Overseas Development Institute

How, When and Why does Poverty get Budget Priority

Poverty Reduction Strategy and Public Expenditure in Ghana

Case Study 2

Mick Foster and Douglas Zormelo

Working Paper 164

Results of ODI research presented in preliminary form for discussion and critical comment

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How, When and Why does Poverty get Budget Priority?

- about the research series

This is the synthesis paper of CAPE's research on *How, When and Why does Poverty get Budget Priority?* It is based upon the findings of five country case studies. The full list of research papers in this project is as follows

Case Study 1	**How, When and Why does Poverty get Budget Priority: Poverty Reduction Strategy and Public Expenditure in Uganda** *ODI Working Paper 163* Mick Foster, Centre for Aid and Public Expenditure, ODI Peter Mijumbi, Economic Policy Research Centre, Maekere University
Case Study 2	**How, When and Why does Poverty get Budget Priority: Poverty Reduction Strategy and Public Expenditure in Ghana** ***ODI Working Paper 164*** Mick Foster, Centre for Aid and Public Expenditure, ODI Douglas Zormelo
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Synthesis Paper	**How, When and Why does Poverty get Budget Priority: Poverty Reduction Strategy and Public Expenditure in Five African Countries** *ODI Working Paper 168* Mick Foster, Centre for Aid and Public Expenditure, ODI Adrian Fozzard, Centre for Aid and Public Expenditure, ODI Felix Naschold, Centre for Aid and Public Expenditure, ODI Tim Conway, Poverty and Public Policy Group, ODI

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Acronyms

BPEMS	Budgeting and Public Expenditure Management System
CAGD	Controller and Accountant General's Department
CAS	Country Assistance Strategy, World Bank
CDF	Comprehensive Development Framework
CSPIP	Civil Service Performance Improvement programme
CSPG	Cross Sectoral Planning Groups (established for the MTDP)
CWIQ	Core Welfare Indicators Questionnaire
DA	District Assembly
IMF	International Monetary Fund
GLSS	Ghana Living Standards Survey
GOG	Government of the Republic of Ghana
GPRS	Ghana Poverty Reduction Strategy
GSS	Ghana Statistical Service
HIPC	Highly Indebted Poor Countries
LIL	Learning and Innovation Loan
MDA	Ministries, Departments and Agencies
MLGRD	Ministry of Local Government and Rural Development
MOF	Ministry of Finance
MOFA	Ministry of Food and Agriculture
MTDP	Medium Term Development Plan
MTEF	Medium Term Expenditure Framework
NDPC	National Development Planning Commission
OHCS	Office of the Head of the Civil Service
PPMED	Planning Policy Monitoring and Evaluation Departments
PUFMARP	Public Finance Management Reform Programme
PRSP	Poverty Reduction Strategy Paper

Executive Summary

Introduction

This is one of six African country case studies aimed at understanding the factors influencing the priority given to poverty within the budget process, and the effectiveness with which it is addressed. Each case study examines the same set of hypotheses. A synthesis will be prepared, to draw out replicable lessons of good practice. Each case study is based on a combination of review of written material and structured interviews with participants in the policy process in Government, civil society, and the donor community.

Poverty trends

Poverty in Ghana is a mainly rural phenomenon (80%), concentrated amoung food-crop farmers (60%) and the rural Savannah where over half the population are extremely poor. Though absolute poverty continued to decline in the 1990s (from 36% in 1991-2 to 29% in 1998-9), the percentage of absolute poor in rural Savannah, and the depth of their poverty, increased. Economic growth averaging 4% p.a. is far below the 5.8% p.a. that the World Bank estimate to be required to eliminate absolute poverty in 40 years, and the growth which has occurred has largely bypassed the poorer North of the country.

Poverty and government policy

Following prolonged economic decline, the economic stabilisation and market liberalisation policies of the 1980s enabled Ghana to raise GDP and living standards. However, improved policies were not sustained in the 1990s, and Ghana has experienced lower economic growth, ‘boom and bust’ economic management, and a ballooning debt burden which has squeezed public expenditure.

The main objective of policy in the adjustment years was to restore economic growth, though the 1986 Programme of Actions to Mitigate the Social Costs of Adjustment (PAMSCAD) sought to mitigate the adverse effects of economic reforms on some groups. Poverty, and particularly human development, was given a stronger emphasis in planning and policy documents prepared in the mid 1990s, though the first 5 year development plan (1997-2000)[1] was based on unrealistic growth assumptions, was not fully costed, and had little impact on the allocation of resources in the budget.

The preparation of the Ghana Poverty Reduction Strategy (GPRS) by an ad hoc task force, with limited engagement by line ministries, and rushed participation with civil society, resulted in an unsatisfactory process which, at the time of writing, has produced recommendations which take too little account of the macro-economic constraints and of existing policies and plans. The new Government which took office in December 2000 stresses that Ghana can not be too ambitious in the GPRS, which will need to focus on macro-economic stability, a sustainable debt burden, and raising savings and investment for higher longer term growth. The Government[2] is anxious to ensure that the GPRS and the MTEF are brought into alignment with each other, and has

[1] The plan was late starting, hence in practice covered only 4 years.

[2] Successive Governments headed by President Rawlings held power throughout the 1980s and 1990s. President Kufuor's Government won power in elections held in December 2000. Unless otherwise stated, references to 'The Government' refer to the Government in power at the time under discussion, and should be clear from the context.

established an economic committee chaired by a senior Minister to ensure better liaison between planning and finance.

It recognises the regional dimensions of poverty and the need to address the problems of the food crop farmers, but, even after HIPC debt relief, the scope for additional spending on poverty programmes is initially limited.

The Medium Term Expenditure Framework (MTEF)

The Ghana MTEF provides a methodology for costing objectives in detail, and prioritising them to fit within the available resources, both between and within sectors. By providing a medium term perspective to the budget, it should provide more scope for shifting resources towards Government priorities, since resources in year 1 are always fairly heavily committed, and it is only in the outer years that there is room for significant shifts. In practice, the Ghana MTEF has lacked credibility:-

- External shocks and weak macro management have caused big divergences between budgets and outturns, undermining the credibility of the annual budget and even more so the MTEF.
- MTEF forecasts have been over-optimistic in the current year, but overly pessimistic in outer years, giving no room for strategic re-prioritisation.
- Government has not given a strong lead on strategic spending priorities.
- MTEF has focused on a technocratic approach to activity based budgeting which has lacked meaning, because actual spending on those activities cannot presently be monitored.
- The scope for Departments to make changes is in practice very limited, with the personnel budget decided centrally, investment largely tied up in the district common fund and donor projects, and the administration budget mainly incremental, leaving the 8% of the budget available to fund services as the only area with significant scope for discretion, and that scope was limited in both the 1999 and 2000 MTEFs by the assumption of declining real spending levels.

The conclusions to be drawn from this discussion are not that the MTEF is a bad idea and should be abandoned, but that it needs to be further developed in order to make more realistic assumptions concerning the resource envelope, give stronger central direction on priorities, capture more of the donor flows within a joint exercise of planning and budgeting, enable actual and budgeted spending by activity to be compared, and give Departments more discretion over their budgets, including beginning the politically sensitive process of decentralising the personnel budget.

Trends in public expenditure

A declining revenue effort and an increasing debt burden has limited the scope for funding increases in social sector spending. The non-salary recurrent budget has been squeezed and wages and salaries have fallen in real terms. In terms of sectoral priorities, there is little evidence to date of a strong commitment to increase the share of the social sectors, despite relatively strong pressure from donors. Allocation within sectors remains regressive.

How effective is public expenditure in reaching the poor?

Ghana spends less on education in general than comparable countries. The sector has also suffered from poor co-ordination between Government and donor spending. Spending is inequitable. Only 35% goes to primary education, while the 8% of the age group reaching senior secondary and above receive over one quarter of the budget. Teacher salaries take 94% of the recurrent budget for primary education, leading to shortages of books and teaching materials. Despite this, the most fundamental problems relate to the poorly paid and poorly motivated teaching force, exacerbated by the lack of control over teacher deployment and weak management of teacher performance.

Though sources differ on actual enrolments, the policy of free universal compulsory basic education has raised primary enrolments and reduced the gender gap. However, there are major inequalities, with enrolments far lower in rural than urban areas, and particularly low in the poor North where less than half of children are in school, with girls only 60% as likely to be enrolled as boys. The quality of Government education is extremely low, with more than three-quarters of pupils not achieving satisfactory standards in English and mathematics by the end of the primary cycle. Not surprisingly, the CWIQ survey reported that 80% of rural poor are dissatisfied with the quality of Government schools.[3] Parent participation has not been encouraged, though school performance assessment meetings at which test results are available have proved a useful vehicle enabling parents to press for improvements.

In the health sector, Ghana has been implementing a sector wide approach since 1997, with donors participating in joint reviews of the programme, and providing an increasing share of support to the health sector in the form of basket finance managed and accounted for by the Ministry of Health. The strategy provides an increased share of resources to finance delivery of services at district level and below, using decentralised management through over 400 budget management centres. The ‘cash and carry’ system of user charges is recognised to cause low utilisation of services. The policy therefore uses exemptions to target universal coverage of some key public health interventions (antenatal care, under-5s treatment, treatment for priority public health diseases such as TB), alongside provision for free treatment of ‘paupers’. The implementation of the exemptions policy has been quite uneven in Ghana’s decentralised system, though regions that have made heavy use of exemptions have achieved significant increases in utilisation of services.

There has been significant improvement in the coverage of preventative services. Vaccination coverage seems to have improved significantly, associated with increased outreach services; a higher percentage of births are attended by trained staff; and there has been a significant decline in infant mortality, despite continuing high levels of malnutrition. However, household survey data suggests only 20% of the population use curative services when ill or injured, and this has only recently started to improve. Following the June 2001 joint review, Government and donors have decided to focus on the goal of reducing the substantial inequalities in access to health services.

In the agricultural sector, Government policy has been to support economic growth based on export agriculture through a combination of research and advisory services and progressive market liberalisation. The poorest food crop farmers have received minimal attention, something that Government now recognises needs to be addressed. There is currently a major debate underway concerning the appropriate role of the state within the sector, with serious thinking about how the research and extension services can become more demand responsive, and about the appropriate roles for public and private sector in the financing and provision of services. There is a recognition that the marketing systems are in some disarray due to a combination of high transport costs, lengthy and complex market chains, and high risks associated with the difficulty of enforcing

[3] GOG, Human resource development and basic services, May 2001.

contracts. At the same time, there is uncertainty as to what Government should be doing. These issues have received some discussion in the context of the GPRS, but the line Ministries have not actively participated, and their own policy discussions have proceeded in parallel.

The roads sector focuses mainly on supporting economic growth, though it is recognised that making up the backlog on road maintenance will reduce transport costs and expand the economic opportunities open to impoverished areas. The Ministry has targets for increasing the share of new construction and maintenance benefiting the poorer districts, as well as incorporating labour intensive methods and targets to employ women and local people on road programmes. However, the roads sector has suffered from serious financial management problems, which have in turn interrupted the donor disbursements which fund 70% of expenditure. The MTEF targets and indicators do not enable poverty related expenditures to be identified, and monitoring of their achievement is in any case somewhat unsystematic.

What accounts for relative success or failure?

Annex 1 gives a matrix presentation of Ghana's experience in terms of our research hypotheses.

The rhetoric of the Rawlings Governments of the 1990s was pro-poor, but the achievement was undermined by the inability to maintain budget discipline. Commitments grew beyond the ability of Government to fund them, and spending on all programmes, including poverty programmes, was squeezed by growing debt service. Wages and salaries fell to levels at which qualified and motivated staff could not be retained, especially for rural areas, while their ability to do their jobs was undermined by low and unpredictable non-salary budgets. Over-extended budgets could not be implemented, and the formal budget process became irrelevant as spending came to depend on ad hoc budget releases and normal budget disciplines became undermined by commitments that could not be honoured.

Parliament had little influence, since the budget was presented late so that refusing it would be a confidence issue. it was irrelevant anyway to how moneys were actually spent. Audit reports were years out of date when PAC considered them, and there was until recently a lack of provision for follow up.

The ambitious National Institutional Renewal Programme (NIRP) has political direction from a National Oversight Committee, and provides the overall framework for co-ordinating reforms including privatisation, civil service reform, the MTEF, and improvements in public sector financial management and accounting, including support to central and local Government.

In practice, this reform agenda has proved too massive for effective co-ordination. There have been problems of mutually dependent components proceeding at different speeds: for example, delays in introducing the new expenditure management system have undermined the monitoring of the MTEF. Fundamentally, the failure to maintain a disciplined budget process has resulted in a chaotic policy environment that has made the reforms ineffective.

Civil service reform is based around each ministry, department or agency (MDA) preparing a performance improvement plan, linked to performance contracts setting out verifiable objectives for the organisation as a whole, cascading down into similar agreements with individual units. However, CSPIP has so far had little overall impact on the large decentralised departments responsible for the delivery of the services on which the poor most depend. Key constraints have been unpredictable budget releases, and the lack of a policy to address pay levels that are too low to recruit, retain and motivate key staff such as teachers and nurses. The contractual approach lacks meaningful rewards or sanctions, and relies on civil service departments being motivated to improve their performance and focus on core functions.

The confusion over decentralisation has also been a constraint. There remains a lack of clarity as to the roles of line ministries and local Government in managing the staff of decentralised agencies serving at local Government level. In practice, local Government has little autonomy and little capacity.

Aid donors have helped raise poverty issues at the level of government rhetoric, but dialogue, conditionality and earmarking have not succeeded in significantly raising the poverty focus of public expenditure. There has been an increase in programmatic support to the budget, notably in the health sector where pooled funding has been properly accounted for. The health sector experience suggests that, for many donors, the unwillingness to give up parallel donor systems is not due to inflexible donor requirements, but is due to fears of corruption and of weak financial management.

Ghana is now beginning to make more information available on poverty and Government performance after a long period in which lack of access to information inhibited debate. The Government relies heavily on outside consultants, think tanks, and donors for policy analysis. The consequences of the lack of in house analysis include weak monitoring, a sluggishness in reviewing and modifying policy in the light of events, and sometimes a failure to build effectively on existing knowledge and experience. Similar weaknesses exist at sector level, though the movement towards the sector wide approach in health has resulted in increased, regular attention to performance review, supported by increased policy research.

Government in recent years has become convinced of the value of consulting the poor directly on their experiences and preferences, and material from participatory assessments has had significant influence on policy in a number of areas. Government has also begun to move towards increased community participation in management. There are a number of programmes using a participatory methodology in supporting local Government. Rural water development requires local communities to take responsibility for maintenance, as well as requiring a capital contribution. The big spending health and education departments, however, have so far not adopted an approach that encourages community participation. This may be changing in health, where the new Government is committed to a major shift towards community insurance for funding primary health services. Experience from other countries suggests strongly that care will be needed to focus Government subsidies to ensure that poor communities and poor people do not get excluded through inability to meet the financial cost of participation in water or health schemes.

Participation of civil society in policy dialogue has grown in recent years, helped by World Bank encouragement. Civil society has been present as an observer at CG meetings, and there have been local and national discussions around the CDF and more recently the GPRS. Those organisations with grass roots networks draw their legitimacy from being able to consult them, and participation needs to be organised on time frames that permit this. Some of the other participants in dialogue need to earn their seat at the table through the quality of their analysis. Although it is important to ensure that advocates for the poor are included in the dialogue to counterbalance the voice of more organised groups, it is important to recognise that a government with a democratic mandate will rightly choose policies based on its own views, preferences and analysis. Civil society in Ghana has not yet been very involved in using their networks to independently monitor the impact of Government policies and expenditures on the poor.

Ghana has not developed a strong culture of empowering the users of services to hold Government to account, and those few channels of complaint and redress which exist are not much used by the general public. The free press has played an important role in exposing cases of wrongdoing and encouraging debates on policy issues. One specific example of how information has been used to empower the users of services is the example of the School Performance Assessment Meetings. These meetings are able to review school performance, including pupil test results, and have in some cases proved an effective mechanism for enabling popular pressure to be placed on head teachers to improve their management of the school.

