adequate supervision of the studies -- is unsatisfactory. It therefore appears that the enhancement of performance, as far as compliance with the loan agreement conditions and mastery of the procurement rules are concerned, should be the focal points of the efforts to enhance the Bank Group's portfolio performance in Ghana. Efforts should also be made to fully achieve the desired impact of projects on development and to improve the familiarity of the executing agencies with the disbursement procedures of the Bank. All these require a strengthening of the capacities of the executing agencies.

4.7 Partnerships and Harmonization

4.7.1 Co-financing Arrangements: The Bank has a good record of co-financing in Ghana over the last two years, and has co-financed four operations. Within the agricultural sector, it approved in 2002 *The Rural Enterprises Development Project*, which was co-financed with IFAD and the *Road Infrastructure 2003*, was co-financed with OPEC, IDA and the Nigerian Trust Fund. Within the social sector, the *Health Services Rehabilitation III*, approved in 2002 was co-financed with the Nordic Development Fund (NDF) and the UNDP. The *Poverty Reduction Support Loan*, approved in 2003, was also co-financed with IDA, IMF, Canada, Denmark, the EU, Germany, the Netherlands, Switzerland and the UK. By investing about UA 44.9 million in three projects (excluding the *Poverty Reduction Support Loan*), the Bank Group succeeded in mobilizing UA 22.6 million in co-financed bilateral and multilateral funds.

4.7.2 Donor coordination. There has been significant progress on coordination among Developments Partners (DPs) in 2004. The Bank and DPs participating in the Multi-Donor Support (MDBS) framework agreed to align their support to the GPRS on the basis of a single Progress Assessment Framework (PAF) from 2005 onwards. In this context, the DPs participating in the MDBS will carry out joint assessments aimed at reducing transactions cost and increasing the predictability of budgetary support to the Government of Ghana. On the policy dialogue front, the Bank will continue to participate in the various sector-working groups that have been established within the MDBS framework to enhance donor coordination at the sector level. This will be assisted by the imminent opening of the Bank's Country Office in Accra before the end of 2005.

V. RESULTS-BASED MONITORING AND EVALUATION

5.1 Monitoring of CSP outcomes and Bank Group Performance

5.1.1 This results-based CSP seeks to indicate intended outcomes of the Bank's strategy, and to allow subsequent evaluations of the strategy. The results framework (see Annex2) identifies: (i) core country outcomes related to long-term national development goals as articulated in the GPRS; (ii) associated intermediate outcomes that the Bank can directly help to realize, and (iii) the mix of Bank products and services that best contribute to these outcomes. An integral part of the strategic shift towards a result based CSP is the strengthening of the CSP Monitoring and Evaluation system which will serve as the basis for self assessment in the CSP Progress Report to be prepared in 2007 (for mid-course correction) and CSP Completion Report to be prepared in 2009 (for ex-post learning). Results of these assessments will feed into the next CSP cycle.

5.1.2 Since Bank activities are aligned with national development goals, and systems to monitor progress also need to be aligned. The CSP framework is therefore linked to the Government GPRS matrix and will use the same data collection mechanisms. Ghana has limited capacity to produce reliable and regular data on many key indicators, including poverty and MDG indicators. It is important to build sustainable capacity to collect data and report on core indicators periodically. This will involve scaling-up activities to strengthen national statistical capacity, particularly in the GPRS priority sectors, to complement support being provided by other donor partners

5.2 Managing Risks

5.2.1 The Bank's program faces two types of risks, which the Country Team needs to monitor and manage over the next few years; country risks and risk pertaining to Bank performance. The country risks are related to domestic political developments, regional and international political and economic developments, domestic limitations on absorptive capacity, and the expected impact of the HIV/AIDS epidemic

5.2.2 An extended global slowdown, commodity price fluctuations, regional political and economic developments (particularly in Côte d'Ivoire and Togo), and exchange rates and capital flow fluctuations, are some of the factors that could impede growth and make it difficult for the Government to remain engaged in reform. To help mitigate these risks, the Bank will work closely with other development partners to help the Government to maintain macroeconomic stability. The imminent opening of the Bank Country Office in Ghana during 2005 will strengthen the dialogue between the Bank and the country on macro-economic stability and regional ECOWAS issues.

5.2.3 There are also *implementation risks* stemming from the technical and institutional capacity constraints especially for the reforms that involve governments at the provincial and district levels. To manage this risk, the Bank will work with other donors and the Government to build capacity.

5.2.4 The devastating effects of the HIV/AIDS epidemic threatens Ghana's growth potential in many ways. Its adverse impact on civil service capacity and labor productivity will impact on the GPRS and CSP implementation. The Bank will join other partners in mitigating this risk by helping the Government to finance appropriate HIV/AIDS prevention and care programs.

5.3 Country Dialogue Issues

5.3.1 To ensure a successful implementation of the Bank strategy for Ghana, it is important for the Bank to maintain its open dialogue with the government and other stakeholders on a number of key issues. These include macroeconomic policy dialogue, the need for good governance, and portfolio performance.

5.3.2 **Macroeconomic Policy Dialogue:** Given that a sound macroeconomic framework for sustained growth is important for the success of the proposed strategy, the Bank will continue to discuss with the authorities the most recent developments in this area. The fiscal situation will require close scrutiny in the near term because of its implications for the size of the government's investment program. The Bank will continue to collaborate with the Bretton-Woods Institutions in undertaking macroeconomic policy dialogue.

5.3.3 **Need for Good Governance:** A successful implementation of the Government Development Agenda and the Bank strategy will depend upon improved governance. The Dialogue will thus continue with the Government on the need to sustain the momentum of governance reforms, particularly relating to public expenditure management, implementing the anti-corruption agenda, and judicial reforms. The ADF's second *Poverty Reduction Support Loan* under ADF X will focus on improving economic governance and supporting the anti-corruption agenda. As part of its ESW, the Bank will complete in 2006, the preparation of a *Governance Profile* for Ghana. These initiatives complement the on-going support to governance reforms through an *Institutional Support Project for Capacity Building, Poverty Reduction and Governance*, which was approved in 2001.

5.3.4 **Portfolio Performance:** Although the performance of the Bank portfolio is satisfactory, as discussed above, generic problems still persist. Satisfactory management and performance of the portfolio helps deliver project benefits on a timely basis, and also serves as a foundation for effective strategy implementation. Thus, to ensure a smooth implementation of the work program, further improvements in this area will be required, and the Bank will continue to engage the country in dialogue to improve portfolio performance. The Bank Country Office will play a key role in Country Dialogue.

VI. CONCLUSIONS AND RECOMMENDATIONS

6.1 Over the 2005-2009 CSP period, Ghana will face major challenges in reducing poverty and inequality, in combating the spread of HIV/AIDS, ensuring a private sector conducive environment and implementing pro-poor-pro-gender equity policies, which will ensure social inclusion, food security and reduce unemployment. The CSP shares the main strategic directions of the GPRS and is designed along two pillars: (i) Improving the Investment Climate to Harness Growth and (ii) Supporting Pro-Poor Pro-Gender Equity to Enhance Service Delivery.

6.2 To reduce poverty, Ghana needs rapid growth sourced in agriculture and rural development and labor-intensive manufacturing and services. It also needs to redistribute public spending towards sectors with high poverty-reducing potential, such as health, education and water supply. And sanitation. The Government's GPRS for 2005 to 2007 proposes appropriate actions in this context and this CSP aims to support their implementation.

