

**October 2007**



**2007**

**JOINT ANNUAL REPORT**

**EU – GHANA COOPERATION**

**European Commission**

**National Authorising Officer**

## ACRONYMS

ACP	Africa Caribbean and Pacific
AFD	Agence Francaise de Development
APRM	African Peer Review Mechanism
ART	Antiretroviral therapy
AU	African Union
BPEMS	Budget and Expenditure Management System
CAN	African Nations Cup
CEA	Country Enrolment Assessment / Country Environmental Assessment
CHPS	Community Health Planning and Services
CISP	Cultural Initiatives Support Programme
CPI	Corruption Perception Index
CSP	Country Strategy Programme
CWIQ	Core Welfare Indicator Questionnaire
DACF	District Assembly Common Fund
DFID	Department for International Development
DOC	District Oversight Committee
DPs	Development Partners
EC	European Commission
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EIDRH	European Instrument for Democracy and Human Rights
EMMSDAG	Establishment of Monitoring and Mapping System for Development Activities in Ghana
EOT	Extension of Time
EPA	Economic Partnership Agreements
ESP	Education Strategy Plan
ETR	End Term Review
FA	Financing Agreement
FLEGT	Forest law enforcement, governance and trade
GDP	Gross Domestic Product
GER	Gross Enrolment Ratios
GFATM	Global Fund to Fight Aids, Tuberculosis and Malaria
GIS	Geographic Information System / Ghana Immigration Service
GLASOD	Global Assessment of Human Induced Soil Degradation
GoG	Government of Ghana
GPI	Gender Parity Index
GPRS	Growth and Poverty Reduction Strategy
GSS	Ghana Statistical Service
HIPC	Highly Indebted Poor Countries
HSS	Health Statistics Survey
ILGS	Institute to Local Government Studies
IOM	International Organisation for Migration
ITN	Insecticide Treated Mosquito Nets

## ACRONYMS

JAS	Joint EU Africa Strategy
KITE	Kumasi Institute for Technology
KP	Kimberley Process
LDCs	Least Developing Countries
MCA	Millennium Challenge Account
MDA	Millennium Development Account
MDBS	Multi Donor Budget Support
MDG	Millennium Development Goals
MDRI	Multilateral Debt relief Initiative
MICS	Multi Indicators Cluster Survey
MiDA	Millennium Development Authority
MLGRD&E	Ministry of Local Governance, Rural Development, and Environment
MOFEP	Ministry of Finance & Economic Planning
MPMU	Micro Project Management Unit
MPP	Micro Project Programme
MSSP	Mining Sector Support Programme
NDAP	National Decentralisation Action Plan
NDPC	National Development Planning Commission
NEA	National Education Assessment
NFE	Non-Formal Education
NHIS	National Health Insurance Scheme
NIP	National Indicative Programme
NREG	Natural Resource and Environmental Governance Programme
NSA	Non State Actors
NTEP	Non Timber Forest Products
NYEP	National Youth Employment Programme
PAF	Performance Assessment Framework
PFM	Public Finance Management
PMTCT	Prevention of Mother-to-Child Transmission
RSDP	Road Sector Development Partners
SBS	Sector Budget Support
SEA	School Education Assessment / Strategic Environmental Assessment
SMESS	Small Micro Enterprise Strengthening and Support
SSA	Sub Saharan African
TSC	Technical Service Consultants
TSPIP	Transport Sector Planning & Integration Programme
TVET	Technical and Vocational Education and Training
UN	United Nations
UNHCR	United Nations High Commission for Refugees
UNICEF	United Nations Children Education Fund
VCT	Voluntary Counselling Test
VPA	Voluntary Partnership Agreement
WB	World Bank

## **ACRONYMS**

WF	Water Facility
WFP	World Food Programme
WHO	World Health Organisation
WSSD	World Summit for Sustainable Development
WTO	World Trade Organisation

# Table of Contents

## Acronyms

### 1. Executive Summary

<b>2. Political, economic, social, and environmental situation</b>	<b>1</b>
2.1 Political situation	1
2.2 Economic situation	2
2.3 Poverty and social situation	4
<b>3. Analysis of part and ongoing cooperation</b>	<b>8</b>
3.1 Focal sector Governance (10 <sup>th</sup> EDF)	8
3.2 Focal sector Transport and Infrastructure (9 <sup>th</sup> and 10 <sup>th</sup> EDF)	10
3.3 Focal sector Rural Development (9 <sup>th</sup> EDF)	11
3.4 Marco-economic support	14
3.5 Non-focal sectors	15
3.6 Utilization of B-envelope	16
3.7 Other instruments	16
<b>4. Policy Coherence for Development</b>	<b>19</b>
<b>5. Joint EU – Africa Strategy</b>	<b>20</b>
<b>6. Donor coordination and harmonisation</b>	<b>20</b>
<b>7. Dialogue with the NAO and Non-State Actors</b>	<b>21</b>
<b>8. Conclusions</b>	<b>22</b>

## Annexes

## 1 Executive summary

In 2007, Ghana celebrated its 50 years of independence, hailing the country and its people's unity under the motto 'Championing Africa's Excellence'. Since 2000, President Kufuor is in office (re-elected in 2004), and under his administration, the people of Ghana experienced freedom of political rights and civil liberties. The next general election is scheduled for December 2008, and political parties have elected their leaders for the next elections.

Ghana continues to be a safe haven in an otherwise troubled region, and Ghana remains a strong supporter of regional integration and continental initiatives (ECOWAS, AU); in 2007 President Kufuor acted very successfully as Chairman of the African Union.

Led by domestic demand, mining sector, construction and services, and due to high commodity prices, Ghana's economy continued to grow at high rate, despite the energy crisis and floods in the North. However, this economic dynamism has translated into a deterioration of the external current account situation due to high crude oil prices but also due to massive imports of equipment, notably for the energy and mining sectors. High expenditures due to energy crisis, delays in adjusting the utility tariffs, and inability to sustain the wage bill, led to further widening of the fiscal deficit. Total gross public debt has substantially increased further to the issuance of capital market bonds and to borrowings from China for infrastructure.

Decentralisation is essential to promote citizen participation and to achieve better service delivery, and, although 2007 has seen some hopeful developments in terms of policy, institutional, and financial framework, so far progress has been rather slow in real terms.

In the education sector, important improvements in public and private school infrastructure were achieved. Gross enrolment ratios (GER) at the basic level have gone up. Reforms however have not dramatically shifted gender, regional and rural urban disparities in enrolment. In the health sector progress was recorded, although significant challenges persist, related mostly to access to health care due to shortages of medical staff, delay in construction of medical facilities, and access to insurance, in particular for the poor.

In transport sector, overall road condition mix improved and maintenance revenue collection increased, although actual maintenance achievement requires continuous attention in the policy dialogue, as does axle load control. 2007 marked the start of the EC financed multimodal (roads, railways, ports, aviation) Transport Integration Plan, aiming to address the need for evidenced based strategic plans with sound costing in the transport sector.

Poor management of natural resources is reducing Ghana's economic growth potential. In response, several DPs and GoG (WB, Netherlands, AFD, EC, and others) have embarked on preparation of Natural Resources and Environmental Governance Programme, focusing on sub-sectors forestry, mining, and environmental protection. Moreover, with discovery of large oil deposits, the current administration has sought international advice on governance, revenue management and transparency, and environmental protection, in an attempt to avoid trapping into the so-called 'resource curse'.

For the 9<sup>th</sup> EDF, Ghana committed all funds as planned and reached very high amounts in contracts and payments. For 10<sup>th</sup> EDF, the Country Strategy Paper/National Indicative Programme 2008-2013 was signed in Lisbon on 7 December 2007. In line with EU Consensus for Development, and supporting implementation of Priority Actions of the Joint EU Africa Strategy, resources were allocated to macroeconomic support, focal sector governance and decentralisation, focal sector transport and regional interconnectivity, and to non-focal sectors such as environment, migration, and trade related assistance.

Donor coordination and harmonisation is well developed in Ghana, with a G-JAS signed by 16 donors, although the DP side is more pro-active in developing initiatives such as Division of Labour. The stepping stone Economic Partnership Agreement between Ghana and the EU was initialed in December 2007, after intensive negotiations.

## **2 Political, economic, social and environmental situation**

### ***2.1. Political situation***

Celebrating 50 years of independence in 2007, Ghana's leaders aimed to hail the country and its people's unity under the motto 'Championing Africa's Excellence'. Since 2000, President John Kufuor is in office (2<sup>nd</sup> term elected in 2004), and the people of Ghana experienced freedom of political rights and civil liberties. Ghana maintains its high levels of press freedom over the last three years, and in 2007 it ranks 2<sup>nd</sup> freest country of Sub-Saharan Africa after Mali, and is one of the 8 out of 48 SSA-countries considered having a free press.<sup>1</sup>

The next general election is scheduled for December 2008 and campaigning is well underway. The NPP party Congress in December 2007 elected Hon. Nana Akufo-Addo, former Minister of Foreign Affairs, as party leader succeeding President Kufuor. Mr. John Atta-Mills, two times presidential candidate in previous elections, was once more elected flag bearer for the opposition party National Democratic Congress (NDC).

Ghana continues to participate actively in the African Peer Review Mechanism, with the process deepening population involvement and promoting ownership, in 2007 through the kick-start of the District Oversight Committees to serve as 'eyes, ears and mouths' of the APRM Governing Council at district level.<sup>2</sup>

Discoveries of large oil deposits in Ghana's territorial waters led the current administration to seek international advice on governance, revenue management and transparency, and environmental protection, and to consult closely with domestic and international NSAs, in an attempt to avoid trapping into the same 'resource curse' like many of Africa's resource rich countries that are dealing with internal instability, high corruption, and huge income disparities.

On the Corruption Perception Index, Ghana ranks 69 out of 179 countries world wide, and 8 out of 52 African countries.<sup>3</sup> The Government's thrust has been to strengthen institutions in their fight against corruption, and in 2007 central and local level administrations were charged to set up functional internal audits.

Decentralisation is essential to promote citizen participation and to achieve better service delivery, and, although 2007 has seen some hopeful developments in terms of policy, institutional, and financial framework, so far progress has been rather slow in real terms. In 2007, MLGRD&E concluded a Comprehensive Decentralization Policy, in order to provide a policy framework that allows deepening of political, administrative and fiscal decentralization, with an operational Local Government Service Secretariat to look after implementation of the decentralisation policy.

As one of the main policy actions, Local Government Finance and Municipal Finance Authority Bills were developed and a Legislative Instrument to transfer functions, resources and staff to the District Assemblies and Regional Coordinating Councils is being drafted. Furthermore, the contribution to District Assemblies' Common Fund was increased to 7.5 per cent of tax revenues, which since 1993 was pegged at 5 percent. MLGRD&E in collaboration with MOFEP has drafted an Intergovernmental Fiscal Framework, aiming to address the issue of revenue and expenditure assignment between the national and sub-national levels, including guidelines for and training to all 138 districts in preparation of District Composite Budget. Finally, an additional 28 districts were created to facilitate better governance and accelerate the socio-economic development of the districts, increasing the number of districts from 138 to 166.

---

<sup>1</sup> Global Press Freedom, Freedom House Indicators 2005, 2006 and 2007

<sup>2</sup> 2007 APRM Annual Progress Report on political governance - see Annex 3 for executive summary

<sup>3</sup> CPI Transparency International (2007).

Ghana continues to be a safe haven in an otherwise troubled region, and Ghana remains a strong supporter of regional integration and ECOWAS. President Kufuor could have been seen as mediator in internal conflicts in other African countries, including Kenya, and Ghana aims at building friendly relations with neighbouring countries through a policy of "good neighbourliness".

During the year 2007, President Kufuor acted very successfully as Chairman of the African Union. Furthermore, in June 2007, Ghana hosted the African Union Summit, which was attended by all African Heads of State, and, from European Union, by Prime Minister Socrates and President Barosso.

## ***2.2. Economic situation***

The Ghanaian economy has performed well in recent years; in 2007 real GDP growth is estimated at 6.4% after 6.2 percent reached in 2006, the highest rates since the early 1990s. Despite the energy crisis experienced until August 2007 and the floods having affected the northern regions, the economy has continued growing fast. This expansion was led by the domestic demand, by the mining sector, by the activities in construction and services as well as by the high price of commodities (gold and cocoa). Provided the domestic and international context remains broadly the same, the current growth rate is expected to be brought up to 7% in 2008.

However, this economic dynamism has translated into a deterioration of the external current account situation to 11.9% of GDP in 2007 (estimated) against 9.8% a year earlier and in 2008 it is projected that this position will keep weakening to 12.5% of GDP. This is due to high crude oil prices but also to massive imports of equipment, notably for the energy and the mining sectors. As a result, the international reserves, which had reached the equivalent of 3 months of imports in 2006, have decreased to 2.4 months at the end of 2007 and Ghana should face difficulties to come back to 3 months of coverage in 2008, given the international context and the strong domestic demand.

Indeed, poor management of natural resources is reducing Ghana's economic growth potential by 1% each year, due to resource depletion, while the continued tapping of Ghana's natural resources stocks is costing Ghana approximately 10% of GDP,<sup>4</sup> of which 3.5% is in Forestry. Natural resources are a traditional source of growth in Ghana, accounting for 15% of GDP, 25% of government revenues and a substantial source of livelihood. Moreover, the sustainability of this key sector and the prospects of economic growth are put at risk by the absence of effective regulatory institutions and absence of a strong political commitment to sustain the natural resource base (see Annex 6 for more information on the natural resources and environment sector in Ghana).

Moreover, remittances and tourism, both linked to the Diaspora, have recently become the largest sources of foreign exchange. Private transfers are currently about US \$1.5 billion and originate from Ghana's high rates of emigration of skilled workers. Together with tourism receipts, estimated at around US \$ 1 billion,<sup>5</sup> they dwarf traditional exports and official development assistance and are equivalent to a quarter of GDP. This is important because the human and financial resources of the Diaspora have an enormous potential to contribute to the development of the country. The recent and promising oil discoveries offshore should also bring about substantial inflows from 2012 onwards. In this perspective, the Government has clearly express its will to establish a strong framework so that these further resources are optimally used and do not lead to imbalance, instability or deterioration of environment.

---

<sup>4</sup> Ghana Country Environmental Analysis (2006) financed by the World Bank, France and the Netherlands and Ghana Natural Resources Management and Growth Sustainability (2005). World Bank, U.K and Institute of Statistical, Social and Economic Research, Ghana.

<sup>5</sup> Overview of Economic Policy and the budget. November, 2005. Minister of Finance.



After years of sustained consolidation, the fiscal deficit (including grants) widened to 7.5 percent of GDP in 2007 compared to a target of 4% in the budget and further to 7.8% recorded in 2006. The energy crisis and the delays in adjusting utility tariffs have triggered massive investments and transfers in Government expenditure while the wage bill could not be contained below its target. Revenue collection proved to be satisfactory but could not compensate for the overruns observed on the expenditure side. It is anticipated that the fiscal deficit in 2008 will remain high but despite the election perspective it is not expected to translate into further slippage after those evidenced in 2006 and 2007.

Given the benefits gathered through the HIPC and MDRI, the risk to debt distress remains moderate but the total gross public debt has substantially increased from 41.9% to 47.8% of GDP in 2008, further to the issuance of bonds on international markets in September 2007 (for a total value of USD 750 million) and to borrowings from China on infrastructure projects.

The fiscal deficit, the high international prices and the increase of utility tariffs have prevented the Bank of Ghana from achieving its objective of single-digit inflation, for the third year running. The headline inflation has reached 12.7% in December 2007 (end-of-period) and, given the current trend, the 6-8% range targeted by GoG for 2008 is likely not to be achieved.

In terms of structural reforms, the public service and the energy sector remain the top priorities. On the public service, a Fair Wages Commission has been set up in 2007 and is expected to propose a new pay scale in the course of 2008. Complementary activities, such as job evaluations, have also been conducted to prepare this shift. On the energy sector, the delays in restructuring the sector coupled with a Government decision in early 2008 to extent the life-line subsidy have undermined efforts to strengthen the financial situation of public companies (contradicting the increase of the tariffs recommended by the independent commission in November 2007). Indeed those subsidies should translate into regular transfers from Government as a compensation for the companies but they do not materialise to a sufficient extent.

With the implementation of the Road Sector Development Programme 2002-2007, transport sector MDA's and DP's intensified its dialogue on policy development and institutional reform, maintenance funding increased<sup>6</sup>, and major rehabilitation projects were concluded with GoG and DP resources (including EC). The improvement of the overall road network was notable, reaching in 2007 52% in good, 30% in fair, and 18% in poor condition, against in 2001, 27% good and 56% poor. An axle load control policy and action plan was formulated earlier, and saw implementation starting with the outsourcing of weighbridge operations to private sector at two EC financed stations in August 2007. In addition, in July 2007, the road sector agencies agreed on a clear set of definitions for maintenance and development works, thus potentially limiting access to maintenance funds for infrastructure development. Furthermore, the size of road network size was fixed (and entered into a GIS database), including an agreed growth rate for upcoming years, aiming to meet the planned needs and foreseen available resources for maintenance.

2007 was also a year of intensive discussions between the different transport sector Ministries (roads, railways, ports, aviation) on preparation of RSDP's follow-up programme, the Transport Sector Development Programme 2008-2012, and marking the start of the EC financed multimodal Transport Integration Plan, aiming to address the above mentioned need for strategic plans with sound costing. For more information on transport sector performance, see Annex 4.

Overall, the Public Finance Management (PFM) system is performing at an average standard and in some areas at an above average level. Whilst predictability of overall revenues and

---

<sup>6</sup> Road Fund Revenues in 2007 were about 120 mUSD, against 50 mUSD in 2002 (see Annex 4).

expenditures has been maintained in aggregate over the last three years, credibility of the budget is undermined by significant in-year variations across budget heads. There is an increased emphasis on budget transparency and comprehensiveness, particularly in the Budget Statement, and external scrutiny has been strengthened through public hearings and Parliament Accounts Committee and more timely completion and quality improvement of Auditor-General's reports. However, notwithstanding progress evidenced in the last years, Ghana's fiduciary risks are still an issue because of poor budget execution, (over-spending on payroll, lack of predictability in releases to line ministries, weak procurement) and because of limited Parliament oversight.

Ghana ranks 2<sup>nd</sup> amongst the Top 10 Reformers in the most recent Doing Business report (World Bank, 2008 report) but important constraints still remain. In 2005 Ghana also ranked fourth in Africa in the growth competitiveness index of the World Economic Forum and during 2002-2004 it reduced the time required for business registration by 50%. However, the country is still affected by a state-owned sector that weighs heavily on the economy, unreliable and high cost utility services, poor infrastructure, red tape with potential for corruption and weak trade facilitation. Moreover, the improvements evidenced in the past years only concern the Accra region, business climate being less favourable in other regions.

### ***2.3. Poverty and social situation***

#### **2.3.1. Poverty and social exclusion**

The publication in April 2007 of the results from the Ghana Living Standard Survey 5 (GLSS 5) carried out over 2005-2006 have helped updating poverty profile in Ghana. GLSS 5 results showed a dramatic decrease of poverty incidence to 28.5% in 2006 from 51.7% in 1991 and 39.5% in 1999. At this pace, Ghana would achieve MDG 1 (halve poverty incidence) well ahead of 2015 (possibly in 2008 or 2009) and would be the first sub-Saharan country to do so. The same trend can be noticed for the extreme poverty which has dropped to 18.2% in 2006 from 36.5% in 1991 and 26.8% in 1999. In that context, cocoa farmers and public sector employees would have experienced the largest fall in poverty.

However, the poverty level in Greater Accra Region may have deteriorated (11.8% in 2007 from 5.2% in 1999<sup>7</sup>). This and more evidence on poverty incidence (see Annex 5) underlines that efforts still have to be done to reduce disparities in the country, mainly in direction to northern regions and food crop farmers, and promote a real pro-poor growth. Further analysis by Ghana Statistical Service (GSS) and National Development Planning Commission (NDPC) is being made to specify those findings.

The concept of social exclusion has become increasingly accepted as a useful way of viewing the polarization of social groups in contemporary society, and is multidimensional involving economic, social, political, spatial, and legal exclusion. Recent analysis shows that in Ghana, although there has been a significant decline in social exclusion over the last fifteen years<sup>8</sup>, still 62% of the poor are socially excluded. Recommendations for addressing key issues include enhancing food security, on policy level distinguish poverty reduction from social exclusion, intensify efficient use of education and health service facilities as growth factor, increase access to health care insurance to the poor, and adopt realistic processes of sensitisation and education, moving away from outmoded customs.

#### **2.3.2. Basic education**

Policy interventions such as capitation grants to schools following the abolition of all remaining school fees, expansion of the school feeding programme, albeit on a pilot basis, and

---

<sup>7</sup> Verifications are on-going to check whether this stems from statistical distortions.

<sup>8</sup> Ghana Human Development Report 2007, towards a more inclusive society. The Social Exclusion (SE) index declined from 0.316 in 1991/2 to 0.231 in 2000 and further to 0.176 in 2005/6. The Misery Index has fallen from 0.509 in 1997 to 0.229 in 2006.

targeted support to promote girls' access to education have contributed to the improvements in the performance of the education sector.

The introduction of a new system of assessment to monitor and measure pupil learning achievement and outcomes is progressively contributing to the quality of teaching and learning in schools, with the National Education Assessment (NEA) and the School Education Assessment (SEA) programmes already being implemented on a pilot basis in 2007.

The imbalance in teacher deployment remains a challenge in spite of efforts being made to attain the target pupil to teacher ratio of 35:1, because of unwillingness of many trained teachers to accept postings in deprived and rural areas.

A summary of current performance of the key indicators on education and human capital formation indicates an increase in gross enrolment rates at primary school level (86.3% to 93.7%), junior secondary school (70.2% to 77.4%), and post-basic education from 2003 to 2006. Survival and completion rates have also improved indicating a growing interest and ability to complete the full cycle of basic education. Secondary and Tertiary levels have also had their admission numbers increase. Nonetheless there are still about 700,000 children in Ghana who have never accessed primary education who should be the target of other strategic interventions to ensure that Ghana is able to achieve MDG 2 by 2015 (see table in annex).

The junior secondary school concept is widely regarded to be the major shortcoming of the 1987 educational reforms. In the vast majority of cases the system has not been able to prepare and graduate a reasonable calibre of JSS pupils, ready to take on basic and intermediate level training in practical industrial skills or to enter into formal sector employment. The Government is now embarking on a new round of education reforms, with a strong focus on skills development to meet the needs of the labour market. This is intended to include the revitalisation of the Technical and Vocational Education and Training (TVET) system and a modernised national apprenticeship programme.

Ghana aims at a Gender Parity Index (GPI) of 1 for all levels of education and training both under the MDGs and the Education Strategic Plan (ESP) 2003-2015. Female participation in education has improved with the attainment of a gender parity index in primary education of 0.96 (2006/2007) from 0.93 (2003/2004). On the whole gender parity has improved more rapidly at the primary level than at junior and senior secondary school levels. In some cases direct transfers are made to girls in the form of cash or support in kind by both government and non-governmental organizations.

The main focus of Non-Formal Education (NFE) now is the out-of-school youth and adults, with special attention on women and the rural poor. The NFE Department is implementing the second phase of the National Functional Literacy Project in 15 Ghanaian languages. About one million learners had been recruited by 2005 most of whom are women. The target for adult literacy for 2007 is 65%.

### 2.3.3. Health

In the health sector, 2007 has been the first year of a new 5-year programme in which higher priority is given to the prevention of diseases and the promotion of health, above curative health care, accompanied by an increased donor budget support for the sector while also earmarked funding is growing substantially (GFATM). Ghana has to deal with a double burden of diseases: while the prevalence of communicable diseases still remains high, the level of (chronic) non-communicable diseases such as vascular diseases and diabetes, as well as traffic accidents is increasing rapidly. Progress has been recorded, although significant challenges persist in the sector, related mostly to access to health care due to shortages of medical staff, delay in construction of medical facilities, and access to insurance, in particular for the poor.

Lack of human resources due to sustained migration of qualified health personnel has limiting effect on access to health, although it decreased after the 2007 salary increases and measures in arrival countries. In-country training capacity, including post-graduate training has increased and it is expected that in 2010 the shortages in health personnel will have been reduced substantially.

Delays in the construction of Community Health Planning and Services (CHPS) compounds hamper efforts to bridge the equity gap in access to quality health services – at the moment a little more than 400 have been constructed, out of an estimated need for 5,000. Collaborative efforts between the District Assemblies and the MOH are expected to improve this situation in the next 1-2 years, which is also related to shortage of qualified staff. More emphasis is needed on strengthening District Health Systems with the extension of the Health Centres network in support of the CHPS compounds and on good quality (emergency obstetric) care in District Hospitals.

In 2007, the scaling up of the National Health Insurance Scheme (NHIS) continued, and now more than 47% of the population is registered and more than 38% have a valid NHIS card. Concern remains about the accessibility of the poor to the NHIS while progressive subscription fees have turned out to be difficult to apply. Various efficiency measures are planned to improve the financial performance and sustainability of the NHIS.

The under five mortality rate rose from 108 in 1998 to 111 deaths per 1000 live births in 2006 (MICS). Last measurement of maternal mortality varies from 214 (GSS, 1994) to 740 deaths (rate reviewed by WHO/UNICEF in 1996) with the estimation that it has remained high and with considerable regional disparities. Currently 17.8% of under-five children is underweight (MIC, 2006), but the nutritional status of children under-five has improved over the past couple of years (underweight of under fives in 2003: 22.1% DHS 2003) with figures remaining higher in rural areas. Pockets of poor health results in disadvantaged urban areas are pushing up the urban under-five mortality rate. Use of modern methods of contraception has shown a steady decline over the past couple of years. Other health indicators such as breastfeeding, use of insecticide treated mosquito nets (ITNs) and immunization show steady progress in coverage and access, but the use of iodated salt in households requires further intensive education.

Implementation of the National Strategic Framework for HIV/Aids control remains largely the responsibility of the Ghana Aids Commission with limited interest from the different technical ministries. Despite important financial inputs, it has turned out to be difficult to increase the ART rate as well as to extend the Prevention of mother-to-child transmission of HIV (PMTCT) services while the HIV/Aids stigma remains an important impediment. Only about 11,000 (about 16% of eligible adult HIV positive persons; relatively more women than men) and 500 children (10% of eligibles) are on ART in 91 treatment centres and only 10% of the HIV infected pregnant women received anti-retrovirals to reduce the risk of mother to child transmission.

The HIV prevalence rate in pregnant women aged 15-49 years declined in the last two years (from 3.6% in 2003 to 3.1% and 2.7% in 2005 but in 2006 increased to 3.2% (HSS 2006). Although this does not indicate a trend concerns have been raised about the effectiveness of the communication strategy as well as the coverage of the prevention campaign. The intensification of the ongoing campaign to reduce stigmatisation of infected and affected persons may help to encourage more disclosure in Ghana. The National Business Coalition for HIV began operations in 2007, indicating an increasing interest of the private sector to make its contribution to the HIV/Aids control efforts. Increased political commitment is needed to accelerate the scaling up of universal access to prevention, treatment and care.

