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1. Executive Summary

In 2002, the development policy direction of the Government of Ghana was further elaborated on to contain five priority areas: (i) infrastructural development; (ii) modernized agriculture centred on rural development; (iii) enhanced social services, with emphasis on health and education, (iv) good governance and (v) private sector development. This vision was detailed in the Ghana Poverty Reduction Strategy (GPRS, Ghana's PRSP), which was the central policy document in the discussions with development partners during the successful Consultative Group meeting held in Accra, 8-10 April. In 2002, Ghana recorded an economic growth of 4.5%, which was positively influenced by good harvests and by high prices for Ghana's main export products gold and cocoa.

Ghana's good record in terms of human rights, press freedom and democratic standards was further strengthened in 2002, with a number of initiatives in legal reform, freedom of information and public finance management, including laws drafted to be put before Parliament in 2003 that will further enshrine transparency and good governance. Moreover, within the troubled West African Region, Ghana is considered a haven of stability, with a reputation for a welcome involvement in regional (peacekeeping) initiatives. Ghana also further pursued its commitment towards deeper regional economic and monetary integration at the ECOWAS level.

EU-Ghana cooperation intensified in 2002. At the end of 2002, nearly all available NIP resources (98.6%) were committed for projects. Total EDF grant disbursements in 2002 were € 46.8 million, which is more than double the 5-year average of the preceding period (€ 22.3 for the years 1997-2001). The increased level of disbursements is largely due to the resumption of budget support, but also project disbursements were at a significantly higher level than in preceding years.

Cooperation in the focal sectors generally showed good results in 2002. Continued progress in macro-economic stabilisation and a general commitment to further improve public finance management contributed to the disbursement of two tranches of budget support for a total value of € 22.15 million. In road infrastructure, there was progress in the road condition mix, an important indicator in the Transport Infrastructure Programme (TRIP), while road sector arrears were further reduced. EU support to TRIP continued and feasibility studies, design and tender documents for the rehabilitation of three trunk roads were completed in 2002. For two of the roads the tenders were actually launched. The rehabilitation of 450 km of feeder roads in Western and Central Regions was completed in 2002, while preparations were made to rehabilitate another 600 km of feeder roads in cocoa growing areas from 2003 onwards. In rural development, provision of water supply to 24 small towns progressed according to schedule and, due to savings made, another 6 small towns could be added to the programme. In addition, the rural water and sanitation project for the Northern Region started its operations in 2002, while works on the rural electrification programme in Western Region gained momentum in 2002. Under the 5th micro-projects programme over 600 projects of the first cycle (2001/02) were completed in 56 of the poorer districts and implementation of a similar number of projects for the second cycle (2002/03) started later in the year. During 2002, support to the Cocoa Swollen Shoot Virus Disease programme continued and improved in effectiveness.

Co-operation in other (non-focal) sectors, i.e. governance and institution building, health, private sector development, environment and cultural cooperation, also showed sustained progress in 2002. Non-state actors were able to benefit from a number of resources involving over 14% of EDF financing. The signing in December of the € 40 million Financing Agreement on the Mining Sector Support Programme (ex-Sysmin) provided the starting point of a long-term involvement in mining to assist the sector in regaining its economic importance.

As the 9th EDF Country Support Strategy is closely aligned to the GPRS, its direction remains relevant and needs no revision. Plans for the next years show a nearly 100% commitment rate by 2004, which will also cover the use of re-allocated balances of previous EDFs. Additional funding will be needed to finance the full needs of the 9th EDF road transport programme, while macro-economic support will only cover the needs up to 2005/6 and is also likely to need an increase. In the non-focal sectors, more attention than anticipated will be given to private sector development and cultural cooperation. A much revised set of indicators in the intervention framework will facilitate assessment of progress in the focal sectors during the 2004 Mid-Term Review.

2. Ghana's Development Policy Agenda

The year 2002 was the 2nd year in office of the National Patriotic Party (NPP), and brought further clarity on the policy directions of the Government. At the beginning of the year president Kuffour, in his State of the Nation address, outlined the development priorities for his government as fivefold: (i) vigorous infrastructural development; (ii) modernized agriculture centred on rural development; (iii) enhanced social services, with emphasis on health and education, (iv) good governance and (v) private sector development. This vision was further detailed in the Ghana Poverty Reduction Strategy (GPRS), which was the central policy document in the discussions with development partners during the successful Consultative Group meeting held in Accra, 8-10 April. The GPRS is a set of comprehensive policies, strategies, programmes, and projects to support wealth creation and poverty reduction for the benefit of all Ghanaians.

The Government of Ghana aims to create wealth through: ensuring sound economic management for accelerated growth; increasing production and promoting sustainable livelihoods; direct support for human development and the provision of basic services; providing special programmes in support of the vulnerable and excluded; ensuring good governance and increased capacity of the public sector; and the active involvement of the private sector as the main engine of growth and partner in nation building.

Per capita income in Ghana today is less than what existed at the time of independence. In the past, Ghana relied heavily on few primary products like cocoa, gold, timber etc, with little or no value added. These products are vulnerable to price fluctuations dictated by buyers in the international markets. This has made it difficult to create meaningful wealth in the country. Other factors contributing to this trend are: high rates of inflation, high interest rates, dwindling foreign reserves, and an excessive public debt overhang. Spending on social programs for poverty reduction such as health and education has been low, thus constraining poverty reduction. In addition, population growth during the

period outstripped the rate of decrease in poverty levels contributing to deepening poverty, particularly the three Northern Regions.

Key mechanisms adopted for poverty reduction policy implementation include the following: prudent fiscal and monetary policies; private sector-led industrial production through the application of science and technology; sound and sustainable management of the environment; promotion of commercial agriculture using environmentally friendly technologies; agro-based industrial expansion; export promotion based on diversification and competitive advantages; increased investments in social services; and accelerated decentralisation.

The GPRS indicates the country's Gross Domestic Product (GDP) needs to grow at more than 7% annually in order for real poverty reduction to take place. Therefore, the long-term strategy of government is to increase growth to an average of 8% by the year 2010. In the short term, the aim of the government is to reduce the national incidence of poverty from 39% in 2000 to 32% in 2005. To make this possible, the GPRS over the three-year period 2003-05 aims to improve real GDP growth to 5.0% and per capita growth from 1.4% in 2001 to 2.4% in 2005.

The incidence of poverty among food crop farmers is targeted to decrease from 59% to 46% by 2005. The under-five mortality rate is planned to drop from 110/1000 to 95/1000. Gross JSS enrolment will grow from 61% to 65%. Gross primary school enrolment will increase from 78% to 82% with that for girls increasing from 71% to 80% within the period.

3. Political, Economic and Social Developments in 2002

3.1 Progress in Economic Growth and Poverty Reduction

The Ghana Poverty Reduction Strategy (GPRS), published in February 2003, sets the framework for medium-term poverty reduction and growth in Ghana. It includes a range of indicators with a reference value for the year 2000 (or latest year close to it) and a target for 2005. The indicators in table 1 below are largely derived from the GPRS and vary therefore from the proposed standard list for Joint Annual Reports. The GPRS uses a baseline for 2000 and sets targets for 2005, but rarely indicates targets in-between, hence the empty cells for 2003 and 2004.

To date there is rather limited information available on progress to achieve the GPRS targets, particularly on impact indicators. Additional information will become available in 2003, 2004 and 2005 with the publication of the report on the Core Welfare Indicators Questionnaire (CWIQ) and the Demographic and Health Survey (DHS), both conducted in 2003, and the Ghana Living Standards Survey (GLSS – to be conducted in 2004). Nevertheless, the indicators that show values for 2001 and/or 2002 (notably in education and health) do point at a generally positive direction.

Table 1. Ghana, Poverty Indicators, 2000-2005

Type	Indicator	2000 ¹	2001	2002	2003	2004	2005
Impact	1. Proportion of population below poverty line ²	39%					32%
	2. Children under-five underweight	25%					20%
	3. Under-five mortality rate (per 1000)	110					95
Outcome	4. Gross primary school enrolment rate	75.7%	78.6%	81.5%	84.4%	87.3%	90.2%
	5. Primary school drop out rate						
	- Girls	30%					20%
	- Boys	20%					10%
	6. Ratio of girls to boys in:						
	- primary education	46.9%	47.2%				
	- secondary education	44.4%	44.7%				
	- tertiary education	25.5%	27.4%	27.7%			
	7. Proportion of supervised deliveries ³	49%	50.4%				55%
	8. DPT 3 Coverage ⁴	75%	76.3%				90%
9. HIV prevalence ⁵	3.6%						
10. Households with access to safe water - urban	70%					78%	
- rural	40%	41%				54%	

Sources: GPRS, GPRS Annual Progress Report 2002 (draft), EMIS, CHIM

Economic growth figures for the year 2002 show an overall GDP growth rate of 4.5%, which was higher than the 2001 growth rate of 4.2%. The agricultural sector registered a strong performance (4.4% growth, compared to 4.0% in 2001). The country exceeded its food production for the year. Factors that accounted for the good food production included a good rainfall pattern during the year and improved extension services to farmers. The industrial sector recorded 4.7% growth in 2002, up from 2.9%, while the growth rate in the services sector decreased somewhat (from 5.1% in 2001 to 4.7% in 2002). In a longer-term perspective, Ghana has experienced modest economic growth of around 4-4.5% per annum for about 20 years. The budget for 2003 predicts a growth rate of 4.7%, while the ambitions for the medium term are to achieve growth rates above 5%.

¹ Or earlier, see notes on the various indicators.

² The Ghana Living Standards Survey derives a poverty line based on nutritional needs. The poverty line is the consumption expenditure needed to achieve minimum nutritional needs. This line was set at 900,000 cedis per adult per year in the 1998/99 GLSS (appr. € 333 at the time).

³ The Health Sector Response to the GPRS lists another baseline and target: 44% and 50% for 2000 and 2005 respectively

⁴ The Health Sector Response to the GPRS gives another baseline: 67% in 2000, while using the same target for 2005.

⁵ Base rate is for 1999.

The Budget Statement for 2003⁶ mentions that in 2002 actual expenditures for basic services and income generating activities for the poor and vulnerable of society amounted to Cedi 2,711 billion (appr. € 318 million), reflecting 25.5% of total Government Expenditure. For 2003, this figure would go up to Cedi 4,633 billion or 29.6% of total Government Expenditure, funded from the General Government Budget (77%) and HIPC funds (23%).

3.2 Political Developments, Human Rights and Governance

Both major political parties in Ghana, the ruling NPP and the opposition NDC, have elected their candidates for the presidential elections of 2004. For the NPP, president John Kufuor will stand for a second term in office, while the NDC choose John Atta Mills as its party candidate. This implies that the elections will be a re-run of the 2000 elections, when John Kufuor beat John Atta Mills in a run-off second round.

District Assembly elections were held in August and showed a low voter turnout (about 30%). The elections are held on a non-party basis, which may explain part of the low interest. Other reasons forwarded are the complicated system of local government and the little devolution of power that has thus far been granted to district assemblies. Proposals to change the system will require Constitutional Amendment and will not be instituted before 2006.

Internal political challenges were posed by the Dagbon crisis, which erupted in March and involved the killing of the Ya-na, the overlord of the people of Dagbon (Northern Region) and dozens of others in Yendi. The fighting was the result of the deeply rooted rivalry between two competing ‘gates’ in the royal family group, but had political repercussions as both the Minister of the Interior and the Minister for the Northern Region were forced to resign in its wake. The President appointed a Commission of Enquiry to investigate the causes of the conflict, which has not been resolved, but has been contained, partly as a result of the curfew imposed in Dagbon in the Northern Region since.

The National Reconciliation Commission (NRC) was appointed in the course of 2002 and started its work in September. The Commission is tasked with the responsibility of investigating human rights abuses during the periods of military rule. It has thus far solicited written statements – public hearings will be conducted in 2003.

The Government of Ghana has expressed its conviction that the fundamental principles upon which responsive governance rests are: timely access to justice; transparency of government decision making; accountability in both public and private sectors; public participation in decision making, decentralization of responsibilities and devolution of power; observance of both rights and responsibilities; discipline and observance of laws, rules and regulations in both public and private sectors. The NPP Government pledge of ‘zero tolerance for corruption’ was further pursued in 2002 through conducting forensic audits, and fast track court proceedings. The question about the legality of the Fast Track High Court was resolved in June, when the Supreme Court overturned its earlier decision

⁶ Budget Statement and Economic Policy of the Government of Ghana for the 2003 Financial Year, presented to Parliament on 27 February 2003; see particularly section 6: poverty reduction and utilisation of HIPC funds, pp. 106-111.

of February, on the basis of an application for review by the Attorney-General and Minister of Justice. This decision further allows government to deliver on its promise to try former officials for corruption.

In 2002, the Government was involved in a major reorganisation of the Customs, Excise and Preventive Service (CEPS) to enhance efficiency and reduce bureaucracy and time lost in import and export transactions.

Providing meaningful public access to information on government business required fundamental change in political and bureaucratic culture. To this effect, the *Freedom of Information* law was considered, legislation is expected to be passed in 2003. In addition, Government will further define the role and responsibilities for the Office of Accountability, the Commission of Human Right and Administrative Justice (CHRAJ) and the Serious Fraud Office (SFO) in 2003. In 2002, the Government also succeeded in augmenting the fleet of police patrol vehicles to effectively protect the citizenry and to maintain law and order. In the area of public expenditure management, the Financial Administrative Decree was updated into the Financial Administrative Act and is currently pending approval by Parliament. In 2002, drafting of the Internal Audit Bill and the Public Procurement Bill were completed. These Bills will also be submitted to Parliament in 2003.

3.3 Macroeconomic Reforms and Public Finance Management

In 2002, the Government of Ghana continued to make progress in economic reforms. Through restricted fiscal and monetary policies inflation was further reduced, from 21.3% in January to a low of 12.9% in September, before ending the year at 15.2%. Interest rates were also reduced, but less so than the inflation rate: the average lending rate declined from 44% to 38.5%. The Bank of Ghana prime rate was introduced in 2002, and remained constant throughout the year at 24.5%, while 91-day Treasury Bills ended the year at 26.3%. In September, the Monetary Policy Committee (MPC) was established. This seven member Committee, made up of representatives of the Bank of Ghana (5) and leading think-tank economists (2), will direct monetary policy in the country. It is a result of the new Bank of Ghana Act (2002), which gives independence to the Bank of Ghana and allows it to have greater authority over monetary policy. The achievement of currency and price stability is now the central objectives of the Bank of Ghana. The Act also restricts government borrowing from the Central Bank in any year to 10% of its revenue. International reserves continued to increase and amounted to US\$ 488.8 million at the end of October 2002. This corresponds to approximately 2 months of imports.

