AFRICAN DEVELOPMENT BANK

AFRICAN DEVELOPMENT FUND

REPUBLIC OF GHANA

COUNTRY STRATEGY PAPER

2012-2016

Country Operations Department – West 1 Region

April 2012

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REPUBLIC OF GHANA – FISCAL YEAR

1 January to 31 December

CURRENCY EQUIVALENTS
(March 2012)

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

WEIGHTS AND MEASURES
Metric System

<table>
<tr><td colspan="2">This Country Strategy Paper was prepared under the guidance of Mr. Ferdinand Bakoup, Lead Economist and Officer-in-Charge, ORWA. The joint Country Portfolio Performance Review (CPPR) and CSP preparation mission, which was in Ghana from July 25 – 12 August, 2011, was led by Mrs. Marie-Laure Akin-Olugbade, Resident Representative, GHFO. The CSP Dialogue Mission to discuss the CSP with the Ghanaian authorities, country stakeholders and development partners took place on 26th – 28th March, 2012.</td></tr>
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ACRONYMS AND ABBREVIATIONS

AAA	:	Accra Agenda for Action
ADB	::	African Development Bank
ADF	:	African Development Fund
AFD	:	Agence Française de Développement
APRM	:	African Peer Review Mechanism
Bpd	:	Barrel per day
BRICS	:	Brazil, Russia, India, China and, South Africa
CIDA	:	Canadian International Development Agency
COTVET		Council for Technical and Vocational Education and Training
CPIP	:	Country Portfolio Improvement Plan
CPPR	:	Country Portfolio Performance Rating
CSP	:	Country Strategy Paper
DANIDA	:	Danish International Development Agency
DFID	:	United Kingdom's Department for International Development
DFIs	:	Development Finance Institutions
DPs	:	Development Partners
DSA	:	Debt Sustainability Analysis
ECG	:	Electricity Company of Ghana
ECOWAS	:	Economic Community of West African States
ESW	:	Economic and Sector Work
EU	:	European Union
FDI	:	Foreign Direct Investment
GDP	:	Gross Domestic Product
GHFO	:	Ghana Field Office
GIFMS		Ghana Integrated Financial Management Information System
G-JAS	:	Ghana Joint Assistance Strategy
GLSS	:	Ghana Living Standards Survey
GoG	:	Government of Ghana
GPRS II	:	Growth and Poverty Reduction Strategy II
GSGDA	:	Ghana Shared Growth and Development Agenda
HEST	:	Higher Education, Science and Technology
HIV/AIDS	:	Human Immunodeficiency Virus/ Acquired Immune Deficiency Syndrome
ICT	:	Information and Communication Technologies
IFAD	:	International Fund for Agriculture Development
IMF	:	International Monetary Fund
IVRDP	:	Inland Valley Rice Development Project
LoC II	:	Line of Credit II
MDBS	:	Multi-Donor budget Support
MDGs	:	Millennium Development Goals
M&E	:	Monitoring and Evaluation
MFA	:	Master Facility Agreement

MIC	:	Middle Income Country
MoFA	:	Ministry of Food and Agriculture
MoFEP	:	Ministry of Finance and Economic Planning
MSMEs	:	Micro, Small, and Medium Enterprises
MTS	:	Bank's Medium-Term Strategy, 2008 - 2012
NCB	:	Non-Concessional Borrowing
NMEP		National Monitoring and Evaluation Plan
ODA	:	Overseas Development Assistance
OPSM	:	Private Sector Department
PFM	:	Public Financial Management
PCU/PIU	:	Project Coordination Unit/Project Implementation Unit
PPP	:	Public-Private Partnerships
PRBESP	:	Poverty Reduction and Business Environment Support Program
PRMA		¨Petroleum Revenue Management Act
RISP	:	Bank's Regional Integration Strategy Paper
SBD	:	Standard Bidding Documents
SMEs	:	Small and Medium Enterprises
SSA	:	Sub-Saharan Africa
SSIDP	:	Small Scale Irrigation Development Project
TFP	:	Total Factor Productivity
TVET		Technical and Vocational Education and Training
UA	:	Unit of Account
UK	:	United Kingdom
UN	:	United Nations
UNAIDS	:	United Nations AIDS Program
UNDP	:	United Nations Development Programme
UNICEF	:	United Nations Children's Fund
USAID	:	United States Agency for International Development
USD		United States Dollar
WB	:	World Bank
WHO	:	World Health Organization

Executive Summary

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

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

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

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

5. Under the pillar 1, the Bank will support government's efforts aimed at improving infrastructure and integration to regional markets, with a focus on energy, and developing priority skills and technology for private sector growth. Under pillar 2, the Bank will concentrate on supporting key economic policy-oriented and oversight institutions. The strategy also includes efforts to strengthen Ghana's capacity to better exploit the financing opportunities offered by the BRICS, and economic and sector work aimed at strengthening the Bank Group's operations in the country. The strategy outlined in this report also takes into account the country's potential transition to the ADB window, should it happen during the CSP period. Key cross-cutting issues, including inclusive and green growth objectives, are also mainstreamed in the strategy. The strategy has also benefited from inputs from stakeholders.

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

I. INTRODUCTION

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

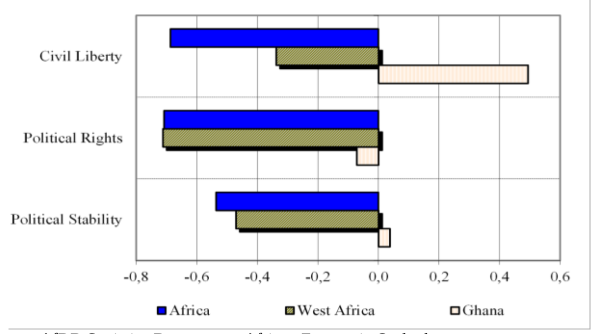
1.2 The rest of the document is organized as follows: chapter 2 appraises major political, economic and social developments and prospects, including in respect of key drivers of growth, strategic options, as well as an analysis of the Bank's positioning in the country. The Bank Group's strategy is proposed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