6.3 The Boards are invited to consider and adopt the Country Strategy Paper for Ghana for the 2005-2009 period.

GHANA: BANK GROUP OPERATIONS AS AT 31 MAY 2005

Project name	Source	Approval	Signature	Closing	Effective.	Last Disb.	Approved	Undisbursed	Total	Net Loan	% Disb.
Sector : Agriculture											
KPONG IRRIGATION PROJECT (GRANT)	ADF Grant	17.09.1990	14.08.1991	31.12.2003	30.12.1997	05.10.2004	2081578.00	454317,55	1627260,45	2081578,00	78,17
KPONG IRRIGATION PROJECT	ADF Loan	17.09.1990	14.08.1991	31.12.2003	29.12.1994	11.08.2004	23238142.00	0,00	19322265,97	19322265,97	100,00
SMALL-SCALE IRRIGATION DEVELOPMENT	ADF Loan	04.12.1997	29.05.1998	30.06.2005	25.01.2001	04.05.2005	15000000.00	9516637,28	5483362,72	15000000,00	36,56
FOOD CROPS DEVELOPMENT PROJECT	ADF Loan	10.12.1997	29.05.1998	30.06.2005	05.02.2001	25.02.2005	10000000.00	5417455,90	4582544,10	10000000,00	45,83
AGRO-INDUSTRIAL STUDY	ADF Grant	09.09.1998	09.02.1999	30.11.2001	25.08.2000	28.11.2002	702100.00	0,00	701977,93	701977,93	100,00
SPECIAL PROGRAMME FOR FOOD SECURITY	ADF Grant	17.05.2000	28.12.2000	31.03.2004	17.08.2001	02.11.2001	711180.00	0,00	709902,79	709902,79	100,00
AFRAM PLAINS DEVELOPMENT STUDY	ADF Grant	03.05.2000	28.12.2000	31.10.2005	30.12.2002	04.02.2005	619395.00	329273,07	290121,93	619395,00	46,84
CASHEW DEVELOPMENT PROJECT	ADF Loan	31.10.2000	08.03.2001	30.06.2008	30.10.2002	25.04.2005	9890000.00	7959660,30	1930339,70	9890000,00	19,52
INLAND VALLEY RICE DEVELOPMENT	ADF Loan	18.05.2001	23.05.2001	31.12.2007	17.05.2004	02.07.2004	15000000.00	14802423,08	197576,92	15000000,00	1,32
LIVESTOCK DEVELOPMENT PROJECT	ADF Loan	10.10.2001	02.08.2002	31.12.2008	03.06.2003	30.10.2003	19580000.00	18517103,30	1062896,70	19580000,00	5,43
GOPDC Oil Palm Expansion Project	ADB Loan	12.12.2002	19.02.2003	31.12.2005	04.06.2003	15.12.2004	7140000.00	0,00	7140000,00	7140000,00	100,00
RURAL ENTERPRISES PROJECT	ADF Loan	12.12.2002	16.04.2003	31.12.2011	28.01.2004	01.12.2004	7500000.00	7408384,14	91615,86	7500000,00	1,22
COMMUNITY FORESTRY MANAGEMENT	ADF Loan	03.07.2002	16.04.2003	31.12.2008	04.12.2003	20.12.2004	7000000.00	6264328,62	735671,38	7000000,00	10,51
NERICA DISSEMINATION PROJECT	ADF Loan	26.09.2003	07.10.2003	31.12.2010	15.06.2004	30.12.2008	2650000.00	2650000,00	0,00	2650000,00	0,00
NASIA RICE DEVELOPMENT	ADB Loan	17.09.1973	18.12.1973	31.12.1975	31.07.1974	07.10.1977	2300000.00	0,00	2300000,00	2300000,00	100,00
MECHANISED RAINFED COTTON PRODUCTION	ADB Loan	20.08.1975	17.10.1975	31.12.1982	10.05.1977	14.12.1981	3200000.00	0,00	1830101,11	1830101,11	100,00
PALM OIL MILLING FACTORIES	ADB Loan	31.03.1976	14.07.1976	30.06.1980	08.07.1977	14.04.1986	2000000.00	0,00	1827911,00	1827911,00	100,00
NASIA RICE DEVELOPMENT	ADB Loan	21.12.1976	01.08.1977	30.06.1979	07.10.1977	18.05.1981	900000.00	0,00	878446,18	878446,18	100,00
KPONG IRRIGATION STUDY	ADF Loan	16.12.1983	29.02.1984	31.12.1995	04.12.1986	18.03.1996	1473683.00	0,00	1470180,60	1470180,60	100,00
SUBRI INDUSTRIAL PLANTATIONS	ADF Loan	15.11.1984	07.02.1985	31.07.1999	14.10.1986	09.02.1999	14736832.00	0,00	14112792,52	14112792,52	100,00
AGRICULTURAL SECTOR REH.	ADF Loan	26.06.1987	16.09.1987	30.06.1994	19.12.1988	18.03.1993	18605250.00	0,00	18605250,40	18605250,40	100,00
COCOA REHABILITATION	ADB Loan	25.04.1988	13.02.1989	30.11.1999	24.01.1991	17.02.2000	19230000.00	0,00	17599560,82	17599560,82	100,00
COCOA REHABILITATION	ADF Loan	25.04.1988	23.06.1989	30.09.1997	13.07.1993	08.01.1996	6622364.00	0,00	6620510,78	6620510,78	100,00
STUDY OF SMALL-SCALE IRRIGATION	ADF Grant	25.05.1992	04.09.1992	31.12.2001	21.06.1995	10.01.2001	1842104.00	0,00	1778584,83	1778584,83	100,00
SUB-TOTAL : Agriculture							192022628.00	73319583,24	110898874,69	184218457,93	60,20
EXPANSION OF GLASS	ADB Loan	17.01.1975	03.07.1975	30.06.1979	02.10.1975	14.11.1984	5000000.00	0,00	4989707,63	4989707,63	100,00
INDUSTRIAL SECTOR ADJUSTMENT	ADB Loan	27.05.1988	13.02.1989	30.06.1994	07.04.1989	07.05.1991	50000000.00	0,00	49999999,99	49999999,99	100,00
BONSA TYRE REHABILITATION	ADB Loan	14.12.1988	30.01.1990	31.12.1999	27.04.1990	22.10.1999	20460000.00	0,00	20299328,78	20299328,78	100,00
PARTICLE BOARD MANUFACTURING	ADB Loan	15.07.1993	26.04.1994	31.12.1996	31.05.1996	31.05.1996	1533875.64	0,00	1516875,19	1516875,18	100,00
SUB-TOTAL : Ind/Mini/Quar							113627295.64	0,00	76805911,59	76805911,58	100,00

GHANA: BANK Group Operations as at 31 May 2005

Project name	Source	Approval	Signature	Closing	Effective.	Last Disb.	Approved	Undisbursed	Total	Net Loan	% Disb.
TRANSPORTS											
ACHIMOTA-ANYIMAN ROAD STUDY	ADF Grant	24.08.1992	04.09.1992	31.12.1999	01.06.1995	23.05.2000	1215789.00	0,00	564120,70	564120,70	100,00
ROADS STUDY	ADF Grant	31.08.1993	09.02.1994	31.12.1999	06.02.1996	08.02.2000	1307894.00	0,00	427143,98	427143,98	100,00
ANYINAM-KUMASSI ROAD	ADF Loan	22.11.1985	20.12.1985	31.12.2005	12.08.1986	25.04.2005	23671036.00	2608065,10	21062970,90	23671036,00	88,98
ACHIMOTA-ANYINAM ROAD	ADF Loan	15.12.1997	29.05.1998	15.12.2005	26.12.2000	25.04.2005	10000000.00	2761550,42	7238449,58	10000000,00	72,38
TETTEH QUARSHIE CIRCLE MAMFE ROAD	ADF Loan	11.12.2000	08.03.2001	31.12.2005	22.12.2004	29.04.2005	25000000.00	17696009,59	7303990,41	25000000,00	29,22
TEMA-AFLAO ROAD REH.	ADF Loan	17.04.2002	02.08.2002	31.12.2006	22.12.2004	31.12.2006	14700000.00	14700000,00	0,00	14700000,00	0,00
AKATSI-DZODZE-NOEPE ROAD	ADF Loan	20.12.2002	18.07.2003	31.12.2007	22.12.2004	31.12.2006	12720000.00	12720000,00	0,00	12720000,00	0,00
ROAD INFRASTRUCTURE 2003	ADF Grant	17.09.2003	01.04.2004	31.12.2006	22.12.2004	31.12.2006	800000.00	800000,00	0,00	800000,00	0,00
ROAD INFRASTRUCTURE 2003	ADF Loan	17.09.2003	01.04.2004	31.12.2009	22.12.2004	31.12.2007	18000000.00	18000000,00	0,00	18000000,00	0,00
ROAD INFRASTRUCTURE 2003	NTF Loan	17.09.2003	01.04.2004	31.12.2009	22.12.2004	31.12.2007	3000000.00	3000000,00	0,00	3000000,00	0,00
MPATABA-ELUBO ROAD	ADB Loan	25.01.1978	22.01.1979	10.11.1986	24.11.1981	10.11.1986	3526670.00	0,00	3524098,40	3524098,40	100,00
MPATABA-ELUBO ROAD	NTF Loan	25.01.1978	22.01.1979	08.11.1986	09.04.1986	07.11.1986	2271330.00	0,00	2269559,07	2269559,07	100,00
RAILWAYS PROJECT	ADB Loan	28.04.1981	12.05.1981	24.12.1986	16.05.1984	01.03.1991	10000000.00	0,00	10000000,00	10000000,00	100,00
THREE ROADS STUDY	ADF Grant	20.10.1999	17.02.2000	31.12.2004	31.12.2005	17.03.2005	1160000.00	731999,76	428000,24	1160000,00	36,90
SUB-TOTAL : Transport							127372719.00	73017624,87	52818333,28	125835958,15	41,97
PUBLIC UTILITIES											
ACCRA SEWERAGE IMPR. STUDY	ADF Grant	03.05.2000	28.12.2000	31.07.2005	30.08.2001	17.12.2004	950000.00	353400,31	596599,69	950000,00	62,80
Rural Water and Sanitation Programme	ADF Grant	08.09.2004	13.10.2004	30.06.2009			12800000.00	12800000,00	0,00	12800000,00	0,00
ACCRA-TEMA WATER - SEWERAGE FACILITIES	ADB Loan	08.05.1974	23.07.1974	31.12.1979	12.01.1976	14.06.1979	4000000.00	0,00	4000000,00	4000000,00	100,00
ACCRA-TEMA WATER - SEWERAGE FACILITIES	ADB Loan	06.04.1977	01.02.1978	13.11.1986	14.06.1979	15.07.1988	2400000.00	0,00	2266550,98	2266550,98	100,00
ACCRA-TEMA WATER SUPPLY REHABILITATION	ADB Loan	18.10.1988	13.02.1989	31.12.1996	31.12.1990	25.11.1996	16450000.00	0,00	16450000,00	16450000,00	100,00
ACCRA-TEMA WATER SUPPLY REHABILITATION	ADF Loan	18.10.1988	23.06.1989	30.06.1999	29.08.1995	04.08.1999	6447364.00	0,00	6343886,87	6343886,87	100,00
ACCRA SEWERAGE STUDY (GRANT)	ADF Grant	29.10.1990	14.08.1991	31.12.1996	18.11.1993	07.10.1996	690789.00	0,00	690211,88	690211,88	100,00
SUB-TOTAL : Water Sup/Sanit							43738153.00	13153400,31	30347249,42	43500649,73	69,76
INTERCONNEXION PROJECT	ADB Loan	22.08.1978	04.05.1979	31.12.1984	10.06.1982	03.08.1984	6240000.00	0,00	6239999,27	6239999,27	100,00
BRONG AHAFO ELECTRICITY NETWORK	ADB Loan	17.06.1986	20.11.1986	30.06.1994	22.06.1987	06.04.1994	35000000.00	0,00	24344460,80	24344460,80	100,00
SUB-TOTAL : Power							41240000.00	0,00	30584460,07	30584460,07	100,00
TELECOMMUNICATIONS NETWORK	ADB Loan	21.10.1977	13.01.1978	30.06.1994	23.01.1979	20.01.1993	5000000.00	0,00	4909447,41	4909447,41	100,00
SUB-TOTAL : Communications							5000000.00	0,00	4909447,41	4909447,41	100,00