Conclusions and recommendations

Section 6, and the matrix summary at Annex 1, set out our conclusions and tentative recommendations. Summarising, the team felt that:

- If poor co-ordination of plans and budgets persists, Government should consider merging NDPC, MOF, and the planning ministry.
- Measures being introduced to link MTEF to GPRS priorities, introduce commitment controls, improve cash flow forecasts, and involve Cabinet in release decisions should improve budget prioritisation and discipline.
- It would be helpful if Cabinet papers always included estimated cost implications of recommendations, and showed how they will be financed.
- PRSP preparation needs to be led by the MDAs required to implement the policies and programmes, and should be linked to the budget process.
- Civil society participation in GPRS needs to be informed by a review of existing policies, resources, and options under consideration, with enough time allowed for consulting grass roots networks and for review of successive drafts.
- Regular Government-donor dialogue on the MTEF and on progress in improving financial management would help facilitate improved co-ordination of Government and donor flows in support of a common programme.
- It would also build confidence and facilitate progress towards pooled finance using Government procedures.
- The MTEF needs to focus on the major strategic choices facing allocations between departments, and within each MDA, rather than detailed costing of outputs and activities.
- This requires a strengthening of central economic departments, enabling them to question officials on how their budget proposals relate to Government policy, and to advise Cabinet on budget allocations.
- There is a strong case for simplifying the budget, giving managers increased discretion to allocate budgets as they see fit, but holding them accountable for achieving their outputs.
- Civil service reform needs to be linked to a budget process in which performance influences budget allocations, and to a transparent medium term pay and employment strategy.
- Both centrally and in MDAs, Government needs increased in-house capacity for policy analysis and monitoring.
- There is a strong case for making increased use of service delivery surveys and tracking surveys to give fast, cheap feedback on how Government funds are actually used, and what the population thinks of services.
- Government could reinforce pressures for improved Government services by widely disseminating information on intended and actual service standards, and establishing and publicising channels for dialogue and complaint. The education SPAM meetings are an encouraging example.
- Financial contributions have been a barrier to access by the poor, and it will be important to ensure new arrangements for health insurance do not disadvantage poorer communities and people.

1 Introduction

1.2 Methodology

The case study is based on research conducted in May-June 2001. It examines the Ghana experience in terms of a set of hypotheses concerning the factors influencing the treatment of poverty within the budget process. These were investigated through a series of interviews with Government officials, donor representatives, and involved members of civil society (see Annex 1), informed by background working papers prepared by Douglas Zormelo before the main field visit.

1.3 Structure of paper

The remainder of the introduction summarises poverty trends in Ghana. Section 2 summarises the development of Government policy and the role of poverty within it, and describes the instruments which Government has developed to ensure that national priorities are reflected in the actual pattern of spending. Section 3 describes how the pattern of spending has in practice changed to reflect nationally defined poverty policies. Section 4 reviews the available evidence on how effective public expenditure has been in reaching the poor with improved services. Section 5 discusses what accounts for the results that have been achieved with reference to a series of hypotheses, organised under three main areas: institutions, information and analysis, and participation. Section 6 draws some conclusions, focusing on the policy implications of the experience.

1.4 Poverty trends in Ghana

The World Bank estimated in 1995[4] that 5.8% per annum GDP growth was required to restore Ghanaian living standards to their 1965 level by the year 2000. On this basis, it would take 10 years for the average poor Ghanaian to escape poverty, 40 years for the poorest of the poor. Subsequent economic growth has been below the assumed level, averaging 4.3% pa in the 1990s.

The proportion of the population defined as poor has fallen from 52% in 1991-92 to 39.5% in 1998/99, based on an expenditure definition of poverty. This decline is concentrated in Accra and in rural forest areas, with very modest falls elsewhere. Export farmers and private sector wage employees experienced the sharpest reductions, with food crop farmers experiencing the smallest gains. Over 80% of the poor live in rural areas. Almost 58% of them are from households where food crop cultivation is the main activity. A further 24% are from households engaged in non-farm self-employment.[5]

Extreme poverty (implying inability to meet basic nutritional requirements even if the entire budget is devoted to food) fell from 36% to 29% based on the same two surveys. The high incidence of extreme poverty is reflected in malnutrition: 30% of under five-year olds are stunted, and 26% are underweight, with boys slightly more likely than girls to be stunted. Though higher among the poorest, malnutrition is surprisingly widespread, suggesting that other interventions in health and nutrition have the capacity to impact on the problem independently of higher incomes.

The decline in extreme poverty is also concentrated in Accra and rural forest areas, while the incidence of extreme poverty has increased slightly in rural savannah areas. More than half the population of rural savannah are extremely poor, the percentage appears to be increasing, and the

[4] World Bank, 1995.
[5] Ghana Statistical Service (1999), Poverty trends in Ghana in the 1990s, November.

depth of their poverty is rising. In Savannah areas, modest growth in the 1990s has been accompanied by rising inequality, leading to an increase in the incidence and depth of extreme poverty. Recent participatory assessments confirm the perception of worsening conditions for the poorest (Kunfaa, 1999, quoted in the Report of the GOG Poverty Reduction Programme).[6]

The 1994 participatory poverty assessment[7] quotes people's views on the causes of poverty:- lack of labour, and of common assets including domestic and productive water, economic trees and pasture. The rural poor are often isolated from markets and services due to issues of cost, physical access, and social exclusion. Vulnerability also emerges strongly from the PPA and more recent participatory work, including severe seasonal food shortages in parts of the North. The urban poor have higher consumption, but their lack of access to coping strategies based on natural resources makes them vulnerable to shocks such as illness and injury.

The factors contributing to poverty and vulnerability include the marginalisation of ethnic minorities, inheritance traditions that deny widows access to the estates of dead husbands, out-migration of rural youth, dwindling access to farming land, land degradation, unpredictable rainfall, and household debt.

Life expectancy rose from 57 to 59 between 1993 and 1998, but HIV incidence is rising (estimates suggest it may now be approaching 5% of population). if HIV is not controlled, Ghana could face reversals in life expectancy of the sort experienced elsewhere in Africa.

[6] Republic of Ghana, 1999.
[7] Norton et al, 1995.

2 The Government Role in Poverty Reduction

2.1 Development of government poverty policies

The Economic Recovery Programme (ERP) was introduced in 1983, and succeeded in reversing the economic decline of the previous decade. GDP increased by about 5% per annum between 1983 and 1992, inflation came down from 123% in 1983 to 10% in 1992, trade and exchange rate liberalisation was implemented, and most of the price distortions in the economy were removed. The programme was supported by the IMF and the World Bank, and Ghana was widely applauded as an example of successful structural adjustment.[8]

This exemplary economic performance was not maintained in the 1990s. GDP growth has fluctuated around 4% per annum, the declining trend perhaps reflecting the exhaustion of the easy gains from removing price distortions, while the growth of investment required to move the economy onto a higher growth plain has not been achieved. Fiscal stabilisation was not maintained, with a pronounced 'election cycle' evident. The Government abandoned prudent fiscal and monetary policies in the run up to the 1992, 1996 and 2000 elections: inflation increased again to reach 47% in 1996, was brought down to 12% by 1999, but has subsequently increased to around 35%, with the new Government which took office in December 2000 facing a serious legacy of domestic and foreign debt, exacerbated by terms of trade shocks from mid-1999, and by the exchange rate depreciation which accompanied higher inflation.

The attitude to the private sector of the Rawlings Governments that were in power throughout the 1980s and 90s has also been ambivalent, with avowedly pro-investment policies sometimes contradicted by statements and actions which made private investors wary.[9]

The main emphasis of the Rawlings Governments, and in statements by the new Government elected in December 2000, has been on growth rather than on poverty reduction. In 1986, the PAMSCAD programme was introduced, but the emphasis was on responding to critics of adjustment policies by seeking to help those thought to have been adversely affected by measures such as civil service retrenchment.

The need for more specific policies to address poverty was urged by the donors in the mid 1990s, particularly at the 1995 CG meeting. This had a significant influence on the decision of Government, under the leadership of the Vice President, to establish a Technical Committee on Poverty (TCOP), which was responsible for the preparation of the 'Policy Focus for Poverty Reduction' in September 1996. This provided a good overview of previous Government approaches to poverty and a review of existing policies from a poverty perspective. It proposed an approach broadly consistent with the World Bank 1990 World Development Report on poverty: a stable macro-economic framework, policies to accelerate economic growth with a focus on smallholder agriculture and informal sector enterprise, addressing basic needs through improved accessibility of social services, and some discussion of strengthening safety nets via local Government. An integrated macro-micro approach was envisaged, recognising the need for participation by the poor themselves in order to ensure sustainability of interventions. Though the technical committee remained in existence, the frequency of meetings waned, as did the initial enthusiasm.

[8] This section draws heavily on Republic of Ghana, 1996.

[9] 'it is evident that government attitudes towards private sector success still vary. Qualitative evidence suggests that private success breeds suspicion…in the case of Ghana…there is ample room for such suspicion to trigger off acts of threat and outright expropriation.' (Aryeetey and Tarp, in Aryeetey et al (editors), 2000.

The focus on poverty has not been strongly reflected in the development plans, or in budget allocations, as we shall see in section 3. The long term perspective study, 'Vision 2020', which was produced in 1994 following a highly participatory process, has the central objective of enabling Ghana to achieve middle income status by the year 2020, and the overall target is to achieve 8% per annum growth of the economy. The strategy, further fleshed out in the first five-year plan covering 1997-2000, is based on export-oriented, private-sector-led development, and draws inspiration from the experience of the East Asian 'tiger economies.'[10] The emphasis of agricultural development is mainly on supporting export agriculture, and on areas of high potential. The section describing the main thrusts of the plan only refers to poverty once, and in the specific context of human development. Nevertheless, the key themes are not inconsistent with poverty reduction, and are reflected in the intended pattern of resource allocation. Strong emphasis is placed on human development, including free, compulsory, universal primary education (FCUBE), and a medium term health strategy which emphasises universal access to primary health services as well as linkages to women's education and to improving nutrition. Education is to receive 40% of the recurrent budget, health 10%, both above historic levels.[11]

The main flaw in the strategy, recognised by the Government's own assessments of the first five year plan, is that it was never developed into fully costed plans and was not directly related to the allocation of budget resources. Growth was little more than half of the targeted level, implying that resources available to Government also fell far short of what had been expected. The linkage from the plan to the expenditure allocations in the budget and the medium term expenditure framework was purely notional, and the plan did not prove in practice to be all that helpful in determining spending priorities**.**

Many of these problems stemmed from the institutional split between the National Development Planning Commission, responsible for preparing the plan, and the Ministry of Finance, responsible for allocating the resources required for implementing it. The problems of co-ordination are recognised in the 1998 Programme of Action, which envisaged annual joint reviews of plan and budget by NDPC and Ministry of Finance. In practice, there has been very little performance monitoring, and those we interviewed conceded that co-ordination between the two bodies has been weak. The plans could not be implemented for lack of resources, while the budget process could be argued to have suffered from a lack of focus on Government priorities.

Poverty has now come strongly back onto the agenda, through the Ghana Poverty Reduction Strategy. The previous Government began the work on preparing the GPRS in 2000, and an interim paper was prepared in June 2000.[12] One of the authors visited Ghana at around that time, and gained the impression that the exercise was widely seen as another donor imposition, at a time when the country had already been encouraged to embrace the Comprehensive Development Framework approach being promoted by the World Bank. During the field visit for the current exercise, in June 2001, it was striking that the commitment to effective poverty policy had strengthened. This impression was confirmed by our interlocutors in Government, in the donor community, and (with more reservations and more of a wait-and-see attitude) in civil society. Work on the Ghana poverty reduction strategy was proceeding, based on the work of technical groups and with minimal interference from donors. The new Government has decided to make the GPRS the basis for the 2002 budget, and envisages a significant sharpening of the linkage from the strategy to resource allocation, including a sharper focus on targeting resources to the poorer regions and to identified vulnerable and poor groups.

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[10] Government of Ghana, June 1998
[11] Presidential Report to Parliament in June 1995
[12] Government of Ghana, Ministry of Finance, June 2000.

2.2 The planning and budget management framework in Ghana

Box 1 summarises the main planning instruments. The National Development Planning Commission is established by the Constitution to prepare long term and medium term plans on behalf of Government as a whole. It is supported by a technical secretariat, but has no Minister as such. Under the previous administration, it had lost power and influence at the expense of the Ministry of Finance, and had a dwindling staff and capacity. It had led the process of preparing the Vision 2020 long term perspective, and the first five year plan to implement it, and the draft for the second five year plan (Vision 2020 'second step') was in an advanced state of completion when the Government changed. The evaluation of the first five year plan to implement Vision 2020 showed limited achievement due to sluggish growth and the problems of macro-economic management. It also revealed wide disparity between plans and budget allocation priorities.

Box 1: Quick guide to planning and budget processes

Vision 2020	An overview of long term goals and aspirations to the year 2020, now superseded by GPRS Volume 3.
Five Year Plans	The national planning framework on which to develop detailed sector strategies, 1st 5YP 1987-2000, 2nd 5YP postponed to 2002.
MTEF	Annual, rolling 3-year expenditure plan introduced for 1999 budget, establishes sectoral ceilings against which MDAs prepare expenditure plans linking objectives and outputs to costed activities designed to achieve them.
GPRS	Poverty Reduction Strategy, to be the basis for 2002 budget, HIPC debt relief, IMF PRGF funds, IDA programme, and donor dialogue, and the basis for next 5 year plan and revised long term framework to modify Vision 2020.
Sector Planning	Some sectors have plans prepared to different time frames, e.g. health 5 year programme of work.
District Planning	District 5-year plans 1996-2000, annual plans. In practice, most district spending is controlled by line ministry staff; discussion of future fiscal decentralisation continues.

The new Government aims to achieve closer co-ordination between planning and finance. The Minister of Government Business, a former finance minister, has been designated as the head of the economic team. He chairs the economic committee of Cabinet and is the designated Chair of the NDPC once it is reconstituted. He is senior to the three other economic ministers in Cabinet: the Minister of Finance, responsible for macro-economic and budget management and for the MTEF, the Minister of Economic Planning and Regional Co-operation,[13] heading an economic planning ministry, and the Minister of Trade and Industry. The Minister of Economic Planning has been designated to take the lead on planning issues, and his view of his own role is that Ministry staff and staff of the NDPC secretariat should work together 'as a single entity' under his administrative and technical direction.

Ministers and senior officials in Finance and Planning argue that the appointment of a senior Minister to ensure co-ordination, backed by the authority of the President, and improved capacity

[13] This Ministry has changed it's name since the new Government took office. For the sake of brevity, we refer to it in the rest of this report simply as The Ministry of Economic Planning.

for monitoring of plan execution, will enable Government to achieve a closer linkage from plans to implementation. The GPRS work is being led within NDPC and directed by the Minister of Economic Planning, but with close involvement of finance. The resource envelope and expenditure ceilings for the 2002-2004 GPRS will be the MTEF for that period, developed jointly by the two departments, and the budget guidance issued to MDAs for preparing the 2002-2004 budget proposals will be based on the policy thrusts of the GPRS. This explicit linkage to the resource framework of the MTEF should help to ensure that the link is more substantive than under the five year plan.

The previous experience of Ghana, and of other countries, is littered with good intentions for close co-ordination between planning bodies and Ministries of Finance. Experience suggests that it will be a challenge to maintain harmonious relationships and avoid the risk of all effective power and influence flowing to finance, which controls the budget, but presently lacks the analytical capacity to review how it should best be spent to advance Government goals.

Although a fairly complete draft of the new five-year plan was prepared under the previous Government, the new Government wishes to revisit this in light of its own vision for creating a golden age for business in Ghana. The main activity in 2001 will be the preparation of the Ghana poverty reduction strategy as the foundation for HIPC debt relief. The GPRS will be the foundation, ‘the guts’, of the new five year plan. An early draft GPRS policy framework is in limited circulation, and the aim is to complete it by October.

2.3 GPRS

The NDPC established a Task Force to lead preparation of the GPRS, with political-level oversight provided by an Inter-Ministerial Committee on Poverty Reduction. Preparation spanned the change of Government.