#### 2.3.4. Employment

Government is working towards creating an enabling environment for the growth and development of the private sector. These measures, coupled with increased credit to the private sector, are spurring private sector growth and increasing employment for the populace.

In Ghana the number of workers is estimated at 8.49 million people and the employment rate (paid or not) is 71.6%, and paid only is 52.8%. The share of self-employment in agriculture is 40.3%, and share of self-employment in non-agric 36.1%.<sup>9</sup>

One of the economic dimensions of social exclusion in Ghana is related to the large numbers of young people in Ghana who enter the informal economy each year after completing Junior Secondary School remain unemployed, underemployed and consequently excluded from gainful and productive employment in Ghana's changing labour market.<sup>10</sup>

Government is directly creating jobs (internship, vocational training) for the teeming mass of unemployed youth through the National Youth Employment Programme. Seven out of the 10 employment modules have been rolled out and are being implemented. A total of 107,114 youth have been engaged on the seven modules as at September 2007.

#### 2.3.5. Water and Sanitation

The on-going Community Water and Sanitation Programme (2008 – 2012) is involving the state, development partners, non-governmental organizations, and communities, and will contribute considerably to improving safe water supply to households in Ghana. In addition, within the current GPRS II, public health and non-formal education programmes, are expected to allocate funds which will assist households to improve their hygiene and sanitation practices, and thus reduce the incidence of water borne and environmentally-related diseases.

Ghana is still one of the few Guinea Worm disease endemic countries. Although significant progress has been made in the past, a large number of cases still exist, with the number of annual cases remaining between 9 and 3 thousand since 1994. Latest data show further reduction, but they are too preliminary to confirm a significant trend.

At the end of 2006 53% of the population (52% urban; 56% rural) had access (as defined by CWSA) to safe drinking water, and Ghana is only likely to meet the MDG target of 75% by 2015, if substantial additional investments into the sector are confirmed. Problems persist with regard to regularity and quality of supply, particularly in urban areas, due to frequent water shortage and storage in unhygienic containers.

An assessment of progress made towards improving sanitation is seriously compromised by the absence of adequate data. The results of the 2003 Core Welfare Indicator Questionnaire (CWIQ) indicate that only 55% of the population had access to adequate sanitation with marked regional variations. However, data available on solid waste disposal indicate that three out of the four largest cities (Accra, Kumasi and Takoradi), exceeded target set for 2006.

The National Water Policy was adopted by the Government of Ghana in June of 2007 and the Rural Water Sector Investment Plan, has been submitted to cabinet for approval. With the approval by cabinet of the National Water Policy and the support that will be given to both the Water Directorate and the Water Resources Commission through the Water Facility the scene is largely set for considerable strengthening of the sector in 2008.

Costs related to mortality and morbidity from inappropriate water supply, sanitation, and hygiene practices were estimated to be approximately 2.1% of GDP in 2004. More than 8,000 people (in urban areas) die every year from diseases related to poor water supply, sanitation, and hygiene conditions. 70% of the morbidity in Ghana is attributed to the same shortcomings.

---

<sup>9</sup> Human Development Report Ghana 2007 – Towards a more inclusive society

<sup>10</sup> Human Development Report Ghana 2007 – Towards a more inclusive society

### 3 Analysis of past and on-going cooperation

The Country Support Strategy for Ghana for the period 2002-2007 was signed in 2002 and focuses on three sectors: rural development, road transport, and macro-economic support, while 'governance' forms the thematic orientation in the non-focal sectors. After the End of Term Review (ETR) the final outlook of the 9<sup>th</sup> EDF is as follows:

9 <sup>th</sup> EDF Ghana	Initial indicative allocation		Indicative allocation after the MTR		Indicative allocation after the ETR	
	(in €millions)		(according to addendum)		(in €millions)	
Rural Development	80	35%	90	32%	<b>77.8</b>	<b>25%</b>
Road transport	70	30%	70	25%	<b>103.5</b>	<b>33%</b>
Macroeconomic support	60	26%	90	32%	<b>102.2</b>	<b>32%</b>
Non-Focal sectors	21	9%	31	11%	<b>32.3</b>	<b>10%</b>
<b>TOTAL</b>	<b>231</b>	<b>100%</b>	<b>281</b>	<b>100%</b>	<b>315.8</b>	<b>100%</b>

The Country Support Strategy for Ghana for the period 2008-2013 was signed in Lisbon in December 2007 and focuses on three sectors: governance and decentralization, transport and regional interconnectivity, and macro-economic support, while natural resources and environment, trade related assistance and migration form the thematic orientations for the non-focal sectors. The following is an indication of their mobilisation as currently envisaged:

10 <sup>th</sup> EDF GHANA	National Indicative Programme (in €millions)	% of total
Transport Connectivity and Regional Integration	76	21%
Governance	95	26%
General Budget Support	175	48%
Other Programmes	21	5%
<b>Total</b>	<b>367</b>	<b>100%</b>
+ B envelope for unforeseen events	6.6	

Development cooperation between Ghana and the European Commission under the European Development Fund (EDF) registered in 2007 its highest level of commitments ever in past 30 years. A total of 105 million Euros worth of financial decisions were signed last year by the Government of Ghana (GoG) for its implementation in the country. These financial decisions, financed under the 9<sup>th</sup> EDF, focused mainly on Macroeconomic Support to GoG (49 Million Euros), Rural Development (24 Million Euros), Transport (23 Million Euros) and other non focal sectors. The level of new contracts signed under the open decisions also reached a peak amount of 102 million Euros. Finally, the disbursement of funds to the projects reached an amount of 59 million Euros, only slightly behind the year 2005 record.

#### 3.1. Focal sector Governance (10<sup>th</sup> EDF)

##### 3.1.1. Results

Results on governance in Ghana have been recorded in the updated Governance Profile which was originally established in the framework of 10<sup>th</sup> EDF CSP/NIP preparations, and which is submitted simultaneously with, but not integrated in this report. On migration, some results have been included in Annex 8.

In February 2007, the Financing Agreement for 2nd phase of the NAO Support Project (€ 3 million) was signed, and in November 2007, the FA for the Support to Ghana Police Service (€ 3 million) was signed.

### 3.1.2. Progress in activities

Under the *NAO Support project (7 ACP GH 76)*, which ended on 31/12/2006, progress as to the closure of old individual commitments has been made in 2007 and the signature of the first Programme Estimate under the successor project 9 ACP GH 20 to start implementing new activities can now be foreseen for the first months of 2008.

*Support to the Ghana Police Service (€ 3 million)* During the second half of 2007 first steps in view of the recruitment of Technical Assistance to support the Ghana Police Service during the implementation of the project have been conducted with the launching of a service procurement notice and the preparations of a tender dossier under 'suspensive clause'.

*Implementation of the Support to Local Governance (9 ACP GH 13)* has progressed steadily over the year. Under the first project component (support to the implementation of the National Decentralisation Action Plan, NDAP) capacities of Assembly Members were built through the production and distribution of 5000 copies of 6 legal and regulatory documents for Local Government and through the production of various training manuals prepared by ILGS which served as basis for extensive training sessions offered for Assembly Members in all Districts of the country. 44 motorbikes, 120 safe cabinets, 120 office furniture and 120 typewriters were procured to enhance the capacities of the sub-District structures. Five regional stakeholder seminars for Traditional Authorities were held to engage them more in local government processes. Last but not least, the Decentralisation Secretariat in the Ministry for Local Government continued to benefit from support to strengthen its human resources. Under component 2 of the project (TA to the Institute to Local Government Studies, ILGS) ILGS saw its capacities reinforced as well thanks to the procurement and subscription of journals, reference documents, books, training and learning materials and the purchase of 40 computers and accessories for their library. Under component 3, a call for proposals was launched in view of supporting activities which aim at the strengthening of relationships between civil society and local governments. Several good proposals were received and two grant contracts running over a period of 18 months will start implementation at the beginning of 2008.

The project was monitored by external monitors in September 2007 and received the mark 'good' for efficiency, effectiveness and impact to date. Provided its implementation continues smoothly, it should contribute significantly to the creation of an enabling environment for a future Sector wide approach in decentralisation to which the European Commission has promised to allocate a quarter of the upcoming 10<sup>th</sup> EDF funding.

*The Cultural Initiatives Support Project (9 ACP GH 17)* has begun its start-up phase in early 2007 with the recruitment by the National Commission for Culture of three people to be entrusted with the project management. Premises of the Dubois Centre were chosen to set up the project office. Some procurement for the office was done and the first Programme Estimate was signed to start with the implementation of the activities. Under activity 1, development of knowledge, information and analysis capacity, preparations for the CISP website have started. For the database and inventory of cultural initiatives, discussions have been held to determine whether the EMMSDAG database can be expanded to integrate data on the cultural sector. Under activity 2, reinforcement of competencies and skills, training courses have been prepared to be implemented in 2008. Under activity 3, improvement of dialogue, an encounter with newspaper editors was successfully carried out. Activity 5, the realisation of relevant cultural initiatives, has taken up most of the time and attention of the project managers during the second half of 2007. Documents for a call for cultural project proposals have been developed and it is expected that the call will be launched in early 2008.

*Rehabilitation of the Cultural Heritage in Elmina and Old Accra (9 ACP GH 05):* Most of the activities were finalised already at the end of 2006, except one major part of the project, the painting of the Elmina Castle, was executed only during the first half of 2007. The reverential event to mark the 200<sup>th</sup> anniversary of the abolition of the slave trade act passed by the British Parliament could be held on 25 March 2007 in a completely rehabilitated Elmina Castle. In order to give an additional boost to the stimulation of the Home Owner Scheme established for the maintenance of the rehabilitated historic houses in Elmina, technical assistance has been contracted in 2007 under the Counterpart Funds for a duration of 9 months (until June 2008). A booklet on the success story of the 'Elmina 2015 Strategy' supported through donor funding has equally been commissioned in 2007 and will be ready for distribution and sale at the Elmina Tourism Office in the first half of 2008. The official handover ceremony for the rehabilitation works in Old Accra was held in January 2007. Under the same Counterpart Funds, some additional funding has been provided to Old Accra as well during 2007 to increase the sustainability of the project results through some additional beautification and security works.

### 3.1.3. Degree of integration of cross-cutting themes (gender, environmental issues and institutional development and capacity building)

The Ghana Delegation is a member of the Sector Group on Gender Equality, GEST, which is co-chaired by the Ministry of Women and Children's Affairs and development partners. The group meets monthly to discuss and monitor the joint activity plan. Main activities in 2007 were the implementation of the domestic violence bill which was adopted in early 2007, gender budgeting, sex-disaggregated data and national budget processes.

Through collective efforts, the 2007-2009 Performance Assessment Framework of the Multi Donor Budget Support (MDBS) has specific gender targets and gender recommendations were included in the MDBS evaluation. The GoG 2008 budget envisages gender budgeting for the Ministries of Agriculture, Health and Local Government, Rural Development and Environment.

Ghana is also one of 12 countries which participate in the new EC/UN Partnership project on Gender Equality for Development and Peace which was launched in September 2007. This global partnership aims to ensure that gender equality and women's human rights are fully incorporated into national development processes and in cooperation programmes supported by the EC. The mapping study for Ghana was started in November 2007.

A Ministry of Chieftaincy and Cultural Affairs has been established to deal with chieftaincy issues. In addition, a Royal College is to be established to train chiefs and potential chiefs in socio- economic development and conflict prevention and resolution issues. The import is to make chieftaincy more responsive to the developmental concerns of the constituents.

Both regional and the national Houses of Chiefs have been provided with legal councils to assist chiefs in resolving the numerous chieftaincy cases pending in the law courts. Both Houses of Chiefs have been trained in Alternative Dispute Resolution (ADR) mechanisms in an effort to reduce the backlog of court cases.

## **3.2. Focal sector Transport and Infrastructure (9<sup>th</sup> and 10<sup>th</sup> EDF)**

### 3.2.1. Results

The FA for the Transport Sector Integration and Planning Programme (5 M€) was signed in March 2007.

The FA for the Eastern Corridor Road Project (22.81 m€) was signed in September 2007.

### 3.2.2. Progress in activities

Feeder Roads Improvement Project –In 2007, 22 works contracts were signed and are ongoing, total value approx 19 m€. FRIP is also aiming to strengthen local contractor capacity.



Kumasi Techiman Section 2 – Mobilisation will be completed with some delay; end of 2007 physical progress was about 20%.

Kumasi- Techiman Section 1 road rehabilitation: Contractor is behind schedule and physical progress is about 92% by end 2007, project is expected to be completed with GoG supplementary funding in first half of 2008 (i.e. after expiry date of the FA).

Abuakwa-Bibiani Road Project: The project was completed 10 December 2005, and provisional acceptance inspection was done in February 2006. Contractor has presented his Final Statement of Account, which is under review by Supervisor and Contracting Authority.

Axim Tarkwa Road Project: project was 100% complete in August 2007, which was about 13 months after the endorsed EOT till 19 July 2006. Related to the protracted dispute on the EOT, in late December 2006, the Delegation forwarded the Commission's Good Offices Procedures to contractor and contracting authority. However, the Commission never received a request from both parties to amicably intervene. Contractor is currently repairing defaulted asphalt – approx. 30km was turning bad, acknowledged to be the contractor's responsibility. Although contractor changed asphalt mix, it appears that new asphalt is also turning bad, which is giving rise to new disagreements by contractor and supervisor's representative.

The Transport Sector Planning and Integration Programme (TSPiP) includes capacity development on policy and planning - a tender was launched and the contract was signed end of 2007, with Consultant to mobilize early 2008. TSPiP also includes capacity development public finance management in the transport sector, for which the first short-listing attempt failed, and had to be re-tendered. Evaluation of proposals is to be concluded and contracts signed in first half of 2008.

Eastern Corridor Road Project – tender for design and supervision services was launched in July 2007 with suspensive clause, and evaluation of proposals is expected to be concluded early 2008.

Western Corridor Infrastructure Project (under MSSP see section 3.6.2) – feasibility study for western railway rehabilitation and Takoradi port improvement. Tender is put on hold pending clarification on various potentially conflicting GoG initiatives (direct award of licenses / private public partnership / new line versus rehabilitation of existing one).

### 3.2.3. Degree of integration of cross-cutting themes (gender, environmental issues and institutional development and capacity building)

As a rule, the preparation of road infrastructure projects includes an environmental impact assessment, in line with Ghanaian regulations, conducted together with the feasibility study. Recommendations for mitigating measures are incorporated in the works contracts, and in particular HIV/AIDS prevention and awareness raising measures have been explicitly included in the most recently signed works contract. Capacity development for the transport sector will take off from early 2008 through the approved Transport Sector Planning and Integration Programme, with particular focus on policy and planning, and on public finance management.

## 3.3. Focal sector Rural Developments (9<sup>th</sup> EDF)

### 3.3.1. Results

In April 2007, a rider to the FA for Protected Areas Development Project II was signed for EUR 1.3 million. In June 2007, for the project 'Eradication of Guinea Worm in the Northern Region of Ghana', a Contribution Agreement was signed between EC with a contribution of € 14.5 million and UNICEF with a contribution of € 5 million. On 23 November 2007, the Financing Agreement for the Cocoa Sector Support Programme Phase II (€ 5 million) was signed.

### 3.3.2. Progress in activities

The 6<sup>th</sup> Microproject Programme (€ 25 million), foreseen for the period July 2005 to June 2009, covers 94 districts in the Northern, Upper East, Upper West, Volta, Central and Eastern Regions.

The first phase of physical implementation of microprojects (1 July 2006 – 31 December 2007, financed from EDF and CPF) covers the construction of 244 educational, 143 water and sanitation and 81 health projects were selected in 79 districts. € 2.2 million of the Counterpart funds have been committed in July 2006 for the construction of 79 3-classroom school blocks under the 6th Microprojects Programme. Generally the projects are 75% completed as at end of the year and are expected to be ready for handover by the end March 2008.

For the Income Generating Component (IGP) of the programme, a Service contract was signed with NBSSI on 28<sup>th</sup> September and a commencement order issued on the 8<sup>th</sup> October 2007. A Programme Estimate for support to beneficiary organizations has also been approved and six contracts for Technical Service Consultants (TSCs) were signed for technical supervision of the projects during the year.

In 2007, a MSSP Mid Term Evaluation and a ROM monitoring mission took place. Both missions noted the success of the project in implementing projects on the ground, but highlighted the need for the project to prepare an exit strategy and to increase support to capacity building in the District Assemblies to support the decentralisation process. In addition, to this programme evaluation, quarterly auditing of District Assembly expenditures and regular assessment of DA results, as designed under the MSSP's Monitoring and Evaluation framework was started in 2007.

The *Strengthening MOFA* project ended on 31 December 2007. The main result of the project was the establishment for the Ministry of Food and Agriculture of a Monitoring and Evaluation system, including livelihood data. The project also provided training for MOFA officials and organised a workshop in December 2007 reviewing main findings, control data, and organisation of the analysis and reporting template and schedule. The project is recognised by GOG and other DPs as having been successful in establishing a good M&E system for the agricultural sector. The MOFA 2008 budget will include funds for implementation of the system and other donors have also indicated an interest in funding this.

*Cocoa Sector Support Programme* - Preparation of required implementation documents was carried out. The programme is expected to be in full implementation in 2008, which should see the signing of a Contribution Agreement between EC and the Sustainable Tree Crops Programme and a Programme Estimate between EC and the Cocoa Board (COCOBOD).

*The Protected Areas Development Project II* is now in full swing with service contracts signed and works contracts having been awarded to Rinacan (GHS 1.3 million) and Jescan (GHS 1.3 million) for the major works contracts to improve the infrastructure (Park Headquarters and Range Camps) in Ankasa and Bia Protected Areas. A tourism strategy study has been undertaken and a report submitted. This report will now form the basis of the tourism strategy for the Protected Areas. Training for law enforcement using GPS ("MIST" system) was carried out. Additionally, CREMA development was expanded (6 CREMAs will be looked at by CARE, and 7 by Wildlife Division).

*The Water and Sanitation Project in the Northern Region* project came to a close at the end of 2007 with the Technical Assistance contract finishing on the 31<sup>st</sup> of October 2007. During the year works were completed on the installation of 11 small towns' water supply systems. Furthermore, a rider was signed to the Kaddacon contract for the construction of a small town water supply system for Nasia, and a larger town Damongo. In addition to these works contracts, new contracts were awarded for the construction of 35 KVIPs, the rehabilitation of 45 boreholes and for the renovation of the CWSA regional office in Tamale.

In particular the following results were achieved; 309 successful boreholes were drilled and hand pumps installed in 199 communities, 46 hand pumps were rehabilitated, 5 hand dug wells were constructed and fitted with hand pumps, community awareness campaigns were carried out in 348 communities. Furthermore, design and construction of 12 small town systems were executed as well as design and installation of 1 urban subsystem with limited mechanisation. In

total a population of 161,000 have been served with potable water. On the sanitation side, 1,866 household latrines and 40 institutional latrines were constructed.

A Final Evaluation took place in November / December. Preliminary findings indicate that although the project had some failings, it has made a significant contribution to improving the provision of basic services to the people of the four northern Region Districts covered.

*40 Small Towns Water Supply and Sanitation Project in Central & Western Regions -*

Following the selection of a consortium lead by BCEOM in 2006, the Team Leader arrived in early 2007. With regard to Community Development Activities completed: verification of population/community data and assessment of Community Development work has been done, re-assessment of the sanitation situation in the project towns (liquid and solid waste), household surveys on willingness-to-pay and ability-to-pay for water and sanitation services (727 household heads interviewed) and data processing in SPSS, town surveys to collect town data (interviews and group discussions) and socio-economic profiles for each town were carried out in 2007. Furthermore, survey and design of transmission mains in 7 towns where borehole locations known and drawings/profiles for Civil Works tenders was carried out, except items that depend on the hydraulic re-modelling.

With regard to tenders: pumping tests of existing boreholes were contracted and work completed in December 2007. The main drilling works tender was launched in June 2007; the contract is to be signed in January 2008.

*Eradication of Guinea Worm in the Northern Region of Ghana* – Following the signing of the Contribution Agreement a Regional Inception Workshop was held from 20 - 22 June 2007 in Tamale. District Start-up Workshops were held in July and August to form the District Project Delivery Teams (DPDT) and to sensitise District level Stakeholders. Further project sensitisation and social mobilisation outreach campaigns were held at the sub-district levels through the DPDTs between October and December 2007.

A round table conference was held in Kumasi in August 2007 to contribute to on-going discussions towards the adoption of the Community-led Total Sanitation (CLTS) Concept at the National level based on experiences from two field missions to Ethiopia and Bangladesh in the first half of 2007. The revision of a promotional toolkit on hygiene education which had been used by district sanitation extension staff since 2005 was undertaken and completed between September and October 2007. An experience-sharing workshop on Behaviour Change strategies for improved hygiene and sanitation in the Northern Region was held in August 2007.

*Natural Resources and Environmental Governance Programme (NREG) Since October 2006,* GoG and Development Partners (initially World Bank, Netherlands, AFD, and EC) have been jointly preparing this sector budget support programme, high intensity preparations during two World Bank led missions in January and June 2007, and with regular DPs and DPs/GOG meetings taking place throughout the year. The SBS programme is owned by relevant GoG agencies and focuses on a set of policies and reforms in three inter-related sectors (1) forestry and wildlife, (2) mining, and (3) environmental protection.

*Water Facility* - Two Financing Agreements were signed in December 2007, and are expected to be signed by GoG in early January 2008, after which implementation is expected to start. These projects are "Improvement of the Water Sector Performance Management Framework" (GHS 1.4 million) to be undertaken by the Water Directorate; and "Development of National and River Basin Integrated Water Resources Management Plans" (GHS 1.3 million), to be undertaken by the Water Resources Commission.

*Energy Facility* - From the first Call for Proposals, one project entitled "Facilitating the Provision of Sustainable Energy and Environment for Rural Development" was selected for implementation in Ghana. The project will be implemented by the Kumasi Institute for

Technology (KITE), with a value of GHS 1.5 million and it is expected to be under full implementation in 2008.

### 3.3.3. Degree of integration of cross-cutting themes (gender, environmental issues and institutional development and capacity building)

The gender balance has been specifically integrated in the constitution of Water Boards, where specific targets have been set and achieved. All Water Boards have women in their executive committee. The Microprojects Programme is designed to improve in particular the living conditions of rural women (e.g. boreholes, clinics, markets) and children (e.g. schools). Environmental sanitation has specifically been taken into account in the Rural Water and Sanitation project in the Northern region, and will be taken into account in the Water and Sanitation projects in Central and Western Region, and in the construction of sanitary microprojects. Capacity building and institutional development: the involvement of the District Water and Sanitation Team (DWST) is paramount for the sustainability of the interventions, which have been specifically targeted for training. The elaboration of the District Water and Sanitation Plans is being supported. In addition, under the micro-projects programmes, particular attention is given to capacity building of communities and districts and to development of District Assemblies. The project "M&E for the decentralized Ministry of Food and Agriculture" is also contributing to capacity building of the Ministry as a whole, technical directorates and regional and district offices.

## 3.4. *Macro-economic support*

### 3.4.1. Results

A new programme of € 49 million, Poverty Reduction Budget Support (PRBS 3), has been concluded in 2007 and will cover the period 2007-2009. On request of NAO, it includes € 2 million previously reserved for support to the 2008 elections, but now added to general budget support of PRBS3 at GoG's request. The budget support component is split in 3 annual tranches of respectively € 20 million in 2007, € 18 million in 2008 and € 9 million in 2009 (this last tranche will be complemented by a tranche under the 10<sup>th</sup> EDF programme coming into operation then).

The MDBS review is generally carried out in two phases, in May and September 2007, with a view of assessing general conditions for budget support, and of determining the amount of the performance tranche 2008. In 2007, the EC would only provide a base tranche upon positive assessment of general conditions, and was not directly concerned with the MDBS review of achievements in the Performance Assessment Framework. The payment conditions being met, the 2008 base tranche of 18 M€ was released in November 2007. The institutional support component is to assist the Ghana Statistical Service, together with other DPs.

Other DP's involved in assessment for the performance tranche concluded that 2 triggers out of 14 were not met. The first one related to the education sector where the expected increase of budgetary allocation for the primary level was not achieved. The second one was dealing with increased efficiency in the energy sector which did not improve over the year 2006 and in early 2007. Nevertheless, the MDBS dialogue evidenced progress in areas like health or public finance management and paved the way for further policy reforms in sectors such as water and decentralisation.

Meanwhile, the PAF 2007-2009 to underpin the 2009 performance tranche has also been negotiated within the MDBS setup and the EC Delegation has been instrumental in the improvement evidenced in terms of result-orientation and focus on national priorities.

### 3.4.2. Progress in activities

. The payment conditions being still met, the 2008 tranche is expected for disbursements by April 2008. In parallel the preparation process of the next programme under the 10<sup>th</sup> EDF has

begun. It should be implemented according to the new concept of MDG-Contract, amounting to € 175 million (or the whole 10<sup>th</sup> EDF allocation in this respect) and cover 6 years (2009-2014).

#### 3.4.3. Degree of integration of cross-cutting themes (gender, environmental issues and institutional development and capacity building)

Gender and environmental issues are addressed in the MDBS Performance Assessment Framework both as cross-cutting issues and through specific targets or triggers, for instance on gender parity at primary school or on forestry resources.

### 3.5. *Non Focal sector*

*EMMSDAG*<sup>11</sup> (9 ACP GH 2) - The original concept was to produce in GIS-related form a country-wide series of maps which could physically and geographically locate and describe the many development actions taking place across Ghana. Per se this was a relevant concept but one which was rather static and almost “one-off”. After discussions it was decided that a geo-coded harmonised data system was to be established and that data would be captured, e.g. facilities that have large-scale usefulness to the public, belonging to the community, Government and NGOs, etc. These data were mapped and results were presented to the District Assemblies for adoption. The project ended in June 2007 although, despite the extension of the PE 2 until this date, the instrument failed to cover all the districts. The final evaluation carried out in late 2007 confirmed the relevance of the initiative and highlighted its huge potential, and presented a cost estimate for GoG to complete data capture and maintain the database. GoG and Cergys will have to discuss ways to ensure the sustainability of this system.

*GRATIS Phase III* (8 ACP GH 11) The implementation of the third phase of the project ended in June 2006 following an extension of the Financing Agreement in 2005. With the importation of new equipment under PE 5 in 2006, GRATIS' quest for self sufficiency by 2007 has been enhanced. The project aims at strengthening the ability of GRATIS/ Regional Technical Training Centres (RTTCs) to develop and deliver specialized vocational training programme, technology transfer and product development services aimed at the dissemination of appropriate technologies among micro and small enterprises in Ghana.

