

GHANA – VISION 2020

(THE FIRST STEP: 1996-2000)

PRESIDENTIAL REPORT

ON

CO-ORDINATED PROGRAMME

OF

ECONOMIC AND SOCIAL DEVELOPMENT POLICIES

(POLICIES FOR THE PREPARATION OF 1996-2000 DEVELOPMENT PLAN)



FLT. LT. JERRY JOHN RAWLINGS
President of the Republic of Ghana

PREFACE

.....Article 36, clause 5 of the constitution of the Republic of Ghana (1992) state that
 “.....within two years after assuming office, the president shall present to parliament a coordinated programme of economic and social development policies, including agricultural and industrial programmes at all levels and in all the religions of Ghana”.

In accordance with this provision, I presented to the Speaker of Parliament yesterday a document which we have called “Ghana – vision 2020: THE FIRST STEP” it is the product of consultation and collaborative effort, and build upon existing programmes and policies, amending or adding to them where necessary, to provide a framework within which we can realize the long-term vision of raising Ghana in to the ranks of the middle-income countries of the world.

Our efforts over the past 12 years were first directed toward halting the decline in our economy which characterized the 1970s. In addition, we had to embark on repairing the damage to our infrastructure. These included roads, schools, hospital, railways, port etc. we also had to ensure the availability of inputs, spare parts and materials so that ordinary framers, entrepreneurs and industrialists could obtain their mist basis needs within a fair and equitable system. All these measure cost money and whilst they improved many aspects of our daily lives, few of them actually put extra money into the pocket of the ordinary man and woman.

Whilst the document which we have called “Ghana– Vision 2020: THE FIRST STEP” has been put before this house as a constitutional requirement, the work and planning began when the National Development Planning Commission (NDPC) was set up in 1990, long before the 1992 new development process. The programme is not a plan bur a planning framework to provide guidance to planning agencies to prepare their own development plans.

The report before you is a comprehensive development policy document. We are honest about the current status of development in the country and have not glossed over our shortcomings.

The main thrust of the programme is to consolidate the gains already achieved and to lay the foundations for accelerated growth as we enter the 21st century. Laying the foundations for accelerated development does involve a critical review of our economic policies to ensure that the policies contribute fully to Ghana’s future sustainable development.

Once the co-ordinate programme of economic and social development policies is scrutinized and approved by parliament, the document will be circulated to the ministries, sector agencies, the Regional Co-ordination councils and the District Assemblies, together with planning guidelines, for the preparation of sectoral and district (medium-term) plan. Meetings of NDPC’s four cross-sectoral planning groups (made up of academic dons, consultants and professional organizations, as well as researchers and entrepreneurs from both public and private sectors) and a workshop involving policy makers in the public and private sectors will take place in the third quarter of 1995 to analyze and co-ordinate the various submission from the sectoral, regional and district planning agencies. The conclusions of the theses meetings/workshop will form the basis for the preparation by NDPC of the detailed national Five-year Development Plan for the period January 1996 to December 2000.

This medium-term (1996-2000) development plan will become the reference document that informs the entire country as well as the international community of the enabling environment to be provided by the government in support of private investment, initiative and innovation and also informs non-governmental organizations about the priority social and economic activities in the various districts of the country.

Mr. Speaker, Honourable members, I entrust the programme into your care. I am sure you will study it carefully and debate it thoroughly. I hope the document will also be made available to the general public to enable many people to contribute meaningfully to the discussions.

FLT-LT. JERRY JOHN RAWLINGS
President of the Republic of Ghana

An extract of the Sectional Address read by the president at the State Opening of the Third Session of the Parliament of Ghana in Accra on 6th January 1995.

TABLE OF CONTENTS

		<u>Page No.</u>
LIST OF TABLES		iii
EXECUTIVE SUMMARY		iv
Section 1	INTRODUCTION	
	1.1 Long-Term Goal: <i>Ghana – Vision 2020</i>	1
	1.2 Medium-Term Objectives – <i>The First Step</i>	2
	1.3 Preparation of 5-year Development Plan	3
Section 2	CURRENT LEVEL OF DEVELOPMENT	4
	2.0 Introduction	4
	2.1 Social Development	4
	2.2 Economic Development	8
	2.3 Production	13
	2.4 Science & Technology	15
	2.5 Economic Infrastructure	16
	2.6 Environment	19
	2.7 Spatial Organisation	21
	2.8 Public Administration	23
Section 3	LONG-TERM OBJECTIVES	28
	3.0 Introduction	28
	3.1 Human Development	29
	3.2 Economic Growth	31
	3.3 Rural Development	34
	3.4 Urban Development	35
	3.5 An Enabling Environment	36
Section 4	OBJECTIVES, OPPORTUNITIES AND CONSTRAINTS	37
	4.0 Consolidating the Foundations	37
	4.1 Development Opportunities	38
	4.2 Constraints on Development	40
Section 5	OBJECTIVES OF THE MEDIUM-TERM PROGRAMME	42
	5.0 Introduction	42
	5.1 Human Development	47
	5.2 Economic Growth	51
	5.3 Rural Development	60
	5.4 Urban Development	64
	5.5 An Enabling Environment	66
Section 6	SECTORAL AND GEOGRAPHICAL ALLOCATIONS OF DEVELOPMENT EXPENDITURE	75
	6.1 Definition of Development Expenditure	75
	6.2 Sectoral Allocations in the PIP	75
	6.3 Assessment of Total Finance of Development	76
	6.4 Basis for Proposed Sectoral and Geographical Allocations	77
	6.5 Sectoral Allocations	78
	6.6 Geographical Allocations	79
	6.7 Detailed Allocations	79

LIST OF TABLES

	<u>Table No.</u>	<u>Page No</u>
Summary	S.6.1 Suggested Sectoral Allocations of Development Expenditure (1996 – 2000)	xiii
Section 2	2.1.1 Population Profile of Ghana	8
	2.2.1 Structure of Production 1970 – 1993	9
	2.2.2 Government Revenue and Expenditure	12
	2.2.3 Balance of Payments 1992 – 93	13
	2.3.1 Sectoral and Sub-Sectoral Contributions to GDP in 1993	15
	2.8.4 Types of Payment	27
Section 5	5.2.1 Economic Growth Targets	52
	5.2.2 Sectoral Targets	52
	5.2.3 Investment and Savings Targets	53
Section 6	6.1 Definitions of Capital and Recurrent Expenditure on Development	75
	6.2 Sectoral Allocations in 1994 – 1996 PIP	76
	6.3 Proposed Sectoral Allocations of Capital and Recurrent Expenditure	78
Schedule I	MEDIUM-TERM PROGRAMME 1996 – 2000	
	Table 1. Macro-Economic Framework	80
	Table 2. Sectoral Development	80
	Table 3. Consumption, Savings and Investments	82
Schedule II	List of Development Activities	83

GHANA – VISION 2020
(THE FIRST STEP: 1996-2000)
 PRESIDENTIAL REPORT
 On
 CO – ORDINATED PROGRAMME OF ECONOMIC AND SOCIAL
DEVELOPMENT POLICIES
 (POLICIES FOR THE PREPARATION OF 1996 – 2000 DEVELOPMENT PLAN)

EXECUTIVE SUMMARY

1. INTRODUCTION

The long-term vision for Ghana is to become a *middle-income Country* by the year 2020. The **National Development Policy Framework (NDPF) – Volume: I Long-Term Development Objectives** – articulates the long-term, 25-year (1996-2020) perspective for Ghana’s socio-economic development and, therefore, represents GHANA-VISION 2020. The contents of Volume I of the NDPC are summarized in section 3 of this report. (Section 1.1)

The aim of this medium-term **Co-ordinated Programme of Economic and Social Development Policies** (CPESDP) for the five years, 1996-2000, is to consolidate the gains so far secured over the past decade and to lay strong foundations for accelerated growth and development in the subsequent two decades. Thus, this medium-term co-ordinated programme of policies represents THE FIRST STEP to be taken in the FIRST 5-year period 1996-2000 in the journey towards Ghana’s vision in year 2020.

This co-ordinated programme is the first of its kind in that it is human-centre, comprehensive and based on the co-ordinated endeavours of government agencies of government agencies – national, Sectoral, regional and district – as well as the private sector, including NGOs. (Section 1.2)

The medium-term programme provides a framework to assist planning agencies in the preparation of the first five- year rolling plan (5YRP). (Section 1.3)

2. CURRENT LEVEL OF DEVELOPMENT

Introduction

The Volume II of the **National Development Policy framework (NDPF)** gives the current level of economic and social development in the country. The **NDPF (Volume II: Current Level of Development in Ghana)**, therefore, provides an assessment of the current level of development and of the principal constraints on development in 1993 as well as a

benchmark against which future progress can be measured. The NDPF (Volume II) is summarized in section 2 of this report. (Section 2.0)

Social Condition

Despite the provision of improved access to education, health care, safe water and other basic social amenities over the past decade, the social conditions of many Ghanaians are characterized by low standards and generally poor quality of life. More than one – third of Ghanaians live below the poverty line¹ and some 7% in hard – core poverty. Poverty is exacerbated by the high rate of population growth, currently estimated at just under 3% per annum. Rate of infant and child mortality and the general level of morbidity are still unacceptably high due to poor nutrition and as-yet inadequate access to health care facilities, safe water and sanitation. The general level of education is low, with adult literacy estimated at only 53% of the adult population and enrolment in primary and secondary schools at 57% of the population of school-going age. High rates of unemployment and underemployment have also contributed to poverty. With the exception of life expectancy, the condition of female's compares unfavourably with males, and conditions in rural areas are generally worse than in urban areas.

(Section 2.1)

Macro – Economic Conditions

In the eight year from 1975 to 1983, Ghana's real gross domestic product (GDP) dropped by 10 % and GDP per head by 27%. The economic recovery programme (ERP), inaugurated in 1983, succeeded in reversing the previous decade's decline in the economy. Since then, GDP has grown at an average rate of nearly 5% per annum (pa). The GDP per capita (pc) rose consistently over the decade to 192,870 or US \$441² in 1992. However, despite some change in the structure, the economy is still heavily dependent on agriculture (40% of GDP). Agricultural production, however, has risen on the average by only 1.8% pa. Investment and savings have risen under the ERP, but are still low, and investment is heavily reliant on foreign savings. Inflation rose to 123% in 1983 but was gradually reduced to 10% in 1992. However in 1993 it again rose to 25% and has remained at that level in 1994. This was due to below-average crop harvests and a re-emergence of budget deficits. The up-turn in inflation and the deterioration in the balance of payments resulted in an acceleration in the decline in the foreign exchange value of the Ghanaian currency, the cedi. Although there has been some increase in non-traditional exports, these are still less than 10% of the total merchandise exports. (Section 2.2)

Production

Cocoa production has risen at about the same rate as GDP, but the other agricultural sub-sectors have grown much more slowly, especially crops and livestock which is the largest sub-sector. Agricultural sector investment programme (ASIP) has been launched to improve the production, processing and marketing of agricultural produce. In recent years, mineral production has grown by 10% pa but, after an initial upsurge, manufacturing output's growth has been below a pa. The construction industry has been buoyant with a growth rate of 7.5% in the last six years. Output of the services sector has also exhibited strong growth, with the trade sub-sector averaging over 10% pa and transport and communications 8.6%. Financial services showed moderately strong growth. (Section 2.3)

¹ Poverty is defined as an income less than two-thirds of the national average and hard-core poverty as an income of less than one-third. Average income per head in Ghana in 1993 was ₵241,000.

² This figure is still below the levels of GDP per capita attained in early 1960s

Science and Technology (S&T)

S&T has an important role to play in the development process, but its status in Ghanaian culture is low. This has retarded the country's economic and social development, especially in agriculture and industry. S&T activities are now coordinated by the Ministry of environment, Science and technology (MEST); institutions such as GRATIS (with its ITUUs) and DAPIT have been created to further the adoption of scientific methods and improved technology in industrial production. Some progress has also been made in improving agricultural technology through research and extension services. A recently- established National Agricultural research Programme (NARP) has been charged with restructuring agricultural research services and making them self-supporting, effective and efficient.

(Section 2.4)

Economic Infrastructure

During the past decade, investment in economic infrastructure—energy, transport and communications—has dominated the public investment programme (PIP). However, because of the excessive rot of the 1970s, much still remains to be done; the current condition of infrastructure facilities and provision of services still remain poor. The main source of energy is wood fuel (71%), followed by petroleum products (19%) and electricity (10%). All the three are subject to constraints. Road transport is the principal mode used in Ghana, as the rail network is limited and the use of lake and domestic air transport is negligible. The handling capacities of the two seaports and the international airport have been greatly improved in recent years. Telecommunications services have also been improved but are still unable to meet demand.

(Section 2.5)

Environment

Ghana's principal environmental problems are pollution, deforestation, soil and coastal erosion and inefficient waste management. Pollution is largely caused by mines and manufacturing industries, as well as by motor vehicles. Deforestation is due to unsustainable methods of timber extraction, shifting cultivation and collection of fuel and fodder, which also contribute to soil erosion. Coastal erosion is mainly due to natural causes but is exacerbated by such practices as sand winning. Inefficient waste management is the result of insufficient facilities and insanitary practices. During the past decade a number of measures have been introduced to minimize environmental degradation resulting from these economic activities. These measures include the strict adherence to environmental impact assessment and environmental management programmes for mining and manufacturing activities, strict timber extraction and re-forestation regimes, promotion of liquefied petroleum gas (which was previously flared away at Tema Oil Refinery) for domestic and industrial heating and cooking in place of charcoal and fuel wood, and the control of sties for sand wining and stone quarrying.

(Section 2.6)

Spatial Organization

The colonial system left a spatial structure characterized by polarization. Since political independence in 1957, policies have been pursued in support of greater equity, but the geographical distribution of investment has not changed significantly. Combined with the

static structure of the economy, this has resulted in uneven urban development. Linkages between service centres and their hinterlands are weak and towns do not fulfill their potential as engines of growth or providers of services to rural areas. Despite the recent attempts at providing land titles for urban lands and rural farming lands, the lack of implementation of comprehensive land management policies has resulted in inappropriate land use and ecologically-damaging farming and forestry practices.

(Section 2.7)

Public Administration

The public administration system (PAS) is currently in the process of being decentralized and transformed to provide strong support for development. The PAS is also being restructured to enhance the delivery capacity of the public sector to plan, manage and monitor social and economic development. District Assemblies (Das) have been established since early 1989 and are now being made primarily responsible for the implementation of development policies and programmes, coordinated by the National development Planning Commission (NDPC). At present the PAS lacks the capability to support development, especially at the district level.

(Section 2.8)

Ghana's development programme is heavily dependent on external aid for both capital investment and operations. Total aid has averaged over 8% of GDP. Half of this is for capital investment, about one-third programme aid and the balance technical assistance and food aid.

(Section 2.8)

3. LONG-TERM OBJECTIVES

Long-term development objectives for the next 25 years (1996-2020) are set out in the National Development Policy Framework (NDPF). The achievement of these goals and objectives is expected to usher Ghana into the commit of nationals whose material well-being and standard of living are today described as middle-income country. There are five basic themes of development, viz.: human development, economic growth, rural development, urban development and an enabling environment.

(Section 3.0)

Human Development

The basic goals of human development are to reduced poverty, increase average incomes and reduce disparities in incomes and opportunities. These goals will be achieved by reducing the rate of population growth (to 2% pa by 2020), reducing infant and child mortality and general morbidity, improving food security and nutrition and further increasing access to health services, safe water and sanitation, and adequate housing. They also involve the achievement of universal basic education and adult literacy, especially for females, and increased access to secondary and tertiary education. The technical proficiency of the labour force will be given further improvement through increased technical and vocational training.

(Section 3.1)

Economic Growth

The basic goal of economic growth in Ghana is to establish an open and liberal market economic that optimizes the rate of economic development and ensures the maximum welfare and material well-being of all Ghanaians. The current enabling environment will be further strengthened and enhanced to encourage private investment, both foreign and domestic, by improving the legal and administrative system and the economic infrastructure as well as creating a science and technology (S&T) culture. The aim is to transform Ghana from a low-

income to a middle-income country within one generation by achieving a long-term average rate of economic growth of over 8% per annum, which will raise real average incomes fourfold. A major concern will continue to be the equitable distribution of the benefits of development, closer integration of women and rural dwellers into the national economy and the elimination of hard-core poverty through the promotion of efficient rural farm and non-farm production activities and the encouragement of the innovative spirit of micro and small enterprises (MSEs).

The target rate of economic growth required increased productivity in all sectors of the economy, especially agriculture, and an expansion of the range of goods and services, produced at internationally- competitive prices. This will be assisted by major improvements in all types of economic infrastructure. Accelerated growth of over 8% of GDP per annum will require a major shift in the sectoral composition of production, with agriculture's falling to below 20% of GDP and industry's share rising to 37% by 2020. The services sector's share should rise to some 45% Fiscal and monetary policies will be further strengthened to promote development, investment and growth while maintaining price stability. (Section 3.2)

Rural Development

With over two-thirds of the population resident in rural areas³ a major development goal is to reduce disparities between the incomes and standards of living of rural and urban populations. This will be achieved by judicious allocation of public investment in favour of rural areas to provide adequate economic and social infrastructure and to protect and improve the rural environment. (Section 3.3)

Urban Development

Urban settlements perform a pivotal role in national development. The aim is to ensure that small and medium-sized towns and cities adequately fulfill their role as service centres for their rural hinterland and that the process of urbanization contributes positively to development. This will be achieved by a more spatially equitable and rational distribution of population between settlements of varying sizes and between urban and rural environments. (Section 3.4)

An Enabling Environment

The objective is to create an enabling environment in which all sections of society can contribute to sustained and accelerated rates of social and economic development. In addition to the contributions which will stem from human development, the public administration and the legal framework will experience a further deepening in the current reforms in order to make them contribute positively to the development effort. (Section 3.5)

4. MEDIUM-TERM (1996-2000) OBJECTIVES

Consolidating the Foundations

In the medium-term period from 1996 to 2000, the objective is to consolidate the foundations for accelerated economic and social development in the long-term. These foundations have been partially laid down under the ERP, but need to be strengthened to ensure more rapid growth in the future to enable Ghana to join the ranks of middle-income countries.

(Section 4.0)

³ Define as settlements with less than 5,000 Population.

Development Opportunities

Opportunities for achieving the medium-term objectives include:

- The political reforms undertaken in the past five years, viz decentralization, democratization and return to constitutional government;
- The adequacy of domestic resources by way of land, mineral deposits and other natural resources;
- Ghana's favourable geographical position and favourable international reputation which will facilitate export and tourism promotion and encourage private foreign investment and donor support. (Section 4.1)

Constraints on Development

A number of factors or constraints which have slowed down the rate of recovery in recent years will need to be eliminated or obtained if full advantage of the opportunities is to be taken. Internal constraints on development which need to be overcome in the medium-term include the continuing high rate of population growth, inadequate attention to child care which is detrimental to human development; lack of effective system of plan coordination; continuing low levels of domestic savings and financial intermediation; generally low levels of productivity; constraints on energy supply, especially electricity; low status of S&T awareness and of environmental awareness. The principal external constraint is an international economic order still heavily biased against the less developed parts of the world. (Section 4.2)

5. THE MEDIUM-TERM PROGRAMME

The objectives of the medium-term (1996-2000) programme under the five development themes are summarized hereunder.

Human Development

Human development denotes improvement in the quality of life and expansion of opportunities for all members of society. Medium-term objectives are:

- poverty alleviation
- poverty alleviation;
- enhancement of human resources;
- increasing employment and leisure opportunities;
- strengthening social infrastructure and services.

In addition, awareness of the benefits of the family planning and fertility control will be fostered and the crucial role of women in development acknowledged by further increasing women's access to health and education and to productive resources.

Guidelines for the formulation of the human development component in the first 5-Year Rolling Plan (% YRP) are provided under the following headings:

- poverty reduction;
- population control;
- women and development;
- health and nutrition;
- water and sanitation;
- education, training and employment. (Section 5.1)

Economic Growth

The medium-term objective for economic growth is to make substantial progress towards raising Ghana into the category of middle-income countries. The target is to raise GDP growth to over 8% and income per head to a little over US \$500 in year 2000. A start will be made towards transforming the structure of the economy with agriculture's contribution to GDP falling from 49% in 1993 to 39% in 2000, even though the rate of growth in agricultural production should more than double. The contributions of the industrial and services sectors are targeted to rise to 20% and 41% of GDP, respectively. Raising the rate of GDP growth to an average of 8% per annum will require a substantial increase in the level of investment which is targeted to reach 26% of GDP by year 2000. Fiscal policy will be strengthened to enhance the enabling environment and to contribute to equity, with increased reliance on direct taxation as a source of revenue and greater decentralization of decisions on expenditure, while maintaining overall fiscal balance. Monetary policy will ensure that money supply expands in line with the needs of an expanding and increasingly monetized economy, within the framework of price stability. Exports—especially non-traditional exports (NTEs) – should rise more rapidly than imports, maintaining an overall positive balance of payments.

Guidelines for the formulation of the economic growth component in the first 5YRP are provided under the following headings:

- sectoral development, including the role of micro and small enterprises;
- fiscal and monetary policies;
- balance of payments
- administrative and legal framework. (Section 5.2)

Rural Development

The aim of rural development is to upgrade rural areas socially, economically and environmentally and to achieve a better balance between rural and urban investment. Improvements in rural living conditions will be promoted; conditions will also be created in which productive capacity and the ability to meet social needs in rural areas are further increased through the provision of an effective enabling environment. This will involve the expansion of the rural services commenced during the past five years or so and shall include; the provision of economic and social services in small towns or centres accessible to their rural hinterlands; improvements in the physical infrastructure to facilitate access and communications to and between service centres; and the efficient operation of service using the infrastructure. Investment in support of rural development will be allocated between;

- areas with pronounced opportunities for accelerated development;
- areas suffering from gross deprivation; and
- intermediate areas.

Guidelines for the rural development component of the 5YRP fall under the following headings:

- institutional structures in support of rural development;
- district and regional planning capacities;
- community participation;
- transformation of the rural economy;
- private sector initiatives;
- extension services and technology transfer;
- environmental protection. (Section 5.3)

Urban Development

Urban development, under this report focuses essentially on the high rate of urban growth (4.1% per annum compared with total population growth of 3%) and the distribution of urban population, as well as the impact of urbanization on rural development. Urban development policies aim to stimulate the growth of small and medium-sized towns serving rural areas. The two principal medium-term aims of urban development are (i) to underpin the process of rural transformation and (ii) to promote employment in small and medium-sized towns to relieve the pressures on the main urban centres. All human settlements should play a dynamic role in national development, and towns of all sizes should be efficient and environmentally attractive. The medium-term aims of human settlement planning are to coordinate all aspects of town development, to foster the growth of settlements which can support rural transformation and to ameliorate adverse conditions in key urban settlements, especially in Accra as the National Capital.

Guidelines for the preparation of the urban development component of the %YRP fall under the following headings:

- coordination of investment in support of urban development;
- institutional arrangements for implementing human settlement policies;
- deprived areas within human settlements;
- laws and regulations governing urban planning and land use;
- support for District Assemblies in planning and managing human settlements.

(Section 5.4)

An Enabling Environment

The provision of an effective enabling environment involved the achievement of many of the objectives laid down under the other four themes of this CPESDP report. This requires significant changes (beyond the reforms currently in progress) in the legal and regulatory framework and to the structure, roles and procedures of the public administration system (PAS).

The medium-term objectives are:

- to deepen the restructuring exercise of the PAS in order to increase its effectiveness and outputs;
- to foster a dynamic, promotional and cooperative approach to private sector initiatives by changing attitudes within the public service;
- to overhaul laws and regulations which inhibit development and private sector operations.

At the local or sub-national level, the objectives are to increase the effectiveness and outputs of Regional Coordinating Councils and district Assemblies to enable them to act as agents of change within a participatory and democratic environment and to undertake effective coordination of development planning and implementation in their localities.

An important element in providing an enabling environment is capacity building. Achievement of the objectives for health, education and training and PAS reform will contribute to improvements in human capacity. Additional objectives are:

- optimum utilization of existing resources;
- introduction of the concept of management by consultation, group-working and

- multi-management, within the public administration system (PAS);
- involvement of the private sector in professional training;
- maximizing the contribution of external aid to national capacity building.

Guidelines for the preparation of programmes in the 5-Year Rolling Plan (5YRP) to improve the enabling environment fall under the following headings:

- PAS regulations, procedures and institutions;
- Review of legislation affecting development;
- Private sector initiatives and contributions;
- Capacities of government agencies, central and local;
- Joint Development Planning areas;
- Aid coordination and disbursement. (Section 5.5)

6. **SECTORAL AND GEOGRAPHICAL ALLOCATIONS OF DEVELOPMENT EXPENDITURE**

For purposes of this CPESDP, development expenditure is defined as including all public sector expenditure on developmental activities, whether capital or recurrent. The medium-term (1996-2000) objective is to implement this revised classification in the %YRP. Total finance likely to be available for public sector development over the five-year period 1996-2000 – capital and recurrent – is assessed at around $\text{¢}1,000$ billion at 1993 prices or nearly US\$1.5 billion per annum.

On-going projects under the public investment programme (PIP) for 1994-1996, some of which involve commitments in subsequent years, constrain sectoral allocations during the early years of the first %YRP. These allocations reflect the development objective enunciated in the CPESDP and are summarized by broad sectors – *see* Table S.6.1 below.

An additional sector, development management, has been introduced to provide funds for equipping and operating agencies responsible for development management at national, sectoral and local levels.

TABLE S.6.1 Suggested Sectoral Allocations of development Expenditure (1996-2000)

SECTOR	%of Total CAPITAL Expenditure	% of Total RECURRENT Expenditure
Director Production	13.5	5.0
Economic Infrastructure	53.5	4.0
Social Infrastructure	28.0	53.0
Development management	2.0	10.0
TOTAL DEVELOPMENT EXPENDITURE	97.0	72.0

Geographical allocations reflect the objectives of spatial equity and rural development as well as urban development in support of rural development, as set out in sections 4 and 5 of this CPESDP report.

Geographical priorities are represented by the following:

- Accelerated Rural Development Zones (ARDZs)
- Deprived Areas
- Intermediate Growth areas
- Urban centres requiring urgent improvements in the interests of operational efficiency.