The initial situation analysis included consultations on dimensions of poverty and recommended solutions involving a sample of 36 communities, 12 districts and 6 administrative regions. These included focus group discussions with the poor, especially those groups identified as having benefited least from past improvements, and culminated in wrap-up sessions with District Assembly personnel and then ‘regional consultation workshops’. The participatory content of the preparation process also builds upon earlier work, including the 1999 ‘Voices of the Poor’ exercise sponsored by the World Bank, the social assessment undertaken by the NDPC in 1998 using participatory methodologies,[14] and the 1994 participatory poverty assessment carried out by the World Bank as part of the extended poverty study.

To feed in to the drafting of the GPRS, NDPC established five ‘Core Teams’ (on macro-economics, employment, governance, basic services, and vulnerability and exclusion), tasked with producing frameworks and action programmes in their respective fields. Members were drawn from Government, private sector, and local experts, with limited technical support from donors in some groups (notably from the World Bank on macro-economics). The work of these groups was then taken to national forums of civil society, private sector, government and donors to review and harmonise ideas on priority issues and actions. A special forum of civil society was called to ‘validate priority issues and actions’, wording which some of the NGOs felt indicated the limited extent of the dialogue and scope for CSO influence, with the major macro-economic and budgetary issues not really open for discussion. The National Economic Dialogue, comprising representatives of development stakeholders in Ghana, also discussed the GPRS.

[14] Korboe, David (1998), Ghana Targeted Poverty Reduction Project, Synthesised report on the Ghana social assessment, June.

Those involved in the process, and those observing it from outside, had a number of frustrations[15].

- The five task groups do not map onto the organisational structures of the Government, and sector Ministries have varied in the extent of their engagement in the process, running the risk of a document with no ownership by those required to lead in implementing it.
- The composition of groups, the limited time for some discussions (especially in the national economic dialogue), and uneven prior knowledge of those involved, meant that the five groups, and even more so the national level workshops, did not always build effectively on prior analytical work. According to Killick and Abugre,[16] the five groups were not given copies of the reports of the community level consultations.
- The large-scale meetings such as the National Economic Forum were not suitable for meaningful participation. These meetings broke into groups to consider specific topics, but they were confronted with a huge volume of paper, had too little time to absorb it, and discussions reflected the variable knowledge and experience and 'pet issues' of the participants. The NGOs with grass roots networks feel that their legitimate role in the debate must derive from being able to speak for those networks, but there has been too little time to consult them, and many of the local organisations would need to find financial support to enable them to organise consultations.
- The civil society organisations also feel that meaningful consultation requires Government to provide more information on the resources available and the policy options under consideration. For example, the macro-economic framework will in practice continue to be negotiated with the IMF, but the macro-economic group was inadequately briefed on the views of the IMF regarding the outlook and the scope for considering alternatives that might gain Fund acceptance.

These weaknesses are reflected in the 'zero draft' of the policy framework that was being circulated at the time of our visit. This document is much stronger on proposing ideas than on prioritising them, costing them, or relating them to a review of the strengths and weaknesses of existing policies and programmes.

The new Government has brought some new perceptions to the drafting of the GPRS. An NDPC official, and one of the task force consultants, suggested that this is one reason why the results from the community consultations may have been given less weight. In embarking on preparation of a PRSP and in opening discussions with donors on HIPC debt relief, Ghana has a more difficult macro-economic position than countries such as Uganda, which committed itself to using debt relief savings to fund additional spending on poverty programmes. The Minister of Economic Planning stressed the over-riding importance of four issues:- debt management, re-establishing fiscal discipline and raising savings and investment rates as the foundation for faster long term growth, and overcoming the problems of the food crop farmers. Debt and inflation are 'enemies of the poor', a point which the donors appeared to accept, with the Bank and Fund recognising the case for using a portion of the savings to reduce the domestic debt burden. Given the inheritance, Ghana could not be hugely ambitious in the short term.

2.4 The Medium Term Expenditure Framework

The medium term expenditure framework was introduced with the 1999 budget (see Box 2).

[15] This section draws heavily on discussions of GPRS at a seminar with civil society which DFID organised on June 21st.
[16] Killick and Abugre, 2001.

Box 2: The Medium Term Expenditure Framework

There are eight steps in the MTEF budget-making process:

1. **May**: MOF forecasts domestic and foreign resources available for 3-year MTEF period.
2. **June/July**: Cross sectoral and policy hearings discuss priorities, based on review by each MDA of their strategic plans and priorities.
3. **August**: MoF propose sectoral ceilings for Cabinet approval based on the review of priorities and the resources available after deducting non-discretionary spending (debt service and DACF).
4. **August:** MOF issue budget guidelines paper to MDAs with the approved preliminary ceilings and guidance on policy (including in 2001 the draft GPRS).
5. **August/September:** MDAs review strategic plans, prepare costed and prioritised 3 year integrated estimates, consistent with the ceilings, covering Government and donor resources, based on costing the activities required to achieve defined outputs.
6. **October:** MOF review submissions from MDAs, hold budget hearings, need for sector re-allocations considered.
7. **November:** Finalise budget, discussed and approved by Cabinet.
8. **November/December:** Presentation of Year 1 budget to Parliament, with indicative estimates for Years 2 and 3.

Comment: In practice, resource estimates will change during the year, more iteration may be needed, timings may shift: this idealised timetable will in reality be adapted to circumstances.

Source**:** Ministry of Finance August 1999 and February 2000.

The MTEF was introduced in order to overcome a number of weaknesses in the planning and budget process. The national and sectoral objectives of the Vision 2020 and the 5-year plans had not been costed. The MTEF provides a methodology for costing objectives in detail, and prioritising them to fit within the available resources, both between and within sectors. By providing a medium term perspective to the budget, it provides more scope for shifting resources towards Government priorities, since resources in year 1 are always fairly heavily committed, and it is only in the outer years that there is room for significant shifts. By looking at Government and donor flows, and at the recurrent and development budget, in a single framework, it aims to focus all resources on a consistent, prioritised, and sustainable set of activities[17]. The MTEF approach was introduced in 1998, and there have been two MTEF cycles covering 1999-2001 and 2000-2002. The budget prepared in March 2001 by the new Government was seen as an interim budget, and the budget statement did not include projections beyond the current budget year, but a new MTEF will be prepared for 2002-2004.

There is broad agreement in Ghana that the MTEF has not so far produced the intended results, and it is important to consider whether this is the result of problems with the approach, or with the way it has been implemented in Ghana.

MTEF and actual expenditure

The MTEF was introduced at a time when both the terms of trade and macro-economic management were deteriorating. Total expenditure has diverged from the budget figures in both nominal and real terms. In 1999, a shortfall in anticipated external finance and the impact on domestic revenues of terms of trade losses was largely offset by higher domestic financing, though public expenditure was also below budget. In 2000, an election year, the budget was substantially

[17] Draft MTEF Handbook.

higher than the previous year's MTEF figure, and actual spending was higher still, and significantly in excess of the budget in nominal terms, less so in real terms (Table 1).

Table 1: Total Government Expenditure at 1999 Prices: Successive MTEF Estimates

	1999	2000	2001	2002
1999 MTEF	(6063) 6744	6281	5700	
2000 MTEF		7708	6865	4327
2001 interim Budget			8181	
Actual Expenditure	5848 [18]	7920		

Sources: Budget speeches. 1999 MTEF figures are from GOG poverty reduction programme submitted to 1999 CG. These differ from the budget figure for 1999 quoted in the 2000 budget, given in parentheses. MTEF figures are deflated by the inflation forecasts used in the original forecasts.

The impact on the pattern of spending was more dramatic. Higher than anticipated debt service required sharper reductions in discretionary spending. Actual discretionary spending was only 94% of the approved budget in 1999. Although cash spending in 2000 was close to budget, higher inflation reduced the real value of discretionary spending to just 88% of the budgeted level.

Table 2: Planned and Actual Discretionary Expenditure, in Current and Real Prices

		1999	2000	2001	2002
Current Cedis	MTEF 2000		5319	5324	4921
	Budget	3846	5319	6057	na
	Actual	3607	5263		
1999 Cedis	MTEF 2000		4783	4356	3756
	Budget	3846	4783	3584	
	Actual	3607	4204	na	na

Source: as Table 1

The non-salary recurrent budget bore the brunt of the cuts. The real value of actual expenditure was less than two thirds of budgeted levels in both 1999 and 2000. In 2000, the explanation was lower than budgeted aid, and higher than anticipated debt service associated with exchange rate collapse and high domestic borrowing and interest rates. With salaries also increasing in an election year, the non-salary recurrent budget inevitably took the strain.

Table 3: Planned and Actual Non-salary Recurrent Expenditure, in Current and Real Prices

		1999	2000	2001	2002
Current CEDIS	MTEF 2000	na	942	731	816
	Budget	659	942	800	
	Actual	387	700	na	na
1999 Cedis	MTEF 2000	na	847	598	623
	Budget	659	847	473	na
	Actual	387	559	na	na

Source: as Table 1

[18] Figures for actual spending in 1999 in annual budget speeches and in the September 2000 IMF report, 'Reforming Budget Execution' differ from those in the unaudited financial statements for 1999. We are unable to explain the differences, but the conclusions we draw from the data would not be affected whichever data is used.

Discussion so far has focused on divergence between planned and actual spending patterns within the coming budget year. In both the 1999-2001 and the 2000-2002 MTEFs, despite assuming more than 5% per annum economic growth, the projections imply declining real expenditure in the outer years. This conclusion is arrived at by simply deflating the Cedi values in the MTEF tables by the inflation forecasts given in the same budget documents (see Table 4.)

There is a case for a conservative bias in projections, and for retaining a larger contingency reserve in the outer years. We will show in the next section that the experience of Ghana since the mid-1990s has indeed been one in which the resources available for the discretionary budget have been on a downward trend. However, planning figures which unnecessarily imply a need to cut expenditure below existing levels take away one of the key benefits of an MTEF, which is to provide a framework for planning future strategic shifts in priorities. If the resource envelope is assumed to be continually shrinking, there is very little scope to shift resources towards higher priority expenditures. The pessimistic bias in both the 1999 and 2000 MTEF figures is evident from comparison of successive annual planning figures for the same year. In every case, the planning figures for each year have been progressively increased as it draws nearer.

Table 4: Index of forecast real Expenditure in Successive MTEFs (1999 Budget = 100)

	1999	2000	2001	2002
Total Expenditure				
Total Expenditure, 1999 MTEF	100	93	85	
Total Expenditure, 2000 MTEF		114	102	64
Total Expenditure, 2001 Interim Budget			121	
Total Expenditure, Actual	87	117		
Discretionary Expenditure				
Discretionary Expenditure, 1999 MTEF	100			
Discretionary Expenditure, 2000 MTEF		124	113	98
Discretionary Expenditure, 2001 interim budget			93	
Discretionary Expenditure, Actual	94	109		
Non-Salary Discretionary Recurrent Expenditure				
Non-salary recurrent expenditure, 1999 MTEF	100			
Non-salary recurrent expenditure, 2000 MTEF		128	91	95
Non-salary recurrent expenditure, 2001 interim budget			72	
Non-salary recurrent expenditure, Actual	59	85		
Deflators				
2000 Budget/MTEF	12.4	11.2	9.9	7.2
2001 Budget	12.4	25.2	35.0	na

Source: as Table 1.

In the event, spending has indeed been reduced sharply in 2001, but for reasons connected with the pre-election boom, reasons which were not anticipated in the 2000 budget speech. The forecast of falling expenditure in the 2000 MTEF does not appear to be due to the terms of trade loss: this should have reduced spending below the budgeted level in 2000, not 2001, when there has been some recovery. It is not explained by the discretionary budget being squeezed by debt service: it increases slightly from around 62% of spending to 63% according to the MTEF assumptions. The cause appears to be some odd assumptions regarding both domestic revenue and donor flows. In both cases, there appears to be a systematic bias towards over-estimating revenues in the current year, but under-estimating them in the future.

The bias in forecasts of external financing can be illustrated from the figures given for the 2000 budget. Donor flows are assumed to change as follows:

Table 5: External Finance Assumptions, 2000-2002 MTEF

Cedis Billion	1999 Actual	2000	2001	2002
Grants	302	962	966	487
Loans	973	2017	1588	986
Total Cedis Billion	1275	2979	2554	1473
Total US US$	455mn	957mn	746mn	422mn

Source: Ministry of Finance, 2000 Budget

The pattern of an assumed doubling of donor support in 2000, followed by a decline to below previous USUS$ levels in 2002, always seemed unlikely, and in the event the external disbursements in 2000 were of the order of US$700 mn rather than the US$957mn assumed. The forecast may be an example of a well recognised feature of donor projections of their future support, which always tend to overestimate spending in year 1, due to unanticipated commitment and disbursement delays, but will underestimate support in the outer years, because donors are unwilling to give indications of future support levels beyond those which have been firmly committed.

The consequence of these two biases is that Ghana has consistently over-estimated donor flows in the current year, but has projected an implausibly sharp decline in such support for the outer years. The over-estimation in the coming budget year is the more serious problem, since it directly contributes to the need to re-make the budget via reliance on restricting releases to a fraction of the budget approved by Parliament. There is a ready solution to this problem, which is used for macro forecasts in Uganda. The historic record of disbursements against commitments by donor can be used to calculate donor-specific ratios by which each donor’s commitments are adjusted to give a realistic expectation of the likely realisation within the coming budget year. During the year, regular reporting and discussion with donors can be used to improve cash forecasting to inform fund releases. For the outer years, a number of approaches could be used: trend analysis, informal discussions with donors to get a clearer idea of future intentions on a non-attributable basis.

There has also been a tendency to make optimistic assumptions as to the domestic revenue yield in the immediate budget year. In both 1999 and 2000, domestic revenue was significantly over-estimated.

The consequence of the two tendencies to overestimate resources in the current year but underestimate the scope for future growth is that neither the annual budget nor the medium term MTEF forecast has much credibility with MDAs.

Part of the problem appears to be that the Ministry of Finance lacks economic forecasting capacity, and relies on IMF figures to establish the macro-economic resource envelope. It is partly because of the lack of a clear medium term macro economic perspective pending negotiation of a revised programme with the IMF that GOG decided not to publish estimates for the outer years with the 2001 budget.

MTEF and poverty spending

There have been attempts, notably at the time of the 1999 CG meeting, to try to use the MTEF to give a stronger poverty focus to spending plans. The then Government at that CG meeting set out some clear poverty reduction priorities. These included integrated rural development, expansion of employment in part supported with micro finance, and commitment to expand ‘access by the rural and urban poor to basic education, primary health care, water and sanitation and family planning services.’[19] The 1999 MTEF had made some attempt to reflect these priorities, though the scope for re-allocation was severely limited by the assumption of falling real expenditure between 1999 and 2001. Those expenditures broadly identified by Government as intended to reduce poverty were to be increased by the MTEF from 16.7% of total expenditure in the 1999 budget to 21.2% in 2001. The categorisation of programmes as poverty reducing was not especially rigorous: basic education including junior secondary, primary health care including district health administration and district hospitals, rural electrification which has low coverage among the poor, poverty spending within agriculture based on a fairly generous interpretation, and all spending on water and sanitation and on feeder roads. Even with these definitions and with the increased share of total expenditure, the MTEF envisaged just 7% real growth in poverty spending by 2001, implying virtually no change in spending per head of population.

The need for a stronger movement towards increasing the focus on poverty reduction, and the need for more resources to make it feasible, was recognised by Government. With some technical assistance from DFID, a document was prepared for the November 1999 CG which attempted to cost an ‘Accelerated Poverty Reduction programme’. The document examined education, health, rural water, rural electrification, agriculture, social welfare, and population management. In each of these sectors, the document examined how additional resources could be used to accelerate progress in achieving Government objectives, with a particular focus on benefits to the poor. The intended approach therefore has something in common with the Poverty Action Fund idea introduced in Uganda, where donor commitments and HIPC debt relief were ‘ring fenced’ to finance additional spending on poverty, beyond a baseline level. In the event, little came of the approach. The estimates were based on some fairly ‘quick and dirty’ calculations made by outside consultants. Although these were based on discussions with sector authorities and on their own stated policy documents, the extent of Ghanaian ownership and commitment to using additional resources in the way envisaged in the document was unclear. Ghana did benefit from an increase in external support in 2000, but this coincided with pre-election loss of fiscal control and real social expenditure actually fell.

