

**AFRICAN DEVELOPMENT
BANK**

**AFRICAN DEVELOPMENT
FUND**



**REPUBLIC OF GHANA
COUNTRY STRATEGY PAPER
2012-2016**

Country Operations Department – West 1 Region
February 2012

TABLE OF CONTENTS

ACRONYMS AND ABBREVIATIONS	v
Executive Summary	vii
I. INTRODUCTION	1
II. COUNTRY CONTEXT AND PROSPECTS	1
2.1 Political, Economic and Social Context.....	1
2.2 Strategic Options.....	6
2.3 Recent Developments in Aid Coordination and Harmonization and Bank Group Positioning in the Country	12
III. BANK GROUP STRATEGY FOR GHANA.....	15
3.1 Rationale for Bank Group Intervention and Strategic Pillars	15
3.2 Deliverables and Targets.....	17
3.3 Strengthening the Effectiveness of the Bank Group’s Aid to Ghana: Implementing the Paris Declaration Principles, Accra Plan of Action, and Busan Commitments	18
3.4 Instruments for Implementing the Bank Group’s strategy.....	19
3.5 Monitoring and Evaluation	19
3.6 Country Dialogue Issues.	20
3.7 Potential Risks and Mitigation Measures.....	20
IV. CONCLUSION AND RECOMMENDATION.....	20
4.1 Conclusion	20
4.2 Recommendation	20

ANNEXES

1. Selected Macroeconomic Indicators	<i>i</i>
2. Comparative Socioeconomic Indicators	<i>ii</i>
3. Progress towards Attaining the Millennium Development Goals	<i>iii</i>
4. Framework for Managing Oil Revenue	<i>iv</i>
5. Donor Intervention Matrix	<i>iv</i>
6. Country Portfolio Improvement Plan.....	<i>v</i>
7. Bank Group Portfolio	<i>vi</i>
8. The Bank Group’s Fiduciary Strategy	<i>vii</i>
9. Indicative Lending and Non-Lending Programme	<i>viii</i>
10. CSP Results Framework	<i>ix</i>

LIST OF BOXES

Box 1	: Ghana – Institutional Arrangements for Climate Change	5
Box 2	: Framework for Managing Oil Revenue in Ghana	8
Box 3	: Role of Remittances in the Ghanaian Economy	11
Box 4	: Impact of the Decentralization on Bank Operations	13
Box 5	: Bank Group Experience in the Transport Sector	14
Box 6	: Link between Ghana CSP and West Africa Regional Integration Strategy	15
Box 7	: Outcome of consultations with stakeholders	15
Box 8	: Graduation Triggers and Transition Process	18

LIST OF GRAPHS

Graph 1	: Political Context	1
Graph 2	: GDP by Sector	1
Graph 3	: Real GDP growth.....	2
Graph 4	: Consumer Price Index	2
Graph 5	: Fiscal Balance.....	2
Graph 6	: Ratio of Female to Male Enrolment	5
Graph 7	: Strategic Options for Ghana	6
Graph 8	: Infrastructure Index	7
Graph 9	: Food Price Index.....	9
Graph 10	: Prices of Coca and Coffee	9
Graph 11	: Price of Gold.....	9
Graph 12	: Bank Strategy for Ghana	16
Graph 13	: CSP Monitoring and Evaluation Framework	19

LIST OF TABLES

Table 1	: Mo Ibrahim Index of African Governance	3
Table 2	: Doing Business in 2009 and 2010 (Rank)	3
Table 3	: Foreign Direct Investment Inflows (US\$ million)	10
Table 4	: Bank Paris Declaration Targets in Ghana.....	19

REPUBLIC OF GHANA – FISCAL YEAR

1 January to 31 December

**CURRENCY EQUIVALENTS
(March 2012)**

	=	
UA 1.0	=	CEDI 2.61123
UA 1.0	=	USD 1.55602
UA 1.0	=	EUR 1.1575

**WEIGHTS AND MEASURES
Metric System**

DRAFT FOR COMMENTS

This Country Strategy Paper was prepared under the guidance of Mr. Ferdinand Bakoup, Lead Economist and Office-in-Charge, ORWA. The joint Country Portfolio Performance Review (CPPR) and CSP preparation mission, which was in Ghana from July 25 – 12 August, 2011, was led by Mrs. Marie-Laure Akin-Olugbade, Resident Representative, GHFO. The CSP Dialogue Mission to discuss the CSP with the Ghanaian authorities, country stakeholders and development partners will take place during the period 13 – 14 March, 2012.

<p>Task Team</p>	<ol style="list-style-type: none"> 1. Mr. Samuel Ijeh, Principal Country Economist, ORWA (until December 2011) 2. Mr. Patrick Agboma, Chief Country Programme Officer, GHFO (until January 2012) 3. Ms. Lydie Ehouman, Principal Transport Economist, GHFO 4. Ms. Lillian Macharia, Principal Resource Mobilization Officer, ORMU 5. Mr. Emesan F. Lawson, Principal Statistician, ESTA.1 6. Ms. Alice Nabalamba, Principal Statistician, ESTA.2 7. Mr. Jean-Pierre Mutsinzi, Principal Power Engineer, ONEC.1 8. Mr. Rees Mwasambili, Senior Water and Sanitation Engineer, OWAS.1 9. Mr. Albert Mwangi, Senior Forestry Officer, OSAN.4 10. Mr. Sebastien Delahaye, Agricultural Economist, OSAN.2 11. Ms. Irene Brefo-Sekyere, Principal Procurement Officer, GHFO 12. Mr. Mensah Owusu Agyei, Senior Financial Management Officer, ZAFO 13. Mrs. Eline Okudzeto, Macroeconomist, GHFO 14. Ms. Nanette Derby, Private Sector Specialist, GHFO 15. Ms. Efua Amissah-Arthur, Social Development Specialist, GHFO 16. Mr. Michael Kobina Kane, Infrastructure Specialist, GHFO 17. Mr. Tabi Karikari, Agriculture and Natural Resource Management Officer, GHFO 18. Ms. Jemima Tettey-Cofie, Disbursement Assistant, GHFO 19. Mr. Daniel Osei-Boakye, Procurement Assistant, GHFO
<p>Peer Reviewers</p>	<ol style="list-style-type: none"> 1. Mr. John Anyanwu, Lead Economist, EDRE.0 2. Mr. Ernest Addison, Lead Economist, ORSB 3. Mr. Themba Bhebhe, Principal Country Programme Officer, ZMFO. 4. Ms. Ambert Cecile, Senior Strategy Officer, OPSM.

ACRONYMS AND ABBREVIATIONS

AAA	:	Accra Agenda for Action
ADB	:	African Development Bank
ADF	:	African Development Fund
APRM	:	African Peer Review Mechanism
CIDA	:	Canadian International Development Agency
CPIP	:	Country Portfolio Improvement Plan
CPPR	:	Country Portfolio Performance Rating
CSP	:	Country Strategy Paper
DANIDA	:	Danish International Development Agency
DFID	:	United Kingdom's Department for International Development
DFIs	:	Development Finance Institutions
DPs	:	Development Partners
DSA	:	Debt Sustainability Analysis
ECG	:	Electricity Company of Ghana
ECOWAS	:	Economic Community of West African States
ESW	:	Economic and Sector Work
EU	:	European Union
FDI	:	Foreign Direct Investment
GDP	:	Gross Domestic Product
GHFO	:	Ghana Field Office
G-JAS	:	Ghana Joint Assistance Strategy
GLSS	:	Ghana Living Standards Survey
GoG	:	Government of Ghana
GPRS II	:	Growth and Poverty Reduction Strategy
GSGDA	:	Ghana Shared Growth and Development Agenda
HIV/AIDS	:	Human Immunodeficiency Virus/ Acquired Immune Deficiency Syndrome
ICT	:	Information and Communication Technologies
IFAD	:	International Fund for Agriculture Development
IMF	:	International Monetary Fund
LoC II	:	Line of Credit II
MDBS	:	Multi-Donor budget Support
MDGs	:	Millennium Development Goals
M&E	:	Monitoring and Evaluation
MIC	:	Middle Income Country
MoFA	:	Ministry of Food and Agriculture
MoFEP	:	Ministry of Finance and Economic Planning
MTS	:	Bank's Medium-Term Strategy, 2008 - 2012
NCB	:	Non-Concessional Borrowing
ODA	:	Overseas Development Assistance
OPSM	:	Private Sector Department
PFM	:	Public Financial Management

PIU	:	Project Implementation Unit
PPP	:	Public-Private Partnerships
PRBESP	:	Poverty Reduction and Business Environment Support Program
RISP	:	Regional Integration Strategy Paper
SMEs	:	Small and Medium Enterprises
SSA	:	Sub-Saharan Africa
TFP	:	Total Factor Productivity
UA	:	Unit of Account
UK	:	United Kingdom
UN	:	United Nations
UNAIDS	:	United Nations AIDS Program
UNDP	:	United Nations Development Programme
UNICEF	:	United Nations Children's Fund
USAID	:	United States Agency for International Development
WB	:	World Bank
WHO	:	World Health Organization

DRAFT FOR COMMENTS

Executive Summary

1. **Introduction.** This report aims to propose a Bank Group's strategy for supporting Ghana's development efforts over the period 2012 – 2016.

2. **Country Context and Prospects.** Ghana, a country with a population of about 25 million people, and a land area of 239,000 km², is West Africa's second largest economy after Nigeria, and Africa's twelve largest. The country has continued to consolidate good governance, and also recently discovered petroleum in commercial quantities, and started producing oil and gas towards the end of 2010. As a result, GDP growth for 2011 is estimated to have increased sharply to 13.7% (7.5% excluding oil) aided by oil revenues and strong export performance of cocoa and Gold. Growth is projected to slow down to 8.3% in 2012 on account of reduced world demand for commodities. On current trends, Ghana's eligibility to graduate to blend or ADB-only country may need to be reviewed during the CSP period.

3. Infrastructure deficiencies, including inadequate agribusiness technology development infrastructure, weak capacities and skills shortages, productivity constraints, managing economic policy in a globalized economy, and weaknesses in the fiscal stances constitute the key challenges Ghana still faces in its development trajectory. Despite this, there are strengths and opportunities, which can be exploited towards placing the economy on a green growth path with increased jobs creation. These include its rich endowment of agricultural and mineral resources, recently improving confidence, deepening domestic and regional markets, tapping the potential of the manufacturing sector and of remittances, getting the most of foreign aid, and maximising the benefits from increased engagements with the major emerging economies of the BRICS. The Bank Group has traditionally played a key role in supporting Ghana's development efforts, and the current promising developments experiencing the country offer an opportunity to continue this productive partnership.

4. **Bank Group Strategy.** Towards helping Ghana exploit its strengths and mitigate the impact of its challenges, the Bank Group strategy has emphasized selectivity, Bank track record in the country, demonstrated positive impact on green growth, economic diversification and job creation. The Bank's strategy will, therefore, be based on two strategic pillars namely: (i) improving productivity in Ghanaian enterprises and in particular in the micro, small and medium-sized agribusinesses, and (ii) supporting economic and structural reforms aimed at improving the business environment.

5. Under the pillar 1, the Bank will support government's efforts aimed at improving infrastructure and integration to regional markets, and developing priority skills for industry. Under pillar 2, the Bank will concentrate on supporting key economic and structural reforms with the highest impact on the business environment, including oversight institutions. The work programme of this strategy also includes economic and sector work aimed at strengthening the Bank Group's operations in the country. The strategy outlined in this report also takes into account the country's potential transition to the ADB window, should it happen during the CSP period. Key cross-cutting issues, including inclusive and green growth objectives, are also mainstreamed in the strategy. The strategy has also benefited from inputs from stakeholders.

6. **Recommendation.** The Boards of Directors are invited to consider and approve the proposed Country Strategy Paper, 2012 – 2016, for Ghana.

I. INTRODUCTION

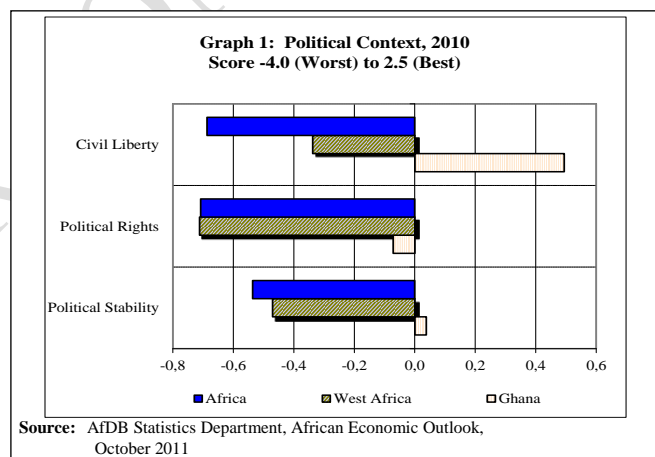
1.1 This report aims to propose a Bank Group's strategy for supporting Ghana's development efforts over the period 2012 – 2016. Several factors make a new Bank country strategy for Ghana particularly timely at this moment. These include the enormous challenges the country still faces in its development trajectory in spite of its impressive growth in the last decade, the recent adoption by the Government of the "Ghana Shared Growth and Development Agenda" (GSGDA), the promising developments the country is experiencing in its economic prospects, including becoming an oil producer, and the recent completion by the Bank and other development partners of a number of key knowledge products. All these combined provides an opportunity for the Bank and Ghana to lay the foundations for a renewed partnership.

1.2 The rest of the document is organized as follows: chapter 2 appraises major political, economic and social developments and prospects, including in respect of key drivers of growth, strategic options, as well as an analysis of the Bank's positioning in the country. The Bank Group's strategy is proposed in chapter 3, while the conclusion and recommendation to the Board are presented in chapter 4.

II. COUNTRY CONTEXT AND PROSPECTS

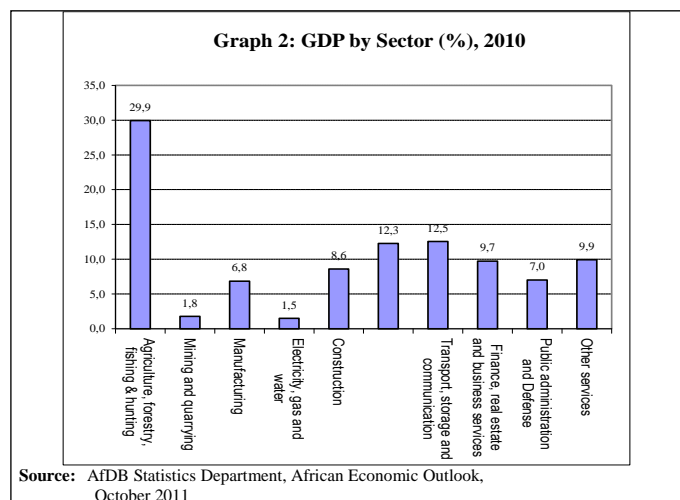
2.1 Political, Economic and Social Context

2.1.1. Political Context. Ghana has continued to consolidate democratic rule, and now enjoys a more open society, with a vibrant media and strong public dialogue. As a result of these and other political achievements, Ghana outperforms most countries in West Africa and in the continent on measures of civil liberty, political rights and political stability (see Graph 1).



2.1.2. Economic Context

2.1.2.1. Ghana, a country with a population of about 25 million people, and a land area of 239,000 km², is West Africa's second largest economy after Nigeria, and Sub-Saharan Africa's twelve largest. As is typical of developing countries, and also reflecting slow structural transformation over the past decades, the services sector (comprising mostly of non-tradable services) contributes the largest share of GDP, followed by agriculture, and industry (see Graph 2). Other structural features of the economy include high dependence on a few commodities (gold, cocoa, and more recently oil)



for export earnings, a still nascent manufacturing sector, which contributes about 6.5% of GDP, and a labour market characterized by a significant gap

between demand and supply leading to high levels of disguised unemployment and underemployment.