*Support to Ghana Audit Service Phase II* (9 ACP GH 12) – Further to the technical assistance contract signed with the National Audit Office of the UK in 2006, a PE 1 has been signed in April 2007 to cover the training costs and support GAG activities in improving its capacities, its internal management and its communication. In that perspective, 3 supply contracts have been signed to respectively deliver vehicles, IT equipment and a Human Resource Management System in 2007. . The Delegation has taken several initiatives to help the GAS to raise public awareness and to strengthen its independence from Government, including a stakeholder workshop in November 2007. The first public hearings of the Public Account Committee of Parliament in September 2007 have undoubtedly contributed to draw public attention of GAS activities. Although it a conditionality of the FA, the issue of domestic funding keeps hampering sustainability and GAS efforts to cope with its broad constitutional mandate.

*Sector Budget Support to Private Sector Development and Trade* – The Financing Agreement of the pilot Private Sector and Trade Enabling Programme (PSTEP) amounting to 5M€ over 2007-2009 has been signed in May 2007 allowing the disbursement of the 2007 tranche of 1 M€ in November 2007 . The 2008 tranche is expected to be processed in the first three months of the year.

*Economic Partnership Agreements (EPA)* - During 2007, many activities have been undertaken to create general awareness about EPA, to counter misled information and to clearly explain what exactly is at stake for ACP States in general and Ghana in particular. In this vein

---

<sup>11</sup> Establishing a Mapping and Monitoring System for Development Activities in Ghana

conferences, newspaper interviews, TV and radio presentations and contacts with private sector organizations were organized. The Government was regularly sensitized and stimulated to give impetus to the process. The Ministry of Trade took a proactive leading role towards the end of the year 2007.

On the EU –ECOWAS EPA negotiations, both on ECOWAS and Ghanaian level intensive discussions and negotiations have taken place all over the year. At the end of the year doubts were raised about the feasibility of reaching agreement on the EPA as many subjects and policies were not sufficiently dealt with. Finally, in order to respect the WTO deadline and avoid trade disruption an EPA Stepping Stone Agreement with Ghana was initialled on the 13<sup>th</sup> of December. For more information on the EPA content and negotiation process, see Annex 7.

### **3.6. Utilization of B-Envelope**

In October 2006, HQ agreed with the NAO's proposal to commit the remaining funds under the B-envelope for an Avian Influenza project (2.8 M€). The Financing Agreement for the Avian Influenza Project (EUR 2.8 million) was signed on 7 November 2007. Subsequently, preparation of required project implementation documents was carried out. The project is expected to be in full implementation during 2008, with the signature of a Programme Estimate and the launch of a number of tenders for equipment.

### **3.7. Other instruments**

#### **3.7.1. Stabex**

Since 1975, Ghana has received more than € 141 million in STABEX transfers to compensate for export earning losses in the cocoa sector and the timber industry. Implementation of the last Stabex allocations is now well advanced, with the final phase of the feeder roads programme as remaining activity.

Situation at 31/12/2007 (in €)

Programme	Net interest	Total Funds	Commitments	Payments	Balance to be paid	Bank balance
50,281,460	9,267,039	59,848,499	59,749,389	58,129,972	1,619,417	1,718,527

EC assistance to agriculture has long focused on cocoa, Ghana's major export commodity. The Cocoa Sector Support Programme I (€ 11.2 million) was used to support the Cocoa Swollen Shoot Virus Disease (CSSVD) Control Programme (€ 9.2 million), compensating farmers for the eradication of CSSVD infected cocoa trees and assisting them with replanting hybrid cocoa seedlings. A further programme of 5 M€ from 9th EDF resources has been decided and started in 2007.

The main objective of the STABEX Feeder Roads Programme - Phase III (€ 11.8 million) is the improvement of the feeder roads in cocoa growing areas and other agricultural production areas in the Western Region and to some extent in the districts of the Central, Ashanti and Brong Ahafo Regions, bordering the Western Region, with objective to enhance diversification and thus reduce the export dependency on cocoa. The total length of the feeder roads under consideration is estimated at 389 km. In August 2005, 22 works contracts were signed, and by the end of 2007, 16 contractors have completed the works satisfactorily, 2 contracts were terminated, and two contracts were still ongoing. The Programme Estimate under which these contracts were carried out will end 30 April 2008.

#### **3.6.2. Sysmin**

Signed in December 2002, the Mining Sector Support (MSS) programme makes available an amount of € 40 million, using the last funds of 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 stretches over a period of 6 years and include four main activities. First, mining sector support institutions will be strengthened. Second, geological data provision will be improved. 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. Fourth, the MSS programme makes available funds for pre-feasibility and feasibility studies on the infrastructure that supports mining activities in the west of Ghana.

On the Information Management System, a rider for additional services was signed to allow support to the mining institutions for data capture and filling of the database system. On the Geological Mapping, mapping teams completed field work and presented maps, although with some delays. The environmental component presented its results, which served as a basis for the preparation of the NREG Programme, and will present pilot remediation projects for further funding under MSSP. The December 2007 Steering Committee re-allocated remaining funds over the mining sector institutions' outstanding requests. 80% of the programme has now been contracted.

### 3.6.3. Budget lines

In the field of migration, the 2005/06 call under the '*Aeneas*' budget line brought forward a contract between the Ghana Immigration Service (GIS) and the EC on a project *supporting the eradication of document fraud*. The grant contract (MIGR/2006/120-219 (088)) was prepared and signed by EC HQ in December 2006, but monitoring of the project implementation is shared between HQ and the Delegation.

A Programme Manager was contracted and monthly advisory board meetings were held at GIS throughout 2007 with participation of the Netherlands Embassy and the British High Commission as co-funders and a growing range of Ghanaian stakeholders, e.g Birth and Death Registry, Criminal Investigation Department of Ghana Police, Bank of Ghana, Ministry of Foreign Affairs. A number of kick-off stakeholder meetings were organised, combined with capacity building for GIS staff on how to detect document fraud. A detailed gap analysis was carried out to develop a procurement plan for the ICT equipment and infrastructure to improve prevention of document fraud among all stakeholders.

Two other regional projects in the field of migration contain an interesting set of activities to be implemented in Ghana. Both are managed by the International Organisation for Migration (IOM). The first one, under the responsibility of IOM Italy (MIGR 2005/103456-20) receives € 1.5 million from the European Commission as co-funding and concentrates on the 'enhancement and support of dialogue and management of Western African irregular and transit migration in the Maghreb'. In Ghana several information campaigns on the risks linked to irregular migration originating from Ghana were launched in 2007 and support was provided to an Information Bureau set up inside the Ghana Immigration Service. The second one, managed by IOM Ghana (MIGR/2006/129-829/41), funded with € 2 million by the EC and co-funded by the Italian Government, just started its implementation in late 2007. It aims at 'Facilitating a coherent Migration Management Approach in Ghana, Nigeria, Senegal and Libya by concentrating mainly on capacity building in relation to labour immigration management in sending, transit and receiving countries. The first Steering Committee Meeting was held on 22 - 23 February 2008 in Accra and raised considerable media interest, especially by the BBC world service.

The '*SMESS 1*' project (PVD/2001/571) - alleviation of poverty through the strengthening of rural small and micro enterprises - run by the Italian NGO COSPE under the NGO-cofinancing line finished successfully its implementation in January 2006. A successor action proposed by the same NGO, '*SMESS 2*', was signed in December 2006 under the same EC budget line (PVD/2006/119-145) and has continued with the implementation of activities smoothly throughout 2007. Advocacy and general capacity strengthening (component 1) of the two ASSIs (Associations of Small Scale Industries), in the Nzema East and the Jomoro districts in

the Western Region, has continued. Work is ongoing to develop the 'service component' (component 2) of the project – specific activities have been organised with the aim to have the two ASSIs and the local Credit Unions, set up under SMESS 1, deliver financial and non financial services for their member associations. Especially the Credit Union in the Jomoro district saw a strong growth rate in the course of 2007 in terms of enrolment of new members and amounts of funds collected and lent out. Under market development (component 3), activities have been undertaken to link the local products to national and international markets, to upgrade their quality and to bring out catalogues. At the end of 2007 a collaboration between the University Florence, Italy, Department for Industrial Design, and some associations in the two districts has started to explore new products and new market possibilities with particular emphasis on recycling materials such as plastic.

A further grant contract with the NGO 'Basic Needs' on Ensuring secure Livelihoods for people with mental illness and Epilepsy and their Carers was signed before end of 2006 (PVD/2006/118-719). The project launch took place at the end of May 2007 and was attended by the Vice-President of Ghana. Since then, project implementation has been running smoothly in Greater Accra and the three Northern regions. In cooperation with community based organisations, needs of the target groups were assessed, tools procured and skills training courses conducted. Stabilised poor people with mental illness were supported in writing business proposals, opening bank accounts and managing cash credits. Occupational therapy as means to enhancing recovery and building of skills for improved livelihoods was provided in horticulture and farming, e.g. vegetable gardening and bee keeping. The floods in the North affected some of these livelihood development schemes, but on the whole the project is delivering according to plan.

*Pro-poor production and export of fair-trade and organic fruits from Ghana and Burkina Faso* (B76000/PVD/2202/021-126) An organisational and financial audit has been launched by the EC to inform decision over the future of this project, after the regular annual audit report was found to be inadequate by the Delegation (impossibility to identify source of funding and fulfilment of contractual obligations). Following an external audit contract awarded in June 2006 to review the institutional, management and financial setting of the project, actions will be taken on the organisational set-up, to allow the transfer of property of assets and shares, and the continuation and completion of the action.

The REEP project (PVD/2004/64-290) - *Rural Environmental Empowerment Project* – underwent important changes during 2006 with the signing of two riders, one changing the local partner from FASCU to NCRC, and the other amending certain project activities to reflect the new situation. Important progress has since been made.

The project *Strengthening Water, Sanitation and Hygiene Promotion Services in Ghana* (PVD/2001/11-698) - managed by Water Aid – ended successfully in 2005. A successor action was signed in December 2005 (PVD/2005/095-444), aiming to reduce poverty through contributing to MDG achievement in water and sanitation. Project started in April 2006 and is ongoing. Several assessments for budget line projects were made by the EC Delegation under the new CRIS assessment tool - 'Aeneas' call: 1 proposal, 'NGO –co-financing' call: 18 proposals.

#### 3.6.4 Regional projects

8 ACP GH TPS 149 - Under the EC/UNFPA Partnership for the Promotion of sexual and reproductive Health in Africa and the Caribbean, sensitisation and training of health personnel is carried out in the Central Region of Ghana, in cooperation with Ghana Health Service. The project started in January 2004. Its implementation period was extended to September 2008. Key achievements in 2007 were the sensitisation of the Ghana Private Road Transport Union in



7 districts to support a transport scheme for emergency obstetric referrals and training for all health service providers on gender issues and violence.

Under the EIDHR Programme, a regional West-African programme on Women's Participation in Good Governance is implemented by Women in Law and Development in Africa (WILDAF). WILDAF Ghana produced a training manual on good governance to use as a tool for effective involvement of women in governance at national, regional and local level.

#### 3.6.5 Funds for humanitarian aid (ECHO funds)

To assist the flood victims in the Northern parts of Ghana following the torrential rainfalls in August and September 2007 in the whole West African region, the European Commission (ECHO) has provided Ghana, Burkina Faso and Togo with a 2 M€ grant out of which 700.000€ have been allocated to Ghana for activities to be implemented by UNICEF, the WFP and UNHCR.

## 4 Policy Coherence for Development

For Ghana, given the focal sectors and priority actions in the non-focal sectors, the following EU policy areas seem particularly relevant:

### *Transport and regional interconnectivity*

The Ghana Delegation maintains frequent and intensive coordination with other WA Delegations and multi- or bilateral development partners (e.g. between Delegation Nigeria, Benin, WB and EC for the High Level Workshop for the Abidjan-Lagos Transport and Trade Facilitation Project) in order to ensure coherence in approaches towards regional corridor establishment and institution building at regional level (ECOWAS/UEMOA).

### *Migration*

Migration is receiving increasing attention in the ongoing policy dialogue and development cooperation between the EU Member States and Ghana, including in the regular policy dialogue under Art 8 and 13 of the Cotonou Agreement. In June 2007 a delegation from the EU visited Ghana to strengthen the dialogue on migration issues following the European Council Conclusions of December 2006. The mission was concluded with a Joint EU Ghana memorandum on the management of migration. Furthermore, a coordinating body inside the Ministry of Interior was created in 2007, bringing together different government actors dealing with migration. In addition, 2007 was also the inaugural year of the Migration Research Centre at the Ghana University Institute for African Studies (See Annex 8 for more details).

### *Trade and social dimension of globalization*

Many domestic and international NSA's advocate loudly in domestic press and television that globalization (and EPA as its instrument) would have a detrimental effect on the social structure of Ghanaian society – national small scale businesses would go bankrupt and would not be strong enough against European import products. The Delegation has issued press releases, and organized workshops for business groups, parliamentarians, and NGO's, in order to raise awareness on EPA, on its transitional character, on aid for trade commitment, and on the unfair challenges of the alternative GSP system. Moreover, the 10<sup>th</sup> EDF envisages further € 9 million in support of aid for trade.

During the KP Plenary in Brussels in November 2007, the Plenary Participants expressed appreciation for Ghana's considerable efforts in 2007 to enhance the credibility of its internal controls. Ghana requested and will receive EDF support through MSSP for the registration of all relevant actors in diamond value chain.

The preparations for the Voluntary Partnership Agreement in framework of FLEGT initiative have been somewhat delayed compared to the initial timetable. This is partly explained by the extensive stakeholder consultations that the Ghana has embarked on involving both

representatives from civil society and industry. Indeed, civil society judges the VPA negotiations as one of the most promising venues in decades for reforming the forest sector in Ghana and improving governance and law enforcement.

### ***Environment and climate change***

Environment is mainstreamed in most of the activities undertaken with EDF funding – policy coherence is therefore not much of an issue per se. Climate change is not yet recognized as national priority in Ghana, although EC and other donors are very active on this front. Moreover, Ghana will receive sector support in the framework of NREG (see section 3.3.2) which will include also information sharing and awareness raising activities.

## **5 Joint EU – Africa Strategy**

Analyzing current focal sectors and priorities for the non focal sectors, the following partnerships among those launched at the Lisbon Summit seem particularly relevant for Ghana:

### ***Democratic Governance and Human rights***

Focusing on governance and decentralisation, 10<sup>th</sup> EDF support will contribute to this priority action of the joint EU Africa Strategy. With the Governance Profile as monitoring framework for the country, it is likely to receive proper attention in the political dialogue with the authorities and in future reporting requirements.

### ***Trade and Integration – Partnership for Infrastructure***

10<sup>th</sup> NIP includes coverage for this area of the Lisbon strategy through the transport focal sector, and furthermore, it includes trade facilitation, regional integration and Economic Partnership Agreement support, as part of the non-focal sectors. Some of the initiatives financed in the transport sector (roads, railways, integrated policy instruments) may well be integrated with other initiatives promoted at continental/regional level.

### ***Millenium Development Goals***

In Ghana, EC counts on its macroeconomic support to assist in achieving the MDGs on poverty reduction, health and education. Meanwhile, although some projects of 9<sup>th</sup> EDF on small towns water supply, and eradication of guinea worm, will contribute directly to the MDG on access to safe water and sanitation.

### ***Migration, Mobility and Employment***

At least three ongoing budget line projects contribute largely to the achievement of the Priority Actions in this field – eradication of document fraud, regional approaches towards irregular migration from the Magreb, and capacity building enhancing regular labour migration. Also, the 10<sup>th</sup> EDF includes a provision for € 2 million for migration, diaspora and security related activities.

### ***Energy***

In the political dialogue around general budget support between government and donors, including EC, energy is one of the main topics. Furthermore, with the energy facility project, EC is able to join a discussion on sustainable energy, environment, and rural development.

## **6 Donor coordination and harmonization<sup>12</sup>**

The Ghana Joint Assistance Strategy (G-JAS) was signed by 16 Development Partners (DPs) in February 2007, representing about 95% of official development assistance flows. G-JAS includes a commitment that a comprehensive exercise should be carried out that will establish how to be more selective in terms of financial programming, policy dialogue, and technical cooperation and how to concentrate efforts in line with each DP's comparative advantages. The G-JAS also states that “to reach its full potential this division of labour exercise will involve the

---

<sup>12</sup> The updated harmonization action plan is in Annex 10.

government at the earliest opportunity.” Tentative will be made to enlarge the numbers of DPs signing the G-JAS. This may include China, South Korea and Brazil.

In line with the EC Code of Conduct on Division of Labour, the European Commission and the German Embassy agreed to coordinate and steer this process. Together with the Ministry of Finance and Economic Planning (MoFEP) and the National Development Planning Committee (NDPC), it was agreed to conduct a survey amongst DPs on their present (2007) and planned (2008 onwards) activities within the GPRS II focus areas. The survey requires specifying aid modalities such as: Programme Aid, Sector Budget Support, Basket Funding, Silent Partnership with/out financing, Active but no financing or General Budget Support. In total, 23 donors have responded to the survey. An overview and some first draft conclusions are attached in Annex 10.

The next step in this process is a qualitative analysis of the data collected. This will be done jointly between the Government of Ghana and the involved DPs at the Sector Group level. In 2007, donor coordination and harmonization was furthermore marked by continued dialogue between DP's and GoG in the focal sectors, and on preparations for High Level Forum in 2008, including a Ministerial troika in October 2007. The Delegation envisages a GoG request for a contribution towards the organization of HLFIII with counterpart funds.

As to donor coordination, the sector group for **governance matters** met regularly over the year to exchange on the developments above. In June 2007 a joint review of the support given by various donors so far to the 7 Independent Governance Institutions anchored in the Constitution (Parliament, the Judiciary, the Commission for Human Rights and Administrative Justice, the Electoral Commission, the National Commission for Civic Education and the National Media Commission) was finalised forming the current basis for several donors for their upcoming programming. Separate sector groups for decentralization and gender issues co-exist in parallel to the governance group. In both areas collaboration between donors and GoG was intense in the course of 2007 necessitating a more focussed sector dialogue.

All DP's active in the **transport sector** of Ghana (including EC, recognised as the DP sector group lead) have been providing their project support through commitments to RSDP, under coordination and full ownership of the Ministry of Transportation. A constructive dialogue with government was centred on this RSDP, with regular meetings and a joint evaluation supported by DANIDA. Following the most recent Annual Donor's conference held in April 2007, it was decided that this main framework for donor coordination, RSDP would become the Transport Sector Development Programme (TSDP), covering all modes of transports.

Under the umbrella of **rural development**, the donors and Government of Ghana are partners in the three Sector Groups dealing with; (i) Agriculture, (ii) Water and Sanitation, and (iii) Environment and Natural Resources. The functioning of the Agriculture Sector Group has been satisfactory in 2007, with regular monthly meetings and a good level of dialogue with the Government. A concern has been the irregular and low participation of related MDAs (e.g. MOFEP, Cocobod, and the Ministry of Fisheries). The projects database, handled by MOFA, has been updated and is regularly used for information of stakeholders. The Environment and Natural Resources Sector Group was revived in 2007 and received fresh impetus from the preparation of the NREG programme (see below). The main MDAs of the group are the Ministry Land, Forestry and Mines, the Ministry of Local Government, Rural Development and Environment, the Environmental Protection Agency, the Forestry commission and the Minerals Commission.

In 2007, the EC signed 4 more Silent Partnership Agreements without financing: with DFID in education (DFID lead) and with AFD in transport (EC lead), Natural Resources Management (EC lead), and energy (AFD lead).

## **7 Dialogue with the NAO and NSAs**

The relationship with the NAO is generally good and business-like. In 2007 regular technical coordination meetings between the NAO and the Delegation staff have been introduced to strengthen and improve the partnership and general collaboration. However, some challenges on the side of the NAO persist, in particular concerning office space and acquisition of new staff. The Delegation continued to substitute in many cases. Nevertheless, first responsibilities, such as the regular issuing of payment orders, have been transferred to the NAO and a certain routine in dealing with these new tasks has been built during the second half of 2007.

A coordination group between donors and representatives from civil society working in the field of decentralisation was set up in September 2006. This group met five times in 2007 and provided a useful forum for exchange of information, experience and good practice.

Through the Support to Local Governance Programme (component 3), a wide range of civil society organisations were consulted and meetings were held with development partners to prepare the call for proposals on Supporting Civil Society in Local Governance mentioned above. On the basis of this consultation process, the guidelines of the call were designed to address current needs regarding inclusion of vulnerable groups in local governance processes and to provide opportunities for community based organisations to develop capacity for working in partnership with local government. The call for proposals for cooperation with non-State Actors was launched in September 2007 and it generated a lot of interest.

A stakeholder workshop was organised on 14th February 2008 jointly by the NAO and the EC Delegation to present the Joint Annual Reports 2006 and 2007 (draft) and to inform stakeholders on the outline of the 10<sup>th</sup> EDF CSP/NIP, which was signed during the Lisbon Summit. The workshop was well attended by approximately 80 representatives from state and non-state institutions. Presentations on the 2006 and 2007 achievements were given by NAO and Delegation staff, followed by a lively discussion. Presenting the planned interventions under the 10<sup>th</sup> EDF, a short introduction into the concept of the MDG Contract was made.

## **8 Conclusions**

Ghana has demonstrated her capacity to implement the 9<sup>th</sup> EDF in an efficient and effective way, by committing all funds as planned with a record high level of commitments of € 105 million in 2007, a peak amount of € 102 million in new contracts, and almost equaling the 2005 record in payments with € 59 million. The total A-envelope of 9<sup>th</sup> EDF reached the level of € 315.8 million.

Ghana has also demonstrated her capacity to effectively programme the 10<sup>th</sup> EDF, in close consultation with NSA's, resulting in the Country Strategy Paper/National Indicative Programme being signed in Lisbon on 7 December 2007. 10<sup>th</sup> EDF NIP allocates its resources of € 367 million to macroeconomic support, focal sector governance and decentralisation, focal sector transport and regional interconnectivity, and to non-focal sectors such as environment, migration, and trade related assistance. This is in line with EU Consensus for Development, and supports implementation of Priority Actions of the Joint EU Africa Strategy.

The government has stated its commitment to decentralisation, and it has chosen to follow a top-down approach in devolving responsibilities. Existing arrangements however continue to provide incentives for keeping the powers at the centre and not for devolving resources and responsibilities to the districts.




The stepping stone Economic Partnership Agreement between Ghana and the EU was initialed in December 2007, after intensive negotiations. Main interlocutors were the Ministry of Trade, the Ministry of Finance and Economic Planning, and the Ministry of Foreign Affairs. Meetings with civil society and the media were also organized.

Donor coordination and harmonisation is well developed in Ghana, with a G-JAS signed by 16 donors, although the DP side is more pro-active in developing initiatives such as Division of Labour. In 2007, the process of improving Division of Labor has been further implemented with four silent partnerships: with DFID in education (DFID lead) and with AFD in transport (EC lead), Natural Resources Management (EC lead), agriculture and energy (AFD lead).

Development of a stronger dialogue and support to the civil society deserves continued attention, and will have to be reinforced in the implementation of the 10<sup>th</sup> EDF. In this vein, NAO and EC Delegation already organized a stakeholder consultation meeting for the JAR 2007 in February 2008.

## ANNEXES

## Will Ghana's Millennium Development Goals Be Met?

	Target already met or very close to being met		Target is not expected to be met by 2015 if prevailing trends persist
	Target is expected to be met by 2015 if prevailing trends persist		Slow progress or stagnation

Goals and Targets	MDG Target 2015	Ghana 2006	Sub-Saharan Africa 2005
Poverty headcount ratio (%)	26	28.5	46
Gross primary school enrolment rate (%)	100	92.1	62
Ratio of girls to boys in primary education (%)	100	96	86
Immunization, DPT3 (% children)	100	84	61
Under 5 mortality rate (per 1000 live births)	40	111	172
Infant mortality rate (per 1000 live births)	32	64	103
Maternal mortality ratio (per 100,000 live births)	185	205	920
Skilled attendance at delivery (% of total)	100	54	41
Prevalence of HIV (% of adults)	<2.4	3.2	6.1
Access to safe water (% total population)	75	55	58
Forest area (% of total land area)	>33	24	27

## Ghana at Glance

Table 1. Ghana: Selected Economic and Financial Indicators, 2003–07

	2003	2004	2005	2006	2007
				Est.	Proj.
(Annual percentage change, unless otherwise specified)					
<b>National accounts and prices</b>					
Real GDP	5.2	5.6	5.9	6.2	6.3
Real GDP per capita	2.6	3.0	3.2	3.6	3.7
GDP deflator	28.6	14.4	15.0	14.6	11.2
Consumer price index (annual average)	26.7	12.6	15.1	10.9	9.4
Consumer price index (end of period)	23.6	11.8	14.8	10.5	9.0
<b>External sector</b>					
Exports, f.o.b. (percentage change, in U.S. dollars)	20.1	12.7	0.7	31.3	8.1
Imports, f.o.b. (percentage change, in U.S. dollars)	20.1	31.9	24.4	22.0	17.9
Export volume	-6.8	14.5	-0.9	14.9	-0.1
Import volume	6.9	13.8	14.1	11.9	19.2
Terms of trade	14.8	-15.1	-6.9	4.8	9.4
Nominal effective exchange rate (end of period)	-15.5	-8.7	7.1	-8.3	...
Real effective exchange rate (end of period)	2.4	-0.5	19.9	-1.1	...
Cedis per U.S. dollar (avg.)	8,677	9,005	9,073	9,183	...
<b>Money and credit</b>					
Net domestic assets <sup>1</sup>	7.2	1.0	7.0	16.0	16.0
Credit to the private sector <sup>1</sup>	16.4	10.0	23.1	25.8	24.2
Broad money (excluding foreign currency deposits)	40.9	26.4	13.7	39.4	23.9
Velocity (GDP/average broad money)	4.7	4.3	4.3	3.6	3.4
Prime rate (Bank of Ghana; percent; end of period)	25.7	19.1	15.5	12.5	...
(Percent of GDP, unless otherwise specified)					
<b>Investment and saving</b>					
Gross investment	22.9	28.4	29.9	30.2	31.6
Private <sup>2</sup>	14.0	16.0	17.9	18.0	18.0
Central government	8.9	12.4	12.0	12.2	13.6
Gross national saving	24.6	25.7	22.8	22.1	23.0
Private <sup>2</sup>	18.4	14.9	12.0	13.7	14.3
Central government	6.2	10.8	10.8	8.4	8.7
<b>Government operations</b>					
Total revenue	20.8	23.8	23.8	21.6	22.2
Grants	4.7	6.4	5.2	5.2	5.1
Total expenditure	28.8	33.3	30.7	33.8	33.6
Overall balance (including grants) <sup>3</sup>	-4.6	-3.7	-2.3	-7.7	-8.8
Overall balance (including grants)	-4.4	-3.6	-3.0	-7.5	-6.8
Domestic primary balance	2.3	0.7	3.4	-4.8	-3.2
Net domestic financing	0.6	0.1	-1.7	4.9	-0.9
Discrepancy/resource gap	-0.2	-0.1	0.7	-0.1	0.0
Total government debt	118.8	93.4	77.1	42.4	39.6
Domestic debt (gross) <sup>4</sup>	19.8	20.7	17.9	20.0	16.0
External debt	99.0	72.7	59.2	22.3	23.6
<b>External sector</b>					
Current account balance (including official transfers)	1.7	-2.7	-7.0	-8.2	-8.6
Current account balance (excluding official transfers)	-3.5	-8.8	-12.3	-11.2	-11.9
NPV of external debt outstanding	71.5	35.2	19.9	17.5	19.0
(Percent of exports of goods and services)	175.7	89.6	55.1	45.9	53.6
Gross international reserves (millions of U.S. dollars)	1,427	1,816	1,951	2,325	2,568
(Months of imports of goods and services)	3.2	3.3	2.9	3.1	3.0
Total donor support (millions of U.S. dollars)	681	837	971	694	1,039
(Percent of GDP)	8.9	9.4	9.1	6.9	6.9
<b>Memorandum items:</b>					
Nominal GDP (billions of cedis)	66,158	79,888	97,261	118,404	140,075
(Millions of U.S. dollars)	7,824	8,872	10,720	12,894	...