Funding for ARDZs will be location specific. Funds for the other three priorities above will be distributed on a regional basis and the Regional Coordinating councils (RCCs) will be responsible for distribution to districts (i.e. District Assemblies) on the basis of parameters provided by the National development Planning Commission (NDPC).

Detailed allocations and the issue of warrants by the Ministry of Finance will be facilitated by NDPC's Planning Guidelines indicating sectoral and geographical distributions on a yearly basis.

1.3 Preparation of 5-Year Development Plan

The two documents—NDPF (or Ghana-Vision 2020) and CPESDP (The First Step: 1996-2000) – supported by planning guidelines, will be the basis for the preparation of medium-term plans by Ministries, Sectoral Agencies and District Assemblies in their roles Planning Authorities.

SECTION 1

INTRODUCTION

1.1 Long-Term Goal: GHANA-VISION 2020

The long-term vision for Ghana is that by the year 2020 Ghana will have achieved a balanced economy and a *middle-income country status and standard of living*, with a level of development close to the present level in Singapore. This will be realized by creating an open and liberal market economy, founded on competition, initiative and creativity, that employs science and technology in deriving maximum productivity from the use of all our human and natural resources and in optimizing the rate of economic and social development, with due regard to the protection of the environment and to equity in the distribution of the benefits of development.

Details are set out in **National Development Policy Framework** (NDPF) which provides a long-term (25 year, 1996-2020) perspective for Ghana's socio-economic development. The **NDPF (Volume 1: Long-Term Development Objectives)** can thus be described as **GHANA – VISION 2020**. Specifically, the vision of Ghana in the year 2020 – a generation hence! – is of a country in which:

- long, healthy and productive life for all individuals is the norm, with access to an enlarged range of choices for employment, shelter and leisure;
- the benefits of development are equitably distributed and gross deprivation and hard-core poverty are eliminated;
- national income is growing by at least 8% per annum, compared with the present average of 4-5%;
- population growth is reduced from its present level of about 3% to 2% per annum, thereby allowing real income per head to rise to more than four times the 1993 level.
- solutions to socio-cultural and economic problems of the individual, the community or the national are recognized and sought within the domain of *science* and *technology*.

These aims will be achieved by creating a robust, diversified and commercially-based agricultural sector with strong linkages to an efficient, technologically- progressive and market-oriented industrial sector, both of which sectors pay due regard to the maintenance of a sound and sustainable environment as well as to the generation of employment opportunities, including self employment. Such a transformation of the country's socio-economic structure will involve not only economic changes but also reforms in land tenure, legal and administrative systems so that they are fully supportive of private sector development, including the promotion of foreign investment.

Agriculture (including forestry) is the dominant sector in Ghana's economy (about 40% of GDP) but over the past decade the sector's rate of growth has averaged less than 2% per annum. Majority of the poor have agriculture as their main source of income whilst about 40% of inflation is accounted for by local food prices. The role of agriculture in Ghana's development is therefore critical; without significant improvement in agriculture's performance, the long-term goal of the country cannot be achieved. Agricultural output is therefore targeted to increase an average growth rate of 4% per annum (for the period 1996-2020) compared with the current average of 1.8% (1984-1992); to achieve this expansion of agricultural production will require major changes in agricultural technology and in the

organization of rural society, including land tenure system and conflict resolution in land resource use. Agriculture policy will, in the long term, focus on an increase in the productivity of all types of farm inputs (including improved seeds and animal breeding stocks, soil nutrients, farm labour and management) and diversification in the range of agricultural goods and services produced, mainly through agricultural research; interaction between farmers, extension workers and researchers; market-based input and output pricing policy; and improvement in institutional capacity to export agricultural products. Agriculture in the Ghanaian development programme is expected to ensure food security and adequate nutrition for all Ghanaians; to supply raw materials and other inputs to manufacturing, health, tourism and construction sectors; to contribute to an improvement in the balance of payments through increased farm and forest products export earnings; and to provide producers with farm incomes comparable to earnings outside agriculture. Since about 80% of the poor (and almost all those who suffer hard-core poverty) live in rural areas, it is expected that increased farm yield and improved access to marketing facilities – which result in increased farm incomes – will not only contribute substantially to poverty reduction, but will also greatly help to remove the poor image of agriculture as a viable economic activity option for the more educated youth in Ghana. (A fuller summary of the long-term aims is provided in Section 3 of this Programme).

1.2 Medium-Term Objectives – THE FIRST STEP: 1996 -2000

For the medium-term up to year 2000, the aim is to consolidate the gains so far secured over the past decade and to lay strong foundations for accelerated growth and development in the subsequent two decades into the 21st Century. This medium-term *Coordinated Programme of Economic and Social Development Policies (CPESDP)* thus represents THE FIRST STEP to be taken in the first 5- year's period 1996-2000 in the journey towards Ghana's vision in year 2020.

This medium-term coordinated programme of policies has been prepared on the basis of five themes:

- Human Development
- Economic Growth
- Rural development
- Urban development
- An enabling Environment

The focus of development policies during the coming five years (1996-2000) will be to consolidate the foundations for accelerated development already laid by the economic recovery programme and to initiate the changes necessary for the ultimate long-term transformation of Ghana's economy and society, as envisaged under GHANA-VISION 2020. The aim in the medium-term period or THE FIRST STEP: 1996-2000 is to create an enabling environment which will facilitate substantial improvements in the economic and social conditions of all Ghanaians. This implies not only major improvements in the country's physical infrastructure, both economic and social, but also significant shift in attitudes and institutional arrangements in favour of private initiative and enterprise, including micro and small enterprise development.

It is expected that by year 2000 substantial progress will have been made in the following areas:

- human resource and productivity management, especially with respect to the education and employment of females and the disabled;

- reduction of poverty and malnutrition through improved scientific methods of food production, marketing and processing by micro and small enterprises, especially in rural areas;
 - attainment of a sound financial base for accelerated development;
 - general awareness of the importance of population control and science-based behaviour in sustainable development;
 - increased real incomes per head, especially among the rural population;
 - enhanced community participation in the formulation and implementation of development programmes, with increased planning initiatives and capabilities at district and regional levels.
- Thus, the vision for year 2000 is a Ghana well posed for rapid growth in the 21st century.

This medium-term programme of policies is the first of its kind. It departs from previous national policy statements in the following ways:

- The programme is human-centre. The long and medium-term objectives contained in this document are designed to promote the well-being, welfare, development and happiness of the people of Ghana.
- The approach is comprehensive inasmuch as the social, economic environmental and spatial aspects of development have been examined as a single integrated task. Their relationships have been explored in order to provide mutually supportive solutions to identified problems.
- The report represents a policy framework to assist sector agencies and districts in the preparation of innovative and appropriate programmes and plans. It is not a command document: on the contrary, it aims to promote initiative, not to constrain its.
- It represents the coordinated, joint endeavours of the private sector, governmental sectoral agencies, districts and regions, rather than the result of a top-down operation.

1.3 Preparation of 5-Year Development Plan

The two documents – NDPEF (or Ghana-Vision 2020) and CPESDP (The First step: 1996-2000) – supported by planning guidelines, will be the basis for the preparation of medium-term plans by Ministries, Sectoral Agencies and District assemblies in their role as Planning Authorities. The sectoral and district five-year development plans will then be subjected to coordination, rationalization and harmonization by the National Development Planning Commission (NDPC) in order to ensure that all development programmes and projects are mutually supportive and compatible with the approved national development objectives.

The NDPC's four cross-Sectoral Planning Groups (CSPGs) will be called on to examine and rationalized the sectoral and district plans into a consistent whole; this will then become the subject matter of a coordination Workshop involving policy makers in the public and private sectors. The outputs of these meetings and workshop will form the basis for the preparation by the National development Planning Commission of the national Five-Year rolling Plan (5 YRP) for the period January 1996 to December 2000.

This 5-Year national development plan will then become the reference document that informs the entire country as well as the international community of the enabling environment to be provided by Ghana government in support of private investment, initiative and innovation and also informs non-governmental organisations (NGOs) about the priority social and economic activities in the various district of the country.

SECTION 2

CURRENT LEVEL OF DEVELOPMENT

2.0 INTRODUCTION

The Volume II of the National Development Policy Framework (NDPF) had given the current level of economic and social development in the count. The NDPF (Volume II: Current Level of Development in Ghana). Therefore, provides an assessment of the current level of development and of the principal constraints on development in 1993, and a benchmark against which future progress can be measured. Where data are available, 1994 figures have been used.

2.1 SOCIAL DEVELOPMENT

2.1.1 Social Conditions

Over the past decade, considerable effort has been made to improve social conditions and to ameliorate some of the social cost of economic adjustment. Much still remains to be done and the social conditions of the majority of Ghanaians are still characterized by poverty, low living standard and a generally poor quality of life. Development indicators show that even though Ghana compares favourably with most other African countries, social conditions are worse than in developing countries as a whole.

Access to health care, safe drinking water and sanitation is still inadequate especially in the rural areas and in consequence life expectancy is low, even though it has improved significantly since independence and especially during the past decade. Levels of morbidity and infant and child mortality are still unacceptably high, and levels of educations and literacy are low.

There are also major disparities in social conditions between different sections of the population. Females tend to be worse off than males and rural dwellers worse off than those in urban areas. The lowest living standards are suffered by rural females, and children in rural areas are especially vulnerable.

In a changing social environment in which the traditional social security system (i.e. the extended family system) is fast breaking down, longer life expectancy – see section 2.1.5 below – has serious implications for the average Ghanaian. The breakdown in the extended family system is due mainly to urbanization, migration and economic pressures which compel people to provide sustenance for their own immediate family. This gradually-growing phenomenon has brought hardship to the aged, the physically disabled, the mentally infirm and, to some extent, orphans, in both rural and urban areas; in the urban areas especially, destitution and neglect are now a common place among these socially disadvantaged groups. In some of the larger cities, some adverse social consequences of uncontrolled urbanization are beginning to manifest themselves; these include an increase in street begging and street children, juvenile delinquency and child labour. Current policy aims to integrate the physically disabled into the mainstream of education and training, and to make them socially and economically productive.

Government has recently indexed the pension receipts of retired government employees and has introduced in 1991 a pension scheme to cover all Ghanaian including the self employed Government is also encouraging non-governmental organisations (like HELPAGE GHANA) to provide companionship and supplementary feeding (as well as regular health checks) for the aged people in Accra.

2.1.2 Poverty

Comparative data from other countries is patch but from the available information, poverty in Ghana is less acute than in some other African countries. For example, whereas in Ghana the lowest 20% in the scale of average incomes account for 7.0% of total consumption, comparable figures for Kenya, Tanzania and Lesotho are 2.7%, 2.4% and 4.5% of total in Ghana, consumption by the bottom quintile is 8.6% and 8.5% respectively.⁴

The available information on poverty in Ghana is based on the results of the Ghana Living Standards Survey for 1987-88, which are analyzed in Poverty Profile for Ghana 1987-88.⁵ Poverty is defined as subsisting on an income which less than two-thirds of the national average.⁶ On this basis over one-third (36%) of Ghana's population live in poverty. Hard core poverty – less than one-third of average income – affects some 7% of the population.

Poverty is predominantly a rural phenomenon, though the incidence of poverty in urban areas has also increased.⁷ 80% of people classified as poor and almost all those suffering hard core poverty live in rural areas, defined as settlements with less than 5,000 people. It is also more prevalent in some parts of the country than in others, the hardest hit areas being the mid-coast, the Volta basin and the northern savannah, in each of which more than 50% of the populations are poor.

The war on poverty is being fought in recent years at various fronts; at the economic level, by improving employment opportunities through re-training and by increasing income through freeing farm prices and promoting income-generation activities especially among rural women and urban poor, at the social level, by increasing access to basic facilities including health care, education, housing, safe drinking water and sanitation; and at the political level, by promoting of economic and social development programmes. These measures will have to be strengthened and enhanced in future if the battle against poverty is to be won.

2.1.3 Employment

As discussed in section 2.2.2 under economic development, there are no clear statistics on employment and unemployment in Ghana. In rural areas, the principal problem is underemployment. Even though most people of working age in Ghana are engaged in some form of economic activity, they are unable to use their abilities to the full and their productivity and earnings are low. This is an important factor in the high incidence of poverty in rural areas. Underemployment is also found in urban areas among those engaged in the informal sector.

In the past, there was considerable underemployment of workers in the public service due to over-manning. This has been addressed under the Public Services Reform Programme, under which some 65,000 posts have been abolished. Both state-owned and private enterprises have

⁴ Data from World Development Report, 1993 Table 30.

⁵ E. Oti-Boateng, Kodwo Ewusi, Ravi Kanbur and Andrew Mackay: Poverty profile for Ghana 1987-88, SDA Working Paper NO. 5

⁶ Average income per head in Ghana in 1993 is estimated at ₵241,000. The poverty line was therefore ₵160,000 per head per annum or ₵13,400 per month.

⁷ See the report on Ghana living Standards Survey (GLSS), 1987/88

also trimmed their labour forces; the recorded number of employees has therefore dropped by half to 230,000 in 1990, compared with 464,000 in 1985. This redeployment exercise, coupled with measures to achieve a more judicious use of labour force, has temporarily resulted in the semblance of considerable open unemployment, especially among the youth. New policy initiatives have been made to re-train and rehabilitate the redeployed persons and the urban unemployed.

2.1.4 Education

Despite the efforts made in terms of money and time to improve access to education for all children of school-going age, universal enrolment in primary and secondary schools has not yet been achieved. Adult literacy is estimated at 53% of the adult population (15 years and above) but varies considerably between men and women, their respective rates being 64% AND 42%. Primary and secondary school enrolment rates amount to 77% and 38% (respectively) of the population in the relevant age groups. Again the rates are higher for males than for females and the discrepancy widens as one ascends the educational ladder: a male –to female ratio of 55:45 in primary school, and 67.33 in senior secondary school. A small minority – less than 2% of the population in the relevant age group – continues into tertiary education and this includes teacher training and technical colleges as well as universities.

On average about 24% of the annual government total expenditure over the past five years has been devoted to education, equivalent to 4% of GDP. The bulk of this is recurrent expenditure as education receives about 30% of the recurrent budget but only 5% of the development budget. Education's share of total government investment, which includes investment financed out of foreign loans and grants, is slightly higher at around 8%.

2.1.5 Health

Average life expectancy in Ghana at 55 years has improved considerably since independence in 1957 which it was only 45 years. Ghana's average life expectancy is better than the African average of 51 years; however, it compares unfavourably with the average of 63 years for all developing countries. Life expectancy at birth is heavily reduced by the high rate of infant (less than 12 months) and child (12 to 60 months) mortality which are estimated at 87 and 143 per thousand, respectively. Life expectancy for those who survive the first five years thus rises to 63 years, but is still low in comparison with life expectancy at birth in industrialized countries of 75 years.

The relatively low life expectancy is due to an amalgam of various factors. Infant and child mortality is still affected by lack of protection from preventable diseases, even though immunization programmes are now reaching an increasing proportion of the country's children. Other factors include contaminated water, insanitary living conditions, poor nutrition and heavy manual labour, especially in rural areas.

Such conditions lead to high levels of morbidity which cannot be wholly contained by the slowly-improving health service. Only 60% of the total population has access to health services and in rural areas this drops to 45%.

2.1.6 Nutrition

Available evidence indicates that malnutrition is a serious problem in Ghana, especially among young children and pregnant women. The Ghana Demographic and Health Survey of 1988 found that nationwide 31% of children were “stunted” (below 90% of the standard height-for-age ratio) and 8% were “wasted” (below 80%). Like other health problems, malnutrition is predominantly a rural phenomenon and is especially acute in the northern savannah zone. Recent measures to raise the nutritional status of rural people include interventions to improve weaning and feeding practices of infants and children.

2.1.7 Water and Sanitation

Disparities between urban and rural areas are particularly marked in the case of water supplies. Most urban dwellers -- 93% -- have nominal access to safe water, though there are frequent disruptions in supply. In rural areas, on the other hand, only 39% of the population has even nominal access to safe water. There are also inter-regional disparities. For examples, whereas 81% of the population of Greater Accra -- urban and rural -- have access to safe water, in Eastern Region the figure is only 38%. Over the past decade, the government has directly, and indirectly, and indirectly through encouragement to non-government organisations (NGOs), improved access to water supply in the rural areas by involving local communities in water and sanitation management projects. In the urban areas rehabilitation work has already commenced on Accra and Tema water and sewerage systems, and improvement is being made to water supplies in regional and district capitals and other towns.

Throughout Ghana the general level of sanitation is low. This is a contributory factor to the high levels of morbidity and environmental pollution. Reticulated sewerage systems are confined to central Accra, Akosombo and Tema; and in urban areas generally only a small proportion of the population has access to flush toilet systems. Studies are in progress now on infrastructure and management arrangements to improve solid and liquid waste management and drainage, especially storm drainage, to eliminate annual flooding in Accra, Kumasi and some other cities. In rural areas methods of sanitation, even though less sophisticated, do not create such acute environmental problems as in urban areas. Public awareness of environmental issues is gradually growing among the population and this awareness needs to be encouraged and properly nurtured into practical community action.

2.1.8 Population

The total population of a country is influenced by births, deaths and migration. The current level of population of Ghana is a result of persistent high birth rates and declining mortality rates; international migration has ceased to exert any significant influence on Ghana's population since 1969 when the Aliens Compliance Order law was passed. The birth rate is currently estimated at 45 births per 1000 population, and the estimated death rate now stands at 13 deaths per 1000 population.

The Population Census of 1984 gave the population of Ghana as 12.296 million, with an intercensal (1970 – 1984) population growth rate of 2.6% per annum. The total population of Ghana in 1994 is estimated at 16.525 millions, with an assumed population growth rate of 3.0% per annum. This gives a population density of 51.6 per square kilometre in 1984 and 69 per km² in 1994, compared with an average density in 1994 for all low-income countries of 80.5 per km².

The problem with high population growth in Ghana is therefore not so much over-crowding as the strain it imposes on resources needed to provide basic facilities such as electricity, water and sanitation, and education and medical services.

The fast-growing population has resulted in a high ratio of dependents to working population. Children under 15 account for nearly half (46.7%) of the total population and the elderly (65 years and above) for 3.7%, giving a dependency ratio⁸ of 1.016:1. This is well above the average dependency ration for low-income countries in general which is 0.81:1.

Table 2.1.1 Population Profile of Ghana

	1970 Census (x '000)	1984 Census (x '000)	Increase (% p.a.)
Total Population	8,559	12,296	2.62
Population Density*	35.9	51.6	2.62
Male	4,247	6,064	2.58
Female	4,312	6,232	2.67
Urban	2,472	3,935	3.38
Rural	6,086	8,361	2.29
<u>Age (years)</u>			
0 – 4	1,563	2,030	1.88
5 – 9	1,450	2,002	2.33
10 – 14	1,003	1,503	2.93
15 – 24	1,459	2,302	3.31
25 – 64	2,773	3,965	2.59
65+	331	493	3.35

* Number of persons per square kilometre.

Sources: Ghana Population Census 1984: Demographic and Economic Characteristics for Total Country.

2.2. ECONOMIC DEVELOPMENT

2.2.1 Economic Growth and Production

In the eight years from 1975 to 1983, Ghana's real gross domestic product (GDP) dropped by 10% and GDP per head by 27%. However, with the introduction in 1983 of the economic recovery programme (ERP), Ghana has, during the decade from 1984 to 1993, achieved an increase in GDP of 52% and GDP per head of 22%, resulting from an average annual rate of growth in gross domestic product (GDP) at constant prices of about 5%. However, with population growing at around 3% per annum, income per head rose by less than 2% per annum and is still below the 1975 level. According to the world Bank's World Development Report 1993, Ghana is classified as one of the 40 low-income economies in the world—the countries with average GDP per head of less than US\$635 per annum at 1991 prices and exchange rates. Ghana's GDP in 1992 was ₵3,008.8 billion. With a population estimated at 15.60 million, the average income per head in 1992 was ₵192,870 or US\$441.

⁸ Dependency ration is defined as the ration of dependants to the economically active population (i.e. labour force between 15 and 64 years.)

In 1993, a combination of budget deficit, expansionary monetary growth and inflation contributed to a rapid depreciation of the Ghanaian currency (the cedi) against the major foreign currencies. Thus, even though the GDP of ₵3,932.4 billion in 1993 resulted in an average income per head of ₵244,700 in real terms (=US\$377) this figure is lower than in 1992. Measures have been put in place to check inflation and stabilize the value of the cedis.

Despite the success of the Economic Recovery programme (ERP) and Structural Adjustment Programmes (SAPs) in reversing the economic decline of the 1970s and achieving a positive rate of economic growth, the structure of the economy in terms of its sectoral composition has only recently begun to show an appreciable change – see Table 2.2.1 below. It is expected that agriculture's contribution to GDP will continue to fall whilst industry (especially manufacturing) will pick up strongly in future.

Although agriculture is the predominant economic activity, the sector's average growth rate over the past decade has been only 1.8% per annum. If cocoa is excluded, this drops to 1.5% per annum, indicating that food production – which is mainly for domestic consumption – grew at only half the rate of population growth.

Table 2.2.1 Structure of Production 1070-1993 (at constant 1975 Prices)

	1970	1984	1989	1993
Agriculture	47	52	47	40
Industry	18	11	14	15
Service	35	37	39	45

Source: (Ghana) Statistical Service: Quarterly Digest of Statistics Vol. XI No 2, June 1993.

2.2.2 Employment

The principal sources of employment in Ghana are smallholder farming, artisanal fishing and small-scale trading. Formal wage employment, which is dominated by the public sector, is probably not more than about 0.5 million out of a total estimated labour force of around 8 million. The measurement of employment is fraught with conceptual and practical difficulties, which explains why estimates of unemployment in Ghana vary so widely, from as low as 3% of the labour force to as high as 19%. However, the basic problem is not so much unemployment as the very low productivity and earnings of many of the people participating in some form of economic activity, especially those in the informal sector. This constitutes a serious under-utilization of human resources as the productivity of people operating in the informal sector is much lower than they could achieve under more favourable conditions.

In recent years, the National Board for small-Scale Industries (NBSSI) has strengthened its productivity-enhancing programmes in training, advice and credit to small-scale entrepreneurs through its Business Advisory centres, whilst the Ghana Export Promotion Council has also targeted small-scale exporters for seminars and workshops in sustainable export development. Ghana Regional Appropriate Technology Industrial Services (GRATIS) and its Intermediate Technology Training Unit (ITTUs) as well as DAPIT (Development and Application of Intermediate Technology) have expanded their activities in order to improve upon the dissemination and adoption of the results of industrial research, especially to small-scale and informal-sector operatives.

In 1994, economic sectors and activities with the greatest potential for productive employment generation were identified and National Network on Employment Capacity Building was established to oversee the formulation of a medium-term National Employment Policy and the preparation and implementation of projects that will create sustainable jobs in the immediate future.

2.2.3 Investment and Savings

The level of investment, which had dropped to below 5% of GDP in the early 1980s, has recently been running at around 15%. However the greater part of investment has been undertaken by the public sector, nearly two-thirds of which is financed by external loans and grants. In 1993 government investment totalled ₵413.9 billion, which was financed as follows:

	% of total
- Budgetary resources	23.5
- Public-sector internally-generated funds	13.8
- Foreign funds	62.7

This shows that public investment is still heavily dependent upon foreign loans and grants. Even though loans are predominantly on concessional terms and do not pose a serious threat to the debt services ratio, this heavy dependence on foreign source of finance could adversely affect the sustainability of the public investment programme.

The allocation of government investment was heavily biased in favour of the economic infrastructure and especially transport and communications. The broad sectoral allocation was as follows:

	% of total
- Agriculture	6.2
- Industry	3.8
- Natural Resources	5.9
- Transport & Communications	22.8
- Energy	17.0
- Roads and Highways	21.4
- Social Sectors	19.2
- Others	3.7

There are still administrative obstacles to private investment, both domestic and foreign, which have been fully documented in the report of the Private Sector Roundtable Committee. In order to address these problems, government has converted the Ghana Investments Centre into the Ghana Investment Promotion centre whose prime functions are to facilitate rather than regulate private investment. Investment Laws and regulations have also been amended to make procedures less cumbersome.

Domestic savings have remained well below the level of investment and in recent years public sector savings have been negligible. In 1993, total domestic savings were only 2.7% of GDP, with less than 1% provided by the public sector. Investment has been predominantly financed from foreign savings – over 80% in 1993.

Ghana's recorded savings rate has been traditionally low, even by sub-Saharan African standards. Recent evidence from household surveys indicate that large un-quantified savings are however, kept in non-financial forms such as inventories or building materials. The poor performance of the financial sector savings mobilization may be attributable partly to macro-economic factors and partly to industry specific constraints such as under-developed financial infrastructure, lack of competition within and among the financial sector's major sub-sectors of banking, non-banking, non-banking financial institutions, the formal rural financial institutions and the informal financial sector.

In the banking sector, low or negative rates of return on deposits and the high transaction costs have been deterrents for savers. High reserve requirements have also served as disincentive for building up bank's loan portfolio. At the same time, the attractive return on investments in government securities have provided easy and safe outlet for channelling available investible funds, thus crowding out private sector investment.

The non-banking financial institutions dominated by the contractual savings institutions have yet to play any significant role in the sector partly because of the same macroeconomic problems faced by the banks and partly because they are yet to undergo restructuring. They suffer from limited instruments, lack of depth and state dominance in terms of ownership. The specialized services these institutions provide to investors and savers (such as equity financing, long-term credit for manufacturing industries, housing finance and avenues for small-scale savers) have remained untapped.

The rural financial markets, consisting mainly of branches of commercial banks and rural banks, have also not been able to provide adequate savings opportunities or access to credit particularly in the agricultural sector. The development of the sub-sector has been limited by various factors, which include inadequate information, absence of credit histories, high transaction costs involved in lending to small holders and rural micro enterprises, and lack of acceptable collateral.

The informal financial sector is significant and comprises mainly collectors, susu groups, savings and credit cooperatives and money lenders; and the sector is estimated to mobilize about 45 percent of all private sector financial savings. The sub-sector's capacity to intermediate between savers and investors is, however, limited. There is the need for a strong link with the formal sector so the resources mobilized by the informal sector can be brought into the formal financial system and investment arrangements worked out to benefit both.