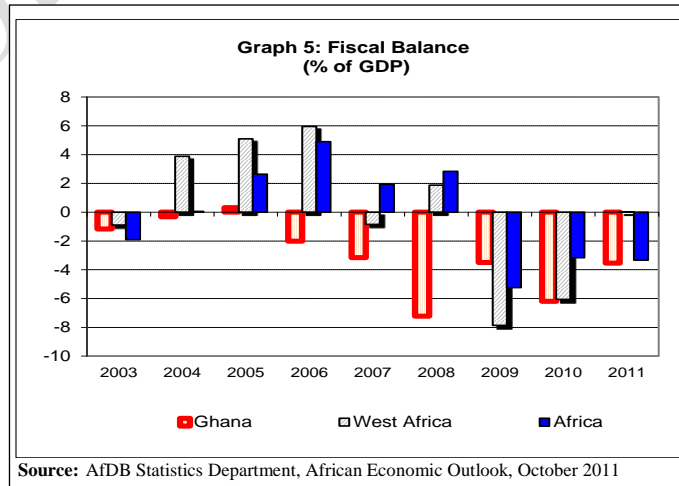
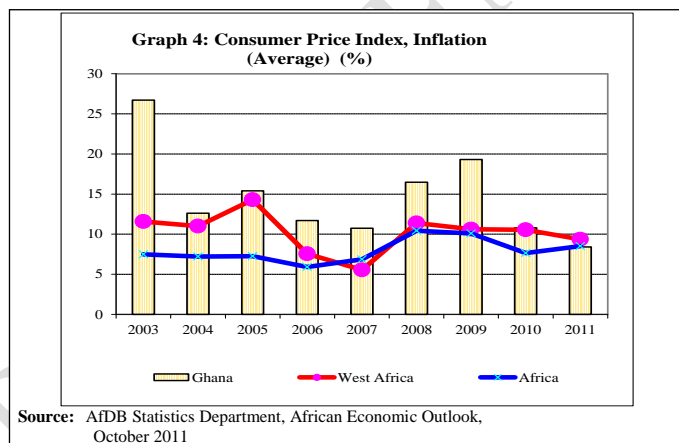
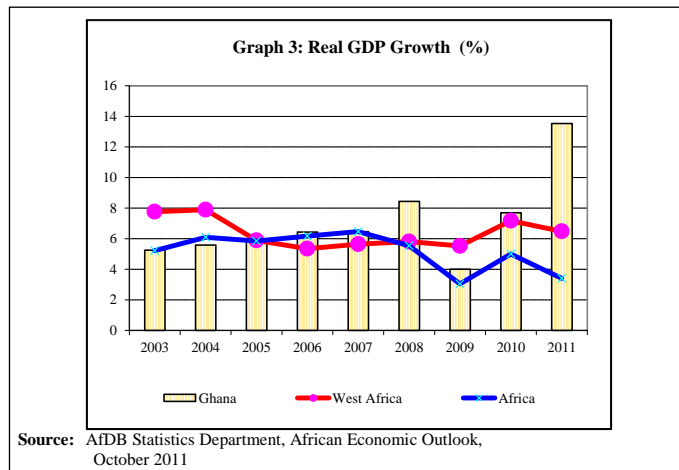
2.1.2.2. Also, Ghana is currently among the most promising economies in West Africa and in the continent, and has recently been growing faster than the average of these two groupings (see Graph 3). After a slowdown of economic activity in 2009, the economy picked up in 2010 and grew in real terms by 7.7%. GDP and, in 2011, is estimated to have increased sharply by 13.7% (7.5% excluding oil) aided by oil revenues and strong export performance of cocoa and Gold in volume and prices.

2.1.2.3. Ghana, on the 15th of December 2010, joined the league of oil producers. Ghana's oil reserves amount to about 490 million barrels, compared to Nigeria (37,200 millions barrels) and Angola (9,500). Production reached about 80,000 bpd in 2011, and can peak at about 120 thousand bpd, compared to an average of about 2 millions bpd for Nigeria. Ghana's oil potential is, therefore, relatively modest when compared to other major oil producers, although additional drilling and tests are still being conducted.

2.1.2.4. *Macroeconomic Management.*

Ghana is progressively coming a long way towards improving the management of its macro-economy, with inflation and the fiscal deficit gradually coming down (See Graph 4 and 5 respectively). Despite these encouraging trends, the sky is not cloudless. Thus, on the fiscal front, there is need to clear the expenditure arrears, and improve domestic resource mobilization efforts (the IMF projected the tax to non-oil GDP ratio at 16.7% in 2011). The current account, although improving, remains high (See Annex 1).

2.1.2.5. In matters in respect of public debt, although the joint IMF/WB Updated Debt Sustainability Analysis (DSA) undertaken in May 2011 indicated that Ghana's external debt dynamics remain subject to moderate risk of debt distress, there is need to continue to guard



against excessive debt accumulation, especially in a context where the public debt stock recently rose from 26.2% of GDP in 2006 to 36.0% in 2009 and an estimated 39.0% of GDP at the end of 2010, and the Government is contemplating an ambitious investment program to develop the country's infrastructure towards supporting growth, and has recently obtained parliamentary approval for a drawdown of a US\$3 billion loan (from the US\$13 billion Master financing facility it secured with the China Development Bank in 2010). Many donors, including the IMF and the World Bank, are providing assistance on debt management issues, and the authorities have also committed to using debt to finance projects that can generate revenue to repay the debt service.

2.1.2.6. Governance. Ghana has demonstrated its commitment to strengthen governance. The country's good performance is reflected in most governance assessments carried out recently, including by the Mo Ibrahim Foundation where Ghana ranked the 7th best performing country after Mauritius, Cape-Verde, Botswana, Seychelles, South Africa and Namibia. Ghana has maintained or improved its rating on most governance indicators including participation and human rights, public management, and human development (see Table 1). Significant steps have also been taken to improve transparency and accountability including the submission to parliament of the Freedom of Information Bill, the commitment of Government to extend the Extractive Industries Transparency Initiative to the oil and gas sector.

2.1.2.7. With respect to public financial management (PFM), there is an improved perception of public procurement being more broadly accessible, and fair. Public competition is predominantly employed to award contracts above GHS20,000. As a result of an assessment carried out by the Bank, Ghana's legal and regulatory framework as well as national SBDs shall be used for NCB contracts under Bank-financed projects, provided adequate measures are implemented to remedy the observed divergences. The most recent Public Expenditure and Financial Accountability (PEFA) assessment undertaken in 2009 also noted progress in a number of areas, including public access to budgetary documentation, comprehensiveness and completeness of PFM systems. However, the assessment also suggested that challenges remain with respect to budget credibility, predictability and controls. The Bank

Table 1: Mo Ibrahim Index of African Governance

Ibrahim Index of African Governance
Scored 0-100 where 100=best

	2008/2009	2009/2010	Status	2008/2009	2009/2010
	Rank / 53			Score / 100	
			Improvement (▼)		
Overall	7	7	▶	66,5	66,0
Safety And Rule Of Law	6	6	▶	73,1	71,9
Personal Safety	16	17	▲	52,5	52,5
Rule Of Law	4	5	▲	84,7	84,7
Accountability	8	8	▶	65,6	60,9
National Security	20	15	▼	89,7	89,6
Participation And Human Rights	4	4	▶	68,8	69,1
Participation	10	9	▼	71,3	72,0
Rights	3	3	▶	74,9	75,1
Gender	16	17	▲	60,2	60,2
Sustainable Economic Opportunity	12	16	▲	54,7	53,4
Public Management	30	26	▼	55,8	57,2
Infrastructure	26	29	▲	27,5	27,9
Environment	7	8	▲	67,7	68,3
The Rural Sector	9	21	▲	67,7	60,1
Human Development	12	12	▶	69,3	69,6
Health	17	17	▶	73,3	73,3
Education	10	10	▶	66,4	66,4
Welfare	7	6	▼	68,2	69,0

Table 2: Doing Business in 2009 and 2010 (Rank)

Item	2009 Rank	2010 Rank	Status - Improvement (▼)
Ease of Doing Business	8	6	▼
Starting a business	27	14	▼
Dealing with licenses	36	35	▼
Registering property	1	1	▶
Getting credit	16	7	▼
Protecting investors	6	6	▶
Paying taxes	15	15	▶
Trading across borders	9	10	▲
Enforcing contracts	5	5	▶
Closing a business	19	20	▲

Source: AfDB Statistics Department using data from Doing Business, WB

intends, in 2013, partnering with other Developments partners to fund the PEFA assessment.

2.1.2.8. *Business Environment:* The private sector in Ghana is dominated by enterprises in the informal sector, with approximately 90% of the companies being MSMEs and employing less than 20 persons. The private sector is the main employer, and the primary generator of exports. Its contribution to real GDP is estimated at about 22%. The government has been active in improving the country's business environment and the country has been ranked, at least twice, amongst the top 10 reformers globally by the World Bank's Doing Business team. Table 2 shows Ghana's doing business rankings in Africa. The above notwithstanding, a number of issues continue to adversely affect Ghana's private sector development. These include infrastructural weaknesses; cumbersome public administration structures; under-developed financial systems, with wide interest rate spreads and high non-performing loans driven by GOG arrears, weak human capital, and low access to technology, including in the agribusiness sector. Government is developing a PPP regulatory framework towards further strengthening the business environment, and manage fiscal commitments.

2.1.2.9. *Regional Integration and Trade.* Ghana is an active member of key regional integration arrangements in West Africa and in the continent, including the African Union, the Economic Community of West African States, and the West African Monetary Zone¹. The GSGDA has re-emphasized the country's objective to accelerate economic integration. Ghana also maintains a relatively open trade regime with the rest of the world. Its Most Favoured Nation Tariff Restrictiveness Index (TRI) is 9%, below both the Sub-Saharan African and low income country group average of 11.3% and 11.6% respectively. Ghana initiated an interim Economic Partnership Agreement with the EU at the end of 2007 but has not yet signed the agreement. Ghana maintains good relations with its traditional trading partners and donors especially the US and the UK, both of which have a large Ghanaian diaspora. In addition, Ghana has good relations with many BRICS countries, backed by funding for various projects.

2.1.3. *Social Context*

2.1.3.1. Ghana's recent growth performance also appears to have been somewhat inclusive. Recent research from the International Monetary Fund (IMF) suggests that, over the period 1995-2010, the poorest quartile of the consumption distribution experienced substantial annual household per capita consumption growth. This positive trend is, however, mitigated when one takes into account the record on employment, another key pillar of growth inclusiveness. The employment-to-working-age-population did not increase².

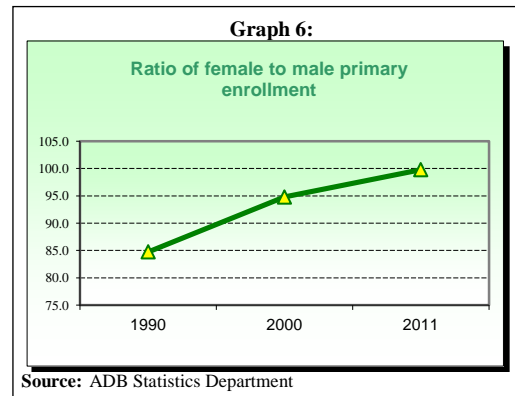
2.1.3.2. Ghana's unemployment rate is estimated at only 3%. A significant proportion of the labour market, estimated at 43%, are, however, engaged in informal economic activities with only 8.5% of the working population in formal sector employment. Of this amount the youth form only 14% and 28% of informal sector either in self-employment or as domestic employees, apprentice or unpaid family workers. The official rate may, however, disguise the high level of underemployment and unemployment inherent in the informal sector, as the government's definition of unemployment excludes the large number of jobless people who may be available for work but do not necessarily seek work. Faster growth coupled with

¹ For a detailed discussion of progress and challenges on regional integration in these groupings, see African Development Bank (2011) "West Africa Regional Integration Strategy 2011-2015".

² See International Monetary Fund (2011) "How Inclusive Has Africa's Recent High Growth Episode Been?" in Regional Economic Outlook, Sub-Saharan Africa, October 2011.

targeted measures to increase its jobs creation content will be necessary to curb the scourge of unemployment.

2.1.3.3. Like in many countries, and owing to social and cultural norms, which changes rather slowly, gender equality has not been reached in Ghana, but significant progress is being recorded in one area that matters most, education, with the primary and secondary education gender parity indices improving markedly - recording about 97 and 87 females per 100 males respectively (See Graph 6). These results point to the need to strengthen efforts towards improving development outcomes, while also reducing inequalities in income and human development. Like the poverty headcount at 30% in 2007-2009, Ghana's other social indicators compare favourably with the average of the continent (See Annex 2), although they still point to difficult social conditions. Annex 3 describes progress towards the MDGs.



2.1.3.4. To address these development challenges, the Government has embarked on a number of initiatives aimed at redistribution and social cohesion. The social protection programmes for the poorest and most vulnerable sections of society have been expanded, notably the Livelihood Empowerment Against Poverty (LEAP) programme for cash transfer and the Savannah Accelerated Development Authority (SADA). Many civil society organizations and development partners, including the Bank Group, are providing assistance.

2.1.4. Environment and Climate Change

2.1.4.1. The Ghana's total land area of 238,500 sq km is made up of two broad ecological zones - a high forest zone covering much of the southern 1/3rd of the country, and a savanna zone over the considerably drier northern 2/3rds. Annual crops, tree crops and unimproved pastures occupy over 50% of the land. Much of the country's economic activity, including cocoa, oil palm, rubber, timber processing, and mining is located in the high forest zone.

2.1.4.2. Ghana's economy is dependent on climate sensitive sectors such as agriculture, fisheries, tourism, and forestry. Evidence of rising temperature abounds in all the ecological zones of Ghana while rainfall levels have been generally reducing and patterns have increasingly become erratic. The adverse impacts of this trend on livelihoods, health and hydropower generation are already being felt and are expected to exacerbate if remedial actions are not taken. Ghana ratified the United Nation Framework Convention on Climate Change (UNFCCC) in September 1995 and, in

Box 1: Ghana – Institutional Arrangements for Climate Change

- The Ministry of Environment, Science and Technology (MEST) is the lead institution for Climate Change and UNFCCC activities in the country
- The Environmental Protection Agency coordinates the implementation of Climate Change issues on behalf of MEST
- MoFEP has a Natural Resources and Climate Change desk that oversees, coordinates and manages financing and support in natural resources activities.
- The NDPC in collaboration with EPA and the National Disaster Management Organization (NADMO) are facilitating initiatives to mainstream Climate Change and Disaster Risk Reduction into national development planning at all planning levels. The process is being piloted in 10.

March 2003, acceded to the Kyoto Protocol. A National Climate Change Policy Framework (NCCPF) has been developed through a consultative process and mainstreamed into the GSGDA. The policy framework and institutional arrangements (Box 1) have three key objectives: adapting to the impact of and reducing vulnerability to climate change; mitigating the impact of climate change; and low carbon growth strategy. However, in spite of having a well-structured institutional arrangement for climate change, Ghana faces a major challenge of lack of long term data on which to base predictions, estimate risk and guide decision.