Sources: Data provided by Ghanaian authorities, and IMF staff estimates and projections.

<sup>1</sup> Percent of broad money at the beginning of the period.

<sup>2</sup> Including public enterprises and errors and omissions.

<sup>3</sup> Below-the-line.

<sup>4</sup> Gross debt including all outstanding government obligations, and previously excluded items: noninterest-bearing perpetual Bank of Ghana revaluation stocks, and bonds issued in 2004-06 for recapitalization of BoG and TOR.



Table 2. Ghana: Balance of Payments, 2003–07

	2003	2004	2005	2006	2007
				Est.	Proj.
(Millions of US dollars, unless otherwise indicated)					
Balance on current account (including grants)	127	-235	-754	-1,054	-1,287
Trade balance	-788	-1,512	-2,542	-2,843	-3,711
Exports f.o.b.	2,471	2,785	2,803	3,880	3,980
Cocoa	818	1,071	908	1,187	1,127
Gold	830	840	946	1,277	1,566
Other	823	874	949	1,216	1,287
Imports, f.o.b.	-3,259	-4,297	-5,345	-6,523	-7,692
Non-oil	-2,698	-3,522	-4,218	-5,107	-5,849
Oil	-563	-775	-1,127	-1,416	-1,842
Balance on services and income	-280	-564	-329	-392	-215
Of which: interest payments <sup>1</sup>	-110	-167	-103	-89	-75
Balance on transfers	1,184	1,831	2,117	2,181	2,839
Private transfers (net)	801	1,287	1,550	1,788	2,143
Official transfers (net)	383	544	567	393	496
Capital account	379	223	1,063	1,591	1,530
Official capital (net)	88	53	309	735	659
Medium and long-term loans					
Inflows <sup>1</sup>	370	402	500	4,349	783
Amortization <sup>2</sup>	-284	-350	-191	-3,614	-134
Private capital	75	332	569	717	851
Short-term capital	116	-183	128	78	20
Errors and omissions	102	21	67	61	0
Overall balance	508	-13	309	537	242
Financing	-508	13	-309	-537	-242
Debt deferral	-35	-35	0	0	0
Net international reserves (- is increase)	-679	-184	-309	-537	-242
Of which: use of Fund credit	53	-5	0	-265	0
Disbursements (PRGF)	74	39	0	116	0
Repayments (PRGF)	-21	-44	0	-381	0
Exceptional financing	208	231	0	0	0
<i>Memorandum items:</i>					
Current account balance, excl. official transfers	-286	-779	-1,321	-1,447	-1,783
Current account balance, excl. official transfers (percent of GDP)	-3.5	-8.8	-12.3	-11.2	-11.9
Current account balance, incl. official transfers (percent of GDP)	1.7	-2.7	-7.0	-8.2	-8.6
Trade balance (percent of GDP)	-10.3	-17.0	-23.7	-22.0	-24.8
Gross international reserves	1,427	1,816	1,951	2,325	2,588
Gross international reserves (months of imports of goods and services)	3.2	3.3	2.9	3.1	3.0
External debt (percent of GDP)	99.0	72.7	69.2	22.3	23.6
External debt service paid (percent of exports of GNFS)	5.2	5.6	2.4	11.9	3.9
MDRI debt-service savings	...	...	...	75.6	112.2
MDRI debt-service savings on obligations to IMF	...	...	...	37.8	48.9
MDRI debt-service savings on obligations to World Bank	...	...	...	23.9	49.0
MDRI debt-service savings on obligations to AfDB	...	...	...	13.9	14.3
GDP	7,624.2	8,871.9	10,720.3	12,993.8	

Sources: Bank of Ghana; and IMF staff estimates and projections.

<sup>1</sup> Including the capital transfer in 2006 of MDRI debt relief from the Fund, IDA, and the African Development Fund.

<sup>2</sup> In 2006, including the repayment of debt to the Fund, IDA, and the African Development Fund.

Table 3. Ghana: Summary of Central Government Budgetary Operations, 2003-08 <sup>1</sup>

	2003	2004	2005	2006	2007	2008
				Est.	Proj.	Proj.
(Percent of GDP)						
Total revenue and grants	25.5	30.1	29.1	26.8	27.3	25.6
Revenue	20.8	23.8	23.8	21.6	22.2	22.1
Tax revenue	20.2	21.7	20.6	19.6	20.0	19.9
Direct taxes	8.1	8.6	6.7	6.0	6.2	6.5
Indirect taxes	9.3	10.3	9.7	9.0	9.3	8.9
Trade taxes	4.8	4.8	4.2	4.6	4.6	4.5
Nontax revenue	0.6	1.5	2.0	0.8	0.8	0.8
Grants	4.7	6.4	5.2	5.2	5.1	3.4
Total expenditure	28.8	33.3	30.7	33.8	33.6	31.6
Recurrent expenditure	19.8	20.9	18.7	21.6	20.1	19.0
Of which: wages and salaries	8.4	8.7	8.5	9.6	9.4	9.4
utility subsidy			0.0	0.8	0.1	0.1
Capital expenditure (total)	8.9	12.4	12.0	12.2	13.6	12.6
Of which: domestic	4.6	6.4	5.9	7.8	7.7	6.5
foreign	4.4	6.0	6.1	4.5	5.9	6.1
Arrears clearance and VAT refunds	-1.1	-0.4	-1	-0.5	-0.5	-0.1
Overall balance	-4.4	-3.6	-3.0	-7.5	-6.8	-6.1
Discrepancy	-0.2	-0.1	0.7	-0.1	0.0	0.0
Total financing	4.6	3.7	2.3	7.7	6.8	6.1
Divestiture receipts	0.6	0.4	0.2	0.0	2.1	0.9
Foreign (net)	3.3	3.3	3.7	2.8	5.6	5.2
Domestic (net)	0.6	0.1	-1.7	4.9	-0.9	0.0
(Billions of cedis)						
Total revenue and grants	16,862	24,073	28,256	31,764	38,222	41,726
Revenue	13,743	18,994	23,156	25,569	31,143	36,121
Grants	3,119	5,080	5,100	6,195	7,079	5,605
Total expenditure	19,035	26,584	29,895	40,051	47,126	51,555
Recurrent expenditure	13,122	16,696	18,221	25,569	28,087	31,038
Capital expenditure (total)	5,912	9,888	11,673	14,492	19,039	20,517
Overall balance	-2,884	-2,836	-2,869	-8,917	-9,592	-9,971
Discrepancy	-138	-104	637	-171	0	0
Total financing	3,022	2,941	2,233	9,088	9,592	9,971
(Percent of GDP, unless otherwise indicated)						
<i>Memorandum items:</i>						
Total poverty spending <sup>2</sup>	6.5	7.7	8.5	10.5	10.4	10.6
Domestic primary balance <sup>3</sup>	2.3	0.7	3.4	-4.8	-3.2	-0.9
Total domestic debt (gross) <sup>4</sup>	19.8	20.7	17.9	20.0	16.0	13.8
Nominal GDP (billions of cedis)	66,158	79,888	97,261	118,404	140,075	163,195

Sources: Ghanaian authorities, and IMF staff estimates and projections.

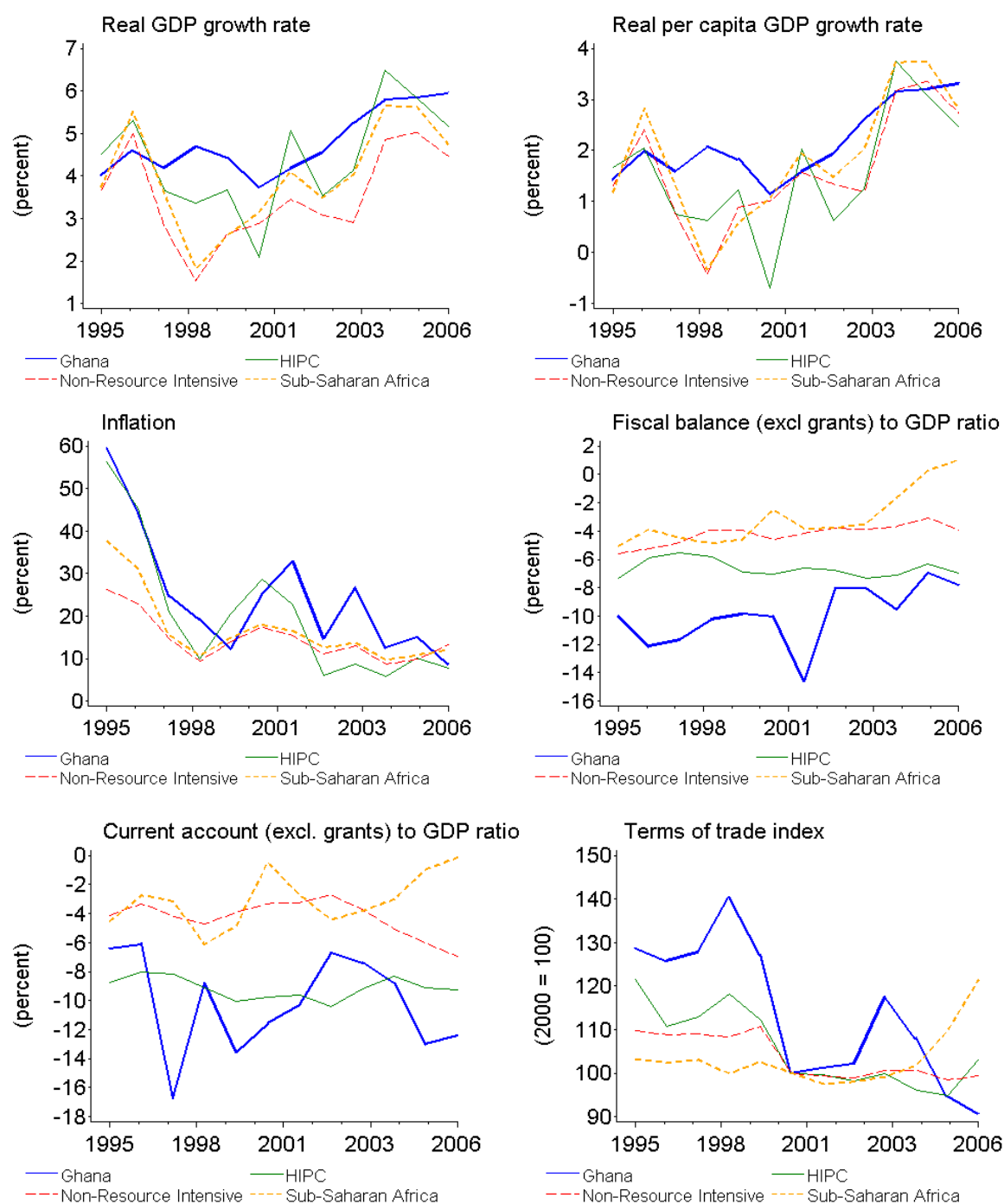
<sup>1</sup> Above-the-line data for domestic recurrent and capital expenditure are presented on a cash basis.

<sup>2</sup> The authorities revised the definition of poverty spending in 2008; it now includes growth enhancing spending on energy and key infrastructure.

<sup>3</sup> Defined as total revenue plus VAT refunds (negative) and discrepancy, less noninterest recurrent spending and domestic capital expenditure.

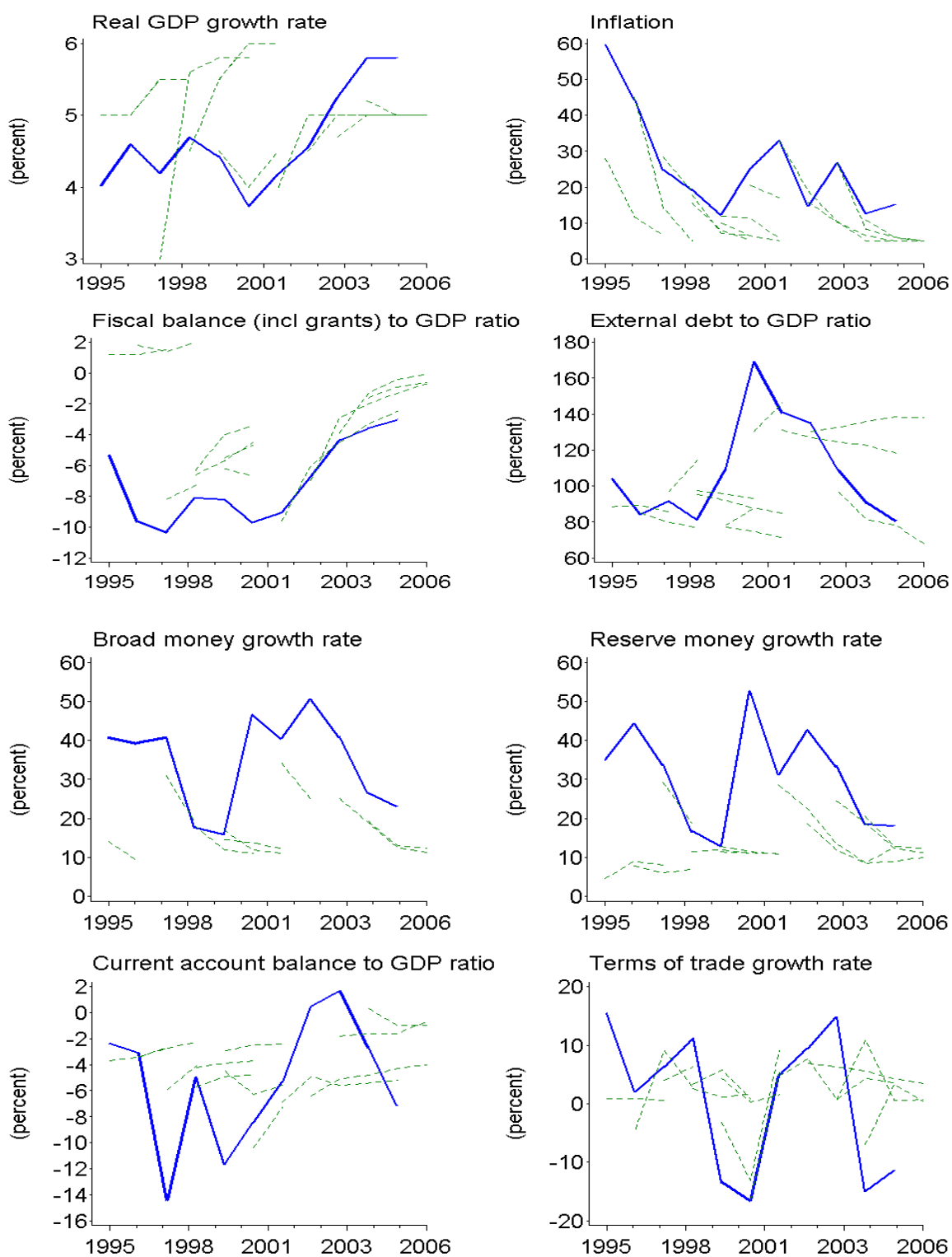
<sup>4</sup> Gross debt including all outstanding government obligations, and previously excluded items: noninterest-bearing perpetual Bank of Ghana revaluation stocks, and bonds issued in 2004-06 for recapitalization of BoG and TOR.

## Ghana: Comparative Economic Performances, 1995-2006



Sources: IMF, African Department database; and IMF, World Economic Outlook.

Ghana: Summary Program Performance: 1995-2006



Solid line – actual values. Dashed line – staff projections. Source: IMF staff reports.

**ANNEX 3**

**African Peer Review Mechanism Ghana**

**2007 ANNUAL PROGRESS REPORT**

**PROGRESS IN IMPLEMENTATION OF THE NATIONAL  
PROGRAMME OF ACTION**

In fulfillment of the reporting requirements of the African Peer Review Mechanism (APRM), the National African Peer Review Mechanism – Governing Council in Ghana has been submitting bi-annual progress reports to the APR Secretariat.

This is an extract of the fourth report submitted to the Secretariat. The 2007 Annual Progress Report is a review of the status of the implementation of activities outlined in the National Programme of Action (NPOA) during the year, 2007.

The Governing Council during the year intensified its education and sensitization activities to make the APRM a by-word in Ghanaian communities. To deepen the populace involvement and promote ownership of the process, the Council kick-started the concept of District Oversight Committees. These are representatives of the populace who serve as the “eye”, the “ears” and the “mouth” of the Council at the district level. Their core functions are to educate and sensitize their constituents on the APRM and to monitor the implementation of the National Programme of Action at the district level, through the collection, collation, analysis of data and its validation before the community.

The year marked the passage of the Domestic Violence Bill into law and an assertion of the oversight responsibilities of Parliament through the public hearings of the Public Accounts Committee. In pursuing the decentralization programme, the number of district assemblies was increased from 138 to 166, in order to create smaller, manageable units of local government administration.

Government’s thrust in the fight against corruption has been to strengthen institutions that fight against corruption. To this end Ministries, Departments and Agencies (MDAs) and Metropolitan, Municipal and District Assemblies were charged to set up functional Internal Audits.

The year also witnessed the adoption of International Financial Reporting Standards by Ghana. Improvements were recorded in the country’s infrastructural setup – roads, rails, harbours, ports and telecommunications. The tax burden on companies was reduced with reductions in corporate tax and withholding tax.

Respondents indicated an improvement in access to education, health, water, sanitation and ICT services. Stakeholders also welcomed the increasing role that civil society play in the formulation of national policies.

Overall, there has been steady improvement in the implementation of the National Programme of Action. A number of challenges, however, remain.

The country has not domesticated key international conventions such as the Convention on the Elimination of All forms of Discrimination Against Women (CEDAW). Government’s inability to fully implement an Affirmative Action Policy to provide at least 30 percent women representation in decision-making and executive positions at all levels of government is not appreciated by most feminist organizations.

While welcoming the passage of the Disability Act, the Disability Council has not been set up. Equally, Persons with Disability are unable to access the 2 percent District Assembly Common Fund (DACF) allocated to them by a Legislative Instrument.

The spate of armed robberies, small arms smuggling and car stealing syndicates is also a cause for concern.

In general, there has been an increase in APRM related activities from USD 433 Million in 2006 to USD751 Million in 2007.

Theme	2006 ('000USD)	2007 ('000USD)
Democracy and Good political Governance	70,795.30	92,632.02
Economic Governance and Management	169,539.50	185,366.20
Corporate Governance	163,015.40	204,363.50
Socio-Economic Development	193,207.40	269,005.75
Total	433,018.1	751,367.47

Source: MOFEP (Budget)

## MAIN ACHIEVEMENTS

### 1 Democracy and Good Political Governance

1.1 Some key Conventions have been ratified. These include: Amendments to the Constitutive Act of the AU, 2003 and the AU Non-Aggression and Common Defense Pact, 2005, the AU Convention on Preventing and Combating Corruption, 2003 and the African Charter on Human and Peoples Rights on the Rights of Women.

1.2 A Ministry of Chieftaincy and Culture has been established to deal with chieftaincy issues.

1.3 The Local Government Service Secretariat has been operationalised. All District Planning Coordinating Units (DCPUs) have been trained in composite budgeting to enable them prepare their budgets using the Medium Term Expenditure Framework (MTEF).

Alternative Dispute Resolution (ADR) mechanisms are being promoted to improve access to justice and reduce the backlog of cases pending in the law courts. Studies conducted by Ghana Integrity Initiative (GII) showed that corruption does exist within the judiciary and it is denying ordinary citizens' access to justice.

### 2 Economic Governance and Management

2.1 Improved collaboration between the Ministry of Finance and Economic Planning (MOFEP) and the National Development Planning Commission (NDPC).

2.2 Significant improvement in the share of non-traditional export (NTEs). NTEs grew from USD705,429,000 in 2004 to USD892,878,000 in 2006. Preliminary estimates indicate it will cross the USD 1Billion mark in 2007.

2.3 There has been improvement in the quality of macro and micro economic data. Though the quality of fiscal data has improved, challenges remain as regards consistency, reliability and comprehensiveness of such data.

2.4 A number of institutions have drawn up Citizens/Service Charters in the pursuit of good governance and improved public accountability. There has been a slight but steady improvement in the services of such institutions as the Driver Vehicle and Licensing Authority and the Registrar-General's Department

2.5 A comprehensive reform of the Ghanaian tax administration has been undertaken and this has broadened the tax base by bringing a substantial portion of the informal economy into the tax net.

2.6 Parliament is re-asserting its oversight role. This was evident through the public hearing of the public Accounts Committee and the evaluation exercise conducted by the Committee on Government Assurances.

### 3 Corporate Governance

3.1 The length of time required to complete company registration for a limited liability company has been reduced to 10 days, whilst it takes 5 days to register a Business name.

3.2 There has been improvement in access to justice for business entities with the setting up of the commercial court and the promotion of Alternative Dispute Resolution (ADR).

3.3 The country's infrastructure, especially the airports, has seen a marked improvement due to the CAN 2008. Delays and loss of revenue at the ports have been reduced with the introduction of modern equipment such as the Gamma Ray Scanners and Container Satellite Tracking Systems.

3.4 Improvement in the operational incomes of companies due to the reduction of corporate tax from 28 percent to 25 percent and also the reduction of withholding tax from 7.5 percent to 5 percent.

### 4 Socio-Economic Development

4.1 Stakeholders lauded the improved space for civil society engagement in public policies and programmes. This has improved civil society participation and monitoring of government policies such as the Growth and Poverty Reduction Strategy (GPRS II) and National Budgets.



4.2 Improvement in access to key social services – education, health and water and sanitation. This has been attributed to deliberate government policies such as the Capitation Grant, School Bussing Programme, School Feeding Programme, National Health insurance Scheme and Community-based Water Projects.

4.3 Increased lending to the private sector. Formal financial institutions' lending to the private sector increased from GHC457.8 Million in the first half of 2006 to GHC792.9 Million in the first half of 2007.

## CHALLENGES

Whilst a number of legislations have been passed to strengthen the legal and regulatory framework, key institutions that these laws propose should be established have not been set up. These include:

Financial Administration Tribunal – under the Financial Administration Act, 2003 (Act 654)

Internal Audit Agency – under the Internal Audit Agency Act, 2003 (Act 658) (only a quarter of MDAs and MMDAs have functional internal audits)

Human Trafficking Fund and Human trafficking Management Board – under the Human Trafficking Act, 2005 (Act 694)

The Disability Council – under the Disability Act, 2006 (Act 715)

Actual releases of funds to MDAs and governance institutions have always fallen short of budgetary allocations. This affects the implementation of the Growth and Poverty Reduction Strategy and consequently the National Programme of Action.

## Annex 4

### Transport Sector Performance Indicators

1. Extract from NDPC GPRSII Annual Progress Report
2. Road maintenance revenue and road condition mix.

#### 1. EXTRACT from GPRSII Annual Progress Report 2006

##### 3.2.6. Development of Transport Infrastructure: Road, Rail, Water and Air Transport

###### *Status of Selected Indicators:*

In addition to being a strategic support services sector to facilitate the productivity in agriculture and agro-industry, the sector is also expected, to integrate the rural economies with the urban economy through the improvement of the overall maintenance of the transport infrastructure, rehabilitation of farm-to-market roads, bridges and ferries, promotion of the adoption of Intermediate Means of Transport (IMT), encouraging general aviation and aviation support services, thereby lowering the transportation costs, lengthen vehicle life, save foreign exchange in fuel and spare parts imports, and generate savings in travel time.

To track progress toward implementation, the following indicators have been selected:

- total funds disbursed for routine maintenance, periodic maintenance, reconstruction, and upgrading works, relative to the maintenance needs of each modal network;
- proportion/length of roads maintained/rehabilitated;
- annual accident statistics for each transport mode;
- passenger traffic and goods traffic by railways;
- maritime traffic: goods loaded and unloaded;
- total air freight and number of air traffic passengers;
- road condition mix;

In the area of road transport, review of the data indicates that the total funds disbursed for routine maintenance, periodic maintenance, reconstruction and upgrading works, relative to the maintenance needs exceeded the target in 2006, as well as the level attained in 2005. The total length or proportion of roads maintained or rehabilitated in 2006 accounted for 75.6% in relation, falling below the 2006 target of 89% but exceeded 2005 level of 67%. In all, feeder road accounts for the bulk of all maintenance and rehabilitation works, constituting about 53%, followed by trunk road and urban road in that order.

The total national network size of roads currently stands at 48,381km, an increase of about 546km over the 2005 figure, though it fell short of the target set for 2006 by 33%. The condition report also indicates a road condition mix of 45% in good condition, 28% fair and 27% poor. This compared well with the 2005 condition mix which stood at 42% in good condition, 31% fair and 27% poor.

The increase in total national network size was accounted for by 5% increase in the network size of trunk roads which stood at 11,177km in 2005, but fell short of the target for 2006. The total urban and feeder road size did not change in 2006, constituting 4,064km and 32,594km respectively. The condition report indicates that the condition mix for all the three road types improved during the year under review, but fell short of all targets. The major improvement was observed in the trunk road network, followed by feeder roads and the urban roads respectively.

On the annual accident rate, available data indicates that road accident increased from 11,305 in 2005 to 11,698 in 2006. This represents about 13% above the target set for 2006. However, fatalities resulting from these accidents declined from 1,778 in 2005 to 1,378 in 2006. This represents one fatality in every six accidents in 2005 to one fatality in every nine accidents.