2.2.4 Fiscal and Monetary Situation

For most of the ERP period, government was able to maintain a sizeable surplus of revenue over recurrent expenditure. This enabled the government to increase development expenditure whilst maintaining its recurrent expenditure programme. In 1992 recurrent expenditure again exceeded revenue, but in 1993 there was again a surplus of revenue over recurrent expenditure, albeit a modest 5%. The 1994 budget estimates project a surplus of revenue over recurrent expenditure of 27.8%, but an overall deficit of 4.2% -- see table 2.2.2 below.

Money supply (M2), which had been averaging around 17% of money GDP in the mid 1980s, was brought down to around 13% in 1990 and 1991 as government reduced its indebtedness to the banking system and imposed lending restrictions on the banks. However, with the re-emergence of budget deficits, M2 rose again to 17.3% in 1992, dropping back to 15.8% in 1993. Inflation, on the other hand, was the lowest it had been for some years in 1992 at 10%, but rose strongly again in 1993 to average 25% over the year. This was due partly to poor harvests of food crops in 1992 which pushed up food prices partly to a major increase in fuel prices resulting from increased taxation and partly from the increase in money supply.

Table 2.2.2 Government Receipts and Expenditure

Year	Total Receipts (¢ billion)	Recruitment Expenditure (% of Revenue)	Development Expenditure (% of Revenue)	Total Expenditure (% of Revenue)
1982	3.5	152.8	22.7	175.5
1984	22.6	100.3	21.1	121.4
1986	73.6	82.6	17.0	99.6
1988	153.8	74.1	23.3	97.4
1990	279.0	70.0	21.9	91.9
1992	363.9	107.7	32.1	139.8
1993	673.0	96.4	21.3	117.7
1994 Est.	1,078.1	77.2	16.5	93.7

Note: Development expenditure is based on the narrow definition and excludes externally-funded project.

Source: Ministry of Finance (various Budget Statements).

In 1993, in an attempt to improve public expenditure management, the government for the first time undertook a Public expenditure Review exercise. This review identified key problems in the management and processes of budget preparation, budget implementation, and expenditure monitoring and accounting. This review is to form the basis for a medium-term Public Financial Management reform Programme which will ensure macro-economic balance and instill a deeper sense of control in the formulation and management of the budget in Ministries, Departments and Agencies, as well as ensure the generation of timely and reliable data on actual expenditure and the participation of the private sector in the provision of some specified public services.

The government's fiscal and monetary policies for 1994 (after two years of expansionary monetary growth) are aimed at re-asserting fiscal and financial discipline and generating budget surplus, raising investment-to-GDP ratio, lowering inflation, and lowering the overall balance of-payments (BOP). The achievement of these targets in 1994 would not only contribute to the stabilization of the Ghanaian currency – the Cedi, ¢-- but would also set the stage for intensification of structural and institutional reforms necessary of accelerated growth of the Ghanaian economy.

2.2.5 International Trade and Balance of Payment

Under the economic recovery programme, exports rose from 7.1% of GDP in 1984 to 15.8% in 1988 and to nearly 17% in 1993. However, there has been no sign of any adjustment in the composition of Ghana's exports, which still consist almost entirely of primary products.

Within this category, there has been a shift in favour of minerals – especially gold—and a reduction in the share of agricultural products (cocoa). Government's efforts to promote non-traditional exports, which category covers everything apart from cocoa, gold and timber products, have met with some success. However, non-traditional exports still constitute less than 10% of total export.

Shortages of foreign exchange had reduced imports to 8% of GDP in 1984. Under the ERP's trade liberalization policies, imports rapidly expanded to 19% of GDP by 1988 and have continued to rise to 28% in 1993. Ghana thus has a consistent deficit on balance of trade and also on services. This deficit is usually covered by official transfers, private remittances and capital inflows. In 1993, the situation was as set out in Table 2.2.3 below.

Compared with 1992, both the trade and current account balances deteriorated in 1993 by approximately \$170 million, net receipts of official capital remained fairly constant, but there was a marked increase in private capital inflows which converted the overall balance from a deficit of \$124 million (1992) to a surplus of \$14 million in 1993. This indicates that government's policy of encouraging private foreign investment is beginning to bear fruit.

Table 2.2.3 Balance of Payments 1992 – 93 (US \$ million)

	1992	1993
Exports	986	1,020
Imports	-1,457	-1,674
Trade Balance	-471	-654
Non-factor Services (net)	-241	-256
Net factor payments	-136	-146
Private remittances (net)	255	261
Official Transfers (net)	215	244
Balance on Invisibles	94	103
Balance on Current Account	-377	0551
Capital Account (net)	274	566
Of which: Official	387	376
Private	-113	190
Errors and Omission	-22	0
Overall Balance	-124	14

Source: Bank of Ghana (Research Department).

2.3 PRODUCTION

2.3.1 Introduction

The directly productive sectors of the economy include all primary and secondary economic activities – agriculture, mining, manufacturing, construction, power generation and water supply --and most tertiary activities including transportation, distribution, hotels and tourism, financial services and some personal services.

The broad economic sectors and their sub-sectors as well as their respective contributions to gross domestic product (GDP) are given in table 2.3.1 below.

Table 2.3.1 Sectoral and Sub-sectoral Contributions to GDP in 1993 (Percent of GDP)

AGRICULTURE	41.2	INDUSTRY	15.0	SERVICES	43.8
Crops & Livestock	28.7	Mining & Quarry	1.5	Transport/Comm.	5.8
Cocoa	6.1	Manufacturing	8.9	Trade, Hotels & Restaurants	19.1
Forestry/Logging	4.8	Construction	3.1	Financial services	9.4
Fisheries	1.5	Electricity/Water	1.5	Other Services	12.1

Source: Government of Ghana: From economic Recovery to accelerated growth. June 1993.

2.3.2 Agricultural Sector

Agriculture (including forestry) is the dominant sector in Ghana's economy but over the past decade the sector's rate of growth has averaged only 1.8% pa. This is largely due to the poor performance of the crops and livestock sub-sector which accounts for nearly 70% of the sector's output. The sub-sector's average growth rate was below 1.5% pa. However, the volume of staple food crops – mainly grains and starchy staples – has risen significantly at an average rate of 6.35% and 9.34% per annum, respectively.

Cocoa production rose steeply from 1984 to 1991 but declined in 1992. Over the eight years 1984 to 1992 the volume of cocoa production rose at an average rate of 4.8% per annum.

Although forestry contributes only 4% of total GDP, it is the third largest source of exports and the principal source of energy. Excessive exploitation of forestry resources for both timber and wood fuel has imposed constraints on this sub-sector and created environmental problems.⁹ Over the past decade forestry output rose at an average rate of only 2.0pa. Similar problems affected fisheries who output grew by 2.8% pa.

The low rate of growth in agricultural production is primarily due to the low levels of investment and technological improvement in the sector generally, especially in the crops and livestock sub-sector, and to environmental constraints on forestry and fishing. Current policies have aimed at reversing the trend. The Agricultural Sector Investment Programme (ASIP) has been put in place to enhance the production, processing and, marketing of agricultural produce.

The major components of ASIP include:

- Improvement in market infrastructure
- Processing of agricultural produce
- Improvement in the supply of water for irrigation purposes; and
- Improvement in road connection to rural and farming areas.

2.3.3 Industrial sector

Overall, the sector achieved an average growth rate over the decade of 7.4%pa. Mining recovered rapidly and was able to attract considerable foreign investment. In the past six years a number of new mines have opened and sub-sector achieved a growth rate of over 10% pa.

Manufacturing, on the other hand, which benefitted initially from the ERP reforms, suffered from the rapid liberalization of foreign trade. Past dependence on high levels of protection left many industries vulnerable to competition from imported goods. This compounded by lack of capital to finance new investment, which hindered improvement in productivity. In consequence, performance of the manufacturing sub-sector which is expected to lead the way to acceleration growth, various major policy initiatives have been taken by government within the last twelve months. These include the establishment of the Private Enterprise Foundation (PEF) under the Trade and Investment Project (TIP) and the ten billion cedis (10 billion) government-sponsored business Assistance Fund (BAF) to assist distressed but potentially viable industries.

Increasing investment in economic infrastructure and housing largely financed by official capital inflows and private remittances respectively, expanded demand for the products of the construction sub-sector. Over the past six years, its output has risen at an average rate of 7.5% pa.

⁹ These aspects are discussed more fully below in the sections dealing with economic infrastructure and environment.

2.3.4 Services sector

The services sector covers a wide range of tertiary economic activities. The sector is dominated by wholesale and retail, trade and restaurants which account for more than half the sector's output. This is the second largest sub-sector in the economy after crops and livestock. The sub-sector clearly benefitted from the trade liberalization policies introduced under the ERP and over the past six years its growth rate averaged over 10% per annum.

The transport and communications sub-sector, which also includes storage, plays a crucial role in the economy despite its relatively small contribution to total GDP of 4%. The sub-sector also absorbs the largest share of public investment which in 1992 amounted to 26% of total public investment from all sources. Despite considerable investment in rehabilitation of the rail system, rail traffic has declined in recent years and most traffic (both freight and passenger) is carried by road. There has been some improvement in inland water transport on Lake Volta, but the volume of traffic is still minute. In general, the inter-modal allocation of traffic is sub-optimal. Since 1984 the sub-sector's output has grown at an average rate of 8.6% pa.

Financial services sub-sector includes banking, insurance business services and real estate. Although the sub-sector achieved a growth rate since 1984 of 5.7% pa, slightly in excess of overall GDP growth, this was largely due to the real estate component. Even through major reforms in the financial sector have been introduced and new institutions created, banking and non-bank financial service (including insurance, mortgage facilities, primary and secondary discount houses, ventures capital and leasing institutions) have failed to keep pace with the needs of the economy; for example, financial support for long-term investment is still woefully insufficient.

Other services are primarily those provided by government and are discussed below under public administration.

2.4 SCIENCE AND TECHNOLOGY

2.4.1 Status of science and Technology

Science and Technology (S&T) has an important role to play in the development process. With respect to economic growth, the application of S&T is essential for improvements in productivity on which all economic growth finally depends. It also helps to improve social conditions and the environment by providing people with a better understanding of the implications of social and cultural practices.

In common with most developing countries, Ghana accords a low status to science and technology. Unscientific beliefs and practices still abound in Ghana. Consequently, S&T has a low priority rating in the eyes of policy makers and managers of the nation's resources, with the result that investment in S&T is small, hovering between 0.3% and 0.5% of GDP. This is well below the target adopted by African Heads of State in 1980 under the Lagon Plan of Action and even further below the level attained by most middle-income countries.¹⁰ Accurate data on the number of S&T workers in Ghana are not available, but the African average is estimated at only 3,500 per million population, compared with around 12,000 in Asia and Latin America.

¹⁰ Cf. South Korea – 1.9% and Hungary – 2.7%

The low status of S&T in Ghana has retarded the country's economic and social development. The majority of farmers still use traditional methods of agriculture which, to a large extent, explains the very slow improvement in crop (and animal) yields over the years. Similar situations exist in most fields of production. Even among larger industrial enterprises, research and development (R&D) into improved methods of production and marketing is virtually non-existent. Government has established an institutional structure to support S&T, but has so far provided little encouragement or support for R&D in the private sector.

2.4.2 Institutional structure

The apex institution in Ghana for S&T is the recently formed Ministry of Environment, Science and Technology (MEST). MEST is responsible for policy formulation, planning, programming, coordinating and monitoring of S&T issues. Scientific research in public sector is undertaken by various specialist institutions under the umbrella of the Council for Scientific and Industrial Research. Their efforts are supplemented by universities and some professional institutions. Some research and development is undertaken by a few commercial and industrial establishments in the private sector, though little is known of their activities.

A number of institutions has also been created to facilitate the dissemination and adoption of the results of scientific. The principal ones are the Development and Application of Intermediate Technology (DAPIT) and the Ghana Regional Appropriate technology Industrial Services (GRATIS). GRATIS has set up Intermediate technology training Units (ITTUs) which already operate in six of the regional capitals and will be extended to the other four by 1995 – see sub-section 2.2.2. Dissemination of improved technologies is also undertaken by Ghana Cocoa Board with respect to cocoa, coffee and shea nuts; by the Extension Services of the Ministry of Food and agriculture; and by some commercial organisations such as the tobacco companies and the Ghana Cotton Corporation, for their respective crops.

National agricultural Research Project (NARP) has been established to restructure agricultural research services and make them self-supporting, efficient and effective. The National agricultural research Committee (NARC) has recently been formed – under NARP – as the apex body responsible for agricultural research policy formulation and priority setting. The major components of the National Agricultural research Programme are:

- Research management development
- Human resources development
- Rehabilitation of research facilities
- Improvement of library and information systems; and
- Research programme support.

2.5 ECONOMIC INFRASTRUCTURE

2.5.1 Introduction

Economic infrastructure is made up of three components, viz. energy, transport and communications facilities. It is thus closely related to the forestry component of agricultural production, the electricity and water component of industrial production and the transport and communications components of services production. Water supply is primary of interest in Ghana from the point of view of domestic consumption and has been discussed above under social development.

The greater part of public sector investment is devoted to the economic infrastructure. In 1992 infrastructure investment amounted to about 61%. This includes investment financed from all sources. Out of budgetary capital expenditure – which was just over a quarter of the total (27%) – expenditure on transportation alone absorbed 49%.

However, despite the priority accorded to the economic infrastructure in the Public Investment Programme (PIP), the condition of the physical facilities remains generally poor and the service provided are inadequate and unreliable.

2.5.2 Energy

The prime source of energy in Ghana is from biomass in the form of wood fuel and charcoal, which accounts for 71% of total energy consumed. Forestry resources are thus an important part of the economic infrastructure and in common with other types of infrastructure, require constant rehabilitation and expansion. In recent years forestry resources have been eroded, as shown below in the section dealing with the environment.

The next most important source of energy is from petroleum products which supply 19% of total energy consumed. These are used mainly for transportation (petrol and diesel) and to a much smaller extent for cooking and lighting (kerosene and liquid petroleum gas (LPG)). Mineral fuels are refined in Ghana from imported crude oil. Oil exploration has identified substantial deposits of natural gas offshore and the prospects of finding commercially viable deposits of oil are said to be good.

Electricity supplies about 10% of total energy consumed. Electricity consumption is rising by 5% a year. Existing hydro-electric schemes are having difficulty in meeting demand and additional thermal stations are now planned. There is an increasing use of small solar power generators in some rural areas, though the output is negligible.

2.5.3 Transportation

Transport facilities cover the four modes of road, rail, air and water. At present the provision of transport infrastructure is entirely responsibility of the public sector and, as previously indicated, this takes up a major share of public investment expenditure. The public sector is also involved in transport operations in all modes and has a monopoly of rail, internal air and inland water transport, as well as being heavily involved in a road transport.

(a) Road Network

Road transport is the principal mode of transport used in Ghana; it is estimated that road carries 98% of freight. The current road network totals 38,700 kilometres, consisting of:

- 14700 km of trunk roads, less than half of which are paved;
- 22,000 km of feeder roads which are either gravel or earth;
- 2,000 km of urban roads, most of which are paved but many are in poor conditions.

In 1992 roads and highways absorbed one-sixth of total public investment and nearly half of the development budget. Significant improvements have been made to some key trunk roads in recent years.

(b) Rail Transport

The railway system consists of a triangular network connecting Accra, Kumasi and Takoradi. The system suffered many years of neglect but has recently benefitted from a major rehabilitation programme. However, this has not been reflected in the railways' ability to tract traffic; both freight and passenger traffic have been declining since 1988. However, delivery of new locomotives in 1993 has resulted in a dramatic increase in rail traffic; goods traffic has risen from very low levels to over 780,000 tons whilst passenger traffic has gradually increased since then, with about 2 million passengers expected to be carried by rail in 1994. The recent government decision to complete the rehabilitation of the Eastern and Central railway lines and to provide engines and rolling stock should greatly improve the efficiency and profitability of the railway system.

(c) Air Transport

Ghana is well served by international airlines, including the national carrier, Ghana Airways, with direct flights to Europe, United States of America, Southern Africa and within the West African sub-region. All international flights are handled by Kotoka International Airport (KIA) in Accra. In recent years the volume of international air traffic has expanded considerably, necessitating huge investments to improve infrastructure (including cargo handling facilities) at KIA. Passenger throughput for the nine months January to September of 1994 was over 250,000. Freight throughput for the same period was over 20,000 tonnes.

There are three domestic airports and a number of landing strips throughout the country, but domestic air services are at a low level of development.

(d) Sea and Lake transport

The two main seaports at Tema and Takoradi handle most of Ghana's imports and exports, respectively. Both ports have benefitted from extensive rehabilitation works and have greatly improved their efficiency of operations. The turnaround time for ships at Ghanaian ports is the quickest in West Africa and the tonnage handled has increased substantially.

The transport potential of Lake Volta is largely unexploited, due to inadequate port and navigation facilities and poor land connections. These deficiencies are now being overcome with extensive improvements (including new construction of oil storage facilities⁰ at Akosombo and Buipe harbours, and an oil pipeline is being built to connect the oil refinery at Tema with the Akosombo storage facility).

2.5.4 Communications

Telecommunications services have been much improved in recent years but as till unable to meet demand. The main improvement has been in international services, especially the introduction of international direct dialling facilities. The domestic service is subject to frequent interruptions and there is a big backlog in demand for telephone installations. At present 48,500 lines are available but estimated demand is in excess of 300,000. Telecommunications are primarily the responsibility of the public sector but there is some private provision of services in the form of mobile telephones.

Postal services have also improved and are supplemented by private courier services. However there has been no door-to-door delivery of mail by the regular postal service for

many years and the provision of post office boxes falls far short of demand. Even deliveries to post office boxes are slow and there are sometimes delays of up to five days between the arrival of an item of mail at a sorting centre and its insertion in the recipient's box.

2.6 ENVIRONMENT

2.6.1 Introduction

The principal environmental problems in Ghana at the present time are:

- deforestation, desertification and soil erosion;
- inefficient waste management
- coastal erosion; and
- pollution of air, sea soil and water

These problems have been aggregated by the increased in mining and logging and other economic activities which has taken place under the ERP. It has been estimated that environmental degradation involves a cost of around 4% of GDP, almost equivalent to the annual economic growth rate. This arises from the damage to the physical resource base and to the health and quality of life of the population. The Government of Ghana recognizes this environmental degradation caused by increased economic activities and has put in place in recent years measures to combat this damage. A new Ministry of Environment, Science and technology (MEST) has been established and the existing Environmental Protection Council has been transformed into an agency (Environmental Protection agency) with powers to enforce measures to protect the environment.

2.6.2 Deforestation, Desertification and Soil Erosion

As an ecosystem the forest, with its timber and non-timber resources (including wildlife), is a renewable asset. At the turn of the century, Ghana could boast of some 8.2 million hectares of moist forest; by 1989, forest area was less than 2.1 million hectares.

Deforestation is closely linked with desertification and soil erosion, and they all stem from the same causes. Deforestation results form a combination of timber extraction on a non-sustainable basis, shifting cultivation which involves constant removal of forest cover, the extensive use of fire for illegal hunting, over-grazing of pasture land by animals, and the cutting of trees for fuel-wood and charcoal production for domestic and industrial cooking and heating.

The resultant reduction of forest cover negatively affects rainfall and destroys watersheds Genetic resources of plants and animals as well as food production and food security are adversely affected too. The moist forest alone is being degraded at a fast rate, especially during the last two decades. Shifting cultivation, the use of fire for hunting, over-grazing by livestock and the extraction of fuel-wood as a source of domestic and industrial energy have contributed to the increasing occurrence of drought and floods and to shortages of water and fuel-wood. These practices have also led to a reduction in biodiversity and the lost of biological resources such as medicine herbs.

Desertification is a serious environmental problem in the arid northern areas of the country. It is estimated that about 83,489 km² -- i.e. 35% of the total land area of Ghana -- is at risk of desertification.

Shifting cultivation and the resulting bush burning over-cropping of available farm lands and no lopes, over-grazing and physical construction are among the major factors leading to soil erosion in Ghana. Two major forms of soil erosion have been identified: sheet and gully erosion. Studies undertaken in 1986 indicate that the extent of erosion in the savannah zone and the high forest ecological zone exceeded 68,000km² and 59,000km² (respectively) of Ghana's land surface.

In March 1988, the Government of Ghana initiated a major effort to put environmental issues on the priority agenda. The exercise culminates in the preparation of a strategy (Environmental action Plan, EAP) to address the key issues relating to the protection of the environment and better management of renewable resources. The environmental action plan provided a coherent framework for interventions deemed necessary to safe-guard the environment.

The Ministry of Mines and energy is actively supporting the Forestry Department 10- year Reforestation and Community Forestry Programme, establishing about 35,000 hectares of community woodlots to provide fuel-wood for the local communities. There has also been the introduction of subsidized liquefied petroleum gas (LPG) to reduce pressures on natural sources of energy supply and the growing rate of deforestation and desertification.

Government's determination to curb the growing incidence of bushfires led to promulgation of Anti-Bushfire Law, 1983 (PNDC Law 46) which makes it the duty of anyone starting a fire to control it from spreading.

To further reduce pressure on forests for woodfuels, the government is encouraging research into solar energy as well as pursuing a vigorous programme in the biogas technology by setting up models at the village level – Appolonia Model Biogas Project and the Public Latrine Biogas Project.

2.6.3 Coastal Erosion

Coastal erosion is due to both natural and human causes. The geomorphology of Ghana's coastline makes certain areas susceptible to erosion by the sea and this is a serious problem in Accra, Tema, Ada, Keta, Elmina and Sekondi-Takoradi. Considerable expenditure is currently being incurred on the construction of sea defence to prevent further coastal erosion, which is aggravated by human activities such as sand winning and the damming of rivers.

2.6.4 Waste Management

Poor sanitation and waste management is a major cause of epidemics and environmental health problems, especially in urban areas. In many areas poor accessibility to many residential areas – a result of poorly planned or unplanned development – has made the provision of adequate water supplies, sewerage and refuse collection difficult and expensive. It has thus become common practice for people to dispose of household and commercial waste into nearby drains and water bodies, thereby creating sanitation problems and health hazards in their communities. Piles of uncollected refuse are a common sight in many urban locations. These are frequently in close proximity to houses, schools, clinics and hospitals and market places, which intensifies the health hazard. Even when refuse is collected, it is often dumped in landfill sites near river basins and areas with high water tables, with a high risk of leachate contaminating the water bodies.

In coastal areas, the sea is often polluted by the discharge of untreated liquid waste by sewage authorities, a practice which also occurs near inland water bodies.

In the past decade, a singular achievement has been the development and application of range of technologies, including the KVIP toilet system, which are well suited to rural conditions and, with some modifications, to urban areas. Considerable challenges, however, still remain in tackling solid waste management.

2.6.5 Pollution

Ghana suffers from all four forms of pollution; namely, air, water, sea and land. In the case of air and water, there is evidence that present levels of pollution may already pose a threat to public health in some parts of the country.

Air pollution mainly arises from the emission of toxic substances into the atmosphere, particularly from industries, mines and vehicles. Air pollution by industry is mainly confined to certain types of industries such as aluminium smelting and cement manufacture which release chemical compounds into the atmosphere. Comprehensive air quality monitoring is yet to begin in the country. However, a preliminary study in Tema by EPC/WHO in 1990 indicated a high and annually rising level of suspended particulate matter in the ambient air in Tema.

Industries and mines contribute to water pollution through the release of untreated effluent. Surface and underground water systems are also contaminated by agro-chemicals in farming areas. Poor sanitation is a further source of water pollution in both rural and urban areas. It is common practice for domestic wastes, both liquid and solid, to be deposited near streams and river basins and, in rural areas, for people to bathe and wash upstream of source of drinking water, which may also be polluted by domestic animals. Water resources degradation has assumed serious proportions in recent years.

The pollution of inland waters also causes sea pollution as rivers and streams eventually find their way to the sea. This is exacerbated by direct discharge of untreated waste into the sea and by oil spills from oil tankers.

2.7 SPATIAL ORGANISATION

2.7.1 Spatial Imbalances

The legacy of the colonial system was a structure characterized by spatial polarization. Investment and development were limited to a few cities and enclave economies, with stronger linkages to overseas economies than to their own hinterlands. Since Independence, however, development policies have consistently supported greater equity in the distribution of the social benefits. Nevertheless, the geographical pattern of resource investment has not changed significantly. Investment has principally been aimed at maximizing economic growth, which tended to consolidate polarization and an inequitable distribution of resources.

The Economic Recovery Programme was not designed redress the spatial imbalances in the economy and society, with the result that despite the progress made over the past decade, investment in the *“golden triangle”* bounded by Accra-Tema, Kumasi and Sekondi-Takoradi continues to dominate and compounds the problem of polarization. In consequence, many of the nation’s human and physical resources (which are to be found in the rural areas) remain underutilized or unused and are not integrated into the national economic system.

Spatial imbalances are reflected in the skewed population distribution. The process of urbanization is dominated by the four main cities; the conurbations of Accra-Tema, Kumasi and Sekondi-Takoradi (which form the “golden triangle”) and the city of Tamale. These four urban centres increased their share of total population from 12.1% in 1960 and 15.7% in 1970, to 16.35% in 1984. Their share of urban¹¹ population was 45.6% (1960), 49.2% (1970) and 49.8% (1984). Accra-Tema has continued to exercise an increasingly high level of dominance; polarization of development appears to have deepened since late 1970s, thus inhibiting the efficient utilization of human and physical resources.

The structure of Ghana’s economy and the geographical pattern of investment has resulted in a particularly uneven level of urbanization, both geographically and hierarchically, with wide variation in the level of services provided by towns. The provision and use of appropriate economic and social services located in service centres represent a strong linkage between urban centre and hinterland. Conversely, the constant supply of primary and processed products from rural areas to urban households and industries represents a strong linkage between hinterland and urban centre.

In Ghana these linkages are largely absent or, at best, are weak and underdeveloped. The national system is dominated by Accra and Kumasi, with a one way flow from these centres to the hinterland. Benefit to the rural areas is minimal. Generally speaking, towns do not adequately fulfill their potential role as engines of growth within the local or national economy.

2.7.2 Human Settlements

The lack of consistent forward planning, failure to prepare and systematically review and update settlement structure plans, lack of effective development control and the absence of coherent policies on urban land use over the past two decades have led to the deterioration of the physical environment at an increasingly rapid rate. The results are an unacceptably low level of social and economic amenities. Failure to provide or retain open land within urban settlements has had an adverse effect on micro-climatic conditions, amenities and recreation. Generally, there has been a failure to ensure that residential accommodation and places of employment are located in seemly environments with adequate access and recreational facilities.