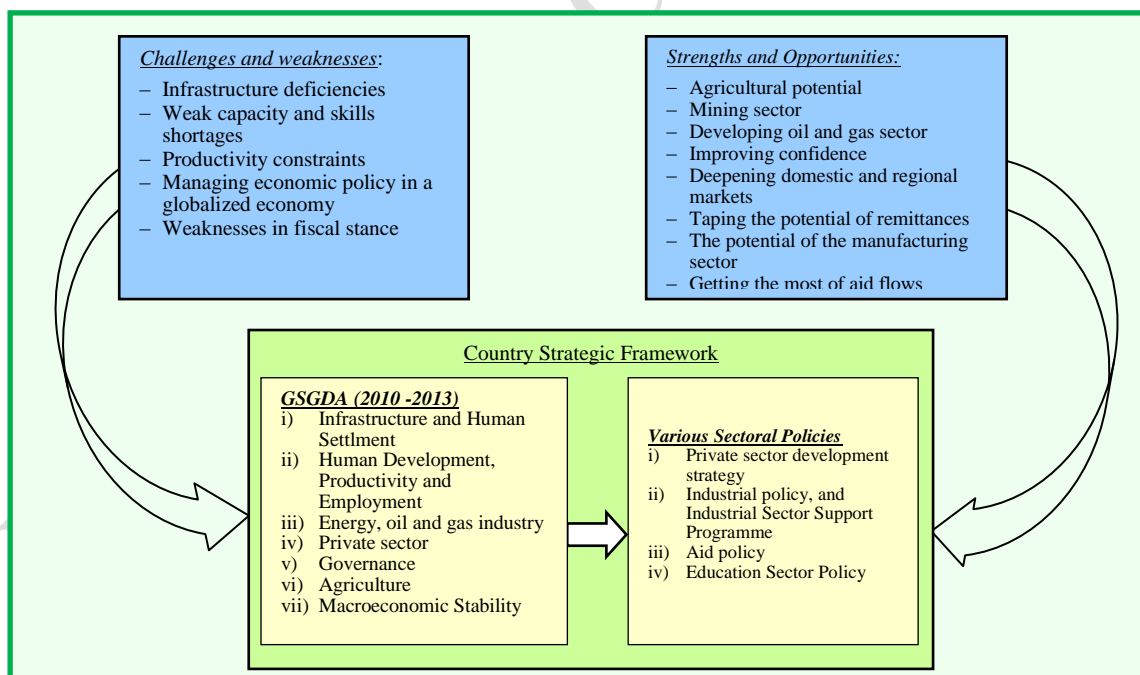
2.1.5. Medium Term Prospects

The medium term outlook remains generally favourable, and projections indicate that macroeconomic conditions will continue to be positive although the expected slowdown in commodity prices increases will lead to a reduction of real GDP from 13.7% in 2011 to 8.3% in 2012. The fiscal deficit is expected to be maintained at prudently financed levels even as Government implements plans to fill the large infrastructure gaps, consistent with the GSGDA. Current trends indicate that GoG is intend on diversifying the economy towards ensuring that the oil sector does not become the only driver of the economy, and sustaining inclusive and green growth, in line with the country's economic ambitions.

2.2 Strategic Options

2.2.1. There are many sources of wealth that Ghana can tap into to generate more income and jobs for its citizens. But to successfully realize this potential, some constraints must be addressed head on. These strategic issues are summarized in Graph 7 (see below).

Graph 7: Strategic Options for Ghana

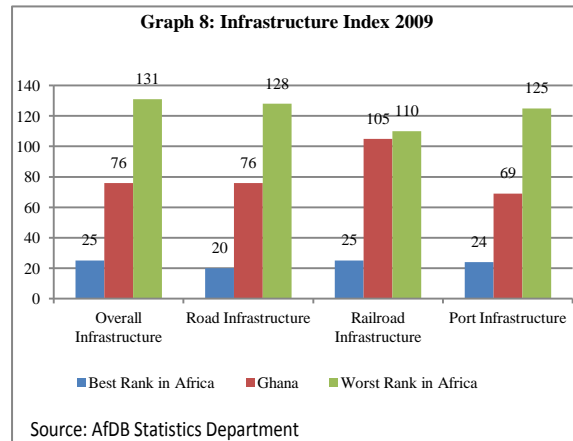


2.2.2. Challenges and Weaknesses

2.2.2.1. Weak capacity and skill shortages in critical growth and job creating sectors. Though the population is becoming more educated, the current supply by the Ghanaian universities and polytechnics of skills required by the key growth and job creating sectors is still proving inadequate. It is therefore important that tertiary, technical and vocational

schools are encouraged to establish pro-active links with industries. Also, government should increase support for upgrading of science, technology, and vocational education and training to meet a critical benchmark for skilled labour supply for sectors such as agriculture, agro-industry, manufacturing, ICT, the nascent oil and gas industry and, project management.

2.2.2.2. *Infrastructure deficiency remains a major obstacle to growth.* Ghana currently ranks far behind the best performing countries in Africa in terms of infrastructure quality (See Graph 8). Infrastructure was, therefore, cited as the dominant perceived barrier to development in the most recent World Bank Enterprise Survey in Ghana. During the mid-2000s, Ghana's infrastructure gap was estimated at about 7% of GDP and about half of this was associated with shortfalls in power sector alone. Recent robust economic performance and growing demand for infrastructure services



in the face of inadequate investment is expected to have further widened the infrastructure gap. At 0.5%, the net contribution of infrastructure to Ghana's per capita growth between 2001 and 2005 was less than the average of about 1% for the ECOWAS region as a whole³. Significant shortfalls in transport have also been identified. For instance, the railway system has limited coverage (a triangle linking Accra-Kumasi-Takoradi), and serves only the southern part of the country. The capacity of Ghana's two ports at Tema and Takoradi is under pressure resulting in delay and congestion. Ghana's infrastructure constraint presents a major threat to growth and international competitiveness given the close link between the availability of good infrastructure and economic growth. Studies have estimated that barring the electricity crisis of 2006 and 2007, Ghana would have likely grown at 7.5 – 8.0% in 2006 - 2007 instead of 6%⁴.

2.2.2.3. The Government is aware of the infrastructure implications of its ambitious development strategy and is, therefore, developing a financing strategy, which aims to mitigate the direct burden on public finances. The financing options being developed under the strategy include improving the efficiency of tax collection to increase revenue, leveraging public private partnerships, restoring the financial standing of public enterprises to enable them contract direct financing, access local and international capital markets through the issuance of infrastructure bonds and listing of companies on the Ghana Stock Exchange. Development partners, including the Bank Group, the World Bank, the European Union, and bilaterals such as China, France, Japan, and the US are providing significant financing packages to the sector. The Bank Group dedicated 70% of the ADF-11 and 14% of ADF-12 resource allocation to the infrastructure development.

2.2.2.4. *Improving productivity to rebalance the economy towards tradable goods and services.* Ghana's economy continues to rely more on non-tradable services, which generate a high share of its GDP (see Para 2.1.2.1). To grow much faster, and create more jobs, there is need to rebalance the economy towards tradable goods and services. Achieving this objective will require measures to improve productivity in the other sectors of the economy, including

³ World Bank: Economy-wide Impact of Oil Discovery in Ghana, Report No. 47321-GH, November 30, 2009

⁴ See World Bank: Ghana: Meeting the Challenge of Accelerated and Shared Growth, Country Economic Memorandum (CEM), Nov. 2007, Vol. 11., para 1.35

in the important and high potential agribusiness sector. A World Bank study⁵ showed that over the period 2001-2005, productivity contributed about 30.6% of the aggregate GDP growth, and that total factor productivity in Ghana remains relatively low in comparison to countries like Kenya, Egypt, Mozambique, Malaysia, or Thailand⁶. To unleash productivity, more determined efforts to strengthen the country's skills base and technology development and application infrastructure will be key.

2.2.2.5. Managing economic policy in an increasingly globalized economy. Discovering the right economic policy and implementing it adequately to quicken the pace of economic growth and jobs creation in the context of an oil producing economy and under the pressures of globalization is a challenge, which Ghanaian policymakers will be faced with in the medium-term. In fact, research has shown that natural resource rich countries grow more slowly; they also experience higher corruption incidence; environmental degradation, and greater income inequality; poverty and conflict. Transmission channels include: 'Dutch Disease' effects; macroeconomic volatility; rent-seeking behaviour; weak public expenditure management; and weak fiscal effort (low non-oil revenue). Successfully warding off these risks will require developing the Government's economic policy management capabilities, including strengthening the governance framework and oversight institutions, which are a key determinant of the adequate functioning of economic policy transmission channels. The Bank has god experience in these areas and can be of assistance. The recent signing into law of the Petroleum Revenue Management Act (see Annex 4) is an encouraging sign that Ghana is building transparency and accountability measures into the legal framework for managing its oil resources.

2.2.2.6. Weakness in fiscal stance remains a challenge. Fiscal stability has recently been strained by the accumulation of domestic payment arrears which has had a significant negative impact on the economy by constraining private sector activities, thereby slowing growth and employment creation. Also, the implementation of the Single Spine Salary (SSS) policy is expected to exert considerable pressure on the budget and could threaten macroeconomic stability unless renewed efforts are made to enhance domestic resource mobilisation. Another key challenge will be maintaining the fiscal deficit at prudently financed levels as Government implements plans to address Ghana's large infrastructure gaps, consistent with the Ghana Shared Growth and Development Agenda (GSGDA).

2.2.3. Strengths and Opportunities

2.2.3.1. Agricultural potential: Ghana is richly endowed with agricultural potential, including vast forest resources. The agricultural land potential of the country is 13.6 million ha of which 7.8 million ha is currently cultivated. It is estimated that agriculture currently employs 50.6% of the country's labour force. The major agricultural items produced in Ghana include: industrial crops, starchy staples, cereals, legumes, fruits and vegetables, livestock and, fish. There is room to increase supply as it is estimated that the country produces only 51% of its cereal needs; 60% of the fish requirements; 50% of meat, and less than 30% of agro-based industries demand for raw materials.

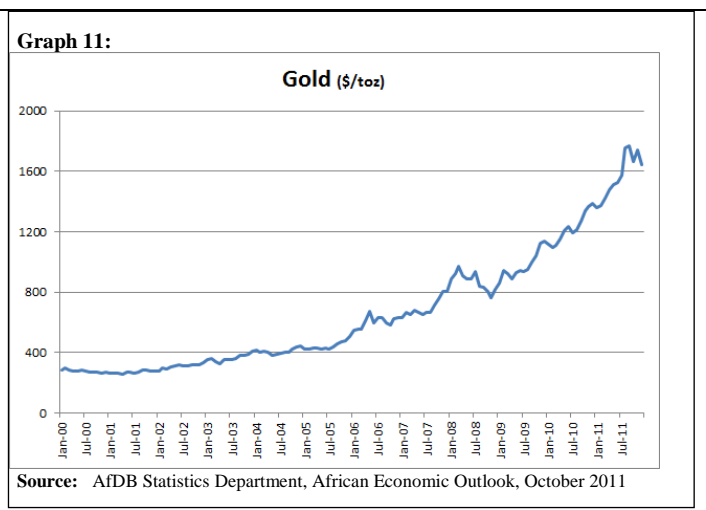
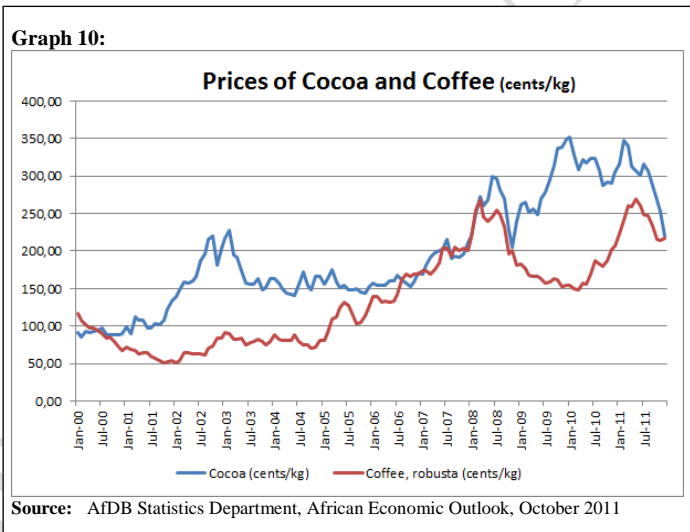
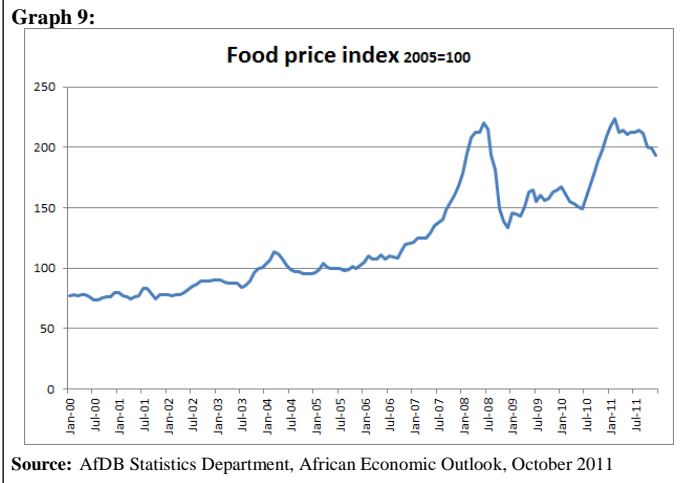
⁵ See World Bank (2007).

⁶ See Iza Lejarraga (2010) "Roaring Tiger or Purring Pussycat: A Growth Diagnostics Study of Ghana", African Development Bank.

2.2.3.2. Cocoa is the major exported agricultural commodity in Ghana. The revenue from the cocoa in year 2011 was USD1.9 Billion which amounts to 7% of the GDP (or 20% of Agriculture GDP) and the subsector employs about 720,000 people. Although there continues to be challenges facing agricultural production in the country, including inadequate agro-processing technology development infrastructure, the recent increase of food prices and agricultural commodities in the world markets (See Graphs 9 and 10) show that efforts to develop agricultural production, including agro-processing, would yield considerable economic gains. The Bank Group, working with other partners such as the International Fund for Agriculture Development (IFAD) in Ghana, is progressively developing a positive track record in agro-industry development, in particular agricultural processing technology development in Ghana, through the Rural Enterprises Project (REP), Phase I, and Export Market and Quality Awareness Programme. This experience could be useful to the authorities' efforts in this area.

2.2.3.3. *Forests resources.* Ghana, in 2010, reported exports of timber products worth US\$180 million (47% to other African countries, 21% to European countries and 17% to Far Eastern countries). It, however, necessary, that appropriate measures are implemented towards preventing forest degradation and ensuring sustainable management of these resources. In the ecological transition zones and savannah, for example, several forest reserves are reported to have been eliminated.

2.2.3.4. *Mining.* The country is major gold producer and exporter and the gold sector continues to attract new investments. Ghana is also rich in other natural resources including diamonds, manganese ore, limestone, silica sand, and bauxite. The mining



industry has grown steadily over the years, with recently elevated gold prices (see Graph 11) and production providing sizable export earnings and making the industry the main export earner. Export of minerals account for over 37% of total exports; with gold contributing over 90% of the total mineral exports. Despite the important contribution of the sector to GDP, the sector employs 0.69% of the working population. The significant growth of the industry has led to an increase in foreign investors who dominate the sector. Key challenges faced by the industry include illegal mining operations known as “*galamsey*” operations (artisan mining) on company concessions, irregular and increasing cost of electricity supply and most recently high tax rates.

2.2.3.5. *Oil and gas.* After starting producing oil at the end of 2011, crude oil exports now accounts for the second largest export earner to Ghana (USD2.6 bln in 2011), and stands the chance of overtaking gold as the largest earner of export receipts of the economy (USD4.5bln in 2011) when production peaks. Direct employment on the oil rigs are estimated to be around 60 with the potential of increasing to 1,860 by 2014. However, a significant number of the highly specialized and high paying jobs are being undertaken by non-Ghanaians. To address this gap, Government has begun embarking on education and skills development including training in technical skills, upgrading the mining university to cover programs in oil and the development of an oil and gas local content bill. Gas deposits in commercial quantities have been discovered off shore in the Western region; the Jubilee Well being drilled for oil is estimated to produce at peak 120 million cubic feet a day, and could yield potential revenues of US \$120 million per year, and also increase Ghana’s energy production and export potential. Ghana envisages the oil and gas reserves will serve as a catalyst for the development of the oil and gas downstream industry that would lead to further diversification of the economy. The government’s share of oil receipts for 2011 is estimated at USD337.33 million.