MTEF and budget management

A critical problem is that, although the budgets are prepared based on costing specific activities, the financial management system does not presently enable any data to be collected on what was actually spent on those activities. The financial management system controls expenditure in terms of the approved budget of the responsible institution, and the nature of the expenditure, but it neither controls nor reports spending on the activity to which the expenditure relates. Thus we can identify how much a district hospital spent on stationery, but not how it allocated resources in relation to the objectives or activities specified in the budget, for example the malaria control programme. The Controller and Accountant General commented that the budget structure at present ‘does not address poverty in any way.’ As one of our line ministry informants frankly stated, the MTEF is prepared to satisfy MOF, but actual budget releases can be and are used in ways which need bear little if any relation to it.

This problem can be fixed when the much delayed BPEMS system is finally up and running. This has a 31-digit coding system which can be used to ensure that activity codes are included and are preserved in the actual expenditure and accounting data. However, there is a more fundamental choice to be made as to the level of detail which the centre requires. If objectives and activities are what matters, it would make sense to drop or radically simplify the reporting of line item details**.**

This simplification is especially important in decentralised sectors such as health, where there are over 400 budget management centres. When printed out, the sector MTEF is a forbiddingly thick

[19] Statement by Hon. Kwame Peprah, Minister of Finance, in IBRD, 2000, Feb.

sheaf of paper, from which it is virtually impossible to obtain any strategic overview of how resources are being allocated, and what changes are planned compared to the previous out-turn.

Another fundamental problem is that the personnel budget, Item 1, is controlled centrally. The most critical area in which an MDA might wish to make trade-offs, namely between personal emoluments and the non-salary recurrent budget, is outside their control. They have little incentive to look for personnel savings, or to hunt for ghost workers.

Several of our line ministry interlocutors suggested that the actual scope for discretion within the MTEF was in practice quite limited in some sectors. The largest part of the Investment budget, item 4, is financed by the donors. Though sectors such as health have succeeded in bringing the bulk of donor flows within joint sector planning, this is the exception, and a large part of donor investment remains tied up in projects subject to donor decisions. The domestic development budget includes the Government share of donor projects as a large element, plus roughly one quarter accounted for by the District Assemblies Common Fund, a statutory commitment which again cannot be varied within the MTEF framework. The administration budget covers items such as utilities and rent and is largely prepared on an incremental basis. It is therefore largely the recurrent service budget over which realistic discretion exists. This represents just 8% of the discretionary budget (far less in education where PEs dominate), is the part of the budget most prone to being cut or to be delayed in release, and we have seen that the MTEF pessimistically assumes that it will continue to shrink in real terms, without including action to reverse this undesirable trend.

In a situation in which the first year budget lacked credibility, and the outer years were projecting no room for growth in expenditure, it is little surprise that little notice was taken of the outer years of the year 2000 MTEF framework. If the Kufuor Government sticks to its stated commitment to re-establish fiscal discipline, this problem should be overcome, though re-establishing credibility with MDAs will require time to build a track record. The March 2001 interim budget introduced by the Kufuor Government includes a large unfinanced gap. Far from reinforcing a medium term approach, Government is for the moment relying on restricting quarterly cash releases to short-term forecasts of realised revenues. This makes sense in current circumstances, but represents a tacit acceptance that even the annual budget can not at present be planned with any confidence. Moreover, no economy can avoid the risk of unanticipated events that throw the budget off track. Nevertheless, there is a strong case for setting out clear future directions for the allocation of resources between competing priorities. The austerity needed in the next few years in order to stabilise the macro-economy does not weaken the case for the MTEF. Indeed, when resources are strained, it becomes even more important to allocate those resources in ways that preserve priorities and enable the most important objectives to be met.

The conclusions to be drawn from this discussion are not that the MTEF is a bad idea and should be abandoned, but that it needs to be further developed in order to make more realistic assumptions concerning the resource envelope, plan and implement strategic shifts in priorities, progressively capture more of the donor flows within a genuinely joint exercise of planning and budgeting, and give more discretion to budget holders, including beginning the politically sensitive process of decentralising the personnel budget.

3 Poverty and the Changing Pattern of Public Expenditure

This section looks at some of the longer-term trends in the pattern of public expenditure from a poverty perspective, taking the period from 1990.

Table 6: Trends in Public Expenditure in Ghana since 1990

	1990	1992	1993	1995	1996	1997	1998	1999	2000	2001 interim Budget
Real domestic revenue	1.00	1.04	1.37	2.01	1.90	1.95	2.16	2.03	2.26	2.11
Real dom. Revenue per cap.	1.00	0.98	1.27	1.77	1.63	1.63	1.76	1.61	1.75	1.59
Real expenditure	1.00	1.50	1.86	2.10	2.25	2.28	2.36	2.08	2.54	2.41
Real exp per capita	1.00	1.42	1.72	1.84	1.93	1.90	1.92	1.65	1.96	1.82
Real recurrent, excl. interest	1.00	1.40	1.76	1.59	1.63	1.54	1.62	1.65	2.01	1.96
Real recurrent, excl. interest and wages and salaries (pe)	1.00	1.28	1.93	1.60	1.57	1.36	1.39	1.36	1.46	1.45
Real recurrent per capita, excl. interest & pe	1.00	1.22	1.79	1.40	1.34	1.14	1.13	1.08	1.13	1.09
Wages & Salaries, real	1.00	1.54	1.57	1.59	1.70	1.74	1.90	2.00	2.67	2.56
Interest, real	1.00	1.66	2.79	3.65	4.82	6.16	7.17	6.01	8.35	9.38
Percentage Shares										
Investment share	0.40	0.42	0.38	0.46	0.45	0.43	0.40	0.34	0.34	0.26
Interest share	0.08	0.09	0.12	0.14	0.17	0.22	0.24	0.23	0.26	0.31
PE share	0.24	0.25	0.20	0.18	0.18	0.18	0.19	0.23	0.25	0.25
Other recurrent share	0.28	0.24	0.29	0.22	0.20	0.17	0.17	0.19	0.16	0.17
Total	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.99	1.02	0.99

Sources: IMF data and GOG budget speeches. PE refers to personal emoluments (wages and salaries); pc means per capita.

The failure to maintain fiscal control has had severe implications for the capacity of the economy to generate financial resources for effective public expenditure programmes. Slow growth, variable inflation, and election-related weakening of taxation policy have contributed to an erratic revenue performance, the revenue GDP ratio slipping back from the 1995 peak of 24% of GDP to 16.5% anticipated in 2001. In the 2001 budget year, real domestic revenue per head is expected to be only 90% of the level attained in 1995.

Real public expenditure per head of population grew strongly in 1990-94, but has subsequently shown no real increase. It actually declined in 1999, recovering sharply in 2000 but financed by unsustainable debt and arrears accumulation and necessitating further cuts in the 2001 austerity budget. This dismal picture looks even bleaker when the pattern of spending is examined. In the early 1990s, some 40% of public expenditure represented investment, salaries took 23-25%, other recurrent 24-29%, with interest spending accounting for the balance. The share of interest has increased from 8% in 1990 to reach 31% in the 2001 budget. The big increases in the interest burden took place in 1993-94, 1996-97, and 2000-2001, and seem to have been the result of the loss of fiscal control in the run-up to presidential elections.

The investment share in public expenditure held up, and indeed increased, until 1999. Most investment is foreign financed, with domestic investment dominated by counterpart contributions for donor projects plus the statutory commitment to spend 5% of revenue on the District Assembly Common Fund. The share of wages and salaries fell in 1993, and was not restored until 1999-2000. Low and declining real public sector salaries have been a serious problem for recruiting and retaining skilled staff. Wages were significantly raised in 1999-2000, restoring the share of salaries in total spending, but the across the board increase did nothing to overcome the key problems of retaining and motivating skilled staff such as teachers and nurses.

The most serious problem, however, has been the ever-tightening squeeze on non-salary recurrent spending. This has taken a continuous downward path, falling as a share of public spending from 28% in 1990 to just 17%. In terms of real spending per head, non-salary recurrent spending has fallen continuously since 1993, with the result that in 1999 and in the current budget it stood at little more than 60% of the 1993 level.

With this overall fiscal background, there are evidently severe limitations on the capacity of Government to allocate resources to promote increased livelihood opportunities or improved access to basic services for the poor. We will briefly illustrate this point with discussion of trends in education and health spending. This reflects the availability of data and analysis rather than any assumption that these sectors necessarily should be regarded as more important for poverty than roads, water and sanitation, or agriculture. They have, however, attracted considerable donor attention, and feature prominently in the draft GPRS, and it might be expected that a poverty focused Government would ensure that increased resources are made available to fund basic health and education services for all.

Table 7 shows trends in Government spending devoted to health and education. The share of GDP and of total recurrent expenditure devoted to Government spending on education fell sharply as the interest burden squeezed it out in the mid 1990s, but has subsequently recovered. Spending remains below the African average of spending around 5.3% of GDP on education in the mid 1990s. Penrose[20] shows that the primary education share remains relatively low. Spending on primary education has been maintained in the range 1.3% to 1.5% of GDP until the current 2001 budget, which saw a sharp reduction. As a share of education spending, Ghana spends less than half of the budget on primary schooling, compared with two thirds or more in Uganda and Ethiopia. This partly reflects higher secondary enrolments, but is also evidence of Government subsidies skewed towards the urban and middle income groups.

Table 7: Government spending on education, health 1991-2000

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
% of recurrent Govt. spending:										
Education	23.2	23.7	22.0	18.0	20.1	19.9	18.0	18.2		
Health	8.4	7.9	7.0	5.1	5.7	5.5	4.6	3.9		
Govt. spending as % of GDP:										
Education	3.2	4.2	4.6	4.0	3.3	3.5	3.7	3.5	3.8	4.1
Health	1.2	1.4	1.5	1.2	1.0	1.0	1.0	0.8	0.8	0.8
Total Recurrent	14.0	17.8	22.1	23.2	16.5	17.7	20.6	19.4	16.4	18.5

Source: Mckay and Coloumbe (2001), from IMF Ghana Statistical Annex, 1998 and 2000, updated from IMF June 2001.

As a share of the discretionary recurrent budget (i.e. excluding debt service), Penrose gives figures, not reproduced here, showing that recurrent education spending increased over the 1990s to a peak of 45% in 1997, but has since fallen to a new low of 24% of the discretionary recurrent budget in 2001. Penrose also gives figures for total education spending as a share of total Government expenditure. These show that education was taking over 20% of Government spending in the early 1990s, but that the share of education fell sharply in the wake of the increase in the debt service

[20] Penrose, 2001. He uses slightly different figures from the IMF series, though the broad patterns are consistent with the IMF trends.

burden in the years after the 1992 election, staged a recovery in 1997-98, but has since fallen to an all time low of 9% of total Government spending in the 2001 interim budget.

Within the health sector, Government spending as a share of GDP declined from around 1.5% of GDP in 1992 to less than 1% in recent years. As a share of discretionary Government spending, health has fluctuated around 5-6% of the total. The contribution of external donors has not met expectations, resulting in falling total spending as a share of GDP since 1997. In per capita terms, Government spending remains below US$5 per head excluding aid, and (including aid) has declined from US$8.14 in 1997 to less than US$7 per head in 1999. The District share in total health spending has increased from 26% in 1997 to 46% in 1999, but this is a poor indicator of focus on primary services benefiting the poor, since 60% of district spending is on hospitals and administration.

Summarising, the erratic growth of Government resources and shrinking share of discretionary budgets does appear to have limited the scope for funding increases in social sector spending. There is little evidence to date of a strong commitment to increase the share of the social sectors in any consistent way, despite relatively strong pressure from donors supporting sector programmes, and despite sporadic efforts to raise their share when the macro-economic conditions permit.

4 How Effective Has Public Expenditure Been in Reaching the Poor with Improved Services?

4.1 Education

The policy of free, compulsory, universal basic education (FCUBE) was introduced in 1987, and extending access to primary education remains a central plank in Government poverty reduction strategy. Basic education is defined to include junior secondary (classes 7-9). Basic education defined in this way received over 60% of recurrent education funding in the early 1990s, but with primary education receiving only 38%. The primary education share has fluctuated but has been declining to below 35% over the last three years, while the share of the whole basic education cycle has fallen to around half of the recurrent education budget. The senior secondary and University sectors, meanwhile, have grown to over one quarter of the budget, though only 8% of the age group reach senior secondary level.

Progress is difficult to track due to sharp differences between survey based information and the Government management information system data on enrolments. Estimates of net enrolment of the primary school age group range from 53% of the 6-12 age group according to MOE data for 1998, to 75% according to the 1998 Demographic and Health Survey, and 85% of children aged 6-11 according to the latest 1998-99 round of the GLSS survey. There are substantial numbers of over-age children in school: the MOE data gives a gross enrolment ratio (total enrolled divided by children of the right age) of 72%. The EMIS data is known to include a certain amount of under-reporting, and is also based on World Bank projections of the population of school age which are likely to be revised downwards in the light of lower than expected growth of the school age population as revealed by the 2000 census. On the other hand, the nominally compulsory nature of primary education and the reluctance to admit that children are out of school may lead to an upward bias in the survey data.

Though there are differences between sources, they all show that enrolments are far lower in rural than urban areas, and are particularly low in the North. The gender gap appears to have narrowed (gender parity ratio increased from .81 in 1989 to .91 1999), but remains significant, especially in the North, where poverty is also deeper and worsening. One third of 6-11 year old girls and nearly 30% of boys from the poorest quintile of rural households are not in school. Less than half of children in the Northern region were enrolled in 1996, with girls only 60% as likely to be enrolled as boys.[21]

The quality of education offered in Government primary schools is extremely low. USAID have supported testing of skills in English and Mathematics at year 6. After a minimum of six years of primary education (more for those children who repeat years), the percentage of children reaching ‘mastery’ in 1997 was 6% in English, 3% in mathematics.[22] For comparison, the percentage reaching the standard in private schools was 69% in English, 40% in mathematics (though Penrose has questioned the reliability of the sampling of private schools). The results of Government schools do show improvement over time, but the latest data for year 2000 still record pass rates below 10% in both subjects. Not surprisingly, the CWIQ survey reported that 80% of rural poor are dissatisfied with the quality of Government schools.[23] Government itself also undertakes performance monitoring tests in every class in every school, and the results are published and made available to parents, and are discussed in School Performance Appraisal Meetings. These figures are not quality controlled in the same way and may not be comparable, but they have proved useful

[21] GOG, Human Resource Development and Basic Services, May 2001.
[22] Canajarajah and Xiao Ye, 2001
[23] GOG, Human resource development and basic services, may 2001.

to parents and have in some cases resulted in successful pressure for action to turn around failing schools. The 2001 performance monitoring tests show the percentage of pupils judged satisfactory in English in the 20-27% range in all grades. In mathematics, over half of pupils are judged satisfactory in grades 2 and 3, but this falls to 11% in year 6, which Penrose attributes to the effect of poor English on the ability of pupils to understand more complex mathematics problems in the higher grades.[24]

Education costs are always dominated by teacher salaries, but the Ghana case is extreme, with salaries taking an average of 94% of the primary and pre-school recurrent budget in 1997-2000.[25] This may slightly exaggerate the problem, as one of the difficulties of the education sector has been a rather fragmented planning and finance structure, and some support for books and teaching materials is available from donors. Nevertheless, shortages of books and teaching materials are referred to in the CWIQ and other sources. In addition to Central Government funding for education through the budget, which is dominated by salaries, the DACF is a major source of funding for classroom construction, and the education trust fund introduced in 2000 supports bursaries. Although some donors such as DFID have provided budget support, most donor funding flows as project aid, much of it through project implementation offices parallel to Government structures, and some of it to individual districts with MOE planning staff complaining of the difficulty of keeping track of how donor funding is being used. The split between the Ministry and the Ghana Education Service has also been problematic at times, with a lack of separation between planning, policy and operational roles.