Provisional data on the 2002 budget outturn show that total receipts fell short of target by 5.6%. Tax revenue was well above target on account of better than programmed performance by all the major tax sources (direct taxes, value added taxes and import duties). On the other hand, receipts from divestiture and –more importantly- external grants and loans were far below expectations. As a result, the Government relied heavily on net domestic financing. Net domestic financing of the budget was Cedi 2,332 billion (approximately € 260 million) compared to a target of Cedi 139 billion (appr. € 15 million).

In 2002, 33.1% of total payments were used to service external debt and to pay domestic interest. Other statutory payments made up 10.6% of the budget outturn. Ministries, Departments and Agencies received 38.5% of the budget, out of which 70.5% was used for wages and salaries. Investments formed 12.6% of the budget, most of it (85%) financed from donor resources. The overall provisional outturn showed a deficit of 6.3% of GDP, while the domestic primary balance registered a surplus, equivalent to 2.1% of GDP.

At the end of 2002, Ghana's total medium and long-term external debt stood at US\$ 6,131 million. Of the total debt stock, 68% was owed to multilateral institutions, 26% to bilateral creditors and 6% to commercial creditors. Ghana reached HIPC Decision Point in February 2002 and in the course of the year started to feel some of the benefits from debt relief. In total, projected HIPC relief savings was about US\$ 275 million, of which US\$ 92.5 million would be lodged in the HIPC account at the Bank of Ghana and the rest would be cancelled. Of total HIPC relief, 20% will be used to reduce domestic debt. The remaining 80% will be applied for poverty-reducing measures. In 2002, a total amount of US\$ 57 million had been transferred to the HIPC account, received mainly from World Bank, ADF and IMF. Approximately US\$ 20.5 million was actually spent on poverty reduction initiatives, while about US\$ 10 million went into the reduction of domestic debt. The European Commission has announced that its debt relief support to Ghana –at Completion Point- would amount to € 15.34 million. In addition, a HIPC Bonus of € 4.9 million was disbursed in September as additional budget support.

The fifth and final review of the 2000-2002 PRGF started with an IMF mission to Ghana in September and continued with discussions in Washington afterwards. The Review could not be completed due to unexpected negative findings on wage-related expenditures and on the non-adjustment of oil prices to world market conditions and has subsequently lapsed. After some weeks of negotiations, the IMF and the Government of Ghana agreed to draft a new 3-year PRGF programme (2003-2005). Work commenced in December 2002 and will be taken further in the first quarter of 2003. It is expected that the new PRGF programme will be approved by the IMF Board in April 2003.

In 2002, the Government re-emphasised the importance of improvements in its public finance management system. A short-term comprehensive action plan was drafted that guided implementation on a range of immediate activities throughout the year, including reporting, commitment control, cash management, account management etc. The PUFMARP programme was revitalised and one of its main components, the Budget Preparation and Expenditure Management System (BPEMS), has been reviewed, leading to a more realistic implementation strategy. In the second half of the year, a prioritised Medium-Term Action Plan (MTAP) was developed, to be implemented between 2003 and 2005.

3.4 Trade and Regional Integration

In 2002, Ghana's exports to the rest of the world (f.o.b.) amounted to US\$ 2,064 million, an increase of 10.5% compared to the previous year. The increase was largely due to favourable international prices for Ghana's main export products (cocoa and gold). Imports were reduced by 9.1% to US 2,705 million, mainly due to lower imports of non-

oil items. In combination, the trade deficit was reduced to US 641 million, or 11.2% of GDP, down from 20.6% of GDP in 2001.

At the time of writing the statistics for Ghana's trade with the EU only covered up to the year 2001. In that year, the value of trade between Ghana and the EU declined by 16.6%. Both exports to the EU (-7.5%) and imports in Ghana (-25.0%) were lower than in the year 2000. As a consequence, Ghana dropped two places to become the ninth largest trading partner of the EU among the ACP group, after South Africa, Nigeria, Angola, Cameroon, Ivory Coast, Gabon, Liberia (ships) and Mauritius. The total value of EU exports to Ghana in 2001 was € 927 million, while imports from Ghana valued € 1,068 million. The trade balance therefore showed a surplus for Ghana (€ 141 million), up from a deficit of € 82 in the year before. The average trade relationship over the past five years (1976-2001) has been rather balanced (€ 7 million surplus for Ghana), as deficit and surplus years alternate. Major exports to the European Union are predominantly based on a few (primary) products, namely, cocoa, gold, aluminium and wood. Over 80% of exports consists of cocoa (mainly beans, but also some butter and paste), aluminium, gold, wood (including sheets and plywood) and fish. Ghanaian imports from the European Union consist of a range of product groups, among which motor cars, oil, clothing, medicines, electrical equipment and spare parts form important items.

At the regional level, Ghana remains a strong advocate of regional integration in the framework of ECOWAS and started the negotiations for the upcoming Economic Partnership Agreement (EPA) with the EU as part of the ECOWAS grouping. Ghana has repeatedly declared her commitment to strengthened regional co-operation in trade, communications, transport, energy, agriculture (particularly animal health) and environmental issues. The fact that the Ghanaian Ibn Chambas took up his position as ECOWAS Executive Secretary in 2002 has given a further impetus to Ghana's close involvement in regional integration. Ghana is also a proponent of further monetary integration in West-Africa and actively participates in the preparations for a second monetary zone. Furthermore, Ghana participates in cooperation agreements on the West-African Gas Pipeline (with Nigeria, Benin and Togo) and the West-African Power Pool.

At a Summit in Abuja, on 3 November 2002, Ghana officially volunteered to become one of the first countries to be reviewed through the Africa Peer Review Mechanism under the New Partnership for Africa's Development (NEPAD) initiative.

4. Overview of EU-Ghana Co-operation

For some years, nearly all funds under the National Indicative Programmes⁷ for Ghana had been committed, allowing for very few new decisions to be made. In 2002, one new NIP-funded project was approved: the support project to the NAO's office (€ 1.88 million). A number of de-commitments took place in other projects, notably in the transport infrastructure programme, resulting in a negative net new decision level of € 0.4 million (table 2). At the end of 2002, the cumulative decision level for the three operational NIPs stood at 98.6% (see table 3) and a balance of only € 4.9 million remained for new commitments. The entry into force of the 9th EDF, in 2003, will again allow for new major project approvals.

⁷ In 2002, the NIPs of the 6th, 7th and 8th EDF were operational.

Table 2. New NIP Decisions, Commitments and Disbursements in 2002 (in million €)

NIP/EDF	Decisions	Commitments (Contracts)	Disbursements
6	-	-	0.6
7	-0.4	3.3	12.4
8	-	22.2	11.6
TOTAL	-0.4	25.5	24.6

Table 3. NIP Decisions, Commitments and Disbursements, cumulative as of end 2002 (in million €)

NIP/EDF	Allocation	Decisions	%	Contracts	%	Disbursements	%
6	97.5	97.2	99.7	97.0	99.5	96.8	99.3
7*	122.7	118.2	96.3	103.8	84.6	88.7	72.3
8	130.0	129.9	99.9	44.8	34.5	25.3	19.5
TOTAL	350.2	345.3	98.6	245.6	70.1	210.8	60.2

* the 7th EDF includes a transfer of funds from the 5th EDF (€ 13.3 million)

In 2002, new commitments (contracts) were made for a total of € 25.5 million, up from € 18.7 million in 2001. Most new contracts were concluded under the 8th EDF NIP in the micro-projects programme (€ 15.4 million), the Rural Water & Sanitation Project in the Northern Region (€ 3.7 million) and the health sector support programme (€ 2.7 million). The cumulative commitment level rose to 70.1% for all three NIPs and is expected to rise to over 85% in the course of 2003, largely due to new commitments in road projects.

NIP project disbursements rose to € 24.6 million, well above the 1997-2001 average of € 17.2 million for projects. Projects of both the 7th EDF NIP and the 8th EDF accounted for over € 11 million. Significant expenditures took place under the micro-projects programme (€ 5.7 million), in water supply (€ 6.4 million), rural electrification (€ 2.8 million) and in health (€ 3.7 million). In 2003, the level of disbursements is expected to further increase as major road projects will come on stream.

Tables 4 and 5 show the situation of the overall cooperation with Ghana, when other EDF grant resources are included, like Stabex, Structural Adjustment and emergency assistance, but excluding funds managed by the European Investment Bank. The tables show that in 2002, the cumulative decision level rose to over € 608 million, with the approval of the € 40 million Mining Sector Support programme. Overall disbursements stood at € 46.8 million, which is more than double the 5-year average of the preceding period (€ 22.3 for the years 1997-2001). The increased level of disbursements is largely due to the disbursement of budget support in the beginning of the year (€ 17.25 million) and of a HIPC Bonus (€ 4.9 million) later in the year. The relatively low level of 8th EDF decisions and disbursements at the end of the year is connected to the existing pipeline of Structural Adjustment (budget) support (over € 52 million). At the end of the year, requests were received to release two budget support tranches for a combined value of € 33.1 million, which should lead to further commitments and disbursements in the first quarter of 2003.

Table 4. New Decisions and Disbursements in 2002, all EDF grant resources (in million €)

EDF	Decisions	Commitments (Contracts)	Disbursements
6	-	-	0.6
7	-0.4	3.3	12.4
8	40.0	27.3	33.8
TOTAL	39.6	30.4	46.8

Table 5. Decisions and Disbursements, all EDF grant resources, cumulative as of end 2002 (in million €)

EDF	Allocation	Decisions	%	Contracts	%	Disbursements	%
6	97.5	97.2	99.7	97.0	99.5	96.8	99.3
7*	261.6	257.1	98.3	242.7	92.8	227.6	87.0
8	254.6	254.5	99.9	77.7	30.5	58.0	22.8
TOTAL	613.7	608.8	99.2	417.4	68.0	382.4	62.3

* the 7th EDF includes a transfer of funds from the 5th EDF (€ 13.3 million)

4.1. Focal sectors

4.1.1 Road Infrastructure

The main objectives of the Ministry of Roads & Transport's sectoral policy are to: strengthen the organizational structure and institutional capacity of the road sector; achieve higher effectiveness in routine and periodic maintenance; improve cost recovery to ensure that maintenance can be fully funded on a sustainable basis; promote greater private sector involvement both in execution of work and financing of transport infrastructure; achieve sector-wide discipline in expenditure management and prioritization; and control and enforce axle-weight regulations.

In recent years, activities within the sector have been closely coordinated with regular meetings between the Ministry of Roads and Transport, the Ghana Highways Authority, the Departments of Urban and Feeder Roads, the Road Fund Board, the National Road Safety Commission and major bilateral and multilateral donors. A conference of all the partners is normally held at the end of each year in the framework of the Road Sector Development Programme. The 2002 meeting took place in November and centred around the theme 'Impact of road infrastructure on Ghana's poverty reduction strategy'. At the annual conferences, partners review progress in improving and maintaining the road network, and establish priorities for the near future.

In 2002, an improvement in the road condition mix, the percentage of roads rated in good, fair and poor condition respectively, occurred, after a deterioration in the preceding year. The condition of trunk roads improved slightly, while the situation for feeder roads made more substantial progress; the condition mix for urban roads on the other hand

deteriorated slightly (see table 6). Road maintenance data for 2002 are not yet available. The data for 2001 show that in that year targets for routine maintenance were not met by far, a deterioration compared to the year 2000 (table 7).

Table 6. Road Condition Mix for the Years 2001 and 2002

Road Agency/Road Type	2001			2002		
	Good	Fair	Poor	Good	Fair	Poor
GHA - Trunk Roads	23	27	50	26	27	47
DFR - Feeder Roads	29	13	58	33	19	48
DUR - Urban Roads	27	19	54	25	18	57
National Summary	27	17	56	30	21	49

Table 7. Road Maintenance Programme for 2000-2002

Activity	2000			2001			2002
	Planned (km)	Approved (km)	Achieved (km)	Planned (km)	Approved (km)	Achieved (km)	Planned (km)
Routine Maintenance	24,733	23,081	21,615	24,494	24,413	13,981	27,050
Periodic Maintenance	4,623	2,525	1,699	4,611	1,477	1,477	6,899

Although, it had been Government's intention to pay all the arrears in the road sector by June 2001, it later had to change the dates in view of ongoing audits. At the end of 2002, however, all road arrears up to the end of 2001 of the major road contracts have been paid, with the exception of the ones that were still being audited. Whether payments due in 2002 resulted in new arrears is still unclear.

The EU-supported Transport Infrastructure Programme (TRIP) continued in 2002. The TRIP II programme (6th and 7th EDF), including the reconstruction and enlargement of 117 km of trunk road between Awaso in the Western Region and Gambia No. 2 in Brong Ahafo, was nearing completion. The final acceptance dates for the Nobekaw-Bediakokrom and Awaso-Nobekaw sections of the road were agreed upon in July and August 2002 respectively. The costs of the works remain within the set budget (€ 38 million). Project components fully completed are as follows: the training programme for road sector management staff (€1.5 m); and technical assistance to coordinate the national road programme and donor activities (€0.8 m). The remaining components substantially completed are: provision of two weighbridges in Tema and Bogoso to monitor axle loads (€1.2 m); and feasibility and design studies for road works to be executed under TRIP III (€ 1.3m). Still ongoing or under preparation for 2003 are some additional works at the weighbridge stations (€0.25 m), technical assistance to the NAO in the road transport sector (€0.08 m) and the Final Evaluation of TRIP II (€0.22 m). To finalise the ongoing activities, the Financing Agreement has been extended to the end of 2003.

Approved for financing in mid 1999, the TRIP III programme (8th EDF) provides €56 million for reconstruction and resurfacing of three major trunk road sections totalling some 183 km in western Ghana. The three roads are:

- Axim Junction – Tarkwa (59 km)
- Bibiani – Abuakwa (74 km)
- Kumasi – Techiman (50 km)⁸

The feasibility studies, design and tender documents were completed in 2002. The tender for the Axim Junction – Tarkwa and Bibiani – Abuakwa roads were launched in October 2002. Commencement of works for all roads is foreseen in 2003. Another programme that is ongoing under TRIP III is the Technical Assistance towards the efficient, effective and sustainable management of maintenance in the road sub-sector (€ 1.15 m).