2.2.3.6. *Improving Confidence:* Ghana is reaping the economic dividends of its political gains by enjoying an improving level of confidence among domestic and international economic actors. This trend is being reflected in the country being increasingly viewed as an attractive FDI destination in Africa. Thus, according to the Africa Business Panel survey released in June 2011, Ghana was rated as the 4th best destination in Africa (after South Africa, Nigeria, and Kenya) for investment by international investors.⁷ Also, Ghana ranked the 7th largest recipient of foreign direct investments (FDIs) in Africa and the 3rd largest in Sub-Saharan Africa at the end of 2010, according to UNCTAD’s World Investment Report 2011 (see table 3). The report indicated that FDI inflow to the country in 2010 was estimated at about

	2006	2007	2008	2009	2010
Sub-Saharan Africa	23.1	38.3	49.3	41.6	38.1
Angola	9.0	9.7	16.5	11.6	9.9
Nigeria	4.8	6.0	8.2	8.6	6.0
Ghana	636	855	1.2	1.7	2.5
South Africa	-527	5.7	9.0	5.3	1.5

Source: United Nations Conference on Trade and Development (UNCTAD), World Investment Report 2011

Box 3: Role of Remittances in the Ghanaian Economy

- (i) There are over five hundred thousand Ghanaians living in the UK and about one thousand Ghanaian doctors living and working in the US.
- (ii) According to the Bank of Ghana, remittance inflows in 2009 and 2010 amounted to US\$1.6 billion and US\$2.12 billion respectively representing about 6.2% and 6.6% of GDP respectively.
- (iii) The 2010 remittances were more than total ODA inflows of about US\$1.8 billion in the same year.

⁷ The Africa Business Panel is made up of persons who work in the private sector for companies registered in and operating out of Africa. They are the senior managers, entrepreneurs or professionals that form the backbone of the business community throughout Africa.

US\$2.5 billion (up from US\$1.7 billion in 2009) with oil and mining as the main drivers. Given that most of the FDI has gone to the extractive industries, the government will need to find ways to better exploit this favourable wind, including by ensuring that adequate resources flow to other priority sectors such as agriculture and agribusiness development, and manufacturing if it is to diversify the economy and realize its development goals.

2.2.3.7. *Deepening domestic and regional markets.* West Africa is currently one of the fastest growing regions of the continent (projected to growth at 6.9% in 2012 against 4.9% for the continental average⁸). Ghana can, therefore, increase its growth rate by also tapping the potential of this growing regional market. Exploiting the full potential of domestic and regional markets would require measures on many fronts, including implementing policies to address weaknesses in domestic market-oriented and regional infrastructure and regulations that hamper the creation of a free and integrated regional market for goods and services, improving macroeconomic management, and regional financial markets integration. The Bank can assist in these areas within the framework of its Regional Integration Strategy Paper (RISP) for West Africa, which the Board approved in 2011.

2.2.3.8. *Taping the potential of remittances.* Ghana has in the past filled the savings/investment gap through transfers from other countries, including remittances. These remittances have therefore been an important source of financing the country's growth path (See Box 3). Various options should be considered by the GoG towards further strengthening the contribution of remittances to the country's development efforts.

2.2.3.9. *The potential of the manufacturing sector.* Although Ghana's manufacturing sector is still developing, it has the potential to grow and to expand rapidly. It is already one of the most diversified of West Africa. The most important manufacturing industries include aluminium smelting and light manufacturing such as cement, hollowware, plastics, pharmaceuticals, textiles and wood processing. The majority of the output produced is for local consumption though there is some degree of exports to neighbouring countries in the West Africa Region. Key challenges to the development of the sector include the high costs of inputs and raw materials, high utility prices, a low R&D effort and competition from imports, mainly China. Overall, the potential of the sector for growth remains positive in the medium to long term. Growth will be driven by industries such as agri-business further supported by infrastructure development, a continuously improving business environment and Government's commitment to reduce transaction costs through on-going sector reforms.

2.2.3.10. *Getting the Most of Aid Flows.* Ghana is currently the 8th largest recipient of external aid to Africa. Over the period 2003 – 2009, it received about 3.8% of total ODA to Africa, which amounted to about USD265bln⁹. There is room to further enhance the impact of these resources on the Ghanaian economy, most importantly by increasing the share of Ghanaian firms in aid-financed contracts. Towards this end, there is need to strengthen the skills base and competencies of the country's human capital, an area where the Bank can be of assistance.

2.2.3.11. *Strengthening Economic Relations with the Major Emerging Economies, such as the BRICS.* Between 2000 and 2010, Ghana's exports to BRICS have grown by over six times, while trading within African countries has increased by five times. On the other hand, imports have increased by a larger margin, over eleven times as compared to imports from Sub-Saharan Africa which grew by five times over the same period. There is room for Ghana to

⁸ Source: African Development Bank (2011) "African Economic Outlook Projections (October 2011 Updates).

⁹ Source: African Development Bank (2011) "Statistical Brief on Selected Socio-Economic Indicators on Africa", May 2011.

reap significant economic benefits from strengthening its economic relations with the BRICS countries, if the opportunities and challenges of these relations in trade and finance are well managed.

2.2.4. Country Strategic Framework

2.2.4.1. With a view towards placing the economy on a high growth with job creation path, the authorities have recently launched the Medium Term National Development Policy Framework, the “Ghana Shared Growth and Development Agenda” (GSGDA), 2011- 2013, the successor to the GPRS II. It is structured around the seven thematic areas shown in Graph 8. It makes poverty reduction through shared growth, employment creation, the attainment of the MDGs, and social protection, its overarching objective. An important feature of the GSGDA is the focus of expenditure in favour of policies, programmes and projects in agriculture, infrastructure (including energy, oil and gas), water and sanitation, health, and education (including ICT, Science, Technology and Innovation). Certainly, an underlying ambition is also to transform Ghana into a full-fledged MIC over the medium-term.

2.2.4.2. The potential four-year (2010 – 2013) implementation of the GSGDA has been costed at about US\$23.89 billion. Infrastructure and human settlement pillar has the highest cost of 39.42%, followed by the Human Development, Productivity and Employment with 25.19%, Energy, oil and Gas industry with 15.07%. Private sector, Governance, agriculture and macroeconomic stability have 7.89%, 6.44%, 3.79% and 2.1% of the total funding cost of the GSGDA, with about half of this amount currently unfunded under the medium-term budget. The Government is working towards filling this resource gap through new financing sources including a US\$13 billion financing from the China Development Bank. This however, could have implications for debt sustainability, which need to be reviewed. It would, therefore, appear that while the GSGDA is strong in its policy framework, more efforts are still required from a resourcing perspective, in view of the gap between programmes and available resources.

2.3 Recent Developments in Aid Coordination and Harmonization and Bank Group Positioning in the Country

2.3.1. Aid coordination. The aid architecture in Ghana reflects the growing complexity of development assistance with many donors active in the country and various instruments of assistance being used. There are four levels of donor coordination; the Heads of Agencies, Heads of cooperation, the Multi Donor Budget support and 14 sector working groups (SWG). Donor dialogue at the SWG level is jointly led by development partners (DP) and Government and is based on mutual accountability and improving aid effectiveness as well as implementing commitments signed under both the Paris Declaration (PD) and Accra Agenda for Action (AAA) as well as Ghana’s Aid Policy. DPs are currently engaging GoG on a successor to the G-JAS, the “Ghana-Development Partner Compact”. The document aims at setting the framework for the new development challenges for Ghana and outlining DP support to the country. The document is also intended to encourage and provide a framework for engaging new emerging donors like China and Brazil who are becoming increasingly active in Ghana, with significant financing packages that are gradually changing the aid architecture. However, collaboration with these countries continue to be a challenge for the mainstream aid coordination mechanisms led by traditional donors, as they operate under the framework of “shared principles, common goals, and differentiated commitments”, reflecting the consensus reached at the 4th High-Level Forum on Aid effectiveness held in

Busan. The main areas of intervention of Ghana's development partners are presented in Annex 5.

2.3.2. The Bank is the third biggest donor in Ghana. The BRICS contribute over 49% of aid followed by the World Bank with 10.72%. The largest amount of Aid is focussed on the infrastructure and Human settlement pillar with 45.48%, followed by the human development productivity and employment pillar. The pillar on macro stability has the least funding with 3.8%. The Bank is active in the aid coordination dialogue (See box 4).

2.3.3. *Bank Group Portfolio.* A joint Country Portfolio Performance Review (CPPR) and Completion Report for the 2005 – 2009 CSP for Ghana was prepared in 2011 alongside this CSP in collaboration with GoG. The 2011 CPPR rated the overall performance of the country's public sector portfolio as satisfactory with a rating of 2.2 (on a scale from 0 to 3), up from 2.0 in 2009. The survey and assessment done as part of the joint CPPR and CSP Completion Report exercise shows that major areas where efforts are still needed towards improving the performance of the portfolio include (i) reducing start-up delays, which are due to non-fulfilment of loan conditions for disbursement effectiveness especially for multinational (regional) and infrastructure operations¹⁰; (ii) strengthening capacity of contractors to execute civil works, which is hindered by the regional spread of activities and participation in a multiplicity or concurrent contracts; (iii) strengthening the capacity of executing agencies in contracts management, and (iv) reducing frequency of changes in task managers by the Bank. Improvements are being recorded in the management of the portfolio, especially since the establishment of the Bank's field office in the country (see box 4 and 5). The number of aging, slow disbursing, and cancellable projects were 8, 4, and 6 respectively while projects at risk (PAR) as a proportion of the portfolio was 34%. Actions are already being taken to clean up the portfolio by closing aging projects and cancelling operations that are due for cancellation while others have been restructured¹¹. The issues communicated from the projects

Box 4: Impact of the Decentralization on Bank Operations

Since the opening of the Office in 2006, GHFO has played a key role in the improvement of key portfolio quality and country dialogue indicators as discussed below:

- (i) GHFO participates in aid coordination and policy dialogue through the monthly meetings and activities of 14 Sector Working Groups (SWGs) in which it is a member. GHFO is co-leading the Gender Working Group, with the ultimate goal of assuming full leadership in 2012 as well as the Chairmanship of the comity of DPs for the first time in 2012.
- (ii) Economic and Sector Work: GHFO actively participates in the studies¹⁰ led by ORWA and continues to provide guidance on ESW processes initiated by either the Government or other development partners.
- (iii) All road transport projects as well as two projects each in the agriculture, multinational and social sectors (totalling 11) are being managed by GHFO specialists as first line task managers and with four others in agriculture and social sectors being managed as back up task managers. In addition to impacting positively on the management of procurement and disbursement matters (see table below), GHFO has also embarked on a portfolio cleaning strategy that will close aged projects.

Indicator	2009	2011
Operations (Share of total programme in which field staff participated)		
Project Preparation (%)	10	40
Project Supervision (%)	75	90
Project Completion (%)	20	50
ESW/Flagship Report (%)	1	3
Impact of 2009 Readiness Filter and of Decentralization on Portfolio Characteristics		
Average time approval - effectiveness (mths)	13	7
Proportion of Problematic Projects	24.7	34
Projects/Activities Supervised twice yearly	16	21
Percentage of Procurement documents rejected	15	1
Time taken to process procurement documents (days)	Up to 30	21
Average time to process & pay disbursement requests	5	4

¹⁰ More than one-fifth of the respondents to the questionnaire administered to project coordination teams recognized start-up delays and procurement as major issues of concern in project execution.

¹¹ For instance, the SSIDP, NERICA, IVRDP, Livestock Development Project have been closed while the Northern Rural Growth Project has been restructured.

were discussed as input to the 2011 CPIP (Annex 6). The Bank Group will leverage on-going operations (see details in Annex 7) to achieve results under this strategy. Towards this end, stepped up efforts will be implemented, in collaboration with stakeholders, to ensure their timely and successful completion.

2.3.4. *Lessons Learnt from Past Bank Interventions.* The previous 2005-2009 CSP was articulated around two pillars: (i) improving the investment environment; and (ii) promoting pro-poor, pro-gender equity policies. Under that strategy, the Bank financed projects in the agriculture, transport, energy, water and sanitation, social, and governance sectors. A review of the implementation of the 2005 – 2009 CSP noted achievements in terms of outputs and outcomes delivery (11 out of the 14 targeted outcomes were achieved, 1 was partially achieved, and 2 were not achieved)¹², but also highlighted the need to pay closer attention to the quality of the outcomes and outputs indicators of the CSP, and to set adequate baselines. For the CSP, 2012 – 2016, effort has been made to identify appropriate baseline data and to ensure that the indicators in the results framework are specific, measurable, achievable, realistic, and time-bound (SMART). There is also the need to strengthen internal monitoring and evaluation mechanisms within Government. Also, at the sectoral level, the recent Bank experience in the infrastructure sector, most notably in the transport sector, demonstrates that much implementation progress can be achieved in a relatively short period of time (see box 5).

2.3.5. On a longer term horizon, recent evaluation carried out by the Bank's Operations Evaluation Department emphasized the need for the Bank to contribute more to (i) strategic thinking at the country level through conducting high quality economic and sector work and; (ii) strengthening institutional capacities which are key to ensuring sustainable outcomes¹³. Also, preliminary findings of the completion report point to the contribution of the REP to job creation through improving access to agricultural commodities processing technologies, skills and finance, most notably in rural areas. These lessons have been taken into account in this strategy.

Box 5. Bank Group Experience in the Transport Sector

In order to improve the quality of the transport sector portfolio, which is the most important recipient of the Bank's resources, lessons learned from the Bank and other DPs' experiences in Ghana have been reflected in the design of new projects and the Bank's road interventions have been under intense monitoring. As a result, the performance of the Bank's portfolio has significantly improved. As at January 2012, three of the four aged road projects, i.e. Road Infrastructure 2003, Tema-Aflao Lot 1 and Akatsi-Akanu Lot 1 are substantially completed. The fourth one, i.e. Ghana's section of the UEMOA road program I, as well as three other projects under the supplementary loans, will be completed by the end of 2012. Civil works for the two new road projects: (i) the Awoshie - Pokuase Road and Community Development Project and, ii) the Ffulso-Sawla road project have started and are progressing well.

This quick turnaround is due to decisive measures implemented by the Bank in collaboration with GoG. These include measures to (i) reduce delays in project start-up by proactively resolving issues, (ii) optimizing the use of conditions (precedent to first disbursement) and (ii) avoid cost overruns, (iii) improve project management capacity within GoG, (iv) reduce payments delays to contractors resulting from long GoG procedures and, (v) timely disbursement of GoG counterpart funds. These lessons are also valid for other Bank infrastructure projects.

¹² See Bank Group (2010) "Ghana: 2010 Update of 2005-2009 Country Strategy Paper and Request to Extend Validity to 2011", Document ADB/BD/WP/2010/145 and ADF/BD/WP/2010/94.

¹³ See Operations Evaluation Department (2011) "Agricultural Water Management: An Evaluation of the African Development Bank's Assistance in Ghana and Mali 1990-2010".

III. BANK GROUP STRATEGY FOR GHANA

3.1 Rationale for Bank Group Intervention and Strategic Pillars

3.1.1. *Rationale for Bank Group Intervention.* Ghana is probably experiencing one of the most promising period in its short development history. In all likelihood, opportunities for boosting growth and job creation with a view towards reducing poverty and improve development outcomes have never been more within reach than today. Most of these have been discussed in Section 2.2. To fully exploit these opportunities, strong emphasis on support for the productive sectors, for private sector development, and a constant quest for economic diversification will be necessary. The authorities appear to be fully aware of these requirements and are gearing up for the challenge by amongst other things prioritizing productivity and employment, and the development of a strong agriculture-based industrial sector, which are ultimately key for inclusive growth, economic and social progress, as a cornerstone of their economic agenda (see Graph 8). This is why the Bank's strategy will be firmly anchored on supporting public actions targeting the development of a more productive environment in Ghana's enterprises sector. This strategic orientation is supported by:

- the GSGDA, in particular its major focus areas relating to infrastructure, productivity and employment creation, private sector development, expanding capacity in agro-industry development, and skills upgrading;
- the Government's industrial development policy and Action Plan,
- The Bank's MTS; and
- The West Africa RISP (Box 6)
- The Outcome of consultations with stakeholders (Box 7).
- The Bank's experience in the country; and
- The quest for synergies with other development partners.