II. COUNTRY CONTEXT AND PROSPECTS

2.1 Political, Economic and Social Context

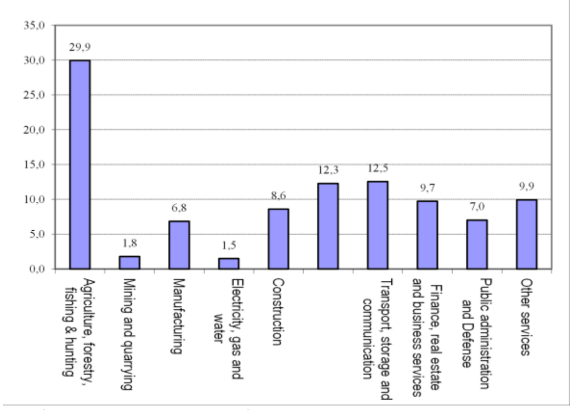
2.1.1. *Political Context*. Ghana has continued to consolidate democratic rule, and now enjoys a more open society, with a vibrant media and strong public dialogue. As a result of these and other political achievements, Ghana outperforms most countries in West Africa and in the continent on measures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

Graph 1: Political Context, 2010
Score -4.0 (Worst) to 2.5 (Best)



Source: AfDB Statistics Department, African Economic Outlook, October 2011

Graph 2: GDP by Sector (%), 2010

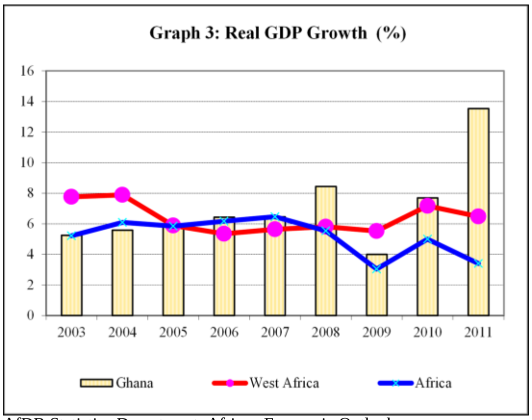


Source: AfDB Statistics Department, African Economic Outlook, October 2011

2.1.2. *Economic Context*

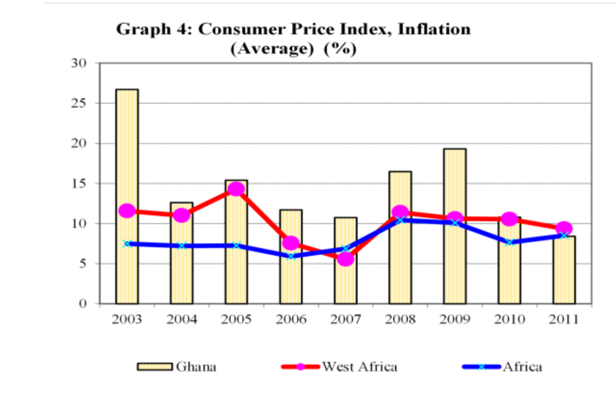
2.1.2.1. Ghana, a country with a population of about 25 million people, and a land area of 239,000 km2, is West Africa's second largest economy after Nigeria, and Sub-Saharan Africa's twelve largest. As is typical of developing countries, and also reflecting slow structural transformation over the past decades, the services sector (comprising mostly of non-tradable services) contributes the largest share of GDP, followed by agriculture, and industry (see Graph 2). Despite raising the size of the economy by more than 65%, the recent rebasing of Ghana's national accounts did not change this structure. Other structural features of the economy include high dependence on a few commodities (gold, cocoa, and more recently oil) for export earnings, a still nascent manufacturing sector, which contributes about 6.8% of GDP, and a labour market characterized by a significant gap between demand and supply leading to high levels of disguised unemployment and underemployment.

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



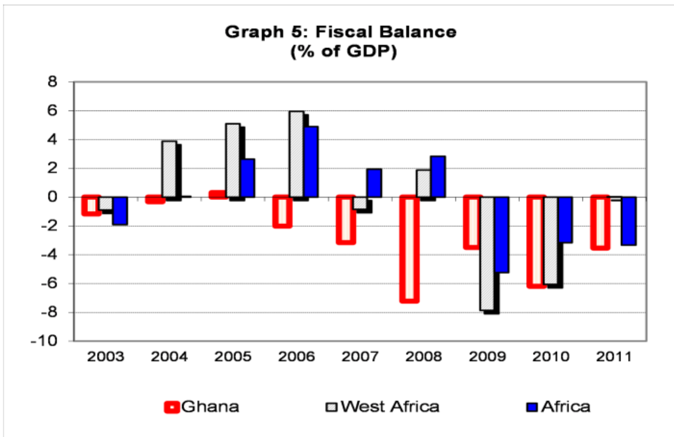
Source: AfDB Statistics Department, African Economic Outlook, October 2011

2.1.2.3. Ghana, on the 15th of December 2010, joined the league of oil producers. Ghana's oil reserves amount to about 490 million barrels, compared to Nigeria (37,200 millions barrels) and Angola (9,500 million barrels). Production reached about 80.000 bpd in 2011, and can peak at about 120 thousand bpd, compared to an average of about 2 million bpd for Nigeria. Ghana's oil potential is, therefore, relatively modest when compared to other major oil producers, although additional drilling and tests are still being conducted.



Source: AfDB Statistics Department, African Economic Outlook, October 2011

2.1.2.4. *Macroeconomic Management*. Ghana is progressively coming a long way towards improving the management of its macro-economy, with inflation and the fiscal deficit gradually coming down (See Graph 4 and 5 respectively). Despite these encouraging trends, there are still some obstacles to overcome. Thus, on the fiscal front, there is need to clear the expenditure arrears, and improve domestic resource mobilization efforts (the IMF projected the tax to non-oil GDP ratio at 16.7% in 2011). The current account deficit, although improving, remains high (See Annex 1). There is the need to strengthen the monetary policy transmission mechanisms, and to continue to ensure an appropriate level of the cedi.