In addition, the EU supported the rehabilitation of some 450 km of rural feeder roads in the Western and Central regions, with Stabex-funds. Construction started in August 2000 and the work was initially scheduled to be completed in the second half of 2001, but due to slow performance by some contractors, it was eventually finalised in September 2002. A technical evaluation of the project took place in August-September 2002 and a Financial Audit will be conducted early 2003. In 2002, a substantial amount (€ 10.6 million) remained in the Stabex 90 – 94 accounts and it has therefore been decided to go ahead with another phase of feeder road rehabilitation. This phase will rehabilitate some 600 km of feeder roads in cocoa growing areas in Western, Central, Brong Ahafo and Ashanti Regions.

4.1.2 Rural Development

In the Ghana Poverty Reduction Strategy (GPRS), the Government of Ghana acknowledges the fact that most poverty in Ghana is found in the rural areas, particularly in the northern part of the country. As a policy response the Government prioritises the provision of rural infrastructure (e.g. irrigation facilities, feeder roads), agro-based industrialisation (including the valorisation of export crops like cocoa), and effective decentralisation. The EU support strategy is closely aligned to the Government's programme and focuses on rural infrastructure provision (small town and rural water supply, electrification, feeder roads, microprojects) and on cocoa production.

The EU supports water supply to both small towns and to rural communities. An ongoing small towns water supply programme provides up to 30 small towns in the Western, Brong Ahafo and Ashanti Regions with potable water. Works on the actual water supply schemes for 24 towns commenced in January 2001 and were completed in July 2002. Another town, Atebubu, had an unsuitable geology for borehole supply and a surface water collection scheme has been designed instead. Works in Atebubu started in February 2002 and were completed in October 2002. Since the project made some savings, the water supply schemes of five more towns could be funded from the project. The design of the water supply schemes of the additional towns, spread over the same three regions, started in January 2002. The design phase also includes the community mobilisation, training of the Water and Sanitation Committees and Water and Sanitation Development Boards and the collection of the 5% community contribution to the capital cost. Drilling

⁸ Due to design changes and insufficient funds, only about 50 km of this road (total length is 116 km) will be rehabilitated under TRIP III (8th EDF). Funds for the rehabilitation of the remaining part will come from the 9th EDF.

works were completed in the last quarter of 2002 and the launching of the tenders for the civil works is expected early 2003. The overall completion of the project is foreseen for mid-2004. A second programme, to support water and sanitation improvements in small towns in the Central and Western Regions, is under preparation. The Consultant for the pre-feasibility and feasibility studies has been appointed and will start his duties in February 2003. The study phase will have a duration of 30 months. Financing is scheduled from 9th EDF resources (€ 25 million) and will cover approximately 35 small towns.

Besides the water supply in small towns, there is also a support project for rural communities in three districts of the Northern Region. This project aims at constructing 425 boreholes and 50 wells, equipped with hand-pumps, in the rural areas, while some 25 larger communities will receive small water schemes, supplied by boreholes that are equipped with solar pumps. The project also includes the construction of about 2,000 latrines and a health and sanitation education component. The implementation of the project started in August 2002 with the beginning of the TA contract. Due to (tragic) staffing problems in the last quarter of 2002, project progress was slower than anticipated. Some of the activities performed since the project's start include: the purchase of vehicles, the nomination and training of Partner Organisations (responsible for community mobilisation) by the Small Business Development Organisation (part of the TA) and a base-line study. A small pilot drilling phase is foreseen in the first half of 2003. The project duration is 4 years.

The Rural Electrification programme seeks to connect 110 rural communities in the Western Region with the national grid. The beneficiary communities purchase poles for the scheme, while the project provides transformers, conductors, high and low tension poles, plus the required insulators, ancillary equipment and sub-stations. Difficulties in finalising and approving the tender documents have delayed the launch of the supervision and work tenders and, consequently, the implementation of the programme. The works (supply and erection) contract was signed in July 2001 and physical implementation started in September 2001. In 2002, the contractor continued with the supply and erection of the electrification schemes in the communities. The Consultant also performed the training of ECG staff and embarked on training workshops on the productive uses of energy. The duration of project implementation is estimated at three years.

The EU Microprojects Programme has been a central element in EU cooperation with Ghana for a long time. The current (5th) Microprojects Programme was launched in late 1999. It covers 56 core Districts within the Central, Volta, Northern, Upper East, Upper West and Ashanti Regions. In addition, there are also limited allocations to finance individual projects in the remaining Districts. Individual projects are selected by local communities in conjunction with District Assemblies. Beneficiary communities are expected to make a contribution, financially, in kind or as labour, equivalent to 25% of the project's value. Microprojects chosen by communities comprise mainly schools, health facilities, water supply and sanitation facilities. The present programme envisages to complete approximately 1,950 projects up to June 2004. During the first cycle (2001/2002) some 605 individual micro-projects were completed and commissioned. The second cycle (2002/2003) started in mid 2002 and comprises another 604 micro-projects. By the end of December 2002, progress on the construction of micro-projects under the second cycle of the programme reached a rate of 28%. Most micro-projects under this cycle are programmed to be completed by the end of the first quarter of 2003.

By that time the programme is scheduled to have reached 62% of the overall programme target. The distribution of first and second cycle micro-projects by sector shows that the majority of projects are in the area of education (50.2%), followed by water and sanitation facilities (26.4%), health related micro-projects (12.2%) and micro-projects in other areas (11.2%). The physical implementation of micro-projects under the third and last cycle of the current programme will start in mid-2003.

EU assistance to agriculture has focused on cocoa, Ghana's major export commodity. As part of the Stabex funds which became available as a result of the loss of export earnings from cocoa in the period 1990-93, the EU supports the Cocoa Swollen Shoot Virus Disease (CSSVD) Control Programme. The Programme compensates farmers for the eradication of infected cocoa trees and assists with replanting. The STABEX financing represents approximately a third of the cost of the Programme. The rest is financed by Government from tax revenues. During 2002, the CSSVD control component supported the removal of 13,877,500 disease-affected trees. This represents approximately 9,400 ha of cocoa farms, which were cleared for replanting. During the year 2002, the performance of the CSSVD control component improved considerably due to the fact that COCOBOD engaged considerably more staff for the campaigns than before. In addition to the CSSVD Control, the EU is supporting cocoa research activities. The research includes the development of CSSVD-resistant varieties, development of bio control agents and mechanism for various pests and diseases, as well as the field testing of agronomic practices necessary to promote re-introduction of cocoa in formerly abandoned cocoa areas.

The EU's support to rural development as described above, is complemented by a feeder road programme (see section 4.1.1.) and support to decentralisation (see section 4.2.1.)

4.1.3 Macro-economic support

Support to the Government's macro-economic reform programme forms the third focal area of cooperation between Ghana and the EU. The support strategy has been based on the commitment of the Government of Ghana to put in place, in agreement with the Bretton Woods Institutions, a mix of fiscal and monetary policies aimed at containing public expenditure and enhancing revenue collection in order to limit recourse to domestic financing. Debt reduction, through the HIPC initiative, and divestiture would allow Government to re-direct resources saved in terms of debt servicing to poverty related programmes and would allow a reduction of interest rates favouring private sector investments and growth. While supporting the overall macro-economic reforms, the EC pays special attention to improvements in the social sectors and in public finance management.

In 2002, many macro-economic indicators continued to improve. The GDP growth rate increased to 4.5%, inflation fell from over 21% to 15.2%, the debt situation stabilised and more was spent on social sectors in general and poverty related aspects in particular. On the other hand, recourse to domestic financing was far higher than planned, partly related to much lower than expected inflows of loans and grants. As a consequence, interest rates remained high with a negative effect on investments.

In 2002, two Financing Agreements covering budget support to Ghana were under implementation: SASP VII (€ 38.415 million), signed in December 2001, and PRBS

2001 (€ 37.8 million), which was signed in April 2002. In 2002, both sources led to the release of funds for budget support:

- With respect to SASPVII, the first tranche of the support (€ 17.25 million) was released in January 2002. Requests for the disbursement of the second tranche (€ 17.25 million) and for the regional tranche (€ 3.315 million) were received in June, but in both cases more information was needed to assess whether conditions had been sufficiently fulfilled. Problems in Ghana's relation with the IMF, later in the year, further prevented disbursement of these two tranches. Both tranches may still be disbursed in the first half of 2003.
- PRBS2001 includes two tranches of general budget support of € 15.85 million each and a 'HIPC Bonus' of € 4.9 million. The HIPC Bonus was disbursed in the course of 2002, while the general budget support tranches are scheduled for release in the first and third quarter of 2003 respectively.

Both SASP VII and PRBS 2001 include provisions for Technical Assistance (for € 0.6 and € 1.2 million respectively) to strengthen aspects of public finance management in Ghana and for specific work in the ministries of education and health. A contract to provide technical assistance services for the Centre for Health Information Management (CHIM) was signed in October 2002, while a tender dossier to assist the Planning, Budgeting, Monitoring and Evaluation (PBME) Division in the Ministry of Education has been agreed.

In 2002, the European Commission also participated in two joint donor missions to create a mechanism for Multi-Donor Budget Support (MDBS). The aim of the MDBS is to support the Ghana Poverty Reduction Strategy through support to the consolidated budget, while minimizing transaction costs by creating harmonized procedures. The MDBS mechanism is expected to be completed in 2003 and will then form the guiding principle for EU macro-economic support to Ghana under the 9th EDF.

4.2 Projects and Programmes outside the focal sectors

4.2.1 Governance and Institution Building

EU supported activities in Governance and Institution building can broadly be classified into activities aimed at strengthening public finance management and at decentralisation.

The project to strengthen the Ghana Audit Service, particularly in its financial and performance auditing tasks, entered its third year in 2002. Despite the slow start and additional demands on auditing staff to investigate fraud and corruption cases, the project has made impressive progress. In 2002, all of the members of the financial audit teams completed their formal classroom programme and the first two teams formally graduated after successfully carrying out audits using the new methodology. A draft Financial Audit manual has been prepared and quality assurance procedures were drafted. On performance auditing, the first eleven trainees officially graduated in June 2002 and their first reports will be submitted to Parliament in early 2003. The bulk of the training for the IT core group has been completed and 59 workstations were received and a small local area network was completed. Contracts have been awarded for the supply and installation of additional hardware and for a local area network and wide area network, while software was obtained to enable the Audit Service to use computer assisted auditing techniques. The Corporate Plan for the Ghana Audit Service has been submitted to the re-

constituted Audit Service Board for final consideration and approval. The project will be evaluated in early 2003, which may provide a basis for a possible second phase of assistance financed from 9th EDF funds.

Public Finance Management is further supported by implementation of a Matrix of Measures, agreed between the Government of Ghana and the EC in December 2000. Activities covered in 2002 included an audit of non-road commercial arrears up to the end of 2000, improved record management in key Ministries and Agencies, and a review of the Budget Preparation and Expenditure Management System (BPEMS), as part of the PUFMARP programme. In general, implementation of the Matrix of Measures continued steadily in 2002. Most of the remaining activities are dependent on the passing of several Bills (procurement, financial administration, internal audit) by Parliament in 2003.

Two other projects support decentralised governance in Ghana. Both have suffered from a problematic start-up in the 1990s, but in 2002 progress continued to be generally good. The first of the two, called ‘decentralised co-operation’, aims at capacity building of non-governmental organizations (NGOs) through technical and financial support towards their activities. Communities in which the 22 activities under this project are carried out are very appreciative of the assistance and those projects that have been implemented have shown good results, particularly in skill development at grass-roots level (including carpentry, sewing, baking, animal husbandry and agroforestry). Implementation will continue until early 2003, at which point this pilot project will end and be assessed. The second decentralised governance project, Human Resource Development, is a capacity building programme for District Assemblies. It provides in-house training for up to 1,100 senior District Officials and 8,800 District Assembly Members and opinion leaders in Ghana's 110 Districts. The programme is under the overall management of the Ministry of Local Government and Rural Development. In January 2002, contracts for training providers were approved, which enabled the implementation of training schedules for that year. Four distinct training programmes are currently being delivered to key district-level staff. The project's revised timetable forecasts completion by end-2003, at which point the project will be evaluated.

4.2.2 Health

In 2002, the health sector continued to benefit from significant EU-assistance, though for the future it is not selected as a focal sector and most of the assistance to health will be through general budgetary support. This will take advantage of the fact that health is a sector with a successful operational sector wide approach (SWAP) in which the Ministry of Health and all the cooperating partners in the health sector jointly agree on the main development objectives and related capital and recurrent expenditure activities. During the year 2002, the second 5-year PoW for the years 2002-2006 was adopted in a participative manner, involving all relevant stakeholders.

In the context of the SWAP, the EU is providing assistance valued at €11.0 million for the period 1998-2003, divided into three components. The first area of support (€ 4.2 million) is a financial contribution to the common donor health account as direct budgetary support to the Ministry of Health. The last budget support tranche of €2.4 was disbursed in the course 2002. The second area of support (€5.25 million) consists of procurement of medical supplies (completed) and of ambulances. The tender for the procurement of ambulances will be launched in early 2003. The third component (€1.55

million) is set aside for long and short-term technical assistance and contingencies. Particularly noteworthy in this respect has been the technical assistance support to the Centre for Health Information Management (CHIM) where a system for information management is being developed to assist the Ministry of Health's decision-making process.

Outside the Health SWAP a separate project tries to ensure early and proper management and treatment of patients suffering from STDs. Better treatment and control of STDs is linked to a reduction in the prevalence of HIV infection and hence the incidence of AIDS cases. After a difficult start-up phase, implementation has improved. Activities included AIDS/STD education, training of health professionals, support for STD patient management and procurement of drugs, equipment and supplies for STDs. The procurement tender was launched in early 2001 and in September 2002, the last consignment arrived in Ghana. The STD and HIV/AIDS control project has been completed by the end of 2002 and will be evaluated in 2003.

4.2.3 Private Sector Development

In 2002, Private Sector Development in Ghana was assisted by the EU through the European Investment Bank (see section 4.4.1), the all-ACP instruments of CDE and EBAS (see section 4.4.5) and two EDF funded projects: GRATIS and the Woodworking Sector Development Programme.