3.1.2. *Strategic pillars.* Towards achieving its central objective stated above (see Paragraph 3.1.1), the Bank's strategy will be based on two pillars which are (i) improving productivity in Ghanaian enterprises and, (ii) supporting economic and structural reforms aimed at improving the business environment.

Box 6. Link between Ghana CSP and West Africa Regional Integration Strategy

The strategy for Ghana is well aligned with the regional integration strategy for West Africa. By focusing on regional infrastructure development, including in the area of regional energy production and markets integration, the strategy for Ghana will also contribute towards connecting regional markets in West Africa, which is one of the key objectives of pillar 1 of the RISP. Also, by supporting productivity enhancement, the strategy for Ghana will strengthen the productive sectors of the Ghanaian economy, which is one of the objectives of the RISP.

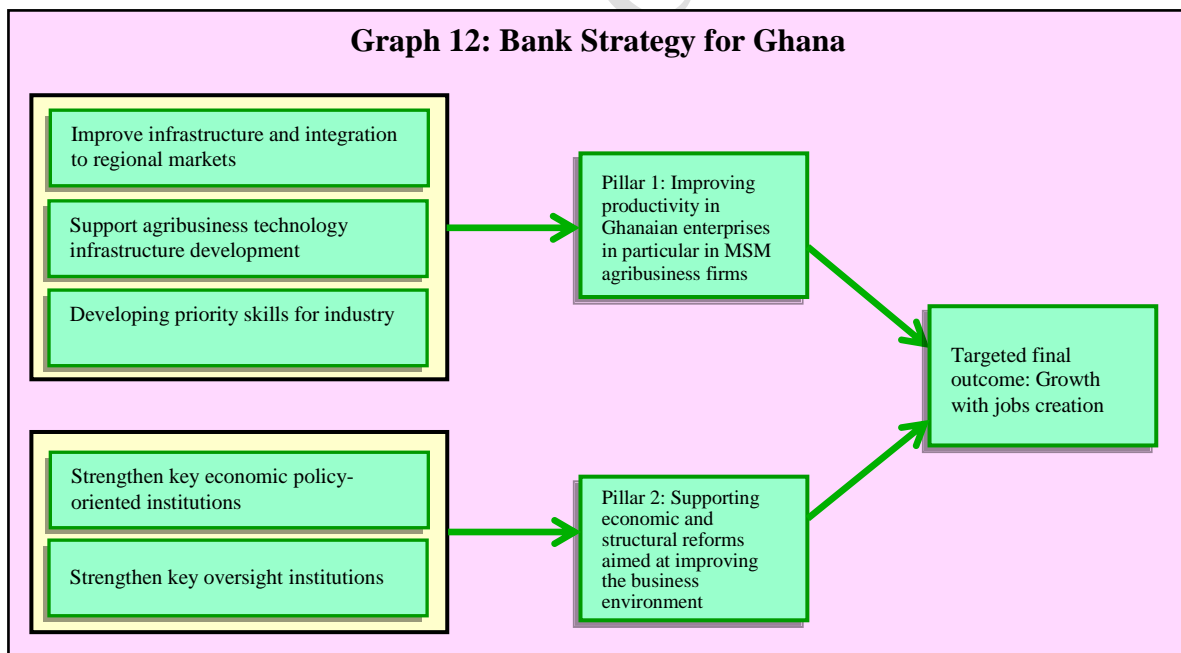
Box 7. Outcome of consultations with stakeholders

In the course of the consultation process, private sector actors emphasized the critical role of Infrastructure development including transport, railways and energy, and the need to ensure that the new oil wealth does not become an enclave. The need to link agriculture with industry, which has the potential to lead to higher incomes generating jobs was also generally emphasized. Government emphasized need to addressing the constraints to growth, improve on the standard of living including equity issues (regional disparities between the north and south) and a pay policy that enhances productivity. Key issues to be addressed as Ghana consolidates its MIC status were the need to seek financing in order to address the critical infrastructure gap, while safeguarding debt sustainability. For civil society, agriculture and industry are critical as it employs significant number of the population. DPs generally supported Bank focus on growth and job creation. Overall, stakeholders were of the view that the Bank focus on growth and jobs creation through infrastructure, and productivity enhancements (through technology infrastructure and skills development) were appropriate, considering the current achievements and challenges of the Ghanaian economy.

3.1.2.1 Pillar 1. Improving productivity in Ghanaian enterprises and in particular in the micro, small and medium agribusiness firms. As discussed extensively in section 2, low productivity was identified as the most critical and binding constraints confronting Ghanaian enterprises. Through this pillar, the Bank will seek to support government's efforts towards job creation and economic growth by strengthening the productive environment in Ghanaian enterprises, through infrastructure improvement and skills development.

3.1.2.2 Pillar 2. Supporting economic and structural reforms aimed at improving the business environment. Equally important for Ghana's ambitions to grow faster and create more jobs with a view to becoming middle income country will be strengthened capacity to conceive and implement sound economic and structural reforms aimed at improving the environment in which Ghanaian firms operate. The Bank's objective under this pillar will equally be to support economic growth and job creation through support for key economic policy oriented institutions, including the oversight institutions.

3.1.2.3 The strategy will be financed from (i) part of Ghana's indicative ADF-12 Performance-Based Allocation (PBA), which amounts to UA249.09 million (of which 84.75 is earmarked for 2012)¹⁴, (ii) resources for non-sovereign operations, (ii) part of the country's ADF-13 indicative PBA allocation, and (iv) resources from the regional operations envelope¹⁵. Given the relatively small size of its resources, the Bank's objective will also be to use its own resources to leverage third-party resources in the form of co-financing, especially in infrastructure investment, by playing a facilitating and catalytic role given its vantage position to attract other investors into such operations. In this regard, the Bank will explore the possibility of leveraging resources from both traditional and emerging donors like the BRICS. Graph 12 below illustrates the overall articulation of the Bank Group's strategy.



¹⁴ UA70.00 million of the 2011 allocation has already been allocated to the Fourth Poverty Reduction and Business Environment Support Program (PRBESP IV), which was approved in 2011 under the previous CSP, 2005-2009 as extended to end 2011.

¹⁵ Should Ghana graduate to blend or ADB-only country, the amount and composition of Bank Group resource would change either during this period or the next ADF cycle, in line with the Bank Group's transition framework.

3.2 Deliverables and Targets

3.2.1 *Pillar 1 (output 1). Improving Infrastructure and Integration to Regional Markets.* Building on its positive experience in the country (see discussion in paragraph 2.3.4), the Bank will assist the government in addressing the infrastructure needs, particularly in the energy sector. The aim will be to (i) expand energy production by exploiting Ghana's potential (see Paragraph 2.2.3.5) and, (ii) strengthen integration into regional energy markets through enhanced regional interconnections. In fact, Ghana's infrastructure needs are still important and the Bank has experience in this sector in Ghana. The objective, therefore, will be to support the government's goal of providing safe, efficient, cost-effective, environmentally friendly, and fully integrated infrastructure to meet the needs of the country, and promote economic and social development.

3.2.2 The Bank will also support the GoG's efforts towards expanding the country's agribusiness technology development infrastructure, capitalizing on its past experience in the country (see paragraphs 2.2.3.2 and 2.3.4), and its partnership with other donors such as the IFAD. This will improve access by MSM agribusinesses to relevant technology, and provide a much needed boost to government efforts aimed at employment creation, economic diversification and growth, as envisioned in the industrial policy, and food and agriculture sector development policy.

3.2.3 Considering the important role they that are also playing in supporting Ghana's development efforts, in the financing of key infrastructure in particular (see paragraphs 2.1.2.4 and 2.3.1), the Bank will continue to explore opportunities for stronger collaboration with emerging donors.

3.2.4 *Pillar 1 (output 2). Developing Priority Skills for Industry.* Despite recent improvements in many sectors, Ghana remains somewhat uncompetitive. Lying at the heart of this competitiveness challenge are many factors including a skills gap, technology, innovations, governance, and institutional reforms, all essential ingredients for enhancing total factor productivity (TFP). TFP growth stems from new ideas (including R&D), well-functioning institutions, and better ways of doing business. The level and quality of skills a nation possesses are critical factors in its ability to take advantage of new opportunities (such as those emerging in the country's agro-industry and nascent oil and gas sector) and to achieve a competitive edge in a rapidly changing economic and technologically-driven world. In line with the Bank's HEST strategy, a key feature of this output will be to place emphasis on the promotion of priority skills, particularly for industry and agribusiness with a view towards developing entrepreneurship and employment opportunities, particularly for women and youths.

3.2.5 *Pillar 2 (output 1). Supporting Economic and Structural Reforms.* Through this output, the Bank expects to assist the government in achieving the following goals: (i) private sector development by supporting the improvement of the business and investment environment; and (ii) deepening and consolidating past achievements in governance related reforms including PFM reforms, in line with the Bank's fiduciary strategy for Ghana (See Annex 8), and (iii) Capacity building for key private sector development-oriented entities.

3.2.6 *Leveraging the Private Sector.* The Bank will also seek to catalyse private sector investments in the key priorities areas identified above, leveraging its experience in Ghana and in the continent. Several proposals are currently under review. Opportunities for leveraging Ghana's ADF for increasing the flow of private investments through the use of new instruments such as the partial risk guarantee will also be actively explored.

3.2.7 Economic and Sector Work and Advisory Services. The Bank Group's lending activities will be supplemented with economic and sector work focussed on generating

knowledge to assist GoG develop and implement their development agenda. In respect of ESW, important areas of focus will be skills development and employment creation, and close support to the country's transition to blend or ADB-only country, should it happen (See Box 8). Discussions with stakeholders have also pointed towards a variety of roles that the Bank can play in the oil and gas sector, including provision of transaction advisory services to the newly set up Ghana National Gas Company to develop a strategy for the development and expansion of a Central Processing Gas Facility (through the African Legal Facility). Annex 9 presents the indicative lending and economic and sector work, which the Bank intends to carry out under this strategy. The Bank will also provide assistance, at the request of GoG, through a study on "Financing options for Ghana's new MIC Status".

3.2.8 All Bank Group interventions to be financed under the strategy will adequately mainstream cross-cutting issues of governance, gender, inclusive growth, the environment and climate change (See Box 1), promotion of a green growth path, and statistical capacity building in line with the Ghana country statistical profile recently completed by the Bank. In line with the lessons from past operations (see Paragraph 2.3.4), Bank interventions will be informed by economic and sector work on youth employment and Ghana's science and technology education carried out by the Bank.

3.2.9 As Ghana's economy and the Bank Group's strategy foresee the development of sectors that are sensitive to climate change and vulnerable to unsustainable exploitation, Bank Group support for Ghana's green growth objectives will also be more specific. Towards this end, the Bank will support the country's efforts towards accessing resources from the Strategic Climate Fund, and other available instruments aimed at initiating transformational change towards low-carbon and climate-resilient development. The targeted objective will be to secure the integrity of the forest and woodlands resources, enhance forest carbon stocks, and improve the livelihoods of forest fringe communities through enterprise development. In fact, deforestation and forest degradation in the country is driven mostly by demand for agriculture land and overharvesting of forest products to meet livelihood needs as well as the need to fulfil basic food needs.

3.3 Strengthening the Effectiveness of the Bank Group's Aid to Ghana: Implementing the Paris Declaration Principles, Accra Plan of Action, and Busan Commitments

Under the Bank strategy, the Bank will continue to work with GOG and other stakeholders towards improving the country's development effectiveness, with a particular

Box 8: Graduation Triggers and Transition Process

As a result of the rebasing of its national accounts, which increased the size of its economy, Ghana has been classified as lower middle-income country. With a projected real GDP growth rate of 13.7% and 8.3% in 2011 and 2012, respectively and an annual population growth rate of 2.3%, it is likely that Ghana's eligibility to transition may need to be reviewed during this CSP period.

- Ghana may graduate to an ADB-only status if the following conditions are met:
 - Income per capita level above the operational cut-off for IDA-eligibility for more than 2 consecutive years (USD1.175 in FY11-12); and
 - Have been deemed creditworthy for non-concessional resources.
- It is also possible to reclassify Ghana as a gap country if it meets only the income per capita trigger; or
- As a blend country if it meets only the creditworthiness trigger.
- If Ghana meets the triggers for reclassification during this CSP period, a CSP Update will be prepared to redefine the modalities for Bank Group support, including drawing up a transition program in line with the Bank Group's Transition Framework for Countries Changing Credit Status (ADB/BD/WP/2011/20/Rev.2).

The eventual reclassification of Ghana would increase the country's access to nonconcessional, and Trust Fund resources, and financial services from multilateral financial institutions.

focus on alignment of its assistance on national priorities and budget, predictability, use of country systems and reduction in the number of PIUs. Table 4 below presents the targets to be reached in this respect.

Table 4: Bank Paris Declaration Targets in Ghana

No	Paris Declaration Indicators	Bank Achievement in Ghana in 2010	Target to be reached at CSP Mid-Term in 2014	Target to be reached at end of CSP in Ghana in 2016
Alignment				
3	Aid flows are aligned with national priorities	96%	100%	100%
4	Strengthen capacity by co-ordinated support	n.a.	100%	100%
5a	Use of country public financial management systems	34%	34%	40%
5b	Use of country procurement systems	34%	34%	40%
6	Avoiding parallel implementation structures	0	0	0
7	Aid is more predictable	96%	100%	100%
Harmonization				
9	Use of common arrangements or procedures	34%	34%	40%
10a	Joint missions	5%	10%	20%
10b	Joint country analytic work	0%	100%	100%

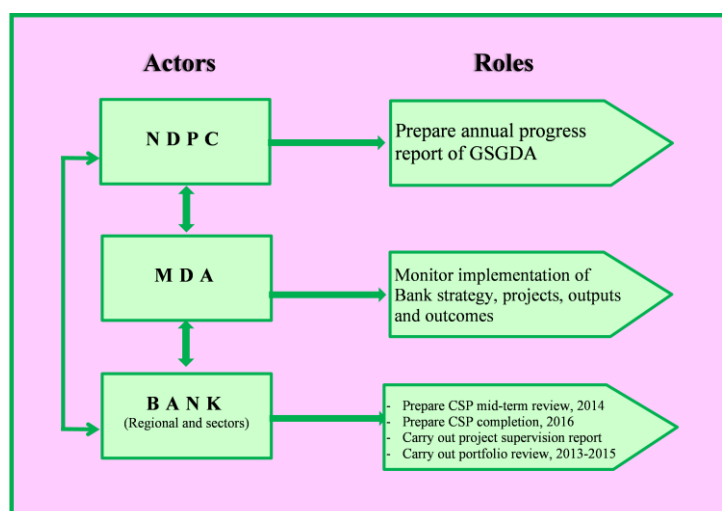
3.4 Instruments for Implementing the Bank Group's strategy

The primary instrument for implementing the Bank Group's strategy will be project lending. However, with a view towards supporting economic reforms, which may require quick disbursing resources, the Bank will continue to provide budget support assistance to the government under the proposed strategy. As indicated, the Bank will also seek opportunities to deploy the full range of its instruments, including the partial risk guarantee to increase the flow of private sector investments.

3.5 Monitoring and Evaluation

3.5.1 The Bank Group and the country's authorities will jointly monitor the implementation of the strategy proposed in this report, relying primarily on the National Monitoring and Evaluation Plan (NMEP) for the GSGDA set up by the NDPC. The strategic objectives, milestones and outcomes included in the results framework of the Bank's strategy (See Annex 10) are taken from the GSGDA results framework to ensure alignment with Ghana's development goals and aspirations. Graph 13 below articulates the monitoring and evaluation framework for this strategy.