Source: AfDB Statistics Department, African Economic Outlook, October 2011

2.1.2.5. With respect to public debt, the joint IMF/World Bank updated Debt Sustainability Analysis (DSA) undertaken in May 2011 indicated that Ghana's external debt dynamics remain subject to moderate risk of debt distress. Nevertheless, there is need to continue to guard against excessive debt accumulation, especially in a context where the public debt stock recently rose from 25.4% of GDP in 2006 to 36.9% in 2009 and an estimated 38.9% of GDP at the end of 2010, and the Government is contemplating an ambitious investment program to develop the country's infrastructure towards supporting growth, and has recently obtained parliamentary approval for a US$3 billion Master Facility Agreement (MFA) it secured with the China Development Bank in 2011. Many donors, including the IMF and the World Bank, are providing assistance on debt management issues, and the authorities have also committed to using non-concessional resources to finance projects that can generate revenue to meet the debt service obligations. A World Bank assessment has concluded that some of the projects being considered under the MFA are sound and promise substantial returns, but also advised the Government of Ghana (GoG) to complete the feasibility studies for all projects.

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

2.1.2.7. With respect to public procurement, as a result of an assessment carried out by the Bank in 2011, Ghana's legal and regulatory framework as well as national SBDs shall be used for NCB contracts under Bank-financed projects, under the condition that the financing agreement highlights the modalities through which identified deviations will be addressed in the execution of projects or programmes. The most recent Public Expenditure and Financial Accountability (PEFA) assessment released in 2010 also noted progress in public access to budgetary documentation, implementation of the revised Public Financial Management (PFM) legislation, and external scrutiny and public oversight. However, the assessment also suggested that challenges remain with respect to budget management and expenditure control, internal audit, and value for money and performance audits. The Bank intends, in 2012-2013, partnering with other Developments partners to fund the PEFA assessment to establish progress in the implementation of on-going PFM reforms.

2.1.2.8. *Business Environment*: The private sector in Ghana is dominated by enterprises in the informal sector, with approximately 90% of the companies being MSMEs and employing less than 20 persons. The private sector is the main employer, and the primary generator of exports. The government has been active in improving the country's business environment and the country has been ranked, at least twice, amongst the top 10 reformers globally by the World Bank's Doing Business team. Table 1 shows Ghana's doing business rankings in Africa. The above notwithstanding, a number of issues continue to adversely affect Ghana's private sector development. These include infrastructural weaknesses; cumbersome public administration and land tenure system; under-developed financial systems, with

Table 1: Doing Business in 2010 and 2011 (Rank)

Item	2010 Rank	2011 Rank	Status - Improvement (▼)
Ease of Doing Business	6	6	►
Starting a business	12	15	▲
Dealing with licenses	40	41	▲
Registering property	1	1	►
Getting credit	6	6	►
Protecting investors	5	5	►
Paying taxes	8	15	▲
Trading across borders	10	10	►
Enforcing contracts	5	5	►
Closing a business	21	20	▼

Source: AfDB Statistics Department using data from Doing Business, WB some banks still undercapitalized, wide interest rate spreads and high non-performing loans driven mainly by GOG arrears, weak human capital, and low access to technology, including in the agribusiness sector. Government is developing a Public-Private Partnerships (PPP) regulatory framework towards further instilling confidence in the business environment, and manage fiscal commitments, and is also seeking to improve access of MSME to the capital market.

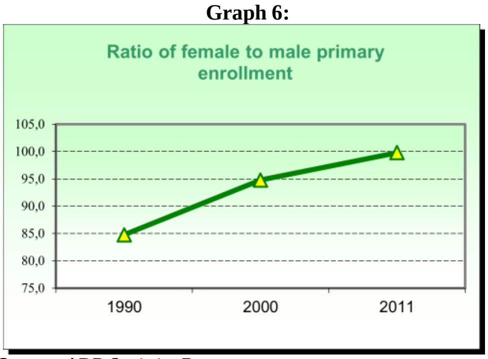
2.1.2.9. *Regional Integration and Trade.* Ghana is an active member of key regional integration arrangements in West Africa and in the continent, including the African Union, the Economic Community of West African States, and the West African Monetary Zone[1]. The GSGDA has re-emphasized the country's objective to accelerate economic integration. Ghana also maintains a relatively open trade regime with the rest of the world. Its Most Favoured Nation Tariff Restrictiveness Index (TRI) is 9%, below both the Sub-Saharan African and low income country group average of 11.3% and 11.6% respectively. Ghana initiated an interim Economic Partnership Agreement with the EU at the end of 2007 but has not yet signed the agreement. Ghana maintains good relations with its traditional trading partners and donors especially the US and the UK, both of which have a large Ghanaian diaspora. In addition, Ghana has good relations with many emerging countries, backed by funding for various projects.

2.1.3. *Social Context*

2.1.3.1. Ghana's recent growth performance also appears to have been somewhat inclusive. Recent research from the International Monetary Fund (IMF) suggests that, over the period 1995-2010, the poorest quartile of the consumption distribution experienced substantial annual household per capita consumption growth. This positive trend is, however, mitigated when one takes into account the record on employment, another key pillar of growth inclusiveness. The employment-to-working-age-population did not increase[2].

2.1.3.2. According to Ghana statistical Service data, unemployment rate is estimated at 3%. Only about 8.5% of the working population is in formal employment. Of this amount the youth form only 14% of informal sector either in self-employment or as domestic employees, apprentice or unpaid family workers. The official rate may, however, disguise the high level of underemployment and unemployment inherent in the informal sector, as the government's definition of unemployment excludes the large number of jobless people who may be available for work but do not necessarily seek work. Faster growth coupled with targeted measures to increase its jobs creation content will be necessary to curb the scourge of unemployment.

Graph 6:



Source: ADB Statistics Department

2.1.3.3. Like in many countries, and owing to social and cultural norms, which change rather slowly, gender equality has not been attained in Ghana, although significant progress is being recorded in education with primary education gender parity improving markedly-(See Graph 6).

2.1.3.4. Gender is being mainstreamed as a cross cutting theme in all existing and future Bank projects, with many of the projects having gender disaggregated indicators. Several recent road projects have gender clauses in contracts to hire

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

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

at least thirty percent of women. In addition, in order to generate local employment, clauses in road contracts required that all unskilled jobs be sourced from the populace. The Bank's on-going "Gender Responsive Skills and Community Development Project" aims at enhancing gender mainstreaming into national and local development priorities and improve capacities for targeting the marginalized communities. The project scholarship scheme will additionally, enable needy girls engage in vocational training in male dominated trades.