GHANA: BANK Group Operations as at 31 May 2005

Project name	Source	Approval	Signature	Closing	Effective.	Last Disb.	Approved	Undisbursed	Total	Net Loan	% Disb.
FOURTH LINE OF CREDIT TO THE AGR. DEV.	ADF Loan	14.07.1999	10.09.1999	30.03.2005		20.01.2005	15000000.00	13789,14	14986210,86	15000000,00	99,91
RURAL FINANCIAL SERVICES PROGRAMME	ADF Loan	11.10.2000	08.03.2001	31.12.2005	27.03.2002	25.04.2005	3580000.00	1444415,18	2135584,82	3580000,00	59,65
LINE OF CREDIT TO CAL MERCHANT BANK	ADB Loan	10.07.2002	17.12.2002	31.12.2004	18.06.2003	11.12.2003	5000000.00	0,00	5000000,00	5000000,00	100,00
LINE OF CREDIT (I)	ADF Loan	21.05.1980	26.09.1980	30.06.1982	28.09.1982	10.10.1984	7368416.00	0,00	7364842,81	7364842,81	100,00
LINE OF CREDIT	ADB Loan	13.11.1984	07.02.1985	31.12.1989	21.03.1986	23.05.1990	25000000.00	0,00	17815406,66	17815406,66	100,00
LINE OF CREDIT (II)	ADF Loan	13.12.1984	07.02.1985	30.06.1995	13.12.1985	28.10.1995	13815780.00	0,00	13791520,09	13791520,09	100,00
THIRD LINE OF CREDIT TO THE AGR. DEV. BANK	ADF Loan	24.11.1993	05.05.1994	30.09.1999	06.10.1994	08.10.1999	23000000.00	0,00	22994736,69	22994736,69	100,00
SUB-TOTAL : Finance							92764196.00	1458204,32	84088301,93	85546506,25	98,30
WOMEN'S COMMUNITY DEVELOPMENT	ADF Loan	18.06.1991	04.09.1992	31.03.2001	22.07.1993	22.03.2001	1823683.00	0,00	1388150,99	1388150,99	100,00
WOMEN'S COMMUNITY DEVELOPMENT	ADF Grant	18.06.1991	04.09.1992	31.12.1998	22.07.1993	13.01.1999	442105.00	0,00	446628,53	446628,53	100,00
TERTIARY EDUCATION REHABILITATION	ADF Loan	18.06.1991	04.09.1992	31.12.2001	02.11.1993	08.04.2002	13815780.00	0,00	12776664,78	12776664,78	100,00
PRIMARY EDUCATION REHAB	ADF Loan	09.01.1997	22.07.1997	30.06.2004	12.11.1999	25.11.2004	12000000.00	86885,12	11913114,88	12000000,00	99,28
POVERTY REDUCTION PROJECT	ADF Loan	10.12.1997	29.05.1998	31.03.2005	18.06.1999	29.03.2005	11000000.00	64499,67	10935500,33	11000000,00	99,41
HEALTH SERVICES REHABILITATION III	ADF Grant	30.10.2002	04.06.2003	31.12.2008	20.05.2004	31.12.2008	1000000.00	1000000,00	0,00	1000000,00	0,00
HEALTH SERVICES REHABILITATION III	ADF Loan	30.10.2002	04.06.2003	31.12.2008	20.05.2004	31.20.2008	17640000.00	17640000,00	0,00	17640000,00	0,00
SENIOR SEC. SCHOOL SUPPORT PROJECT - III	ADF Grant	24.09.2003	01.04.2004	31.12.2008	30.03.2004	31.12.2008	5000000.00	5000000,00	0,00	5000000,00	0,00
SENIOR SEC. SCHOOL SUPPORT PROJECT - III	ADF Loan	24.09.2003	01.04.2004	31.12.2008	31.12.2008	21.12.2004	20000000.00	19937085,35	62914,65	20000000,00	0,31
HOSPITAL REHABILITATION STUDIES	ADF Loan	27.09.1985	25.10.1985	30.06.1994	15.01.1988	22.12.1993	1731578.00	0,00	1723323,37	1723323,37	100,00
HEALTH SERVICE REHABILITATION (GRANT)	ADF Grant	16.01.1990	12.09.1990	31.12.1999	22.08.1991	06.10.1994	1289473.00	0,00	300590,03	300590,03	100,00
HEALTH SERVICES REHABILITATION I	ADF Loan	16.01.1990	30.11.1990	30.06.2003	22.08.1991	05.09.2001	13880254.00	0,00	12527817,77	12527817,77	100,00
HEALTH SERVICES REHABILITATION II	ADF Loan	16.12.1991	04.09.1992	30.06.2003	24.06.1994	28.05.2003	13815780.00	0,00	12146927,34	12146927,34	100,00
SUB-TOTAL : Social							113438653.00	43728470,14	64221632,67	107950102,81	59,49
ECONOMIC REFORM SUPPORT LOAN	ADF Loan	12.11.1998	23.12.1998	31.03.2001	19.01.1999	09.01.2001	13600000.00	0,00	13180075,67	13180075,67	100,00
INSTIT. SUPPORT TO THE MINISTRY OF FINANCE	ADF Grant	28.10.1998	13.01.1999	31.12.2005	09.05.2000	05.05.2005	2000000.00	345946,37	1654053,63	2000000,00	82,70
ECONOMIC REFORM SUPPORT LOAN II (ERSO II)	ADF Loan	29.03.2001	23.05.2001	30.09.2002	17.07.2001	28.06.2002	39000000.00	0,00	38584142,82	38584142,82	100,00
CAP.BUILDING, GOVERNANCE & POVERTY RED.	ADF Grant	14.11.2001	07.02.2002	30.12.2005	20.06.2003	09.02.2005	3000000.00	2222675,68	777324,32	3000000,00	25,91
POVERTY REDUCTION SUPPORT LOAN	ADF Loan	22.10.2003	05.11.2003	31.12.2004	17.12.2003	30.11.2004	34580000.00	33977,05	34546022,95	34580000,00	99,90
REHAB.OF AGRICULTURE - TRANSPORT	ADF Loan	16.12.1983	29.02.1984	31.12.1987	17.04.1984	08.02.1988	28092086.00	0,00	28092085,97	28092085,97	100,00
STRUCTURAL ADJUST.LOAN FOR PRIVATE SECT.	ADF Loan	25.11.1991	04.09.1992	31.07.1997	17.11.1992	26.04.1994	18421040.00	0,00	18421040,00	18421040,00	100,00
SUB-TOTAL : Multi-Sector							138693126.00	2602599,10	135254745,36	137857344,46	98,11
GENERAL TOTAL							881566770.64	220949881,98	589928956,42	810878838,39	72,75
ADB LOANS TOTAL							245446670.00	0,00	189275019,03	189275019,03	23,34
ADF LOANS TOTAL							565067488.00	180242269,24	373734982,20	553977251,44	46,09
ADF GRANTS TOTAL							37612407.00	24037612,74	10992520,93	35030133,67	1,36
NTF LOANS TOTAL							5271330.00	3000000,00	2269559,07	5269559,07	0,28
PUBLIC LOANS TOTAL							853397895.00	207279881,98	576272081,23	783551963,21	71,07
PRIVATE LOANS TOTAL							14498875.64	0,00	13656875,19	13656875,18	1,68