The most fundamental problems relate to the poorly paid and poorly motivated teaching force, exacerbated by the lack of control over teacher deployment and weak management of teacher performance. The teacher payroll is entirely centralised. Teachers prefer to cluster in urban areas with better facilities, and districts and schools which are able to attract more teachers have little incentive to reduce numbers to match the complement. Rural schools, on the other hand, can not recruit and retain teachers. In principle MOE should be able to discipline teachers who move to schools other than those to which they have been posted, and should be able to make districts employ teachers only up to their approved complement based on pupil teacher ratios. In practice this has not happened.

Various incentives have been considered in order to attract teachers to work in rural areas. There has been some use of the building of teachers' houses, some consideration of accelerated promotion. Higher pay for difficult areas has been discussed, but not implemented. Meanwhile, remote schools struggle to find and retain teachers. Those we spoke to in Accra and in Dangbe West stressed that the problem would not be fixed by pay alone, since action was needed across the whole range of facilities available in rural locations before teachers and other qualified staff would be attracted to make a life there.

When compared to some other countries, Ghana education allows little scope for participation by parents, other than in the limited sense of using community efforts to help raise funds and build and maintain classrooms. Parent involvement in school management does not appear to be welcomed and is not supported by existing policies. However, Ghana has achieved some success through the School Performance Assessment Meetings and the general availability of school test results, which have allowed parents to successfully complain about school performance and press for changes. The scope for raising quality by empowering parents to demand more of the school, and complain when they do not get it, is beginning to be exploited.

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[24] Penrose, 2001.
[25] Calculated from penrose, Annex 2.

Table 8 : Trends in net enrolment rates in primary schools, 1991/92 and 1998/99

	Girls		Boys	
	1991/92	1998/99	1991/92	1998/99
All Ghana	71.5	81.9	76.5	84.9
All Urban	81.6	88.1	87.4	92.9
Rural households, by standard of living quintile				
Lowest	57.9	66.9	63.6	71.3
Highest	81.4	81.9	87.0	90.2
All Rural	66.5	78.9	71.7	81.4

Source: Mckay and Coloumbe (2001), calculation from the Ghana Living Standards Survey, 1991/92 and 1998/99.

4.2 Health[26]

Ghana has been implementing a sector wide approach in the health sector since 1997, with donors participating in joint reviews of the programme, and providing an increasing share of support to the health sector in the form of basket finance using Government procedures. The strategy which is being supported relies on providing an increased share of resources to finance delivery of services at district level and below, using decentralised management through over 400 budget management centres. User fees finance 11% of public sector health expenditure. The policy targets universal coverage of key public health interventions (antenatal care, under-5s treatment, treatment for priority public health diseases such as TB) with an assumption that this will impact upon the health needs of the poor. Alongside this, there is a facility for free treatment of "paupers". The implementation of the exemptions policy has been quite uneven in Ghana's decentralised system, though those regions which have made heavy use of exemptions have achieved significant increases in utilisation of services, confirming the findings of numerous participatory studies and the CWIQ survey on the importance of user charges as a barrier to access.

A recent analysis has concluded that health sector expenditure overall is still neither equitable nor efficient.[27] Though improvements in health status have taken place, the spread of the gains has not been equal.[28] Though the share of spending on district services has increased, the distribution of expenditure and of staff remains skewed towards urban areas and tertiary services.

Household survey evidence suggests that overall utilisation of curative health services remains low and is not improving, with the poor and those living in rural areas having particularly low access (Table 9).[29] Less than 20% of the rural poor report consulting modern health services when ill or injured, and the proportion seems to have fallen since the early 1990s.

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[26] This section draws heavily on Foster and Macintosh-Walker (2001).
[27] Canagarajah, S & Xiao Ye (2001). *NB - It is considered by a number of experts some of the conclusions of this report need further clarification*
[28] MoH (2001).
[29] Ghana Statistical Service (1999).

Table 9: Trends in consultation practices by those who were ill or injured in the two weeks preceding the survey, 1991/92 and 1998/99

	% not consulting anyone		% that consulted a doctor or pharmacist		% that consulted in a hospital	
	1991/92	1998/99	1991/92	1998/99	1991/92	1998/99
All households, by locality:						
Accra	44.9	35.2	50.5	58.4	22.2	16.1
Rural Savannah	63.4	61.4	11.2	8.2	9.8	7.3
ALL GHANA	50.7	56.2	28.2	22.4	18.6	15.0
Urban households, by standard of living quintile						
Lowest	37.0	56.3	50.0	25.0	17.4	20.8
Highest	33.9	40.1	50.7	51.8	28.6	28.2
ALL URBAN	42.5	46.6	42.3	39.9	24.5	25.0
Rural households, by standard of living quintile						
Lowest	61.0	66.5	13.5	7.5	11.4	5.2
Highest	44.5	48.8	29.8	27.2	20.8	19.8
ALL RURAL	54.7	60.2	21.6	15.1	15.8	10.9

Source: Mckay and Coloumbe (2001)' calculation from the Ghana Living Standards Survey, 1991/92 and 1998/99.

This picture is offset by a more positive pattern of significant improvement in the coverage of preventative services. Vaccination coverage seems to have improved significantly, associated with increased outreach facilities, more births are being attended by trained staff, and there has been a significant decline in infant mortality, despite continuing high levels of malnutrition (Table 10). The role of outreach services in achieving this despite limited overall spending deserves further study. The latest sector review suggests that outreach and community-based service delivery may be more effective than facility-based approaches in reaching the poor.[30]

Table 10: Health Indicators from the DHS Surveys (1993 & 1998)*

	Urban		Rural		Ghana	
	1993	1998	1993	1998	1993	1998
Health						
Infant Mortality	54.9	42.6	82.2	67.5	74.7	61.2
Delivery at a Health Facility	79.3	75.7	28.0	33.1	42.2	43.4
Delivery by :						
a Doctor	16.5	19.0	2.7	4.5	6.5	8.0
a Nurse	64.7	57.3	26.8	29.6	37.3	36.3
a trained TBA	4.7	11.5	19.4	28.3	15.3	24.2
Fully Vaccinated	71.1	72.3	47.8	58.0	54.8	62.0
Stunting	15.7	14.3	30.1	29.7	26.0	25.9
Wasting	8.6	6.5	12.6	10.5	11.4	9.5

Source: Mckay and Coloumbe (2001)' calculation from the Ghana Living Standards Survey, 1991/92 and 1998/99.
* All figures are percentages, except infant mortality, per thousand)

The household and DHS survey figures are broadly consistent with the performance indicators summarised in the 2001 review of the health sector programme, though the administrative data used for the review suggests that, after stagnating or declining to 1999, utilisation of curative care increased sharply in 2000, an improvement which was too late to be picked up in the GLSS. Out-patient visits per capita increased from 0.32 to 0.42. Where it has functioned well the exemptions policy has been well received by the public and there have been significant increases in uptake e.g.

[30] Research from the Navrongo District in northern Ghana for example demonstrates the effectiveness of community-based service delivery strategies in increasing uptake and reducing mortality rates.

of treatment for under-5s and ANC. However, it seems unlikely that this is the sole explanation, given the falling real level of exemption spending since 1998.

4.3 Water and sanitation

Different surveys differ as to the definition of access to clean water and sanitation, and changing definitions between surveys make trends hard to pin down. It does seem to be clear that at least one third of the rural population lacks access to clean water, and most sources agree that coverage improved in the 1990s. This was achieved through a new strategy introduced in 1991. This requires communities to own and manage their water supply systems, contribute 5-7% to the capital costs, and be fully responsible for operation and maintenance, including costs. In common with many other countries, this approach was introduced in recognition that the Ghana Water and Sewerage Corporation, which had previously owned and maintained rural water supply schemes, had incurred high costs without achieving acceptable standards of availability. As with other aspects of deprivation, progress has been less in the poorer areas in the North of the country. The Ghana Water and Sewerage Corporation continues to own and operate urban supplies on a cost recovery basis.

The report of the GPRS core team on human resource development and basic services envisages continuing with this approach, but with increased emphasis on health education, and increased involvement of NGOs as well as the Ghana Water and Sanitation Agency. GWSA and District Assemblies are being strengthened to provide support to communities management, operation and maintenance of their schemes.

None of the GPRS documentation available to us discusses whether poor communities experience difficulty in mobilising their contribution to the capital costs of the scheme, nor do they discuss whether schemes are securing access to the poorest within communities. This is a surprising omission, given the evidence that user charges are a major barrier to access to other services. It is of course entirely reasonable to argue that both Ghanaian and international experience suggests that local ownership, management, and financing of operation and maintenance is the most effective way to ensure sustainable water supplies in rural areas. There is nevertheless an issue to be addressed in a poverty strategy concerning whether normal capital financing contributions may need to be modified or waived for the poorest communities, and whether anything can or should be done to ensure that those households for whom even small cash contributions are beyond their means are not excluded from access to safe water.

4.4 Agriculture

In the agricultural sector, Government policy has been to support economic growth based on export agriculture through a combination of research and advisory services and progressive market liberalisation, notably in the cocoa sector. The Agricultural Services Sector Investment programme (AgSSIP) aims to incorporate all projects and programmes supporting MOFA and other MDAs closely related to agriculture under the same umbrella. Heavy stress is placed on empowering grassroots farmer organisations such as farmer groups and co-operatives.

The poorest food crop farmers have received minimal attention, something that Government now recognises needs to be addressed. There is currently a major debate underway concerning the appropriate role of the state within the sector, with serious thinking about how the research and extension services can become more demand responsive, and about the appropriate roles for public and private finance. There is a recognition that the marketing systems are in some disarray due to a combination of high transport costs, lengthy and complex market chains, and high risks associated with the difficulty of enforcing contracts. At the same time, there is uncertainty as to what Government should be doing. These issues have received some discussion in the context of the GPRS, but the line Ministries have not actively participated, and their own policy discussions have proceeded in parallel.

4.6 Roads

The provision and maintenance of the road network in Ghana is the responsibility of the Ministry of Roads and Highways. This has three sub-sectors: the Ghana Highway Authority; the Department of Feeder Roads; and the Department of Urban Roads. Feeder roads are allocated a little over one quarter of the budget. Some 71% of Ministry expenditure is funded by the donors.

The Ministry goals mainly focus on contributing to economic growth by providing safe and cost-effective transport infrastructure and sound institutions of management and regulation. The Ministry has prepared a table showing expenditure forecasts by growth and poverty objectives. Growth dominates, accounting for more than 90% of expenditure, though it would be manifestly unfair to discount the poverty impact of many of these expenditures. Economic growth stimulated by a more cost-effective transport system clearly has widely distributed benefits.

The more direct impact on the poor needs to be partly assessed in relation to whether the transport expenditures are helping to overcome the specific access problems of poor groups and poor areas. One of the main goals of the Ministry is to reduce rural-urban and North-South disparity in the provision of the roads. There is a target to increase the share of road works carried out in deprived districts, especially the four Northern regions.

In addition to distributional objectives, construction and maintenance activities aim to maximise employment opportunities through the use of labour intensive methods. A focus on the poor is encouraged through policies such as requiring contractors to employ local people for maintenance, and requirements for contractors’ workforces to be at least 30-40% women.

The roads sector has had a number of major problems which have contributed to poor cost-effectiveness, a major problem of payment arrears, and interruption of disbursements from donors. Procurement and accountability issues have been an important concern of the donors. By mid-May 2001, none of the donor funding for 2001 had been received. This impacts negatively on projects that the monies are supposed to be spent on.

The MTEF budget for the sector, in common with all sectors in Ghana, relates the budget bid to specific objectives and outputs. The objectives as defined, and the outputs and monitoring indicators in the MTEF budget proposals, do not explicitly identify criteria for monitoring the poverty impact of proposed activities, making it difficult to assess whether expenditure is in fact moving in the direction of the stated goal of reducing North-South and urban-rural inequality.

The 2001 interim Budget makes no mention of any poverty-reduction measures in relation to the Ministry. The objectives mentioned in the Budget include:

- Clearing the backlog of road maintenance.
- Focusing on the maintenance and rehabilitation works based on objective assessment of the maintenance needs of the roads network.
- The focus on maintaining broad equity among geographical locations in view of the limited resources to satisfy all the justifiable needs of various communities.

It is unclear what impact the late release of Government and donor funding, and consequent shortfall in execution, will have on the actual pattern of spending.

The Planning Budgeting. Monitoring and Evaluation department (PBME) of the Ministry has not been directly involved in the monitoring and evaluation of the MTEF outputs in relation to each objective. However this is being done in an unstructured way by the various implementing agencies.

5 What Accounts for Relative Success or Failure?

Annex 1 provides a matrix summary of the research hypotheses we set out to investigate, and brief comments on the Ghana experience. They are organised around three thematic areas: institutions, information, and participation.

This section provides more detailed discussion of just a selection of issues in the table, aimed at understanding and explaining the strengths and weaknesses of the treatment of poverty in public expenditure in Ghana. In summary, Ghana provides confirmation of most of the hypotheses, mainly negatively. The multiple failures of the budget process, combined with low wages and salaries, have combined to undermine attempts to focus on poverty priorities, and to introduce improved public sector performance management.

5.1 Political institutions

Political leadership and accountability

Though the Rawlings Government rhetoric was quite strong on poverty, and much of the liberalisation agenda benefited the rural areas and especially cash crop producers, the benefits of public expenditure have remained skewed towards urban dwellers and middle and higher income groups. The draft of the World Bank country financial accountability assessment draws attention to the contrast with Uganda: in Uganda, the MTEF was used to support strategic re-prioritisation of spending. In Ghana, the political pressures have favoured expanding budget commitments beyond the ability of the state to adequately fund them. Existing programmes benefiting the upper income groups have gone largely unchallenged, over-commitment of the budget has resulted in much Government activity being under-resourced and ineffectual, and the scope for favouring a pro-poor spending pattern has been swallowed up by other commitments and by debt service. Spending on basic social services remains relatively low. A senior finance official commented to us that the budget structure at present ‘does not address poverty in any way’, and that ‘nobody’ in budget meetings asked about the poverty rationale of Government spending.

Though the NDC Government was not actively hostile to the poor, from whom they drew much of their support, Killick and Abugre quote the view that the party’s poverty reduction intentions may have run counter to the culture and structure of its internal politics, which were based on reward for political loyalty and quiescence, on the one hand, and intimidation and marginalisation of opponents on the other (Killick and Abugre, 2001). Gyimah-Boadi and Jeffries argue that part of the explanation has been the need for an initially authoritarian regime to maintain support among urban constituencies who were inevitably better organised than the rural poor.[31] They hypothesise that the evidence of strong support in the rural areas encouraged Rawlings to take the risk of democratisation, and that the importance of the rural vote influenced the change in rhetoric towards a more pro-poor stance from the mid 1990s. At the same time, the fragility and risk to democratisation meant that urban constituencies had to continue to be placated. A less charitable view of some local observers, as quoted by Killick and Abugre, is that the stated commitment of the previous Government to poverty reduction reflected NDC officials’ skill in mastering whatever jargon was in fashion, and to appear to have internalised it and to have responded to donor priorities.

[31] In Aryeetey, Harrigan and Nissanke (eds), 2000.

Whatever the precise political dynamics, the picture which emerges and is supported by the evidence on actual spending patterns is one in which major shifts in prioritisation did not occur, and macro-economic stability was periodically threatened by the growth of unaffordable commitments in the run up to elections. Efforts to raise and maintain the shares of key poverty programmes have taken place against a backdrop of declining per capita revenue, debt service rising from 8% to over 30% of expenditure, while new promises to political allies had to be accommodated, threats from pressure groups such as trade unions had to be bought off, and old commitments could not easily be challenged. The previous finance minister described the problem with remarkable candour in his 2000 budget speech: 'Populist demands, populist rhetoric, blackmail threats, wildcat strikes all combined to wreak havoc on the progress of our economic forward march during the two previous elections in 1992 and 1996. Let us take note, however, that when the economy goes off course in an election year, it takes years of belt tightening and further harsh fiscal measures to bring it back on course.'[32] Unfortunately, these wise words did not prevent a repetition of the previous dismal history.