2.1.3.5. These results point to the need to strengthen efforts towards improving development outcomes, while also reducing inequalities in income and human development. Like the poverty headcount at 30% in 2007-2009, Ghana's other social indicators compare favourably with the average of the continent (See Annex 2), although they still point to difficult social conditions in education, health and water and sanitation. Annex 3 describes Ghana's progress towards the Millennium Development Goals (MDGs). To address these development challenges, the Government has embarked on a number of initiatives aimed at redistribution and social cohesion. The social protection programmes for the poorest and most vulnerable sections of society have been expanded, notably the Livelihood Empowerment Against Poverty (LEAP) programme for cash transfer and the Savannah Accelerated Development Authority (SADA). Many civil society organizations and development partners, including the Bank Group, are providing assistance.

2.1.4. *Environment and Climate Change*

2.1.4.1. The Ghana's total land area of 239,000 sq km is made up of two broad ecological zones - a high forest zone covering much of the southern 1/3rd of the country, and a savanna zone over the considerably drier northern 2/3^{rds}. Annual crops, tree crops and unimproved pastures occupy over 50% of the land. Much of the country's economic activity, including cocoa, oil palm, rubber, timber processing, and mining is located in the high forest zone.

2.1.4.2. Ghana's economy is dependent on climate sensitive sectors such as agriculture, fisheries, tourism, and forestry. Evidence of rising temperature abounds in all the ecological zones of Ghana while rainfall levels have been generally reducing and patterns have increasingly become erratic. The adverse impacts of this trend on livelihoods, health and hydropower generation are already being felt and are expected to exacerbate if remedial actions are not taken. Ghana ratified the United Nations Framework Convention on Climate Change (UNFCCC) in September 1995 and, in March 2003, acceded to the Kyoto Protocol. A National Climate Change Policy Framework (NCCPF) has been developed through a consultative process and mainstreamed into the GSGDA. The policy framework and institutional arrangements (Box 1) have three key objectives: adapting to the impact of and reducing vulnerability to climate change; mitigating the impact of climate change; and promoting low carbon growth strategy. However, in spite of having a well-structured institutional arrangement for climate change, Ghana faces a major challenge of lack of long term data on

Box 1: Ghana – Institutional Arrangements for Climate Change

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

which to base predictions, estimate risk and guide decision.

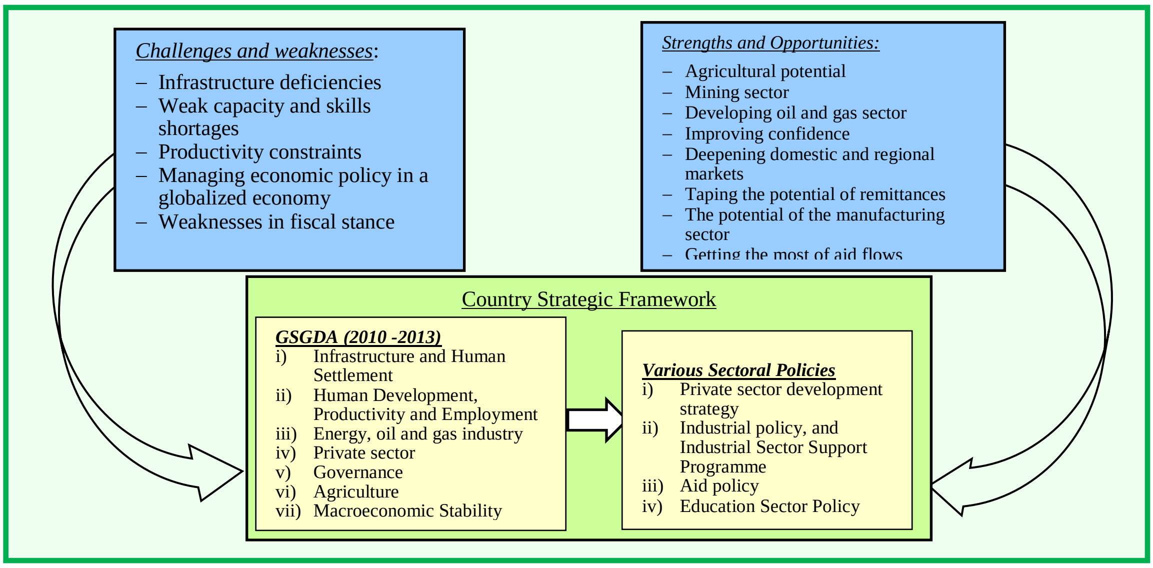
2.1.5. *Medium Term Prospects*

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

2.2 Strategic Options

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

Graph 7: Strategic Options for Ghana

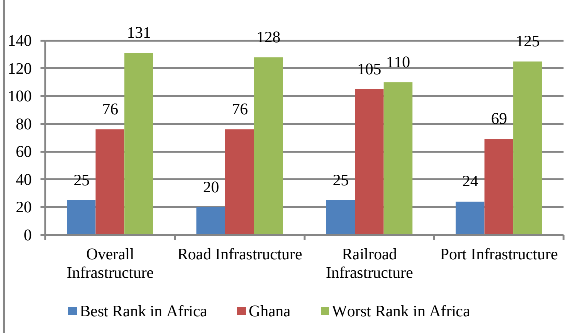


2.2.2. *Challenges and Weaknesses*

2.2.2.1. *Weak capacity and skill shortages in critical growth and job creating sectors*. Though the population is becoming more educated, the current supply by the Ghanaian universities and polytechnics of skills required by the key growth and job creating sectors is still proving inadequate. It is therefore important that tertiary, technical and vocational schools are encouraged to establish pro-active links with industries. Also, Government needs increased support to upgrade science, technology, and vocational education and training to meet a critical benchmark for skilled labour supply for sectors such as agriculture, agro-industry, manufacturing, ICT, the nascent oil and gas industry and, project management.