COUNTRY STRATEGIC FRAMEWORK

PILLAR 1: Improving the investment environment					
Longer Term Development Agenda		Shorter Term CSP Goals			Bank Group Interventions
Strategic and Long Term Country Outcomes	Sector Related Issues which Hinder the Ability to Achieve Higher Order Country Outcomes	CSP outcomes the Bank Group Expects to Influence through its Interventions	Intermediate Indicators to Track Implementation towards Expected CSP Outcomes	Government Strategies and Actions	Bank Group and Partner Programs
<p>Sustain real annual GDP growth at 7% or more through 2009</p> <p>Increase transparency and accountability and reduce corruption A productive and efficient public service Strengthen oversight capabilities of Parliament and other constitutionally mandated entities Empower citizens to participate in the development process</p>	<p>Some regulatory and administrative constraints continue to impede business</p> <p>Budget process is consultative and resource allocations are tied to specific performance measures Weak transparency and accountability mechanisms</p>	<p>Lower business registration costs; Costs for registering a business lowered by 50 % and time required for registering a business by 60%</p> <p>Government executes an open/transparent, timely and realistic budgeting process Improved ability of Parliament and other institutions to perform oversight role vis-à-vis the executive Expenditures stay within the appropriations which are validated through tracked/audited reports The environment in place for improved performance by the civil service is strengthened</p>	<p>Unnecessary registration procedures eliminated.</p> <p>Greater involvement of Parliament in budget oversight Improved capacity of civil society groups to monitor government and provide feedback on policy and service delivery</p>	<p>Sector Strategic Plan Existing local government legislation</p> <p>Anti-corruption plan of Ghana Anti-Corruption Commission</p>	<p><u>Portfolio:</u> Institutional Support to Governance and Poverty reduction <u>Proposed Lending</u> PRSL II Public Sector Management Support Program <u>ESW</u> Governance Profile Partner: MDBS</p>

PILLAR 1: Improving the investment environment					
<p>Growth conducive macroeconomic environment: Inflation rate reduced to single digits from 14.8 as of 2005 Maintain stable and competitive exchange rate Real interest reduced to single digits from 24 % as of 2004</p>	<p>Weak institutional framework for public expenditure management Low growth in agricultural sector and low returns to the rural economy Many regulatory and administrative constraints continue to impede business</p>	<p>Lower business registration costs</p>			<p><u>Portfolio</u> PRSL II <u>On-going ESW:</u> Agricultural Sector Review Transport sector Review Export Market Awareness Program</p>
PILLAR 2: Supporting Pro-Poor and Pro-Gender-Equity Policies					
<p>Achieve Quality Universal Education</p> <p>Improving access of the people to productive assets (e.g. land) and to services like education and Health By 2015, halt and reverse the incidence of malaria and other diseases</p>	<p>Limited access to education especially for girls; inadequate facilities for disabled and vulnerable groups</p> <p>Poor quality of basic education; low performance and learning achievement of children especially in deprived districts</p>	<p>Increased basic literacy and numeracy Increased access to basic education in deprived districts and for the disabled</p>		<p>Land Administration reform Education Strategic Plan Financing Strategy for Tertiary Education</p>	<p><u>Portfolio:</u> Education III Health III</p> <p><u>Proposed Lending</u> Urban Poverty and Decentralization</p>

PILLAR 2: Supporting Pro-Poor and Pro-Gender-Equity Policies					
Halt by 2015 and reverse the spread of HIV/AIDS	High level of HIV/AIDS is causing socio-economic consequences in particular for orphans Few signs of behavioral change of at risk groups Low levels of expenditures on curative measures for HIV/AIDS	Increased access to safe and sustainable water supply especially for the poorest			PRSL-2 <u>Portofolio</u> Rural Water Supply and Sanitation Initiative
Access to safe drinking water and sanitation	Low access to water supply and sanitation in rural communities, small towns and urban low income areas leading to compromised health of communities				

Ghana: Comparative Socio-Economic Indicators

	Year	Ghana	Africa	Developing Countries
Basic Indicators				
Area ('000 Km ²)		239	30,061	80,976
Total Population (millions)	2003	20.9	849.5	5,024.6
Urban Population (% of Total)	2003	42.2	39.2	43.1
Population Density (per Km ²)	2003	87.7	28.3	60.6
GNI per Capita (US \$)	2003	320	704	1 154
Labor Force Participation- Total (%)	2003	50.1	43.3	45.6
Labor Force Participation- Female (%)	2003	50.2	41.0	39.7
Gender-Related Development Index Value	2002	0.564	0.476	0.655
Human Development Index (Rank among 174 countries)	2002	131	n.a.	n.a.
Population Living Below \$ 1 a Day (% of Population)	1995	...	46.7	23.0
Demographic Indicators				
Population Growth Rate - Total (%)	2003	2.2	2.2	0.6
Population Growth Rate - Urban (%)	2003	4.2	3.8	2.9
Population < 15 years (%)	2003	40.6	42.0	32.4
Population >= 65 years (%)	2003	3.5	3.3	5.1
Dependency Ratio (%)	2003	75.8	86.1	61.1
Sex Ratio (per 100 female)	2003	99.0	99.0	103.3
Life Expectancy at Birth - Total (years)	2003	58.3	50.7	62.0
Life Expectancy at Birth - Female (years)	2003	59.6	51.7	66.3
Crude Birth Rate (per 1,000)	2003	31.4	37.0	24.0
Crude Death Rate (per 1,000)	2003	9.9	15.2	8.4
Infant Mortality Rate (per 1,000)	2003	56.4	80.6	60.9
Child Mortality Rate (per 1,000)	2003	90.4	133.3	79.8
Maternal Mortality Rate (per 100,000)	1992	740	661	440
Total Fertility Rate (per woman)	2003	4.0	4.9	2.8
Women Using Contraception (%)	1998	22.1	40.0	59.0
Health & Nutrition Indicators				
Physicians (per 100,000 people)	1996	6.4	57.6	78.0
Nurses (per 100,000 people)	1996	72.0	105.8	98.0
Births attended by Trained Health Personnel (%)	1998	44.0	44.0	56.0
Access to Safe Water (% of Population)	2002	79.0	64.4	78.0
Access to Health Services (% of Population)	1992	25.0	61.7	80.0
Access to Sanitation (% of Population)	2002	58.0	42.6	52.0
Incidence of Tuberculosis (per 100,000)	2003	56.6	109.7	144.0
Child Immunization Against Tuberculosis (%)	2003	92.0	810.0	82.0
Child Immunization Against Measles (%)	2003	80.0	71.7	73.0
Underweight Children (% of children under 5 years)	1999	24.9	25.9	31.0
Daily Calorie Supply	2000	2 667	2 444	2675
Public Expenditure on Health (as % of GDP)	1998	1.8	3.3	6.3
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2003	3.4	6.4	1.3
Education Indicators				
Gross Enrolment Ratio (%)				
Primary School - Total	2001	81.0	88.7	91.0
Primary School - Female	2001	78.0	80.3	105.0
Secondary School - Total	2001	38.0	42.9	88.0
Secondary School - Female	2001	34.0	41.3	45.8
Primary School Female Teaching Staff (% of Total)	1997	36.0	46.3	51.0
Adult Illiteracy Rate - Total (%)	2003	25.1	36.9	26.6
Adult Illiteracy Rate - Male (%)	2003	18.2	28.4	19.0
Adult Illiteracy Rate - Female (%)	2003	32.7	45.2	34.2
Percentage of GDP Spent on Education	1998	4.2	5.7	3.9
Environment Indicators				
Land Use (Arable Land as % of Total Land Area)	2003	15.8	6.2	9.9
Annual Rate of Deforestation	1995	1.3	0.7	0.4
Per Capita CO2 Emissions (metric tons)	1998	0.2	1.2	1.9