**Table 3.6a: Development of the Road Transport**

Indicator	Target 2006	Indicator Level in 2004	Indicator Level in 2005	Indicator Level in 2006	Progress towards target
1. Total funds disbursed for routine maintenance, periodic maintenance, reconstruction and upgrading works, relative to the maintenance needs of the road network	=53%	Na	(\$130.57mil) =54.9%	(\$168.85mil) = 93.3%	Target exceeded
2. Proportion/length of roads maintained/Rehabilitated	89%	Na	67%	75.6%	Target not met
<u>Trunk Roads</u> (in km):					
a. Routine maintenance	12,168	13,075	12,127	12,825.1	Target largely not met (Only one out of four indicators met and exceeded it)
b. Periodic maintenance	293	260	281.31	135.33	
c. Minor Rehab & Reconstruction	699	224	198.62	166.86	
d. Major Rehab & Reconstruction	200	180	209.75	142.18	
<u>Urban Roads</u> (in km):					
e. Routine maintenance	3,449	2,450	3,313.20	3,634.79	Two out of four indicators met target (exceeded), No data on one.
f. Periodic maintenance	531	209	240.36	360.87	
g. Minor Rehab & Reconstruction	36	114	32.0	56.18	
h. Major Rehab & Reconstruction	13	Na	9	Na	
<u>Feeder Roads</u> (in km):					
i. Routine maintenance	26,580	18,463	17,119	17,340	Target not met (All six indicators below target)
j. Rehabilitation	800	1,158	1,085	557	
k. Regravelling	100	306	214	50	
l. Spot Improvement	1,649	2,002	160	1,162	
m. Reconstruction	20	Na	Na	Na	
n. Surfacing	227	186	190	176	
3. Annual accident statistics for each transport mode (Road)	10,330	12,164	11,305	11,698	Target not met
4. Road condition mix					
<u>National:</u>					Steady Progress
Good	64,131km =48%	47,600km =40%	47,835km =42%	48,381km =45%	
Fair	= 30%	= 30%	= 31%	= 28%	
Poor	= 22%	= 30%	= 27%	= 27%	
<u>Trunk Roads:</u>					Steady Progress
Good	13,367km =48%	10,942km =40%	11,177km =42%	11,723km =46%	
Fair	= 30%	= 30%	= 31%	=29%	
Poor	= 22%	= 30%	=26%	= 25%	

<u>Urban Roads:</u>	9,764Km	4,064Km	4,064Km	4,064Km	Steady Progress
Good	=56%	=41%	=43%	=46%	
Fair	= 21.9%	= 31%	=33%	= 30%	
Poor	= 22.1%	=28%	=24%	=24 %	
<u>Feeder Roads:</u>	41,000km	32,594Km	32,594Km	32,594Km	eady Progress
Good	= 46%	= 30%	= 30%	=34 %	
Fair	= 34%	= 17%	= 17%	=15 %	
Poor	= 20%	=53 %	=53 %	= 51%	

Source: MRT, 2006

In the area of rail and maritime transport, data is not available to ascertain the level of funds disbursed, relative to its investment needs. However, available data indicates that both maritime traffic and passenger and goods traffic by rail has declined. Passenger traffic by rail which stood at 64, 000 (thousand passenger-km) in 2005 declined by 40% to 38,000 (thousand passenger-km) in 2006, while goods traffic by rail (in thousand tonnes-km) fell by 19% in 2006 from 223,980 (in thousand tonnes-km) in 2005. None of these two indicators attained their respective targets for 2006, the passenger traffic fell short of its targets by nearly 140%, while the good traffic fell short of the target by 27%.

On the other hand, the decline in good loaded in terms of maritime traffic was only marginal representing about 0.1%, while it fell short of its 2006 target by about 3%. In the case of maritime traffic (goods unloaded) the decline represents about 18% from the 2005 figure, while it fell short of its 2006 target by 14%. By far, the Tema port receives the highest number of vessels (constituting about 77%) as well as the highest number of the goods unloaded (constituting about 84%). The Takoradi port on the other hand receives the highest number of the goods loaded, representing about 74% share of 4,359mt in 2006.

**Table 3.6b: Development of the Rail and Maritime Transport**

Indicator	Target 2006	Indicator Level in 2004	Indicator Level in 2005	Indicator Level in 2006	Progress towards target
1. Total funds disbursed to the rail and maritime sub-sectors, relative to the investment needs d. Rail e. Maritime	=Na = Na	=Na = Na	=Na = Na	=Na = Na	Lack of data to evaluate indicator
2. <u>Railways traffic</u> a. Passenger traffic (in 1000 passengers-km) b. Good traffic (1000 tonnes-km)	93,000 231, 000	80,000 215,690	64,000 223,980	38,000 181,250	Targets not achieved, and indicators showing downward trends
3. <u>Maritime traffic</u> Goods loaded and unloaded (in 1000 tonnes) a. Goods loaded b. Goods Unloaded	4,500 9,200	3,907 8,720	4,361 9,524	4,359 8,038	Targets not achieved, indicators showing downward trend  2006 Traffic by Location (in 000 tonnes):  <b>Goods Loaded</b> Tema - 1,117 Takoradi - 3,241

					Total - 4,359  <b>Goods Unloaded</b> Tema - 7,788 Takoradi - 1,477 Total - 9,266  <b>Total vessels</b> Tema - 2,032 Takoradi - 610 Total - 2,642  <i>Source: MPHR, 2006</i>
--	--	--	--	--	---

*Source: MPHR, 2006*

Review of available data indicates that the total air freight, number of aircraft flying into the airspace, and the number of air traffic passengers have all increased. The number of air traffic passengers exceeded its target by about 1%, while the total air freight and the number of air craft movement fell short of their respective target by 2% and 4% respectively.

**Table 3.6c: Development of the Air Transport sector**

Indicator	Target 2006	Indicator Level in 2004	Indicator Level in 2005	Indicator Level in 2006	Progress towards target
<b>I. Air traffic</b> (freight and passengers)					
a. Air freight in 000 tonnes					
- TOTAL	50.5	46.9	47.2	49.5	Fell short by 1%
- Loaded	33.6	31.5	30.5	33.2	
- Unloaded	16.9	15.4	16.7	16.3	
b. air traffic passengers (arrival and departure) in thousand					
- TOTAL	919.2	705.4	812.2	926.6	Targets exceeded
- Arrival	446.6	338.5	382.2	458.8	
- Departure	462.6	366.9	429.9	467.7	
c. Number of air craft movt (arrival and departure) in Thousand					
- TOTAL	14.4	10.6	12.5	13.8	Fell short of target by 0.6
- Arrival	7.2	5.2	6.2	6.9	
- Departure	7.2	5.4	6.3	6.9	

*Source: MOA, 2006*

### **Key Policy Measures and Strategies:**

As a strategic support sector under the GPRS II, the following key activities were undertaken in 2006 under the key sub-sectors of road, rail, water and air transport.

### **Road Transport:**

Phase II of the Institutional Reform Study of the transportation sector which includes the development of institutions and organizations needed for the road sub-sector is on-going. Also the final report on the urban transport study has been submitted and expected to be used in the development of a policy framework for the proposed Ghana Urban Transport Project.

The Axle Load Policy was approved by Cabinet and the action plan to implement the policy has been prepared. In addition a draft technical specification for road and bridge works was prepared

to improve the construction of roads and bridges. A Committee of Experts has been constituted to study the recommendation for adoption.

A new Road Traffic Regulations prepared to operationalise the new Road Traffic Act 683, of 2004 has been submitted to Cabinet for approval.

In the trunk road sub-sector the highlights of progress in 2006 trunk include:

- routine maintenance on a total road length of 4,049.60 km as at the end of August 2006, representing 51.5% of physical achievement of the annual programme;
- periodic and minor rehabilitation of about 21% and 12%, respectively as at end of August, 2006;
- completion of the following trunk road projects which started between 2002 and 2003:
  - Abuakwa – Bibiani Road (80km)
  - Construction of 6 Bridges (Lot 2) Nayoko & Ngane
  - Kasoa – Winneba – Ankamu Road (41km)
  - Manso Amenfi– Asankragua (34km)
  - Wenchi – Sampa Phase 1 (30km)
  - Kpando – Dambai Phase 2 (38km of 50km)
  - Ofankor-Nsawam (17 km)
- \_ installation of 5 weighbridges at Tema port and 2 weighbridges at Takoradi port are ongoing. When completed, commercial vehicles plying the trunk roads will be weighed to ensure that overloaded vehicles do not leave the ports to damage the roads.
- Work commenced in 2006 on the following road projects:
  - Tetteh Quarshie - Madina □ Sogakope - Ho
  - Achimota – Ofankor □ Ho – Fume
  - Nsawam Bypass (Dualization) □ Wenchi - Sampa Anwiankwanta - Assin Praso (full rehabilitation)
  - Kadjebi - Dzindzinso
  - Bamboi – Tinga □ Akropong - Adankwame Ph. 1
  - Asankragwa – Enchi □ Kumasi - Barekese - Offinso
  - Pantang – Peduase (dualisation) □ Ashanti & Brong Ahafo Roads
  - Anyinam - Konongo Ph. II □ Mallam - Kasoa & Interchange

In feeder roads the highlights of progress include:

- routine maintenance on a total of 9,750 km (37%) feeder roads out of 26,580 km for the year;
- periodic maintenance activities on a total 1,342 km road network;
- spot improvement and rehabilitation works on total road lengths of 827 km and 350 km respectively; and
- 5 bridges under the AFD bridge programme were awarded on contract.

Currently the Department of Urban Roads (DUR) operates in 15 Metropolitan, Municipal and District Assembly areas. Highlights of progress in this sub-sector during the year include:

- routine maintenance activities on about 2,620 km of Urban Roads from January to September 2006.

- periodic maintenance involving mainly regravelling and drain construction on about 276 km of urban road network representing about 76% of the target.
- Some of the on-going major rehabilitation and reconstruction projects include;
  - Tema & Sekondi-Takoradi roads (completed as at March 2006)
  - Kwame Nkrumah Circle – Achimota road (86% as at September 2006)
  - Asafo Market – UTC Interchange (70% completed as at September 2006)

The Ghana Road Fund was set up by an Act of Parliament to provide adequate and substantial financial resource to ensure regular maintenance of Ghana's road network and road safety activities. The fuel levy is the major contributor to the fund, accounting for about 94% of total funds. The projected revenue for January–June 2006 was ₵602 billion while actual revenue realized from January-June 2006, is ₵526 billion, falling short of target by 12.6%. Some of the activities carried out by the Authority during the period under review include:

- integration of Information Technology Systems into the operations of the DVLA;
- completion of the installation of new vehicle testing equipment in Accra, Kumasi and Takoradi, including staff training to ensure efficient handling of these equipment;
- establishment of a branch office at Weija as part of a broader exercise of decongesting the Accra Office. In addition, the new office has been acquired as the national headquarters of DVLA; and
- the working procedures of the Authority has also been revised to make its operations more customer friendly.

In terms of road safety, the following activities were undertaken by the National Road Safety Commission (NRSC) during the year under review:

- publicity in 6 Ghanaian languages on over-speeding, wrongful overtaking, unsafe driving, unsafe vehicles, fatigue, drink driving, non-use of seat belts and crash helmets, on the major radio and TV stations in the country;
- production of a short road safety documentary specifically for public education;
- road safety education for school children to ensure a sustained reduction in child pedestrian accidents and casualties; and
- publication and distribution of over 20,000 copies of Road Safety materials to schools, libraries, institutions and the general public.

As part of Government's programme to improve mass transportation:

- the last batch of 150 of the 400 Yaxing buses from China were delivered during 2006 bringing their total bus fleet to 650; and
- contracts were signed for the importation of the following types of buses to improve service delivery;
  - 63 Jonckheere VDL Buses under Belgium Government concessionary financing
  - 90 Tata buses under India EXIM financing
  - 150 VDL DAF bus chassis under Dutch Government concessionary financing for bus construction at the Neoplan Manufacturing Plant in Kumasi.

The Metro Mass Transit expanded its operational area to include Ho, Wa and Bolgatanga during the year. With the extension of services to these three regional capitals, the Metro Mass Transit now operates in all the 10 regional capitals. The Government's policy on provision of free bus ride

to schools for children by MMT is on course with nearly 4,427,055 school children benefiting from the services over the period January – September 2006. Over the same period nearly 39,875,253 passengers had patronized the MMT.

### **Maritime Sector**

In the area of maritime transport the highlights of progress made in 2006 include:

- ceding of nearly 75% of stevedoring operations and 100% of shore handling of conventional cargo to the private sector as part of the wider policy of encouraging private sector participation in port operations as well as transforming the Ghana Ports and Harbours Authority (GPHA) into a Landlord Port Authority;
- the construction and commissioning a modern car terminal at the Port of Tema. GPHA is also developing a modern Container Terminal with the 1<sup>st</sup> Phase of the project at the Tema Port completed with the installation of state of the art equipment for faster and more efficient container handling to reduce ship turn around times. In addition, a modern container devanning terminal is under construction to receive all groupage containers and empty containers passing through the terminal;
- a truck park has been commissioned to handle all loaded transit trucks awaiting documentation before leaving the port. This has reduced the congestion in Tema Port created by these trucks. Closed Circuit Television Systems (CCTV) has also been installed at both Ports to ensure that users of the ports and their cargo are secured;
- the GPHA purchased two modern tug boats, the biggest in the sub-region. The tug boats named M/V Sakumo Lagoon and M/V Ankobra River were deployed to the Ports of Tema and Takoradi, respectively, to augment the marine equipment capacity of both Ports;
- weighbridges has been installed at both Tema and Takoradi ports to ensure compliance with axle load limitations, check fraud and support national efforts in improving safety on the road;
- the Ghana Maritime Authority (GMA) has been established and is operational. The Authority has prepared a draft Legislative Instrument (LI) on the construction, use and operation of commercial and pleasure boats on the inland waterways to regulate and improve safety; and
- rehabilitation of the Volta Lake Transport Company's (VLTC) "Uniflote" II Pontoon (Ferry A) under a serialized repair works was undertaken to enable VLTC continue the provision of transport services for communities along the Volta Lake.

### **Harbours and Railway**

Highlights of progress made in this sub sector in 2006 include:

- the delisting of the Ghana Railway Company Ltd (GRCL) from divesture to enable it pursue certain interventions to save the Company from total collapse;
- 82% completion of phase I of the Accra-Tema Rail rehabilitation project, and the GRCL is expecting the delivery of Diesel Multiple Unit Systems (DMUS) to operate the commuter services on the rehabilitated Accra - Tema line;
- technical and financial evaluation of tender documents for the commencement of feasibility study on the Tema - Akosombo Rail Line was conducted and the the feasibility studies for the extension of rail network to the north through to Burkina Faso is also in progress;
- Layout and configuration of commercial seaports in Tema is in progress. Dredging works at the port completed and new container terminal constructed.;



- Preparations for dredging other berths underway. Limited dredging completed in Takoradi;
- 563,586 of transit cargo traffic recorded at Tema and Takoradi ports;
- Maximum of 11.5 metres attained at Tema making it possible for larger containers to berth, which is expected to result in improved turn around time for vessels and reduced freight cost. Similar benefits are expected arise out of the dredging exercise at the Takoradi port;
- Landlord concept being implemented to encourage private sector investment in port services. Port services being ceded to private sector operators. GPHA to retain only 25% of stevedoring services;
- Annual traffic growth rate of 6% on the average recorded at Ghanaian ports, as compared to target of 3.2%;
- Measures have been undertaken to decongest the port of Tema and Takoradi; and
- Promotion of plans to establish inland port at Boankra in collaboration with Shippers Council.

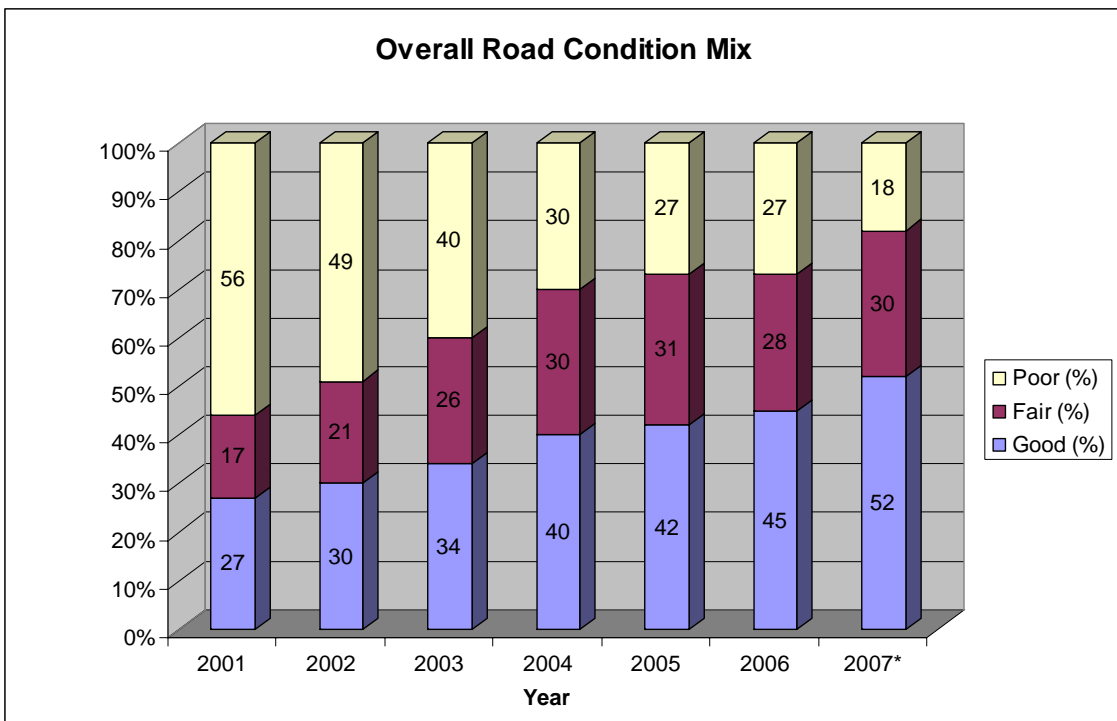
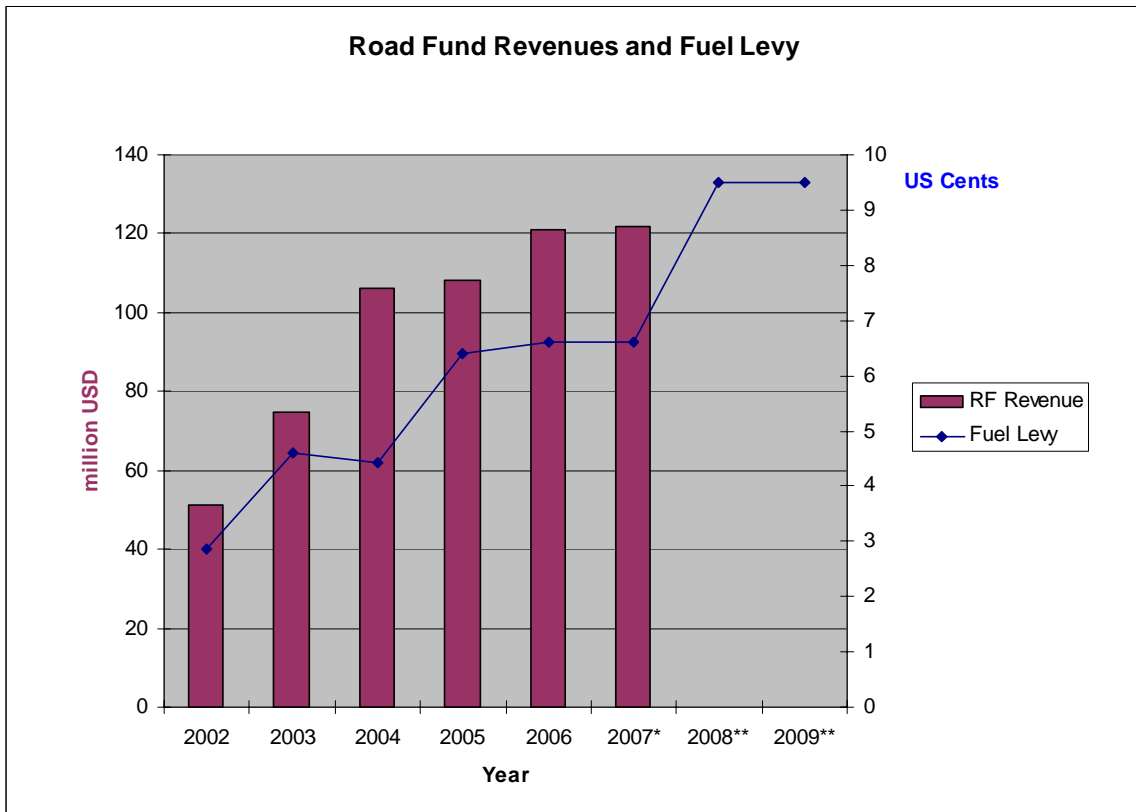
### **Air Transport Sector**

In the area of air transport the Kotoka International Airport (KIA) phase II rehabilitation project continued in 2006 with the completion of the additional works on the terminal building. These included provision of Flight Information Display Systems, Baggage Information Display Units, Closed Circuit Television (CCTV), Public Address System and Common User Terminal Equipment (CUTE), with the view of facilitating passenger handling in the departure and arrival halls. Also a Very Small Aperture Terminals (VSAT) were installed at vantage points to improve navigation, communication and surveillance in the Accra Flight Information Region (FIR).

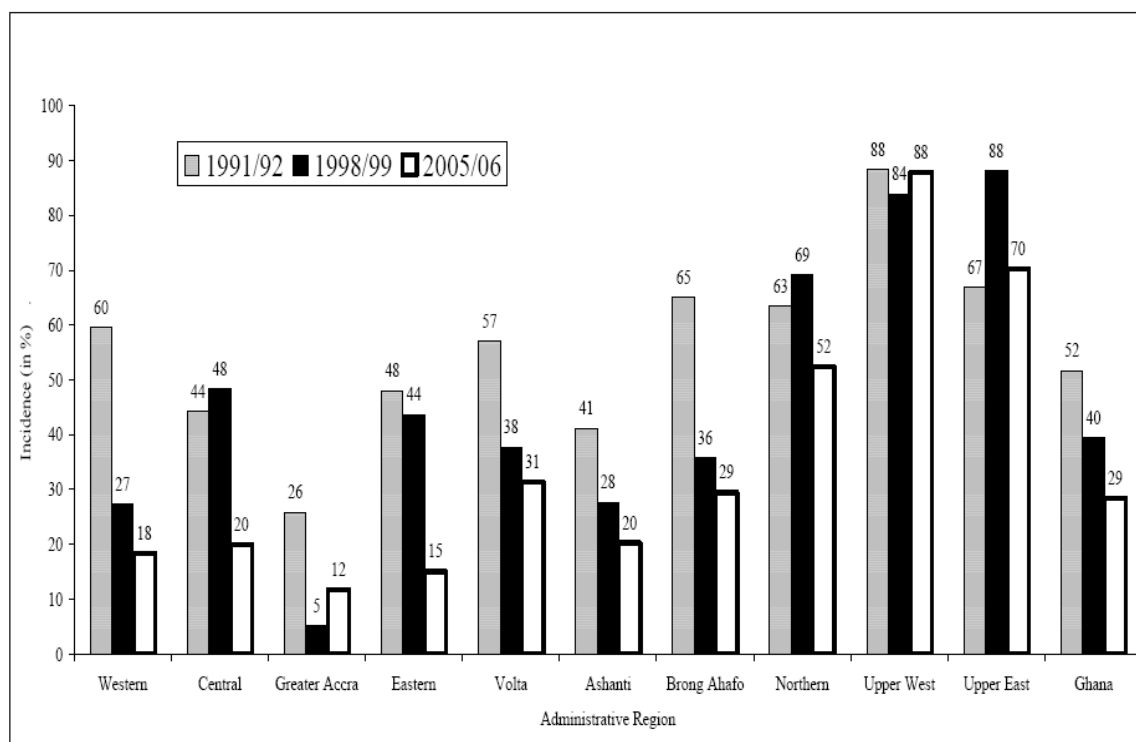
The GCAA the Civil Aviation Act of 2004 (Act 678) was passed by Parliament, decoupling the airport management from the GCAA. The decoupling is expected to give effect to an Airport Company that will be responsible for the planning, development, operations and maintenance of all airports in the country, while the new GCAA will handle safety regulations and air navigation services.

The policy of introducing competition in the ground handling activities at the KIA was continued in 2006. A second operator Aviation Handling Services was licensed to do both terminal and ramp handling services in 2006.

### Road Fund Revenues and Fuel levy



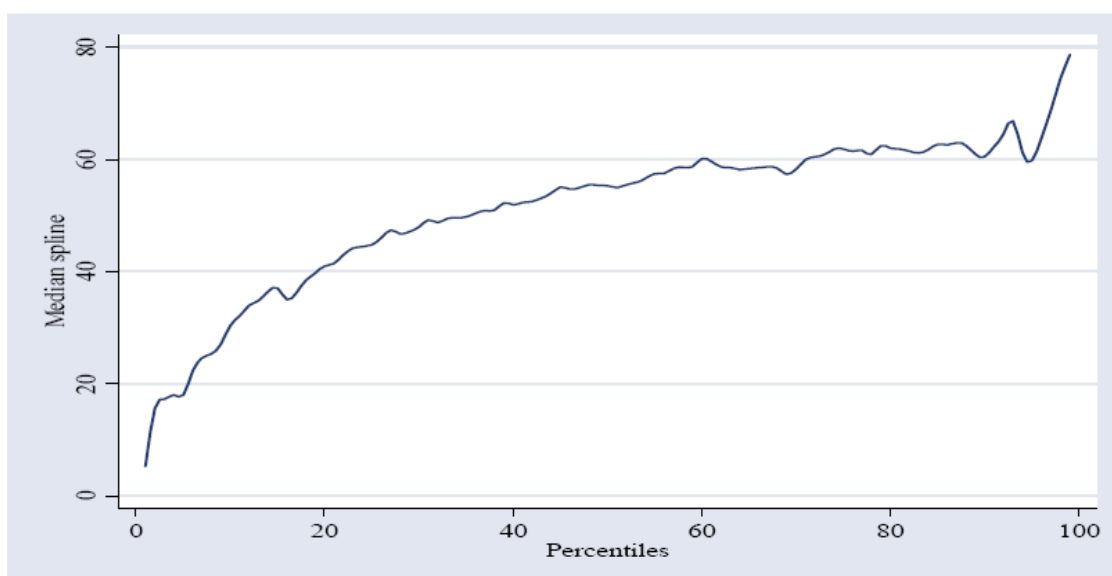
**Poverty incidence by administrative region in 1991/92, 1998/99 and 2005/06**



Source: Ghana Statistical Service, *Pattern and Trends of Poverty in Ghana 1991-2006*, April 2007

The survey also indicates that most of the poverty reduction has been concentrated in the Coastal region (both urban and rural), while the Northern Savannah region, which is already by far the poorest of the ecological zones, appears to have been left behind in the poverty reduction trend. Even though the poverty headcount index in the Northern Savannah region is smaller in 2006 than in 1998, the national trends in poverty results in an increasing share of the poor living in the rural savannah areas. While the rural savannah areas account for only 25% of the population in 2006, it accounted for just over 50% of the poor in Ghana.

### **Growth incidence curve at national level from 1991/92 to 2005/06**



*Source: Ghana Statistical Service, Pattern and Trends of Poverty in Ghana 1991-2006, April 2007*

The graph above displays the growth rates in consumption across percentiles of population classified according to their consumption level at the beginning of the period. It shows that, over the period from 1991/92 to 2005/06, the richer you were (horizontal axis, closer to percentile), the more you gained from growth in terms of consumption (vertical axis, closer to 80). Even though growth appears to have benefited to all groups, it indicates that there has been an increase in inequality as indicated by the Gini coefficient, which increased from 0.353 to 0.394 over those 15 years. If there had been no change in inequality, the reduction in poverty would have reached 27.5 points, so that Ghana would have achieved the MDG target of reducing poverty by half versus its level of 1990. This target has not yet been achieved because the increase in inequality led to an increase in poverty of 4.3 points.