The Ghana Regional Appropriate Technology Industrial Service (GRATIS) aims at developing both artisanal and business management skills, the focus being on individual, micro- and small-scale businesses. Previous phases of the project have concentrated on setting up the Intermediate Technology Industrial Units (ITTUs) through capacity building and strengthening of the organization, and the provision of infrastructure and equipment. The new phase, for which the Financing Agreement was signed in early 2000 and which began implementation in mid-2000, is directed at intensifying capacity building at the ITTUs; re-structuring of the technical apprentice training programme; expansion of specialized training programmes in textile production and engineering skills, and the establishment of a loan fund available to GRATIS/ITTU registered clients and apprentices. The programme also covers product development. The project is scheduled to run until mid-2005.

The Woodworking Sector Development Programme aims at improving the efficiency of wood processing and to increase added value prior to export. Beneficiaries of the scheme range from timber yards and sawmills to joineries and cabinetmakers, and to small-scale carpentry workshops. Through intensive technical inputs (short term consultancies and training courses) the project has been making an important impact on business efficiency in a range of companies. More and more companies are realising the need to conserve the tropical forests and to avoid the wasteful depletion of this resource. Value adding machinery such as flooring lines, moulders and finger jointers, precision saws etc., have been installed in a number of companies. The WSDP included support to 28 small and medium-sized enterprises, enabling them to purchase equipment and machinery to upgrade their production facilities, including the construction of 15 solar kilns. Moreover, companies have been advised on forestry certification and certification programmes have been developed, which the companies will pursue at their own cost. The target is that by 2004, an area of 250,000 ha of tropical forest will be certified as 'sustainably managed'

by the Forest Stewardship Council (FSC). The WSDP programme came to an end at 31 December 2002 and has virtually used up all available funds. Its achievements and impact will be evaluated during the first half of 2003.

4.2.4 Environment

While there are also unmistakable environmental benefits from the Woodworking Sector Development Programme described in the previous section, the Protected Areas Development Programme (PADP) has been the most visible EU-supported environmental project in Ghana. This Programme, which began implementation in 1997, had a focus on the conservation and development for tourism of the Ankasa and Bia National Parks in the Western Region of Ghana. PADP ended in September 2001 and was evaluated in 2002. The evaluation concluded that, through a wide range of activities, PADP indeed improved the protection and management of the Ankasa and Bia Conservation areas. The programme developed and constructed a number of administrative and tourist facilities, strengthened the capacities of the Wildlife Division, established a conservation education programme and, though to a lesser extent, improved the living conditions for populations adjacent to Conservation Areas. The CREMA (Community Resource Management Area) concept, developed and introduced by PADP, has received widespread recognition and publicity in Ghana and beyond. However, due to a limited testing of the concept in the field, much work remains to be done in setting off-take quotas, permit fees, benefit sharing and monitoring. Furthermore, the evaluation recommended the funding of a PADP phase II in order to consolidate phase I achievements and support full implementation of the Conservation Area management plans. The evaluators further supported the idea to expand the programme to a limited number of similar ecological sites. Based on these recommendations, a technical and financial feasibility study for the proposed second phase was undertaken and fieldworks was completed by the end 2002. This study will form the basis for the Financing Proposal for PADP II, which will be finalised in the course of 2003.

4.2.5 Culture.

The “action plan for the promotion of decentralised cultural cooperation” (PSIC), operational since September 2000 for the Francophone countries of west Africa, undertook an exploratory mission in Ghana in 2001, in order to inform the national authorities and representatives of non-state actors about the PSIC approach to cultural cooperation.. Consequently, the National Authorising Officer requested a feasibility study. Project identification was undertaken in July 2002 by two members of the action plan and two national experts. By means of a workshop, discussion took place on the situation, allowing an examination of the relevance of the PSIC programme to Ghana and the establishment of a consensus on its main objectives. At the end of 2002 a draft financing proposal had been prepared, ready for decision in 2003.

Moreover, in 2002 initial discussions were held and preparations were made to formulate a project that will link the conservation of cultural heritage (forts, historical buildings) in Old Accra and Elmina with local economic development through active use of the cultural heritage (a.o. through tourism). A Financing Proposal will be prepared in early 2003.

4.3 Utilisation of resources for non-State actors

In 2002, non-state actors were able to benefit from a number of resources. This included the main cooperation programme financed from the EDF, particularly communities benefiting from the 5th Microprojects Programme, NGOs from the Decentralised Co-operation project and the private sector from the Woodworking Sector Development Programme. In conjunction, these programmes constituted 26% of EDF project expenditure in 2002 (and 14% of EDF expenditure if budget support was included). In addition, important support to non-state actors has been provided through loan financing by the EIB, through matching-grant financing by EBAS and CDE, and to NGO's under the NGO co-financing budget line (see sections 4.4.1, 4.4.5 and 4.4.6 below).

Under the 9th EDF NIP, the main opportunities for financing of non-state actors have been foreseen in the rural development programme (microprojects with community groups) and in the promotion of good governance (capacity building programmes, including civil society organisations). This will, as in the past be supplemented by support from other sources, particularly through the development of the private sector through the investment facility managed by the EIB, as well as the other private sector support facilities. As the EBAS programme, which had been very successful in Ghana, will come to an end in 2003, discussions have started to identify a private-sector support programme of a similar nature, to be funded from 9th EDF resources.

4.4 Other Instruments

4.4.1 EIB

In 2002, the European Investment Bank (EIB) concentrated on the monitoring and disbursement of the two loan agreements, signed in 2001 (for a total value of € 13.5 million), and on the identification of new projects. Under the Ghana Leasing Sector Global Loan -a facility of € 9 million to three local leasing companies- the EIB approved 20 allocations for an amount of approximately € 4.5 million. In total the EIB disbursed approximately € 9 million in 2002. Supporting small and medium sized enterprises development, being one of the EIB focus areas, it furthermore started preparing a new facility for the financial sector (leasing companies and financial institutions) to be completed in 2003, once the 2001 global loan is fully disbursed. Simultaneously, the Bank worked on the identification of projects in other focal areas. These focal areas include commercially managed infrastructure: urban water supply, power transmission and transport (railways and harbour facilities), as well as direct funding of large projects in the key sectors of the economy, such as agro-industry, mining and tourism, where there is a specific EIB added value in the technical/financial structuring of the investment. In 2003, projects identified in 2002 will be finalized and funding will be granted under the Investment Facility of the Cotonou Agreement.

4.4.2 Regional Co-operation

For 2002, the 8th EDF Regional Indicative Programme (RIP), signed in 1996, still formed the framework for cooperation between the EU and West Africa. It provides an envelope of € 228 million with a purpose to facilitate regional integration and stimulate regional economic cooperation. In 2002, Ghana benefited from a number of projects financed from RIP resources, in the areas of livestock (Pan-African Programme for the Control of

Epizootics and a research programme for the development of livestock in West Africa) and education (African Virtual University).

The development of a new regional support strategy for cooperation between the EU and West Africa started in 2001. The new strategy will guide the use of 9th EDF Regional Resources (€ 235 million) for the period 2003-2007. A Regional Support Strategy and a Regional Indicative Programme were elaborated during 2002 and will be signed in early 2003. The 9th EDF strategy devotes 50% of the resources of the RIP to ‘regional economic integration’, which will focus on strengthening the role of ECOWAS in economic integration and which will include assistance for negotiations on Economic Partnership Agreements (EPAs). € 85 million (or about 36%) has been set aside for the transport sector. Outside the focal sectors there will be support for regional initiatives in health, conflict prevention, and possibly culture.

4.4.3 *Stabex*

Ghana has not received a Stabex allocation since 1994 and still uses funds to which it became eligible in the first part of the 1990s. Implementation of the Stabex allocations 1992 and 1993 is now well underway, focusing on support to the Cocoa sector (Stabex ‘92) and feeder roads (Stabex ’93), thereby strengthening the focal orientation in the Country Support Strategy on Rural Development and Road Transport. The year-end (31/12/2002) financial overview of the Stabex allocations 1990-93 is provided in table 8 below. An amount of slightly more than €11 million, partly the result of accrued interest, remained uncommitted at the end of 2002. This amount will be used to fund a third phase of the Stabex Feeder Road Programme. Focus will again be on the improvement of the access in the cocoa growing areas in the South West of Ghana.

Table 8. Stabex – Situation at 31 December 2002

Programme	Transfer	Net Interest	Total Funds	Commitments	Payments	Bank Balance
Stabex 90	6,889,065	437,699	7,326,764	6,889,065	6,889,065	437,699
Stabex 91	16,430,110	1,210,573	17,640,683	16,419,983	16,384,761	1,255,922
Stabex 92	4,883,722	1,523,207	6,406,929	5,818,198	3,739,464	2,667,465
Stabex 93*	22,378,563	5,324,997	27,703,560	18,914,453	13,921,372	13,782,188
TOTAL	50,581,460	8,496,476	59,077,936	48,041,699	40,934,662	18,143,274

* including Stabex balances 1990-94 (€ 5,997,477)

4.4.4 *Mining Sector Support (Ex-Sysmin)*

In December 2002, the Financing Agreement for the ‘Mining Sector Support (MSS) Programme’ was signed. The agreement makes available an amount of € 40 million from the 8th European Development Fund, using the last funds of what was previously called the ‘Sysmin facility’, to assist the mining sector in Ghana in regaining its economic importance. The MSS programme specifically aims at increasing private-sector led exploration activities and investments in mining. The MSS programme will stretch over a period of 6 years and include four main activities. First, mining sector support institutions will be strengthened through the provision of technical assistance, the development of an Information Management System for the ministry, its agencies and potential investors,

the procurement of scientific equipment for the Geological Survey Department, and the training of staff. Second, geological data provision will be improved, including geological mapping at a scale of 1:100,000 and a geological survey of the Volta River Basin, using modern remote sensing and airborne geophysical technologies. Third, a nation-wide socio-economic and environmental impact assessment will be undertaken to address the effects of large-scale mining operations, as well as consequences of future mine closures. In addition, funds have been set aside to further support methods to reduce the use of mercury in small-scale gold mining. Fourth, the MSS programme makes available funds for prefeasibility and feasibility studies on the infrastructure that supports mining activities in the west of Ghana (Takoradi port and connecting railway lines).

In anticipation of the start of the programme, a prequalification exercise was undertaken for consultancy services to operate the Programme Management Unit (PMU). Assisted by an external consultant four companies were selected to participate in the tender for the PMU, which will be launched early in 2003.

4.4.5 Private Sector Support Facilities (EBAS, CDE)

In 2002, two private sector support facilities, applicable to all ACP countries, also operated in Ghana: EBAS and CDE. The EU-ACP Business Assistance Scheme (EBAS) is a matching grant fund allowing private enterprises and professional organisations to procure services of professional consultants to improve their business performance. In March 2001, a regional office for Anglophone West-Africa was opened in Accra, which has greatly assisted in providing access to Ghanaian entrepreneurs and organisations to the EBAS funds. In 2002, 75 proposals from Ghana were received and 36 companies and organizations were assisted for a total value of € 604,324. This also included assistance to intermediary organizations like the Association of Ghana Industries (AGI) and the Federation of Associations of Ghanaian Exporters (FAGE). Although an overall evaluation of EBAS recommended long-term continuation of the scheme, the EDF Committee decided negatively about an extension proposal. This will mean that the Ghana EBAS office will wind down its operations and close in the first half of 2003.

The Centre for the Development of Enterprise (CDE) supports companies and their professional organisations in ACP States in their development. It operates in a somewhat different market segment than EBAS as assets for companies requesting assistance must total at least € 100,000. In the course of 2002, EMPRETEC Ghana Foundation was appointed for the operational management of the CDE interventions in Ghana. During the year, 102 applications were received and 32 projects were approved for financing. In November, the CDE organized together with ICEX of Spain, a highly successful Spanish Investment and Business Cooperation mission to Ghana, fostering links between Ghanaian and Spanish businessmen in fishing, agro-industries.

4.4.6. NGO Co-financing

In 2002, one new financing proposal was approved under the NGO co-financing budget line from which Ghana will benefit. It concerns the project 'Pro-poor Production and Export of Fairtrade and Organic Fruits from Ghana and Burkina Faso', to be implemented by Solidaridad over a period of 5 years. The EU- contribution to this project will be € 1.5 million. A dozen other NGO operations approved in previous years were ongoing in 2002, with a total value (EU-contribution) of close to € 7 million. The projects

support small and medium-sized enterprise development, training, health care, water & sanitation, (agro-)forestry and environmental management and mainly operate in the Western and Northern Regions of Ghana.

5. Programming Perspectives

The Country Support Strategy for Ghana is closely aligned to the development priorities of the Government, as outlined in the Ghana Poverty Reduction Strategy, the President's addresses to the nation in 2002 and 2003, and the budget statements for these years. The three focal areas of cooperation (rural development, road transport and macro-economic support) form part of the heart of the development vision and strategy of the Ghana Government. In general terms, the directions of the CSS remain most relevant and need no revision.

The planning for 9th EDF primary commitments (see annexes 2 and 3) shows that most Financing Proposals will have been submitted to the EDF Committee before the end of 2004, thereby reaching a 100% commitment rate in 2005. The remaining balances of previous EDFs will at that stage also have been re-allocated to other projects under preparation (see also section 6.1). In terms of payments, current planning indicates that most disbursements will have been made by the end of 2007. The Mining Sector Support Programme (ex-Sysmin) forms an exception, stretching out over a longer period of operations, while the major infrastructural projects (roads, water) will also still yield payments beyond 2007.

In the *Road Transport* sector, additional funding will be necessary to finance all the roads indicated under the 9th EDF NIP. Under TRIP III (8th EDF) the rehabilitation of the first 50 km of the Kumasi-Techiman Road, part of the major North-South axis in the country and the main link with Burkina Faso, was foreseen. However, as has recently been discovered, the Financing Agreement falls short by about € 14 million. Using these funds from the 9th EDF would imply that not all roads foreseen (remaining part of Kumasi-Techiman, Techiman-Kintampo; link road in Brong Ahafo; feeder roads) can be implemented.

In terms of *macro-economic* support, a Financing Agreement to cover the 9th EDF funds (€ 60 million) will be presented to the EDF Committee in the course of 2003. It is anticipated that this support will form part of the Multi-Donor Budget Support (MDBS) arrangement presently being concluded between the Government of Ghana and most of the main development partners. The available funds will be sufficient to cover assistance in 2004 and 2005. However, if MDBS indeed proves successful additional macro-economic support will be required for 2006 and beyond.