Source: Compiled by the Statistics Division from ADB databases

Ghana: Selected Economic and Financial Indicators 1998-2005

	1998	1999	2000	2001	2002	2003	2004	2005	
	Annual Percentage Change, unless otherwise specified								
National income and prices						Original Program	Revised Program		
Real GDP	4.7	4.4	3.7	4.2	4.5	4.7	4.7	5.2	5.0
Real GDP per capita	1.9	1.8	1.2	1.6	1.9	2.1	2.1	2.4	2.4
Nominal GDP	22.6	19.0	31.9	40.2	28.3	24.3	33.6	18.9	12.5
GDP deflator	17.1	13.9	27.2	34.6	22.8	18.8	27.6	13.3	7.1
Consumer price index (annual average)	19.3	12.4	25.2	32.9	14.8	15.1	26.9	8.3	6.0
Consumer price index (end of period)	15.8	13.8	40.5	21.3	15.2	9.0	22.0	7.0	5.0
External sector									
Exports, f.o.b.	15.5	-4.1	-3.5	-3.6	10.6	12.1	12.1	11.0	3.4
Imports, f.o.b.	-4.7	11.4	-15.2	2.6	-4.1	16.4	16.8	8.3	4.4
Exports, volume	-9.2	-2.8	1.0	-1.3	-1.5	2.7	2.7	4.6	4.0
Imports, volume	2.8	10.4	-26.0	10.0	-6.8	7.3	7.6	13.2	5.4
Terms of trade	13.7	-8.7	-16.6	4.8	9.1	0.7	0.7	10.9	0.5
National effective exchange rate 1/	-9.2	-9.4	46.3	-24.0	-11.7	....	....	....	....
Real effective exchange rate 1/	7.8	0.5	-35.5	0.7	-0.6	....	....	....	....
Cedis per U.S. dollar 1/	2,314	2,647	5,431	7,179	7,947	.....	.....	.....	.....
Government budget									
Domestic revenue	29.8	6.0	42.9	43.5	27.5	53.8	60.3	22.7	12.1
Total expenditure	20.9	9.0	39.6	65.5	2.4	41.6	50.0	12.7	7.4
Current expenditure	28.2	13.1	48.9	50.5	28.8	26.6	33.5	4.1	3.9
Capital expenditure and net lending	11.4	2.7	24.1	95.7	-38.7	90.8	104.1	30.9	104.1
Money and credit									
Net domestic assets	16.3	31.5	49.1	13.5	14.0	0.1	-1.7	1.8	-4.0
Credit to government	10.5	26.7	57.7	0.0	32.6	0.0	0.0	-7.9	-6.0
Credit to rest of the economy	13.8	28.8	53.6	21.7	8.7	15.4	20.3	19	9.5
Broad money (exc. foreign currency deposits)	....	....	33.4	48.4	50.0	21.2	25.0	18.9	25.0
Reserve money	....	....	52.6	31.3	42.6	20.7	24.5	18.8	12.4
Velocity GDP/average broad money)	4.8	5.0	5.1	4.8	4.1	4.2	4.4	4.4	4.4
Treasury bill rate (in percent; end of period)	26.8	34.2	42.0	28.9	28.2	....	....	....	....
	In Percent of GDP, unless otherwise specified								
Investment and Savings									
Gross investment	23.6	21.5	24.0	26.6	19.7	23	23.0	24.2	24.6
Private	12.3	....	14.8	13.8	13.6	13.6	13.6	13.8	14.1
Public	11.3	....	9.2	12.8	6.1	9.4	9.4	10.4	10.5
Gross national saving	18.8	10.0	15.6	21.3	20.3	21.2	21.2	22.6	23.4
Private	15.6	....	14.3	16.1	19.2	15.5	14.5	13.4	13.2
Public	3.3	....	1.3	5.1	1.2	6.7	6.3	9.3	10.3
Government Budget									
Total revenue	18.4	16.4	17.7	18.1	18.0	22.3	21.6	22.3	22.2
Total grants	2.2	1.7	2.1	6.9	3.1	4.7	4.6	4.4	4.2
Total expenditure	28.6	26.2	27.7	32.7	26.1	29.7	29.3	27.8	26.5
Overall balance (commitment basis)	-8.1	-8.0	-10.0	-14.6	-8.1	-7.5	-7.7	-5.5	-4.3
Domestic primary balance	3.6	1.4	2.6	3.8	2.0	3.0	2.9	2.7	2.6
Divestiture receipts	0.6	0.3	1.2	0.0	0.0	0.7	0.7	0.6	0.0
External sector									
Current account balance	-4.7	-11.5	-8.4	-5.3	0.6	-1.7	-1.8	-1.6	-1.6
External debt outstanding	78.9	75.0	169.7	131.5	112.3	94.3	96.4	81.1	78.3
External debt service, including to the Fund	7.5	6.7	11.2	8.5	7.8	6.6	6.3	5.6	5.3
in % Exports of goods and non factor services	22.1	21.1	23.0	18.9	18.4	15.6	15.6	13.4	13.1
In percent of government revenue)	36.5	37.2	56.5	34.1	37.1	27.0	24.2	20.8	20.0
	In Millions of US Dollars unless otherwise mentioned								
Current account balance	-354	-895	-419	-283	38	-120	-131	-121	-129
Overall balance of payments	100	-156	-123	-2	39	-66	-77	-85	-33
Change in exter. Payts. arrears (end of period)	0	62	27	61	-61	0	0	0	0
Gross international reserves (end of period)	508	419	264	344	631	811	811	997	1170
(in months of imports, c.i.f.)	1.9	1.5	0.9	1.2	1.9	2.3	2.3	2.7	3.1
Nominal GDP q(in billions of cedis)	17,296	20,580	27,153	38,071	48,862	60,705	65,262	77,620	87,287

Source: Ghanaian Authorities; and IMF staff estimates and projections

1/Annual average data.

GHANA: National Accounts current prices Prices, in cedi billion (2001-2005)

Ghana: National Accounts							
	2000	2001	2002	2003	2004	2005	2006
GDP at market prices							
Nominal GDP (US\$ m)	4,978	5,309	6,160	7,518	8,439	10,019	10,979
Nominal GDP (C bn)	27,153	38,071	48,862	65,236	75,939	93,055	111,940
Real GDP (C m at 1987 prices)	10,443	10,881	11,371	11,964	12,606	13,211	13,895
Expenditure on GDP (% real change)							
GDP	3.7	4.2	4.5	5.2	5.4	4.8	5.2
Private consumption	-1.6	4.9	9.1	4.2	4	3.8	4
Government consumption	14.8	2.3	-4.4	1.8	9.5	5	4.5
Gross fixed investment	-33.7	3.8	4.4	5.8	8	13.5	7
Exports of goods & services	0.8	0	-1.7	17	5.5	-1.5	5
Imports of goods & services	-18	7.7	-4.4	12	8.5	1.8	2
Origin of GDP (% real change)							
Agriculture	2.3	3.7	4.1	6.1	7	4	4.5
Industry	4.6	4.8	6.3	5.1	2.5	6.3	8
Manufacturing	3.9	6.1	4.6	4.6	4.8	5.5	7
Services	4.7	4.5	4.4	4.5	4.9	5	5
Ratios, GDP at market prices (%)							
Gross fixed investment/GDP	23.1	27.1	18.8	18.8	19.7	21.4	21.5
Exports of goods & services/GDP	48.8	45.2	42.6	47.3	48.3	45.5	45
Imports of goods & services/GDP	67.2	64.8	54.9	58.3	61.2	59.7	57.2
Gross national savings/investment	67.6	77	97.4	117.2	111.1	89	82.5
Ratios, GDP at factor cost (%)							
Agriculture/GDP	35.3	35.2	33.8	34.1	34.6	34.3	34.1
Industry/GDP	25.4	25.2	24.3	24.3	23.6	24	24.6
Services/GDP	39.3	39.5	41.9	41.6	41.4	41.5	41.4
Policy indicators (% of GDP)							
Budget revenue	21	22.6	21.2	25.8	25.9	24.7	25.2
Budget expenditure	29.6	27	27.3	29.2	30.6	27.9	28.8
Budget balance	-8.6	-4.4	-6.1	-3.3	-4.6	-3.2	-3.5
Money supply (% change)							
M1	38.2	46.3	59.9	33.2	34.5	26.5	25
M2	54.2	31.7	48.9	34.2	30	21.5	20
Prices and exchange rates							
Interest rate (%; av)	27	27	24.5	21.5	20	18.5	17
Consumer prices (% change; av)	25.2	32.9	14.8	26.7	12.7	17.3	13.2
Consumer prices (% change; end-period)	40.5	21.3	15.2	23.6	11.8	16.7	13
Exchange rate C:US\$ (av)	5,455	7,171	7,933	8,677	8,998	9,288	10,196
Exchange rate C:US\$ (end-period)	7,048	7,322	8,439	8,852	9,006	9,545	10,769
Population and income							
Population (m)	19.59	20.03	20.47	20.92	21.38	21.83	22.29
Population growth (%)	2.2	2.2	2.2	2.2	2.2	2.1	2.1
Labour force (m)	9.3	9.5	9.7	10	10.24	10.48	10.72
GDP per head (US\$)	254	265	301	359	395	459	493