2.2.2.2. *Infrastructure deficiency remains a major obstacle to growth.* Ghana currently ranks far behind the best performing countries in Africa

Graph 8: Infrastructure Index 2009



Source: AfDB Statistics Department

in terms of infrastructure quality (See Graph 8). Infrastructure was, therefore, cited as the dominant perceived barrier to development in the most recent World Bank Enterprise Survey in Ghana. During the mid-2000s, Ghana's infrastructure gap was estimated at about 7% of GDP and about half of this was associated with shortfalls in power sector alone. Recent robust economic performance and growing demand for infrastructure services in the face of inadequate investment is expected to have further widened the infrastructure gap. At 0.5%, the net contribution of infrastructure to Ghana's per capita growth between 2001 and 2005 was less than the average of about 1% for the ECOWAS region as a whole[3]. Significant shortfalls in transport have also been identified. For instance, the railway system has limited coverage (a triangle linking Accra-Kumasi-Takoradi), and serves only the southern part of the country. The capacity of Ghana's two ports at Tema and Takoradi is under pressure resulting in delay and congestion. Ghana's infrastructure constraint presents a major threat to growth and international competitiveness given the close link between the availability of good infrastructure and economic growth. Studies have estimated that barring the electricity crisis of 2006 and 2007, Ghana would have likely grown at 7.5 – 8.0% in 2006 - 2007 instead of 6%[4].

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

2.2.2.4. *Improving productivity to rebalance the economy towards tradable goods and services***.** Ghana's economy continues to rely more on non-tradable services, which generate a high share of its GDP (see Para 2.1.2.1). To grow much faster, and create more jobs, there is need to rebalance the economy towards tradable goods and services. Achieving this objective will require measures to improve productivity in the other sectors of the economy, including in the important and high potential agribusiness sector. A World Bank study[5] showed that over the period 2001-2005, productivity contributed about 30.6% of the aggregate GDP growth, and that total factor productivity in Ghana remains relatively low in comparison to countries like Kenya, Egypt, Mozambique, Malaysia, or Thailand[6]. To unleash productivity, more determined efforts to strengthen the country's skills base and technology development and dissemination infrastructure will be key.

2.2.2.5. *Managing economic policy in an increasingly globalized economy***.** Discovering the right economic policy and implementing it adequately to quicken the pace of economic growth and jobs creation in the context of an oil producing economy and under the pressures of globalization is a challenge, which Ghanaian policymakers will continue to be faced with in the medium-term. In fact, research has shown that natural resource rich countries grow more slowly; they also experience higher corruption incidence; environmental degradation, and greater income inequality; poverty and conflict. Transmission channels include: 'Dutch Disease' effects; macroeconomic volatility; rent-seeking behaviour; weak public expenditure

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

4 See World Bank: Ghana: Meeting the Challenge of Accelerated and Shared Growth, Country Economic Memorandum (CEM), Nov. 2007, Vol. 1I., para 1.35

5 See World Bank (2007).

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

management; and weak fiscal effort (low non-oil revenue). Successfully warding off these risks will require developing the Government's economic policy management capabilities, including strengthening the governance framework and oversight institutions, which are a key determinant of the adequate functioning of economic policy transmission channels. The Bank has god experience in these areas and can be of assistance, including through capacity building. The recent signing into law of the Petroleum Revenue Management Act (see Annex 4) is an encouraging sign that Ghana is building transparency and accountability measures into the legal framework for managing its oil resources.

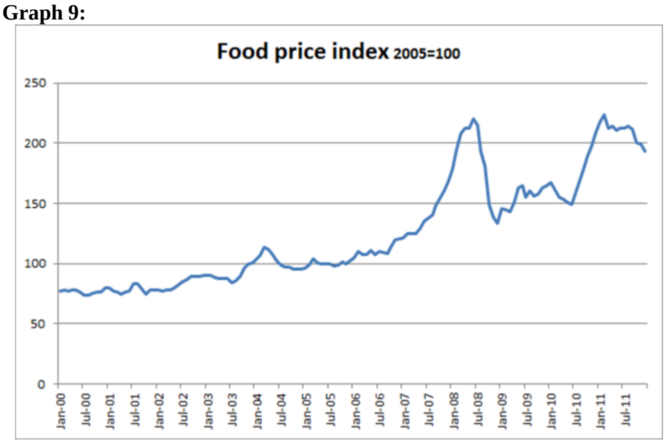
2.2.2.6. _Weaknesses in fiscal stance remain a challenge_. Fiscal stability has recently been strained by the accumulation of domestic payment arrears which has had a significant negative impact on the economy by constraining private sector activities, thereby slowing growth and employment creation.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

2.2.3. ***Strengths and Opportunities***

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

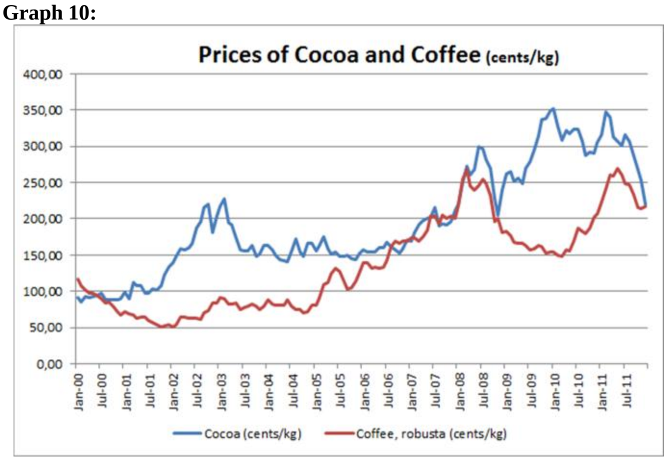
2.2.3.2. Cocoa is the major exported agricultural commodity in Ghana. The revenue from the cocoa in year 2011 was USD1.9 Billion which amounts to 7% of the GDP (or 20% of Agriculture GDP) and the subsector employs about 720,000 people. Although there continue to be challenges facing agricultural production in the country, including poor and erratic rainfall and inadequate agro-processing technology development infrastructure, the recent increase of food prices and agricultural commodities in the world markets (See Graphs 9 and 10) show that efforts to develop agricultural production, including agro-processing, would yield considerable economic gains. The Bank Group, working with other partners such as the International Fund for Agriculture Development (IFAD) in Ghana, is progressively developing a positive track record in agro-industry

Graph 9:



Source: AfDB Statistics Department, African Economic Outlook, October 2011

Graph 10:

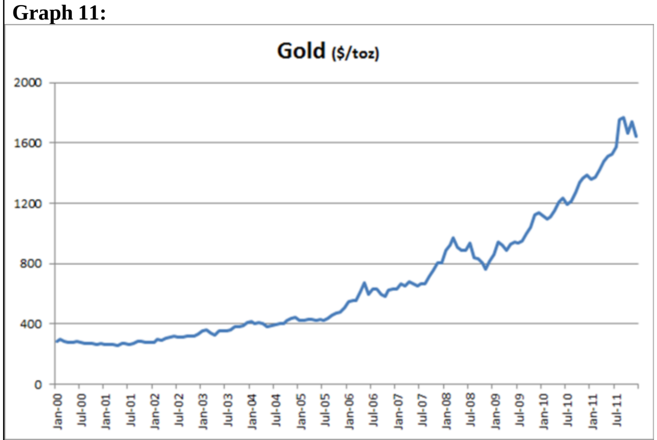


Source: AfDB Statistics Department, African Economic Outlook, October 2011 development, in particular agricultural processing technology development, through the Rural Enterprises Project (REP), Phase I, and Export Market and Quality Awareness Programme. This experience could be useful to the authorities' efforts in this area.

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

2.2.3.4. *Mining*. The country is a major gold producer and exporter and the gold sector continues to attract new investments. Ghana is also rich in other natural resources including diamonds, manganese ore, limestone, silica sand, and bauxite. The mining industry has grown steadily over the years, with recently elevated gold prices (see Graph 11) and production providing sizable export earnings and making the industry the main export earner. Export of minerals account for over 37% of total exports; with gold contributing over 90% of the total mineral exports. Despite the important contribution of the sector to GDP, the sector employs only 0.69% of the working population. The significant growth of the industry has led to an increase in foreign investors who dominate the sector. Key challenges faced by the industry include illegal mining operations known as "*galamsey*" operations (artisan mining) on company concessions, irregular and increasing cost of electricity supply and most recently high tax rates.

Graph 11:



Source: AfDB Statistics Department, African Economic Outlook, October 2011

2.2.3.5. *Oil and gas*. After starting producing oil at the end of 2010, crude oil exports now accounts for the second largest export earner to Ghana (USD2.6 billion in 2011), and stands the chance of overtaking gold as the largest contributor to export receipts of the economy (USD4.5bln in 2011) when production peaks. Direct employment on the oil rigs are estimated to be around 60 with the potential of increasing to 1,860 by 2014. However, a significant number of the highly specialized and high paying jobs are being undertaken by non-Ghanaians. To address this gap, Government has begun embarking on education and skills development including training in technical skills, upgrading the mining university to cover programs in oil and the development of an oil and gas local content bill. Gas deposits in commercial quantities have been discovered off shore in the Western region; the Jubilee Well being drilled for oil is estimated to produce at peak 120 million cubic feet a day, and could yield potential revenues of US$120 million per year, and also increase Ghana's energy production and export potential. Ghana envisages the oil and gas reserves will serve as a catalyst for the development of the oil and gas downstream industry that would lead to further diversification of the economy. The government's share of oil receipts for 2011 is estimated at USD337.33 million.

2.2.3.6. ***Improving Confidence:*** Ghana is reaping the economic dividends of its political gains by enjoying an improving level of confidence among domestic and international economic actors. This trend is being reflected in the country being increasingly viewed as an attractive Foreign Direct Investment (FDI) destination in Africa. Thus, according to the Africa Business Panel survey released in June 2011, Ghana was rated as the 4^{th} best destination in Africa (after

South Africa, Nigeria, and Kenya) for investment by international investors[7]. Also, Ghana ranked the 7th largest recipient of FDIs in Africa and the 3rd largest in Sub-Saharan Africa at the end of 2010, according to the United Nations Conference on Trade and Development's World Investment Report 2011. The report indicated that FDI inflow to the country in 2010 was estimated at about US$2.5 billion (up from US$1.7 billion in 2009) with oil and mining as the main drivers. Given that most of the FDI has gone to the extractive industries, the government will need to find ways to better exploit this favourable wind, including by ensuring that adequate resources flow to other priority sectors such as agriculture and agribusiness development, and manufacturing if it is to diversify the economy and realize its development goals.

2.2.3.7. *Deepening domestic and regional markets*. West Africa is currently one of the fastest growing regions of the continent (projected to growth at 6.9% in 2012 against 4.9% for the continental average[8]). Ghana can, therefore, increase its growth rate by also tapping the potential of this growing regional market. Exploiting the full potential of domestic and regional markets would require measures on many fronts, including implementing policies to address weaknesses in domestic market-oriented and regional infrastructure and regulations that hamper the creation of a free and integrated regional market for goods and services, improving macroeconomic management, and enhancing regional financial markets integration. The Bank can assist in these areas within the framework of its Regional Integration Strategy Paper (RISP) for West Africa, which the Board approved in 2011.

2.2.3.8. *Taping the potential of remittances*. Ghana has in the past filled the savings/investment gap through transfers from other countries, including remittances. These remittances have therefore been an important source of financing the country's growth path (See Box 2). Various options should be considered by the GoG towards further strengthening the contribution of remittances to the country's development efforts.

Box 2: Role of Remittances in the Ghanaian Economy

(i) There are over five hundred thousand Ghanaians living in the UK and about one thousand Ghanaian doctors living and working in the US.

(ii) According to the Bank of Ghana, remittance inflows in 2009 and 2010 amounted to US$1.6 billion and US$2.12 billion respectively representing about 6.2% and 6.6% of GDP respectively.

(iii) The 2010 remittances were more than total ODA inflows of about US$1.8 billion in the same year.

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

2.2.3.10. *Getting the Most of Aid Flows*. Ghana is currently the 8th largest recipient of external aid to Africa. Over the period 2003 – 2009, it received about 3.8% of total ODA to Africa,

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

[8] Source: African Development Bank (2011) ''African Economic Outlook Projections (October 2011 Updates).

which amounted to about USD265bln[9]. There is room to further enhance the impact of these resources on the Ghanaian economy, most importantly by increasing the share of Ghanaian firms in aid-financed contracts. Towards this end, there is need to strengthen the skills base and competencies of the country's human capital, an area where the Bank can be of assistance. In view of the possibility of external aid tapering off over the medium-term, more creativity and innovation, including in respect of enhanced domestic resource mobilization will, however, be needed on the part of Ghanaian policymakers to better exploit the available aid resources.