In the *non-focal areas*, more attention than anticipated in the CSS will be given to private sector development and to cultural cooperation. The recent decision to phase out the all-ACP EBAS programme has negatively affected the EC's private sector strategy development in Ghana and has led to the identification of a private sector development project, financed from the EDF, that will both address the development of the business development sector, while consolidating the recent achievements in the woodworking sector support programme. The cultural programme is an extension of other initiatives in the West-African region and also addresses the preservation of cultural heritage as a

stimulus for local economic development and poverty alleviation. Balances of the previous EDF's will be used to finance most of these non-focal sector projects. Furthermore, Ghana is on the list to become eligible for the Education Fast-track Initiative (EFI), possibly making it eligible for EU-support in the near future.

It needs to be stressed that the programming is rather ambitious and assumes a full *staffing situation* in the EC Delegation, deconcentration to be on course and a speedy implementation of the NAO support project. The present staffing situation in the EC Delegation is not adequate, as a long-term vacancy (over one year) for an engineering adviser exists, and as the young expert has (temporarily) not been replaced. If this situation persists the risk is high that slippages will be observed in the commitments and disbursement schedules.

6. Specific Issues for the 2002 Review

6.1. Speeding up the use of old EDF resources

At the end of 2002, a total balance of € 4.9 million was left from old (6th, 7th, 8th) EDF resources to make new primary commitments. This balance included the recent de-commitment of € 2 million from TRIP II in order to finance feasibility studies for the 9th EDF road transport programme, a de-commitment that will lead to new commitments in a relatively quick manner. This leaves an effective balance of € 2.9 million from old EDF resources. In addition, the calculation of abnormal 'RAL' showed that € 3.3 million can be de-committed in 2003 from projects that are in the process of being administratively closed. This will make available a total of approximately € 6.2 million for new commitments.

Projects 'in the pipeline' exceed the 9th EDF resource envelope by approximately € 6-6.5 million. In that connection, it is proposed to use the balances of the old EDF resources for the financing of the Private Sector Support Project (€ 4-4.5 million) and the Cultural Heritage and Local Economic Development Project in Accra and Elmina (€ 2 million). Financing Proposals for both projects will be available in the first half of 2003. The use of these balances for additional macro-economic support is not judged appropriate at this stage as Ghana still has a pipeline of approximately € 52 million in budget support, which is planned to be cleared in the course of 2003.

6.2. Setting indicators and targets for measuring results in focal sectors

During a retreat in March 2003, staff from NAO and EC Delegation reviewed all indicators of the CSS intervention framework for the focal sectors. The review led to a drastic change in the choice of indicators as well as to a reduction in number⁹. The publication, in February 2003, of the final version of the GPRS, with a range of indicators and targets, and with an indication of the indicators that will be monitored and regularly reported upon, was an important factor in the choice of the new indicators. In addition,

⁹ During the Annual Review finalisation workshop in October 2003, the list of indicators was further reduced and refined.

problems of definition and measurement prevented some of the previous indicators from being maintained.

The indicators retained for the intervention framework (Annex 1) are logically connected with the objectives, purpose and expected results, but have been defined more precisely and are all measurable. Most indicators are reported upon on a regular basis, a few indicators require surveys, which will usually be carried out in the framework of EU-financed development projects or programmes. Overview tables of the indicators, their actual values up to 2002 (where available) and their targets afterwards have been added to the intervention framework.

6.3. Assessment of the ongoing in-country dialogue

Dialogue between the EC and the Government of Ghana has been characterised by regular, open and frank exchanges of view on all issues of mutual importance. In 2002, dialogue further intensified, both bilaterally and in joint donor frameworks (CG Meeting of April, mini-CG meetings, Multi-Donor Budget Support, Sector-Wide discussions in roads, health etc.). The visit to Ghana by Commissioner Poul Nielson in December 2002 formed the culmination of the good relations and provided a further avenue for political dialogue with Government, as well as with the opposition, and for exchanges with the private sector and civil society organisations. The visit included a separate session with civil society organisations and a public lecture.

In 2002, the regular meetings between NAO and EC Delegation, instituted in 2001, have continued. Staff meets frequently on both general and project-related issues. In addition, the EC Delegation meets regularly with the EU Member States represented in Ghana (Denmark, France, Germany, Italy, The Netherlands, Spain, UK) in the framework of Heads of Mission meetings (bi-weekly) and development advisers meeting (6-weekly) to guarantee good communication on the planning and implementation of EDF funded programmes and projects. Co-operation with other development partners is intensive, as a number of CDF groups are active (health, education, roads, water, private sector, governance) and as there are regular fora for coordination (heads of aid meetings; mini-CGs).

The ongoing co-operation programme facilitates in-field discussion with and implementation by non-state actors, particularly in the rural development component (micro-projects, water supply, decentralisation). In this manner, local communities and private sector agents are involved in identification, formulation and implementation of hundreds of activities per annum. Moreover, the private sector and NGO's have benefited from other co-operation instruments (EBAS, CDE and NGO co-financing respectively), which has offered adequate options for dialogue on strategy and implementation in specific areas like support to small and medium-sized enterprises, conflict prevention (through the NGO WANEP), cultural cooperation (artists involved in PSIC) etc.

7. Conclusions of the Joint Annual Report over 2002

Political and Economic Developments

In 2002, the development policy direction of the Government of Ghana was further elaborated to contain five priority areas: (i) infrastructural development; (ii) modernized agriculture centred on rural development; (iii) enhanced social services, with emphasis on health and education, (iv) good governance and (v) private sector development. This vision was detailed in the Ghana Poverty Reduction Strategy (GPRS, Ghana's PRSP), which was the central policy document in the discussions with development partners during the successful Consultative Group meeting held in Accra, 8-10 April. While at this stage rather limited information is available on progress to achieve the GPRS targets, the indicators that show values for 2001 and/or 2002 (notably in education and health) do point at a generally positive direction. In the course of 2003 and 2004 more data will be collected by means of the CWIQ, DHS and GLSS surveys.

In 2002, Ghana recorded an economic growth of 4.5%, which was positively influenced by good harvests and by high prices for Ghana's main export products gold and cocoa. The Government continued to make progress in economic reforms. Through restricted fiscal and monetary policies inflation was further reduced, from 21.3% in January to a low of 12.9% in September, before ending the year at 15.2%. Interest rates were also reduced, but less so than the inflation rate: the average lending rate declined from 44% to 38.5%. The Bank of Ghana prime rate was introduced in 2002, and remained constant throughout the year at 24.5%. International reserves continued to increase and were equivalent to approximately 2 months of import coverage at the end of the year.

Provisional data on the 2002 budget outturn show that total receipts fell short of target by 5.6%. Tax revenue was well above target on account of better than programmed performance by all the major tax sources, but receipts from divestiture and –more importantly- external grants and loans were far below expectations. As a result, the Government relied heavily on net domestic financing with adverse effects on domestic interest rates. Ghana reached HIPC Decision Point in February 2002 and in the course of the year started to feel some of the benefits from debt relief. In total, projected HIPC relief savings was about US\$ 275 million, of which US\$ 92.5 million would be lodged in the HIPC account at the Bank of Ghana and the rest would be cancelled. Of total HIPC relief, 20% will be used to reduce domestic debt. The remaining 80% will be applied for poverty-reducing measures.

In November, the three-year PRGF arrangement (2000-2002) expired and in December the IMF and the Government of Ghana agreed to draft a new 3-year PRGF programme (2003-2005). It is expected that the new PRGF programme will be approved by the IMF Board in April 2003.

Ghana's good record in terms of human rights, press freedom and democratic standards was further strengthened in 2002, with a number of initiatives in legal reform, freedom of information and public finance management, including laws drafted to be put before Parliament in 2003 that will further enshrine transparency and good governance. Moreover, within the troubled West African Region, Ghana is considered a haven of stability, with a reputation for a welcome involvement in regional (peacekeeping)

initiatives. Ghana also further pursued its commitment towards deeper regional economic and monetary integration at the ECOWAS level.

In 2002, Ghana's exports to the rest of the world (f.o.b.) amounted to US\$ 2,064 million, an increase of 10.5% compared to the previous year. The increase was largely due to favourable international prices for Ghana's main export products (cocoa and gold). Imports were reduced by 9.1% to US 2,705 million, which led to a trade deficit of 11.2% of GDP, down from 20.6% of GDP in 2001. The EU remains Ghana's largest trading partner.

EU-Ghana Cooperation in 2002 – General Overview

For some years, nearly all funds under the National Indicative Programmes (6th, 7th, 8th EDF) for Ghana had been committed, allowing few new decisions to be made. At the end of 2002, the cumulative decision level for the three operational NIPs stood at 98.6% and a balance of only € 4.9 million remained for new primary commitments. In 2002, new secondary commitments (contracts) were made for a total of € 25.5 million, up from € 18.7 million in 2001. The cumulative commitment level rose to 70.1% for all three NIPs and is expected to rise to over 85% in the course of 2003, largely due to new commitments in road projects. NIP project disbursements rose to € 24.6 million, well above the 1997-2001 average of € 17.2 million for projects. In 2003, the level of disbursements is expected to further increase as major road projects will come on stream.

Widening the scope to include other EDF grant resources (like Stabex, Structural Adjustment and emergency assistance, but excluding funds managed by the EIB), the cumulative decision level rose by € 40 million, with the approval of the Mining Sector Support programme. Overall disbursements in 2002 stood at € 46.8 million, which is more than double the 5-year average of the preceding period (€ 22.3 for the years 1997-2001). The increased level of disbursements is largely due to the disbursement of budget support in 2002, while project disbursements were also higher than in previous years.

Focal Sector: Road Transport

In 2002, an improvement was noticed in the road condition mix, the percentage of roads rated in good, fair and poor condition respectively, after a deterioration in the preceding year. The condition of trunk roads improved slightly, while the situation for feeder roads made more distinct progress; the condition mix for urban roads on the other hand deteriorated slightly. Road maintenance data for 2002 are not yet available. The data for 2001 show that in that year targets for routine maintenance were not met by far, a deterioration compared to the year 2000. Although, it had been Government's intention to pay all the arrears in the road sector by June 2001, it later had to change the dates in view of ongoing audits. At the end of 2002, however, all road arrears up to the end of 2001 of the major road contracts were paid, with the exception of the ones that were still being audited.

The EU supports the Road Transport sector through two Transport Infrastructure Programmes: TRIP II (6th and 7th EDF, € 54 million) and TRIP III (8th EDF, € 56 million). Final acceptance of the roads (re-)constructed under TRIP II took place in 2002,

while activities related to axle load control and technical assistance are still ongoing. Under TRIP III three major trunk road sections (about 183 km in total) in western Ghana are planned to be reconstructed and resurfaced. The feasibility studies, design and tender documents were completed in 2002 and two of the tenders were launched in October 2002. Commencement of works for all roads is foreseen in 2003. In addition, technical assistance towards the efficient, effective and sustainable management of maintenance in the road sub-sector is ongoing.

The EU also supports the rehabilitation of some 450 km of rural feeder roads in the Western and Central regions, with Stabex-funds. Construction started in August 2000 and was finalised in September 2002. Another phase of feeder road rehabilitation, targeting some 600 km of feeder roads in cocoa growing areas in Western, Central, Brong Ahafo and Ashanti Regions, will start in 2003, using all remaining Stabex funds.

Focal Sector: Rural Development

The EU support strategy to rural development is closely aligned to the Government's programme and focuses on rural infrastructure provision (small town and rural water supply, electrification, feeder roads, micro-projects) and on cocoa production. Provision of water supply to 24 small towns progressed according to schedule and, due to savings made, another 6 small towns could be added to the programme. A second programme, to support water and sanitation improvements in small towns in the Central and Western Regions, is under preparation. In addition, the rural water and sanitation project for the Northern Region started its operations in 2002. This project, to be completed by 2004, will construct boreholes and wells in the rural areas, while some 25 larger communities will receive small water schemes, supplied by boreholes that are equipped with solar pumps. The project also includes the construction of latrines and a health and sanitation education component. The rural electrification programme in Western Region progressed well in 2002.

Under the 5th micro-projects programme over 600 projects of the first cycle (2001/02) were completed in 56 of the poorer districts and implementation of a similar number of projects for the second cycle (2002/03) started later in the year. Micro-projects are selected by local communities in conjunction with District Assemblies. Beneficiary communities are expected to make a contribution, financially, in kind or as labour, equivalent to 25% of the project's value. The distribution of first and second cycle micro-projects by sector shows that the majority of projects are in the area of education (50.2%), followed by water and sanitation facilities (26.4%) and health related micro-projects (12.2%).

EU assistance to agriculture has focused on cocoa and particularly the Cocoa Swollen Shoot Virus Disease (CSSVD) Control Programme. The Programme compensates farmers for the eradication of infected cocoa trees and assists with replanting. The (Stabex) financing represents approximately one third of the cost of the Programme. During 2002, the CSSVD control component supported the removal of nearly 14 million disease-affected trees. This represents approximately 9,400 ha of cocoa farms, which were cleared for replanting and is a significantly improved performance compared to the previous year. In addition to the CSSVD control programme, the EU continued to support cocoa research activities.

Focal Sector: Macro-Economic Support

The EU macro-economic support strategy has been based on the commitment of the Government of Ghana to put in place, in agreement with the Bretton Woods Institutions, a mix of fiscal and monetary policies aimed at containing public expenditure and enhancing revenue collection in order to limit recourse to domestic financing. Debt reduction, through the HIPC initiative, and divestiture would allow Government to re-direct resources saved in terms of debt servicing to poverty related programmes and would allow a reduction of interest rates favouring private sector investments and growth. In 2002, many macro-economic indicators continued to improve. The GDP growth rate increased to 4.5%, inflation fell from over 21% to 15%, the debt situation stabilised and more was spent on social sectors in general and poverty related aspects in particular. On the other hand, recourse to domestic financing was far higher than planned, partly related to much lower than expected inflows of loans and grants. As a consequence interest rates remained high with a negative effect on investments.