Decisions on provision and management of services and utilities are taken by a number of independent agencies, often applying conflicting policy criteria. No institutional mechanism exists for settlement planners to carry out their essential role of coordination. However, the way ahead has been shown by the recent production of a strategic plan for the Greater Accra Metropolitan Area, dealing with both the structure and management of the area. The replication of this approach is essential for settlements selected for accelerated growth and for other key settlements.

2.7.3 National Land Use

The lack of implementation of comprehensive policies on land use has resulted in the inappropriate use of land. This has severely endangered the long-term economic potential of natural renewable resources. Farming practices which were appropriate in the past now place both ecology and the economy in hazard for the future. The increased rate of extraction of

¹¹ “Urban” is defined statistically as settlements of 5,000 people or more

timber, wasteful and destructive logging techniques and a failure to replant have destroyed the ecosystem of vast areas of land. This will result in lower economic yields for the future and will require many decades to rectify. A major problem is that the total national physical resource endowment of Ghana is not fully known. Guidelines for the exploitation of known physical resources are inadequate, totally lacking or not enforced. Sensitive land and water bodies are endangered.

National land use encompasses both rural and urban land. The non-contiguous nature of much urban development and the low residential density in some locations is wasteful in terms of land and increases the cost of providing services. Heritage assets are also in danger. Assets such as historic towns, buildings of historical, religious or aesthetic importance, sites of scientific interest and natural features of outstanding beauty are neither listed nor protected. Many have been damaged or destroyed instead of being safeguarded for future generations.

Existing systems of land administration tend to discourage development. Traditional land tenure generally inhibits contiguous urban development and the management of state land does not necessarily ensure orderly growth. Problems for development also arise through the limited negotiability of agricultural land, which places constraints on improved farming practices.

2.8 PUBLIC ADMINISTRATION

2.8.1 Support for Development

Until recently Ghana's public administration system (PAS) has been primarily concerned with regulation and control as required for the direction of a command economy. With the introduction in 1988 of a more liberal economic system which places emphasis on private sector initiative, the PAS is undergoing a gradual restructuring to make it more responsive to and supportive of private-sector-led development initiatives.

Recent reforms of the public administration system are designed to:

- decentralize political and state power in order to promote participatory democracy through local level institutions;
- decentralize administration, development planning and implementation to the District assemblies (DAs);
- introduce an effective system of fiscal decentralization which gives the DAs control over a substantial portion of their revenues;
- establish a national development planning system to integrate and coordinate development planning at all levels and in all sectors;
- Incorporate economic, social, spatial and environmental issues into the development planning process on an integrated and comprehensive basis.

The new public administration system is being implemented under various Acts of parliament which provide for a change in the function of central government ministries from control and implementation to planning and policy-making and the monitoring and evaluation of development policies and programmes. A major re-structuring of the public service is currently being prepared and will be implemented as soon as the final details have been worked out and agreed by government. The re-structuring of the PAS is expected to enhance the delivery capability of the public sector to plan, manage and monitor social and economic development. Implementation of policies and programmes will primarily be the function of

District Assemblies, Ministries and some specialized sector agencies. Co-ordination and integration of policies and programmes is the function of the National Development Planning Commission (NDPC), assist by multi-development and include representatives from government agencies, NGOs and the private sector.

2.8.2 Current state of Public Administration

In general, the public administration system is weak. There seems to be widespread lack of clear objectives at agency levels and weak leadership at administrative levels. Most public service institutions lack expertise in critical areas such as policy analysis, planning, budgeting and accounting but are overstaffed at the lower semi-skilled and functional levels.

During the initial years of the economic recovery programme, the attention of government (and hence of the public administration system) was concentrated on short-term, “crisis management” measurements to stabilize the economy. This, in conjunction with the compartmentalization of departmental responsibilities, has prevented inter-sectoral coordination of functions which is an essential element in both policy formulation and programme implementation and monitoring. However, by the beginning of 1990s, sufficient economic and political stability had been achieved to allow the government to consider longer term aspects of economic and social development. The public administration system is therefore responding, albeit slowly, to its new role as policy maker and facilitator in the new development administration.

Poor conditions of service (including low remuneration and inadequate office facilities) have created low morale and disincentives in the system, resulting in the lost of managerial and professional expertise to the private sector or foreign countries. Among those who remain in the public administration system, the frustrations created by these conditions have led to bureaucratic attitudes and behaviour which are generally unresponsive to the needs of the public in general and the private sector in particular.

The weak institutional capacity and inadequate incentive structure of public sector institutions are mainly responsible for the inefficiency in the discharge of functions and in the management and use of public resources. Policy initiatives as well as programme design, implementation and monitoring have been handled by very few self-motivated and committed public sector officials who are over-stretched and over-used.

Attempts made in the past to strengthen performance capacity through various reform programmes have been mainly ad-hoc and non-comprehensive in nature. Consequently, these attempts did not achieve the desired results of a significant build-up of residual capacity in the public sector. In 1993, a salary rationalization committee was established (under the chairmanship of Mr. E. P. L. Gyampoh) to advise on the resolution of the problems of salary levels and salary disparity between public sector and private sector.

The National Institutional renewal (NIRP) has recently been established to develop a comprehensive capacity for all key public-sector organisations as well as reasonably related private –sector organisations. The major new challenge calls for an urgent and critical review of available capacity and the identification of constraints on the effective utilization of such manpower throughout the entire Public Services of Ghana, which include the Civil Service, the Judicial service, the Parliamentary service; the Policies, Prisons, Immigration and Customs (CEPS) Services: Education service, statistical Service and the new independent state organs established by the 1992 Constitution of the Fourth Republic such as the National

Media Commission, the Commission on Human Rights and Administrative Justice, National Electoral commission, etc.

A comprehensive programme will be developed under the NIRP to ensure that there is a proactive and motivated public service capable of contributing towards the attainment of broad policy objectives of Government in the areas of good governance, accelerated economic growth, private sector development and equitable social development. NIRP will also handle capacity building problems of the private-sector organisations, including non-governmental organisations.

The institutional framework for the effective implementation of NIRP will comprise (i) a National Oversight Committee which will be responsible for providing policy guidelines, (ii) a National Technical Committee to provide operational guidance, technical support and monitoring of programme progress; and (iii) a Secretariat which will service the committees.

2.8.3 Development Planning Capabilities

The emphasis being placed on private sector initiative in the development process requires strong planning capabilities in the public sector in order to ensure that all aspects of the enabling environment are in place. Although the functions of planning agencies are very different from those in a centralized planning system, they are no less demanding and require a high level of capability of all levels.

(a) Capabilities of Sectoral Agencies

All ministries and other central government agencies with development responsibilities are required under the Civil Service Law, 1993 (NDPC Law 327) to establish Planning, Budgeting, Co-ordination, monitoring and Evaluation Divisions, hereafter referred to as Planning Divisions. In practice, the record is patchy. Some ministries have effective Planning Division, but in other ministries the Planning Divisions are either non-existent or exist only on paper. There is also a tendency for Planning Divisions to be ignored, even when they are well-staffed and capable of producing sound analyses and recommendations.

Problems also arise from the division of responsibilities between ministries and agencies which are often inconsistent with sectoral boundaries. This militates against cross-sectoral co-ordination which is essential for comprehensive and integrated development planning and thus highlights the importance of the cross-sectoral planning groups (CSPGs) set up by the National Development Planning Commission.

(b) Capabilities of Regional Planning Agencies

Although there is no provision in the new public administration system (PAS) for a regional dimension in development planning, regions play an important role as coordinators of district level programmes. To this end, Regional Co-ordinating Councils (RCCs) have been established. The Regional Co-ordinating Council is chaired by the regional Minister and the members include the Presiding Members of the District Assemblies in the region, together with the District Chief Executive (DCEs); the Deputy regional Ministers and two Chiefs or traditional rulers from the Regional House of Chiefs are also members of the RCC.

The RCCs have three functions with regard to the preparation of development programmes. First and foremost, they ensure that the programmes prepared by the District assemblies are mutually consistent and reinforcing. In cases of conflict or duplication of activities in the programmes of two or more districts, these conflicts or duplications should be reconciled by

the RCCs. Secondly, some development programmes cut across district boundaries and require a multi-district approach, which the RCCs can arrange. Thirdly, it would be extremely difficult for the central planning agency – i.e. NDPC – to examine the programmes of 110 districts to make sure they are consistent with national development guidelines. This initial monitoring will be a function of the RCCs which will be the initial point of contact between NDPC and the District Assemblies.

In the discharge of their functions, the RCCs are supported by Regional Planning and Coordinating Units (RPCUs). It is thus essential for the smooth operation of the decentralized planning system that RPCUs should have a minimum of four professional staff, consisting of specialist in economic and social development, spatial organization and project preparation. The latest information on RPCU staffing for 1992 reveals a total of 37 professional's staff, as against the required minimum of 40; since then a few more vacancies have occurred. This weakness the regional level's planning capabilities, which are further compromised by uncertainties regarding the institutional status of RPCUs. These deficiencies will need to be rectified in the near future to enable the RCCs to discharge their duties effectively.

(c) Capabilities of district Planning Agencies

The districts are the basic units in the decentralized planning system and District Assemblies (DAs) will ultimately be responsible for all development programmes, other than those which, by their very nature, can only be implemented at the national level. It is therefore important to ensure that DAs receive strong professional support in formulating, implementing and monitoring their development programmes.

Every District assembly should have a District Planning and Coordinating Unit (DPCU) to support its development activities. However, as at September 1993 only 66 of the 110 DAs had ad any planning officers at all. In total, there were 92 district planning officers at post, so that even among those districts with any planning staff at all, many of them had only one officer. There is the urgent need therefore to remove the administrative bottlenecks to an effective recruitment of planning staff.

Apart from the DPCU staff, a District Assembly (DA) should also be able to call on the services of sector specialists, belonging to one of the 22 central government departments which have been decentralized, to assist with plan preparation and implementation. In practices, very few of these have been absorbed into the DA's staff. The appropriate legislation is currently under preparation for the absorption of such staff into a new Local Government service.

It must be concluded that at present planning capabilities at all levels -- sectoral, regional and district – are inadequate for the smooth implementation of the new public administration system and development management. Speedy improvement in development planning capabilities is a basic pre-condition for achieving an accelerated rate of economic and social development.

2.8.3 External Aid

Over the past decade, Ghana has been successful in attracting a considerable volume of external aid, much of it in support of the ERP and structural adjustment programmes. According to the accelerated growth strategy (AGS) document¹², total aid disbursements over the ten years 1984 to 1993 have risen from \$263.2 million in 1984 to \$824.2 million in 1993 or 13.6% of GDP. The annual average was \$498.85 million which is equivalent to 8.2% of average GDP.

¹² Government of Ghana, from Economic Recovery Accelerated growth, June 1993, Annex table 9.

Aid – or Official Development Assistance (ODA) as it is sometimes described¹³ -- has been more or less evenly divided between bilateral donors on the one hand and international and regional agencies on the other. The latter is dominated by the World Bank group, primarily in the form of credits from its International Development Association (IDA). In 1993 IDA credits, together with smaller amounts from the International Finance Corporation (IFC) totalled \$308.7 million – 72% of multilateral disbursements and 37% of total disbursements. Among the bilateral, the principal donors in 1993 were Japan and France who together contributed 36% of bilateral aid. Other major donors were Canada, Germany, UK and USA each of whom provided more than \$40 million.

ODA is conventionally divided between capital investment on concessionary terms (capital aid) and technical assistance (TA). However, the distinction between the two forms of aid is blurred. Capital aid usually includes some element of training and other forms of technical Assistance, and Technical Assistance programmes almost invariably include allocations for equipment to enable the programmes to operate effectively. As a general rule, capital aid is provided in the form of soft loans and technical assistance as an outright grant. However, some bilateral donors are now prepared to provide capital aid in grant form and some have retrospectively converted outstanding loans into grants. On the other hand, most multilateral agencies only provide aid in the form of loans even for technical assistance, though the terms are usually very soft¹⁴

According to the Development Cooperation Report (DCR) for 1992,¹⁵ total aid in 1992 amounted to \$481.1 million,¹⁶ or 7% of GDP. This was allocated as shown in Table 2.8.4, with technical assistance equivalent to about one per cent of GDP.

Table 2.8.4 **Types of aid – 1992**

Type of aid	US\$ million	%of Total
Total Technical assistance	68.9	14.3
Free standing	(43.9)	(9.1)
investment related	(25.3)	(5.2)
Investment aid	238.9	49.7
Programme/project aid	155.5	32.3
Food aid	17.7	3.7
TOTAL AID	481.1	100.0

Source: Government of Ghana and UNDP: Development Cooperation: Ghana 1992 (November 1993).

The major problems associated with aid are slow disbursement of loans and grants, and the country's inability to provide matching funds. Recently, an item has been inserted in the budget into which all matching fund requirements are to be deposited.

¹³ ODA is the expression favoured by the Development Assistance committee of the Organisation for Economic Cooperation and Development (OECD) – not to be confused with the British aid agency.

¹⁴ For example, no interest is payable on IDA credits, though there is a variable service charge, currently at the rate of 0.75% per annum. Repayments are spread over 40 years, including a 10-year moratorium.

¹⁵ Government of Ghana and United National Development Programme: Development Cooperation: Ghana 1992 (November 1993).

¹⁶ This compares with US\$581.6 million in the Accelerated Growth Strategy report

SECTION 3

LONG-TERM OBJECTIVE

3.0 INTRODUCTION

The long-term objectives for Ghana's economic and social development over the next 25 years have been discussed in detail in the *National development Policy Framework, Volume I Long-term Development Objective*. These objectives have been derived from the basic principle that the aim of development is the satisfaction of human needs and the improvement and realization of the potential of all members of society as laid down in the Constitution of the fourth Republic. Accordingly, the long-term objectives provide the perspective within which the medium-term (1996-2000) policies and programmes for economic and social development have been set. The long-term development objectives of NDPF Volume 1 are briefly summarized below.

The basic objectives of the development agenda in Ghana are to reduce poverty, increase employment opportunities and average incomes, and reduce inequities in order to improve the general welfare and the material well-being of all Ghanaians. The achievement of these long-term goals will lead to Ghana's long-term vision of attaining by year 2020 the status and standard of living of a middle-income country, which applied science and technology in increasing labour and natural resource productivity and efficiency in all types of production in order to be competitive in local and export markets. The NDPF (*Volume I: Long-Term Development Objectives*) can thus be described as **GHANA-VISION 2020**.

To achieve the GHANA-VISION 2020 goal, Ghana will have to embrace science and technology as the medium within which to operate. This is the technological era; Technology is what drives productivity, makes possible private initiative and creativity, and bestows competitive advantage to the production of goods and services in an open and liberal economy. In the 21st century, the country that fails to recognize the essential role of science and technology (S&T) in the socio-economic transformation of the nation cannot escape the clutches of poverty. Consequently, GHANA-VISION 2020 will be founded on an adequate S&T base in spear-heading development in agriculture, industry health, education, housing, transport, communications and environmental sustainability. Indeed, this is the only way to achieve integrated rural development, a major priority plank in the long-term goal.

Development policies and programmes must be comprehensive and coordinated if they are to achieve the long-term goal of an improvement in all aspects of the quality of life. They cannot therefore be formulated in narrow sectoral compartments, as all aspects of development have implications for all others. As a reflection of these inter-connections, the long-term development objectives in this section and the detailed medium-term objectives in section 5 have been formulated in accordance with five basic themes of development. These development themes are:

- Human Development
- Economic Growth/Rural Development
- Urban Development
- An Enabling Environment

Some of the objectives are repeated under two or more of the themes in recognition of their multi-valency in the development process.

3.1. HUMAN DEVELOPMENT

The basic goals of human development are to improve the health, life expectancy and capabilities of all individuals, to eliminate extremes of deprivation, reduce poverty and ensure an equitable distribution of the benefits of development. The principal objectives of human development are summarized under their respective headings.

3.1.1 Poverty

- Reduce the incidence of poverty generally, especially in rural areas
- Increase average incomes and reduce income disparities between individuals and geographical areas.

3.1.2 Employment

- Maximize opportunities for the creation of productive employment
- Pursue macro-economic policies which promote employment and not depress the demand for labour.
- Ensure equitable terms and conditions for workers in all sectors, including the self-employed and informal sectors.

3.1.3 Education

- Achieve universal basic education and educate each individual to his or her maximum potential.
- Eradicate adult illiteracy
- Increase female enrolments and completion rates at all levels in the educational system.
- Increase school enrolments and reduce drop-out rates of rural populations at all levels of the educational system.
- Improve the quality of education and give greater emphasis to science and technology at all levels.
- Expand and increase access to secondary and tertiary education.

3.1.4 Training

- Improve the technical proficiency of the Ghanaian labour force through increased opportunities for technical and vocational training, including apprenticeship schemes.
- Inculcate awareness of the need for continuous training and retraining of workers in all categories and at all levels, including managerial.

3.1.5 Health

- Increase life expectancy at birth and significantly reduce infant and child mortality.
- Reduce the incidence of communicable and preventable diseases, especially among children. Reduce the incidence of water-borne and other environmental diseases arising from insanitary practices and inadequate accommodation.
- Ensure adequate access to health services for all Ghanaians.

3.1.6 Nutrition

- Achieve and maintain nutritional well-being among all socio-economic groups in all regions of Ghana
- Eradicate child malnutrition.
- Increase agricultural productivity so as to achieve and maintain food security and adequate access to nutritious food by all households.

3.1.7 The Disadvantaged Persons

- Promote the provision of day-care centres for the aged by the private sector (including non-governmental organisations, BGOs) in order to spread the companionship and feeding programmes for the old people outside of Accra.
- Promote the provision of specialized health care (geriatric medicine) for the aged in state and private hospitals and clinics.
- Encourage all Ghanaian workers, including the self employed, to contribute to the social security pension scheme, and ensure that a pension paid to a retired or disabled employee is continuously indexed.
- Ensure that building and other physical infrastructure in schools and training institutions are made accessible to the physically disabled person.
- Promote the expansion of the community rehabilitation programme for the physically and the mentally impaired persons.
- Promote the education and training of physiotherapists, occupational therapists, speech therapists, etc, as well as sub-professional staff needed for the rehabilitation of the physically and mentally disabled.
- Promote the re-integration of street children into secure family like.
- Eradicate “child labour”

3.1.8 Water and Sanitation

- Ensure adequate access to reliable supplies of safe water for all communities and households.
- Eradicate occurrence of water-borne diseases due to insanitary practices and other causes.
- Ensure safe disposal of all solid and liquid waste for all communities and households.

3.1.9 Population

- Reduce the rate of population growth and the average size of families. The long-term target is to bring down the rate of natural increase from 3% pa at present to 2% pa by 202.

3.1.10 Housing

- Promote the supply of sufficient housing for the entire population at affordable prices.
- Ensure that all houses have adequate facilities and all located in health environments.
- Promote the research/development, manufacture and use of local building materials.

3.2 ECONOMIC GROWTH

The basic goal is to establish an open and liberal market economy that optimizes the rate of economic development and ensures the maximum welfare and material well-being of all Ghanaians.

The principal objectives which have been set to achieve this goal are listed under their respective headings.

3.2.1 Enabling Environment

Government's role with respect to economic growth is to provide an enabling environment in which the private sector will be able to achieve the desired objective.

- Pursue the establishment of a system of government which ensure frees enterprise within an environment of fair competition.
- Establish Ghana as an attractive venue for private investment, both domestic an foreign.
- Improve and maintain the legal and administrative systems in a form which promotes private investment and initiative and is equitable to all participants.
- Establish an efficient, reliable and cost-effective economic infrastructure.
- Create an S&T culture at all levels of society and in all types of production to accelerate economic growth and improve the quality of life of the population.

3.2.2 National Income

- Transform Ghana from a low-income to a middle-income country within one generation.
- Ensure that the benefits of development are distributed fairly and equitably among all Ghanaians and that hard-core poverty is eliminated.
- Raise average income per head by more than fourfold from the present level – i.e. from ₵241,000 pa or \$377 in 1993 to ₵1,511,000 or over \$1,700 by 2020 (at 1993 prices).

3.2.3 Production

The overall development goal for production of goods and services is to support the economic growth objectives by achieving increased productivity in all types of production and an expansion in the range of goods and services produced, at internationally competitive prices. For production activities to be sustainable and to contribute to improving the quality of life, production must be undertaken with the realm of science and technology and in ways which do not cause pollution or other forms of environmental degradation.

(a) Agriculture (including Forestry)

- Promote an adequate and secure supply of food and raw materials at competitive prices.
- Achieve an average overall growth rate in agricultural production of 4% per annum as a means of enhancing rural development and supporting economic growth objectives.

- Increase crop production through the application of improved technologies to increase productivity and yields, rather than by expanding the area under cultivation.
- Expand and diversify exports of agricultural products by making the sector more price-competitive and export-oriented.
- Ensure that the exploitation of renewable land-based natural resources—soil, water, forests, wildlife and fish stocks—is on a sustainable basis.
- Establish effective linkages between forestry sector and agriculture, manufacturing, building construction, tourism, health and recreation.
- Promote multiple use and management of land and forest resources, consistent with the ecological zone and, as much as possible, incorporating community participation.
- Promote an effective and integrated water shed management system in order to ensure adequate supply of water for human and agricultural uses and for the prevention of soil erosion and floods.

(b) Industry

- Increase industry's share of GDP to 37% from its current share of 16%, with average annual growth rate in output of over 12%.
- Make Ghanaian manufactured products internationally competitive.
- Establish effective linkages between manufacturing, agriculture, education and services.
- Expand the range of manufactured goods to meet domestic demand and diversity exports.
- Ensure that all industrial operations are environmentally friendly.
- Secure increased domestic and foreign private investment in mining and expanded and diversified production and mineral products.
- Establish effective linkages between mining and quarrying, manufacturing and construction.
- Establish an efficient and internationally competitive domestic construction industry.
- Maximize the use of local raw materials in the construction industry.

(c) Services

- Establish an efficient system for storage, transportation and distribution of goods and services.
- Establish Ghana as a major venue for international tourism and increase foreign exchange earnings from tourism.
- Establish Ghana as a major centre for culture and sporting activities and increase foreign exchange earnings from culture and sport.
- Establish an efficient financial system in the private sector and establish Accra as a major regional financial centre.

(d) Micro, small and Medium-Scale Enterprises

Small and medium-scale enterprises (SMEs), including micro enterprises, account for a significant share of economic activity in Ghana and can play an important role in achieving the development goals for production. The long-term goal is for SMEs to maximize their contribution to the country's economic and social development with respect to production,

income distribution and employment and the loser integration of women and people in rural areas into the national economy.

3.2.4 Economic Infrastructure

The economic infrastructure consists of all forms of energy, all modes of transport, all types of communications and meteorological services. It is an important part of the enabling environment and the main development goal is the establishment of an efficient and integrated infrastructure system which is responsive to the current needs and anticipates the future requirements of the productive sectors of the economy. Specific goals are as follows:

- Establish an efficient, dependable and integrated system for the supply and distribution of all types of energy.
- Maximize the production and use of renewable forms of energy, including biomass and solar power.
- Establish an efficient and modally complementary and integrated transport network for the movement of people and goods at least cost.
- Reduce traffic congestion in urban centres through the provision of mass transit systems.
- Make Ghana a shipping gateway to West Africa.
- Establish an efficient and technologically advanced domestic telecommunications system with country-wide coverage and integrated with the world telecommunications system.
- Establish an effective, reliable and competitive domestic postal service which is integrated with the worked postal system.
- Set up an effective meteorological system capable of providing early-warning signals for the planning of economic and social activities and for improving safety standards in air and sea transport operations.

3.2.5 Fiscal and Monetary Policies

- Design fiscal and monetary policies to promote development, investment and growth.
- Improve public expenditure management through periodic reviews of the management and processes of budget preparation, budget implementation, and expenditure monitoring and accounting.
- Collect revenue with due regard to equity and economic efficiency and, as far as possible, eliminate taxes on exports.
- Promote monetization of the economy (especially, of rural-sector activities) by raising money supply to meet the needs of development and to reduce poverty.
- Reduce rates of inflation and foreign exchange depreciation to levels comparable with those in upper middle-income countries.

3.2.6 Employment and Income Distribution

- Maximize employment opportunities through appropriate fiscal and other policies.
- Prevent exploitation of workers and consumers through the exercise of monopolistic powers by any sector of the economy or section of society.
- Ensure an equitable pattern of income distribution and eliminate extremes of deprivation.

3.2.7 Science and Technology

Science and technology (S&T) plays a crucial role in economic growth through its impact on productivity in all fields of activity.

- Establish an efficient system of scientific research that is problem-solving and can meet the technological needs of all types of economic activities.
- Create general awareness of the value of S&T in everyday social, cultural and economic activities.
- Adopt technologies, both local and foreign, which continuously improve efficiency in all types of production and make local production internationally competitive.

3.3 RURAL DEVELOPMENT

At present over two-thirds of Ghana's population live in settlements of less than 5,000 populations, which are defined as rural, even though the rural population is declining in relative terms, it will remain the majority for the foreseeable future. Conditions of life in rural areas are significantly below those in urban areas and 80% of people classified as poor as rural dwellers. The basic goal of improving the quality of life for all Ghanaians thus dictates that a special effort must be made in the field of rural development.

Objectives

- Reduce disparities in incomes and standards of living between rural and urban populations.
- Promote accelerated development in rural areas with pronounced development potential.
- Provide essential basic economic and social infrastructure in areas suffering from gross deprivation.
- Achieve relative spatial equity, both rural/urban and intra-rural, in the allocation of public investment.
- Ensure optimal exploitation of natural resources on a sustainable basis.
- Provide adequate economic and social infrastructure and services in all rural areas to enhance productivity and quality of life.
- Ensure that economic activities in rural areas, especially agriculture, forestry and mining, do not cause environmental degradation.
- Safeguard the rural environment against natural causes of erosion, such as coastal erosion and desert encroachment.
- Introduce land-use policies and land management techniques in order to increase the economic potential of the totality of land- and water-based renewable resources, with particular reference to forestry.