Graph 13: CSP Monitoring and Evaluation Framework



3.5.2 Identified weaknesses in the NMEP are being addressed in the on-going implementation of the Ghana Statistical Development Plan (GSDP), 2009 – 2013 and DPs are expected to contribute about 50% of its cost. Various DPs are already contributing to this initiative including Canada, Denmark, the United Kingdom, the EU, the United Nations Fund for Population Activities, and the World Bank. In line with Management directive, the Bank Group will make provision for an M&E component in each project to be implemented under the proposed strategy continuous dialogue with DP will contribute to the monitoring and evaluation process.

3.6 Country Dialogue Issues.

- *Portfolio Management.* The Bank will sustain its dialogue with GoG on portfolio management issues. The readiness filter of the 2011 CPPR will constitute a key instrument for this dialogue.
- *Regional integration.* Reducing the high cost of doing business across borders, drawing from the West African RISP and the Program for Infrastructure Development in Africa.
- *Resource mobilization.* (i) Assessing whether current developments in the economy have the potential to improve the country's development prospects and creditworthiness to a point where its graduation to blend or ADB only country would be envisaged and, (ii) potential implications of transitioning on Bank Group support to the country, including in terms of concessional and non-concessional resources, and (iii) improving domestic resource mobilization.

3.7 Potential Risks and Mitigation Measures

The main risk that could seriously affect implementation of the deliverables proposed in this strategy is the capacity constraints in key areas of Government especially in the implementation agencies. The implementation agencies are characterized by shortage of skills in a number of areas, including administration, strategic planning, monitoring and evaluation, and results-based management and public financial management. In addition to the ISP proposed in this CSP, components for capacity building, which will be included in Bank funded projects, and capacity development support from other development partners mitigate this risk. Also, the expected reduction in the size of the active Bank's portfolio (from 31 projects to about 8 projects towards 2013 as many old projects will close during 2012-2013) will contribute towards strengthening Government and Bank capacity to manage this strategy.

IV. CONCLUSION AND RECOMMENDATION

4.1 Conclusion

In spite of Ghana's strong economic growth in recent years, the country still faces significant challenges in its development trajectory, including productivity weaknesses, infrastructure gap, and capacity weaknesses and skills shortages among others. However, the country also enjoys many opportunities, which it is now poised to better exploit to consolidate its economic achievements, and quicken its rate of economic growth and jobs creation. The strategy proposed in this report positions the Bank Group to meet the challenge of adequately responding to Ghana's needs at this point.

4.2 Recommendation

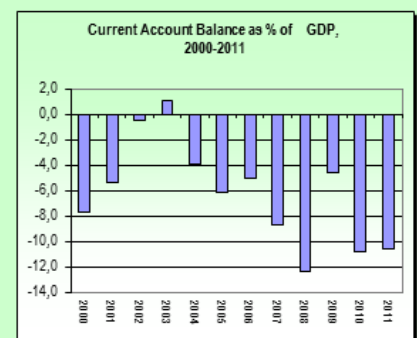
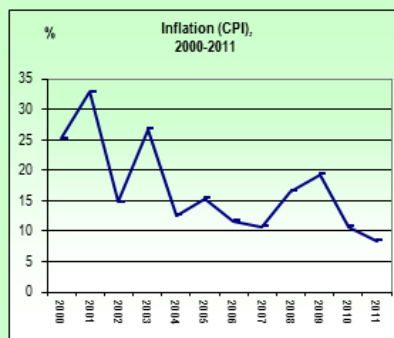
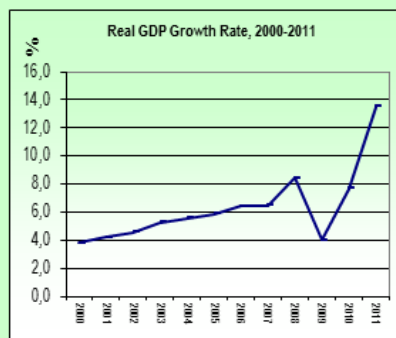
The Boards of Directors are invited to consider and approve the proposed Country Strategy Paper, 2012 – 2016, for Ghana.

ANNEX 1.

Ghana

Selected Macroeconomic Indicators

Indicators	Unit	2000	2006	2007	2008	2009 ^r	2010	2011 (e)
National Accounts								
GNI at Current Prices	Million US \$	6 516	13 436	18 525	26 854	28 366	29 929	...
GNI per Capita	US\$	340	606	816	1 154	1 191	1 227	...
GDP at Current Prices	Million US \$	4 980,2	20 410,3	24 757,5	28 528,0	25 978,1	27 897,6	34 439,8
GDP at 2000 Constant prices	Million US \$	4 980,2	6 791,5	7 230,2	7 839,8	8 152,9	8 780,2	9 968,2
Real GDP Growth Rate	%	3,8	6,4	6,5	8,4	4,0	7,7	13,5
Real per Capita GDP Growth Rate	%	1,4	3,9	3,9	5,9	1,6	5,2	10,9
Gross Domestic Investment	% GDP	24,0	21,6	20,1	21,5	20,7	19,4	19,3
Public Investment	% GDP	9,2	5,9	7,0	8,2	6,8	5,8	6,0
Private Investment	% GDP	14,8	15,8	13,1	13,2	13,9	13,6	13,3
Gross National Savings	% GDP	11,7	15,5	15,1	12,0	19,9	19,5	15,8
Prices and Money								
Inflation (CPI)	%	25,2	11,7	10,7	16,5	19,3	10,8	8,4
Exchange Rate (Annual Average)	local currency/US\$	0,5	0,9	0,9	1,1	1,4	1,4	17 139,7
Monetary Growth (M2)	%	...	42,0	...	...	...	...	...
Money and Quasi Money as % of GDP	%	...	26,5	...	...	...	...	...
Government Finance								
Total Revenue and Grants	% GDP	19,8	17,1	19,5	18,4	18,5	16,9	17,3
Total Expenditure and Net Lending	% GDP	27,7	19,1	22,6	25,6	22,0	23,1	20,8
Overall Deficit (-) / Surplus (+)	% GDP	-7,9	-2,0	-3,2	-7,2	-3,5	-6,2	-3,5
External Sector								
Exports Volume Growth (Goods)	%	-2,5	57,5	15,2	47,5	13,4	55,2	84,2
Imports Volume Growth (Goods)	%	-2,8	40,2	31,2	51,6	-36,0	51,0	54,6
Terms of Trade Growth	%	13,4	-6,3	6,7	2,0	-20,1	-11,9	-3,8
Current Account Balance	Million US \$	-387,2	-1 040,2	-2 151,6	-3 543,1	-1 198,4	-3 017,2	-3 663,6
Current Account Balance	% GDP	-7,8	-5,1	-8,7	-12,4	-4,6	-10,8	-10,6
External Reserves	months of imports	0,7	2,0	...	...	...	...	...
Debt and Financial Flows								
Debt Service	% exports	23,1	11,8	3,8	5,1	4,6	3,9	2,8
External Debt	% GDP	145,5	19,3	23,3	21,9	28,0	31,0	30,7
Net Total Financial Flows	Million US \$	517,8	1 792,7	1 830,3	1 654,9	2 123,8	...	...
Net Official Development Assistance	Million US \$	597,5	1 213,4	1 163,7	1 305,0	1 582,8	...	...
Net Foreign Direct Investment	Million US \$	165,9	636,0	855,4	1 220,4	1 684,7	2 527,4	...



Source : ADB Statistics Department; IMF: World Economic Outlook, September 2011 and International Financial Statistics, September 2011; ADB Statistics Department: Development Data Portal Database, October 2011. United Nations: OECD, Reporting System Division.

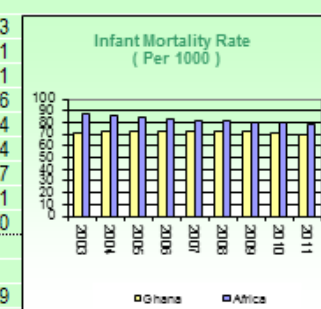
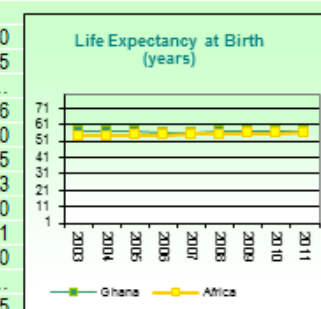
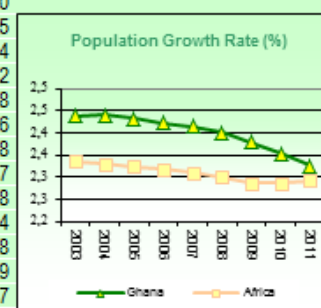
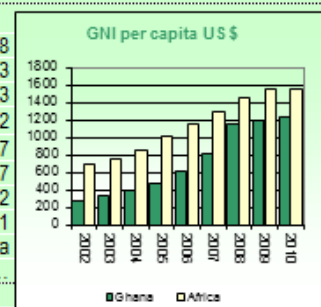
Notes: ... Data Not Available (e) Estimations

Last Update: October 2011

Ghana

COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Ghana	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km ²)		239	30 323	80 976	54 658
Total Population (millions)	2011	25,0	1 044,3	5 732	1 123
Urban Population (% of Total)	2010	51,3	39,9	45,1	77,3
Population Density (per Km ²)	2011	104,7	34,0	59,9	33,2
GNI per Capita (US \$)	2010	1 227	1 565	3 304	38 657
Labor Force Participation - Total (%)	2011	46,2	40,1	65,6	60,7
Labor Force Participation - Female (%)	2011	49,2	41,0	51,7	52,2
Gender -Related Development Index Value	2007	0,524	0,433	0,694	0,911
Human Develop. Index (Rank among 187 countries)	2011	135	n.a	n.a	n.a
Popul. Living Below \$ 1 a Day (% of Population)	2007-09	30,0	42,3	25,2	...
Demographic Indicators					
Population Growth Rate - Total (%)	2011	2,3	2,3	1,3	0,6
Population Growth Rate - Urban (%)	2010	3,5	3,4	2,4	1,0
Population < 15 years (%)	2011	38,4	40,3	29,0	17,5
Population >= 65 years (%)	2011	3,9	3,8	6,0	15,4
Dependency Ratio (%)	2010	71,8	77,6	55,4	49,2
Sex Ratio (per 100 female)	2011	103,6	99,5	93,5	94,8
Female Population 15-49 years (% of total populati	2011	24,5	24,4	49,4	50,6
Life Expectancy at Birth - Total (years)	2011	57,4	56,0	67,1	79,8
Life Expectancy at Birth - Female (years)	2011	58,5	57,1	69,1	82,7
Crude Birth Rate (per 1,000)	2011	31,4	34,2	21,4	11,8
Crude Death Rate (per 1,000)	2011	10,8	12,6	8,2	8,4
Infant Mortality Rate (per 1,000)	2011	69,6	78,6	46,9	5,8
Child Mortality Rate (per 1,000)	2011	111,8	127,2	66,5	6,9
Total Fertility Rate (per woman)	2011	4,1	4,4	2,7	1,7
Maternal Mortality Rate (per 100,000)	2008	350,0	530,2	290,0	15,2
Women Using Contraception (%)	2007-09	...	...	61,0	...
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2009	9,0	58,3	109,5	286,0
Nurses (per 100,000 people)*	2009	104,8	113,3	204,0	786,5
Births attended by Trained Health Personnel (%)	2008	58,7	50,2	64,1	...
Access to Safe Water (% of Population)	2008	82,0	64,5	84,3	99,6
Access to Health Services (% of Population)	2007-09	...	65,4	80,0	100,0
Access to Sanitation (% of Population)	2008	13,0	41,0	53,6	99,5
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2007	1,9	4,9	0,9	0,3
Incidence of Tuberculosis (per 100,000)	2010	86,0	294,9	161,0	14,0
Child Immunization Against Tuberculosis (%)	2010	99,0	85,3	81,0	95,1
Child Immunization Against Measles (%)	2010	93,0	77,9	80,7	93,0
Underweight Children (% of children under 5 years	2007-09	13,9	30,9	22,4	...
Daily Calorie Supply per Capita	2007	2 907	2 465	2 675	3 285
Public Expenditure on Health (as % of GDP)	2008	7,8	5,7	2,9	7,4
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2011	107,3	100,4	107,2	101,3
Primary School - Female	2011	107,2	90,0	109,2	101,1
Secondary School - Total	2011	67,3	37,7	62,9	100,1
Secondary School - Female	2011	63,9	33,7	61,3	99,6
Primary School Female Teaching Staff (% of Total)	2009	33,7	41,4	60,5	81,4
Adult literacy Rate - Total (%)	2009	66,6	65,1	80,3	98,4
Adult literacy Rate - Male (%)	2009	72,8	74,3	86,0	98,7
Adult literacy Rate - Female (%)	2009	60,4	56,2	74,8	98,1
Percentage of GDP Spent on Education	2007-09	5,4	4,7	3,8	5,0
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2008	19,3	7,8	10,6	10,9
Annual Rate of Deforestation (%)	2007-09	...	0,7	0,4	-0,2
Annual Rate of Reforestation (%)	2007-09	...	10,9	...	...
Per Capita CO2 Emissions (metric tons)	2009	0,3	1,1	2,9	12,5



Sources : ADB Statistics Department Databases; World Bank: World Development Indicators;

last update :

octobre 2011

UNAIDS; UNSD; WHO; UNICEF; WRI; UNDP; Country Reports.

Note : n.a : Not Applicable ; ... : Data Not Available.

ANNEX 3: Progress towards Attaining the Millennium Development Goals

	1990 ¹	2000 ²	2010 ³				1990 ¹	2000 ²	2010 ³
Goal 1: Eradicate extreme poverty and hunger						Goal 5: Improve maternal health			
Employment to population ratio, 15+, total (%)	68.4	65.7	65.2			Births attended by skilled health staff (% of total)	43.8	47.1	58.7
Malnutrition prevalence, weight for age (% of children under 5)	25.1	18.8	13.9			Contraceptive prevalence (% of women ages 15-49)	20.3	25.0	...
Poverty headcount ratio at \$1,25 a day (PPP) (% of population)	51.1	...	30.0			Maternal mortality ratio (modeled estimate, per 100,000 live births)	630.0	586.0	350.0
Gini Coefficient	...	...	40.8			Goal 6: Combat HIV/AIDS, malaria, and other diseases			
Prevalence of undernourishment (% of population)	34.0	11.0	...			Incidence of tuberculosis (per 100,000 people)	223.0	206.0	201.0
Goal 2: Achieve universal primary education						Prevalence of HIV, female (% ages 15-24)	...	...	1.3
Literacy rate, youth female (% of females ages 15-24)	...	65.5	77.9			Prevalence of HIV, male (% ages 15-24)	...	...	0.4
Literacy rate, adult total (% of people ages 15 and above)	...	57.9	65.8			Prevalence of HIV, total (% of population ages 15-49)	...	3.1	1.9
Primary completion rate, total (% of relevant age group)	63.7	67.3	79.2			Goal 7: Ensure environmental sustainability			
Total enrollment, primary (% net)	...	58.3	75.9			CO2 emissions (kg per PPP \$ of GDP)	0.9	1.1	1.0
Goal 3: Promote gender equality and empower women						Improved sanitation facilities (% of population with access)	6.0	18.0	13.0
Proportion of seats held by women in national parliaments (%)	...	9.0	8.3			Improved water source (% of population with access)	56.0	75.0	82.0
Ratio of female to male primary enrollment	84.4	90.2	94.4			Goal 8: Develop a global partnership for development			
Ratio of female to male secondary enrollment	66.2	80.2	84.6			Net total ODA/OA per capita (current US\$)	37.4	66.1	66.4
Goal 4: Reduce child mortality						Internet users (per 1000 people)	0.0	17.2	54.4
Immunization, measles (% of children ages 12-23 months)	52.0	83.0	93.0			Mobile cellular subscriptions (per 1000 people)	0.0	79.1	633.8
Mortality rate, infant (per 1,000 live births)	74.4	71.9	70.9			Telephone lines (per 1000 people)	3.0	14.6	11.2
Mortality rate, under-5 (per 1,000)	121.5	115.1	113.7						
Sources: ADB Statistics Department Databases; World Bank: World Development Indicators; UNAIDS; UNSD; WHO, UNICEF, WRI, UNDP; Country Reports						Sources: ADB Statistics Department Databases; World Bank: World Development Indicators; UNAIDS; UNSD; WHO, UNICEF, WRI, UNDP; Country Reports			
1 Latest year available in the period 1990-1995; 2 Latest year available in the period 2000-2004; 3 Latest year available in the period 2005-2010									