In 2002, the EU provided € 22.15 million in budget support to Ghana, which allowed the Government to continue its reform policies. In addition, technical assistance will be provided to strengthen aspects of public finance management in Ghana and for specific work in the ministries of education and health. A first contract -to provide technical assistance services for the Centre for Health Information Management (CHIM)- was signed in October 2002. The EU has also played an active role in the design of a Multi-Donor Budget Support (MDBS) framework. The aim of the MDBS is to sustain the Ghana Poverty Reduction Strategy through support to the consolidated budget, while minimizing transaction costs by creating harmonized procedures. The MDBS arrangement is expected to be finalized in 2003 and will include all the main development partners to Ghana.

Non-Focal Sectors

An important part of the support to non-focal sector actually complements focal sector activities, particularly with respect to governance and institution building projects, which strengthen the focus on rural development and macro-economic support, by providing assistance to decentralization and public finance management respectively. Other non-focal sector activities in 2002 were concerned with health care (support to the Health SWAP and STD/AIDS), private sector development (skill development, woodworking sector), environment and culture.

Non-State Actors

In 2002, non-state actors were able to benefit from a number of resources. This included the main cooperation programme financed from the EDF, particularly communities benefiting from the Micro-projects Programme, NGOs from the Decentralised Co-operation project and the private sector from the Woodworking Sector Development Programme. In conjunction, these programmes constituted 26% of EDF project expenditure in 2002 (and 14% of EDF expenditure if budget support was included). In addition, important support to non-state actors has been provided through loan financing

by the EIB, through matching-grant financing by EBAS and CDE, and to NGO's under the NGO co-financing budget line.

Other Instruments

In 2002, the EIB disbursed approximately € 9 million in its ongoing operations in Ghana and identified new projects for 9th EDF financing in 2003. Under the Regional Indicative Programme, Ghana mainly benefited from projects supporting livestock development and education. Preparations were far advanced to start using all remaining Stabex balances (from the 1990-94 transfers, € 11million) in the third phase of the feeder road programme in cocoa growing areas. Furthermore, in 2002, the € 40 million Mining Sector Support Programme was signed, which aims at revitalising the economic importance of the mining sector in Ghana.

Programming Perspectives

As the 9th EDF Country Support Strategy is closely aligned to the GPRS, its direction remains relevant and needs no revision. However, the presently available funding from the 9th EDF A-envelope and the balances from previous EDF's (€ 6.2 million, including planned de-commitments in 2003) will not suffice to implement the 2002-2007 NIP in an adequate manner. The commitment schedule indicates a 100% primary commitment rate by 2005, but does not take into account two factors. First, additional funding will be needed to finance the full needs of the 9th EDF road transport programme, as the costs of rehabilitating the regionally important Kumasi-Techiman road will be higher than anticipated. Second, macro-economic support will only cover the needs up to 2005 and in the framework of the Multi-Donor Budget Support initiative will need additional funds to cover 2006 and 2007.

In the non-focal sectors, more attention than anticipated will be given to private sector development and cultural cooperation. The revised set of indicators in the intervention framework, now closely aligned to the final version of the GPRS (published in February 2003), will facilitate assessment of progress in the focal sectors during the 2004 Mid-Term Review.

**ANNEX 1 - INTERVENTION FRAMEWORK
(RURAL DEVELOPMENT PROGRAMME)**

	<u>Intervention Logic</u>	Objectively Verifiable Indicators	Sources of Verification	Assumptions
Overall Objective	Achieve equitable economic growth and accelerated poverty reduction within a sustained democracy, in line with the country's GPRS.	Set of core performance indicators as highlighted in the country's GPRS (see table 1)	<ul style="list-style-type: none"> • Ghana Demographic & Health Surveys • Ghana Living Standard Surveys • Core Welfare Indicator Questionnaires • GPRS Progress Reports 	
Programme Purpose	Enhanced income and living standards among poor rural communities	<ul style="list-style-type: none"> • Percentage of rural population with access to safe drinking water • Gross enrolment in basic schools (primary/JSS) increased in the three Northern Regions • Income of rural population • Reduction of reported cases of guinea worm 	<ul style="list-style-type: none"> • Ghana Living Standard Surveys • Reports from Ministry of Health • Reports from Ministry of Works and Housing and Ministry of Local Government. 	<ul style="list-style-type: none"> • No external economic shocks • Political stability
Results	1. Increased access to improved social and infrastructural facilities by rural communities in Northern, Upper East, Upper West, Central and Eastern Regions and small towns communities in Central and Western Regions.	<ul style="list-style-type: none"> • Percentage of households with access to safe water • Percentage of households with access to adequate toilet facilities • Number of new functional water systems constructed • Number of functional Water & Sanitation Boards, District/Community Water & Sanitation Committees/Team • Number of schools (primary/JSS) built and deprived schools improved in the three Northern Regions 	<ul style="list-style-type: none"> • Reports from District Assemblies • Reports from CWSA • EMIS reports • Baseline studies • Evaluation reports 	<ul style="list-style-type: none"> • Water and sanitation interventions are complemented by increased efforts in the health and education sectors • Economic conditions permit the communities to contribute to investments and to O&M. • District Assemblies and line Ministries are able to staff, furnish and equip facilities

	<u>Intervention Logic</u>	Objectively Verifiable Indicators	Sources of Verification	Assumptions
Results	<p>2. Agriculture production promoted in the northern part of Ghana (Northern; Upper East and Upper West Regions) and donor coordination capacity of the Ministry of Food & Agriculture strengthened.</p>	<ul style="list-style-type: none"> • Number of small scale farmers benefiting from increased cash crop production • Agricultural surface used for irrigated rice production increased • Rural incomes in the project area increased through irrigated rice production 	<ul style="list-style-type: none"> • Ministry of Food & Agriculture agricultural statistics • District annual report • Beneficiary assessment studies • Ministry of Food & Agriculture report 	<ul style="list-style-type: none"> • No persistent drought or other major disturbance experienced • All major donors remain committed to Ag SSIP • Complementary funding assured by AFD

INTERVENTION FRAMEWORK (ROAD TRANSPORT SECTOR)

	<u>Intervention Logic</u>	Objectively Verifiable Indicators	Sources of Verification	Assumptions
Overall Objective	Achieve equitable economic growth and accelerated poverty reduction within a sustained democracy, in line with the country's GPRS.	Set of core performance indicators as highlighted in the country's GPRS (see table 1)	<ul style="list-style-type: none"> • Ghana Demographic & Health Surveys • Ghana Living Standard Surveys • Core Welfare Indicator Questionnaires • GPRS Progress Reports 	
Programme Purpose	Improved access to market and services	<ul style="list-style-type: none"> • Road condition mix • Traffic data for vehicles in the project areas (ADT) 	<ul style="list-style-type: none"> • Annual RSDP Review Report by Ministry of Roads and Transport • Specific reports of the road agencies/consultants 	<ul style="list-style-type: none"> • No external economic shocks • Political stability • Other national policies supporting the economic growth and sustained development and equitable distribution of the benefits of the growth
Results	<ol style="list-style-type: none"> 1. Road Network rehabilitated and maintained in project areas. 2. Backlog of road maintenance reduced at country level. 3. Institutional capacity of Ministry of Roads and Transport and private consultants/contractors reinforced. 	<ul style="list-style-type: none"> • Km of roads rehabilitated • Number of rehabilitation contracts completed and value of maintenance contracts • Number of axle load control stations operational • Financial rate of coverage of maintenance needs • Number of training courses and participants 	<ul style="list-style-type: none"> • Supervision reports • Progress completion reports • Annual RSDP Review Report by Ministry of Roads and Transport • Road fund reports • Joint Donors Evaluation • Annual independent technical and financial audit. • Annual reports of MDAs 	<ul style="list-style-type: none"> • Continuous GoG commitment to sector policy • Continuous support from all major donors • Funding of road fund sustained • Ministry of Roads & Highways retain trained staff

INTERVENTION FRAMEWORK (MACRO-ECONOMIC SUPPORT)

	<u>Intervention Logic</u>	Objectively Verifiable Indicators	Sources of Verification	Assumptions
Overall Objective	Achieve equitable economic growth and accelerated poverty reduction within a sustained democracy, in line with the country's GPRS.	Set of core performance indicators as highlighted in the country's GPRS (see table 1).	<ul style="list-style-type: none"> • Ghana Demographic & Health Surveys • Ghana Living Standard Surveys • Core Welfare Indicator Questionnaires • GPRS Progress Reports 	
Programme Purpose	Restored sound macro-economic framework enabling the implementation of the GPRS.	<ul style="list-style-type: none"> • GDP growth rate • Inflation rate • Debt/GDP ratio 	<ul style="list-style-type: none"> • IMF reports • Budget Statements GoG 	<ul style="list-style-type: none"> • Benefits of the growth are distributed equitably • Political stability • No external economic shocks
Results	<ol style="list-style-type: none"> 1. GPRS macro-economic targets reflected in the budget. 2. Sectoral policies in social sectors sustained and impact improved 3. Efficiency and effectiveness of public financial management enhanced. 	<ul style="list-style-type: none"> • Domestic Revenue as % of GDP • Cash balance as % of GDP • Net domestic financing as % of GDP • % of MDA discretionary expenditure allocated to health and education • % of MDA discretionary expenditure spent on health and education • Time lag of submission (monthly and annual) reports by Controller and Accountant General • Time lag in submission of consolidated audit report to Parliament 	<ul style="list-style-type: none"> • IMF reports • Budget Govt. of Ghana • Budget Govt. of Ghana • CAGD reports • Statements by Secretary of Public Accounts Committee 	<ul style="list-style-type: none"> • No external economic shocks • No slippages in fiscal and monetary policies • Continuous commitment to sector programmes in health and education • Continuous commitment to financial management reforms

ANNEX 1bis

Updated Intervention Framework 9th EDF

Annual Operational Review 2003

Sector 1: Rural Development

Level of Target	Performance Indicators	Target 2002 (where indicated/ defined)	Status 2002 (or latest year available)	Sources of information/ verification	Comments / assumptions	Target 2003	Target 2004	Target 2005
National level ¹⁾	<ul style="list-style-type: none"> See indicators and targets of GPRS. 			GPRS reviews				
Intervention / Programme level ²⁾	<ul style="list-style-type: none"> % of rural population with access to safe drinking water. Gross enrolment rate in basic schools (primary/ JSS) in the three Northern Regions: <ul style="list-style-type: none"> Northern (primary) 65.0 Upper East (primary) 70.0 Upper West (prim.) 57.1 Northern (JSS) 38.0 Upper East (JSS) 37.3 Upper West (JSS) 42.6 Number of reported cases of guinea worm 5611 Real Agricultural growth rate [*]) 4.1% 	56%	41.3%	CWSA EMIS Ministry of Health/CHIM GPRS progress report	<p>Targets come from 1998 CWSA Investment Plan. This needs revision</p> <p>Based on census in November of each year; i.e. the 2002 figures reflect the 2001/02 school year, as measured in November 2001.</p> <p>Targets are set in the Education Sector Program (ESP)</p> <p>Collected by district on a quarterly basis; target is to reach 0 by 2006</p>	60%	65%	69%
						68.4 75.9 57.8 38.8 37.4 43.2	71.8 78.7 58.5 39.6 37.5 43.8	75.2 81.5 59.2 40.4 37.6 44.4

Result level ³⁾	• Number of new functional water systems constructed	789	1318	CWSA	Need to revise 2003-05 targets	880	882	866
	• Number of functional water and sanitation boards, committees and teams	156	25	CWSA	Need to revise 2003-05 targets	176	192	190
	• Number of primary/JSS schools built/improved in Northern Ghana by MPP programme			MPP progress reports				
	• Number of Small scale farmers in North Ghana benefiting from increased cash crop production	73,000	34,000	MOFA	Number of farmers member of cash crop associations Targets 2003-05 need revision	80,000	85,000	100,000

1) If not specified in macro-economic sector or as MDG. Indicators broadly equivalent to indicators of impact. 2) Broadly equivalent to indicators of outcome. 3) Comprising input and output indicators.

*¹⁾ Indicates new indicator/commitment undertaken during the 2003 review.

Updated Intervention Framework 9th EDF (contd.)

Annual Operational Review 2003

Sector 2: Road Transport

Level of Target	Performance Indicators	Target 2002 (where indicated/ defined)	Status 2002 (or latest year available)	Sources of information/ verification	Comments / assumptions	Target 2003	Target 2004	Target 2005
National level ¹⁾	<ul style="list-style-type: none"> See indicators and targets of GPRS. 			GPRS reviews				
Intervention / Programme level ²⁾	<ul style="list-style-type: none"> Road condition mix <ul style="list-style-type: none"> - overall - trunk roads 	n.a.	30-21-49 26-27-47	GHA and RSDP Reviews	Mix good-fair-poor Based on end-of-year surveys	n.a 29-30-41	n.a 50-25-.25	n.a. 70-20-10
Result level ³⁾	<ul style="list-style-type: none"> Km of roads under <ul style="list-style-type: none"> - routine maintenance - periodic maintenance Number of axle load control stations operating Annual Road Maintenance Expenditure Number of participants in training courses <ul style="list-style-type: none"> - GHA - MRH 		18,967** 2,887** 4 42.83 238 60	GHA/RSDP Reports GHA RSDP Reviews MRH – training unit reports	Periodic maintenance includes rehabilitation and upgrading Operating means: personnel deployed and normally in use 7 days/week; 10 ‘portable’ stations operational from 2004 Expenditure in US\$ million equivalent	25,750 6,955 4 191.51 816 58	27,417 6,035 7 176.87 650 68	n.a. n.a. 12 n.a. 650 70

1) If not specified in macro-economic sector or as MDG. Indicators broadly equivalent to indicators of impact. 2) Broadly equivalent to indicators of outcome. 3) Comprising input and output indicators.

*) Indicates new indicator/commitment undertaken during the 2003 review. **) Data for ¾ of the year 2002, i.e. status as of end of the 3d quarter.

Updated Intervention Framework 9th EDF (contd.)