- Ensure an adequate allocation of public investment in rural areas to ensure that their human and physical resources are fully utilized, thereby contributing to accelerated development and to an equitable distribution of benefits.

3.4 URBAN DEVELOPMENT

Urban settlements perform a pivotal role within the national economy as catalysts for social, economic and cultural development. At present just under one third of Ghana's population reside in urban areas, but over half of these are concentrated in the conurbations of Accra-Tema, Kumasi, Sekondi-Takoradi and the city of Tamale. At the present rate of urbanization – 4.1% pa – the urban population in Ghana will have risen from an estimated 5.3 million at present (1993) to 15 million or nearly half the total population by 2020.

The basic objective is not to try to halt urbanization but to ensure that it proceeds along lines which make a positive contribution to development and is equitably distributed between settlements of varying sizes. The aim is to form a hierarchy of service centres, nationwide, in order to develop and exploit the mutually reinforcing linkages between settlements and their hinterlands.

Specific objects are as follows:

- Recognize the role of towns as a dynamic component in national development and nation-building and ensure that this recognition informs policy formulation, administration and management at all levels of development planning.
- Stimulate the pivotal roles of all urban settlements as economic, social and cultural catalysts and as vehicles for growth and development of the neighbouring hinterland.
- Achieve a more spatially equitable and rational distribution of population between settlements of varying sizes, with special attention to small and medium-sized towns, to provide the human resources required to construct and operate the economic and social infrastructure required for their own development and that of their rural hinterlands
- Encourage the development of a hierarchy of settlement with those at each level providing services appropriate to the size of their populations.
- Ensure healthy environments in all urban areas by the appropriate provision of public utilities, effective waste management and adequate provision of open spaces for tree cover and recreation.
- Ensure the effective co-ordination of all relevant agencies in planning, developing and managing human settlements.
- Encourage the growth of diversified, stable economies in human settlements in both urban and rural environments.

3.5 AN ENABLING ENVIRONMENT

The objective is to create an environment in which all section of society can contribute to a sustained and accelerated rate of economic and social development over the long haul. Specific objectives are:

- to achieve universal literacy and to progressively increase the proportion of the population with secondary and tertiary educational qualifications.
- To cultivate among Ghanaians and to extend to all levels of society the general awareness of the role of science and technology in dealing with the daily social, cultural and economic activities of individuals and society.
- To encourage and support research and development (R&D) as an integral part of all production activities.
- To ensure that the public administration system (PAS) is capable of discharging fully its responsibilities and does actively promote the economic and social development of Ghana.
- To ensure that the PAS becomes increasingly efficient and development-oriented and is capable of effectively translating development policies into plans and programmes.
- To achieve an effective co-ordination of development programmes and strategies for the purpose of producing a comprehensive and integrated pan or programme.
- To ensure full implementation policies for a decentralized system of public administration, including fiscal decentralization.
- To ensure that all government agencies at all levels- national, sectoral and local- are adequate staffed and can command sufficient resources to undertaken their functions efficiently and effectively.
- To periodically review the legal framework in order to ensure that the country's laws and regulations contributes positively to economic and social development and that those which inhibit development and impose unnecessary restrictions on enterprise and initiative are eliminated.
- To gradually reduce Ghana's dependence on external aid, whilst maximizing the effectiveness of aid in contributing to development objectives.

SECTION 4

OBJECTIVES, OPPORTUNITIES AND CONSTRAINTS

4.0 CONSOLIDATING THE FOUNDATIONS

From the start of the economic recovery programme (ERP), Ghana's economic and social policies have concentrated on ameliorative measures to overcome the incidence of steep, economic decline caused in the past by inappropriate policies and maladministration. However, despite notable improvements in economic and social conditions, real income per head is currently below the 1975 level and a sizeable proportion of the population remains subject to continuing deprivation. The rural poor are particularly vulnerable, with children most at risk. Though the economy has been stabilized, serious defects in social and economy structure remain. It is clear that Ghana has yet to achieve sustainable accelerated growth.

Recently there have been signs of faltering in social and economic progress.¹⁷ If not corrected, this increasing inertia can become a downward trend which will exacerbate inequity and further limit the capacity of individuals and society to build a strong, sustainable economy. Continued deterioration of the natural environment will have a similar deleterious effect.. Immediate action based on long-term strategic thinking is now needed to tackle these problems effectively and strengthen the foundation s for accelerated and sustainable growth.

The long-term objectives of economic and social development policies, as summarized in Section 3, require a marked acceleration in the pace of development for Ghana to reach the levels of prosperity currently enjoyed by countries such as Malaysia and Thailand by the year 2020. However, before we can embark on sustained accelerated growth, the fundamental structural problems of society and the economy must be solved. Effective solutions to these structural problems require the elimination of the conditions which have created a circle of adverse cumulative causation which were not directly addressed by previous programmes.

These conditions are multi-dimensional. On the economic side they include low levels of productivity which depress national income, thereby severely limiting the resources available for investment and for improvements in economic and social services. On the social side, the dearth of financial resources for expansion of basic social services, notably health and education, also inhibits improvements in productivity. In terms of spatial organization, excessive urban bias manifested by development expenditure in favour of the major cities has deprived rural service centres and the rural areas generally of adequate investment. This has prevented the progressive development of rural society and has hampered the necessary improvements there in technology, productivity and diversification of the economy and employment.

Urban development policies are required which underpin accelerated rural development in order to redress the lack of balance in investment. In addition to the rural-sector problems enumerated above, the natural environment and the built environment continue to suffer deterioration. Deterioration in the natural environment erodes economic potential for the future whilst deterioration in the built environment adversely affects health, particularly of the under privileged which in turn reduces productivity.

It will only become possible to enhance the nation's capacity to increase production and income to a level at which all basic needs can be met and efficient economic, social and

¹⁷ For example, increased rates of malnutrition and morbidity in rural areas and of unemployment in urban areas, especially among young males. The rate of real economic growth has declined and manufacturing output has been almost static.

environmental progress sustained when these conditions have been significantly reduced. Although frequently overlooked, it is clear that cultural factors are like to play a subtle but important role in determining the rate at which social and economic progress will be achieved. Consequently, imaginative, coherent and coordinated policies will be required to ensure that the potential embodied in our culture (including national heritage) is released and brought to bear in support of our development aspirations.

The intention is to build on the stability brought about by the Economic Recovery Programme, the on-going reforms to the public administration system and the introduction of democratic and decentralized system of government. Over the next five years the Coordinated Programme of economic and social Development Policies aims to:

- remove causal effects which create deteriorating social and environmental conditions;
- increase institutional and community capacity to met social needs;
- accelerate the transformation of the structure of the economy;
- create an environment in which individual and societal capacity for increased production is improved.

These aims will be achieved by strategies emphasizing:

- human development
- economic growth
- accelerated rural development as well as urbanization policies in support of rural development
- a dynamic, public-sector-led enabling environment.

The achievement of these aims will help to improve relative equity, which is equally important in terms of both efficiency and morality. Failure to achieve equity in development not only prevents the full utilization of human and physical resources, but also creates a socio-political climate which is antipathetic to development. The aims are also designed to create sufficient dynamism in the economy and society to embark on a sustainable development trajectory targeted towards increased production, social needs and a more technologically balanced natural environment.

4.1 DEVELOPMENT OPPORTUNITIES

A number of opportunities have been identified which, if grasped, will contribute to the achievement of the medium-term development objectives.

Political

The adoption of the Constitution of the Fourth republic and the return to democratic forms of government has provided an opportunity for Ghana to mobilize to the full its human potential for development. This opportunity has been strengthened by the system of decentralized public administration by the introduction of a coordinated, integrated and comprehensive

system of development planning. In addition, the generally stable, peaceful and friendly atmosphere which prevails in Ghana provides an opportunity to concentrate on the betterment of economic and social conditions.

Domestic Resources

The successful stabilization of the economy under the Economic Recovery Programme over the past decade gives Ghana the opportunity to forge ahead at a more rapid pace of development. The potential for economic growth is evident from the adequate availability of land, mineral deposits and other natural resources. This provides an opportunity to restructure the agricultural sector and to diversify production.

International

From the point of view of both exports and foreign investment, Ghana enjoys a favourable geographical position, a good international reputation with respect to her economic policies and strong donor support. With relatively low labour costs, Ghana has the opportunity to attract investment to produce goods at competitive prices for both the export and the domestic markets. Improved access to international markets, following on the successful conclusion of the Uruguay round of trade negotiations under the General Agreement on Tariffs and trade, strengthens the opportunity to expand exports. As a member of the ACP¹⁸ group of countries, Ghana now also enjoys better access to the market of the European Union under the Lime IV Convention. Positive economic growth is forecast for the next years in all the major industrial economies and in the newly industrialized countries of south-east Asia. This will provide further opportunities for Ghana to expand and diversify exports and attract foreign investment.

Export Markets

The long decline in commodity prices now appears to have ended and the prospect of increased earnings from our traditional exports over the next few years will provide the opportunity to diversify into a broader range of products for export. The opportunities are particularly good for horticultural products, fabricated wood products and tourism.

Rural Development

The current low levels of agricultural yields present an opportunity for rapid improvements in the supply of nutritious foods and in rural incomes, with the application of improved technologies. This opportunity is enhanced by the availability of arable land and an equitable system of land allocation in rural communities.

Urban Settlements

The availability of plenty of space in pleasant surroundings for the expansion of smaller urban settlements and the emergence of new ones provides an opportunity for an improvement in the spatial organization of settlements and in the provision of services to rural communities.

Environment

Finally, world-wide concern for the environment and a better understanding of the causes of environmental degradation presents Ghana with an opportunity to avoid many of the errors committed by the industrialized countries in the past.

¹⁸ Former colonies of members of the European Union in Africa, the Caribbean and the Pacific, who are signatories of the Lome Conventions.

4.2 CONSTRAINTS ON DEVELOPMENT

There are, however, a number of constraints which will need to be overcome if full advantage of these opportunities is to be taken.

Population Growth

Foremost among these with respect to human development is widespread failure to comprehend the negative effects of a continuing high rate of population growth and to implement effective family planning techniques. If not removed through a concerted effort to enable people of both sexes to understand the benefits – both to the nation and to themselves – of reducing the rate of reproduction, this reluctance will prevent the achievement of the development targets proposed in this programme.

Child Care

A similar constraint is the inadequate attention paid to child care among some sections of the population. This manifests itself in high rates of malnutrition among children, especially in rural areas, and low literacy and school enrolment rates which are also more pronounced in rural areas and among females generally. Human development involves a well-fed and well-educated population which can only come about if adults take pains to ensure that children are properly cared for.

Plan Co-ordination

Even though the institutional structure for effective development planning and implementation is now in place, there are attitudinal constraints on its efficient operation. The implementation of a comprehensive and decentralized development programme calls for a high degree of cooperation among all government agencies concerned with socio-economic development and between government and private-sector institutions of all types. It also requires effective transfer of authority and resources from central to local government for the planning and implementation of decentralized programme. However, there is still reluctance in some government agencies to coordinate their activities and to transfer resources to district Assemblies.

Financial System

The continuing low levels of domestic savings and investment in relation to GDP arise to a large extent from the constraints imposed by an inadequate financial system which offers unattractive reward to savers and thus discouraged the mobilization of finance for investment. The rent-seeking behaviour of banks (through inordinately large spread between saving and lending rates) leads to high costs of borrowing. These constraints are compounded by the present method of government borrowing which has raised real rates of interest to exorbitantly high levels and crowded out the private sector from the financial markets. The non-bank financial institutions suffer from limited instruments, lack of depth and are mostly state owned. Their specialized services include equity financing, long-term credit for the industry and housing finance, but these services remain untapped. Rural banks and branches of commercial banks service the rural areas; but they provide poor savings opportunities and inadequate access to credit especially to the agriculture sector. The major constraints include inadequate information and absence of credit histories, lack of acceptable collateral and high transaction costs of servicing small-volume creditors. The informal financial sector (comprising susu collectors, susu groups, savings and lending cooperatives and money lenders) mobilize just under half of all private sector savings, but has limited capacity for intermediation between savers and investors. Corrective measures must involve increasing the share of savings passing through the formal financial system, enhancing financial intermediation and rebuilding confidence in the banking system.

Productivity

The generally low level of education and training of the labour force and lack of skilled professional and managerial personnel in many critical areas will constrain efforts to raise productivity and introduce more advanced technologies in all types of economic activity. The traditional system of land tenure, despite its beneficial effects with regard to equity, may also act as a constraint on agricultural modernization by preventing farmers from using land as collateral and discouraging long-term investment. If not rectified, these constraints will prevent the necessary restructuring of the economy which is still largely dependent on small-scale and technologically backward primary production.

Energy

For the past 30 years Ghana has usually enjoyed a plentiful supply of electricity from the Volta dam. However, as experience in the early 1980s showed, hydro-electric power is vulnerable to climatic variations. Moreover, electricity consumption has been rising at an annual rate of 7%. Demand will increase even more rapidly as economic growth accelerates and will shortly exceed installed capacity. If not overcome, energy shortages will exert a major constraint on economic growth. It is therefore important to quickly create additional capacity for increased power supply from sources which include natural gas, thermal water (hydro), sun (solar) and biogas.

Science and Technology

Accelerated growth requires the adoption of improved technologies, but despite official emphasis on the importance of science and technology (S&T) there is still little understanding among the general population of the value of S&T and a widespread belief in supernatural explanations. The low level of literacy is also a constraint on the adoption of more scientific attitudes by the population. Investment in research and development is inadequate and linkages between scientific research and productive activities are weak. The constraint imposed by the technological factor is reinforced by the inadequacy of the economic infrastructure and inefficiencies in its management and operation.

Politics, Law and Administration

Political, legal and administrative barriers to private sector initiative and investment are still significant, despite major improvements in recent years. These barriers, coupled with the rent-seeking behaviour of institutions (particularly, the banks) and individuals (including some officials), constitute a constraint on the creation of an effective enabling environment for private sector development. Identifiable constraints on the private sector include not only the continuance in force of outmoded legislation, such as exchange control regulations, but also lack of comprehensive and reliable information and statistical data on important aspects of economic and social development. Such information is essential for effective corporate planning by the private sector, as well as for development planning by the public sector.

Environment

There is still a general lack of understanding of the effects of activities, both economic and domestic, which lead to environmental degradation and the dangers this poses. This lack of environmental awareness constitutes a constraint on improving the health and welfare of the population and the economy. At present Ghana is not fully seizing the opportunity to ensure that development is environmentally friendly. There is still insufficient control over the environmental impact of production activities, especially in agriculture, fishing, forestry, mining and quarrying and certain types of manufacturing. These activities, combined with poor waste management, have caused serious environmental problems which will need to be rectified.

SECTION 5

OBJECTIVES OF THE MEDIUM-TERM PROGRAMME

5.0 INTRODUCTION

The basic objectives of the medium-term programme which have been set out in the previous section are based upon five development themes, viz:

- Human Development
- Economic Growth
- Rural Development
- Urban Development
- An Enabling environment

The more detailed objectives of the programme are presented under each of these themes.

5.1. HUMAN DEVELOPMENT

5.1.1 Basic Objectives of Human Development

Human development denotes improvement in the quality of life and expansion of opportunities for productive employment, leisure activities and exercise of civic rights in a stable social and economic environment. Human development therefore implies the achievement of conditions that contribute to the underpinning, consolidation, maintenance and continuous enhancement of the social and economic development of the nation. It should be emphasized that economic growth, good governance and effective public sector management are essential to this process.

Medium-term priorities for human development include: poverty alleviation; enhancing Ghana's human resources; increasing employment opportunities; and strengthening social infrastructure and services.

5.1.2 Poverty

The primary purpose of action in these areas is to halt further deterioration in living standards experienced by vulnerable and disadvantaged population groups in both rural and urban areas and to strengthen their prospects for a decent life. In the medium-term, interventions will comprise poverty alleviation measures and more importantly, actions that will contribute, in the long term, to the achievement of sustainable, broad-based improvements in the quality of life for the poor. These latter include effective programmes in population, gender issues, health nutrition, education, training, employment, water and sanitation. Medium-term actions in all these areas as discussed in the following sections of this chapter will be aimed at strengthening the foundations upon which society can develop its capacity to utilize more fully its available human resources and ensure a more equitable distribution of the benefits of development.

Objectives

- Increase access by the poor to basic social services and infrastructure, particularly, education
- Increase access by the poor to economic services, productive assets and employment opportunities.
- Strengthen the capacity of economically disadvantaged regions, communities and groups to articulate their needs and to exercise their civil right.

5.1.3 Population

Population policy is primarily aimed at achieving in the long run a population size that is compatible with the provision of an adequate standard of living for all and sustainable development. Available evidence suggests that, if unchecked, the current rate of population growth, coupled with the youthful structure of the population, will place increasingly greater pressure on national resources. It is therefore imperative that during the medium-term efforts are intensified to establish effective measures for fertility management with a view to achieving a significant reduction in the rate of population growth over the longer term.

Objectives

- to develop the capacity of the population to effectively exercise options to control its fertility.
- Strengthen and enhance services which promote and support improved fertility management by the population.

5.1.4 Women and development

The crucial role women play in development, particularly at the household and community levels, and the benefits regulating from enhancing their capacity to fulfill their potential, will be capitalised upon in the development programme. Accordingly, a fundamental medium-term objective will be to strengthen the foundations for the establishment of a social environment that is void of gender biases and accords full recognition to women as equal societal and productive assets.

Objectives

- Health and nutritional status of women improved.
- Women's access to productive resources (e.g., capital and technology) increased.
- Female enrolment and achievement at all levels of education increased.

5.1.5 Health

The overall objective of national health policy is to improve the health status of all Ghanaians. Success in achieving this objective will require adequate solutions to the systemic problems that currently affect the delivery of health care. In the medium-term, a firm foundation must be built for the improvement in the quality of health care as well as for increasing access to health facilities. There is also a critical need for the effective implementation of measures that

will help establish a broad enabling environment for health. These measures must take into account factors that are external to the health system, such as cultural attitudes and the physical environment in which the population lives, which have an important bearing on health outcomes.

Objectives

- Significant reductions in the rates of infant, child and maternal mortality rates.
- Effective control of risk factors that expose individuals to the major communicable diseases.
- Access to health services increased, especially in rural areas.
- Establishment of a health system effectively reoriented toward delivery of public health services.
- Effective and efficient management of the health system strengthened.

5.1.6 Nutrition

Nutritional well-being is a pre-requisite for the achievement of the full social, mental and physical potential of the population. Under current conditions of high rates of malnutrition among children and lactating women, it is imperative that improvement of the nutritional status of the population in general and eradication of child malnutrition in particular is given high priority in the medium-term.

Nutrition policy will focus on putting in place measures to eliminate the immediate and underlying causes of malnutrition. These include inadequate food intake, disease, inadequate household food security, deficient maternal and child care and well as inadequate access to basic health services coupled with an unhealthy environment, including insanitary surroundings and unsafe drinking water. Efforts to eliminate these causes will demand a wholly integrated approach with an active involvement of the communities.

Objectives

- Reduce malnutrition among children and lactating mothers.
- Improve household food security, especially among the poor and disadvantaged groups in society.

5.1.7 Education

The overall goal of education policy is to ensure a population in which all citizens, men and women alike, are at least functionally literate and productive. In addition, the education system will have major responsibility for providing the means for our population to acquire the necessary skills to cope successfully in an increasingly competitive global economy.

Success in achieving these objectives will require effective resolution of the problems that are generally plaguing the education system, particularly at the basic level. These include: poor quality of instruction; shortages of qualified teachers; inadequate facilities and instructional materials; weak administration and management; and limited access, especially for the poor and females. Thus, in the medium-term, the education programme will focus on improving

the quality of, and increasing access to, basic and secondary education. Overall, the medium-term goal will be to establish a firm foundation for re-orienting the entire education system toward the promotion of creativity, science and the acquisition of more flexible basic skills.

Objectives

- Strengthen and improve the system of basic and secondary education.
- Increase enrolment rates at basic and secondary education levels, particularly among girls and in rural areas.
- Increase opportunities for pre-schooling.
- Increase female enrolment and completion rates at all levels of the education system.
- Reduce drop-out-out rates, particularly among girls and in rural areas.
- Re-orientate the education system so that it promotes creativity and the acquisition of more flexible basic skills.
- Upgrade the quality of teachers at all levels of the system.
- Increase emphasis on science and technology and make education more relevant to socio-economic realities and national aspirations.

5.1.8 Training

National training policy will primarily be aimed at supporting long-term economic strategies and improving the technical proficiency of the Ghanaian workforce. In connection with this, the training system will more strongly emphasize the practical aspects of training and a problem-solving orientation with a view to increasing productivity as well as equipping people with the necessary skills for self-employment, especially within the rural and informal sectors of the economy. In the medium-term, emphasis will be to strengthen and expand training facilities. An additional major objective will be to establish training and skills upgrading as integral parts of working life.

Objectives

- Improve and expand infrastructure for training
- Increase the provision of training in management and business skills
- Increase opportunities for technician and vocational level training
- Strengthen linkages between the training sector and industry.

5.1.9 Employment

The high level of unemployment and underemployment, especially among the youth and other vulnerable groups, calls for urgent national action to institute measures for the creation of job opportunities and to prevent further job losses in the medium-term. Accordingly, employment promotion considerations will be built into all macro-economic and production policies for the five year plan period. Additionally, the legal and regulatory framework will have to be reviewed in the interests of promoting employment creation, especially in the informal

sectors. Training including apprenticeship schemes will be an important aspect of the employment strategy. Finally, maximization of employment will require a supportive public administration system that has been reformed and reoriented as described in the chapter on public administration.

Objectives

- Increase productive employment opportunities.
- Wages and salaries policy promotes employment sustained.

5.1.10 Water

Adequate access to safe water supplies is far from assured in many Ghanaian communities, resulting in a high incidence of infection from water-borne diseases, especially in the rural areas. Accordingly, medium-term priorities in the water sector will be to improve water supplies in rural areas. Similarly, priority will also be accorded to improving urban water supply in slum and other high population density areas where water supply infrastructure has been overstretched. The use of low-cost, low maintenance technologies will be promoted in the implementation of these programmes.

Objectives

- Access to reliable supplies of safe water for rural and high-density urban communities increased.
- Occurrence of water-borne diseases reduced.

5.1.11 Sanitation

Medium-term objectives for the sanitation sector are to improve and expand systems for the safe disposal of solid and liquid waste. Particular priority will be given to the need for establishing better management and disposal of bodily wastes and refuse in urban areas. In both urban and rural areas, an important objective will be to strengthen coordination between agencies in the water, sanitation and health sectors, especially with regard to the control of diarrheal diseases and the eradication of other water borne disease.

Objectives

- Facilities for the safe disposal of sanitary waste and **sullage** increased and improved.
- Systems for the safe disposal of solid waste strengthened.
- Facilities for the safe disposal of industrial effluent strengthened.
- Solid waste and sewage treatment system increased and strengthened.

5.1.12 Guidelines

Guidelines for formulation and implementation of policies and programmes designed to achieve the medium-term objectives of human development are summarized below.

Poverty

- Strengthen and expand programmes to improve access to social and welfare services by disadvantaged and vulnerable groups.

- Increase agricultural productivity and improve opportunities for off-farm employment.
- Implement macro-economic, production and labour policies that are consistent with poverty reduction.
- Institutionalize and entrench measures for achieving widespread grass-roots decision-making and participation in local affairs and development.
- Strengthen and enhance the legal and regulatory framework and system of legal administration.
- Promote respect for basic human and civil rights.

Population

- Intensify the provision of information, communication and education services on population issues and family planning.
- Strengthen coordination and collaboration between sectoral ministries, districts, NGOs and other agencies that are involved in population management programmes.
- Establish district level capacity for the management and implementation of population programmes.
- Integrate population counselling with clinic-based health services.
- Intensify the provision of targeted, male-oriented programmes for the promotion and acceptance of improved fertility management.
- Provide more distribution outlets for non-prescription contraceptives, including traditional methods.
- Strengthen and expand the teaching of family life education in schools.

Women and Development

- Cultural practices and customary laws that are detrimental to women's interests diminished.
- Expand and improve maternal and child health services.
- Increase enrolment and completion of females at all levels of education, including the non-formal education and functional literacy programme.
- Increase targeted credit schemes, training programmes and extension services for women.
- Repeal or reform laws that are detrimental to women.

Health

- Extend coverage and access to basic health services, including maternal and child care.
- Consolidate and strengthen the Primary Health Care system.
- Rationalize the spatial distribution of all types of health facilities.
- Improve financing and cost-effectiveness in the provision of health care services.
- Promote medical research into forest resources (flora and fauna) and encourage the development and use of locally-produced standardized herbal medicament.
- Strengthen and improve co-ordination and collaboration between health agencies and organisations involved in related sectors, especially education, agriculture, water and sanitation, housing and forest resources.
- Strengthen district level health management and further decentralize health management to community level.
- Ensure an adequate complement of health personnel for all districts.
- Promote private sector and NGO involvement in health delivery, particularly in rural areas.
- Strengthen surveillance and control of communicable and non-communicable diseases, especially malaria and AIDS.

Nutrition

- Encourage the adoption of healthy behaviour including consumption of appropriate diets, at national, community and household levels.
- Establish community-based nutrition surveillance and promotion programmes in all human settlements.
- Promote community-based involvement in the design and implementation of nutrition programmes.
- Implement targeted nutrition programmes for poor and rural households, especially children.
- Institute, as appropriate, targeted subsidies to increase food production and consumption among poorer socio-economic groups.
- Provide appropriate incentives and extension services to stimulate increased production of appropriate food crops, including cheap local nutritional food varieties and weaning foods, in a manner that minimizes adverse environmental effects.

- Provide appropriate incentives and extension services to stimulate increased production of livestock, poultry and seafood.
- Ensure adequate supply and access to micronutrients.
- Provide appropriate incentives and extension services to stimulate and sustain increased opportunities for non-farm income-generation activities in rural areas.
- Establish incentives for the growth of an efficient private sector-led food distribution system.
- Strengthen early warning activities and develop mechanisms for timely interventions for coping with impending food shortages.
- Continuously monitor and review macroeconomic policies that adversely affect agriculture and the overall economy through their effects on real exchange rates incomes and wage rates and food prices.
- Intensify public education campaigns to promote prolonged breast-feeding for infants and the consumption of balance diets.
- Strengthen and improve co-ordination and collaboration between agencies and organizations involved in nutrition-related sectors, especially health, education, agriculture, water and sanitation.