The NIRP Secretariat recognises that many of the problems of ineffective Government stem from the political pressures on the budget. A study found that only 37% of Cabinet decisions are implemented, lack of funds being the main reason. Cabinet has been characterised by Sector Ministers making alliances to seek support for their specific proposals without taking joint responsibility for respecting overall limits. The classic problem of an over-stretched Government trying to implement more programmes than it could adequately resource is clearly present,[33] with the usual symptoms of poor quality services administered by underpaid civil servants seeking to supplement their incomes by multiple occupations or by rent seeking.

Both the previous Government and the present one have recognised the problem of lack of co-ordination and political direction, and have sought to address it. The final months of the previous Government saw the establishment of a Committee for Strategic Co-ordination within the Office of the President. The aim was to bring together all of the Ministers representing the most powerful central entities with reform responsibilities: Minister of Finance, Chair of NDPC, Minister of Local Government, Public Service Commission, Office of the Head of the Civil Service. The aim was to reinforce political accountability, not only for respecting the budget and the priorities of the MTEF, but also for the broader set of reforms collectively known as the National Institutional Renewal programme (NIRP). The intention was to ensure that budget reforms, pay reform, civil service reform, and decentralisation would be co-ordinated and mutually reinforcing, rather than inconsistent and competitive as had so often been the case in the past. A related innovation was to require Ministers to agree with the Vice President a Performance Plan for their Ministry, which they would be held accountable for delivering. The approach recognises that the reform process can not be made effective if the efforts of officials are undermined by inconsistent actions by Ministers who are above and outside the reform process.

The new Government is giving highest priority to getting the budget process under control, and it is unclear whether these untested arrangements for co-ordination across the reform process as a whole will continue. The new Government has recognised that one consequence of over-extended budget commitments has been a loss of political control over the actual pattern of expenditure, which has been determined not by the approved budget but by the cash releases approved by the Controller and Accountant General and his staff. The CAG commented that these had been haphazard and arbitrary. Government had also been faced with a growth of payment arrears, which had to be regularised after the event, and which pre-empted decisions on spending priorities. In response to these problems, Cabinet would in future be asked to approve both the amount of budget releases, and what they were to be used for, advised by regular and more detailed forecasting of cash

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[32] Republic of Ghana, Feb 2000.

[33] As one illustration, the NIRP Secretariat mentioned to us a study which showed that only 37% of Cabinet decisions were fully implemented, with lack of resources the most common reason for not doing so.

availability and payment commitments, approved by the cabinet economic committee. When taken together with measures to control commitments within approved expenditure ceilings, this would enable the Government to regain political control of the pattern of expenditure. In order to link this to longer-term aims, Government also intends to ensure that the priorities and expenditure ceilings of the new MTEF will be the same as those to be developed for the GPRS.

In summary, Ghana illustrates our hypothesis that the effectiveness of Government spending is undermined, and poverty gets squeezed, where Government is unable to exercise budget discipline.

Parliament

The formal financial rules which are intended to govern financial management give a clear and important role to Parliament. Parliament approves the budget, following its presentation by the Minister of Finance and review by the Parliamentary Committee on Finance. Funds not utilised in the financial year need to be re-voted. Audit reports are considered by the Parliamentary Accounts Committee.

In practice, Parliamentary scrutiny has not been an effective constraint on the executive. Until the 1996 elections, Parliament was dominated by the ruling party. A decision to vote down the budget would be a confidence issue, while the Constitution means that only the executive arm can introduce budget proposals with expenditure implications. The budget speech is often presented to Parliament after the start of the budget year, and releases for the first two quarters are often based on the previous year’s budget. Parliament lacks technical support to enable the committee to conduct serious scrutiny of budget documents which are not a model of transparency. In practice in recent years, budgets as implemented have diverged markedly from budgets as approved: changing revenue figures have required the budget to be re-made during the course of the year, failure to control expenditure commitments and the build-up of arrears has undermined budget discipline, and financial procedures have been widely disregarded in a situation in which it is budget releases, not the approved budget, which have been the limitation on spending.

The frustration of parliamentary opposition at their inability to influence the budget process was evident in the petition which they delivered to the Speaker of parliament in November 1999. Among other issues, this called for greater transparency and openness in the budget process, and for action to stem corruption and revenue leakages. However, Government also complained that the petition recommended higher expenditure and lower taxes without explaining how the resulting fiscal gap could be met.

Parliamentary scrutiny of audit reports has also been ineffective. Part of this stems from delayed completion of reports, which means the PAC is discussing reports which are several years old, while there was until October 2000 a lack of formal requirements for follow up of PAC requirements approved by Parliament. This has been addressed by Act 584 which provides for an Audit Committee to be formed by each MDA and District Assembly, charged with following up Parliamentary Recommendations on audit reports, and with issuing a Status Report on their implementation to the Sector Minister, Office of the President, Parliament, and the Auditor General, who is charged to follow up and verify that action has been taken. The challenge is to ensure that the provisions of this new act are widely publicised and are actually implemented.

5.2 Improving the effectiveness of government

The need for improvement in the effectiveness and integrity of Government is graphically illustrated by the corruption survey undertaken by CDD-Ghana in 2000. This revealed that over 70% of Ghanaians see corruption as a serious problem that is getting worse. The majority of households pay 10% or more of their income in unofficial payments to public officials, and the proportion reporting such high payments was over 40% even among those with the lowest reported income or refusing to report their income. Some 44% of firms reported making unofficial payments, with over a quarter frequently or always making such payments. Most public agencies are rated low in terms of integrity. The worst rated included those best placed to seek payments for services: police, immigration, customs and excise, ministry of roads and transport (by firms), IRS and the judiciary. The resulting distortion and increased cost of public services has an indirect impact on poverty.

In terms of agencies directly involved in delivering services to the poor, it is of concern that Metropolitan and District Assemblies were also rated poorly for integrity. The health and education services scored better overall, but are the agencies most frequently used by the poor, and the relatively high levels of illegal charging are a cause for concern. Some 65% of households interviewed had contact with public hospitals and 45% with public schools over the previous year. Of those who were in contact, some 30% made unofficial payments to hospitals, and 23% to public schools. Despite these problems, some 60% of the respondents rated the quality of hospital services as acceptable or better, and about half of those responding on public schools. This compares with just 36% for the police, 29% for land title registry and 41% for the judiciary.

The NIRP provides the overall framework for co-ordinating a number of major reform initiatives which were intended to add up to a comprehensive attack on the causes of weak public sector management. Critical ingredients of the NIRP have included:

- Government divesting itself of activities better undertaken in the private sector, and thereby releasing funds for core activities.
- The Public Finance Management Reform Programme (PUFMARP). Under this umbrella, Government has introduced a medium term expenditure framework for the budget, and is introducing a Budget Planning and Expenditure Management System (BPEMS) to computerise Government financial accounting, and is strengthening key institutions such as audit.
- The Fiscal Decentralisation Project is supporting improved financial management in local Government.
- The Civil Service Performance Improvement Programme (CISPIP) is supporting reform and capacity building within ministries, departments and agencies of Government.

For implementing the NIRP, a National Oversight Committee chaired by the Vice President meets bi-monthly. It approves the annual workplan, and monitors progress. The structure has been problematic, with the components of the NIRP pursuing their own interests: it was described as becoming ‘a battleground.’ In practice, it is evident that efforts to co-ordinate across such a challenging reform agenda have been difficult to make work.

Civil service reform

The CSPIP approach is based on MDAs’ undertaking reviews of their role, functions and objectives, informed by beneficiary assessments to find out how they are perceived by their clients. Each MDA then prepares a performance improvement plan (PIP), with verifiable objectives. Local consultants have trained MDA staff, and supported and facilitated them through the process. The

PIPs are intended to be cascaded through the organisation. The Minister will be responsible to the Vice President for the plan for his Ministry, and will in turn hold his Chief Director to account for the implementation performance of the Ministry. At lower levels, the Chief Director and Directors of each MDA sign performance contracts, setting out their responsibilities in achieving those objectives of the PIP for which they are responsible, and so on down the management chain, with the idea that the performance of each manager will be judged in terms of defined objectives which are consistent with the overall plan, and with the MTEF budget ceilings. The PIP approach was initially being carried forward separately from the similar reviews called for as part of the annual budget cycle, but the two processes are now intended to be fully integrated.

Though some useful results have been achieved by working mainly with urban based services such as the passport office and the vehicle licensing agency, little overall impact is observable, especially on the large decentralised departments which are responsible for the delivery of the services on which the poor most depend. The joint review of CSPIP draws attention to the systemic problems which have inevitably undermined the approach.

Wages and salaries, especially for technical staff such as teachers and nurses, have fallen to levels at which recruitment, retention and motivation are very difficult. A strategy prepared by Price Waterhouse envisaged de-compressing the salary scale, moving from a 1:13 ratio between the lowest and highest salaries to 1:28. The report has not been implemented. Government chose instead to award a large across-the-board increase in 2000. The new Government recognises the problems of service delivery, and the linked issue of the decline in real wages in the public sector, though it has also had to give initial priority to raising wages across-the-board to compensate workers for large energy price increases on taking office. A Cabinet paper has recently been prepared, with a key emphasis on linking improvements in real wages to improvements in productivity.

There is no clear policy towards the future size, pay, or strategy for the management of the civil service. The new Government has talked about ‘right sizing’, but has not yet defined a policy. Meanwhile, the MTEF gives departments no control over their personnel budgets, and therefore no incentive to reduce numbers or eliminate ghosts, and no opportunity to introduce incentives through pay, though other approaches (housing, accelerated promotion for those working in rural areas) have been employed.

The contractual approach lacks meaningful rewards or sanctions, and relies on civil service departments being motivated to improve their performance and focus on core functions. The unpredictability of the timing and amount of budget releases against approved budgets destroys motivation, rendering it impossible to achieve the objectives, and difficult to assess what level of performance should be expected. The CSPIP review stresses that a realistic reform process needs external pressures to encourage the civil service to reform. Parliament and civil society and the users of services need to be involved in setting explicit standards and holding the civil service accountable for achieving them.

Budget reform

Ghana has sought to introduce a budget process which has a medium-term expenditure framework, with budgets prepared on a basis which links strategic objectives to output targets to specific, costed activities aimed at achieving them. These objectives have not been realised because:

- Budget discipline has been erratic. Declining revenue and increasing interest costs have squeezed wages and salaries to levels at which skilled staff can not be attracted and motivated, while non-salary recurrent funding has fallen in per capita terms to 60% of levels achieved in the mid 1990s. The non-salary budget share has not only been squeezed, it is

also subject to delayed releases, and actual releases are usually less than the budgeted amounts. This undermines the credibility of the annual budget, let alone the medium term framework.
- Though the MTEF is prepared on the basis of activities, no accounting or monitoring information is collected to establish whether funds are actually spent on those activities.

The MTEF and the CSPIP have been technocratic attempts to bring some order to this process, encouraging MDAs to define their core mission and objectives, and to focus their resources on those core objectives while moving away from other lower priority activities. However, the approach could not be made effective in the absence of a reliable budget process with discipline from the centre. In a situation where departments suspect that the funds which are released will be a fraction of the budget that is submitted and approved, they have no incentive to offer any savings. If the budget as a whole is known to be over-committed, it may seem more sensible to budget on a cost-plus basis for existing activities than to offer savings which may simply result in yet lower budget releases. With the wages and salaries budget centralised and outside the control of MDAs, the scope for meaningful prioritisation within departments was in any case very limited. Prudent MDAs retained existing commitments, sought additional protection from donor on-budget and off-budget commitments linked to conditionality on the Government share, and devoted serious attention to finding ways to ensure that they received preferential treatment on budget releases (Box 3).

Box 3: Ghana Health: Minimising the Consequences of a Weak Budget Process

- The health sector programme incorporates targets for GOG spending on health as a proportion of total GOG non-debt spending, and for GOG recurrent spending on health as a proportion of total GOG recurrent spending. The recurrent share target has been consistently met, though the share of total expenditure experienced a shortfall in 1999.
- Health has benefited from an increasing share of donor budget support being provided as pooled funding: 40% in 1999, with a further 20% earmarked to specific spending lines but administered by Government. These funds are captured in the MTEF, but they are earmarked to health and their release is not dependent on Treasury cash management.
- The health sector produces audited accounts within the statutory time limit, and has been able to persuade MOF to provide it with the service budget as a cash transfer not dependent on getting funding via the district treasury system. This has enabled MOH to avoid the disruptions caused by periodic closure of the Treasuries when funds are not available.
- Less positively, significant funds can be held in bank accounts controlled by MOH at a time when Government is experiencing a severe cash shortage and is borrowing from the domestic Banks at high interest.

The new Government which took power in December 2000 has focused on introducing improved cash management, paying off arrears and setting in place commitment controls for preventing new arrears being incurred.[34] The intention of using the budget process to achieve a shift in expenditure commitments towards priorities has also been emphasised, and decisions such as the doubling of petroleum product prices indicate an initial willingness to take difficult but necessary decisions. The Cabinet, advised by the economic committee, will review the funds which can be released in each quarter, and will decide how they should be allocated. If this works well, it will enable the

[34] Republic of Ghana 2001 interim budget. Government of Ghana 2001, May.

political leadership to retain some degree of focus on priorities even in the face of budget shortfalls, though in practice little may be left after meeting wages and firm commitments, and the danger of political horse-trading over-riding analysis needs to be acknowledged. The stated intention to base the 2002 budget on the GPRS priorities is encouraging, though a similar link was intended to be put in place between the first five-year development plan and the MTEF, but in practice lacked real substance. The key will be to ensure that the GPRS and the next MTEF are fully consistent, and indeed that the MTEF is the embodiment of the public expenditure component of the GPRS. Achieving this will depend on the economic committee of Cabinet maintaining close liaison between the planning and budget process.

Decentralisation and poverty policy

Given our focus on the poor, this section discusses district Government, rather than the similar but distinct approach to the Municipalities.

Each of the 110 Districts has a District Assembly, with a mix of 70% elected and 30% appointed members, though the Chief Executive is a Presidential appointee. Although the Local Government Act sets out a vision of decentralised local Government, in practice Local Government has limited autonomy. The recurrent budget has not been decentralised, and Districts do not control their staff complements. There is intended to be a Local Government Service to which all local civil servants should belong. In practice, this has yet to be established, and staff of decentralised services such as health and education continue to owe their primary loyalty to their parent department. They also derive their budgets from their parent department, to whom they are responsible for what they achieve with them.

The District is required to prepare a District Development Plan and an annual budget. The District Assembly plan is put together by a participatory process, built up from proposals from Unit Committees, the lowest level of local Government, serving a population of 500-1000. The Regional Co-ordinating Councils are intended to co-ordinate and harmonise these at regional level, while NDPC fits them into the overall national Plan.

The District does have control of some development funding. It draws revenue from a polltax, property taxes and fees and licences, some revenues ceded to local Government and shared among districts by an agreed formula, plus the District Assembly Common Fund, which is a constitutional provision which reserves 5% of national tax revenue to fund development activities by districts, allocated between them according to an agreed formula. The DACF is the largest single source of development funding for many districts. However, Districts are not free to spend DACF as they wish. It is largely earmarked by central Government to specific expenditure programmes, and is often received late.[35] In practice, some two thirds of DACF funding is spent on the education sector, mainly for items such as classrooms and furniture.

The district planning process has not proved all that meaningful. Planning Departments at District level have very limited capacity. Some Districts have employed consultants to prepare their plans, which improves presentation but may undermine ownership. The Districts have tended to incur arrears to suppliers, starting more projects in response to bids from Units than could be completed or operated. The new Government is trying to introduce strict procedures requiring arrears to be cleared before new projects are embarked upon. The District level provides an opportunity for cross-sectoral co-ordination, but the extent to which this happens in practice depends on personalities, and the health or education sections of District plans are often prepared by staff of line ministries posted to the districts, with limited co-ordination.