2.2.3.11.*Strengthening Economic Relations with the Major Emerging Economies, such as the BRICS (Brazil, Russia, India, China and, South Africa)*. Between 2000 and 2010, Ghana's exports to BRICS have grown by over six times, while trading within African countries has increased by five times. On the other hand, imports have increased by a larger margin, over eleven times as compared to imports from Sub-Saharan Africa which grew by five times over the same period. There is room for Ghana to reap significant economic benefits from strengthening its economic relations with the BRICS countries, if the opportunities and challenges of these relations in trade and finance are well managed.

2.2.4. *Country Strategic Framework*

2.2.4.1. With a view towards placing the economy on a high growth with job creation path, the authorities launched the Medium Term National Development Policy Framework, the GSGDA, which covers the period 2010- 2013, the successor to the Ghana Poverty Reduction Strategy II (GPRS II). It is structured around the seven thematic areas shown in Graph 7. It makes poverty reduction through shared growth, employment creation, the attainment of the MDGs, and social protection, its overarching objective. An important feature of the GSGDA is the focus of expenditure in favour of policies, programmes and projects in agriculture, infrastructure (including energy, oil and gas), water and sanitation, health, and education (including Information, Communication and Technology (ICT), Science, Technology and Innovation). Certainly, an underlying ambition is also to transform Ghana into a full-fledged Middle-Income Country (MIC) over the medium-term.

2.2.4.2. The potential cost of the four-year (2010 – 2013) implementation of the GSGDA is estimated at US$23.89 billion. Infrastructure and human settlement pillar has the highest cost of 39.4%, followed by the Human Development, Productivity and Employment with 25.2%, Energy, oil and Gas industry with 15.1%. Private sector, Governance, agriculture and macroeconomic stability have 7.9%, 6.4%, 3.8% and 2.1% of the total funding cost of the GSGDA, with about half of this amount currently unfunded under the medium-term budget. The Government is working towards filling this resource gap through new financing sources including a US$3 billion financing from the China Development Bank. This however, could have implications for debt sustainability, which need to be reviewed. It would, therefore, appear that while the GSGDA is strong in its policy framework, more efforts are still required from a resourcing perspective, in view of the gap between programmes and available resources.

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

2.3.1. *Aid coordination*. The aid architecture in Ghana reflects the growing complexity of development assistance with many donors active in the country and various instruments of assistance being used. There are four levels of donor coordination; the Heads of Agencies, Heads of cooperation, the Multi Donor Budget support and 14 sector working groups (SWG). Donor dialogue at the SWG level is jointly led by development partners (DP) and Government and aims at implementing the commitments under both the Paris Declaration (PD) and Accra

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

Agenda for Action (AAA) as well as Ghana's Aid Policy. DPs are currently engaging GoG on a successor to the Ghana Joint Assistance Strategy (G-JAS), the "Ghana-Development Partners Compact". The document, which is being prepared, aims at setting the framework for the new development challenges facing Ghana and outlining DP support to the country. The document is also intended to provide a framework for engaging new emerging donors who are becoming increasingly significant in Ghana. However, collaboration with these emerging donors continues to be a challenge for the mainstream aid coordination mechanisms led by traditional donors, as these emerging donors operate under the framework of ''shared principles, common goals, and differentiated commitments'', reflecting the consensus reached at the 4th High-Level Forum on Aid effectiveness held in Busan. The main areas of intervention of Ghana's development partners are presented in Annex 5.

2.3.2. The largest amount of Aid, 45.5%, is focused on the infrastructure and Human settlement pillar, followed by the human development productivity and employment pillar. The pillar on macro stability has the least funding with 3.8%. Estimates indicate that the BRICS contribute about 49% of Ghana's foreign aid. The World Bank is the second largest donor in the country followed by the US and the Bank with 10.7%, 7.4% and 5.6% respectively. The Bank is active in the aid coordination dialogue (See box 3).

2.3.3. *Bank Group Portfolio*. A joint Country Portfolio Performance Review **(**CPPR) and Completion Report for the 2005 – 2009 CSP for Ghana was prepared in 2011 alongside this CSP in collaboration with GoG. The 2011 CPPR rated the overall performance of the country's public sector portfolio as satisfactory with a rating of 2.2 (on a scale from 0 to 3), up from 2.0 in 2009. The survey and assessment done as part of the joint CPPR and CSP Completion Report exercise show major areas where efforts are needed. These include (i) reducing start-up delays, which are due to non-fulfilment of loan conditions for disbursement effectiveness especially for multinational (regional) and infrastructure operations[10]; (ii) reviewing the criteria for full payment of compensation to Project Affected Persons (PAP) (iii) strengthening capacity of contractors to execute civil works, (iv) strengthening the capacity of executing agencies in

Box 3: Impact of the Decentralization on Bank Operations

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

(i) GHFO participates in aid coordination and policy dialogue through the monthly meetings and activities of 14 Sector Working Groups (SWGs) in which it is a member. GHFO is co-leading the Gender Working Group, with the ultimate goal of assuming full leadership in 2012 as well as the Chairmanship of the comity of DPs for the first time in 2012.

(ii) Economic and Sector Work: GHFO actively participates in the studies" led by ORWA and continues to provide guidance on ESW processes initiated by either the Government or other development partners.

(iii) All road transport projects as well as two projects each in the agriculture, multinational and social sectors (totalling 11) are being managed by GHFO specialists as first line task managers and with four others in agriculture and social sectors being managed as back up task managers. In addition to impacting positively on the management of procurement and disbursement matters (see table below), GHFO has also embarked on a portfolio cleaning strategy that will close aged projects.

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

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

contracts management, and (v) reducing frequency of changes in task managers by the Bank, and (vi) increase Bank's response time to project issues.