Water

- Increase the number of appropriate water sources (e.g. more bore holes).
- Strengthen institutional capacity to improve water supply, both quantitatively and qualitatively.
- Increase community involvement in supply and maintenance of water sources and systems.
- Promote private sector participation in provision of equipment and services for water supply.

Sanitation

- Increase provision of appropriate sanitation systems and infrastructure, especially among rural communities and also peril-urban slums.
- Promote the use of efficient, low cost waste management technologies.
- Increase public education programmes on sanitation in schools and in the mass media.
- Strengthen and enforce sanitation bye-laws by district, municipal and metropolitan assemblies.

Education

- Improve social and physical accessibility to basic education, especially for communities and groups under-represented in the primary education system.
- Ensure that teachers at all levels of the system possess basic professional qualifications.
- Continue curricular reform and other efforts to improve quality and relevance of basic education.
- Substitute teaching methods that promote inquiry and problem-solving for those based on rote learning.
- Further expand and improve vocational and technical education.
- Integrate apprenticeship into the education system.
- Strengthen linkages between schools and industry.
- Strengthen district level management and supervision of schools.
- Strengthen linkages between schools and communities.

Training

- Promote recognition of the need for continuous in-service training and re-training within the workforce.
- Reform and strengthen the apprenticeship system.
- Promote the use of sandwich courses in training.
- Increase facilities for the training of trainers for training and apprenticeship programmes.
- Increase private sector representation in policy making in the training sector.
- Encourage the private sector, particularly key industries, to establish comprehensive training programmes for their own workforces, especially in new technologies.
- Encourage the private sector to contribute adequate funds for training.
- Establish effective mechanisms for monitoring and disseminating information on the demand for specific skills.

Employment

- Implement macro-economic, production and labour policies that are consistent with employment production.
- Promote and increase access to relevant technology, credit and economic services, especially in rural areas and the urban informal sector.

- Provide adequate opportunities and facilities for technical and vocational training and retraining.
- Implement labour-intensive public works programmes for disadvantaged groups where necessary.
- Promote and support the informal sector and co-operatives.
- Review urban bye-laws and other policies that a negative impact on informal sector activities.
- Safeguard the rights of rural women to equal access to credit and business loans.
- Strengthen the labour market information systems, particularly, at district level.

5.2 ECONOMIC GROWTH

5.2.1 Macro-Economic Objectives

The medium-term objective for economic growth over the next five years is to make substantial progress towards achieving the long-term objective of bringing Ghana into the category of middle-income countries.¹⁹ Average income per head in 1992 was ¢192, 8700 or approximately US \$441 at the average exchange rate for the year of ¢437 to the dollar.²⁰ However, poor agricultural harvests from below normal rainfall and a re-emergence of budget deficits in late 1992 and in 1993 resulted in an upturn in inflation (from just over 10% in 1992 to 25% in 1993) and an acceleration in the decline in the foreign exchange value of the cedi (from ¢in 1992 to ¢649 to the US dollar). Hence, the average income (GDP) per capita declined to US \$370 in 1993, even though in cedi terms, GDP pc was higher at ¢241,000. Policy thrust in the medium term will focus on the factors which keep production generally low and inflation high. The macro-economic objective for the year 2000 is to increase GDP per capita to ¢323,000 or about US \$500 in terms of 1993 prices---see Table 5.2.1 below. This is to be achieved by raising the average rate of growth of GDP to nearly 8% pa, while reducing the rate of population growth from the current level of 3% pa to 2.75% as, outlined in session 5.1.

More attention is now being paid to population policy, but this has a long gestation period and no reduction in the rate of population growth is envisaged before 1995. Thereafter, it is expected that natural increase will star to decline gradually to the target level. Total population will then be just under 19.5 million. The GDP and population targets for 1995 and 2000 are set out in table 5.2.1.

¹⁹ These are defined by the World Bank as countries with an average Gross National Product (GNP) per head of between \$635 and \$7,910 at 1991 prices and exchange rates – cf. World Development Report 1993, p.233.

²⁰ Conversion of national currencies at market exchange rates seriously underestimates the real value of income in many low-income countries in comparison with middle and high-income economies. A more useful basis of comparison is provided by the Purchasing Power of Currencies (PPC) method, which is not widely used as it is difficult to calculate. On PPC basis, Ghana's average income per head in 1991 was equivalent to about US \$2,000, which is higher than in countries classified as lower-middle-income (See World development Report, table. 30).

Table 5.2.1 Economic growth targets (at 1993 prices)

	1993	1995	2000
Growth rates(%per annum)			
GDP afc	3.24	7.00	7.87
Population	3.00	2.97	2.76
GDP per capita	0.23	3.91	4.97
GDP (¢billion)			
GDP	3,877	4,390	6,300
Population (million)			
Population	16.07	17.01	19.49
GDP per capita:			
Cedi (¢ '000)	241	258	323
US Dollar (\$)	371	397	498

GDP growth rates are based on GDP at factor cost (afc), which excludes the effect of indirect taxes and is accordingly a more accurate measure of real growth. This is somewhat higher than the growth rate measured at market prices as direct taxes as a share of GDP are targeted to decline- see section 5.2.5. The absolute targets for GDP and GDP per capita are expressed at market prices.

5.2.2 Sector Development

The sectored composition of economic activity in Ghana is heavily weighted towards agriculture. The broad agricultural sector, which includes fishing and forestry, contributes over 40% of total GDP and is the main source of income of about 60% of the population. However, the rate growth in agricultural output has been slow, averaging only 1.7% pa since 1984. In view of the agricultural predominance as a source of income, employment in food supply, as well as being a major contributor to export earnings, an accelerated rate of economic development must initially be based on improved performance by all types of agriculture.

Table 5.2.2 Sectored Targets

Sector	Growth Rates (% pa)			Share of GDP %		
	1993	1995	2000	1993	1995	2000
Agriculture	2.8	3.2	4.1	41.6	38.1	32.4
Industry	7.4	10.8	11.9	14.5	16.2	18.3
Services	7.1	8.3	10.1	44.9	45.7	49.3

Although the long-term objective is to reduce the relative importance of agriculture and accelerate industrial growth, in the medium-term a serious effort will be made to accelerate the required major transformation in the sectored composition of the economy. The achievement of significant improvements in agricultural productivity will therefore be pursued, since this is one of the foundations for sustained and accelerated long-term growth in the economy as a whole, while at the same time fostering faster growth in the industry and services.

Agricultural: output is targeted to have reached a growth rate of 4.1% pa by 2000, averaging about 3.8% pa over the five years 1996-2000 compared with an average of 1.8% between 1984 and 1992. To achieve this expansion in agricultural production will require major changes in agricultural technology and in the organisation of rural society. Agricultural growth is thus dependant on the implementation of the programme for rural development set out in section 5.3. The sector's share of total GDP will decline to about 32%.

Industrial: growth is targeted to accelerate to nearly 12% pa, averaging 9.3% pa over the period. The sector's share of GDP will accordingly rise to over 18%.

The **services sector** has been growing in recent year at around 7% pa and this is expected to accelerate in the medium-term, rising to about 10% pa by 2000.

5.2.3 Investment and Savings.

A major improvement in the levels of investment and savings will be needed in the medium-term to lay the foundations for long-term development. In absolute terms, the investment target for 2000 is more than double the level in 1992 and for domestic savings more than treble.

Targets for investment and savings are tabulated in Table 5.2.3. Success in meeting these targets will depend on the willingness and ability of the private sector to increase investment substantially, which is in turn dependant on the speedy removal of the constraints identified in Section 4 above and on government's ability to create an enabling environment. This will in large measure depend on the successful implementation of the fiscal and monetary measures discussed in the following section. The targets provide for decreasing reliance on foreign savings to finance investment. Even though the proportion of investment financed by foreign capital falls from two-thirds in 1993 to less than quarter in 2000, little change is expected in its absolute dollar value. By 2000 it is expected that two-thirds of foreign capital will be directed to private investment, compared with one-third in 1993.

Table 5.2.3 Investment and Savings Targets

	1993	1995	2000
Investment ¢ bn.	620	878	1,640
%GDP	16.0	20.0	26.0
Public ¢ bn.	402	395	600
%GDP	10.4	9.0	9.5
Private ¢ bn.	219	403	1,040
%GDP	5.6	11.0	16.5
Domestic Savings			
¢ bn.	299	527	1,260
%GDP	5.9	12.0	20.0
Public ¢ bn.	25	268	480
%GDP	0.6	6.1	7.6
Private ¢ bn.	204	259	780
%GDP	5.3	5.9	12.4
Foreign Savings			
%GDP	10.1	8.0	6.0
US \$ million	602	540	582

5.2.4 Fiscal Policies

The prime objective of fiscal policy in the medium-term is the creation of an enabling environment through the provision of the economic and social services and infrastructure required for development. This involves the following measures:

- Reduce the budget deficit to manageable proportions while at the same time providing the necessary support services for economic growth.
- Restructure the fiscal system so as to begin reducing reliance on indirect taxes, which tend to be regressive and restrict production. In particular, export taxes are to be phased out by 2000.
- Review the criteria for selecting public investment projects. Projects will not be selected solely on the basis of projected economic rates of return but primarily on their potential contribution to development – particularly human development. Accordingly, a larger share of public investment will be devoted to social sector projects than hitherto.
- Improve the mobilization of domestic resources for public investment so as to start reducing dependence on external financing.

During the medium-term period the proposed reforms of government accounts should have been completed. These reforms have two objectives.

- Differentiate expenditure on development from expenditure on administration, in both the capital and recurrent accounts.
- Introduce an effective and equitable system of fiscal decentralization with the aim of granting local authorities control over a substantial proportion of their revenues, thereby reducing their financial dependence on central government.

Government revenue as a share of GDP is not targeted to rise substantially in the medium-term, but whatever additional revenue can be generated should be embarked for developmental activities and expenditure on administration as a share of GDP held constant at around 9%.

5.2.5 Monetary Policies

Implementation of the fiscal policies enunciated above will remove many of the monetary problems encountered in recent years. These problems arose from the re-emergence of substantial budget deficits and the consequential resort by government to large-scale borrowing at high rates of interest. This discouraged both savings and investment. Attempts by the monetary authorities to reduce inflation through restrictions on lending by the banking system had little success, as shortages of loan able funds for investment did more to restrict supply than demand.

The rate of inflation is targeted to be reduced to single figures in the next few years and to be no higher than 8% by 2000. By the late 1990s the policies aimed at transforming agricultural production should have started to bear fruit. Food accounts for about 50% of household expenditure and the transformation of the agricultural sector leading to higher levels of

production and efficiency will be a major factor in reducing the level of inflation. With increased participation in the money economy by smallholder farmers, money supply will need to be gradually raised to around 25% of nominal GDP by 2000. With inflation brought down to more reasonable levels, a reduction in the level of government borrowing and the completion of the current programme to restructure the financial system should make it possible to reduce interest rates.

The target for the end of the period is for real lending rates to be no higher than 7%. Once inflation is seen to be on a steady downward path, the pressure on the cedi on the foreign exchanges will be eased and the annual rate of depreciation is targeted to fall to 6% by 2000, compared with an average annual rate of 26% over the past six years.

5.2.6 Balance of Payments

The efforts now being made to encourage production and marketing of exports should bear fruit in the medium-term, with the dollar value of exports targeted to rise at an annual rate of 10% pa.: exports in 2000 would then be more than double the 1992 figure. Imports will also rise, though less rapidly than exports, and the target rate of growth is set at about 8%pa. The trade deficit should increase only slightly in dollar terms and fall from 32% to 20% of imports.

The net surplus on invisibles will fall as the deficit on services will rise in the medium-term in response to increased imports, the development of domestic services for export being still in its infancy. By 2000 net receipts on official transfers will have started to decline and, although continued increases in private remittances are confidently expected, these are unlikely to be sufficient to compensate for increased payments for foreign services. There will thus be a further deterioration in the balance of payments on current account.

On capital account, official borrowing is targeted to start to decline in the medium-term but, with the implementation of policies designed to improve Ghana's competitiveness in attracting private investment, there should be an expanding flow of private foreign investment. Net capital inflows should thus be sufficient to cover most of the current account deficit and the deficit on the overall balance reduced to negligible proportions.

5.2.7 Income Distribution and Employment

It has previously been noted²¹ that 36% of Ghana's population receive incomes of less than two-thirds of the national average and 7% less than one third. In aggregate, the lowest 40% have less than 20% of total national income while the top 20% have 44% of the total. The distribution is not as skewed as in some other African countries for which data are available²² – or, for that matter, as in most developed economies. The incidence of poverty is therefore due more to the low level of average incomes than to inequitable distribution. However, as experience in some more developed countries indicates, economic growth may lead to increased inequality in income distribution unless compensatory measures are put in place. Even if growth results in everyone becoming better off economically, it may also result in an increase in relative poverty, thereby increasing the level of social and psychic deprivation. It is therefore necessary to identify and, if possible, remove the factors which could reduce equity.

²¹ See paragraph 2.1.2

²² In Kenya, the lowest 40% receive only 9% of total income and the top 20% receive over 60%. In Tanzania, lowest 40% get only 8% of the total income and the top 20% receive 62%

Less than 10% of Ghana's labour force is in formal paid employment. The majority are self-employed and depend on their livelihood on agriculture and other rural activities. The analysis of spatial organisation in section 2.7 above has shown that the provision of economic and social infrastructure in rural areas is inadequate. This reduces the productivity and incomes of rural workers and the main thrust of the section on rural development which follows is how to rectify this situation. In the past farmers have been penalised by government policies which controlled the pricing and marketing of their products. Most of these policies have now been reversed and farmers have benefited from the liberalisation of the domestic market for food crops. However, liberalisation has not been all gain to farmers. The removal of subsidies and price controls on agricultural inputs has significantly raised farmers' cost of production. Those in the more remote areas have been particularly hard hit. These tend to be the most deprived areas in terms of infrastructure, which will take some time to rectify. Some form of compensation for farmers' in these areas will therefore need to be considered.

Income distribution can also be adversely affected by persons and organisations enjoying monopoly or quasi-monopoly powers. This applies to both large-scale producers and to organised labour, both of whom can use their powers to the detriment of other workers and consumers. In a relatively small economy, such as Ghana's, a small number of large firms and trade unions can create major distortions in the economy. Trade liberalisation has largely undermined the monopolistic powers of large-scale producers in Ghana and organised labour, especially in the public sector (which still accounts for the major share of formal employment) can adversely affect income distribution through its effect on government expenditure and taxation.

Rural development, which inter alia will involve an increased level of monetization and specialization in the rural economy, will also in course of time increase the demand for paid employees and the level of employment. The programme for accelerated growth zones, which is a key element in the rural development programme, will also generate additional employment opportunities both directly, in consequence of increased investment in rural infrastructure and service centres, and indirectly through the consequent increase in investment in directly productive activities. Similar considerations apply with regard to the programme for urban development. Government's role with regard to employment generation has both positive and negative aspects. On the positive side, it will increase access to education and vocational training, as indicated in the programme for human development. Government will also ensure that investment incentives and fiscal policy generally are designed to favour labour-intensive forms of production. The obverse of this is to avoid measures which have a negative impact on the demand for labour, such as policies which discriminate in favour of capital-intensive forms of production.

The role of micro and small scale enterprises (MSEs) in employment generation, especially self-employment, is recognised in Ghana. Therefore, it is a national policy objective to encourage the development of MSEs in order to maximise employment, to improve upon value-added on locally-produced raw materials on a sustained basis and to promote the integration of women into industry.

The twin objectives of reducing inequalities in income distribution and maximising employment require cautious judgement in policy formulation. Whereas most societies agree on the need for government to set minimum wages in order to prevent the flagrant exploitation of the most vulnerable sections of the labour force, it can also be argued that poor people are penalised if they are willing to work for less than the statutory minimum wage but are prevented from doing so. The problem is compounded when, as in Ghana, large numbers of potential jobs are in micro-scale enterprises which generate only modest incomes for their

owners. The practical problems in enforcing minimum wage regulations are also acute. Government's policy is to maintain minimum wage legislations in the interests of equity, but set the minimum wage at a level which does not significantly reduce demand for labour.

5.2.8 Guidelines

Guidelines for the formulation and implementation of policies and programmes to achieve the medium-term objectives of economic growth are set out below. Many of the measures to be undertaken under the human development programmes, which will lead to improvements in education, health and nutrition, will also contribute to accelerated economic growth. At the same time, the capacity to undertake these measures will depend upon the availability of increased financial resources which depend upon accelerated economic growth.

Sectoral Development

The foundation for accelerated economic growth is a major increase in agricultural productivity. To achieve this, the following programs will be undertaken:

- Agricultural extension services will be unified and strengthened to provide on-farm assistance to farmers to help them to improve the technologies used in both production and on-farm storage to diversify production through the introduction of new and improved varieties.
- Extension services will also assist farmers to undertake agro-forestry and help rural communities to plant trees for both fuel and fodder.
- Dissemination of research findings and their incorporation into extension advice for crop and animal production as well as community-based land, forestry and watershed management will be strengthened.
- Agricultural infrastructure—feeder roads, storage and marketing facilities—will be further improved and given a larger share of public sector investment. The private sector will also be encouraged to participate in infrastructure investment.
- Districts and communities will be assisted in identifying and developing areas suitable for small-scale irrigation schemes – e.g. inland valley swamps.
- Effective measures will be put in place to ensure that exploitation of timber and other forest resources is done on a sustainable basis; local communities will be involved in multiple-resource forest management systems.
- Fishing operations will be more effectively monitored to promote the conservation of fish stocks.
- Fishing infrastructure – harbours, jetties, landing grounds, connecting roads, cold storage facilities and markets – will be improved and extended.
- Veterinary services will be improved and expanded and smallholders encouraged to integrate livestock into their farming systems to provide greater diversity of both food and sources of income.

- Systems of rural credit will be reviewed and overhauled to enable farmers and fishermen to purchase inputs and equipment to improve their productivity.
- All existing state-owned enterprises in the agricultural sector, including cocoa marketing, will be fully privatized by the year 2000.

The costs and benefits of subsidizing essential agricultural inputs will be under review.

Non-agricultural activities will benefit from the improvement in the rural infrastructure and the increased demand for both agricultural inputs and consumer goods following the rise in incomes of farmers and fishermen. These activities will be further boosted by some specific programmes.

- Continued improvement in the national economic infrastructure.
- Further improvements in the telecommunications system.
- Further expansion of electricity supply by the use of natural gas, solar energy, biogas and domestic and industrial wastes.
- Investment in highways will be concentrated on maintenance and rehabilitation.
- Rail services will be fully rehabilitated and managed more efficiently.
- Increased use will be made of the Volta lake to improve transport between southern and northern Ghana by providing navigational aids and improving the lake's infrastructure.
- The international airport will be progressively improved and expanded in line with traffic demand.
- Additional landing facilities for domestic flights will be provided in selected centres and the private sector encouraged to participate in domestic air services
- More attention will be paid to inter-modal linkages between road, rail and water transport.
- Business and industrial extension services will be introduced to assist micro and small-scale enterprises to improve upon their management and technology.
- More attention will be paid to technical and managerial training at all levels of education and in workplaces.
- Monitoring of the environmental impact of manufacturing, mining and quarrying industries will be made more effective.

Fiscal and Monetary Policies

Fiscal and monetary policies play a crucial role in promoting the increased levels of savings and investment required for accelerated growth. Specific measures will include:

- Steadily increase the proportion of development expenditure in the budget.
- Increase government revenue as a share of GDP through more efficient systems of revenue collection.
- Reduce dependence on indirect taxes as a source of revenue and increase the share from direct taxation.
- Review fiscal incentives for investment to ensure that their effect on employment is positive or at least neutral.
- Design and introduce an effective and equitable system of fiscal decentralization and revenue sharing to enable local governments to make significant contributions to development and economic growth.
- Increase public sector savings by maintaining a global surplus of revenue over recurrent expenditure.
- Review methods of public sector borrowing on the domestic market so as to reduce its negative impact on the private sector.
- Maintain a foreign debt profile which keeps the debt service ratio²³ below 25% of the value of exports of goods and services.
- Continue re-structuring the financial system to enable it to play a more effective role in mobilizing savings and financing investment.
- Expand money supply²⁴ in line with economic growth and increased monetization of the rural economy, without fuelling inflation.
- Reduce the cost of monetary transactions by introducing higher denominations of currency or by re-denomination of currency.
- Generally avoid fiscal and monetary measures which add to inflationary pressure and depress the foreign exchange value of the cedi.
- Promote the diversification of exports and the production of non-traditional exports.
- Support the marketing of Ghanaian products throughout the World and especially in the West African sub-region.

Administrative and Legal Framework

Over the next five years government will undertake a comprehensive review of all legislation and administrative practices which affect commercial and industrial activities.

- Amend or repeal any legislation which is in conflict with development policies and objectives.

²³ Payment of interest and amortization of capital in relation to the value of exports of goods and non-factor services.

²⁴ M2 (currency in circulation plus demand and time deposits) as a percentage of GDP.

- Review all regulations and controls on private sector operations and abolish any which are not essential to the national interest and for the maintenance of law and order.
- Remove any barriers to the free flow of information on economic conditions, improve the coverage and accuracy of economic statistics and speed up their publication.
- Make more use of Ghana's diplomatic missions abroad to provide information on market opportunities for Ghanaian exporters and to promote Ghana's exports.
- Investigate the need in Ghana for a monopolies commission or similar institution.
- Adjust minimum wages in line with the competitiveness of industry, taking into account domestic inflation.

5.3 RURAL DEVELOPMENT

5.3.1 The Main Aims of Rural Development

The aims of accelerated growth and equity are synonymous with rural development. Almost 68% of the people of Ghana live in a rural environment. The worst problems of poverty, disease, illiteracy, ignorance and deprivation are generally to be found in rural areas and will be ameliorated and eventually eradicated by bridging the rural/urban gap in welfare. At the same time, the rural areas offer significant opportunities for growth through harnessing their human and physical resources to the national economy. Thus an improvement in rural conditions is essential, not only moral grounds but also as a necessary condition for the effective mobilization of manpower, initiative and innovation in order to utilize the abundant but presently under-utilized resources with which Ghana is endowed.

A necessary condition of human development and of building a politically stable, socially equitable and economically strong nation is the transformation of the socio-economic structure of the rural sector. Rural development is a total concept. It embraces the economic, social, cultural and political enrichment of individuals as well as of society as a whole. Rural development also presents a unique opportunity to address problems relating to the role, quality of life and status of women in society. It is in the rural environment that women tend to be particularly under-privileged. Appropriately planned rural development strategies are also a means of safeguarding bio-diversity and conserving the environment. The effective development of the rural economy is inter alia a key to prosperity and nation-building.

The aim of rural development is to upgrading rural areas socially, economically and environmentally and to achieve a better balance between urban and rural investment in the national interest. In the first place, it is necessary to halt deterioration in economic, social and environmental conditions and then to create conditions in which individuals and society can begin to improve their capacity to increase production and meet social needs. Improvement in the quality of life of rural areas can best be achieved by the systematic improvement of agriculture and other activities which will increase rural incomes, and by the provision of economic and social services and infrastructure. This will enable farmers, fishermen and other rural producers to increase their output and incomes and raise the rural standard of

living. These improvements will be secured within the context of vocational criteria based on the recognition of a continuum of conditions ranging from geographical zones with pronounced potential for economic growth to areas suffering from serious deprivation. These conditions are not necessarily mutually exclusive.

The strategy is to provide an enabling environment which will facilitate production and social well-being and positively stimulate local initiative and innovation within the rural environment. Studies and empirical observation reveal that a cyclical, mutually reinforcing process of investment and growth can be stimulated by the comprehensive provision of economic and social infrastructure and services selected and planned in relation to the special needs of a particular area.

There are three strands to this enabling environment. The first is the appropriate provision of economic and social service accessible to the rural hinterlands they are designed to serve. Services are provided in what are termed service centres. These are defined as those focal human settlements around which rural life tends to revolve for social and economic services and activities. These include trade, transport, communications, agricultural services, industrial technology transfer, education, health and public administration. There may be a series of service centres in a given area, offering a varying range and complexity of services, which will dovetail into the hierarchical arrangements of towns and settlements. This will ensure the symbiosis of rural development and urbanization (see section 5.4).

The location of service centres and the range of services offered are based upon factors such as accessibility and need in relation to an area's specific requirements and potential for economic and social improvement.

The second strand is represented by "hard" infrastructure such as roads, tracks and other forms of surface access, power and telecommunication lines, etc. these provide connections between settlements, some of which also act as service centres, and between the centres and their hinterlands. Hard infrastructure may also include irrigation works.

The third strand of this enabling environment comprises "soft" infrastructure e.g. the transportation system including commercial carries, public transport and private vehicles using the road network and other means of access.

In addition to common services available to all members of the community, specialist services are required in the form, for example, of mobile agricultural and industrial extension services. Assistance will be provided to farmers, fishermen, artisans and other producers and entrepreneurs in their work places to introduce more advanced and appropriate business practices and technologies. However, the provision of services and infrastructure alone is not enough to secure the development of rural areas and realize their full potential. A dynamic promotional posture by the public sector is essential in order to encourage change and to assist communities, producers and others to improve economic and social conditions.

Financing of economic and social infrastructure lies mainly, but not wholly, within the public domain. Provision of the enabling environment described above requires coordinated planning and investment by both public and private sectors. The location and level of services and infrastructure will depend upon need and opportunity in each case. However, there are three main circumstances which will guide provision in terms of priority an investment. These are

- areas with pronounced opportunities for accelerated rural development and growth;
- areas suffering from gross social deprivation; and
- intermediate areas in which economic activity or social well-being can be significantly improved by the modest provision of additional infrastructure and services.

5.3.2 Accelerated Rural Development

The selection of zones for accelerated rural development (ARDZ) is dependent on a number of factors. These include resource endowment, particularly for agricultural development, propensity for growth, accessibility and the existence of a commercial economy or an embryonic commercial economy. Studies have identified two priority ARDZs, each of which comprises contiguous area with special physical and socio-economic characteristics suitable for investment in the medium-term period. These zones are the Afram Plains and the richly endowed oncho-freed land in the North. Appropriate institutional structures and mechanisms will be created to facilitate the integrated development planning of these areas and the coordination of all resource investment and the implementation of development programmes.