Annual Operational Review 2003

Macro-economic support

Level of Target	Performance Indicators	Target 2002 (where indicated/ defined)	Status 2002 (where indicated/ defined)	Sources of information/ verification	Comments / assumptions	Target 2003	Target 2004	Target 2005
National level ¹⁾	<ul style="list-style-type: none"> See indicators and targets of GPRS. 			GPRS reviews				
Intervention / Programme level ²⁾	<ul style="list-style-type: none"> GDP growth rate Debt/GDP ratio 		4.5% 110 %	Budget Statement Budget Statement/ Macro-Framework	Refers to external debt as % of GDP	4.7 % 88.5%	5.0 % 74.2%	5.0 % 71.6%
Result level ³⁾	<ul style="list-style-type: none"> Domestic revenue as % of GDP Net domestic financing as % of GDP % of MDA expenditure allocated to health and education (broad budget) Time lag of submission of monthly reports by CAGD Time lag of submission to GAS of annual reports by CAGD Time lag of submission of Consolidated Fund (CF) audit report to Parliament 		20.7 % 4.9 % 33.5 % 8 weeks 6 months 22 months	Budget Statement Budget Statement. Budget Statement Min. of Finance/CAGD CAGD/GAS. Ghana Audit Service	Statutory period is 3 months 2000 CF audit report was submitted in October 2002, i.e. 22 months	21.3 % 0 % 37.6 % 8 weeks 4 months 22 months	22.4 % -2.5% 38.2 % 6 weeks 3 months 18 months	22.9 % -3.1% 38.2 % 6 weeks 3 months 12 months

1) If not specified in macro-economic sector or as MDG. Indicators broadly equivalent to indicators of impact. 2) Broadly equivalent to indicators of outcome. 3) Comprising input and output indicators.

*³⁾ Indicates new indicator/commitment undertaken during the 2003 review.

ANNEX 3A: Forecast of Primary Commitments

Unit AIDCO	EDF or BL	Sector and Title	2003 Sep	2003 Oct	2003 Nov	2003 Dec	2004 1 sem	2004 2 sem	2005	2006	2007	Comments
		Focal Sector: Road Transport										
C6	9	TRIP IV						70,0				Could slip into 2005
		Sub-total Road Transport						70,0				
		Focal Sector: Rural Development										
C4	9	Microprojects						25,0				Formulation in early 2004
C5	9	Agriculture North Ghana						13,0				Could slip into 2005
C5	9	Monitoring MoFA					2,0					3d version FP at MOFA
C6	9	Village Water & Sanitation							15,0			Possibly 2004, depends on speed feasibility study
C6	9	Small Towns Water & Sanitation							25,0			
		Sub-total Rural Development					2,0	38,0	40,0			
		Focal sector: macroeconomic support										
C2	9	Macroeconomic support					60,0					Formulation October 2003
		Sub-total macroeconomic support					60,0					
		Non-Focal Sectors:										
C3	9	Support to Audit Service					4,0					Formulation Oct.-Nov. 2003
C3	9	Governance/Decentralisation					2,0	3,0				To be split in part for elections and part for HRD
C3	9	GIS for development monitoring		1,7								EDF Committee October
C4	9	Health Fund						2,0				
C4	9	PSIC (Culture)					2,0					Draft Financing Proposal ready
C5	9	Protected Areas Development Programme Phase II						6,5				Draft Financing Proposal ready
C2	9	Private Sector Development					4,0					Formulation to start Nov. 03
	9	Technical Cooperation Facility					2,0					
C4	9	Cultural Heritage and Local Economic Development in Elmina and Old Accra				2,0						Financing Proposal submitted to BXL in July 03
		Subtotal Non-Focal		1,7		2,0	14,0	11,5				
		TOTAL		1,7		2,0	76,0	119,5	40,0			
		TOTAL CUMULATIVE		1,7	1,7	3,7	79,7	199,2	239,2			

ANNEX 3B - Forecast of Disbursement, 9th EDF

COUNTRY: GHANA

Unit AIDCO	EDF or BL	Sector and Title	2003 Q1	2003 Q2	2003 Q3	2003 Q4	2003 Total	2004 1 sem	2004 2 sem	2005	2006	2007	TOTAL 2003-2007	Comments
		Focal Sector: Road Transport												
C6	9	TRIP IV								20,0	20,0	20,0	60,0	
		Sub-total Road Transport								20,0	20,0	20,0	60,0	
		Focal Sector: Rural Development												
C4	9	Microprojects								0,8	4,0	4,0	8,8	
C5	9	Agriculture North Ghana								2,0	4,0	3,0	9,0	
C5	9	Monitoring MoFA							0,3	0,6	0,5	0,4	1,8	
C6	9	Village Water & Sanitation								2,0	3,0	5,0	10,0	
C6	9	Small Towns Water & Sanitation								5,0	7,0	8,0	20,0	
		Sub-total Rural Development							0,3	10,4	18,5	20,4	49,6	
		Focal sector: macroeconomic support												
C2	9	Macroeconomic support 9th EDF						15,0	15,0	30,0			60,0	Pipeline of existing budget support needs to be cleared first
		Sub-total macroeconomic support						15,0	15,0	30,0			60,0	
		Non-Focal Sectors:												
C3	9	Support to Audit Service							0,6	1,0	1,0	0,4	3,0	Evaluation phase 1
C3	9	Governance/Decentralisation							2,0	1,0	1,0	1,0	5,0	Will build on
C3	9	GIS for development monitoring				0,2	0,2	0,3	0,4	0,6			1,5	Draft Financing
C4	9	Health Fund							1,0	1,0			2,0	
C4	9	PSIC (Culture)				0,3	0,3	0,2	0,4	1,0	0,1		2,0	Draft Financing
C5	9	Protected Areas Development Programme Phase II											6,5	Draft Financing
C2	9	Private Sector Development						1,5	1,5	1,0			4,0	Under discussion
C4	9	Cultural Heritage and Local Economic Development in Elmina and Old Accra						1,0	0,5	0,5			2,0	Draft Financing Proposal almost ready
		Subtotal Non-Focal				0,5	0,5	3,0	6,4	6,1	2,1	1,4	26,0	
		TOTAL				0,5	0,5	18,0	21,7	66,5	40,6	41,8	195,6	

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ANNEX 3C - Forecast of Disbursements, All EDFs

COUNTRY: GHANA

Unit AIDCO	EDF or BL	Sector and Title	2003 Q1	2003 Q2	2003 Q3	2003 Q4	2003 Total	2004 1 sem	2004 2 sem	2005	2006	2007	TOTAL 2003-2007	Comments
		Focal Sector: Road Transport												
C6	7 GH 43	TRIP II	0,5	0,5	0,5	0,5	2,0	1,0					3,0	
C6	8 GH 9	TRIP III	0,1	0,1	0,1	10,0	10,2	10,0	5,0	25,0	4,0	1,8	56,0	
C6	9	TRIP IV								20,0	20,0	20,0	60,0	Impl.period of FA beyond
		Sub-total Road Transport	0,6	0,6	0,6	10,5	12,2	11,0	5,0	45,0	24,0	21,8	119,0	
		Focal Sector: Rural Development												
	7 GH 61	Small towns water supply	0,7	0,7	0,7	0,7	2,8	1,8					4,6	
	7 GH 64	Rural Electrification Western Region	0,75	0,75	0,75	0,75	3,0	1,7	1,7				6,4	
	7 GH 77	Small towns water supply					0,7	0,4					1,1	
	8 GH 10	5th Microprojects	0,5	5,0		1,3	6,8	3,0					9,8	
	8 GH 19	Rural Water & sanitation NR	0,5	0,5	0,5	0,5	2,0	2,0	3,0	3,0	2,0		14,0	
C4	9	Microprojects								0,8	4,0	4,0	8,8	
C5	9	Agriculture North Ghana								2,0	4,0	3,0	9,0	
C5	9	Monitoring MoFA						0,3	0,6	0,5	0,4		1,8	
C6	9	Village Water & Sanitation								2,0	3,0	5,0	10,0	
C6	9	Small Towns Water & Sanitation								5,0	7,0	8,0	20,0	
		Sub-total Rural Development	2,5	7,0	2,0	3,3	15,3	8,9	4,0	13,4	21,5	22,4	85,5	
		Focal sector: macroeconomic support												
C2	8 GH 21,	SASP VII		20,6			20,6						20,6	
C2	8 GH 24,	PRBS 2001		20,9	0,1	16,0	37,0	0,3	0,3	0,2			37,8	
C2	9	Macroeconomic support 9th EDF						15,0	15,0	30,0			60,0	Pipeline of existing budget support needs to be cleared first
		Sub-total macroeconomic support		41,5	0,1	16,0	57,6	15,3	15,3	30,2			118,4	
		Non-Focal Sectors:												
	7 GH 41	Human Resources Development	0,4	0,4	0,4	0,4	1,6						1,6	
	7 GH 76	Support to NAO			0,3	0,3	0,6	0,4	0,3	0,5			1,8	
	8 GH 2	Support to GAS	0,3	0,4	0,4	0,3	1,4	0,5					1,9	
	8 GH 3	Health Sector Support				3,0	3,0						3,0	
	8 GH 11	GRATIS III	0,1	0,2	0,1	0,2	0,6	0,4	0,1				1,1	
	8 GH 27	Mining Sector Support			0,4	0,4	0,8	0,6	2,5	8,0	7,0	7,0	25,9	ongoing until 2009
C3	9	Support to Audit Service							0,6	1,0	1,0	0,4	3,0	Evaluation phase 1 just
C3	9	Governance/Decentralisation							2,0	1,0	1,0	1,0	5,0	Will build on evaluation of
C3	9	GIS for development monitoring				0,2	0,2	0,3	0,4	0,6			1,5	Draft Financing Proposal
C4	9	Health Fund							1,0	1,0			2,0	
C4	9	PSIC (Culture)				0,3	0,3	0,2	0,4	1,0	0,1		2,0	Draft Financing Proposal ready
C5	9	Protected Areas Development Programme Phase											6,5	Draft Financing Proposal
C2	9	Private Sector Development						1,5	1,5	1,0			4,0	Under discussion
C4	9	Cultural Heritage and Local Economic Development in Elmina and Old Accra						1,0	0,5	0,5			2,0	Draft Financing Proposal almost ready
		Subtotal Non-Focal	0,8	1,0	1,6	5,1	8,5	4,9	9,3	14,6	9,1	8,4	61,3	
		TOTAL	3,8	50,0	4,2	34,9	93,6	40,1	33,6	103,2	54,6	52,6	384,2	

ANNEX 5

GHANA - 7TH EDF Financial Reporting
Breakdown of EDF decision by Economic Sector (*)
Period ending at 31:12:2002Table 3
(In €)

Project No.	Project Title	Decision		Commitment		Disbursement	
		at 31:12:2002	In 2002	at 31:12:2002	In 2002	at 31:12:2002	In 2002
1.	Rural Development:	45.087.177	59.827	37.633.201	2.216.861	31.282.478	8.870.241
*7.019	Rural Bank Scheme	289.776	-	289.776	-	289.776	-
*7.020	Twifo Smallholder Oil Palm	483.782	-	483.782	-	483.782	-
*7.016	Aveyime Livestock Development	56.900	-	56.900	-	56.900	-
7.025	WERADEP - Pre-project study	503.150	-	503.150	-	503.150	-
7.005	WERADEP - Appraisal	118.156	-	118.156	-	118.156	-
7.031	Microprojects III	4.882.430	-	4.882.430	-	4.882.430	-
7.037	Protected Areas TA Tender (MGM)	47.276	-	47.276	-	47.276	-
7.034	Small Town Water Supply - Study	98.790	-	98.790	-	98.790	-
7.053	Small Town Water Supply - TA	657.479	(92.521)	657.479	(42.521)	657.479	-
7.045	Decentralised Cooperation	1.500.000	-	1.206.949	567.424	856.761	255.676
7.049	Self Help Electrification - Evaluation	58.055	-	58.055	-	58.055	-
*7.051	Microprojects IV	4.990.590	-	4.990.590	-	4.990.590	-
7.055	Microproject IV - 2nd Tranche	3.903.386	-	3.903.386	-	3.903.386	-
7.059	Rural Electrification Project	74.748	(5.252)	74.748	-1.252	74.748	2.144
7.064	Rural Electrification Project	10.000.000	-	8.361.000	564.000	3.631.916	2.833.408
7.060	5th Microproject Workshop - TA	29.678	-	29.678	-	29.678	-
7.061	Small Town Water Supply - AR, BA, WR	15.000.000	-	11.503.996	969.550	10.343.026	5.664.135
7.067	Rural Water Supply Project - N/Region	95.000	-	93.400	-	91.511	11.292
7.070	Small Towns Water & Sanitation Project	80.000	-	73.760	2.060	63.340	1.858
7.077	Small Towns Water & Sanitation Project - C/Reg	1.997.000	-	-	-	-	-
7.074	Monitoring & Evaluation Study - AGSSIP	63.381	-	42.300	-	25.274	25.274
7.078	Elaborate Feasibility of PADD II	78.400	78.400	78.400	78.400	16.054	16.054
7.079	Final Evaluation & Audit of PADD	79.200	79.200	79.200	79.200	60.400	60.400
2.	Transport Infrastructure	20.089.931	(2.000.486)	15.968.072	146.074	11.151.266	760.310
7.043	Transport Infrastructure Programme II	14.207.520	(2.000.000)	10.187.317	193.203	6.055.320	542.854
*7.040	Transport Infrastructure Programme II	5.779.442	-	5.677.786	-47.129	4.992.977	217.456
7.046	Monitoring & Audit of Stabex Roads	68.455	-	68.455	-	68.455	-
7.069	TA to the Donors' Joint Evaluation	34.514	(486)	34.514	-	34.514	-
3.	Private Sector Development	11.920.013	1.949.261	9.986.334	420.394	9.020.224	787.045
7.004	GRATIS - Phase II	2.929.780	-	2.929.780	-	2.929.780	-
*7.017	NIB 2nd Line of Credit	13.893	-	13.893	-	13.893	-
7.006	TA - Woodworking Sector	319.900	-	319.900	-	319.900	-
7.054	Woodworking Sector Dev. Programme	3.850.000	-	3.814.581	366.808	2.876.405	576.210
7.052	Adviser to the Min. of Lands & Forestry	184.421	-	184.421	-	184.421	-
7.042	Draft Fin. Prop. - study (woodworking sector)	17.201	-	17.201	-	17.201	-
7.009	Private Sector Development - Feasibility study	127.849	-	127.849	-	127.849	-
7.014	SME Development Programme	2.209.675	-	2.209.675	-	2.209.675	-
7.066	Ghana Poverty Reduction	177.085	-	175.000	-	162.316	139.489
7.068	EDF Project Adviser	60.948	-	60.948	-	60.948	-
7.075	Study of the Mining Sector	78.386	(1.614)	78.386	(1.114)	78.386	31.896
7.076	Institutional Strengthening of NAO's Office	1.885.000	1.885.000	-	-	-	-
7.080	Preparation of a Financing Proposal	65.875	65.875	54.700	54.700	39.450	39.450
4.	Social Sector	10.759.548	(394.515)	9.829.331	484.686	6.919.766	2.010.693
	Education & Training	8.834.081	(394.515)	8.180.625	(51.534)	5.878.136	1.672.522
7.028	Inter University Link - UG/V.U.B	1.440.000	-	1.276.970	(28.722)	1.195.333	-
7.022	Reintegration of African Nationals Ph. II	324.142	(389.858)	324.142	(389.858)	324.142	-
*7.015	Multianual Training Programme	166.724	-	122.031	-	122.031	-
7.039	Seminar on EDF Financial Procedure	18.954	-	18.954	-	18.954	-
7.008	Human Resources - Study	42.147	-	42.147	-	42.147	-
7.041	Human Resources Development Programme	3.800.000	-	3.601.705	372.776	2.684.610	1.672.189
7.062	European Film Festival	14.171	-	14.171	-	14.171	-
7.063	TA - Preparation of Note of Gen. Info.	2.600	-	2.470	-	1.451	333
7.071	Support to the provision of Photo ID	1.057.000	-	1.057.000	-	666.578	-
7.072	Support to 2000 Elections	1.930.000	-	1.682.692	(4.073)	770.376	-
7.073	9th EDF Programming Exercise	38.343	(4.657)	38.343	(1.657)	38.343	-
	Health	1.925.467	-	1.648.706	536.220	1.041.630	338.171
7.047	Economic, Social & Health Review	15.326	-	15.326	-	15.326	-
7.050	Support for STD & HIV/AIDS Control	1.897.000	-	1.620.239	536.220	1.013.163	338.171
7.057	Ghana Health Sector - TA	13.141	-	13.141	-	13.141	-
5.	Trade & Tourism	101.844	-	101.844	-	101.844	-
7.013	Trade Fairs - Pret A Porter, Paris	25.000	-	25.000	-	25.000	-
7.027	Pret A Porter Paris	39.094	-	39.094	-	39.094	-
7.033	Participation Salon Paris/D'Dorf	37.750	-	37.750	-	37.750	-
6.	Programme Aid - NIP	30.234.605	-	30.234.605	-	30.234.605	-
7.003	GIP I - NIP	11.000.000	-	11.000.000	-	11.000.000	-
7.036	GIP IV - NIP	4.334.605	-	4.334.605	-	4.334.605	-
7.048	GIP V - NIP	14.900.000	-	14.900.000	-	14.900.000	-
	Total NIP	118.193.118	(385.913)	103.753.387	3.268.015	88.710.183	12.428.289
7.002	GIP I - SAF	9.000.000	-	9.000.000	-	9.000.000	-
7.012	GIP II - SAF	29.000.000	-	28.860.000	-	28.860.000	-
7.030	GIP III - SAF	32.200.000	-	32.200.000	-	32.200.000	-
7.035	GIP V - SAF	17.000.000	-	17.000.000	-	17.000.000	-
7.001	STABEX - 90	6.889.065	-	6.889.065	-	6.889.065	-
7.007	STABEX - 91	16.430.110	-	16.430.110	-	16.430.110	-
7.023	STABEX - 92	4.883.722	-	4.883.722	-	4.883.722	-
7.029	STABEX - 93	16.381.086	-	16.381.086	-	16.381.086	-
7.044	STABEX BALANCE 1990-94	5.997.477	-	5.997.477	-	5.997.477	-
	Total non-NIP	137.781.460	-	137.641.460	-	137.641.460	-
	Grand Total	255.974.578	(385.913)	241.394.847	3.268.015	226.351.643	12.428.289
	Original Allocation	109.400.000					
	Transfer from 5th EDF	13.286.459					
	Total Allocation	122.686.459					
	Decision/Allocation	96,3%					
	Commitment/Allocation	84,6%					
	Disbursement/Allocation	72,3%					