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[35] M. Bawa Amadu, Kofi Atua-Ntow and Kwadwo Atua-Ntow (2001), Report on GPRS Consultations in Upper East Region, GOG/UNICEF Collaboration on GPRS, March.

In addition to the regular sources of revenue, there are a number of programmes which support local Government, including the Village Infrastructure Programme run by the agriculture ministry, the Social Investment Fund, and a number of other initiatives supporting community level infrastructure.

Local Government is caught in a catch-22 situation, in which capacity is acknowledged to be weak, and they have an unenviable reputation for corruption and inefficiency, yet capacity building is undermined by low salaries which mean that trained planning and accounting staff leave.

Aid donors

Donor support represented over 40% of Government expenditure in 1990-93, but dropped to around one-third through the mid-1990s. The fiscal crisis following the terms of trade losses and the election boom has seen a sharp increase in reliance on aid support in the 2001 budget, which envisages grants and concessional loans financing 46% of Government spending.

The real value of external support followed a similar trajectory, with a 55% increase in 1993 to help Ghana cope with the aftermath of the election boom, a level which was not sustained, though external support continued at levels substantially above those of the early 1990s. The real value of external support was falling in 1998, then more sharply in 1999, but recovered in 2000 to help Ghana cope with the terms of trade crisis, and has increased more sharply in 2001 to unprecedented levels. It is ironic that the peaks in donor funding have not rewarded good policies, but have been timed to help Ghana recover from the consequences of irresponsible pre-election policies. The IMF forecasts that aid will not maintain the 2001 peak, but that it will nevertheless remain at historically very high levels to 2005. This increased reliance on external support is before adjusting for the 2001 financing gap of US$240mn which Ghana hopes to close with HIPC debt relief, with the hope of future debt relief also running at US$200 mn per annum and additional to donor support.

Overall, although external flows have fluctuated from year to year, there is some evidence of aid acting counter-cyclically, helping Government to moderate the scale of fiscal tightening at times of crisis, e.g. higher aid levels moderated the scale of cuts in real recurrent spending 1994-97. The main exception was 1999, when donors and Ghana both faced difficult budget constraints in the wake of the East Asia crisis, and reduced donor support may have accentuated the external shock. Donor support recovered strongly the following year, and is expected to increase further in 2001.

Table 11: Trends in Domestic and Foreign Finance, and their Impact on Spending

Year	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**
Ext. finance, real	1.00	1.01	1.05	1.63	1.42	1.50	1.59	1.58	1.50	1.35	1.64	2.64
Real domestic revenue	1.00	1.22	1.04	1.37	1.77	2.01	1.90	1.95	2.16	2.01	2.26	2.21
Real recurrent excl. interest	1.00	1.06	1.40	1.76	1.69	1.59	1.63	1.54	1.62	1.78	1.88	1.70

The share of aid provided as programme support has increased in recent years, from 20% in 1998 to 45% in the 2001 budget. A similar trend is apparent within sectors, with 40% of health aid provided as pooled finance, and a further 20% earmarked but administered by MOH. Programme support can be used to finance either the investment or the recurrent budget, and an increased programme aid share should help Government to reduce the distorting effects of project aid, which tends to be biased towards investment at the expense of recurrent spending. EU structural adjustment support has been earmarked to reimbursing the non-salary recurrent budget in key social sectors. In practice, the increase in programme support has not prevented a steady deterioration in the structure of the budget, with the share of the non-interest recurrent budget falling from over half in the early

1990s to just 32% in 2001, while the non-salary non-interest part of the recurrent budget fell from 28% to just 15%.

Donors appear to have had a significant influence on the poverty rhetoric of Government since the mid 1990s. The actual pattern of expenditure has not, however, moved in a noticeably pro-poor direction. The main hope for the future is that the renewed seriousness of poverty concerns introduced with the GPRS, and the new emphasis on equality and poverty in the health sector, may have helped bring about a real change.

The view of several interlocutors in Government and in the NGO community was that Government had taken notice of the stated intention of not only the Bank and the Fund, but also several of the larger bilateral donors, to link their future aid to the GPRS process, while the US$200mn per annum expected from HIPC is also acknowledged to be dependent on the GPRS process. However, it would be too cynical to argue that the need to retain and increase donor flows is the sole or even the main motivation. Donor encouragement to give higher priority to poverty concerns has found a more receptive audience in part because the process itself seems to have improved awareness of the inequalities within Ghana, for example the plight of the North and of food crop farmers, highlighted in papers prepared as background for the GPRS consultation process. Though many of the problems have long been known to those with access to the data, much of this information was relatively closely held by the statistics office and by Government, and the analysis of the 1998-99 data showing lack of progress in the North in particular is relatively new and has been influential on public discussion and policy. There is increasing recognition that social stability will require attention to distribution as well as to economic growth. Ghana has also been influenced by the increased attention which poverty is receiving in international discussions in which Ghana is a participant, with the influence of peers in other developing nations no less significant (and far more acceptable) than the more overt pressure from the donors.

Financial management and accountability

The many failures within the budget system have contributed to a situation in which financial rules and regulations are widely bypassed or ignored, partly in order to overcome the frustrations of delayed budget releases, but with the inevitable consequence of increased risk of fraud. Low wages, low capacity, and a reluctance to enforce sanctions on wrongdoers have amplified the problems. The lack of capacity problem has extended to the accountability institutions themselves, with late preparation of audit reports and delayed consideration of them by Parliament undermining the prospects for prompt action against those found guilty of wrongdoing. The long-delayed introduction of the computerised BPEMS system should eventually help to improve the financial control environment, though the system itself will require a major capacity building effort to support successful introduction, and a change in technology will not of itself overcome laxity in complying with financial regulations. Procurement is a particular problem. Procurement regulations are unclear and not enforced, procurement expertise is lacking.

The health sector has shown that it is possible to address these problems. Health has a decentralised budget management system, with more than 400 budget management centres, each managing and accounting for funds. They have been subject to inspection by independent accounting firms to assess their readiness to manage their own funds based on standard criteria. Those not meeting the criteria have had their funds managed at the next highest level, and have been given technical support to help them meet the standard. This approach has enabled Ghana health to prepare regular financial reports and audited accounts with a favourable audit opinion. Ghana health is also unique in conducting a procurement audit of expenditures within the sector. It is this attention to meeting requirements of financial accountability which has enabled the health sector to attract pooled funding from donors, whereas they have been generally reluctant to move away from their own financial accountability requirements. The Ghana health example suggests that for many of the more significant donors, the problem is not so much the result of their own procedures, as the perceived high risk of disbursing funds directly into such a weak financial management environment without additional safeguards.

The new Government has stated a commitment to 'zero tolerance' for corruption. What this means in practice had yet to be defined at the time of writing. However, the recently completed World Bank country financial accountability assessment, and the anti-corruption action plan prepared following the corruption survey by the Ghana Anti-Corruption Coalition, could form the basis for preparing a credible approach.

5.3 Information and analysis

For many years, Ghana Statistical Service had a reputation for not releasing information to the public, and often not even to other Government Departments. Although Ghana undertook regular living standards surveys, the results were not widely disseminated. The official secrets act encouraged a secretive approach to Government information, and a culture in which the first instinct was to refuse requests for information. This has begun to loosen up over the last year or so, and the key GLSS and CWIQ surveys are now available for purchase on CD ROM, while the Centre for Social Policy Studies is beginning to establish a database on service delivery studies. The culture nevertheless remains one in which officials are wary of releasing information without written permission from the top, a marked contrast with Uganda where there is a strong prejudice towards openness and an eagerness to share problems and seek help in finding solutions.

Ghana has many skilled policy analysts, but few of them are in Government. The independent policy think tanks such as CEPA and CSPS provide consultancy support and advice to Government, but the in-house capacity of Government to act as the intelligent customer for policy analysis has been severely eroded. The poverty unit within the NDPC, responsible for the GPRS, consists of just 5 individuals with no administrative support. Though they are well regarded, the paucity of in-house capacity is a major constraint. There is very little capacity to monitor the impact of government policies and programmes and feed in lessons to support an ongoing review of their effectiveness. Each new planning exercise has depended on recruiting outside teams to lead the work. This may have something to do with the nature of the planning and budget system, which appears to feature periodic major planning exercises which are not monitored or reviewed and become quickly out of date, while the regular business of budget planning and management has lacked a strong policy or analytical foundation other than the rather mechanistic application of activity based budgeting with little reference to the underlying policy priorities.

The situation is little different at MDA level. Each Ministry has a planning department, but the extent of in-house capacity for critical review of policies and expenditure programmes is variable. Ghana has been highly resistant to accepting technical assistance within Government in policy analysis roles, for the perfectly good reason that there are many good Ghanaians who can perform these roles. Unfortunately, few of them will work in Government at existing salaries. The consequence is that Government lacks the capacity to generate soundly argued policies and plans in-house, has been more dependent on policies and plans prepared with donor financed consultancy support, and has lacked the capacity for monitoring and policy review.

The donor role in poverty analysis has been dominant. The GLSS surveys continue to be dependent on donors for their financing, and on external technical assistance for their analysis. The World Bank poverty assessment report 'poverty past, present and future' had a major influence on the poverty content of the first development plan. The 1994 participatory poverty assessment was less influential than the household survey analysis in part because the Bank themselves did not incorporate all of the policy lessons within their own poverty assessment.

At sector level, the weak capacity within Government has been challenged by the growth of the sector wide approach, which has created a strong demand for monitoring information and for policy responses to problems identified during the course of joint reviews of progress. In the health sector in particular, this has been a productive process, helped by close relationships with bilateral donors who have sought to support policy development without insisting on particular solutions. Donor financial support enabled the MOH to commission the analysis of inequalities in the system and the overall assessment of the health of the nation, leading in to the decision to focus the next health sector programme on the problem of inequality.

5.4 Participation

We reviewed how the views of the poor were taken into account in the decision-making process of Government, with particular reference to the budget. Participation can vary between simply ensuring that policy is well informed of the perceptions and views of different groups of the poor on the nature of the problems which they face, through to consulting them about what should be done, to giving them some formal role in the decision-making and management process. There are many ways in which participation can be organised:- direct voting, representative democracy at local or national level, consultation with bodies which aim to represent the interests of groups among the poor, and the right to participate in open meetings which may consult or in some cases reach consensual decisions. Each approach has advantages and drawbacks in the extent to which they succeed in representing the views or the interests of the poor. Poor groups may not always be able to accurately judge their own best interests, and those claiming to represent the poor may not always have their interests at heart, and will not always agree among themselves.

We hypothesise that poverty focus is more likely where Government collects information on the priorities and problems of the poor. The 1994 Ghana participatory poverty assessment was carried out under the auspices of the World Bank, was not widely disseminated and had little direct influence. However, the Centre for the Development of People built on its involvement in the PPA by developing a capacity for engaging in policy research and advocacy using participatory methods. Though not yet mainstreamed in Government, participatory appraisal techniques are widely used in the NGO sector, and are increasingly used for Government planning exercises. Major national exercises were undertaken in 1997 for the 'social assessment' report, and in 1999 for the World Bank 'voices of the poor' exercise. There are also examples where Government has commissioned exercises to consult the poor which have fed more directly into policy discussions. We can illustrate this from the example of the health sector and, with more reservations, the GPRS.

Participatory appraisal studies had a significant influence on the decision to focus the next health sector plan on reducing inequality. Many of the findings from this work were little different from the 1994 PPA, which also included a significant discussion of health services, but the later study was far more influential, perhaps because the work was commissioned by Government and directly informed the discussions of the partners supporting the health sector programme.

The GPRS process as launched in 2000 included an extensive programme of participatory assessments. The NDPC poverty unit initially envisaged that the participatory appraisal work would subsequently feed into policy consultations at district and regional level, which would help to ground-truth and validate the conclusions drawn by the researchers. In practice, the change of Government and delays in getting the participatory process resourced meant that the consultation process had to be truncated, and little use was made of the participatory district reports, though many of them were carefully conducted and yielded important insights. For example, according to Killick and Abugre, the reports were not made available to the five core teams preparing the first drafts of the GPRS strategic policy framework. This may be another example of the consequences of the lack of in-house policy and administrative capacity. The review of existing knowledge and the summarising of insights from that work has necessarily been ad hoc, dependent on assembling teams of outsiders, and therefore prone to miss important contributions, a problem exacerbated by the lack of any central archive or database of key consultancy and research reports, which can be remarkably difficult to access. There is a lack of systematic institutional capacity for ensuring that lessons are recognised, disseminated, and built on in future programmes.

There are a number of civil society organisations that have tried to influence the budget process. For example ISODEC, established in 1987, has been involved in policy advocacy work since 1994. In September 2000, ISODEC established a Centre for Budget Advocacy, with the avowed aim of influencing expenditure and taxation decisions in a pro-poor direction. The Centre has received technical support from IDASSA of South Africa, as well as financial and technical support from Save the Children Fund. The Centre publishes an annual review of the budget which was published in the newspapers, and is working on a ‘children’s budget’ modelled on similar work in South Africa.

The advocacy NGOs such as ISODEC would like to be more involved in the budget process, opening up the dialogue with the IMF and the whole macro and structural policy framework to scrutiny. The Deputy Finance Minister agrees that there is a role for civil society organisations in policy dialogue, but stresses that the responsibility for decisions on budget allocations must rest with the elected Government. Reasonable people who agree with the objective of reducing poverty believe that some of the measures proposed by ISODEC (such as a return to trade protection and to financial repression with directed credit) will actually have a negative effect. Groups such as ISODEC do not have extensive grass roots constituencies, and need to win influence through the quality of their analysis.

Participation is also relatively under-developed as a means to hold service providers to account for their actions. The CSPIP has attempted to undertake beneficiary assessments, to seek views on how Government services are perceived and what people want from them, and the CWIQ survey also seeks views on Government services. The main lines of accountability, however, run upwards through the civil service hierarchy. There has so far been little emphasis on empowering the users of the service, and giving them improved access to channels of complaint and redress. Though such channels do exist via the OHCS, they have not been widely used by members of the general public.

There is one interesting exception in the education sector. The School Performance Assessment Meetings have featured open discussion of school performance, informed by access to school test results, and Penrose reports examples where parent pressure has subsequently resulted in improved school management. This is an example which deserves to be more widely known, and which might repay formal evaluation if such a study has not yet been undertaken.

The water and sanitation sector in rural areas is based around communities contributing to capital costs, having choice as to which type of water supply they wish to have, and taking full responsibility for managing and operating and financing the completed schemes. The health sector is heading in a similar direction with regard to community based health financing. Agricultural services are also placing increased emphasis on facilitating community-based groups to commission the services they have identified a need for. It has been beyond the scope of our short study to examine any of these approaches in any detail. Critical issues include putting in place the capacity to support communities, and ensuring that financial obligations do not exclude poor communities and poor people within communities.

6 Conclusions and Recommendations

6.1 Planning and budgeting

The separation of responsibility for planning and for budgeting has resulted in plans which could not be implemented, and budgets which lacked strategic direction. The appointment of a senior Minister with responsibility for co-ordinating the activities of planning, finance and NDPC is a response to this problem, but international experience is not encouraging, and the option of changing the constitution and merging NDPC, the planning ministry and finance would be worth considering if problems re-emerge.

Public expenditure has been less effective than it need have been because Government has not ensured that decisions are informed by, and respect, resource limits. Measures to link MTEF to the GPRS priorities, introduce commitment controls, improve cash flow forecasts, and involve Cabinet in release decisions are being introduced, and should help to improve discipline.

It would be helpful to also ensure that Cabinet papers always include information on the cost implications of recommendations, and how they will be financed. Finance may need to strengthen in-house analytical capacity to support Cabinet discussions more effectively.