5.3.3 Deprived areas

Despite the general improvement in the economy over the past decade, which has raised aggregate GDP by over 50% in real terms, not all parts of the country have benefitted equally. These are areas which are inaccessible and whose inhabitants have little access to basic social, commercial and other services. They can thus derive little benefit from or make any significant contribution to the development of the national economy.

Deprived areas will be identified on the basis of agreed criteria which will take into account such factors as feeder roads, schools, health centres, boreholes, etc. in relation to land area and population. These areas will be accorded a high locational priority for investment in order to bring them up to basic standards of accessibility and access to basic social services, especially primary education and health care. Any deprived areas which lie within the boundaries of ARDZ will automatically benefit from the development programmes implemented in these zones.

The worst deprivation is generally found in the rural parts of the three northernmost regions. These parts of the country will be given special attention in the investment programmes designed to upgrade deprived areas.

5.3.4 Intermediate Areas

Intermediate areas are those which, because of existing conditions in terms of infrastructure, services or economic activities, can significantly be improved both socially and economically by modest investment in additional and complementary infrastructure and services. Geographical areas in which economic and social conditions can be upgraded by modest investment will in some cases fall within ARDZ. Improvements to economic and social conditions will therefore be achieved within the context of accelerated rural development.

The location of investment in other intermediate areas will be determined by the presence of an existing or embryonic rural service centre which is locationally, attractive to the population

within its hinterland and has a good level of accessibility. The additional social or economic services or infrastructure provided will be complementary to existing services and infrastructure and will be chosen on the basis of identifiable and positive improvements to be derived from their provision.

Objectives

Policies on rural development are aimed at laying the foundations for achieving the following main objectives by the end of the medium term period.

- Reduce disparities between urban and rural areas.
- Achieve relative spatial equity in terms of opportunities and choice.
- Upgrade rural areas economically, socially and environmentally.
- Accelerate rural development.
- Increase and diversify rural employment opportunities.
- Strengthen rural economies by increased and sustainable production of both agricultural and industrial products.
- Increase monetization, saving and investment among the rural population.
- Improve access to economic and social service, particularly for women and other vulnerable members of the rural community.
- Reduce ecological and environmental degradation.
- Promote an efficient management system and environmentally sound development of all water resources in the country.

5.3.5 Guidelines

The following guidelines are designed to assist in the preparation of policies and programmes in support of the objectives for rural development.

- Establish institutional structures, roles and procedures for prioritizing and coordinating investment in support of comprehensive and integrated rural development programmes.
- Establish Joint Development Planning Boards for zones with a pronounced potential for accelerated rural development.
- Strengthen the abilities of Regional Planning and Coordinating Units (RPCUs)²⁵ to advise Regional Coordinating Council (RCCs) on development issues and to assist district Assemblies (DAs) in the coordination of the development planning process.
- Strengthen the abilities of District Planning and Coordinating Units (DPCUs) to undertake coordinated development planning with particular reference to the stimulation of rural development.
- Promote community participation as an integral part of planning and implementing programmes and projects at the local levels

²⁵ See section 5.6.4

- Progressively provide comprehensive economic and social services and infrastructure in support of the transformation of the rural economy.
- Ensure the adoption of dynamic promotional styles by the public sector in support of community and private sector initiative.
- Establish mechanisms at the local level to assist the private sector, particularly small scale entrepreneurs, to identify opportunities for initiative and investment.
- Establish agricultural service and industrial technology transfer agencies as “one-stop” organisations to provide assistance, including advice on credit facilities, at the work place.
- Ensure that all economic and social activities and practices are in conformity with environmental conservation and enhancement.

5.4 URBAN DEVELOPMENT

5.4.1 Urbanization and Development

Urbanization is an essential corollary of industrialization and goes hand in hand with the role of human settlements as engines of growth in the economy and as promoters of scientific, social and cultural development.²⁶

The process of urbanization in a developing country is inexorable. In Ghana the urban population is growing at an estimated annual rate of 4.1%, compared with overall population growth of 3%.²⁷ The urban population in Ghana is currently estimated at about 33% of total population, compared with 23% in 1960. The problem in Ghana is not urbanization per se but the rate of urban growth and its distribution. The source of urban growth has changed. During the period 1948 to 1960 migration contributed over 90% of urban population growth. This dropped to about 50% between 1960 and 1970 and to only 8% between 1970 and 1981. Urban growth is now mostly attributable to natural increase.

Distribution of population between urban areas is heavily skewed, with increasing concentration of population growth in the two largest cities, Accra/Tema and Kumasi. Rapid growth in these centres and in Sekondi-Takoradi and Tamale has led to adverse social, environmental and economic conditions, particularly for the underprivileged and population at risk. However, growth in these four major urban centres is now slightly slower on average than in small and medium-sized towns.

In economic and social terms, a human settlement functions as part of a spatial system and, inter alia, provides services in support of the productive capacity of its hinterland. The aims of achieving more balanced, equitable growth, the progressive commitment of human and physical resources to the national economy and the more rapid development of the rural environment must be supported by appropriate urban development policies (see section 5.3.1).

²⁶ In 1991 urban population as a percentage of total population was 28% in low-income countries, 54% in lower middle income countries, 73% in upper middle-income countries and 77% in high income countries.

²⁷ However, the average rate of growth of urban populations in Sub-Saharan African is 5.8% pa.

These urban development policies aim to stimulate the growth of appropriately located small and medium-sized towns serving rural areas, particularly those with a pronounced development potential and a propensity to grow or areas with significant social deficiencies. Service centres (i.e. human settlements equipped to provide specific economic and social services required in support of better and diversified production and social well-being of a particular geographical catchment area) are required as catalysts and engines of growth in the process accelerated rural development.

Urban development policies, therefore, have to main medium-term aims. First, to underpin the process of rural transformation by giving priority to the progressive provision of services and infrastructure, in small and medium-sized towns in support of economic and social improvements to the rural environment, including more diversity in opportunities and choice and in social well-being. Secondly, the promotion of non-agricultural and non-traditional agricultural jobs in selected small and medium-sized towns which will assist in beginning to ease population pressure on the large towns and conurbations by the end of the five year period. This will also help in reducing adverse economic, social and environmental conditions in the main centres.

Objectives

- Provide for systematic and dispersed urban development throughout the country.
- Increase the rate of growth of small and medium-sized human settlements.
- Reduce inter-urban disparities in social, economic and environmental conditions.

5.4.2 Planned Human Settlements

Formulating and implementing effective human settlement policies involved a wide spectrum of interests, activities and agencies which are at present inadequately coordinated.

Human settlements should play a dynamic role in national development. They also provide shelter, employment and recreation for their inhabitants. It is in the national interest that towns of all sizes should be efficient for their purpose and environmentally attractive.

Human settlement policy is an essential ingredient in urbanization policies, which in turn are integral to national development policy. Housing is a major component o settlement planning and the formulation of housing policy has critical social and economic implications.

He medium-term aims in relation to human settlements are three fold. First, to facilitate effective coordination in regard to economic, social and physical aspects of town development, including policies on housing to ensure cost-effective and seemly development. Secondly, to provide for the accelerated growth of human settlements selected for support of the transformation of the rural sector. Thirdly, to ameliorate adverse economic, social and environmental conditions in key settlements, with particular reference to the development of Accra, in keeping with its status as the National Capital and its emerging role as an international financial centre.

Objectives

- Recognize the role of human settlements as a dynamic component in national development as catalysts for social, economic, scientific and cultural development.

- Ensure the coordination of all aspects of development of human settlements including the planning and provision of public initiatives and services.
- Provide for accelerated growth of small and medium-sized human settlements which have been selected to provide infrastructure and services in support of the transformation of the rural sector.
- Ameliorate adverse economic, social and environmental conditions in key settlements.
- Promote a private-sector-led supply of housing at affordable prices through research and development (R&D), manufacture and efficient utilization of indigenous building materials.
- Periodically review the building code.

5.4.3 Guidelines

The following guidelines refer to actions to be taken in the medium-term in relation to the implementation of policies on urbanization and the planning of human settlements.

- Establish mechanisms to facilitate coordinated investment in implementation of urbanization policies.
- Identify an agency at central government level responsible for policy functions related to social, economic, environmental and physical aspects of human settlement policy, including housing.
- Establish criteria for the classification of deprived areas within human settlements.
- Establish comprehensive urban land use and settlement planning standards, including those related to environmental issues.
- Establish criteria for the classification of building and locations of importance to national heritage.
- Ensure strong and effective coordination by District Assemblies in the planning and management of human settlements, including planning and provision of public utilities and services.
- Review existing laws and regulations to facilitate urban development (see Section 5.5.5).

5.5 AN ENABLING ENVIRONMENT

5.5.1 Governance: The reform Programme

The concept of a human-centred approach to development as manifested in this coordinated programme of economic and social development policies has weighty implementations for institutional structure, roles and procedures. Government's bold reform programmes in support of democracy, decentralization and devolution of government, liberalization of the economy, restructuring the system of public administration (including radical changes to development policy administration) and the upgrading of skills are wholly congruent with this approach.

The successful achievement of the medium-term aims set out in section 5.0 is dependent upon the ability of central and local government to:

- institutionalize de facto vertical and horizontal decentralization of government administration;
- promote community participation as an integral part of decision-making, particularly on development;
- provide an environment at each level of administration that actively support the private sector, including NGOs, communities and individuals, to enable them to play their part in nation-building;
- mobilize the totality of human resources;
- ensure effective mobilization and judicious use of financial resources;
- bring under-privileged and vulnerable groups, particularly women and children into the mainstream of the national economy.

The above requirements represent important elements in the provision of what is termed an enabling environment.

5.5.2 Sustainable Economic Growth

Both the twenty-five year National Development Policy Framework and this medium-term programme are concerned first and foremost with enlarging people's choices and providing a better future for all. The fundamental concern relates to optimizing the extent to which the process of achieving sustainable economic growth both draws upon and develops the capabilities and initiatives of people and benefits as many people as possible in an equitable way.

Ghana's economic growth in future will stem primarily from increases in investment and production achieved by the private sector. The government's contribution will be to ensure that conditions are favourable for the exercise of private sector initiative and that the public sector actively promotes and does not hinder private sector operations. The wide ranges of measures which must be undertaken by government are briefly described below.

First, it is necessary to improve the economic infrastructure, especially transport and communications. The inadequate state of economic infrastructure, as described in section 2.5, is one of the factors which inhibits the development of an effective national distribution system and prevents producers from operating efficiently at internationally competitive prices.

Secondly, all the country's resources, both human and physical, will need to be fully mobilized and used to their maximum potential. In the case of human resources, this involves improvements in the general level of education and training and of health and nutrition. These are dealt with under Human Development and Capacity Building in sections 5.1 and 5.5.6. The objectives for these improvements have been fully discussed in the section on Human Development, but they also have an important economic dimension as a healthier and better educated labour force is a *since qua non* of improved labour productivity. Natural resources will be harnessed in ways which conform to effective environmental management policies, dealt with under Rural Development and Urban development in section 5.3 and 5.4.

Thirdly, government will ensure that fiscal and monetary policies are geared to the needs of development. This affects both the methods adopted to raise government finance by taxation

and borrowing and the way revenue is allocated, as discussed more fully under Fiscal Policies and Monetary Policies in sections 5.2.4 and 5.2.5.

Fourthly, financial institutions, both private and public, must operate as dynamic instruments for the development, diversification and growth of production capacity, particularly in manufacturing industry.

Fifthly, whereas government recognizes that in principle development can best be achieved through private sector initiative, especially in an economy where most wealth is created by private small-scale enterprises, it is also aware that not all economic and social activities can be left to market forces. Experience in East Asia and elsewhere has shown that public sector intervention can lead to higher and more equitable growth than would otherwise occur if matters were left solely to market forces. What is required is good judgment on the part of policy-makers and greater productivity within the public sector.

To achieve the foregoing significant changes are required to the legal and regulatory framework and to the structure, roles and procedures of the public administration system (PAS) and to the attitudes of public servants to the private sector.

5.5.3 Public Administration at the National Level

Government has taken steps to restructure and upgrade the PAS as an on-going process. Central government agencies will in future play a more dynamic and promotional role and concentrate on matters of national policy. This will be partially facilitated by implementing policies which promote structural change, including decentralization of government activities and the devolution of appropriate powers to the local level.

It is not sufficient to put in place institutional structures, roles and procedures providing for a positive and supportive attitude to the private sector place of the present somewhat negative approach.

A promotional posture demands that individuals and institutions positively seek alternative ways and means to assist private initiative, particularly for the small-scale entrepreneur. Appropriate public sector agencies, at all levels must maintain close liaison with private sector organisations and individuals for purposes of identifying opportunities and then identifying opportunities and then identifying the public sector support necessary for their effective exploitation. This must be followed by its timely implementation. Such an approach is essential at all levels. It is particularly pertinent at the local level which is directly involved with communities and the private and must invoke their practical cooperation in the development effort. What is needed is the sort of vigour, determination and commitment exhibited in the 1950s.

Significant structural changes have been made to the system of development planning with the establishment of the National Development Planning Commission (NDPC) which has the responsibility for the administration of development policy and the coordination of planning functions exercise by District Assemblies (Das) and central government sectoral agencies. Performance of the system at the national level will be reviewed and upgraded as a continuous process in order to improve both organization and procedures.

The PAS is being encouraged to adopt a more promotional and helpful approach in support of development by the private sector, including assistance with identifying opportunities for investment. An important component of a helpful approach is ensuring public access to

information. Government will ensure that the major financial institutions act in the long-term national interest in support of production and industrialization – an important component of the economic growth strategy.

Government will foster attitudinal change and greater efficiency in the PAS by improving the motivation of public servants through an appropriate work and incentive system which is an important component in creating an effective enabling environment.

Objectives

- Restructure the PAS as a policy level institution.
- Increase the effectiveness and output of the PAS.

- Foster a dynamic, promotional and cooperative approach by the public service to the private sector.

- Change attitudes within the public service in support of an effective enabling environment.

5.5.4 Public Administration at the Local Level

The decentralization of public administration and government machinery has placed significant responsibilities upon District Assemblies, particularly in relation to development. Change relates to both structure and roles.

Local government exists at two levels, region and district. Regions now act in a coordinative and not a regulatory capacity through Regional Coordinating Councils (RCCs). RCCs assist Districts in coordinating all aspects of development, in which task they are supported by Regional planning Coordinating Units, with a permanent multi-disciplinary staff.

District Assemblies (DAs) play the most critical developmental role in view of their close proximity to the people. In addition to their conventional administrative functions, DAs will:

- promote democracy and democratic institutions;
- act as change agents for the transformation of society and the economy;
- identify and promote development opportunities;
- provide an enabling environment to assist the private sector to contribute to economic growth and social well-being;
- mobilize human and physical resources;
- coordinate all development activities within the district;
- protect vulnerable groups, particularly women and children;
- facilitate public participation as an integral part of the development process;
- disseminate information on all matters relevant to development.

All these roles represent a direct or indirect contribution to the provision of an enabling environment by District Assemblies, which is their primary task.

Many Districts, because of their size in terms of both population and geographical extent and levels of economic activity, have very limited funds at their command. Expenditure of scarce DA funds will be primarily concentrated providing facilities which communities, NGOs or the private sector are unable to undertake. The role of change agent, provider of an enabling environment, disseminator of information and mobilizer of human resources places a very

different emphasis upon the work of District assemblies and their staff from the conventional tasks of local government. Local funding should be primarily dedicated to these purposes.

Objectives

- Increase the effectiveness and output of RCCs and District Assemblies.
- Improve and consolidate democratic practices.
- Ensure the effective coordination of development planning and implementation.
- Assist the private sector, including communities and NGOs, to contribute to economic growth and social well-being.
- Enhance the ability of communities to engender social and economic change.

5.5.5 Laws and Regulations

Under PNDC Law 323, a revision of laws was commenced by the Law Reform Commission in 1992 and continued by the Attorney-General's Department, in-house. The laws were not consolidated, though a large number of enactments were repealed or amended within the limitations of an in-house review. A number of amendments, of interest to development and the private sector, are currently being undertaken. These include the Import and Export Act, the Income Tax (Amendment) Bill and the Customs and Excise Preventive Service (Amendment) Bill. Patent and copyright laws need to be reviewed to ensure that innovations are properly protected.

Despite substantial liberalization of the Ghanaian economy since the inauguration of ERP, some restrictive laws still remain in force even though they are no longer being implemented or only partially so. Apart from the undesirability in principle of retaining laws which are no longer enforced, their continued existence may have the practical disadvantage of discouraging private initiative and investment.

The aim is to ensure that legislation not only does not inhibit the private sector but acts as a positive encouragement to initiative and innovation. It is also essential to repeal or amend laws which have an adverse effect on development or the environment. Lack of knowledge of available legislation can also have an adverse effect on development. For example, greater use needs to be made of the Arbitration Act of 1961 (Act 38) for the expeditious settlement of disputes arising from commercial and industrial transactions. The Index to the Statutes of Ghana was last published in 1991 despite the amount of critical legislation published since that year. The need is for greater transparency and accessibility in relation to extant laws.

In fact there is a pressing need for a comprehensive Status Law Review under a specially appointed Commissioner, outside the Ministry of Justice, which would facilitate the review, repeal or amendment of extant laws where necessary and their consolidation. The latter would significantly increase accessibility. The Status Law Review should be followed by the further publication of an up-to-date law index which should then be revised on a regular basis to ensure access to the most up-to-date laws.

5.5.6 Capacity Building

Capacity building is primarily concerned with:

- optimizing the deployment and utilization of existing resources;
- strengthening the commitment of both public and private sector institutions to sustainable social, economic and environmental improvement; and developing

a comprehensive policy framework from the guidance of the perpetual enhancement in the quality of all human resources, institutional capacity and personal commitment to the development of the country.

The main aim is to increase progressively national self-reliance through the strengthening of skills and attitudes. This aim will be supported by a process of systematic reform to establishment and sustain working practices which emphasize the complementarity of individuals expand linkages and networks, and encourage the retention of skilled personnel.

These matters find expression in various sections of this report on the medium-term CPESDP. Section 5.1, Human Development, refers to needs in education and training and the status of women, an important aspect of harnessing all human resources. Section 5.2, on Economic growth, stresses the need for strong public-sector support for private initiative, training needs, research and development and the importance of decentralization. Particular stress is given to the need for a dynamic, promotional approach to development by the public sector in section 5.3, Rural Development, which also acknowledges the need for upgrading technologies, improving the status of women, strong co-ordination, and community and private-sector participation in development decision-making. In this section, other aspects of are building are dealt with in relation to upgrading public administration at national and local levels (5.5.3 and 5.5.4).

However, there are four aspects of capacity building which are particularly vital in the provision of an enabling environment and to the successful implementation of this medium-term programme; namely:

- an active promotional approach to development by all public servants and public institutions;
- more innovative, determined and vigorous efforts by the private sector in support of investment and development;
- achievement of positive, creative and supportive working practices;
- strengthening of training and re-training schemes, particularly those for the training of trainers, for both public and private sectors.

Internal working practices are of vital importance. The PAS needs to change its management styles from that of **directive management** to one of **consultative management**. Group working with a task orientation and well defined roles is highly efficient. It also contributes to capacity building by allowing less experienced personnel the opportunity of learning by doing. All members of staff can and should make a contribution to policy-making and the overall management of their organization. The success of the medium-term programme is, in management terms, very much dependent upon team work, creative and open discussion, maximum interaction between colleagues and a style of leadership which strives to maintain a working environment in which all members of staff can give of their best and in which innovation and experimentation, by any staff member, are warmly welcomed, discussed and, if appropriate, incorporated into public policy.

The private sector tends to offer a more effective working environment than the public sector. However, enterprise, initiative and innovation are by no means universal. Public policy will ensure that such attitudes are supported and appropriately rewarded.

Capacity building is, inter alia, dependent upon training and incentives, including recognition for good work done. Management training will be adjusted and supplemented to inculcate dynamic styles of management of the promotional approach required of individuals in the

public service within this new culture of governance. Changes in management training will involve retraining the trainers. All training schemes should incorporate “hands-on” experience. The promotional approach, new management style and the necessary changes in working practices and operational procedure necessitate full and continuous support at a political level for their introduction at all levels and in all institutions.

Support is also required for upgrading staff and improving the teaching for formal courses at tertiary institutions, including technician-level training. The promotional approach and the concept and techniques of team work should be incorporated in the curricular of all developmental subjects. In particular, training schemes will be provided in support of the private sector in skill areas where there is gross deficiency of qualified personnel, as in accountancy.

Capacity building can also be assisted by external aid. Aid policy in Ghana is laid down in the Technical Cooperation Policy Framework paper (TCPFP).²⁸ In recognition of the fact that “the effectiveness of the considerable resources provided under Technical Assistance has been sub-optimal”, TCPFP “outlines the adjustments required by both sides (donor and recipient agencies) to enable Technical Assistance to make a more effective contribution to Ghana’s goals and objectives”.

Objectives

- significantly improve the utilization of existing resources.
- Strengthen commitment to sustainable improvement in the PAS.
- Encourage the adoption by PAS of promotional approach to development.
- Strengthen constructive leadership with the introduction of the concept of management by consultation.
- Introduce (within the PAS) the system of group working and multi-management as a permanent feature of working practices.
- Encourage and support private-sector organisations to increase the supply of trained professionals in key occupations.
- Maximize contribution of technical assistance to the achievement of development objectives.

5.5.7 Culture

Cultural heritage is manifested, for example, in systems of social organization, traditional beliefs and practices, systems of property ownership and inheritance, labour and decision making patterns, marriage practices and family relationships as well as the languages, history, artefacts and architectural building or structures of the diverse groups of people who are collectively referred to as Ghanaians. Our rich cultural heritage embodied in the people’s respect for the elderly and rulers (especially, the Chiefs), the consensus form of dispute settlement, our religious and social traditional beliefs and norms as well as the community-based festivals altogether predispose the Ghanaian to a life of hard-work in dignity, to a peaceful co-existence with his neighbour and to the stretching of a welcoming hand to a “stranger”. The positive elements of these cultural beliefs and their manifestations in traditional festivals (as well as our past relationship with several European nations and African in the Diaspora) can be used to our advantage in the economic fields of tourism, industrial activity and the attraction of foreign investment into the country for development.

²⁸ Ministry of Finance and Economic Planning, National Technical Cooperation Assessment and Programmes, Ghana: Technical Cooperation Policy Framework paper (TCPFP), April 1991.

The interplay between culture and development is both complex and dynamic. With modernization, urbanization and the progressive opening up of the country, the society absorbs new influences or gains new experiences by interaction with other societies and their cultures. It is important therefore to preserve (with some modifications, where applicable) the position progress-enhancing aspects of our culture traditions.

The major goal of our cultural policies is to enhance social integration, national cohesion, peace and political stability.

Objectives

- Preservation and promotion of traditional values and practices that encourage and reinforce national unity, social cohesion and harmony as well as promote socio-economic development
- Preservation of an open, friendly and hospitable society.
- Establishing Ghana as a major centre for cultural, tourism and sporting activities and increase foreign exchange earnings from culture and tourism.
- Maximization of Ghana's opportunities, especially in the West African sub-region, for attracting direct foreign investment through world-wide information on Ghana's investment opportunities and traditional beliefs in sanctity of human life, security of property, democracy and peaceful dispute –settlement procedures.
- Encouragement of rapprochement of African cultures as a means of promoting Pan-African culture.

5.5.8 Guidelines

The following guidelines are designed to assist in achieving the objectives for improving the country's capacity to undertake developmental activities at both national and local levels.

- Hasten the preparation of revised public service regulations and operational manuals and procedures for all central government agencies and for regional and district administrations.
- Strengthen mechanisms to ensure the continuous monitoring, review and upgrading of the public administration system at both national and local levels.
- Establish a Health service, an Office of the Administrator of Stoll Lands, a Fisheries Commission and a Regional Lands Commission, as provided for in Constitution of the Fourth Republic.
- Hasten the provision of a comprehensive Statute Law Review to facilitate the urgent repeal or amendment of outdated and inappropriate legislation as well as the consolidation of the laws of Ghana.
- Ensure that recruitment and promotion procedures and disciplinary standards provide just rewards for high competence and corrective measures against incompetence and indiscipline.
- Promote and enhance the role of central government agencies, RCCs and District Assemblies in the provision of an enabling environment to assist the private sector to contribute to economic growth and social well –being.
- Strengthen the capacity of central government agencies, RCCs and Das to co-ordinate development and the development planning process with private sector needs.

- Establish free-flowing information systems in support of community initiative, innovation and private entrepreneurship.
- Integrate public participation into the development and development planning process.
- Establish regional Planning Co-ordinating Units (RPCUs) as permanent multi-disciplinary agencies to assist in the coordination of development planning at the district level.
- Strengthen the capacity of District Assemblies to undertake the non-conventional functions of local government, in accordance with objectives.
- Identify groups of districts whose resources require coordinated development as Joint Development Planning Areas and establish Joint development Planning Boards where appropriate.
- Provide support to private sector institutions to increase the supply of trained professionals and technicians, including mobilization of financial support and technical assistance from donor organisations and NGOs.
- Maintenance and strengthen cooperation between planning authorities at all levels and aid organisations, including NGOs, to ensure that the contribution of technical assistance to capacity building is maximized in accordance with the TCPFP.
- Establish an effective mechanism for natural, social and inter-community crisis management.
- Plan and administer a national population census as a matter of urgency to facilitate up-to-date statistical information for purposes of forward planning at national and local levels.
- Commence a five-year National Mapping Programme as a matter of urgency to provide for coverage at an appropriate scale to facilitate up-to-date graphic information for purposes of development planning at the local and national levels.
- Raise the awareness of the population to the economic potentials of cultural practices and traditional festivities for community and national development.
- Preserve and maintain cultural and historical assets (castles and forts, shrines, royal residences and mausoleum, period artefacts and architecture, music, stories, books, etc.) for the enjoyment of future generations.
- Incorporate cultural considerations in national development planning process in order to encourage community participation in policy formulation and programme implementation.
- Promote inter-African culture exchanges in the fields of music, dance, literature, fine arts, sports, etc.
- Promote the development and use of Ghanaian languages and the practices of Ghanaian cultural heritage in educational institutions.