Ghana: Central Government Budgetary Operations and Financing, 2000-2005 (in Billions of cedis, unless otherwise specified)

	2000	2001	2002		Annual	2003 Revised	2004 Projected	2005 Projected
			Jan-Aug	Jan-Aug				
			Prog.	Prov.				
Total revenue and grants	3,709	5,389	5,718	5,038	8,525	10,196	12,213	14,408
Total revenue	3,366	4,811	4,231	4,030	6,605	8,690	10,416	12,963
Tax revenue	3,056	4,415	4,307	3,897	6,255	8,241	9,893	12,088
Direct taxes	918	1,409	1,349	1,226	2,246	2,520	2,719	4,040
Company tax	446	697	588	537	993	1,086	1,266	2,416
Other direct taxes	472	713	761	689	1,253	1,434	1,453	2,624
Indirect taxes	1,353	2,018	1,838	1,855	2,668	3,616	4,201	5,701
Sales tax/VAT dom. Goods	323	385	372	400	545	716	835	933
Sales tax/VAT on imports	469	887	854	900	1,199	1,446	1,673	2,873
Petroleum	394	532	437	356	676	1,119	1,304	1,458
Other indirect taxes	167	215	175	199	247	335	390	436
Trades taxes	785	987	850	816	1,341	1,660	1,912	2,159
Imports duties	531	808	715	729	1,086	1,272	1,509	1,691
Coca export duty	254	179	134	87	255	388	403	468
Nontax revenue	310	396	194	133	350	449	523	585
Grants	343	574	1,487	1,008	1,919	1,506	1,796	1,735
Project grants	193	337	501	325	707	923	998	903
Program grants	150	238	986	684	1,212	584	798	832
Total expenditure	5,389	7,525	7,024	5,942	11,629	12,799	13,713	14,653
Recurrent expenditure	3,382	5,034	4,606	4,288	7,375	8,431	8,630	8,902
Noninterest	2,232	3,001	2,352	2,352	3,791	5,304	6,073	6,834
Wages and salaries	1,161	1,423	1,336	1,371	1,992	3,122	3,639	4,110
Goods and services	485	700	517	181	797	1,115	1,383	1,695
Subventions	287	445	280	482	505	0	0	0
Transfers to households	298	432	300	317	497	1,067	1,051	1,119
Interest	1,150	2,033	2,174	1,937	3,584	3,127	2,557	2,068
Domestic	872	1,446	1,610	1,378	2,651	2,204	1,611	1,092
External	278	587	564	559	933	923	946	976
Capital expenditure (total)	2,007	2,491	2,418	1,754	4,254	4,368	5,083	5,751
Capital expenditure (domestic)	851	1,145	703	489	1,300	1,445	1,922	2,591
Capital expenditure (foreign)	1,157	1,346	1,714	1,165	1,165	2,922	3,162	3,159
Overall balance (before arrears, excl grants) (in percent of GDP)	-2,023	-2,714	-2,793	-1,912	-5,024	-4,109	-3,297	-2,980
Road arrears (clearance)	-130	-328	-129	-44	-259	-288	0	0
Other dome. Payment arrears	156	-156	-230	-442	-200	-337	-35	0
Overall balance (cash basis)	-1,654	-2,624	-1,717	-1,417	-3,651	-3,302	-1,639	-1,360
Divestiture receipts	53	323	29	12	391	387	0	0
Total non-divestiture financing	1,809	2,262	1,723	1,406	3,259	2,915	1,639	1,360
Foreign (net)	448	-684	786	531	1,350	492	315	312
Borrowing	1,200	1,811	2,231	1,896	3,472	2,730	2,798	2,919
Project loans	964	1,009	1,213	841	2,247	1,999	2,163	2,257
Program loans	236	802	1,018	1,056	1,235	731	635	663
Amortisation	-751	-2,495	-1,446	-1,365	-2,122	-2,238	-2,483	-2,608
Exceptional Financing	71	627	80	446	1,223	1,837	2,208	2,299
External payment arrears	71	627	-550	-467	-658	0	0	0
Financing Gap	0	0	630	913	1,881	1,837	2,208	2,299
Domestic (net)	1,290	2,319	857	429	686	469	-968	-1,308
Memorandum items:								
Domestic primary balance (in percent of GDP)	61	744	1,095	1,189	1,515	1,941	2,422	2,248
Primary balance	-530	-107	868	1,032	480	525	1,057	823
Health and Education expenditure	947	1,334	,,,	,,,	1,822	2,824	...	...
Stock of domestic debt	5,797	7,842	,,,	9,310	8,727	9,734	8,766	7,458
GDP at current market prices	20,580	27,153	38,014	38,014	38,014	46,875	54,633	68,093

Sources: Ghanaian authorities; and IMF staff estimates and projections

1/Excludes foreign-financed capital expenditure

2/ Shift in interest costs of Treasury bill discounting from time of maturity to issue.

Ghana: Central Government Budgetary Operations and Financing, 1999-2005 (in Billions of cedis, unless otherwise specified)