Annex 4: Framework for Managing Oil Revenue in Ghana

The Petroleum Revenue Management Act was signed into law in April. The Act defines adequate mechanisms for ensuring the effective use of oil revenue to support the country's development as follows:

- **Establishment of petroleum funds and allocations:** All petroleum revenue is received and disbursed via a dedicated Petroleum Holding Fund (PHF), held at the Bank of Ghana. Revenue from the PHF is disbursed into three separate funds: the *Consolidated Fund* to support the annual budget; the *Stabilization Fund* to cushion the budgetary impact of annual volatility in oil revenues; and the *Heritage Fund* to provide an endowment for future generations. The latter two receive from the PHF all revenue in excess of the Annual Budget Funding Amount (ABFA).
- **Benchmark revenue:** Benchmark revenue is set by September of each year for the budget of the following year. It is determined on the basis of a five-year rolling average of oil prices.
- **Annual Budget Funding Amount (ABFA):** This is the amount of petroleum revenue provided to the annual budget. The ABFA cannot be more than 70 percent of benchmark revenue. The exact percentage is determined annually and approved by parliament. The ABFA is considered part of the national budget, and its use is subject to the same budget processes, e.g., guided by medium term expenditure plans and aligned with the national development plan (the GSGDA). Moreover, a minimum of 70 percent of the ABFA annually must be used for public investment expenditures.
- **Collateralization:** The PRMA permits the use of the ABFA as collateral for debts and other liabilities of the government for a period of up to 10 years after its commencement. The PRMA prohibits borrowing against the amounts earmarked for the Stabilization and Heritage Funds.
- **Reporting:** The Act provides for reporting on various levels. The reporting authorities include: (i) the Ghana Revenue Authority; (ii) the Ministry of Finance and Economic Planning; (iii) the Bank of Ghana; (iv) the Investment Advisory Committee; (v) the Auditor-General; and (vi) the Public Interest and Accountability Committee. Based on their mandates, reports are due either monthly, quarterly, semi-annually, or annually.
- **Transparency and accountability:** Transparency clauses are consistent with the requirements of the Extractive Industry Transparency Initiative. A strong framework for public accountability is ensured through disclosures of public expenditures and the regular scrutiny by the Public Interest and Accountability Committee. The Accountability Committee must publish semi-annual and annual reports in two state-owned newspapers, post the report on its website, and hold meetings twice a year to discuss the reports with the public. The Committee also has to submit a copy of its semi-annual and annual reports to the president and to parliament. The auditor-general provides external audits of the petroleum funds each year, while the Bank of Ghana conducts internal audits, with the governor submitting quarterly reports.

Source: IMF Country Report No. 12/36

ANNEX 5: Donors Intervention Matrix (in US\$ million) in 2010

Donors	Agriculture	Governance	Macro Stabilization	Social	Infra-structure	Private Sector	Regional Integration	other	Total	%
AfDB	230.94	215.16		183.96	344.27	59.09	195.61		1229.02	17.77
World Bank	112.70	430.00		152.20	633.30			30.00	1358.20	19.64
EU	82.17	349.88		57.84	420.44	24.12		24.12	958.57	13.86
DFID	13.27	157.89		236.75		10.83			418.74	6.06
USAID	34.00	4.00		96.10	4.00				138.10	2.00
AFD	57.47		9.45	25.52	177.15		0.76		270.35	3.91
Denmark		357.00		295.00	56.00	75.00			783.00	11.32
Germany	37.16	86.49		32.43		28.04			184.13	2.66
Japan	8.30	16.03		27.63	98.68	0.80		3.47	154.91	2.24
Canada	203.20	102.11		123.19	34.85				463.35	6.70
Netherlands Embassy	47.30	126.36		127.80	18.23			2.30	321.99	4.66
Switzerland Embassy		2.98			12.02	13.95		3.19	32.15	0.46
IMF			602.60						602.60	8.71
Total	826.51	1847.91	612.05	1358.42	1798.93	211.83	196.37	63.09	6915.13	100.00
%	11.95	26.72	8.85	19.64	26.01	3.06	2.84	0.91	100.00	

Agriculture includes NRM; Governance includes PFM, MDBS; Social includes Decentralization, Education, Health and HIV; and Infrastructure Includes Water and Sanitation and Roads

ANNEX 6: 2011 COUNTRY PORTFOLIO IMPROVEMENT PLAN

Areas of Focus	Main Problems	Recommended Actions	Responsibility	Timeframe
Implementation, Preparedness and Effectiveness	Conditions precedent to first disbursement are cumbersome and time consuming	- Proactively resolve issues likely to be stated as conditions for first disbursement at appraisal	GOG/Bank	Continuous
	Limited Participation of Stakeholders during project Identification and Preparation stages	- Quality of feasibility studies should be improved to ensure quality at entry - Ensure participation of key stakeholders	MoFEP/Sector Ministries	Continuous
	Lack of appropriate/required Skill mix of Bank Team during Identification, Preparation, Appraisal	- Ensure appropriate skills mix are fielded during the stages in the project cycle.	Bank	Continuous
	Long time lag between planned implementation and actual contract implementation which results in delays in contract delivery/completion date and cost-overruns	- Advance procurement action - Expedite initial start-up activities	GOG	Continuous
	Inadequate budget provision for Civil Works and related Designs and Supervision of contracts	- Ensure that designs are updated before appraisal of projects	Bank/GOG	Continuous
	The use of "full Payment of compensation to Project Affected Persons (PAPs)" as conditions precedent to first disbursement	- Proactively discuss the possibility of phasing the payment of compensation to PAP during appraisal and negotiations on case by case basis.	Bank/GOG	Continuous
Procurement	Inadequate hands-on guidance on use of procurement rules and procedures	- Training on Bank procurement rules and procedures before loan negotiations - Ensure that Project Implementation Team (PIT) is constituted before loan negotiation	Bank	On annual basis
	Limited progress is achieved by PIUs using MOFA Procurement Team (Country Systems)	- Ensure inclusion of procurement experts on PIT	Bank/GoG	Continuous
	Delays in communicating revised and new Bank Procurement rules to PIUs/PCUs etc.	- Sustain communication of revised Bank rules and procedures to implementing units	Bank/GHFO	As soon as changes are finalised by Bank and when necessary
	Delays in communicating feedback from procurement document reviews to PIUs/PCUs	- Bank to adhere to its communication guidelines - Bank to circulates its procurement processing timelines to projects to serve as a monitoring tool	Bank	Bank to communicate approved processing timelines to GoG by 30 September 2011
	Slow progress made on the use of Country Procurement Procedures	- Bank to expedite action on accepting the use of country systems for procurement	Bank	Continuous
Financial Management and Disbursement	Inadequate hands-on guidance in financial management and disbursement	- Training on Bank disbursement and financial management procedures before loan negotiations	GHFO	As and when necessary and on annual basis
	Delay in the release of Government/Beneficiary counterpart funds leads to	- Improve releases of counterpart funds	GoG	Continuous
	Funding of Operating Costs of PIU from Government counterpart funding has been counter-productive	- Negotiate for 100% funding of future projects - Improve releases of counterpart funds	GoG/Bank	On a case by case basis
Fiduciary Assurance	Delays in submission of audited financial statements to the Bank by projects in breach of financing covenant.	- Procurement of auditor should commence as early as possible - Projects to update accounts in readiness for audit	GOG/Bank	Submission by Bank's mandatory date of 30 June every year
	Slow follow-up and implementation of audit recommendations by PIUs/PCUs and MoFEP.	- Ensure quick follow-up of audit recommendations	GoG	Continuous
Monitoring, Evaluation and Reporting	Results-based framework, including project objectives and key performance indicators are not well defined.	- Appropriately skill mix at project appraisal to define objectives and indicators - Make necessary changes at project mid-term review	GOG/Bank	Continuous
	Baseline data not in place at project start-up	- Appropriate feasibility studies	GOG/Bank	Continuous
	Weak contracts Management Capacity in most PCUs/PIUs	- Improve contract management through training and monitoring - Ensure qualified consultants are engaged to supervise civil works - Contracts should be properly monitored - Use of performance based contracts for PIU staff for projects	GoG/PIU	Continuous
	Use of M & E systems for timely corrective measures to be taken based on feedback. Weak M & E capacity at most PIUs/PCUs Targets and dates in PAR not consistent with baseline data	- Strengthen the monitoring capacity of GOG - Train and mentor M&E officers - Align project indicators to national indicators	GOG/AFDB	Continuous
	Using only the rate of disbursement as a basis for assessing project performance without focusing on Results/Output	- Bank to highlight other indicators used to rate projects	Bank	By end of September 2011
Institutional Capacity Assessment	Coordination between PCUs/PIUs and other multiple agencies poses challenge	- Continue dialogue between sector ministries	GoG	Continuous
	Weak Monitoring and follow-up capacities at Bank's Desk at MoFEP	- Train and mentor Desk Officers in M&E	GoG/Bank – ISP	December 2012
Bank Group Supervision	Frequent changes of Task Managers leads to communication breakdown, delays in addressing issues and limited institutional memory	- GHFO to take on more responsibilities as TM - Alternative task management at the GHFO - Decentralization of Bank operations	Bank	Continuous
	Short Supervision Mission durations leading to lack of ample time to deal with all relevant issues.	- Period of mission should be tailored along the number of projects to be supervised	Bank	Continuous
	Non-coordinated missions with other donors could be time consuming (especially for co-funded projects).	- Improve coordination of supervision missions for co-financed projects	Bank	Continuous

ANNEX 7: BANK GROUP PORTFOLIO AS AT 31ST JANUARY 2012

No.	Sector	Project name	Loan/grant amount (UA)	Date of approval	Date of signature	Amount disbursed as at 31/01/2012	% disbursed: 31/01/2012	Closing date	Status
1	Agriculture	Inland Valley Rice Development Project	15 000 000	18.05.2001	23.05.2001	11 630 788	77.5	30.06.2011	non PPP
2		Export Market And Quality Awareness Prog	17 000 000	13.07.2005	29.07.2005	8 550 975	50.3	31.12.2011	PP
3		Afram Plains Rural Development Project	19 970 000	31.05.2006	29.06.2006	13 897 400	69.6	31.12.2012	non PPP
4		Northern Rural Growth Program	40 000 000	17.12.2007	04.03.2008	2 161 362	5.4	31.12.2015	PP
		Agriculture Sub-Total	91 970 000			36 240 525	54.5		
1	Social	Health Services Rehabilitation Iii	17 640 000	30.10.2002	04.06.2003	10 833 714	61.4	31.03.2012	Non PPP
		Health Services Rehabilitation Iii -G	1 000 000	30.10.2002	04.06.2003	603 907	60.4	31.03.2012	Non PPP
2		Senior Sec. School Support Project - Iii	20 000 000	24.09.2003	01.04.2004	18 528 665	92.6	31.12.2011	
		Senior Sec. School Support Project - Iii G	5 000 000	24.09.2003	01.04.2004	4 356 023	87.1	31.12.2011	Non PPP
3		Urban Poverty Reduction Project	25 000 000	12.10.2005	23.11.2005	16 366 196	65.5	30.06.2012	Non PPP
4		Gender Responsive Skills & Community Dev't Proj	5 950 000	19.12.2007	14.05.2008	1 070 777	18.0	31.12.2012	Non PPP
		Gender Responsive Skills & Community Dev't Proj -G	2 360 000	19.12.2007	14.05.2008	638 310	27.0	31.12.2012	Non PPP
		Social Sub-Total	76 950 000	-	-	52 397 591	68.1		
1	Transport	Tema-Aflao Road Rehabilitation Project	14 700 000	17.04.2002	02.08.2002	10 584 272	72.0	30.06.2012	Non PPP
		Tema-Aflao Road Rehabilitation Project - Supplm	25 400 000	16.12.2008	10.06.2009	6 254 669	24.6	31.12.2013	Non PPP
2		Akatsi-Dzodze-Noepe Road(Akatsi-Akanu)	12 720 000	20.12.2002	18.07.2003	9 332 492	73.4	30.06.2012	PPP
		Akatsi-Dzodze-Noepe Road(Akatsi-Akanu) - Supplm	13 400 000	16.12.2008	10.06.2009	7 249 125	54.1	31.12.2011	
3		Road Infrastructure Project 2003	18 000 000	17.09.2003	01.04.2004	10 457 388	58.1	30.06.2012	PPP
4		Awoshie-Pokuase Road & Community Dev.	53 590 000	14.10.2009	01.04.2010	5 030 398	9.4	31.12.2015	
5		Fufulso-Sawla Road	109 720 000	24.11.2010	02.12.2010	9 921 559	9.0	31.12.2015	PPP
		Transport Sub-Total	247 530 000	-		58 829 902	23.8		Non PPP
1	Water/Sanitation	Rural Water & Sanitation Proramme	12 800 000	08.09.2004	13.10.2004	8 566 704	66.9	30.06.2011	Non PPP
2		Accra Sewerage Improvement Project (Asip)	46 000 000	26.04.2006	19.05.2006	8 221 863	17.9	31.12.2011	
3		Improved Sanitation And Water Supply Service	1 825 191	18.09.2009	15.01.2010	520 438	28.5	15.01.2012	Non PPP
4		Design For Re-Use	441 325	28.07.2010	19.10.2010	177 305	40.2	30.06.2013	
5		Reoptimization Study Of Akosombo & Kpong Dams	1 608 994	02.08.2010	07.01.2011			30.09.2013	PPP
		Water/Sanitation Sub-Total	62 675 510			17 486 311	0.3		
1	Multinational	Invasive Aquatic Weeds - Ghana	1 680 000	22.09.2004	13.10.2004	1 135 696	67.6	31.12.2011	not effective
2		Ghana - Prom Of Science And Tech. For Agric. Devt.	15 581 000	29.11.2006	18.12.2006	7 677 863	49.3	31.12.2013	Non PPP
3		Uemoa Ghana Road Programme	64 500 000	19.11.2003	18.12.2003	45 358 503	70.3	31.12.2012	Non PPP
		Uemoa Ghana Road Programme (Supplementary)	4 300 000	16.12.2008	10.06.2009	890 386	20.7	30.12.2013	Non PPP
4		Ghana - Togo -Benin Power Interconnect	14 870 000	04.04.2007	17.05.2007	1 031 632	6.9	31.12.2012	Non PPP
		Multinational Sub-Total	100 931 000	-	-	56 094 081	0.6		
	Multisector	Budget support							
1		Fourth Budget Support	26 000 000	13.07.2011	20.12.2011	13 000 000	50.0	31.12.2013	Non PPP
		Fourth Budget Support	44 000 000	13.07.2011	20.12.2011	22 000 000	50.0	31.12.2013	PP

ANNEX 7: BANK GROUP PORTFOLIO AS AT 31ST JANUARY 2012

No.	Sector	Project name	Loan/grant amount (UA)	Date of approval	Date of signature	Amount disbursed as at 31/01/2012	% disbursed: 31/01/2012	Closing date	Status
		Multisector Sub-Total	70 000 000	-	-	35 000 000	0.5		
1	Power	Power Systems Re-Inforcement Project	27 600 000	28.11.2007	04.03.2008	10 826 232	39.2	31.12.2014	Non PPP
		Power Sub-Total	27 600 000	-	-	10 826 232	39.2		
		Active Portfolio (Disbursing)	677 656 510			266 874 641	44.4		

DRAFT FOR COMMENT

Annex 8: The Bank Group's Fiduciary Strategy

1. The PEFA Assessment suggests that budget credibility, predictability and control in budget execution remain challenges to Ghana's PFM. There also remain significant difficulties with cash management and budget releases, establishment control and difficulties with expenditure over primary estimates. These areas may require first priority, in addition to also focusing on greater policy based approaches to budgeting, or on efficiency improvements.
2. The Bank's FM strategy could therefore focus on three main areas:
 - i) Strengthening capacities of Audit and Oversight institutions of Ghana's PFM system. These institutions include the Public Accounts Committee (PAC)** of Parliament and the Ghana Audit Service (GAS). The GAS already has several development partners supporting it, but there is always room for more support in specialised areas of audit and related capacity building in line with the GAS's own development strategy.
 - ii) The Accountant General has recently launched an Accounting Manual to be used by all District Assemblies, MDAs and MMDAs. The implementation and adherence to the guidance provided by the manual could be crucial to the Local Government Fiscal Administration. The Bank can participate in the roll out and training on the new manual.
 - iii) Strengthening internal control and internal audit – focussing on additional capacity building for the Internal Audit Agency (IAA). The IAA has responsibility for internal audit function in all ministries, departments and agencies of government. It is a young institution which will require a lot of support by way of capacity building. Some of the needs of this institution include the development of a workable manual to guide activities of staff and training for performance audit and enterprise risk management.