This underlines that efforts still have to be done to reduce disparities in the country, mainly in direction to northern regions and food crop farmers, and promote a real pro-poor growth. Further analysis by Ghana Statistical Service (GSS) and National Development Planning Commission (NDPC) is being made to specify those findings.

## **Environmental Situation in Ghana**

### ***Country Environmental Profile / Country Environmental Assessment***

The Ghanaian economy is very reliant on the utilisation of the natural resources of the country. Approximately 15% of GDP comes from forestry, wildlife and mining sectors. These sectors account for approximately 25% of government revenues and 60% of foreign exchange. Over 70% of the population depends on natural resources for basic food, water and energy requirements.

It is deemed unlikely that Ghana can maintain recent growth rates of 6-7% per annum given the very high rates of natural resource and environmental depletion. Ecosystems and biodiversity of Ghana are highly sensitive to natural and anthropogenic changes due to their high complexity. The existing rate of destruction of biodiversity in Ghana will lead to further food insecurity, poverty in rural areas, erosion of genetic resources and inability of the nature to cope with natural and human made changes.

The Country Environmental Profile and the Country Environmental Assessment recommend:

- a) strengthening environmental governance. In rent-seeking sectors such as forestry and mining, more transparent and accountable management is required. Generally, better regulation and management, and less wasteful utilisation of natural resources is required. A review the regulations for the management of national parks and reserves is necessary;
- b) removing policy, regulatory, and institutional bottlenecks to reduce the vulnerability of the poor, through the use of cleaner and low-tech options in land resource management and urban environment;
- c) reinforcing coordination and dialogue at the highest level to mainstream the environmental and natural resources management. Consider creation of an environmental oversight mechanism. Increase the engagement of local communities in natural resource management;
- d) supporting the decentralization process by training at district and community level in land management, sustainable use of water, forest resources management.

The 2006 Ghana Natural Resources Management and Growth Sustainability ESW evaluated the economic costs (totalling USD 516 million) of lost productivity due to damage to five types of natural assets; agricultural land, forest and savannah woodlands, coastal fisheries and wetlands, wildlife and Lake Volta. There is also a significant economic cost of damage/effects on human health. In total NRE degradation is estimated to amount to a yearly cost of approximately 11% of GDP (in 2003).

### ***Forestry and Wildlife***

Forest and wildlife resources have traditionally contributed significantly to Ghana's economic development, formal and informal employment, livelihoods and export earnings. The forestry sector accounts for about 6 percent of Ghana's GDP and is the fourth largest foreign exchange earner. Domestically, the forestry sector provides about 120,000 of direct employment and tens of thousands of jobs in the informal sector.

Around half of Ghana's population lives in forest areas and forest resources support the livelihoods of approximately 70 percent of the rural population.

However, the forestry and wildlife sector in Ghana is presently in a state of crisis. During the last 100 years, Ghana has lost 80% of its forest cover (from 8m ha to 1.6 m ha) and the rate of deforestation have escalated in recent decades. If the current pace of deforestation and destruction of biodiversity is allowed to continue, the results will be devastating for the environment, the millions of Ghanaians whose livelihoods depend on forest resources as well as the economy as a whole. A 2006 World Bank report estimates the annual cost of current forest degradation to be around 3.5 percent of Ghana's GDP in addition to habitat loss and species extirpation.

The prevailing government policy is the 1994 Forest and Wildlife Policy, which recognizes the need to balance forest and wildlife resources between users, and to maintain a renewable and lasting flow of benefits. The policy remains broadly relevant today and is accompanied by a mix of old and new legislation. Although a comprehensive revision of the existing legal framework may be needed, the major problem remains lack of capacity to implement existing laws and policies. The inherent potential for rent-seeking behavior in the natural resource sector has resulted in a political economy where short-term profits and law avoidance predominate at the expense of sustainability, good governance principles and law enforcement. It has been estimated that approximately US\$300 million is lost each year due to a marked failure to curb forest resource over-exploitation.

In the wildlife sector, the state controls exploitation through licensing, but in practice it has not been able to effectively regulate at the local level. The biological diversity of the forest region is high, of global significance and rich to species endemic to the area. However, biodiversity is under pressure because of competition for land due to over-exploitation of natural resources (e.g. mining, forest and agriculture) that lead to loss of specific species, habitats and local climate changes. Non-timber forest products (NTFPs) are also extremely important but much of their value is not formally reported and remains inadequately integrated in policy analysis.

The potential of the timber industry has not been realized. Improved forest law enforcement, constrained supply of timber and changing international markets will require industry restructuring and downsizing in the near future. The 2007 CEA report estimates that the industry at present has an overcapacity of 4 to 6 times the sustainable yield and very low conversion rates in sawmills (only 36% on average, although the best firms achieve rates around 70 %). The formal industry is unable to meet the growing domestic demand for timber, accounting for about 50% of totally harvested timber, which is instead supplied by primarily illegal and inefficient sources. Inefficient mills are allowed to operate by avoiding or delaying payments of royalties and taxes as a consequence of the state's inability to capture forest rents and enforce law compliance. Estimates indicate that the primary processing would be value-subtracting if timber was priced at world market prices. The government's ambition to move from "extraction" to investments in "value-adding" and its plantation policies have so far proven ineffective.

One of the most promising initiatives for improving forest law enforcement and good governance in Ghana is the current negotiations on a Voluntary Partnership Agreement between Ghana and the EU under the EU FLEGT Action Plan. In December 2006, Ghana became the first country in the world to formally begin negotiations of a VPA with the EU. The VPA sets the framework for developing joint measures to combat

illegal logging from both the demand and the supply side, further long-term trade and improve transparency and governance in the forest sector. Ghana has presented an ambitious and comprehensive road map for the VPA negotiations with the following characteristics: a) inclusive and participatory stakeholder consultations; b) ambitious scope covering products for both export and domestic market; c) efforts aimed at restructuring and enhancing competitiveness of industry; d) strong governance reform agenda; and e) aspirations of using FLEGT licensing as a stepping stone towards SFM certification. Achieving these objectives will not be easy and will require strong and timely government commitment and leadership to counter the vested political and economic interests in the sector that favour status quo over reform.

The preparations for the VPA have been somewhat delayed compared to the initial timetable. However, this is partly explained by the extensive stakeholder consultations that the Government has embarked on involving both representatives from civil society and industry. Indeed, civil society judges the VPA negotiations as one of the most promising venues in decades for reforming the forest sector in Ghana and improving governance and law enforcement.<sup>13</sup> In the words of the 2007 CEA report “[t]he shift in international markets toward legal and sustainable timber (e.g. the current VPA proposal) therefore represents a major opportunity for the GoG to “clean up” the sector, secure long-term markets for Ghanaian forest products, and enable a well-regulated and competitive industry.” It is expected that a VPA will be concluded in July 2008.

### ***Mining***

Ghana continues to have an important geological potential and has recently adopted a new mining law. However, Ghana has missed some of the opportunity to significantly increase its revenues from royalties without affecting the competitiveness of the mining sector. Metal prices have risen greatly in the last two years. Gold prices more than doubled in the last three years. The concerns and needs of stakeholders involved in and affected by mining, especially artisan and small-scale mining and those related to land compensation and post closure restoration must be addressed.

### ***Land Resources***

Land is a key resource for Ghana’s wealth. Most of the rural households (which represent 63 % of the total population) directly depend on land resources for their livelihoods. Land contributes to the provision, maintenance, and regulation of critical ecosystem functions. Land is the key environmental asset of the country and includes forests, wildlife, wetlands, and water resources. In addition, land provides habitats for biodiverse species; supports nutrient cycling; contributes to the provisioning of food, fresh water, and wood; and helps regulate the climate and floods. For instance, the forest, savannah, wetland, and coastal ecosystems provide habitats for at least 2,975 plant, 728 bird, 225 mammal, and 221 reptile species. Ghana’s forests provide a significant contribution to carbon sequestration.

Land degradation in Ghana is increasingly affecting the country’s land resources. According to the results of the GLASOD (Global Assessment of Human Induced Soil Degradation) survey, about 69% of the land area in Ghana is affected by moderate to very severe soil degradation. The percentage of area affected by soil degradation in Ghana is well above the average for degraded land area in Sub-Saharan Africa (43 %),

---

<sup>13</sup> FERN (2006) *Forest Governance in Ghana: An NGO perspective*, produced by Forest Watch Ghana for FERN

and well above that for degraded land area in all Ghana's neighboring countries, excluding Togo.

It is estimated that app. 30 to 40 % of the total land area is estimated to be subject to desertification, i.e. land degradation in arid, semiarid and dry sub-humid areas. Furthermore, about 72 % of the whole land area of the country is considered vulnerable to desertification (about 16 % highly or very highly).

The National Action Programme to Combat Drought and Desertification reports that the land area prone to desertification has almost doubled in the last decades. Furthermore, pressure on land resources is likely to increase in the next few decades from population growth and growth in food demand (90 % of the food needs of the country depend on the agricultural sector).

Despite the scope of land degradation agricultural production has actually increased. This is largely due to an extension of cultivated land, and only to a limited degree from increases in productivity through improved technologies (improved seeds and fertilizer).

Land degradation and sustainable land management elements continue to be only marginally integrated into the key development and sector policies, strategies and action plans. The existing regulatory framework is characterized by a plurality of land tenure and land management systems (i.e. statutory and customary) and by a multitude of laws and regulations, often outdated or in contradiction with each other. In addition, the existing incentive framework - characterized by weak tenure security, inadequate access to credit, inappropriate pricing of resources, and poorly functioning markets - does not provide the adequate incentives to farmers for long-term investments in land management.

As part of measures to enhance land registration services in the country, eight (8) Land Regis-tries are being established under the Land Administration Project (LAP), one in each region in addition to those that already exist in Accra and Kumasi.

The Millennium Development Authority (MiDA), which is responsible for implementing and managing the Millennium Challenge Account (MCA) Ghana Programme, and the Ministry of Lands, Forestry and Mines are facilitating registration of land rights in rural communities and farmers' access to land. MiDa will also assist the Land Title Registry to enable prospective proprietors to be placed in the Land Title Register and issue land title Certificates to them.

Stakeholders have called on government to address the issue of land ownership for women.

### ***Sanitation and Solid Waste Management***

Access rates to sanitation facilities continue to be quite low. Estimates suggest that 30 % of the population in the largest cities have access to household latrines, and 30% use institutional toilets. In some poor communities less than 10% of households have latrines. Moreover, the quality of sanitation facilities in urban areas remains far from satisfactory. At the household level, poor hygienic practices by individuals and communities are compounded by weak hygiene education. Vector-borne diseases such as malaria and bilharzia are rife due to the virtual absence of vector control programs for pests and disease. Partly as a result, more than half of all reported diseases are related to poor environmental sanitation and the attendant social and economic costs.



Solid waste management remains critical. 91% of the population faced unsafe methods of solid waste disposal. Less than a third of the daily refuse generated is correctly disposed of, and the rest is abandoned to pollute the environment.

Existing disposal sites and landfills are poorly managed; some leaking polluted water into the surroundings and becoming a breeding ground for mosquitoes, parasites, and the like.

## **EU – GHANA Interim Economic Partnership Agreement**

### **GENERAL.**

The European Commission and the Government of Ghana have on 13 December 2007 initiated an Interim Economic Partnership Agreement containing, in particular, a market access scheme that is compatible with WTO rules and totally in line with the Ghanaian development objectives.

Ghana's market access offer foresees 80% liberalization over 15 years and the remaining 20% are not to be liberalized or not before less than 25 years following Ghana's decision. The 20% covers agriculture and agro-processing products, infant industries products, high fiscal revenue products and luxury goods. Products that will be liberalized first include products linked to poverty alleviation and Ghana's development goals (drugs, medicines, educational material,...).

### **I. INTRODUCTION**

With the expiry of the Cotonou trade regime and the WTO waiver which covered it on 31 December 2007, an important milestone in trade relations between the EU and the ACP countries has passed. The EU has minimised any trade disruption for the ACP while maintaining progress to comprehensive regional Economic Partnership Agreements.

### **2. OVERALL STATE OF PLAY**

There is a comprehensive EPA agreed between the EU and the Caribbean region and a series of interim agreements based on new - WTO compatible - goods trade arrangements. All the interim agreements – including the ones with Ivory Coast and Ghana - are explicitly drafted to provide the basis for subsequent comprehensive regional EPA agreements.

The non-Least Developing Countries (non-LDCs) (Ivory Coast and Ghana for West Africa) avoided serious trade disruption by signing Interim Agreements that are limited to trade in goods. Without the Interim Agreements the non-LDCs would have fallen back per 01/01/2008 – ending of the WTO waiver – on the Regime of the Generalized System of Preferences (GSP). This would have meant imposition of increasing duties on key export products that under ACP Preferential System were zero-rated. This would have caused for these countries loss of export markets, financial losses and serious loss of employments.

In West Africa Nigeria – the other non-LDC country – is still discussing an Interim Agreement, whilst Cape Verde upgrading from LDC to non-LDC status was attributed a moratorium that will secure duty and quota relief for the coming three years.

As a result, from 1 January 2008, the overwhelming majority of ACP goods enter EU markets with either improved market access (in the case of Interim EPA signed) or continued duty and quota free access under the EU's "Everything but Arms Initiative".

Expressed in figures, this means over 99.5% of ACP trade is free of any EU tariffs and 67 ACP countries have full duty and quota free access to EU markets. 35 of these also benefit from improved (more favorable in sectors like fish and textiles) Rules of Origin enshrined in the signed Interim EPAs.

There is a small group of remaining beneficiaries of the Cotonou trade regime which are not classified as Least Developed Countries (non-LDCs) and that did not sign an Interim EPA with the EU, which include 7 Pacific small island countries. As these countries have minimal exports to the EU, there was less pressure for a new goods trade regime immediately from 1 January 2008 and they are more interested in concluding a services-based regional EPA.

This leaves only three ACP countries where the introduction of GSP tariffs on some exports has the potential to cause any degree of trade disruption. These are Nigeria, Congo (Brazzaville) and Gabon.

Finally, there is South Africa who is negotiating with the SADC EPA regional grouping but already have a WTO-compatible free trade agreement with the EU.

#### **Result of negotiations at end 2007:**

Interim EPAs (9 LDCs, 26 non-LDCs),

Everything But Arms (EBA) (32 LDCs),

Generalized System of Preference (GSP) (10 non-LDCs)

#### **Caribbean**

Antigua & Barb, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St Kitts & Nevis, St Lucia, St Vinc. & Gren., Surinam, Trinidad & Tobago.

#### **Central Africa**

Interim EPA: Cameroon

EBA: Central African Republic, DR Congo (Kinshasa), Chad, Equatorial Guinea, Sao Tome.

GSP: Republic of Congo (Brazzaville).

#### **Eastern/Southern Africa**

Interim EPA: EAC: Burundi, Kenya, Rwanda, Tanzania, Uganda.

ESA: Comores, Madagascar, Mauritius, Seychelles, Zimbabwe.

EBA: Djibouti, Eritrea, Ethiopia, Malawi, Somalia, Sudan, Zambia..

#### **Pacific**

Interim EPA: Papua New Guinea, Fiji.

EBA: East Timor, Kiribati, Samoa, Solomon Islands, Tuvalu, Vanuatu.

GSP: Cook Islands, Tonga, Marshall Islands, Niue, Micronesia, Palau, Nauru.

#### **West Africa**

Interim EPA: Cote d'Ivoire, Ghana.

EBA: Benin, Burkina Faso, Cape Verde, Gambia, Guinea, Guinea Bissau, Liberia, Mali, Mauritania, Niger, Senegal, Sierra Leone.

GSP: Nigeria.

**SADC**

Interim EPA: Botswana, Lesotho, Namibia, Mozambique, Swaziland.

EBA: Angola.

**3. COVERAGE OF THE AGREEMENTS**

All the agreements have full duty and quota free market access on the EU side and a flexible, asymmetric, liberalization schedule on the ACP side. They are fully compatible with the requirements of Article XXIV of GATT while using all the inbuilt flexibility of WTO rules to protect sensitive and growing ACP industries. As all the agreements include immediate liberalization on the EU side, any decision to liberalize more than 80% of trade volume and tariff lines over 15 years was made by the ACP themselves. On top of that the EPA Rules of Origin are greatly improved over Cotonou. These improvements offer the ACP the potential for important and positive development impacts in areas such as textiles, fisheries and agriculture, while continuing to avoid the possibility of trade circumvention.

Another important improvement is the abolition of quantitative restrictions to the export towards the EU. Particularly, quota's on bananas and –after 2010 – sugar export are dismantled with important potential impacts on many African economies.

The non-goods market access provisions of the agreement vary from a comprehensive regional EPA in the Caribbean including all issues on trade in services, rules and development cooperation to interim agreements including partial coverage of these issues and rendezvous clauses for concluding full EPAs.

**4. OVERVIEW OF THE CONTENT OF THE INTERIM EPA WITH GHANA**

- Trade in goods
- Rendez-vous clause for Rules of Origin
- Safeguards
- Customs and Trade Facilitation
- Tariff Barriers to Trade (TBT) and Sanitary and Phytosanitary rules (SPS)
- Dispute Settlement
- EPA Committee
- Development Cooperation
- Rendez-vous clause for other subjects

**5. Schema of Ghana's liberalization:**

Ghana will liberalize 80% of its trade with the EC over a period of 15 years, whilst 20% of goods will be excluded from the liberalization (or liberalized after 25 years, partially or totally, if Ghana decides so).

The 20% of goods on the Exclusion List are agricultural and industrial products that we consider to be sensitive on account of factors such rural development, food security, livelihood security, infant industry protection and revenue generation.

For these products, should Ghana decide to liberalize any of them in future, it would be based on its own developmental objectives.

Ghana's calendar of liberalization will be based on its current tariff structure of 0%, 5%, 10% and 20%.

For the purposes of liberalization, tariffs have been grouped into four categories, that is A, B, C and D.

**Group A** (with 0% to 5% tariffs) comprises a large part of products for poverty alleviation, health and education. Ghana will not undertake any tariff liberalization in the first 4 years, since most of these are already zero-rated. The 5% duty rate in this category will be eliminated in the 5th year. So, in effect, the first 4 years will be a moratorium period during which import-competing industries could be assisted to build capacity to compete.

Group A represents (26.82)% in value and (21.90)% in tariff lines.

Products in **Group B** include mainly raw materials, inputs and capital equipment for industry (typically cars, trucks, tractors, ships,...). Liberalization will begin on 1st January, 2013 to be concluded by 31st December, 2017, with positive impacts on local industry's competitiveness and on consumer price level.

Group B represents (35.42)% in value and (50.91)% in tariff lines.

Products in **Group C** include goods with high fiscal revenue value. Their liberalization will start on 1st January, 2018 to be completed by 31st December, 2022, which will allow enough time to prepare any necessary fiscal adjustment of the fiscal base and/or net fiscal compensation by the EU.

Group C represents (18.23%) in value and (7.20)% in tariff lines.

Finally, as already indicated, the products of **Group D** will be excluded from the liberalization. Any of these products may only be liberalized if Ghana considers it to be in the interest of its development objectives.

Group D represents (19.52)% in value and (19.99)% in tariff lines.

## 7. NEXT STEPS

Much has been achieved the Commission will continue to work actively to conclude full regional EPAs as the best way to support the progressive integration of the ACP into the international economy, and to make sure that the unparalleled EU market access and support for regional integration through EPAs brings real trade growth and broad-based economic development in the ACP.

In this framework the EU will work towards:

- Turning sub-regional and multi-country interim agreements into genuine regional EPAs bringing in all countries, non-LDCs and LDCs alike;
- Building up the emerging EPAs to form comprehensive agreements with the greatest possible coverage on issues like services and rules. This will build on existing ACP regional integration agendas and, in a number of cases, is already

foreseen as an ongoing process with commitments taken after a period of capacity building;

- Following up on EU commitments on Aid for Trade by concluding the 10<sup>th</sup> EDF regional programmes and delivering on EU commitments in this area as set out in the EU Aid for Trade strategy.

**Annex 8****Migration**

Migration is receiving increasing attention in the ongoing policy dialogue and development cooperation between the EU Member States and Ghana.

In June a delegation from the EU visited Ghana to strengthen the dialogue on migration issues following the European Council Conclusions of December 2006 on the EU's Global Approach to Migration and building on the migration conferences in Rabat and Tripoli. This mission resulted in a Joint Ghana EU Memorandum on migration matters.

The dialogue, conducted in a spirit of partnership, covered mainly the following points:

- Ghana and the EU are both committed to taking a holistic approach to addressing migration and looking at the entire migration cycle. It is recognised that Ghana is a country of origin, transit and destination and that the regional dimension of migration including refugee flows is significant. Legal migration plays an important role in the Ghanaian economy and society and the links between migration and development are increasingly important. Illegal immigration, as well as human trafficking, is a source of concern and needs to be addressed through a range of measures, including effective international cooperation and capacity building, with an emphasis on training,
- Ghana believes that legal and managed access to the labour markets of EU Member States could make a significant contribution to Ghana's economic development
- Ghana and the EU agreed that co-operation on combating illegal immigration should be strengthened. Efforts should be made to build capacity of the Ghana Immigration Service and other relevant agencies, including those involved in border control and countering document fraud.
- Ghana has established a Migration Information Bureau that aims to inform people of the risks of illegal immigration and possibilities for legal migration.
- Education and vocational training are essential in providing alternatives to illegal immigration and grassroot organisations should be involved in these areas. This would contribute to reducing repeat migration.
- The need to maximise the impacts of migration on development and minimise the negative aspects was underlined. Further discussion between Ghana and the EU on migration and development would be useful, in particular in the field of brain drain, remittances and engagement with the diaspora. Reliable and up to date data and statistics are vital in developing effective migration and development policies and further cooperation should be encouraged. Relevant migration issues should be integrated into development strategies. In this respect Ghana intends to mainstream migration into the third Ghana Poverty Reduction Strategy (GPRSIII).
- More systematic and regular dialogue between Ghana and the EU across a range of migration and development issues was agreed as a good way forward in view of identifying practical measures of cooperation, information exchange and advice on migration policy.

Against this background it is intended to give appropriate follow-up to this mission in 2008 by applying the recently adopted EU guidelines.

In a further attempt to devote more attention to migration, a coordinating body inside the Ministry of Interior has been created in 2007 to bring together different government

actors dealing with migration and a Migration Research Centre at the Ghana University Institute for African Studies has equally been inaugurated in 2007.

Collaboration and exchange of information between donors and these institutions has become increasingly intense in 2007 and has translated into the launching of several migration and development projects, such as the ones financed by the European Commission summarised under 3.6.3. Especially in the framework of the Aeneas project aiming at combating document fraud, the collaboration between EU Member States and the Ghanaian authorities has seen a clear reinforcement in the course of 2007.



**Annex 9**

**Status of indicators in the education sector 2004-2006**

## Status of indicators in the education sector 2004-2006

<b>POLICY OBJECTIVE</b>	<b>INDICATOR</b>	<b>Target in 2006</b>	<b>Indicator Level at 2004</b>	<b>Indicator Level at 2005</b>	<b>Indicator Level at 2006</b>	<b>Progress towards target</b>
<b>Increase access to and participation in education and training.</b>	<b>Gross Enrolment Ratio:</b>					
	- Kindergarten	64.5%	54.58%	60.14%	75.20%	Exceeded
	- Primary	90.90%	86.3%	87.50%	92.10%	Exceeded
	- JSS	75.63%	70.20%	72.80%	74.70%	Steady progress
	<b>Net Enrolment Rate:</b>					
	- Kindergarten					
	- Primary	61.70	55.60%	59.10%	68.80%	Exceeded
	- JSS	Na	29.50%	70.30%	74.50%	Significant progress
<b>Bridge Gender in access to education</b>	<b>Gender Parity Index:</b>					
	- Kindergarten	1.00	0.98	0.98	1.03	Steady progress
	- Primary	1.00	0.93	0.93	0.95	Steady progress
	- JSS	0.94	0.88	0.88	0.93	Steady progress
<b>Improve the quality of education</b>	<b>Proportion of students passing national assessment Examinations (BECE)</b>	60%	61.30%		62%	Target exceeded
	<b>Percentage of trained teachers:</b>					
	- Kindergarten	37.40%	37.90%	32.70%	33.10%	Steady Progress
	- Primary	77.70%	73.90%	72.40%	70.80%	Target not achieved
- JSS	87.10%	84.20%	83.50%	85.50%	Steady progress	
<b>Implement skills and entrepreneurial training for the unemployed youth</b>	Proportion of the youth benefiting from skills/entrepreneurial training.	45%	Na	Na	Na	

## Status of indicators in the health sector 2004-2006

<b>POLICY OBJECTIVE</b>	<b>INDICATOR</b>	<b>Target in 2006</b>	<b>Indicator Level at 2004</b>	<b>Indicator Level at 2005</b>	<b>Indicator Level at 2006</b>	<b>Progress towards target</b>
<b>Increase access to healthcare and nutritional services</b>	Outpatient per capita	0.6	0.52	0.54	0.52	Target not achieved
	<u>Vaccination coverage</u>					
	-Penta	90.0%	72.9%	85%	84%	Target not achieved
	-Measles	90.0%	78%	81%	79%	Target not achieved
	Supervised deliveries	60%	37.8%	40.3%	44.5%	Steady progress
	Incidence of guinea Worm	2000	7275	3981	4136	Target not achieved
<b>Improve quality of health services</b>	Population: doctor ratio	1: 10,500	1: 17,773	1: 16,000	1: 10,380	Significant progress
	Population: nurse ratio	1:1,500	1: 1,513	1: 1,800	1:1,578	Steady progress
	Health expenditure as percentage of GDP	***	12.0%	16.8%	***	
<b>Ensure financial arrangement that protect the poor</b>	NHIS coverage of indigents	Na		79,008 (2.0%)	140,994(1.8%)	
<b>Reduce new HIV infections</b>	HIV prevalence among pregnant women					
	National			2.7%	3.2%	
	15-19			0.8%	1.4%	
	20-24			2.4%	2.4%	
	25-29			3.6%	4.2%	
<b>Prevent and control Malaria</b>	Malaria case fatality in children under five years.	2	2.7	2.4	2.1	Steady Progress
	<u>ITN coverage of at risk groups</u>					
	-Children under five	56	9.1	26	32.3	Target not achieved
	-Pregnant women	56	7.8	26.8	46.3	Significant progress

**Annex 10****Results of Ghana Development Partners Survey**

- 1. Development Partners - Sector Group vs. GPRSII Alignment vs. Aid Modality**
- 2. Ghana Partnership Strategy – Aid Harmonisation and Effectiveness Targets**
- 3. Development Partners Resources - Overview and perspectives**