SECTION 6

SECTORAL AND GEOGRAPHICAL ALLOCATIONS OF DEVELOPMENT EXPENDITURE

6.1 Definition of Development Expenditure

In accordance with the fiscal policies set out in section 5.2.4 of the Co-ordinated Programme of Economic and Social Development Policies (CPESDP), development expenditure in the first five-year rolling plan (5YRP) for 1996-2000 will include expenditure under both the capital and recurrent budget. The conventional budget classification understates actual expenditure on development. For purposes of obtaining more accurate picture and assessment of the government's development effort, there is the need to review the current budget classifications. The suggested re-classification of development expenditure as capital or recurrent is stated in Table 6.1 below, and the list of activities which should be included under development is set out in Scheduled II (attached).

Table 6.1 Definitions of Capital and recurrent Expenditure on Development

1. CAPITAL	2. RECURRENT
1.1 Investment expenditure, including pre-investment costs, directly related to the activities listed in Schedule II	2.1 Wages, salaries and operational costs of personnel directly engaged in the activities listed in Scheduled II
1.2 Expenditure on the rehabilitation and replacement of assets directly related to the listed activities (Scheduled II)	2.2 Expenditure on the operation and maintenance of all assets directly used in respect of the listed activities.

At present, all items of capital expenditure are included in the development budget, even though some are solely for administrative purposes. Conversely, a considerable proportion of the recurrent budget is devoted to developmental activities, including health, education and extension services, but are not identified as development expenditure. The classification proposed in Table 6.1 and Scheduled II is still under discussion and will no doubt be subjected to amendment and refinement before it can be used as an effective tool for development expenditure analysis. The proposed allocation of government expenditure between sectors and sub-sectors which follow must therefore be regarded as highly tentative. These will be subject to review when the analysis of actual expenditure on development in 1993 (the base year of the first % YRP) has been completed, which should be well before the plan is finalized.

6.2 Sectoral Allocation in PIP

Allocations by sectors and sub-sectors in the Public Investment Programme (PIP) for 1994-1996 are presented in Table 6.2 below. Nearly three-quarters of total planned expenditure (TPE) and just over two-thirds of total secured funding (TSF) is allocated to the economic infrastructure, over half of which is devoted to transport and communications, including roads and highways. Planned investment in social and administrative infrastructure amounts to less

than one sixth of the total and public investment in support of direct production to less than one tenth.

Table 6.2 Sectoral Allocations in the 1994-1996 PIP

SECTOR	% of total PLLNED Expenditure	% of Total SECURED Funding
PRODUCTIVE	9.79	11.60
Food & Agriculture	5.24	6.22
Science & Technology	1.54	1.76
Lands & Forestry	1.80	2.24
Trade & Industry	1.22	1.08
ECONOMIC INFRASTRUCTURE	74.62	69.62
Water	12.63	11.76
Transport & Communications	10.66	10.68
Energy & mines	18.76	9.80
Roads & Highways	29.48	34.24
Works & Housing	3.08	3.14
SOCIAL, ADMIN., etc	15.59	18.78
Education	7.81	9.12
Health	3.89	4.82
Local Government	0.47	0.58
PAMSCAD	0.09	0.11
Information	0.57	0.71
Environment	0.87	1.07
Culture	0.27	0.34
Multi-Sectoral	1.61	2.01
TOTALS – share of projected GDP	10.13	8.12

Assessment of the extent to which the PIP allocations are consistent with the objectives and policies of the first 5YRP (1996-2000) is complicated by the PIP's equation of sectors with ministries. For example, some of the investment allocated to Roads and Highways, Transport and Communications and Water will help to support the development of agriculture and rural development, education and health, amounts to less than 12% of TPE, a considerable proportion of their recurrent expenditure- which accounts for nearly half the recurrent budget for 1994—is devoted to developmental activities.

Even so, the pattern of planned expenditure in the PIP will do little to support the prime objectives of the first 5YRP of laying a secure foundation for accelerated economic and social development, especially in rural areas. Thus from 1996 onwards, the sectoral allocation of development expenditure will need to be drastically revised – see sub-section 6.5 below.

6.3 Assessment of Total Finance for Development

The target rate of total investment (gross capital formation) over the period of the medium-term programme is 25% of gross national product (GNP) – see Table 3 of Schedule I. Even though the private sector is expected to be the prime source of investment in directly productive activities, considerable public investment will be needed initially to make good the deficiencies in the existing economic and social infrastructure. Thus, for the first %YRP, public investment is expected to amount to at least half of total investment – i.e. between 25%

and 50% above the current PIP level, depending on the government's success in securing funds which have still to be negotiated.

In addition to public investment, a significant proportion of recurrent expenditure will be devoted to developmental activities. The tentative target is not less than 50% of recurrent expenditure, though this is subject to refinement as explained in sub-section 6.1 above. The provisional target for recurrent expenditure as a share of GDP is between 11% and 12%, though the Ministry of Finance projects an increase up to 19% in your 2000. Thus, in round figures, around 20% of GDP should be available for development expenditure on both capital and recurrent accounts. In cash terms, this amounts to an annual average of around €1,000 billion at 1993 prices – or about US\$1.5 billion per year.

6.4 Basis for Proposed Sectoral Allocations

The underlying basis for the sectoral and geographical allocations of development expenditure is the statement of development objectives summarized in Section 4 and described in more detail in Section 5 of this CPESDP report. The strategies to be adopted to achieve these aims will concentrate on:

- promoting human development
- accelerating the rate of economic growth
- accelerating rural development
- providing a dynamic enabling environment

The activities which must be undertaken to implement these strategies will depend upon what has been achieved so far, which is assessed in Section 2 above.

The emphasis placed on human development in the first YRP requires a major increase in the share of capital expenditure allocated to health, education and training. The proposed allocations to these sub-sectors in the development budget for recurrent expenditure, while still substantial, is less than in recent recurrent budget since their administrative costs will fall under administrative expenditure.

The target rate of economic growth is for GDP to increase at an average rate of over 7% per annum after 1995, compared with just under 5% during the first half of the 1990s (see line 1.31 of Table 1 of Schedule I). Achievement of the targeted acceleration in economic growth will depend primarily on doubling the rate of growth in *agricultural production, especially* in the *crops* and *livestock sub-sector* which at present accounts for a third of total GDP (Table 2 of Schedule 1). This will be complemented by, and help to facilitate, an upsurge in industrial production which is targeted to rise at an average rate of over 9% per annum. These targets call for a considerable increase in the level of government assistance to agriculture and industry, which will take the form of investment in economic infrastructure, extension services and training. Transport (including roads) and communications are an important part of the economic infrastructure and will continue to receive the largest sub-sectoral allocation, but proportionately less than in recent years.

The strategies for accelerating the rate of economic growth which emphasize increased productivity in agriculture and agro-based industries will also contribute to the acceleration of rural development. A considerable proportion of development expenditure on both economic and social infrastructure and services will therefore need to be located in rural areas or in urban centres which service rural hinterlands.

The sectoral allocations provide specifically for expenditure in support of providing a dynamic enabling environment by the introduction of a new expenditure category, development management (see table 6.3, section D). Effective implementation of the decentralized system of development will require the development management capabilities of District Assemblies to be strengthened. At the national level, funds will be allocated to review and, where necessary, amend laws, regulations and public-service procedure to ensure that socio-economic management supports the creation of a dynamic enabling environment.

6.5 Sectoral Allocations

The starting point for arriving at the proposed sectoral allocations in the first %YRP was the analysis of the sectoral allocations in the PIP for 1994-1996 and in the recurrent budget for 1994. The proportional distribution between sectors was examined in the light of the objectives and policies outlined in sub-section 6.4 above, and adjusted accordingly. The proposed sectoral allocation of development expenditures which emerged from this exercise are set out in Table 6.3.

Table 6.3 Proposed Sectoral Allocations of Capital and Recurrent Expenditure (1996-2000)

SECTOR % SUB-SECTOR	%of Total CAPITAL Expenditure	% of Total RECURRENT Expenditure
A. DIRECT PRODUCTION	13.5	5.0
Agriculture	9.0	3.0
Industry	6.5	2.0
B. ECONOMIC INFRASTRUCTURE	53.5	4.0
Energy & Water	19.0	0.5
Transport & Communications	30.0	2.5
Trade & Tourism	4.0	0.5
Financial & Economic services	0.5	0.5
C. SOCIAL INFRASTRUCTURE	28.0	58.0
Education & training	112.0	40.0
Health	10.0	10.0
Housing	3.5	0.5
Culture, Sports & Recreation	1.0	1.0
Other social services	1.5	1.5
D. DEVELOPMENT MANAGEMENT	2.0	10.0
Socio-economic policies	0.5	5.0
Sub-national development planning	0.8	3.0
Land & environmental planning	0.7	2.0
TOTAL DEVELOPMENT EXPENDITURE	97.0	72.0
ADMINISTRATIVE EXPENDITURE	3.0	28.0

The percentages given relate to the total expenditure over the five-year period 1996-2000. Percentage allocations may vary year by year as emphasis is changed. Variations will, in any case, be required in order to offset existing allocations represented by encumbered funds for programmes which do not relate to policies within the CPESDP. It is anticipated that disposable funds for development will be strictly limited within the first few years of the period 1996 – 2000 in view of encumbrance through on-going (PIP and other) projects. The full thrust of the medium-term policies will not, therefore, be felt until the latter part of the period.

6.6 Geographical Allocations

Geographical allocations are informed by sections 5 and 6 of this CPESDP and section 16.4 of NDPF (Volume II: Current Level of Development)

Geographical priorities for allocation of development funds are represented by the following:-

Accelerated Rural Development Zones: areas which because of their characteristics in terms of natural resources, spatial structure, economic potential etc. have a comparative advantage.

Deprived areas: Policies on human development provide for steps to ameliorate gross deprivation. Such areas will attract funding for essential welfare provision.

Urban Centres: Public investment in urban centres, in this context, is restricted to towns of over 20,000 persons which require urgent improvements on the grounds of operational efficiency.

Planning Guidelines: will identify the proportion of development funds to be allocated to the above geographical priorities. Accelerated Rural Development Zones (ARDZs) for priority funding will be identified. Parameters for the selection of Deprived Areas, Intermediate Areas, and Urban Centres (requiring urgent improvements on the grounds of operational efficiency), will be provided within the Planning Guidelines for application by local government Planning Authorities.

Funding for ARDZs will be locationally specific. Funding of other three geographical priorities will be distributed on a Regional basis; RCCs will be responsible for distribution to Districts on the basis of greatest need illustrated by rankings derived from application of parameters provided by the NDPC.

6.7 Detailed Allocations and Warrant

Detailed allocations and the issue of warrants of the Ministry of Finance will be informed and facilitated by NDPC's Planning Guidelines indicating sectoral and geographical funding on an annual basis and scheduled of specific programmes and projects within the coordinated, national Five-Year Rolling Plan (%YRP). The Planning Guidelines also make provision for the design of institutional structure, rules and procedures for making detailed allocations and for monitoring their application.

**PRESIDENTIAL REPORT
ON
CO-ORDINATED ECONOMIC AND SOCIAL DEVELOPMENT POLICIES**

SCHEDULE 1

TABLE 1 Macro-Economic Framework			Base Year 1993	1994	1995	1996	1997	1998	1999	2000	Growth Rate (%) 1996-2000
1.0	Gross Domestic Product										
1.0	GDP @ Current market price	¢billion	3,932	5,186	6,309	7,365	8,528	9,879	11,448	13,207	15.72
1.2	Annual Inflation	factor	1.249	1.269	1.150	1.090	1.080	1.075	1.070	1.080	
1.2		index	100	126.87	145.9	159.03	171.75	184.63	197.56	209.41	7.12
1.3	GDP @ 1993 market prices	¢billion	3,932	4,087	4,324	4,631	4,965	5,350	5,795	6,307	8.03
1.31	Growth rate	factor	1.0498	1.0394	1.0579	1.0710	1.0721	1.0776	1.0830	1.0884	
1.4	Population	million	16.07	16.54	17.02	17.51	18	18.5	19	19.51	2.74
1.5	GDP per head:										
1.51	At 1993 market price	¢'000	244.7	247.07	253.99	264.5	275.85	289.22	304.99	323.22	5.14
1.52	Growth rate	factor		1.0097	1.0280	1.0414	1.0429	1.0484	1.0598	1.0598	

**TABLE 2 Sectoral Development
(at constant 1993 market prices)**

			Base Year 1993	1994	1995	1996	1997	1998	1999	2000	Growth Rate (%) 1996-2000
2.10	AGRICULTURE	¢billion	1,635.71	1,653.05	1,709.75	1,765.32	1,823.22	1,890.13	1,966.87	2,047.51	3.78
		% GDP	41.60	40.45	39.54	38.12	36.72	35.33	33.94	32.46	
		Growth	1.0285	1.0106	1.0343	1.0325	1.0328	1.0367	1.0406	1.0410	
2.11	Crops & Livestock	¢billion	1,148.14	1,156.40	1,205.77	1,254.00	1,304.16	1,362.85	1,430.99	1,502.64	4.62
		% GDP	29.20	28.37	27.89	27.08	26.27	25.47	24.69	23.82	
		Growth	1.0300	1.0098	1.0400	1.0400	1.0400	1.0450	1.0500	1.0500	
2.12	Cocoa	¢billion	239.85	242.23	247.07	249.54	252.04	254.56	257.10	259.67	1.00
		% GDP	6.10	5.93	5.71	5.39	5.08	4.78	4.44	4.12	
		Growth	1.03	1.0099	1.0200	1.0100	1.0100	1.0100	1.0100	1.0100	
2.13	Forestry	¢billion	184.80	188.13	192.36	196.79	201.41	206.25	211.30	216.58	2.42
		% GDP	4.70	4.60	4.45	4.25	4.06	3.86	3.65	3.43	
		Growth	1.0119	1.0180	1.0225	1.0230	1.0235	1.0240	1.0245	1.0250	
2.14	Fishing	¢billion	58.98	59.68	61.47	63.31	65.53	68.15	71.21	74.77	4.25
		% GDP	1.50	1.46	1.42	1.37	1.32	1.27	1.23	1.19	
		Growth	1.0242	1.0118	1.0300	1.0300	1.0350	1.400	1.0450	1.0500	

Schedule 1 (continued)TABLE 2: Sectoral Development (Cont)
(at constant 1993 market prices)

			Base year 1993	1994	1995	1996	1997	1998	1999	2000	Growth Rate (%) 1996-2000
2.20	INDUSTRY	₺Billion	570.14	615.30	677.13	750.60	832.79	925.15	1032.93	1156.05	
		%GDP	14.50	15.05	15.66	16.21	16.77	17.29	17.82	18.33	11.40
		Growth	1.0742	1.0792	1.1005	1.1085	1.1095	1.1109	1.1165	1.1192	
2.21	Mining & Quarrying	₺Billion	58.98	61.98	69.41	77.74	8.07	97.52	109.22	122.33	
		%GDP	1.50	1.52	1.61	1.68	1.075	1.82	1.88	1.94	12.00
		Growth	1.0911	1.0508	1.1200	1.1200	1.1200	1.1200	1.1200	1.1200	
2.22	manufacturing	₺Billion	334.22	339.23	359.59	384.76	415054	452.94	498.23	553.04	
		%GDP	8.50	8.30	8.32	8.31	8.37	8.47	8.60	8.77	9.49
		Growth	1.0221	1.0150	1.0600	1.0700	1.0800	1.0900	1.1000	1.1100	
2.23	Electricity & Water	₺Billion	58.98	62.10	67.55	74.40	82.03	90.90	101.23	113.30	
		%GDP	10.50	1.52	1.56	1.61	1.65	1.70	1.75	1.80	11.09
		Growth	1.0818	1.0529	1.0878	1.1014	1.1025	1.1081	1.1137	1.1192	
2.24	Construction	₺Billion	117.96	119.63	130.40	142.79	157.07	173.56	192.65	213.84	
		%GDP	3.00	2.93	3.02	3.08	3.16	3.24	3.32	3.39	10.62
		Growth	1.0625	1.0142	1.0900	1.0950	1.1000	1.1050	1.1100	1.1100	
2.30	SERVICES	₺Billion	1,824.45	1957.45	2111.31	2287.60	2491.43	2724.12	2994.36	3297.99	
		%GDP	46.40	47.89	48.83	49.40	50.18	50.92	51.67	52.29	9.58
		Growth	1.0711	1.0729	1.0786	1.0835	1.0891	1.0934	1.0992	1.1014	
2.31	Transport & comms	₺Billion	228.06	241.99	258.93	279.64	302.02	326.18	352.27	380.45	
		%GDP	5.80	5.92	5.99	6.04	6.08	6.10	6.08	6.03	8.00
		Growth	1.0550	1.0600	1.0700	1.0800	1.0800	1.0800	1.0800	1.0800	
2.32	Trade & tourism	₺Billion	625.19	674.58	731.92	805.11	885.62	974.18	1071.60	1178.76	
		%GDP	15.90	16.51	16.93	17.39	17.84	18.21	18.49	18.69	10.00
		Growth	1.082.00	1.0790	1.0850	1.1000	1.1000	1.1000	1.1000	1.1100	
2.33	Finance & Real Estate	₺Billion	365.68	396.69	434.37	477.81	527.98	586.05	650.52	722.08	
		%GDP	9.30	9.71	10.05	10.32	10.63	10.95	11.23	11.45	10.87
		Growth	1.0824	1.0848	1.0950	1.1000	1.1050	1.1100	1.1100	1.1100	
2.34	Government Services	₺Billion	522.96	557.99	535.06	634.96	734.71	867.55	1008.91	1209.98	
		%GDP	13.30	13.65	12.87	13.71	14.80	16.03	17.41	19.18	17.49
		Growth	1.0780	1.0670	9589	1.1867	1.1571	1.1672	1.1765	1.1993	
2.35	Other Services n.e.s	₺Billion	86.50	89.03	93.48	99.09	106.03	113.98	123.10	133.56	
		%GDP	2.20	70.17	64.07	62.81	61.73	61.73	62.31	63.78	
		Growth	1.0295	1.0292	1.0500	1.0600	1.0700	1.0750	1.0800	1.0850	7.75
2.40	Total all sectors	₺Billion	4,080.30	4225.80	4498.19	4803.52	5147.44	5539.40	5994.16	6501.55	
		Growth	1.05	1.04	1.05	1.07	1.07	1.08	1.08	1.09	7.86

2.41	Less net service charges	¢Billion	97.92	138.33	174.23	172.37	182.33	189.02	199.59	194.89
2.42	GDP in Purchasers' value	¢Billion	3,932.38	4,087.47	4,323.96	4,631.15	4,965.11	5,350.38	5,794.57	6306.66
	* import duties less imputed bank service charges									

Schedule 1 Continued)**TABLE 3: Consumption, Savings and Investment (at current prices)**

			Base year 1993	1994	1995	1996	1997	1998	1999	2000
3.11	Private Consumption	¢Billion	3,141.57	4,130.00	4,877.60	5,536.13	6,404.04	7,234.00	8,259.10	9,136.40
		%GNP	81.40	81.24	78.92	76.65	76.63	74.65	73.47	70.38
3.12	Public Consumption	¢Billion	559.63	690.00	869.15	1,083.35	1,253.57	1,453.84	1,686.24	1,947.36
		% GNP	14.50	13.57	14.50	15.00	15.00	15.00	15.00	15.00
3.13	Total Consumption	¢Billion	3,701.20	4,820.00	5,773.76	6,619.53	7,657.62	8,687.64	9,945.34	11,083.76
		%GNP	95.90	94.84	93.42	91.56	91.63	89.65	88.47	
3.14	Gross Capital Formation	¢Billion	865.04	1,208.61	1,543.06	1,805.59	2,089.29	2,422.74	2,810.41	3,506.25
		%GNP	22.41	23.78	24.97	25.00	25.00	25.00	25.00	27.00
3.15	Exports-Imports GNFS	¢Billion	-633.86	-842.88	-1,008.17	-1,060.19	1,219.19	-1,231.74	-1,308.06	-1,382.09
		%GNP	-16.42	-16.58	-16.31	-14.68	-14.59	-12.71	-11.64	-10.65
3.16	Gross Domestic Product	¢Billion	3,932.88	5,185.73	6,308.64	7,364.93	8,527.72	9,878.64	11,447.68	13,206.92
3.17	Net Factor payment	¢Billion	-72.88	-102.32	-128.33	-142.57	-170.55	-187.69	-208.06	-22.52
			-1.89	-2.01	-2.08	-1.97	-2.00	-1.90	-1.80	-1.70
3.20	Gross National product	¢Billion	3,859.50	5,083.42	6,180.31	7,222.36	8,357.16	9,690.95	11,241.62	12,982.40
3.21	Net Current Transfers	¢Billion	335.78	489.25	520.49	552.75	695.82	644.16	671.00	697.84
		%GNP	8.70	9.62	8.42	7.51	6.99	6.52	5.86	5.28
3.22	Gross Net Disposable Income	¢Billion	4,195.28	5,572.67	6,700.80	7,776.11	8,952.98	10,336.11	11,912.62	13,680.24
	Gross Domestic Savings	¢Billion	494.08	752.67	927.06	1,155.58	1,295.36	1,647.46	1,967.28	2,596.48
3.31	(=GNDI- Total Consumption)	%GNP	12.80	14.81	15.00	16.00	15.50	17.00	17.50	20.00
3.320	Foreign Savings	¢Billion	370.96	455.94	616.01	660.01	793.93	775.20	843.12	908.77
		GNP	9.61	8.97	9.97	9.00	9.50	9.00	7.50	7.00

*(Ghana) statistical service estimates to 1995

LIST OF DEVELOPMENT ACTIVITIES

A. ACTIVITIES IN SUPPORT OF DIRECT PRODUCTION

1. AGRICULTURE

1.1 Crop

- Extension service – all types
- crop services, including crop development and protection
- Irrigation schemes
- Agro-forestry
- Agricultural mechanization
- Reduction of post-harvest losses
- Soil conservation
- Agricultural research

1.2 Livestock

- Veterinary services
- Livestock improvement
- Pasture and feedstuffs
- Animal traction
- Livestock research

1.3 Fisheries

- Fisheries extension services
- Landing & marketing facilities
- Improvement of vessels & equipment
- Aquaculture
- Fisheries research

2. INDUSTRY

2.1 Mining & Quarrying

- Geological surveys
- Mineral exploration
- Mineral research
- Prevention of environmental degradation by mines and quarries

2.2 Manufacturing

- Industry extension services
- Technology transfer
- Industrial estates
- Industrial research
- Prevention of environmental degradation by manufacturing industry

2.3 Construction

- Development of building & construction materials
- Construction extension services
- Civil engineering research

B ACTIVITIES TO IMPROVE THE ECONOMIC INFRASTRUCTURE

2. ENERGY AND WATER

3.1 Electricity

- Expansion & rehabilitation of electricity generating capacity
- Expansion & rehabilitation of electricity distribution systems
- Expansion & rehabilitation of renewable source of electricity

3.2 Water

- Expansion & rehabilitation of water supply systems
- Expansion & rehabilitation of sewerage systems
- Expansion & rehabilitation of drainage systems
- Hydrological and water resources research

3. TRANSPORT & COMMUNICATION

4.1 Road Transport

- Construction & rehabilitation of highways
- Construction & rehabilitation of feeder roads
- Construction & rehabilitation of urban roads
- Road traffic management

4.2 Rail Transport

- Construction and rehabilitation of railways, stations, signalling systems, etc.
- Investment in locomotives and rolling stock

4.3 Water Transport

- Construction and rehabilitation of ports and harbours, navigation aids, etc.
- Investment in vessels, tugs, barges and lighters

4.4 Air Transport

- Construction and rehabilitation of airports and landing strips
- Investment in navigation aids, safety equipment, etc
- Investment in aircraft

4.5 Communications

- Installation, maintenance and operation of telecommunications facilities
- Rehabilitation and expansion of postal facilities and service
- Expansion and maintenance of radio and television broadcasting facilities'

5. TRADE AND TOURISM

5.1 Trade

- Construction and rehabilitation of market and storage facilities
- Market information services
- Export promotion facilities and services

- 5.2 **Tourism**
- National parks
 - Rehabilitation of historic buildings
 - Tourism promotion programmes
6. **FINANCIAL SERVICE**
- Development of financial institutions
 - Specialised financial services (rural banks, export credit, credit, credit to small-scale entrepreneurs/fishermen/artisans, etc.)
7. **OTHER ECONOMIC SERVICES**
- Investment promotion
- C ACTIVITIES TO IMPROVE THE SOCIAL INFRASTRUCTURE**
8. **EDUCATION AND TRAINING**
- Basic Education**
- Construction, rehabilitation and equipment of primary and junior secondary schools (JSS)
 - Operation and maintenances of primary schools and JSS
- 8.2 **Secondary Education**
- Construction, rehabilitation and equipment of senior secondary schools (SSS)
 - Operation and maintenance of SSS
- 8.3 Tertiary Education
- Construction, rehabilitation and equipment of Universities, Teacher-Training colleges and other tertiary institutions
 - Operation and maintenance of Universities, Teacher-training colleges and other tertiary institutions
- 8.4 Non-Formal Education
- Adult literacy programmes
 - Other non-formal education programmes
- 8.5 Training
- Apprenticeship schemes
 - Other vocational training schemes
9. **HEALTH**
- Construction, rehabilitation and equipment of hospitals, clinics and other health care facilities
 - Operation and maintenance of all health care facilities
 - Health education programmes
 - Family planning programmes
 - Immunization programmes
 - Nutrition programmes

10. HOUSING

- House construction
- Site and service schemes
- Housing finance

11. CULTURE, SPORTS AND RECREATION**11.1 Culture**

- Construction and maintenance of cultural facilities
- Promotion of cultural activities
- Promotion of films, cassettes and other works of art

11.2 Sports

- Construction and maintenance of sporting facilities
- Sport training
- Organization of national and international sporting events

11.3 Recreation

- Parks and gardens
- Other recreational facilities

12. OTHER SOCIAL SERVICES

- Social welfare
- Community development

D DEVELOPMENT PLANNING ACTIVITIES**13. DEVELOPMENT PLANNING****13.1 Socio-economic planning**

- Macro-economic planning
- Formulation of fiscal, monetary and trade policies
- Sectoral planning
- Formulation of regional, district and area development programmes

13.2 Land and Environment Planning

- Land use planning
- Reform and land tenure systems
- Settlement planning
- Land survey and cartographic services
- Meteorological services
- Environment monitoring and protection.