** The PAC has oversight responsibility for ensuring the Public purse is properly used and accounted for. It too will require some capacity building relevant to the work they are expected to perform.

ANNEX 9: INDICATIVE LENDING AND NON-LENDING PROGRAMME

Sector	Programme/Project	Year	Tentative Amount (UA million)
Public Sector Operations			
Education Sector (HEST)	Development of Skills for Industry Project (DSIP)	2012	70.00
Energy (Regional Operation)	Ghana - Burkina Faso - Mali Interconnection	2014	5.00
Power and Energy	Ghana Energy Development Access Program	2013	38.00
Infrastructure and Technology	Rural Enterprise Program.	2012	50.00
Multi-Sector	Institutional Support Program (including public sector reforms)	2012	UA 9.59 million
Private Sector Operations			
Power and Energy	Takoradi II Power Plant Expansion	2012	US\$37.5
Regional Operation	Africa Guarantee Fund	2012	USD10 million
Regional Operation	Africa Agriculture Fund	2012	USD40 million
Oil & Gas	LNG Storage	2013	TBD
Transport	Road Construction	2013	TBD
Financial Sector	LOCs; Trade Facilities to commercial banks	2013	TBD
Oil & Gas	Ghana Oil Services Terminal (GOST)	2012	40.00
Economic and Sector Work and Other Non-Lending Programme			
Oil and Gas	Oil and Gas Downstream Activities in Ghana: Focusing on Value Addition	2012	Bank budget
Resource Mobilization	Financing Options for MIC Status	2013	
Macroeconomic	Annual African Economic Outlook Ghana Chapter	2012-2013	
Health	Health impact assessment in the Oil and Gas sector	2012	Trust Fund
Public finance	PEFA assessment	2013	Trust Fund
Employment	Promotion of Youth Employment in agriculture through the Rural Enterprise Programme	2013	Project
Skills	Improving linkages between the Community Development Vocational and Technical Institutes	2012	Trust Fund
Infrastructures	Sustainability of the rural technology facilities	2013	Project

ANNEX 10: CSP RESULTS FRAMEWORK

Ghana's Development Goals (GSGDA)	Constraints hindering achievement of desired Development Goals	Final Outcomes (expected by end of CSP in 2016)	Final Outputs (expected by end of CSP in 2016)	Mid-Term Outcomes (expected by CSP mid-term in 2014)	Mid Term Outputs (expected by CSP mid-term in 2014)	Bank Group Interventions during CSP period (Proposed & On-going) ¹⁶
Pillar 1: Improving Productivity in Ghanaian Enterprises and in particular in the Micro, Small and Medium Agribusiness Firms						
<i>Improving Infrastructure and Integration to Regional Markets</i>						
Ensure adequate, reliable and improved supply of electricity to meet national requirement and for export; through rehabilitation and expansion of electricity generation, transmission and distribution infrastructure.	Inadequate energy infrastructure, regulatory capacity and enforcement in the sector, and regional interconnection.	<p>Number of jobs created</p> <p>Increase in the number of Ghanaians with access to electricity from 66% in 2010/11 to 75% by the year 2016.</p> <p>Total power system energy losses reduced from 25% in 2010/11 to 21% in 2016.</p> <p>Cost of electricity reduced</p>	<p>Number of high voltage substations constructed, high voltage substations refurbished, km of MV and LV lines erected, number of MV/LV transformers installed by the GEDAP project</p> <p>Construction of a 742 km transmission line, three new substations, and extension works for the 225 kV incoming and outgoing transmission lines between Ghana-Burkina-Faso, and Mali</p>	<p>Number of jobs created</p> <p>Increase the number of Ghanaians with access to electricity from 66% in 2010/11 to 70% by the year 2014.</p> <p>Total power system energy losses reduced from 25% in 2010/11 to 18% in 2014.</p>	<p>Number of high voltage substations constructed, number of high voltage substations refurbished, km of MV and LV lines erected, number of MV/LV transformers installed by the GEDAP project</p> <p>Construction works on the GEDAP and on the Ghana-Burkina-Faso-Mali projects Commenced and are on-going.</p>	<p>New projects</p> <p>(i) Ghana Energy Development and Access Programme (GEDAP) III.</p> <p>(ii) Ghana - Burkina Faso - Mali Interconnection</p> <p>On-going</p> <p>(i) Tema Osonor Power Plant (Private Sector)</p> <p>(ii) Power Systems Reinforcement Project</p>
<i>Agribusiness Technology Infrastructure Development</i>						
Make available appropriate but cost effective technology to improve productivity.	Inadequate technology development and dissemination infrastructure.	<p>50,000 jobs created in agribusiness sector</p> <p>Technical skills transferred and technology disseminated through establishment and enhanced efficiency and viability of the RTFs</p>	<p>-30 new Rural Technology Facilities (RTF) established</p> <p>-153 staff of RTFs (re)trained</p> <p>-51 RTF management boards - operational</p> <p>-90% of RTFs use accounting software</p> <p>-14000master craft persons trained by type of training and gender</p> <p>-14000 traditional apprentices trained by type of training and gender</p> <p>-725 technical apprentices trained by type of training and gender</p> <p>-15750 graduate apprentices provided with start-up kits (by gender)</p>	<p>30,000 jobs created in the agribusiness sector</p> <p>Technical skills transferred and technologies disseminated through establishment and enhanced efficiency the RTFs</p>	<p>-23 new RTFs established</p> <p>-90 staff of RTFs (re)trained</p> <p>-44RTF management boards - operational</p> <p>-5840master craft persons trained by type of training and gender</p> <p>-5840traditional apprentices trained by type of training and gender</p> <p>-250 technical apprentices trained by type of training and gender</p> <p>-6570graduate apprentices provided with start-up kits (by gender)</p>	<p>New Projects</p> <p>(iii) Rural Enterprises Program.</p>
<i>Developing Priority Skills for Industry</i>						

¹⁶ Only on-going projects that are relevant to and contribute to the strategic goals of the focus areas of the 2012 – 2016 CSP are included in this Results Framework and Monitoring Matrix.

Ghana's Development Goals (GSGDA)	Constraints hindering achievement of desired Development Goals	Final Outcomes (expected by end of CSP in 2016)	Final Outputs (expected by end of CSP in 2016)	Mid-Term Outcomes (expected by CSP mid-term in 2014)	Mid Term Outputs (expected by CSP mid-term in 2014)	Bank Group Interventions during CSP period (Proposed & On-going) ¹⁶
Develop priority skills for industry.	<p>Inadequate skills development infrastructure; Poor management and supervision of TVET sub-sector, which is severely underfunded; Training in TVET institutions is rigid and non-responsive to demands on labour market; Weak linkage between TVET institutions and industry; Limited teaching and learning facilities for competency-based training in Polytechnics; and Persistent gender disparities in school enrolment and retention.</p>	<p>--980 jobs created after constructions - 30% and 20% of TVET graduates set up their own business and are employed within six months of graduation respectively compared with 20% and 10% in 2010;</p> <p>--Percentage of students graduating with requisite skills increase from 26% in 2010 to 60% in 2016</p> <p>--Access to TVET training increased by 13% from 20,694 in 2009/10 to 23,384 in 2016¹⁷ (especially in rural areas as evidenced by increased course offerings)</p> <p>- Number of employable graduates increased by 30% in relation to 2010/11</p> <p>- A 50% increase in the number of female graduates, especially in non-traditional areas from 2,483 in 2009/10 to 3,724 in 2016.¹⁸</p>	<p>- A fully rehabilitated, including new construction, of facilities at the Kumasi Campus of the University of Education, Winneba and equipped as a TVET Instructor Training Institute by 2016;</p> <p>- construction/rehabilitation of 10 technical and vocational institutes with furniture, equipment, teaching and learning resources by 2016;</p> <p>- construction/rehabilitation of two (2) polytechnics (Accra and Takoradi) furnished with furniture, equipment, teaching and learning resources by 2016;</p> <p>- The capacity of COTVET enhanced to house and increase the productivity of the required 200 staff establishment by 2016;</p> <p>- The capacity to supply TVET instructors increased by 50% from 600 in 2010/11 to 1200 in 2016¹⁹</p> <p>- 1,200 internal and external verifiers trained by 2016;</p> <p>- Increased coverage of the apprenticeship program by 3000 trainees by 2016;</p> <p>- 500 master craftsmen trained by 2016; and</p> <p>- 5000 female and needy students sponsored to undertake TVET programs by 2016.</p>	<p>--1040 jobs created during constructions - Access to TVET training increased by 6.5% from 20,694 in 2009/10 to 22,039 in 2014 (especially in rural areas as evidenced by increased course offerings).</p> <p>- Number of employable graduates increased by 15% in relation to 2010/2011.</p> <p>- A 25% increase in the number of female graduates, especially in non-traditional areas from 2,483 in 2009/10 to 3,103 in 2014.</p> <p>- A costed and sustainable National Skills strategy prepared by 2014.</p> <p>- study and draft law on the mechanism for recognising prior learning finalised (TVET qualification framework) by 2016</p> <p>- The capacity to supply TVET instructors increased by 20% from 600 in 2010/11 to 720 in 2014</p>	<p>- Rehabilitation, including new construction, of facilities at the Kumasi Campus of the University of Education, Winneba underway with a view to be equipped as a TVET Instructor Training Institute by 2014;</p> <p>- construction/rehabilitated of 5 technical and vocational institutes with furniture, equipment, teaching and learning resources by 2014;</p> <p>- construction/rehabilitated of two (2) polytechnics (Accra and Takoradi) underway by 2014;</p> <p>- 75 Instructor and management staff across private and public TVIs suitably trained by 2014;</p> <p>- CBT curriculum for instructor training developed and implemented by 2014;</p> <p>- 600 internal and external verifiers trained by 2014;</p> <p>- Increased coverage of the apprenticeship program by 1500 trainees by 2014;</p> <p>- 250 master craftsmen trained by 2014; and</p> <p>- 2500 female and needy students sponsored to undertake TVET programs by 2014.</p>	<p>Proposed (i) Development of Skills for Industry Project (DSIP)</p> <p>On-going (i) Gender Responsive Skills and Community Development Project</p>
Pillar 2. Supporting Economic and Structural Reforms aimed at Improving the Business Environment						
Improve private sector competitiveness	Non-responsive public sector; Unreliable and expensive	Number of businesses registered increase from	Automation of cash system and weekly overview of commitments	Improved business enabling and environment	Automation of cash system and weekly overview of	New Project (i) Institutional Support

¹⁷ Data is obtained from the MoE Education sector Performance Report, August 2010.

¹⁸ Data from same report as above

¹⁹ Information received from the College of Technology, University of Education Winneba. Currently, 600 instructors are trained per year with an annual growth rate of 15% at current capacity. 20% is estimated annual growth by mid-term and 50% increase in capacity by end of project.

Ghana's Development Goals (GSGDA)	Constraints hindering achievement of desired Development Goals	Final Outcomes (expected by end of CSP in 2016)	Final Outputs (expected by end of CSP in 2016)	Mid-Term Outcomes (expected by CSP mid-term in 2014)	Mid Term Outputs (expected by CSP mid-term in 2014)	Bank Group Interventions during CSP period (Proposed & On-going) ¹⁶
<p>Promote transparency and enhanced accountability and integrity in the management of public resources, and reduce opportunities for rent seeking;</p> <p>Strengthening arms of government and independent governance institutions</p> <p>Ensure efficient internal revenue generation and transparency in resource management</p>	<p>infrastructure; Unpredictable legal and regulatory regimes; Inadequate managerial skills; Poor entrepreneurial orientation; and Obsolete technology.</p> <p>Perception of corruption in the public sector; Weak institutional capacity to fight corruption; and weak collaboration among institutions responsible for fighting corruption</p> <p>Weak and ineffective execution of parliamentary over-sight responsibilities</p> <p>Inadequate internal revenue mobilization capacity; and weak public financial management practices;</p>	<p>45,000 in 2009 to 65,000.</p> <p>Improved business enabling environment and competitiveness of the private sector by:</p> <p>(i) reducing the time and number of procedures to start a business from 33 days and 8 procedures in 2009 to 6 days and 4 procedures in 2013;</p> <p>(ii) reducing the time and number of procedures in dealing with construction permit from 220 days and 18 procedures in 2009 to 110 days and 8 procedures in 2013; and (iii) reducing the days to export and import from 19 and 29 respectively in 2010 to 14 and 20 respectively in 2013</p> <p>(i) improving PEFA score on credibility of the budget PI-1 from C in 2009 to B+ in 2013;</p> <p>(ii) improving PEFA score on competition value for money PI-19 from B+ in 2009 to A in 2013; and</p> <p>(iii) improving PEFA score on effectiveness of internal and external audits PI-21 and PI-26 from D+ and C+ respectively in 2009 to C and B respectively in 2013.</p>	<p>and outstanding payments established by 2012/13.</p> <p>Internal audit fully operational for majority of central government entities by 2012/13.</p> <p>--Strengthened capacity of private sector support institutions</p> <p>--Support to the Private Enterprise Foundation, NBSST, and MOTI</p>	<p>competitiveness of the private sector by:</p> <p>(i) reducing the time and number of procedures to start a business from 33 days and 8 procedures in 2009 to 6 days and 4 procedures in 2013;</p> <p>(ii) reducing the time and number of procedures in dealing with construction permit from 220 days and 18 procedures in 2009 to 110 days and 8 procedures in 2013; and</p> <p>(iii) reducing the days to export and import from 19 and 29 respectively in 2010 to 14 and 20 respectively in 2013</p> <p>(i) improving PEFA score on credibility of the budget PI-1 from C in 2009 to B+ in 2013;</p> <p>(ii) improving PEFA score on competition value for money PI-19 from B+ in 2009 to A in 2013; and</p> <p>(iii) improving PEFA score on effectiveness of internal and external audits PI-21 and PI-26 from D+ and C+ respectively in 2009 to C and B respectively in 2013 (iv) increased proportion of public procurement that is open and competitive by value (PI-19) from 25% in 2007 to 40% by 2014..</p>	<p>commitments and outstanding payments established by 2012/13.</p> <p>Internal audit fully operational for majority of central government entities by 2012/13.</p> <p>--ISP</p>	<p>Project to Oversight and Private sector Development Institutions (ISP)</p> <p>On-going</p> <p>Fourth Poverty Reduction and Business Environment Support Programme (PRBESP IV)</p>