	1999	2000	2001		2003	2004	2005	
			Jan-Aug	Jan-Aug				Annual
			Prog.	Prov.				Prog.	Revised	Projected	Projected
Total revenue and grants	3,709	5,389	5,718	5,038	8,525	10,196	12,213	13,408
Total revenue	3,366	4,811	4,231	4,030	6,605	8,690	10,416	11,963
Tax revenue	3,056	4,415	4,307	3,897	6,255	8,241	9,893	11,088
Direct taxes	918	1,409	1,349	1,226	2,246	2,520	2,719	3,040
Company tax	446	697	588	537	993	1,086	1,266	1,416
Other direct taxes	472	713	761	689	1,253	1,434	1,453	1,624
Indirect taxes	1,353	2,018	1,838	1,855	2,668	3,616	4,201	4,701
Sales tax/VAT dom. Goods	323	385	372	400	545	716	835	933
Sales tax/VAT on imports	469	887	854	900	1,199	1,446	1,673	1,873
Petroleum	394	532	437	356	676	1,119	1,304	1,458
Other indirect taxes	167	215	175	199	247	335	390	436
Trades taxes	785	987	850	816	1,341	1,660	1,912	2,159
Imports duties	531	808	715	729	1,086	1,272	1,509	1,691
Coca export duty	254	179	134	87	255	388	403	468
Nontax revenue	310	396	194	133	350	449	523	585
Grants	343	574	1,487	1,008	1,919	1,506	1,796	1,735
Project grants	193	337	501	325	707	923	998	903
Program grants	150	238	986	684	1,212	584	798	832
Total expenditure	5,389	7,525	7,024	5,942	11,629	12,799	13,713	14,653
Recurrent expenditure	3,382	5,034	4,606	4,288	7,375	8,431	8,630	8,902
Noninterest	2,232	3,001	2,352	2,352	3,791	5,304	6,073	6,834
Wages and salaries	1,161	1,423	1,336	1,371	1,992	3,122	3,639	4,110
Goods and services	485	700	517	181	797	1,115	1,383	1,695
Subventions	287	445	280	482	505	0	0	0
Transfers to households	298	432	300	317	497	1,067	1,051	1,119
Interest	1,150	2,033	2,174	1,937	3,584	3,127	2,557	2,068
Domestic	872	1,446	1,610	1,378	2,651	2,204	1,611	1,092
External	278	587	564	559	933	923	946	976
Capital expenditure (total)	2,007	2,491	2,418	1,754	4,254	4,368	5,083	5,751
Capital expenditure (domestic)	851	1,145	703	489	1,300	1,445	1,922	2,591
Capital expenditure (foreign)	1,157	1,346	1,714	1,165	1,165	2,922	3,162	3,159
Overall balance (before arrears, excl grants) (in percent of GDP)	-2,023	-2,714	-2,793	-1,912	-5,024	-4,109	-3,297	-2,980
Road arrears (clearance)	-130	-328	-129	-44	-259	-288	0	0
Other dome. Payment arrears	156	-156	-230	-442	-200	-337	-35	0
Overall balance (cash basis)	-1,654	-2,624	-1,717	-1,417	-3,651	-3,302	-1,639	-1,360
Divestiture receipts	53	323	29	12	391	387	0	0
Total non-divestiture financing	1,809	2,262	1,723	1,406	3,259	2,915	1,639	1,360
Foreign (net)	448	-684	786	531	1,350	492	315	312
Borrowing	1,200	1,811	2,231	1,896	3,472	2,730	2,798	2,919
Project loans	964	1,009	1,213	841	2,247	1,999	2,163	2,257
Program loans	236	802	1,018	1,056	1,235	731	635	663
Amortisation	-751	-2,495	-1,446	-1,365	-2,122	-2,238	-2,483	-2,608
Exceptional Financing	71	627	80	446	1,223	1,837	2,208	2,299
External payment arrears	71	627	-550	-467	-658	0	0	0
Financing Gap	0	0	630	913	1,881	1,837	2,208	2,299
Domestic (net)	1,290	2,319	857	429	686	469	-968	-1,308
Memorandum items:								
Domestic primary balance (in percent of GDP)	61	744	1,095	1,189	1,515	1,941	2,422	2,248
Primary balance	-530	-107	868	1,032	480	525	1,057	823
Health and Education expenditure	947	1,334	,,,	,,,	1,822	2,824	...	...
Stock of domestic debt	5,797	7,842	,,,	9,310	8,727	9,734	8,766	7,458
GDP at current market prices	20,580	27,153	38,014	38,014	38,014	46,875	54,633	61,093

Sources: Ghanaian authorities; and IMF staff estimates and projections

1/Excludes foreign-financed capital expenditure

2/ Shift in interest costs of Treasury bill discounting from time of maturity to issue.

Ghana: Monetary Survey (cedi billion)

	2002		2003		2004			2005
	Dec.	Dec.	Mar	Mar	June	Sept.	Dec.	Dec.
	Act.	Est.	Prog1/.	Est.	Rev.Progr	Rev.Progr.	Rev. Progr.	Proj.
<i>Bank of Ghana</i>								
(In billion of cedis, unless otherwise specified; end of period)								
Net foreign assets	2,297	8,590	5,688	7,721	7,706	7,008	9,966	12,006
(in millions of U.S. dollars)	272	970	640	856	843	813	1,067	1,248
Net domestic assets	3,470	-897	506	-1,242	-742	-172	-696	-1,537
Claims on government (net)	2,867	2,525	2,679	5,473	5,473	5,473	5,473	5,751
Claims on deposit money banks 2/	-375	-4,412	-2,151	-5,315	-4,769	-4,272	-4,814	-5,459
Claims on rest of the economy	271	-142	16	-44	-44	-44	-44	44
Other items, net (assets +)	707	1,132	-38	-1,655	-1,402	-1,328	-1,311	-1,785
Reserve money (RM)	5,767	7,693	6,193	6,479	6,964	6,836	9,270	10,469
Currency outside banks	4,672	6,338	5,009	5,265	5,682	5,465	7,556	8,538
Bank reserves	1,056	1,259	1,137	1,158	1,225	1,315	1,658	1,875
Cash	273	342	249	262	265	269	409	462
Deposits	783	917	888	896	960	1,046	1,249	1,412
Non bank deposits	40	96	47	56	56	56	56	56
Deposit money banks								
Net foreign assets	1,275	1,985	1,691	2,721	2,416	2,912	3,404	3,716
(in million of U.S. dollars)	151	224	190	302	264	314	364	386
Reserves	1,056	1,259	1,137	1,158	1,225	1,315	1,658	1,875
Net claims on Bank of Ghana 2/	375	4,412	2,151	5,315	4,769	4,272	4,814	5,459
Domestic credit	12,637	15,400	15,378	16,309	16,212	15,948	16,730	17,809
Claims on government (net) 3/	5,535	4,907	5,382	5,621	4,776	3,368	3,854	2,447
Claims on non-government 3/	7,102	10,493	9,997	10,688	11,437	12,580	12,876	15,361
Public Enterprises 3/	965	2,148	1,351	2,427	2,427	2,427	1,727	....
Private sector	5,980	8,052	8,561	8,074	8,832	10,006	10,856	....
Other items, (net asset +)	-4,718	-8,317	-6,128	-9,577	-9,110	-8,782	-8,976	-8,929
Total deposits	10,625	14,740	14,230	15,927	15,513	15,664	17,630	19,929
Monetary survey								
Net foreign assets	3,571	10,575	7,379	10,443	10,122	9,920	13,370	15,722
(In million of U.S. dollars)	423	1,195	830	1,158	1,107	1,071	1,431	1,635
Net domestic assets	11,765	10,599	11,908	10,805	11,129	11,266	11,872	12,801
Domestic credit	15,775	17,784	18,074	21,738	21,641	21,377	22,159	23,515
Claims on government (net) 3/	8,402	7,433	8,061	11,061	10,248	8,841	9,327	8,198
Claims on non-government 3/	7,373	10,351	10,013	10,645	11,393	12,537	12,832	15,317
Other items, net (assets +)	-4,010	-7,185	-6,166	-10,933	-10,512	-10,111	-10,287	-10,714
Broad money (M2+)5/	15,336	21,174	19,287	21,248	21,251	21,186	25,242	28,523
Broad money (m2)	11,783	16,598	14,132	15,993	16,086	15,990	19,787	22,359
Currency	4,672	6,338	5,009	5,265	5,682	5,465	7,556	8,538
Deposits5/	10,664	14,836	14,278	15,983	15,569	15,720	17,686	19,985
Memorandum items	(Annual percentage change, unless otherwise specified)							
Broad money (m2)	49.6	40.9	24.1	39.8	33.8	30.4	19.2	13.0
Reserve money (RM)	42.6	33.4	29.3	35.3	36.9	32.9	20.5	12.9
Velocity (GDP/ end-of-period M2)	4.15	3.99	4.82	4.32	4.48	4.71	3.97	3.99
Reserve money multiplier (M2/RM)	2.04	2.16	2.28	2.47	2.31	2.34	2.13	2.14
Bank reserves-to-deposits ratio6/	0.15	0.12	0.12	0.11	0.12	0.12	0.14	0.14
Broad money (m2+) 4/	49.6	38.1	27.0	39.9	32.6	28.8	19.2	13.0
Reserve money (RM+) 6/	48.2	34.8	24.4	36.1	35.8	31.6	20.4	12.9
Velocity (GDP/end-of-period M2+)	3.19	3.12	3.53	3.25	3.39	3.56	3.12	3.13
Reserve money multiplier (M2+/RM+)	2.40	2.45	2.82	2.84	2.64	2.68	2.43	2.43
Foreign currency deposits to total deposits	0.33	0.31	0.36	0.33	0.33	0.33	0.31	0.31
Currency-to-deposits ratio4/	0.44	0.43	0.35	0.33	0.36	0.35	0.43	0.43
Currency/M2+ratio	0.30	0.30	0.26	0.25	0.27	0.26	0.30	0.30
Credit to the private sector7/	33.7	34.7	45.0	36.7	37.9	38.1	34.8	22.1
Net international reserves (millions U.S. dollars)	123	798	...	688	536	601	898	1080
Exchange rate (cedis per U.S. dollar, e.o.p)	8,439	8,852	...	9,018	...	...	...	...

Sources: Ghanaian authorities; and IMF staff estimates and projections

1/ As in EBS/03/61

2/ Starting January 2003, includes holding of T-bills issued for monetary liquidity purposes

3/ TOR debt swap moved 1,421 billion cedis from credit to public enterprise to government in December 2002.