Sector Group	GPRS II Focus Area	Aid Modalities					
		PA	SBS	BF	SP-F	SP+F	GBS
1. PSD/Trade	I-1. Private Sector Development	10		4			1
	I-5. Promoting Trade And Industrial Development	7		1	1		
	III-13 International Trade Management	2					1
	III-14 Good Corporate Governance	2		1	1		
	I-9 Developing Information And Communication Technology (ICT)	4			1		
	I-10 Developing The Tourism Sector For Revenue And Employment Generation	2					
2. Energy	I-7 Energy Supply To Support Industry and Households	7	1	1	1		
3. Transport	I-6 Transport Infrastructure: Road, Rail, Water and Air Transport	8	1				
4. Agriculture	I-2 Modernized Agriculture	9	4	1	1		
	I-3 Modernized Fishing Methods And Developed Aquaculture	2	1				
5. Environment and Natural Resources Management	I-4 Restoration Of Degraded Environment And Natural Resource Management	5	4				
	I-15 Environment Related Factors In Vulnerability And Exclusion						
6. Education	II-1 Education	5	1			1	1
	II-2 Skills And Manpower Development	2					
	I-8 Science And Technology To Support Productivity And Development	2			1		
7. Health	II-4 Health	6	3	2			
	II-5 Health related vulnerability and Exclusion	4	1				
	II-6 Malaria Control	4	1	1			
8. HIV/AIDS	II-7 HIV/Aids	5	1	3			
9. Water	II-9 Water And Environmental Sanitation	7	2	2			
10. Social Protection	I-12 Employment Generation And Improvement And Expansion Of Safety Nets	3	1				
		PA	SBS	BF	SP-F	SP+F	GBS
	II-10 <i>Urban Development, Housing And Slum Upgrading</i>	1					
11. Decentralization	III-2 Enhancing Decentralization	6	6				1
12. Public Sector Reform	III-6 Public Policy Management And Public Sector Reforms	3	1	4			1

	III-12	Monetary Policy Management	1					1
<b>13. Public Finance Management</b>	III-11	Fiscal Policy Management	5		1			
<b>14. Gender Equality/Vulnerability</b>	III-8	Women Empowerment - <i>Gender-Related Experiences In Vulnerability and Exclusion (Access To Rights And Entitlements)</i>	10					
	I-13	Employment Related Vulnerability and Exclusion	1	1				
	I-14	Life Cycle Related Vulnerability And Exclusion	3					
<b>15. Good Governance</b>	III-1	Strengthening Practice Of Democracy	5					
	III-3	Protecting Rights Under Rule Of Law	5					
	III-4	Improved Access To Rights And Entitlements	4					
	III-5	Public Safety And Security	5			1		
	III-7	Fighting Corruption and Economic Crimes	1			1		
	III-10	Promoting Civic Responsibility	4		3			
<b>16. Monitoring &amp; Evaluation</b>	III-15	Promoting An Evidence-Based Decision Making	5		1			
<b>17. Harmonisation &amp; Aid Effectiveness</b>								
<b>18. Multi-Donor Budget Support (MDBS)</b>	III-9	Enhancing Development Communication	1					
<i>No specific sector group/unsure</i>	I-11	<i>The Music Industry For Growth And Job Creation</i>						
	II-3	<i>Sports Development</i>						
	II-8	<i>Population Management</i>	3			1		
<b>Total:</b>			159	29	25	9	1	6
<b>Total (%):</b>			70%	12%	11%	4%	0,4%	2,6%

## Ghana Partnership Strategy Aid Harmonisation and Effectiveness Targets

Pillar	Indicator	Assessment Criteria	2004 Baseline	2010 Target
<b>Ownership</b>	(1) Countries have operational development strategies	<ul style="list-style-type: none"> <li>• Coherent long-term vision</li> <li>• Medium term strategy derived from vision</li> <li>• Country specific development targets</li> <li>• Holistic, balanced, well-sequenced strategy</li> <li>• Capacity and resources for implementation</li> </ul>	<b>Global:</b> 9% rated A or B  <b>Ghana:</b> C	<b>Global:</b> 75% rated A or B  <b>Ghana:</b> B
<b>Alignment</b>	(2a) Reliable Country Public Financial Management Systems	<ul style="list-style-type: none"> <li>• A comprehensive and credible budget linked to policy priorities</li> <li>• Effective financial management systems of budget expenditure and budget revenues</li> <li>• Timely and accurate fiscal reporting</li> <li>• Clear, balanced assignment of expenditures and revenues to each level of govt</li> </ul>	<b>Global:</b> na  <b>Ghana:</b> 3.5	<b>Global:</b> ½ of countries move up at least one measure (0.5 points) on the PFM scale  <b>Ghana:</b> 4.5
	(2b) Reliable Country Public Procurement Systems	<ul style="list-style-type: none"> <li>• Legislative and regulatory framework</li> <li>• Institutional framework &amp; management capacity</li> <li>• Procurement operations and market practice</li> <li>• Transparency &amp; integrity of public procurement systems</li> </ul>	<b>Global:</b> na  <b>Ghana:</b> C	<b>Global:</b> ⅓ of partner countries move up one measure (eg D to C, etc.) on the scale  <b>Ghana:</b> B
	(3) Aid flows are aligned on national priorities	<ul style="list-style-type: none"> <li>• Numerator: aid flows to the government sector reported on government's budget</li> <li>• Denominator: aid flows to the government sector scheduled for the fiscal year</li> </ul>	<b>Global:</b> 90%  <b>Ghana:</b> ??	<b>Global:</b> halve the gap not on budget (minimum target of 85%)  <b>Ghana:</b> 95%
	(4) Strengthen capacity by coordinated support	<ul style="list-style-type: none"> <li>• Numerator: volume of technical cooperation (TC) provided through coordinated programmes in support of capacity devt</li> <li>• Denominator: total volume of TC provided at country level</li> </ul>	<b>Global:</b> 27%  <b>Ghana:</b> 14% (7 responses)	<b>Global:</b> 50% of TC flows are through coordinated programmes  <b>Ghana:</b> 50%
	(5a) Use of country PFM systems (% of aid flows)	<ul style="list-style-type: none"> <li>• Numerator: aid flows that use country PFM systems</li> <li>• Denominator: total aid flows to govt sector</li> </ul>	<b>Global:</b> not available  <b>Ghana:</b> 59% (7 responses)	<b>Global:</b> depends on country rating  <b>Ghana:</b> 75%

## Ghana Partnership Strategy

### Aid Harmonisation and Effectiveness Targets

Pillar	Indicator	Assessment Criteria	2004 Baseline	2010 Target
	(5a) Use of country PFM systems (% of donors)	<ul style="list-style-type: none"> <li>Numerator: number of donors that use country PFM systems</li> <li>Denominator: total number of donors in a country</li> </ul>	<b>Global:</b> not available  <b>Ghana:</b> 100% (7 responses)	<b>Global:</b> depends on country rating  <b>Ghana:</b> 90%
	(5b) Use of country procurement systems (% of aid flows)	<ul style="list-style-type: none"> <li>Numerator: aid flows that use country procurement systems (CPS)</li> <li>Denominator: total aid flows to govt sector</li> </ul>	<b>Global:</b> not available  <b>Ghana:</b> 27% (5 responses)	<b>Global:</b> depends on country rating  <b>Ghana:</b> 50%
	(5b) Use of country procurement systems (% of donors)	<ul style="list-style-type: none"> <li>Numerator: number of donors that use country procurement systems</li> <li>Denominator: total number of donors in a country</li> </ul>	<b>Global:</b> not available  <b>Ghana:</b> 100% (5 responses)	<b>Global:</b> depends on country rating  <b>Ghana:</b> 90%
	(6) Avoid parallel implementation structures	Number of parallel project implementation units (PPIUs)	<b>Global:</b> 1652 PPIUs in 34 countries  <b>Ghana:</b> 21 (8 responses)	<b>Global:</b> Reduce stock of PPIUs by two thirds  <b>Ghana:</b> 7 (to confirm based on exit strategies)
	(7) Aid is more predictable	<ul style="list-style-type: none"> <li>Numerator: aid flows disbursed within the fiscal year for which scheduled</li> <li>Denominator: aid flows scheduled for the fiscal year</li> </ul>	<b>Global:</b> 80% (2001-4 average)  <b>Ghana:</b> 62% (2002)	<b>Global:</b> Halve the gap  <b>Ghana:</b> 90%
	(8) Aid is untied	Numerator: Untied bilateral ODA commitments. Denominator: Total bilateral ODA commitments.	<b>Global:</b> 41% of reported aid was untied  <b>Ghana:</b> not available	<b>Global:</b> Progress over time  <b>Ghana:</b> TBD
<b>Harmonisation</b>	(9) Use of common arrangements or procedures	<ul style="list-style-type: none"> <li>Numerator: volume of aid released as programme-based approach (PBA)</li> <li>Denominator: total aid flows</li> </ul>	<b>Global:</b> 43%  <b>Ghana:</b> 50% (14 responses)	<b>Global:</b> 66% of aid flows are within PBAs  <b>Ghana:</b> 75%



## Ghana Partnership Strategy

### Aid Harmonisation and Effectiveness Targets

Pillar	Indicator	Assessment Criteria	2004 Baseline	2010 Target
	(10a) Joint missions	<ul style="list-style-type: none"> <li>Numerator: number of donor missions to field by 2 or more donors or by 1 donor on behalf of other donor(s)</li> <li>Denominator: total number of donor missions to the field</li> </ul>	<b>Global:</b> 15% of missions are joint  <b>Ghana:</b> 14% (8 responses)	<b>Global:</b> 40% of missions are joint  <b>Ghana:</b> 40%
	(10b) Joint country analytic work	<ul style="list-style-type: none"> <li>Numerator: number of country analytic reports undertaken by 2 or more donors jointly or by 1 donor on behalf of other donor(s)</li> <li>Denominator: total number of country analytic reports</li> </ul>	<b>Global:</b> 30% (34 country sample)  <b>Ghana:</b> no baseline available	<b>Global:</b> 66% of country analytic work is joint  <b>Ghana:</b> TBD
<b>Managing for Results</b>	(11) Results-oriented frameworks	<ul style="list-style-type: none"> <li>Quality of development information</li> <li>Stakeholder access to development information</li> <li>Coordinated country level monitoring &amp; evaluation</li> </ul>	<b>Global:</b> 4% rated A or B  <b>Ghana:</b> C	<b>Global:</b> halve the gap (52% rated A or B)  <b>Ghana:</b> B
<b>Mutual Accountability</b>	(12) Mutual Accountability	<ul style="list-style-type: none"> <li>Numerator: number of countries that undertake mutual assessments of commitments and development partnerships</li> <li>Denominator: total number of countries</li> </ul>	<b>Global:</b> 9% (34 country sample)  <b>Ghana:</b> no MA	<b>Global:</b> 100% have mutual assessment reviews  <b>Ghana:</b> annual MA



Overview and perspectives of DP's involvement

Focus Area Number	GPRS II Focus Area categories	Total no. of DPs (Present)	Total no. of DPs (future)	2008		2011		2010		sept-07		no		no		Present		Future		Present		Future		Present		Future		
				ADB	Canada	Denmark	European Commission	FAO	France	Germany	Global Fund	IFAD	ILO	IMF	ICM	Italy												
	Next review of the programmin																											
	General Budget Support			yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes		
	Aid modalities: present and futur			Present	Future	Present	Future	Present	Future	Present	Future	Present	Future	Present	Future	Present	Future	Present	Future	Present	Future	Present	Future	Present	Future	Present	Future	
	Active in x Focus Areas			18	15	5	8	14	14	9	14	3	3	16	11	11	4			5	5							
	<b>Pillar 3: Good Governance and Civic Responsibility</b>																											
III-1	Strengthening Practice of Democracy (14)	6	5 (+2?)					PA	PA		PA			PA	?	PA	?			PA	PA							
	Future aid modality achieved by														2008													
III-2	Enhancing Decentralization (10)	11	10	PA	SBS/PA	SBS	BF	SBS	PA	SBS				PA	PA/SBS	PA	PA/SBS			PA	PA							
	Future aid modality achieved by														2009													
III-3	Protecting Rights Under Rule of Law (9,13, 14)	8	5 (+2?)	A-F				PA	PA	PA	PA			PA	?	PA	?											
	Future aid modality achieved by														2008													
III-4	Improved Access to Rights and Entitlements (9, 13, 14)	7	4	A-F				PA	PA					PA	Exit	PA	Exit											
	Future aid modality achieved by														2009													
III-5	Public Safety and Security (14)	5	6	A-F	A-F									PA	PA	PA	PA											
	Future aid modality achieved by														2007													
III-6	Public Policy Management And Public Sector Reforms (11, 12)	8	8(+1?)	GBS	GBS	PA	PA/BF			PA	BF/GBS																	
	Future aid modality achieved by														2008													
III-7	Fighting Corruption and Economic Crimes (14)	6	2 (+2?)	A-F	A-F			PA	PA					PA	?	PA	?											
	Future aid modality achieved by														2008													
III-8	Women Empowerment - Gender-Related Experiences in Vulnerability & Exclusion (Access To Rights & Entitlements), (13)	10	10 (+2?)		PA		PA	PA	PA					PA	?	PA	?			PA	PA							
	Future aid modality achieved by						small TA facility								2008													
III-9	Enhancing Development Communication (15)	2	1																									
	Future aid modality achieved by																											
III-10	Promoting Civic Responsibility (14)	4	6				BF	PA/BF	PA/BF		PA																	
	Future aid modality achieved by														2010													
III-11	Fiscal Policy Management (12)	5	7	GBS	GBS	PA	PA																					
	Future aid modality achieved by														2008		tech. assistance											
III-12	Monetary Policy Management (12)	2	2	GBS	GBS																							
	Future aid modality achieved by														2008													
III-13	International Trade Management (1)	3	3	GBS	GBS						PA																	
	Future aid modality achieved by														2008													
III-14	Good Corporate Governance (14)	3	4		A-F			PA	PA		BF																	
	Future aid modality achieved by																											
III-15	Promoting an Evidence-Based Decision Making (15)	6	6																									
	Future aid modality achieved by																											

Aid modalities:

- GBS General Budget Support
- SBS Sector Budget Support
- PA Project Approach (including Capacity Development)
- BF Basket Funding
- SP+F Silent Partnership with Financing
- SP-F Silent Partnership without Financing
- A-F Active but no Financing
- Exit

Explanations:

- sector groups (in brackets)
- 1 PSD/Trade
- 1.a Financial Sector
- 1.b Business development services
- 1.c Labour
- 1.d ICT
- 2 energy
- 3 Transport
- 4 Agriculture
- 5 Environment and Natural Resources Management
- 6 Education
- 7 Health
- 7.a HIV/AIDS
- 8 Water
- 9 Social protection
- 10 Decentralization
- 11 Public Sector Reform
- 12 Public Finance Managemen
- 13 Gender Equality
- 14 Good Governance
- 15 Monitoring and Evaluation
- 16 Harmonisation and Aid effectiveness
- 17 Multi-Donor Budget Support



Focus Area Number	GPRS II Focus Area categories	Japan		Netherlands		Nordic Development Fund		Spain		Switzerland		UNAIDS		UNDP		UNESCO		UNFPA		UNICEF		UNIDO		United Kingdom		United States		WFP		WHO		World Bank			
		no	yes	yes	yes	Present	Future	no	no	yes	yes	Present	Future	no	no	Present	Future	No	No	No	No	no	no	yes	yes	no	no	Present	Future	no	no	yes	yes		
	Next review of the programming																																		
	General Budget Support	no	yes	yes	yes																														
	Aid modalities: present and future	Present	Future	Present	Future	Present	Future	Present	Future	Present	Future	Present	Future	Present	Future	Present	Future	Present	Future	Present	Future	Present	Future	Present	Future	Present	Future	Present	Future	Present	Future	Present	Future		
	Active in x Focus Areas	13	9	12	14	3	0	0	6	2	4			16	16			9	9	16	16	7	7	21	13	24	19	3	0	6	6	19	19		
	<b>Pillar 3: Good Governance and Civic Responsibility</b>																																		
III-1	Strengthening Practice of Democracy (14) Future aid modality achieved by																								PA	PA	PA	PA							
III-2	Enhancing Decentralization (10) Future aid modality achieved by													PA	PA					PA	PA					PA	PA					PA	SBS		
III-3	Protecting Rights Under Rule of Law (9,13, 14) Future aid modality achieved by																			PA	PA	PA	PA												
III-4	Improved Access to Rights and Entitlements (9, 13, 14) Future aid modality achieved by																			PA	PA					PA	PA	PA	PA						
III-5	Public Safety and Security (14) Future aid modality achieved by								PA																	PA	PA								
III-6	Public Policy Management And Public Sector Reforms (11, 12) Future aid modality achieved by	PA	?		BF									PA	PA											SBS	SBS	PA	PA				BF	BF	
III-7	Fighting Corruption and Economic Crimes (14) Future aid modality achieved by																									A-F		PA	Exit						
III-8	Women Empowerment - Gender-Related Experiences in Vulnerability & Exclusion (Access To Rights & Entitlements), (13) Future aid modality achieved by			PA	PA															PA	PA	PA	PA	PA	PA	PA	PA	PA							
III-9	Enhancing Development Communication (15) Future aid modality achieved by																									A-F									
III-10	Promoting Civic Responsibility (14) Future aid modality achieved by			BF	BF									PA	PA											PA	PA								
III-11	Fiscal Policy Management (12) Future aid modality achieved by		PA									BF														PA	PA	PA	PA				PA	PA	
III-12	Monetary Policy Management (12) Future aid modality achieved by																									PA	PA								
III-13	International Trade Management (1) Future aid modality achieved by																									A-F		PA	PA						
III-14	Good Corporate Governance (14) Future aid modality achieved by														PA	PA										A-F									
III-15	Promoting an Evidence-Based Decision Making (15) Future aid modality achieved by																									PA	PA	PA	PA					PA	BF

## Annex 11

## Summary of EU Assistance to Ghana

<b>TABLE 1</b> (in million €)						
<b>Summary of European Union Assistance to Ghana (till end 2007)</b>						
	Allocation	Decision	% of Allocation	Disbursements	% of Allocation	Disbursements in 2007
<b>European Development Fund (EDF)</b>						
EDF 4 - NIP	50.0	50.0	100%	50.0	100%	<b>0.0</b>
EDF 5 - NIP	46.7 <sup>(1)</sup>	46.7	100%	46.7	100%	<b>0.0</b>
EDF 6 - NIP	96.24	96.2	100%	96.2	100%	<b>0.0</b>
EDF 7 - NIP + transfer	106.77	106.77	100%	105.6	98.9%	<b>0.3</b>
EDF 8 + B enveloppe	164.8	164.8	100.0%	136.9	83.1%	<b>18.46</b>
EDF 9 A+ B	315.9	315.9	100.0%	116.77	37.0%	<b>40.43</b>
Structural Adjustment Facility - EDF 7	87.1	87.1	100%	87.1	100.0%	0.0
Structural Adjustment Facility - EDF 8	78.6	78.6	100%	78.6	100.0%	<b>0.0</b>
Stabex - EDF 4	5.2	5.2	100%	5.2	100.0%	0.0
Stabex - EDF 5	85.4	85.4	100%	85.4	100.0%	0.0
Stabex - EDF 6	-	-	-	-	-	-
Stabex - EDF 7	50.6	50.6	100%	50.6	100.0%	0.0
Risk Capital - EDF 4	2.3	2.3	100%	2.3	100.0%	0.0
Risk Capital - EDF 5	13.6	13.6	100%	13.6	100.0%	0.0
Risk Capital - EDF 6	22.0	22.0	100%	22.0	100.0%	0.0
Risk Capital - EDF 7	1.7	1.7	100%	1.7	100.0%	0.0
Risk Capital - EDF 8	17.0	17.0	100.0%	17.0	100.0%	<b>0.0</b>
Interest rate subsidies - EDF 4	1.9	1.9	100%	1.9	100.0%	0.0
Interest rate subsidies - EDF 6	3.2	3.2	100%	3.2	100.0%	0.0
Interest rate subsidies - EDF 7	11.81	11.81	100%	11.81	100.0%	<b>0.0</b>
Emergency Aid - EDF 4	2.7	2.7	100%	2.7	100.0%	0.0
Emergency Aid - EDF 5	3.8	3.8	100%	3.8	100.0%	0.0
Emergency Aid - EDF 7	1.3	1.3	100%	1.3	100.0%	0.0
<b>Total - all EDF<sup>(2)</sup></b>	<b>1,168.6</b>	<b>1,168.6</b>	<b>100.0%</b>	<b>940.4</b>	<b>80.5%</b>	<b>59.2</b>

(1) The 5th EDF, which had an initial allocation of euro 60 million, was closed at the level of euro 46.7 million. The balance of euro 13.3 million was transferred to the 7th EDF and appears separately in the column "allocation".

(2) The portion of EDF Regional Projects disbursed in Ghana is not available and is therefore not included in this table

(3) The euro 40 million indicative allocation for the EIB under the 8th EDF NIP is entirely classified as risk capital for the time being

**GHANA - 7TH EDF Financial Reporting**  
**Breakdown of EDF decision by Economic Sector (\*)**  
**Period ending at 31:12:2007**

**TABLE 2**  
**(In €)**

Project No.	Project Title	Decision		Commitment		Disbursement		Status
		at 31:12:2007	In 2007	at 31:12:2007	In 2007	at 31:12:2007	In 2007	
<b>1.</b>	<b>Rural Development:</b>	<b>42,460,521</b>	<b>(34,162)</b>	<b>42,185,350</b>	<b>(153,433)</b>	<b>42,011,241</b>	<b>183,735</b>	
*7.019	Rural Bank Scheme	289,776	-	289,776	-	289,776	-	CL
*7.020	Twifo Smallholder Oil Palm	483,782	-	483,782	-	483,782	-	CL
*7.016	Aveyime Livestock Development	56,900	-	56,900	-	56,900	-	CL
7.025	WERADEP - Pre-project study	503,150	-	503,150	-	503,150	-	CL
7.005	WERADEP - Appraisal	118,156	-	118,156	-	118,156	-	CL
7.031	Microprojects III	4,882,430	-	4,882,430	-	4,882,430	-	CL
7.037	Protected Areas TA Tender (MGM)	47,276	-	47,276	-	47,276	-	CL
7.034	Small Town Water Supply - Study	98,790	-	98,790	-	98,790	-	CL
7.053	Small Town Water Supply - TA	657,479	-	657,479	-	657,479	-	CL
7.045	Decentralised Cooperation	1,054,149	-	1,010,522	(23,622)	920,638	-	EXP
7.049	Self Help Electrification - Evaluation	58,055	-	58,055	-	58,055	-	CL
*7.051	Microprojects IV	4,990,590	-	4,990,590	-	4,990,590	-	CL
7.055	Microproject IV - 2nd Tranche	3,903,386	-	3,903,386	-	3,903,386	-	CL
7.059	Rural Electrification Project	74,748	-	74,748	-	74,748	-	CL
7.064	Rural Electrification Project	9,265,839	(34,162)	9,265,839	(26,384)	9,265,839	71,297	EXP
7.060	5th Microproject Workshop - TA	29,678	-	29,678	-	29,678	-	CL
7.061	Small Town Water Supply - AR, BA, WR	13,600,000	-	13,570,517	(8,785)	13,486,292	-	EXP
7.067	Rural Water Supply Project - N/Region	91,511	-	91,511	-	91,511	-	CL
7.070	Small Towns Water & Sanitation Project	69,791	-	69,791	-	69,791	-	AC
7.077	Small Towns Water & Sanitation Project - C/R	1,997,000	-	1,794,939	(94,642)	1,794,939	112,438	EXP
7.074	Monitoring & Evaluation Study - AGSSIP	31,544	-	31,544	-	31,544	-	CL
7.078	Elaborate Feasibility of PADP II	77,441	-	77,441	-	77,441	-	CL
7.079	Final Evaluation & Audit of PADP	79,050	-	79,050	-	79,050	-	CL
<b>2.</b>	<b>Transport Infrastructure</b>	<b>15,558,565</b>	<b>(1,366)</b>	<b>15,506,144</b>	<b>(1,823)</b>	<b>15,390,081</b>	<b>-</b>	
7.043	Transport Infrastructure Programme II	9,307,520	-	9,288,538	(457)	9,194,691	-	EXP
*7.040	Transport Infrastructure Programme II	5,529,442	-	5,496,003	-	5,473,787	-	EXP
7.046	Monitoring & Audit of Stabex Roads	68,455	-	68,455	-	68,455	-	CL
7.069	TA to the Donors' Joint Evaluation	34,514	-	34,514	-	34,514	-	CL
7.081	Feasibility & Design for Feeder Road	618,634	(1,366)	618,634	(1,366)	618,634	-	EXP
<b>3.</b>	<b>Private Sector Development</b>	<b>10,978,687</b>	<b>(575,000)</b>	<b>10,914,357</b>	<b>(415,686)</b>	<b>10,704,502</b>	<b>76,918</b>	
7.004	GRATIS - Phase II	2,929,780	-	2,929,780	-	2,929,780	-	CL
*7.017	NIB 2nd Line of Credit	13,893	-	13,893	-	13,893	-	CL
7.006	TA - Woodworking Sector	319,900	-	319,900	-	319,900	-	CL
7.054	Woodworking Sector Dev. Programme	3,350,000	(100,000)	3,288,627	-	3,288,626	-	EXP
7.052	Adviser to the Min. of Lands & Forestry	184,421	-	184,421	-	184,421	-	CL