6.2 The GPRS process

Participation in GPRS was less effective than it might have been because:

- It was unstructured and unguided. Teams might have made more progress if the starting point had been a review of existing policies, resources, and options under consideration, followed by a defined process of consultation and review of successive drafts.
- The wrong people were involved. Government departments that are required to take the lead in implementing poverty programmes must own them, which implies that they should also take the lead in preparing them and in securing their approval within Government.
- It was not linked from the beginning to the budget process. MDAs will take the responsibility for the GPRS more seriously if the link to the MTEF is explicit, and all proposals and targets are costed and linked to estimates of available resources. These might feature a low, medium and high scenario to enable the incremental benefits from additional resources to be assessed.
- It was rushed. External participants contributed brain-storming ideas in a personal capacity, but had too little time for consulting their networks. Time is short for serious consultation on drafts.
- Big meetings proved ineffectual for canvassing opinion beyond the small groups of insiders engaged with the process.

6.3 MTEF

The MTEF needs to be based on more realistic resource forecasts, especially of external finance. Donor forecasts for the current year can be improved by donor-specific adjustments from commitment to disbursement. Outer year forecasts need to be based on trends and informal indications, not donor pipelines which always underestimate.

Too much donor money continues to be poorly co-ordinated with the MTEF and the Government budget, partly due to fears of weak accountability. An active dialogue is needed on budget plans, out-turns, and achievements, and on financial management. This will build confidence that Government is tackling the planning, management and accountability issues, and will facilitate in other MDAs the progressive movement towards joint planning and pooled finance which is being achieved in the health sector.

The MTEF needs to focus more on the major strategic choices facing allocations between departments, and within each MDA, rather than detailed costing of outputs and activities. The forest of detail in the MTEF at present obscures analysis of critical issues: are resources moving towards major poverty programmes, and what is the evidence that they are proving effective?

This requires a strengthening of the 'challenge' function of the central economic departments, which will require stronger analytical capacity to question officials on how their budget proposals relate to Government policy, and to support Cabinet decisions on budget allocations. This capacity may need to be in finance, unless NDPC can achieve and maintain real influence on the budget allocations- which international experience suggests is unlikely.

There is a strong case for dropping or radically simplifying the budget presentation and reporting of line item details, giving managers increased discretion to allocate budgets as they see fit, but holding them accountable for achieving their outputs.

This should include increased influence over the personnel budget, to give departments a reason to look for personnel savings, and the scope to provide incentives to staff to work in rural areas.

6.4 Improving government effectiveness

Civil service reform has been undermined by low salaries, a lack of incentive for MDAs to focus on a core mission, and a lack of rewards and sanctions for meeting contract targets. It needs to be linked closely to an MTEF budget process in which performance influences budget allocations, and needs to be linked to a medium term pay and employment strategy for the public sector. This needs to be publicised and credible, to give civil servants with valuable skills an incentive to stay.

Both centrally and in MDAs, Ghana lacks in-house capacity in policy analysis and monitoring. This leaves Government too dependent on ad hoc outside consultancy and on donor analysis, and too sluggish in reacting to new information.

Though Government has good household-survey-based analysis available, there is a strong case for making increased use of service delivery surveys and tracking surveys to give fast, cheap feedback on how Government funds are actually used, and what the population think of services. Experience suggests that, even if the results are negative, Governments which are transparent in publishing information and open in discussing solutions have both improved their own performance, and attracted HIPC and donor support.

6.5 Participation

Where Government services are of poor quality and unresponsive to demand, other countries have achieved some success through empowering the public with information on intended service standards, and establishing and publicising channels for dialogue and complaint. Though not much developed in Ghana, the education SPAM meetings are an encouraging example.

Ghana has made considerable use of user charges in the social sectors, partly to overcome budget shortfalls, and partly to boost ownership. The planned development of health insurance will further develop this. It will be important to ensure that financial contributions do not become a new barrier to access by the poor, which may imply a need for differential subsidies for poorer communities.

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Annex 1 : Research Hypotheses and Commentary on Ghana experience

Hypothesis	Evidence/Criteria
1. Institutional Framework	
Public expenditure more effectively addresses poverty where poverty reduction is consistently emphasised in leadership speeches, statements, actions.	No comprehensive approach until 1996 policy focus on poverty, though individual initiatives back to 57. PAMSCAD (1984) looked at adverse consequences. But the main emphasis has been on growth- previous Govt talked about middle income status by 2020, new Govt golden age of business. Effective targeting of poor and vulnerable and of poor areas has not been a feature, though policies such as free compulsory primary education and the primary health focus of the health programme did aim to extend services to all, including the poor. Other policies were less clearly poverty focused, e.g. emphasis on export agriculture and neglect of food crop farmers, focus on rural electrification from which few benefit. Poverty is emphasised in the PRSP now being drafted, with clearer concepts of targeting which recognise regional, occupational, gender, vulnerability dimensions as well as income poverty. Some observers attribute change in rhetoric to need to get HIPC, though Govt interviewees were consistent on importance of poverty, and were not looking for increased aid dependence of the budget.
Poverty programmes get squeezed where budget discipline is weak, .Parliament, Cabinet unwilling to prioritise	Spending on key poverty programmes was clearly squeezed by election-related periods of weak fiscal control in 1990s, causing declining per capita revenue, rising debt service, declining real per capita spending on basic services from 1994. Over committed budget reduced effectiveness of spending. The new Govt is trying to regain control: commitment controls, insisting Districts clear arrears before spending on new projects, better cash forecasts with Cabinet deciding quarterly releases, PRSP priorities to be the basis for 2002 budget.
Hard budget encourages prioritisation	No hard budget ceiling in 1990s due to failure to control commitments beyond the budget and the build up of arrears. Proliferation of projects outside formal budget process, though MTEF trying to capture donor flows on budget.
Credible budget planning requires reasonable budget predictability	Despite efforts of MTEF and CSPIP, formal budget process has lacked meaning, cash releases far below approved budget. Outer years of MTEF have not proved a guide to future spending decisions, though some MDAs would like to see it become so, and a Govt committed to fiscal discipline might eventually be able to rebuild. Some Departments have done better, e.g. health even in 2000 secured full release of service budget.
National priorities more likely to be observed if allocations reward budgets prepared in line with them.	Govt has not centrally taken a strong line on the direction in which resources need to shift, though there have been policies within sectors e.g. to shift to primary services. MTEF has been more technocratic (relate each sector's spending to objectives) than strategic, e.g. education has maintained budget share while primary spending share fell. Studies suggest regressive bias in expenditure patterns remains.
Medium term budget framework supports a more planned pattern of resource allocation.	Has not happened (see above), did not ensure resources in line with Year 1 yet alone outer years of MTEF. Outer years too pessimistic on aid, leaving little room to re-allocate.
Broader budget coverage (including donor flows) supports more pro-poor distribution, with donor dialogue playing a positive role.	With rare exceptions (e.g. health sector, where financial management is perceived to be strong), donor flows are outside the budget, limited information available to Government. Donor dialogue raised poverty discussion, little evidence of impact on poverty spending. EU earmarking had no detectable impact on spending patterns.
Incentives for careful budget preparation will improve focus on priorities.	MTEF calls for preparation of budgets in terms of strategic objectives and activities to implement them, but the accounts codes are still in terms of items and reveal nothing about what money was

Hypothesis	Evidence/Criteria
	spent on, so there are no sanctions and no monitoring of whether the budget was spent on the intended objectives. Lack of fiscal discipline has also undermined the incentives.
Budget centres will not offer savings unless given some incentive to do so, e.g. a hard budget within which they are free to prioritise.	Neither the budget ceiling nor the floor is firm. Item 1 PEs are still outside peoples control, yet this is where choices are most important for improving service delivery, e.g. in education. MDAs have no incentives to offer savings, they know only a percentage of the budget is funded and savings will not be returned to them to fund new programmes.
Failure to pay living wage broadly competitive with private sector erodes all aspects of expenditure effectiveness, including poverty.	This is a major problem, especially in remote areas. Price Waterhouse reccs on decompressing salaries were not implemented. Some action is planned on incentives to serve in rural areas, e.g. housing & promotion, by health & education, but little yet in place, and realistic incentives need cross-sectoral inputs, to also address rural amenity levels (water, power, etc). Health is making more use of outreach teams and locally recruited staff.
Pay alone is insufficient to effective PE unless performance is also recognised, and rewarded or sanctioned.	Corruption survey, CWIQ, other sources show widespread problems of indiscipline. Attempts are being made to introduce performance contracts, not much evidence of effectiveness. Problems include lack of direct rewards and sanctions, weak monitoring and inability to hold people accountable when resources are not reliable in amount or timing.
Decentralised Budget management only supports poverty reduction if supported by accountability for results to policymakers or the community	No emphasis on accountability to communities, district CAO appointed not elected, little emphasis on information or empowerment, participation mainly to collect finance. Accountability emphasis has been top down, but information on effectiveness is patchy, capacity and motivation problems widespread in situation where Govt services are perceived (and evidence confirms) poor quality. Some changes: education is using school assessment meetings to discuss performance with some evidence of positive impact, rural water highly participatory, agric services supporting farmer groups, community health insurance to be introduced.
Timely accounting and audit reports with effective scrutiny and follow-up promote more effective public expenditure programmes.	Audit reports have not been timely, no follow up provision until recently, low compliance with financial procedures, wrong doing is not effectively sanctioned.
2. Information & Analysis	
Poverty information is more policy effective when needs discussed with users	Govt. emphasises participation (e.g. 99 CG), GPRS included community consultations but not followed up in subsequent process. PRSP is at least informed by information derived from earlier exercises, good awareness of e.g. cost barriers to access. But participatory appraisal has been ad hoc, not a systematic part of Govt policymaking.
Analysis commissioned by Government is more likely to be used.	Govt. has little in house capacity, relies on donor finance and often donor studies, joint working in health sector is a positive example where jointly commissioned work had significant impact (inequalities studies). Govt uses WB poverty analysis extensively.
In-house poverty analysis on demand is more effective than reliance on donors.	Govt lacks capacity in house, may contribute to weak learning from experience, slower response to events.
Brief summaries and presentations reach policymakers, reports do not.	There is a problem of information overload, e.g. district health reports not being summarised and consolidated in time for reviews, huge proliferation of consultant reports. GPRS process suggests a rather different problem, of too many workshops producing bulleted lists which lack a clear analytical framework or grounding in knowledge of previous work. At the other extreme, MTEF and budget documents present excessive detail from which strategic information is difficult to extract.
Poverty focus of Government is positively associated with awareness of both Government and public of poverty issues.	Poverty was not a huge election issue, focus was on growth. Previous Govt was secretive, e.g. stats office unwilling to release survey data. Greater openness since 99 CG, discussions suggest Accra elite is very aware of main issues e.g. regional inequality,

Hypothesis	Evidence/Criteria
	food crop farmers, user fees and poor service quality. NGOs feel GPRS discussion is too Accra and elite based, GPRS has not been debated in the media, awareness of general population is low.
Effective programmes are associated with a culture which identifies and helps solve problems, rather than punishing those who reveal them.	Government has become more open in recent years, though it is not strongly focused on using the general public to hold officials to account, and there is widespread cynicism in the population about the effectiveness of complaining, related to the problem that oversight institutions (police and judiciary) are among the most corrupt. Positive signs: health sector has been self-critical and is addressing inequality issues with partners, education assessment meetings expose head teachers to public criticism informed by test results.
3. Participation	
Poverty focus more likely where Government collects information on priorities & problems of poor	NDPC has strongly supported participatory assessments, also used in health sector, but not yet mainstreamed.
Transparency of Information on service standards, budgets, staffing, charges improves service access and quality-	Few examples found, other than education SPAMs.
Especially when Complaints are encouraged, facilitated, acted on	Cynicism about complaining (corruption survey).
Independent, open monitoring promotes improved poverty focus	Monitoring has tended to involve information flowing to the centre, with Government officials the main participants. Education SPAM meetings an exception, health has involved districts in monitoring meetings but mainly officials. NGOs not involved.
Participation of the poor or their representatives in PEMS decisions improves poverty focus .	Ad hoc participatory assessments have had some influence on priorities, District plans have participation at Unit level, some other important examples of direct involvement in management in e.g. water. Budget advocacy by NGOs and TUC, but problems over whether they represent the interests or views of poor people.

Annex 2: List of Institutions and People Consulted

Name	**Title**	**Organisation**
GOVERNMENT DEPARTMENTS		
Dr. P. Kwesi Nduom	Minister	Ministry of Economic Planning and Regional Cooperation
Dr. Gheysika A. Agambila	Deputy Minister	Ministry of Finance
Mr J. A. Yamoah	Chief Director	Ministry of Finance
Mr Amuzu	Policy Analysis Department	Ministry of Finance
Mr Hudu Siita	Head of Project Implementation and Monitoring Unit	Ministry of Finance
Mr S.B. Nyantekyi	Director of Budgets	Ministry of Finance
Mr. Asamoah Boateng	Special Assistant to the Minister of Presidential Affairs	Castle
Dr. Appiah Koranteng	National Co-ordinator	National Institutional Renewal Programme?
Angela Brown Farhat	Senior Planning Analyst, Poverty Reduction Unit	National Development Planning Commission
Professor BAW Trevallion OBE	Lead Consultant, Ghana Poverty Reduction Strategy	National Development Planning Commission
Mr. Patrick Nomo	Financial Controller	Ministry of Health
Seth EK Anipa	MTEF Consultant	Public Finance Management Reform Programme
T.A.K. Quartey	Deputy-Auditor General, Central and Governments Department	Auditor-General Department
J.A. Lartey	Deputy-Auditor General, Finance and Admninistration	Auditor-General Department
F. C. Essien	Deputy-Auditor General, Special Audits	Auditor-General Department
Mrs Ruby Nyako	Deputy-Auditor General, Educational Institutions and District Assemblies	Auditor-General Department
E.B Lamptey	Director, Planning, Research, Monitoring and Evaluation	Auditor-General Department
P.K Arhin	Director, Central Governments Department	Auditor-General Department
K.D. Aidoo		Auditor-General Department
John Prempeh	Controller and Accountant General	Controller and Accountant General's Department
Eugene A. Ofosuhene	Deputy Controller and Accountant General	Controller and Accountant General's Department
Mr Addai-Kyereme	Acting Chief Director	Ministry of Local Government
J. Cofie Agama	Project Director	Fiscal Decentralisation Project, Ministry of Finance
Kwame Oduro Kwarteng	Acounting Specialist	Fiscal Decentralisation Project, Ministry of Finance
Yaw Asamoah-Aning	Budget Specialist	Fiscal Decentralisation Project, Ministry of Finance

Name	Title	Organisation
Alex Frimpong	Revenue Specialist	Fiscal Decentralisation Project, Ministry of Finance
Mr. BM Oppong	National Co-ordinator, Rural Infrastructure Co-ordinating Unit,Village Infrastructure Project	Ministry of Food and Agriculture
Dr. Dwomoh	Consultant	Ministry of Education
Mr Patrick Yiriyele	Director, Policy Planning Monitoring and Evaluation	Ministry of Education
Mr. Peter Little	Civil Service Performance Improvement Programme	Office of the Head of the Civil Service
OTHER		
William Kofi Ahadzie	Research Fellow	Centre for Social Policy Studies, University of Ghana
Professor Ernest Aryeetey	Deputy Director, Institute of Statistical, Social and Economic Research (ISSER),	ISSER, University of Ghana
Mr. Vitus Azeem		Centre for Budgetary Analysis, ISODEC
Anthony Yaw Baah	Head of Industrial Relationd and Research Department	Trades Union Congress of Ghana
Mr. Opoku Agyeman	Social Investment Fund	
Dr Girma Begashaw	Resident Representative	International Monetary Fund
Ms Stephanie Fell		Save the Children Fund
Tony Gardner	First Secretary, Development	British High Commission
Mr. Peter Harold	Head of World Bank Office	World Bank, Accra
Mr Lindsay Jones	Economic Adviser	European Commission
Liz Gaere	Health Field Manager	DFID Health Field Office
Charles Kirkcaldy	Education Programme Co0ordinator	DFID
Mr. Takanobu Kuroda	First Secretary	Embassy of Japan
Ms. Sachiko Nishioka	Special Economic Adviser	Embassy of Japan
Miss Abena Oduro		Centre for Economic Policy Analysis
Ms Carol Pretorius	Government consultant	DFID
Neil Squire	Senior health Adviser	DFID London
Helen Wedgewood	Rural Livelihoods Co-ordinator	DFID Ghana