4/ Including foreign currency deposits

5/Excluding foreign currency deposits

6/Including deposit money bank's foreign currency reserves with Bank of Ghana

7/ Credit from deposit money banks to the private sector

GHANA: Balance of payments 2002-2007 (in USD million, unless otherwise specified)

	1998	1999	2000	2001	2002	2003	2004
				Rev. Prog	Rev. proj	Proj.	Proj.
Exports, f.o.b.	2,091	2,066	1,936	1,893	2,037	2,242	2,431
Cocoa beans and cocoa products	621	552	437	416	469	520	581
Gold	688	711	705	647	679	719	748
Timber and timber products	171	174	175	169	177	218	259
Others	612	569	619	661	712	785	842
Imports, f.o.b.	-2,897	-3,252	-2,759	-2,652	-2,858	-3,027	-3,214
Non-oil	-2,682	-2,919	-2,239	-2,206	-2,489	-2,658	-2,846
Oil	-215	-333	-520	-446	-369	-369	-368
Trade balance	-806	-1,246	-823	-759	-822	-785	-783
Services (net)	-289	-269	-246	-236	-321	-317	-318
Of which: interest payments	-145	-131	-109	-99	-150	-147	-135
Private transfers (net)	454	472	496	521	521	522	537
Current account balance, Excluding official transfers	-641	-1,044	-573	-479	-622	-580	-564
Official transfers net	288	148	154	265	229	247	227
Current account balance, Including official transfers	-354	-895	-419	-210	-393	-333	-337
Capital account	339	144	162	217	247	183	181
Official capital (net)	349	126	97	129	147	133	129
Long-term loans	244	176	173	106	113	131	134
Inflows	291	240	288	250	250	250	250
Amortisation	-47	-64	-115	-144	-137	-119	-116
Medium-term loans	105	-50	-76	23	33	2	-5
Inflows	344	211	225	166	170	151	151
Amortisation	-240	-261	-301	-144	-137	-149	-156
Private capital	-10	18	65	88	100	50	52
Of which <i>divestiture receipt</i>		17	51	0	50	0	0
Other capital and errors and omissions	115	485	134	46	0	0	0
Of which: change in net foreign assets of commercial banks	84	200	27	0	0	0	0
Of which: errors and omissions	4	237	96	73	0	...	...
Overall balance	100	-266	-123	53	-146	-149	-156
Change in arrears	0	62	27	-89	0	0	0
Financing	-100	204	96	36	-187	-250	-280
Debt deferral	0	0	0	228	-30	-60	-58
Net foreign assets (-ve is increase)	-100	204	96	-192	-156	-190	-222
Use of Fund credit	-27	-15	-2	1	121	-19	-38
Change in reserves (-ve is increase)	-73	233	52	-87	-277	-171	-184
Financing gap	0	0	0	0	333	399	436
Memorandum items:							
Current account deficit (in percent of GDP)							
Excluding official transfers	8.6	13.4	11.5	9.0	10.2	8.8	8.0
Including official transfers	4.7	11.5	8.4	4.0	6.4	5.1	4.8
Gross international reserves							
End of period (US\$ millions)	508	317	264	352	629	800	984
In months of imports, c.i.f.	1.9	1.8	1.0	1.2	2.0	2.4	2.8
Cocoa exports							
Volume (in thousands of tons)	376	386	389	395	431	448	466
Price (in US\$ per ton)	1,655	1,434	1,092	1,012	1,051	1,125	1,219
Expected HIPC relief 4/					96	134	171
Expected Additional donor financing					54	83	101

Sources: Bank of Ghana: and Fund staff estimates and projections

GHANA Balance of payments Projections: 2002-2007 (In millions of US Dollars, unless otherwise specified)

	2002	2003	2004	2005	2006	2007
			Prog	Proj.	Proj	Proj.
Exports, f.o.b.	2,057	2,471	2,672	2,859	3,055	3,153
Cocoa beans and cocoa products	463	818	927	904	925	952
Gold	689	830	929	1,037	1,076	1,120
Timber and timber products	182	174	184	196	214	233
Others	723	649	632	722	821	848
Imports, f.o.b.	-2,714	-3,259	-3,617	-3,925	-4,165	-4,348
Non-oil	-2,206	-2,696	-2,955	-3,277	-3,510	-3,673
Oil	-508	-563	-662	-648	-655	-675
Trade balance	-657	-788	-944	-1,066	-1,030	-1,195
Services (net)	-214	-280	-304	-314	-307	-300
Of which: interest payments	-124	-110	-124	-118	-112	-108
Private transfers (net)	680	801	875	932	990	1,040
Current account balance, Excluding official transfers	-190	-266	-372	-448	-447	-455
Official transfers net	221	393	396	357	348	348
Of which: HIPC grants	62	81	113	122	113	122
Current account balance, Including official transfers	30	127	24	-91	-98	-106
Capital account	-65	161	43	66	96	130
Medium and Long-term loans						
Official capital (net)	-115	86	-26	9	34	64
Inflows	195	370	319	336	338	341
Amortization	-390	-284	-345	-327	-304	-277
Private capital	50	75	69	57	61	66
Other capital and errors and omissions	75	214	-205	-62	-44	-35
Overall balance	40	502	-138	-87	-47	-12
Change in arrears	-61	0	0	0	0	0
Financing	21	-502	134	53	15	-25
Debt deferral	-35	-35	-35	-35	-35	0
Net international reserves (increase is negative)	-158	-675	-100	-181	-188	-196
1/						
<i>Of which use of Fund credit</i>	54	53	-5	24	37	-61
Disbursements (PRGF)	68	74	39	78	78	0
Repayments (PRGF)	-14	-21	-44	-54	-41	-61
Change in reserves (negative is increase)	-292	-792	-114	-206	-225	-135
Exceptional Financing 2/	214	208	269	269	238	170
Financing Gap	0	0	5	34	31	37
Of which additional donor financing	0	0	5	34	31	37
Memorandum items:						
Current account deficit (in percent of GDP)						
Excluding official transfers	3.1	3.5	4.3	4.8	4.4	4.1
Including official transfers	-0.5	-1.7	-0.3	1.0	1.0	1.0
Gross international reserves						
End of period (US\$ millions)	635	1,427	1,541	1,747	1,972	2,106
In months of imports, c.i.f.	2.0	3.9	3.9	4.2	4.5	4.6
Cocoa exports						
Volume (in thousands of tons)	367	403	560	560	566	583
Price (in US\$ per ton)	1,266	1,950	1,650	1,600	1,620	1,610
External debt paid						
In percent of exports of GNFS	10.2	5.2	5.4	4.5	4.3	4.5
In percent of government revenue	24.1	10.2	9.0	7.3	6.9	6.9

Sources: Bank of Ghana: and Fund staff estimates and projections

Definition changed from Net Foreign Assets to Net International Reserves at the end of 2000

Include interim HIPC relief from Paris Club creditors comprising Naples and Cologne flow terms.

Ghana: External Financing Requirements and Sources (in USD million)

	2000	2002	2003	2004	2005
Current account (exc. Official transfers)	-1,044	-573	-474	-550	-622
Exports (f.o.b)	2,006	1,936	1,893	2,037	2,037
Imports (f.o.b)	-3,252	-2,759	-2,652	-2,793	-2,858
Services (net)	-269	-246	-236	-315	-321
Private transfers	472	496	521	521	521
Capital Account	103	-253	-220	-183	-188
Scheduled amortization	-325	-416	-288	-273	-273
IMF repayments	-76	-37	-66	-14	-14
Other capital (net) ^{1/}	504	200	134	104	99
Change in official reserves (increase-)	233	52	-87	-258	-277
Other net reserves (-increase)	-14	45	-106	0	0
Change in arrears (increase-)	62	27	-89	0	0
Deferral of Debt Payments	0	0	228	-30	-30
External financing requirements	-659	-702	-748	-1,022	-1,118
Expected disbursements	660	702	748	784	784
Grants	148	154	265	229	229
Project and other Programs	92	112	103	152	152
Concessional loans	56	42	162	77	77
Project and other Programs	451	513	416	420	420
Concessional loans	358	369	256	325	325
Project and other Programs	93	144	160	95	95
IMF	61	35	67	135	135
Financing gap ^{2/}	0	0	0	238	334
Memo:					
Exceptional Financing incl. HIPC Relief			201	180	192

Source: Ghanaian authorities, and IMF staff estimates and projections

GHANA : ADMINISTRATIVE MAP



This map has been drawn by the African Development Bank Group for the exclusive use of the readers of this report to which it is attached. The names used and the borders shown do not imply on the part of the bank and its members any judgement concerning the legal status of the territory nor any approval or acceptance of these borders.