*Project carried over from the 5th EDF or financed with funds transferred from the 5th EDF

ANNEX 6

GHANA - 6TH EDF Financial Reporting

Breakdown of EDF decision by Economic Sector (*)

(In €)

Period ending at 31:12:2002

		Decision		Commitment		Disbursement	
		at 31:12:2002	In 2002	at 31:12:2002	In 2002	at 31:12:2002	In 2002
	1. Rural Development:	11.142.074	-	11.142.074	-	11.142.074	-
6,019	Microprojects I	1.096.611	-	1.096.611	-	1.096.611	-
6,036	Microprojects II	5.846.058	-	5.846.058	-	5.846.058	-
6,009	Dawhenya Rehabilitation Programme	2.487.192	-	2.487.192	-	2.487.192	-
6,010	Twifo Oil Palm - TA	336.532	-	336.532	-	336.532	-
6,011	NOPL & TOPP Oil Palm - TA	45.855	-	45.855	-	45.855	-
6,017	Twifo Oil Palm Interim Financing	706.956	-	706.956	-	706.956	-
6,023	Palm Oil Marketing	106.858	-	106.858	-	106.858	-
6,039	TOPP Restructuring - Study	32.483	-	32.483	-	32.483	-
6,042	Oil Palm Sector Review	115.845	-	115.845	-	115.845	-
6,034	Weija Irrigation Project	52.242	-	52.242	-	52.242	-
6,027	Valley Bottom Rice Dev. - Study	120.847	-	120.847	-	120.847	-
6,037	Agroforestry Western Region - Study	45.820	-	45.820	-	45.820	-
6,038	Small Ruminants - Study	54.892	-	54.892	-	54.892	-
6,043	Tender Procedure - WERADEP	44.131	-	44.131	-	44.131	-
6,054	Western Regional Agric Prog. - TA	49.752	-	49.752	-	49.752	-
	2. Transport Infrastructure:	57.539.440	-	57.539.440	-	57.539.440	40.439
6,001	Elubo-Assemkrom Road	178.647	-	178.647	-	178.647	-
6,002	Awaso-Nobekwa Road	418.298	-	418.298	-	418.298	-
6,004	TRI - Transport Programme	2.485.719	-	2.485.719	-	2.485.719	-
6,020	Rehabilitation of Takoradi Port	1.035.000	-	1.035.000	-	1.035.000	-
6,028	Tema Access Road - Study	120.000	-	120.000	-	120.000	-
6,029	Port Rehabilitation Phase II	21.253.553	-	21.253.553	-	21.253.553	-
6,041	Ghana Ports Rehabilitation - Evaluation	43.134	-	43.134	-	43.134	-
6,047	Transport Infrastructure Programme II	32.000.000	-	32.000.000	-	32.000.000	40.439
*6,046	Transport Infrastructure Programme II	5.089	-	5.089	-	5.089	-
	3. Environment:	4.704.695	-	4.564.349	-	4.337.969	582.882
6,022	Protected Areas Study	51.629	-	51.629	-	51.629	-
6,045	Protected Areas Programme	4.600.000	-	4.459.654	-	4.233.274	582.882
6,053	Natural Resources Management	53.066	-	53.066	-	53.066	-
	4. Private Sector Development	1.987.224	-	1.987.224	-	1.987.224	-
6,005	GRATIS - Phase I	1.049.011	-	1.049.011	-	1.049.011	-
6,025	GRATIS - Evaluation	58.070	-	58.070	-	58.070	-
6,018	Woodworking Sector - TA	667.439	-	667.439	-	667.439	-
6,026	Vehicle & Plant Workshop	58.244	-	58.244	-	58.244	-
6,044	Support to Private Investment	37.359	-	37.359	-	37.359	-
6,055	GRATIS Phase III - Study	117.101	-	117.101	-	117.101	-
	5. Social Sector:	1.109.037	-	1.109.037	-	1.109.037	-
	<i>Education & Training</i>						
6,006	Integrated Training Programme	299.999	-	299.999	-	299.999	-
6,008	Return of African Nationals	300.000	-	300.000	-	300.000	-
6,030	Inter University Link - Delft/Kumasi	376.821	-	376.821	-	376.821	-
6,051	Education - TA	132.217	-	132.217	-	132.217	-
	6. Trade & Tourism	240.499	-	240.499	-	240.499	-
6,016	Trade Fairs	59.493	-	59.493	-	59.493	-
6,040	Ecowas Trade Liberalisation	67.460	-	67.460	-	67.460	-
6,050	Non-Traditional Export Programme	54.956	-	54.956	-	54.956	-
6,052	Ghana Standards Board - TA	58.590	-	58.590	-	58.590	-
	7. Governance	46.854	-	46.855	-	46.855	-
6,048	EU Support to Elections	13.948	-	13.948	-	13.948	-
6,049	Observation of Elections	32.906	-	32.906	-	32.906	-
	8. Programme Aid - NIP	20.390.529	-	20.390.529	-	20.390.529	-
6,013	SIP - PAMSCAD	7.590.529	-	7.590.529	-	7.590.529	-
6,014	SIP - Fertilizer	9.000.000	-	9.000.000	-	9.000.000	-
6,015	SIP - Auction	3.800.000	-	3.800.000	-	3.800.000	-
	Total NIP	97.160.352	-	97.020.007	-	96.793.628	623.321

Total Allocation: 97.500.000
Decision/Allocation 99,65%
Commitment/Allocation 99,51%
Disbursement/Allocation 99,28%

*Project financed with funds transferred from the 4th EDF

ANNEX 7

(in €)

EUROPEAN INVESTMENT BANK				
OPERATIONS FINANCED IN GHANA (SINCE 1976)				
Reporting Period: 31st December 2002				
CONVENTION	DATE OF AGREEMENT	PROJECT	AMOUNT	OUTSTANDING
EIB OWN RESOURCES				
LOME 1	16/12/1976	VRA I Kpong Ghana	10.000.000,00	0
LOME 1	5/04/1979	VRA II EECI Intercon. Ghana	6.000.000,00	0
LOME 3	8/12/1986	VRA III H.V. Network Ext, Ghana	17.000.000,00	2.193.693,90
LOME 3	22/08/1990	VRA IV - Akosombo Retrofit A	4.000.000,00	2.574.338,98
LOME 4	5/12/1991	VRA IV - Akosombo Retrofit B	20.000.000,00	6.949.619,82
LOME 4	16/12/1993	VRA V - Takoradi Thermal P.P	40.000.000,00	21.788.214,90
LOME 4	19/12/1997	VRA VI - Akosombo Retrofit C	34.000.000,00	15.762.777,18
		Total	131.000.000,00	49.268.644,78
RISK CAPITAL				
LOME 1	30/11/1976	CIMAO Ghana	2.000.000,00	0
LOME 1	25/03/1980	Akwatia Mine Metall Studies	250.000,00	0
LOME 2	19/06/1984	Ghana - GHAIP	7.600.000,00	1.643.120,00
LOME 2	25/10/1983	Ghana - GNMC	6.000.000,00	0,00
LOME 2	16/02/1984	CIMAO III Ghana	2.430.000,00	0,00
LOME 3	7/08/1987	Ghana - GHAIP Project II	7.000.000,00	0,00
LOME 3	24/05/1989	SGMC Project	13.000.000,00	4.654.032,87
LOME 3	28/11/1991	Aluminium Enterprise Project	2.800.000,00	0,00
LOME 3	7/02/1992	Aluminium Enterprise Project	35.000,00	33.700,00
LOME 3	7/02/1992	Aluminium Enterprise Project	165.000,00	0,00
LOME 4	16/12/1994	GMPL	650.000,00	650.000,00
LOME 4	27/10/1995	Leasafric Ghana Global Loan	1.000.000,00	200.000,00
LOME 4 - PROT 2	29/10/1998	Leasafric Ghana Global Loan II	3.000.000,00	2.400.000,00
LOME 4 - PROT 2	28/09/2000	Ghana Financial Sector GL	10.000.000,00	413.399,16
LOME 4 - PROT 2	11/10/2001	GAFCO	4.500.000,00	4.027.500,00
LOME 4 - PROT 2	23/11/2001	GHANA LEASING SECTOR GL	9.000.000,00	3.685.210,04
		Total	69.430.000,00	17.706.962,07
LOANS MANAGED ON BEHALF OF THE COMMISSION				
LOME 1	3/06/1977	Kpong Hydro-Electric Scheme	8.980.000,00	4.591.474,00
LOME 1	11/07/1978	Twifo Oil Palm Development	6.800.000,00	3.765.546,97
LOME 1	24/03/1980	National Investment Bank - Ghana	1.880.000,00	1.060.651,50
LOME 1	23/01/1981	Aboisso-Axim Road (Ghana)	5.000.000,00	3.178.000,00
LOME 1	5/08/1981	Prestea Oil Palm Plantation	1.910.000,00	1.287.988,90
LOME 2	30/05/1985	Twifo Oil Palm Dev. Supplement	4.778.500,00	3.597.922,10
LOME 2	9/01/1987	Aboisso-Axim Road (Ghana)	4.500.000,00	3.029.688,35
LOME 2	11/07/1978	Twifo Oil Palm Development	1.020.000,00	564.832,05
LOME 2	5/08/1981	Prestea Oil Palm Plantation	1.201.500,00	810.219,19
		Total	36.070.000,00	21.886.323,06

ANNEX 8

Budgetary Support and Counterpart Funds

A. Actual and Planned Budget Support, 2001-2005 (in million Euro)

Sources of Funds	2001	2002	2003	2004	2005
SASP VI – unblocking*	8.45				
Health Fund unblocking		2.40			
Health Fund			1.00	1.00	1.00
SASP VII		17.25	17.25		
SASP VII – Reg. Tranche			3.31		
PRBS 2001			32.70		
PRBS 2001 – Special Tranche			5.00		
HIPC Bonus		4.90			
9 th EDF - MDBS				30.00	30.00
TOTAL	8.45	24.55	59.26	31.00	31.00

* includes Counterpart Funds from previous operations (total estimated disbursement in 2001 = 55 billion cedis)

B. Use and Status of Counterpart Funds in 2002 (in Cedi)

Item	Inflows	Outflows	Balance
Balance Dec. 2001			35,922,522,467.67
GPHA Loan Repayments	6,049,846,343		
SASP VI (€ 17.25 m)	111,337,365,000	111,337,365,000	
Other inflows	29,538,933		
Total Inflows	117,416,750,276		
Various Payments		5,443,052,148	
Total Outflows		116,780,417,148	
Net flow			636,333,127.50
Balance Dec. 2002			36,558,855,595.17