**Implementation of the 7th EDF**

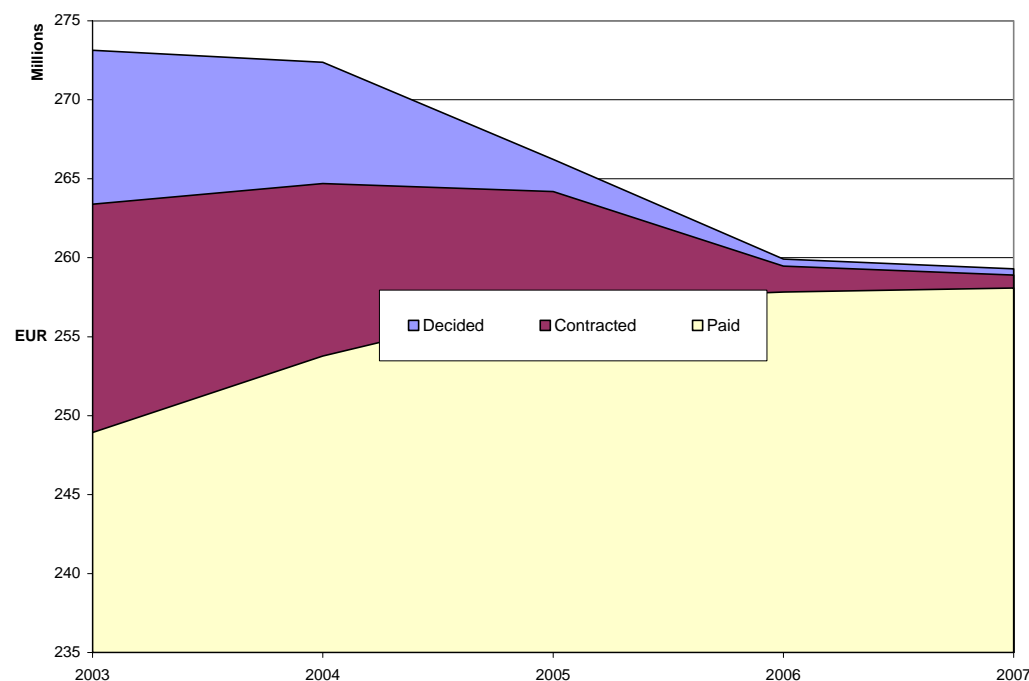


TABLE 2 - continued

Project No.	Project Title	Decision		Commitment		Disbursement		Status
		at 31:12:2007	In 2007	at 31:12:2007	In 2007	at 31:12:2007	In 2007	
7.042	Draft Fin. Prop. - study (woodworking sector)	17,201	-	17,201	-	17,201	-	CL
7.009	Private Sector Development - Feasibility study	127,849	-	127,849	-	127,849	-	CL
7.014	SME Development Programme	2,209,675	-	2,209,675	-	2,209,675	-	CL
7.066	Ghana Poverty Reduction	162,316	-	162,316	-	162,316	-	CL
7.068	EDF Project Adviser	60,948	-	60,948	-	60,948	-	CL
7.075	Study of the Mining Sector	78,386	-	78,386	-	78,386	-	CL
7.076	Institutional Strengthening of NAO's Office	1,410,000	475,000	1,407,043	(415,686)	1,197,189	76,918	AC
7.080	Preparation of a Financing Proposal	53,569	-	53,569	-	53,569	-	CL
7.082	Final Evaluation of WSPD	60,749	-	60,749	-	60,749	-	CL
<b>4.</b>	<b>Social Sector</b>	<b>7,435,804</b>	-	<b>7,344,803</b>	-	<b>7,111,120</b>	-	
	<b>Education &amp; Training</b>	<b>6,160,337</b>	-	<b>6,108,576</b>	-	<b>5,969,132</b>	-	
7.028	Inter University Link - UG/V.U.B	1,195,333	-	1,195,333	-	1,195,333	-	CL
7.022	Reintegration of African Nationals Ph. II	324,142	-	324,142	-	324,142	-	CL
*7.015	Multianual Training Programme	122,031	-	122,031	-	122,031	-	CL
7.039	Seminar on EDF Financial Procedure	18,954	-	18,954	-	18,954	-	CL
7.008	Human Resources - Study	42,147	-	42,147	-	42,147	-	CL
7.041	Human Resources Development Programme	2,850,000	-	2,802,312	-	2,775,606	-	EXP
7.062	European Film Festival	14,171	-	14,171	-	14,171	-	CL
7.063	TA - Preparation of Note of Gen. Info.	1,451	-	1,451	-	1,451	-	CL
7.071	Support to the provision of Photo ID	667,000	-	667,000	-	666,578	-	EXP
7.072	Support to 2000 Elections	886,765	-	882,692	-	770,376	-	EXP
7.073	9th EDF Programming Exercise	38,343	-	38,343	-	38,343	-	CL
	<b>Health</b>	<b>1,275,467</b>	-	<b>1,236,227</b>	-	<b>1,141,988</b>	-	
7.047	Economic, Social & Health Review	15,326	-	15,326	-	15,326	-	CL
7.050	Support for STD & HIV/AIDS Control	1,247,000	-	1,207,760	-	1,113,521	-	EXP
7.057	Ghana Health Sector - TA	13,141	-	13,141	-	13,141	-	CL
<b>5.</b>	<b>Trade &amp; Tourism</b>	<b>101,844</b>	-	<b>101,844</b>	-	<b>101,844</b>	-	
7.013	Trade Fairs - Pret A Porter, Paris	25,000	-	25,000	-	25,000	-	CL
7.027	Pret A Porter Paris	39,094	-	39,094	-	39,094	-	CL
7.033	Participation Salon Paris/D'Dorf	37,750	-	37,750	-	37,750	-	CL
<b>6.</b>	<b>Programme Aid - NIP</b>	<b>30,234,605</b>	-	<b>30,234,605</b>	-	<b>30,234,605</b>	-	
7.003	GIP I - NIP	11,000,000	-	11,000,000	-	11,000,000	-	CL
7.036	GIP IV - NIP	4,334,605	-	4,334,605	-	4,334,605	-	CL
7.048	GIP V - NIP	14,900,000	-	14,900,000	-	14,900,000	-	CL
	<b>Total NIP</b>	<b>106,770,026</b>	<b>(610,528)</b>	<b>106,287,103</b>	<b>(570,942)</b>	<b>105,553,392</b>	<b>260,653</b>	

Project No.	Project Title	Decision		Commitment		Disbursement		Status
		at 31:12:2007	In 2007	at 31:12:2007	In 2007	at 31:12:2007	In 2007	
7.002	GIP I - SAF	9,000,000	-	9,000,000	-	9,000,000	-	CL
7.012	GIP II - SAF	28,860,000	-	28,860,000	-	28,860,000	-	CL
7.030	GIP III - SAF	32,200,000	-	32,200,000	-	32,200,000	-	CL
7.035	GIP V - SAF	17,000,000	-	17,000,000	-	17,000,000	-	CL
7.001	STABEX - 90	6,889,065	-	6,889,065	-	6,889,065	-	CL
7.007	STABEX - 91	16,430,110	-	16,430,110	-	16,430,110	-	CL
7.023	STABEX - 92	4,883,722	-	4,883,722	-	4,883,722	-	CL
7.029	STABEX - 93	16,381,086	-	16,381,086	-	16,381,086	-	CL
7.044	STABEX BALANCE 1990-94	5,997,477	-	5,997,477	-	5,997,477	-	CL
	<b>Total non-NIP</b>	<b>137,641,460</b>	-	<b>137,641,460</b>	-	<b>137,641,460</b>	-	
	<b>Grand Total</b>	<b>244,411,486</b>	<b>(610,528)</b>	<b>243,928,563</b>	<b>(570,942)</b>	<b>243,194,852</b>	<b>260,653</b>	

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

<b>Total Allocation</b>	<b>244,411,486</b>
<b>Decision/Allocation</b>	<b>100.0%</b>
<b>Commitment/Allocation</b>	<b>99.8%</b>
<b>Disbursement/Allocation</b>	<b>99.5%</b>



**GHANA - 8TH EDF Financial Reporting**  
**Breakdown of EDF decision by Economic Sector**  
**Period ending at 31:12:2007**

**TABLE 3**  
**(In €)**

Project No.	Project Title	Decision		Commitment			Disbursement			Status	
		at 31:12:2007	In 2007	at 31:12:2007	In 2007	Balance	at 31:12:2007	In 2007	Balance		
8.009	<b>1. Transport Infrastructure</b>	<b>56,000,000</b>	-	<b>55,661,306</b>	-	<b>152,400</b>	<b>338,694</b>	<b>52,669,212</b>	<b>7,928,944</b>	<b>2,992,094</b>	AC
	Transport Infrastructure Prog. -Ph III	56,000,000	-	55,661,306	(152,400)	338,694	52,669,212	7,928,944	2,992,094		
8.008	<b>2. Rural Development</b>	<b>37,406,563</b>	<b>(620,000)</b>	<b>36,787,216</b>	<b>(96,027)</b>	<b>619,347</b>	<b>33,488,854</b>	<b>2,844,410</b>	<b>3,298,362</b>	-	
	5th Microproject - Phase I	2,662,368	-	2,662,368	-	-	2,662,368	-	-		EXP
8.010	5th Microproject - Phase II	19,930,000	(620,000)	19,930,000	(540,064)	-	19,874,288	(72,102)	55,712	EXP	
8.012	Agric Services subsector appraisal	14,195	-	14,195	-	-	14,195	-	-	EXP	
8.019	Rural Water Supply in Northern Region	14,800,000	-	14,180,653	444,037	619,347	10,938,003	2,916,512	3,242,650	EXP	
8.023	<b>3. Programme Aid - NIP</b>	<b>12,487,523</b>	-	<b>12,487,523</b>	-	-	<b>12,487,523</b>	-	-	-	
	Structural Adjustment Support (NIP)	12,487,523	-	12,487,523	-	-	12,487,523	-	-		AC
8.002	<b>4. Social Sectors &amp; Others</b>	<b>18,929,000</b>	<b>(190,000)</b>	<b>18,888,107</b>	<b>(96,300)</b>	<b>40,893</b>	<b>18,606,962</b>	<b>407,527</b>	<b>281,145</b>	-	
	Support to Audit Service	3,406,000	(105,000)	3,387,905	(27,314)	18,095	3,246,931	34,858	140,974		EXP
8.003	Health Sector support	11,000,000	-	10,982,003	-	17,997	10,907,309	-	74,694	EXP	
8.004	Support to Health Sector - Follow Up	4,700	-	4,700	-	-	4,700	-	-	CL	
8.006	EDF Project Adviser	69,937	-	69,937	-	-	69,937	-	-	CL	
8.007	UEMOA - Economic & Monetary study	99,477	-	99,477	-	-	99,477	-	-	CL	
8.011	GRATIS Phase III	4,265,000	(85,000)	4,260,199	(68,986)	4,801	4,194,722	372,669	65,477	AC	
8.016	Diagnostic study of the RTD	8,613	-	8,613	-	-	8,613	-	-	CL	
8.026	Preparation for Cultural Programme	31,144	-	31,144	-	-	31,144	-	-	CL	
8.028	Prequalification Dossiers PMU of MSS	44,129	-	44,129	-	-	44,129	-	-	CL	
	<b>Total NIP</b>	<b>124,823,086</b>	<b>(810,000)</b>	<b>123,824,152</b>	<b>(344,727)</b>	<b>998,934</b>	<b>117,252,551</b>	<b>11,180,881</b>	<b>6,571,601</b>		
8.027	<b>5. Transfer from 9th EDF (B envelope)</b>										
	Mining Sector Support Programme	40,000,000	-	33,151,199	1,720,282	6,848,801	19,641,452	7,262,220	24,085,231	AC	
	<b>Total NIP with transfers</b>	<b>164,823,086</b>	<b>(810,000)</b>	<b>156,975,351</b>	<b>1,375,555</b>	<b>7,847,735</b>	<b>136,894,003</b>	<b>18,443,101</b>	<b>30,656,832</b>		
	<b>6. Risk Capital</b>										
	Share + particip	17,050,000	-	17,050,000	-	-	17,050,000	-	-	AC	
	<b>7. Structural Adjustment</b>										
8.005	SAF	10,577,063	-	10,577,063	-	-	10,577,063	-	-	CL	
8.021	SAF	22,100,000	-	22,100,000	-	-	22,100,000	-	-	CL	
8.022	SAF	3,315,000	-	3,315,000	-	-	3,315,000	-	-	CL	
8.024	SAF	37,700,000	(200,000)	37,695,444	(142,259)	4,556	37,679,606	23,842	15,838	EXP	
8.025	SAF	4,900,000	-	4,900,000	-	-	4,900,000	-	-	CL	
	<b>Total non-NIP</b>	<b>78,592,063</b>	<b>(200,000)</b>	<b>78,587,507</b>	<b>(142,259)</b>	<b>4,556</b>	<b>78,571,669</b>	<b>23,842</b>	<b>15,838</b>		
	<b>Grand Total</b>	<b>260,465,149</b>	<b>- 1,010,000</b>	<b>252,612,858</b>	<b>1,233,296</b>	<b>7,852,291</b>	<b>232,515,672</b>	<b>18,466,943</b>	<b>30,672,670</b>		

**Total Allocation** 260,465,149  
**Decision/Allocation** 100.0%  
**Commitment/Allocation** 97.0%  
**Disbursement/Allocation** 89.3%

AC - Active  
 EXP - Expired  
 CL - Closed

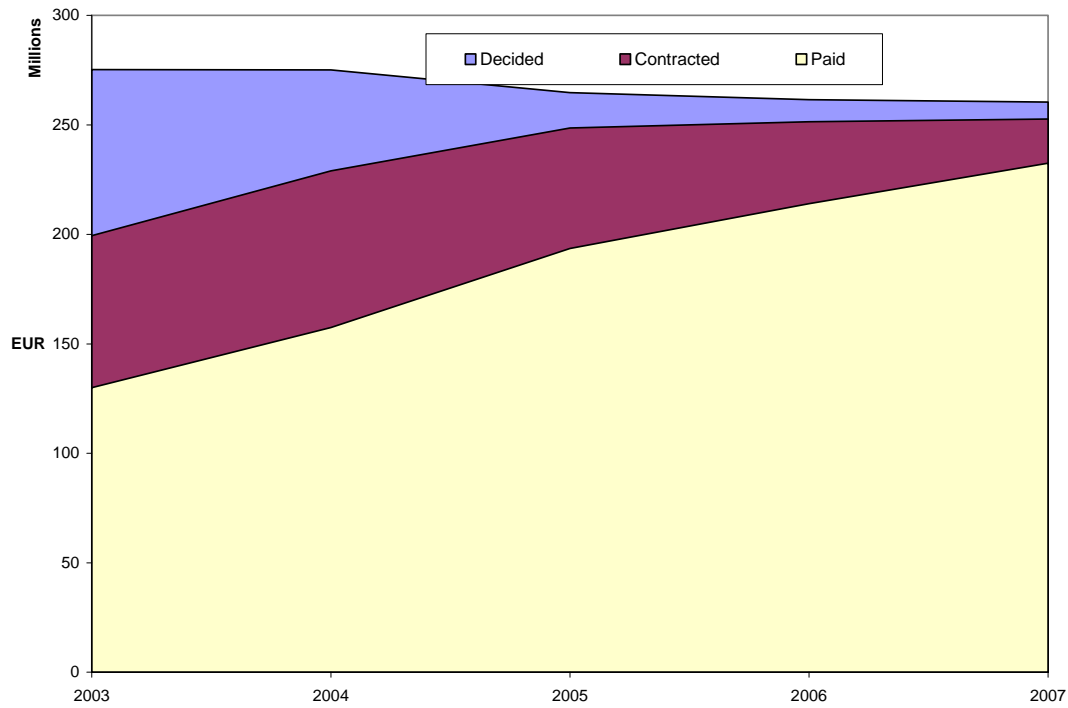
**GHANA - 9TH EDF Financial Reporting**  
**Breakdown of EDF decision by Economic Sector**  
**Period ending at 31:12:2007**

**Table 4**  
**(In €)**

Project No.	Project Title	Decision		Commitment		Disbursement	
		at 31:12:2007	In 2007	at 31:12:2007	In 2007	at 31:12:2007	In 2007
<b>1.</b>	<b>Transport Infrastructure</b>	<b>101,323,210</b>	<b>22,808,210</b>	<b>67,012,628</b>	<b>14,278,213</b>	<b>16,220,929</b>	<b>9,299,879</b>
9.004	Feasibility and Design Studies - Tech-Kinta	613,210	(1,790)	613,210	-	363,395	240,753
9.014	Feeder Roads Improvement Project (FRIP)	27,000,000	-	22,435,450	11,128,900	4,159,036	1,693,826
9.015	Rehabilitation of Kumase-Techiman Rd. Lot 2	35,900,000	-	31,714,914	300,259	7,404,506	4,330,539
9.019	Transport Sector Planning & Integ. Program	5,000,000	-	2,651,054	2,651,054	98,987	98,987
9.021	Rider No. 3 - Augmentation	10,000,000	-	9,598,000	198,000	4,195,005	2,935,774
9.026	Eastern Corridor Road Project	22,810,000	22,810,000	-	-	-	-
<b>2.</b>	<b>Rural Development</b>	<b>82,180,393</b>	<b>23,774,993</b>	<b>56,242,663</b>	<b>33,738,047</b>	<b>20,103,252</b>	<b>9,369,254</b>
9.002	Mapping & Monitoring system for Develop.	1,388,239	(311,760)	1,384,745	(58,268)	1,076,532	431,716
9.003	Private Sector Development	17,463	-	17,463	-	17,463	-
9.005	Cultural Heritage & Local Dev. In Elmina	1,971,753	(13,247)	1,868,745	(108,154)	1,729,012	229,195
9.010	Protected Area Dev. Programme - Phase II	7,800,000	1,300,000	7,506,695	4,177,982	2,134,263	1,499,601
9.011	6th Microproject Programme	25,000,000	-	24,002,911	10,768,753	10,335,501	2,396,629
9.016	STWS Project in Central & Western Regions	23,000,000	-	6,959,550	4,455,180	2,256,537	2,256,537
9.018	Protected Area Dev. Programme - Phase II(Ex 6/45)	202,938	-	2,554	2,554	(1,632)	-
9.024	Guinea Worm Eradication Through Water supply	15,000,000	15,000,000	14,500,000	14,500,000	2,555,576	2,555,576
9.025	Cocoa Sector Support Programme - Phase 2	5,000,000	5,000,000	-	-	-	-
9.027	Avian Influenza Project (Emergency Aid)	2,800,000	2,800,000	-	-	-	-
<b>3.</b>	<b>Programme Aid - NIP</b>	<b>107,740,108</b>	<b>50,540,000</b>	<b>103,682,072</b>	<b>47,052,209</b>	<b>74,349,140</b>	<b>18,395,983</b>
9.006	Technical Cooperation Facility	1,545,000	(450,000)	1,476,964	52,209	1,144,032	395,983
9.007	Poverty Reduction Budget Support 2	55,205,108	-	55,205,108	-	55,205,108	-
9.023	Technical Cooperation Facility II	1,990,000	1,990,000	-	-	-	-
9.028	Poverty Reduction Budget Support 3	49,000,000	49,000,000	47,000,000	47,000,000	18,000,000	18,000,000
<b>4.</b>	<b>Governance &amp; Non Focal Sectors</b>	<b>24,607,470</b>	<b>7,807,256</b>	<b>14,621,411</b>	<b>6,693,493</b>	<b>6,097,581</b>	<b>3,378,777</b>
9.001	Support to Audit Service	712,015	-	712,015	-	712,015	-
9.008	Strengthening, Monitoring Capacities-MoFA	1,989,200	-	1,829,026	506,182	1,315,976	741,193
9.009	Support to the 2004 Ghana Elections	1,306,255	(192,744)	1,306,255	(148,120)	1,306,255	-
9.012	Support to Ghana Audit Service Ph. II	4,600,000	-	4,049,000	434,000	717,870	717,870
9.013	Support for Local Governance	3,000,000	-	1,537,766	796,682	796,682	670,931
9.017	Cultural Initiative Support Programme	2,000,000	-	687,349	604,749	248,783	248,783
9.020	Support to the NAO's Office	3,000,000	-	-	-	-	-
9.022	Private Sector and Trade enabling programme	5,000,000	5,000,000	4,500,000	4,500,000	1,000,000	1,000,000
9.029	Support to Ghana Police Service	3,000,000	3,000,000	-	-	-	-
<b>Total NIP</b>		<b>315,851,181</b>	<b>104,930,459</b>	<b>241,558,774</b>	<b>101,761,962</b>	<b>116,770,902</b>	<b>40,443,893</b>

<b>Total Present Allocation</b>	<b>315,851,181</b>
<b>Decision/Allocation</b>	<b>100.0%</b>
<b>Commitment/Allocation</b>	<b>76.5%</b>
<b>Disbursement/Allocation</b>	<b>37.0%</b>

Implementation of the 8th EDF



Implementation of the 9th EDF

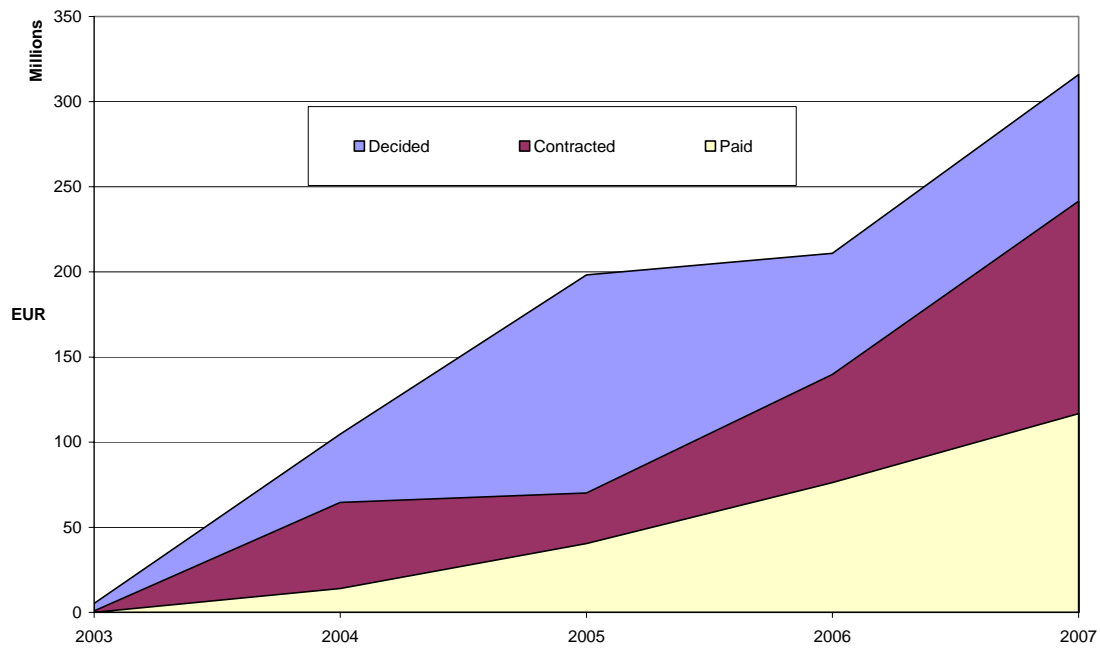


Table 5

<b>EDF IMPLEMENTATION IN GHANA 2004 - 2007</b>					
<b>(Managed by the European Commission)</b>					
<b>(in EUROS)</b>					
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>Total</b>
<b>7th EDF</b>					
Decided	-753,311	-6,156,561	-6,313,171	-610,527	<b>-13,833,570</b>
Contracted	1,299,959	-500,651	-4,721,083	-570,943	<b>-4,492,718</b>
Paid	4,832,662	3,500,681	548,263	260,654	<b>9,142,260</b>
<b>8th EDF</b>					
Decided	-98,309	-10,412,962	-3,251,800	-1,010,000	<b>-14,773,071</b>
Contracted	29,615,646	19,545,934	2,792,727	1,233,295	<b>53,187,602</b>
Paid	27,474,012	36,098,272	20,469,804	18,466,946	<b>102,509,034</b>
<b>9th EDF</b>					
Decided	99,483,200	93,500,000	12,627,524	104,930,457	<b>310,541,181</b>
Contracted	63,748,403	5,640,890	69,607,337	101,762,148	<b>240,758,778</b>
Paid	14,055,748	26,292,789	35,978,472	40,443,900	<b>116,770,909</b>
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	
Decided	98,631,580.0	76,930,477.0	3,062,553.0	103,309,930.0	<b>281,934,540</b>
Contracted	94,664,008.0	24,686,173.0	67,678,981.0	102,424,500.0	<b>289,453,662</b>
Paid	46,362,422.0	65,891,742.0	56,996,539.0	59,171,500.0	<b>228,422,203</b>

NB: The table does not include aid managed by the EIB (either from the EDF or from its own resources) as well as disbursements from regional funds, emergency and food aid and the Commission's budget

**Annex 12**

- 1. EDF 9 Sectoral Breakdown**
- 2. EDF 10 Partnerships and Priority Actions of the Lisbon Plan**

## EDF 9 sectoral breakdown

country: GHANA

STRATEGY FOR AFRICA	EUROPEAN CONSENSUS	SUB SECTOR AND PART SBS	in euro x 1000 total cumulative commitments 31.12.07	
Human rights and governance	governance,human rights and support to economic and institutional reforms	governance	7.306	
		economic and institutional reforms	5.312	
		Non State Actors		
Peace and security	conflict prevention and fragile states	conflict prevention and fragile states		
Economic growth, regional integration and trade	trade and regional integration	European Partnership Agreements		
		regional economic integration		
		private sector development	5.017	
	infrastructure,communication and transport	infrastructure,communication and transport	101.323	
		water and energy	water	38.000
			energy	
unspecified				
investing in people	social cohesion and employment	social cohesion and employment		
	environment and sustainable management of natural resources	environment and sustainable management of natural resources	8.002	
	rural development, territorial planning, agriculture and food security	rural development and territorial planning	31.388	
		agriculture	1.989	
		food security		
	human development	health	2.800	
		primary education		
		education unspecified		
other	TCF	TCF	3.535	
	support to NAO	support to NAO	3.000	
	unspecified	culture	3.971	
Budget Support	GBS	General Budget Support	104.205	
TOTAL	TOTAL	TOTAL	315.848	
Level of sector concentration	percentage of 9th EDF commitments covered by largest sectors of concentration plus GBS	largest sector + GBS	65,1%	
		Two largest sectors + GBS	77,1%	
		Three largest sectors + GBS	87,0%	
		Four largest sectors + GBS	89,6%	
		Five largest sectors + GBS	91,9%	
		nr of sectors + GBS to reach 85% of NIP	3	
		sectors (NSA and GBS excluded)	211.643	

EDF 10

Partnerships and Priority Actions of the Lisbon Plan

country: GHANA

(for Delegations in Africa only)

in euro x 1000

STRATEGY FOR AFRICA	EUROPEAN CONSENSUS	sectors	Partnerships and Priority Actions of the Lisbon Plan	planned commitments in NIP for 10th EDF	
Human rights and governance	governance, human rights and support to economic and institutional reforms	governance	Partnerships on 2. Democratic Governance and Human Rights	4.000	
		economic and institutional reforms	7. Migration, Mobility and Employment	2.000	
		Non State Actors		8.000	
Peace and security	conflict prevention and fragile states	conflict prevention and fragile states	Partnership on 1. Peace and Security		
Economic growth, regional integration and trade	trade and regional integration	European Partnership Agreements	Partnership on 3. Trade (and Regional Integration)	8.500	
		regional economic integration	3. (Trade) and Regional Integration		
		private sector development			
	infrastructure, communication and transport	infrastructure, communication and transport	3. Partnership on Trade and Regional Integration Implement EU Africa Infrastructure Partnership	76.000	
			8 Partnership on Science, information society, space	500	
	water and energy	water			
		energy	5. Partnership on Energy		
unspecified					
investing in people	social cohesion and employment	social cohesion and employment	6. Partnership on Climate change	8.000	
	environment and sustainable management of natural resources	environment and sustainable management of natural resources			
	rural development, territorial planning, agriculture and food security	rural development and territorial planning			
		agriculture			
		food security			
	human development	health			
		primary education			
		education unspecified			
other	TCF	TCF		2.000	
	support to NAO	support to NAO			
	unspecified	unspecified	Decentralisation	83.000	
Budget Support	GBS	General Budget Support		175.000	
<b>TOTAL</b>	<b>TOTAL</b>	<b>TOTAL</b>	<b>4. Partnership on the MDG's</b>	<b>367.000</b>	

DEV/C1 11/12/07