2.3.4. Improvements are being recorded in the management of the portfolio, especially since the establishment of the Bank's field office in the country (see box 3 and 4). The number of aging, slow disbursing, and cancellable projects were 8, 4, and 6 respectively while projects at risk (PAR) as a proportion of the portfolio was 34%. Actions are already being taken to clean up the portfolio by closing aging projects and cancelling operations that are due for cancelation while others have been restructured[11]. The issues communicated from the projects were discussed as input to the 2011 Country Portfolio Improvement Plan (CPIP) (Annex 6). The Bank Group will leverage on-going operations (see details in Annex 7) to achieve results under this strategy. Towards this end, stepped up efforts will be implemented, in collaboration with stakeholders, to ensure their timely and successful completion.

2.3.5. *Lessons Learnt from Past Bank Interventions*. The previous 2005-2009 CSP extended to 2011 was articulated around two pillars: (i) improving the investment environment; and (ii) promoting pro-poor, pro-gender equity policies. Under that strategy, the Bank financed projects in the agriculture, transport, energy, water and sanitation, social, and governance sectors. A review of the implementation of the 2005 – 2009 CSP noted achievements in terms of outputs and outcomes delivery (11 out of the 14 targeted outcomes were achieved, 1 was partially achieved, and 2 were not achieved)[12], but also highlighted the need to pay closer attention to the quality of the outcomes and outputs indicators of the CSP, and to set adequate baselines. For the CSP, 2012 – 2016, effort has been made to identify appropriate baseline data and to ensure that the indicators in the results framework are specific, measurable, achievable, realistic, and time-bound (SMART). There is also the need to strengthen internal monitoring and evaluation mechanisms within Government. At the sectoral level, the recent Bank experience in the infrastructure sector, notably in the transport sector, demonstrates that much implementation progress can be achieved in a relatively short period of time (see box 4).

Box 4. Bank Group Makes Progress in the Transport Sector

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

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

2.3.6. On a longer term horizon, recent evaluation carried out by the Bank's Operations Evaluation Department emphasized the need for the Bank to contribute more to (i) strategic

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

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

thinking at the country level through conducting high quality economic and sector work and; (ii) strengthening institutional capacities which are key to ensuring sustainable outcomes[13]. Preliminary findings of the completion report also point to the contribution of the REP to job creation through improving access to agricultural commodities processing technologies, skills and finance, notably in rural areas. Overall, the Bank Group is progressively establishing a positive track record in the infrastructure and agro-processing sectors in Ghana. These lessons have been taken into account in this strategy.

III. BANK GROUP STRATEGY FOR GHANA

3.1 Rationale for Bank Group Intervention and Strategic Pillars

Box 5. Link between Ghana CSP and West Africa Regional Integration Strategy

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

3.1.1. *Rationale for Bank Group Intervention*. Ghana is experiencing one of the most promising period in its development history. Opportunities for consolidating and sustaining growth with a view towards creating productive employment, reducing poverty and improving development outcomes have never been more within reach than today. Most of these opportunities have been discussed in Section 2.2. To fully exploit these opportunities, strong emphasis on support for the productive sectors, for private sector development, and a constant quest for economic diversification will be necessary. The authorities appear to be fully aware of these requirements and are gearing up for the challenge by amongst other things prioritizing productivity and employment, and the development of a strong agriculture-based industrial sector. These are ultimately key for inclusive growth, economic and social progress, as a cornerstone of their economic agenda (see Graph 7). *This is why the Bank's strategy will be firmly anchored on supporting public actions targeting the development of a more productive environment in Ghana's enterprises sector*. This strategic orientation is supported by:

- the GSGDA, in particular its major focus areas relating to infrastructure, productivity and employment creation, private sector development, expanding capacity in agro-industry development, and skills upgrading;
- the Government's Industrial Policy and Action Plan,
- The Bank's MTS; and
- The Bank's West Africa RISP (Box 5)
- The Outcome of consultations with stakeholders (Box 6).
- The Bank's experience in the country; and
- The quest for synergies with other development partners.

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

Strategic pillars. The main goal of the Bank's strategy is to support inclusive growth that generates economic opportunities. To achieve this, the Bank will focus on two pillars namely (i) improving productivity in Ghanaian enterprises and, (ii) supporting economic and structural reforms aimed at improving the business environment. Graph 12 below illustrates the overall articulation of the Bank Group's strategy.

3.1.2.1 Pillar 1. Improving productivity in Ghanaian enterprises and in particular in the micro, small and medium agribusiness firms. As discussed extensively in section 2, low productivity was identified as the most critical and binding constraints confronting Ghanaian enterprises. Through this pillar, the Bank will invest in infrastructure that supports the growth and development of the private sector and will improve skills, thereby supporting government's efforts towards strengthening the productive environment in Ghanaian enterprises.

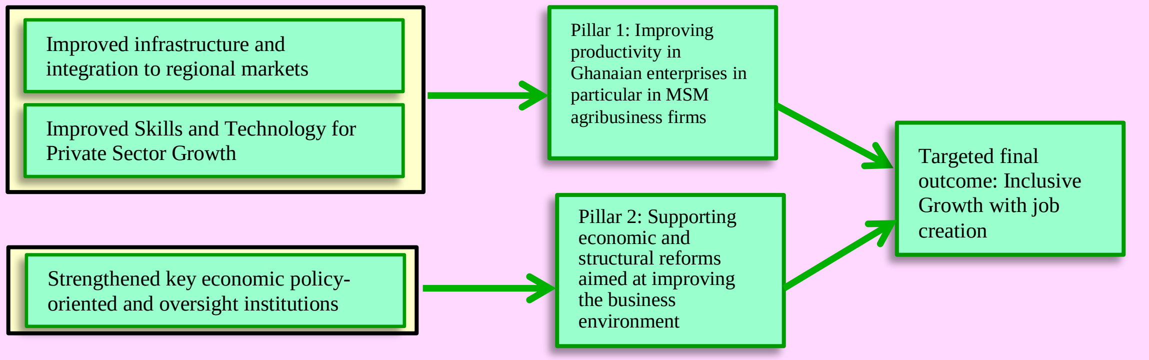
3.1.2.2 Pillar 2. Supporting economic and structural reforms aimed at improving the business environment. Equally important for Ghana's ambitions to grow faster and create more jobs with a view to becoming a MIC will be strengthened capacity to conceive and implement sound economic and structural reforms aimed at improving the environment in which Ghanaian firms operate. Through this pillar, the Bank will support key economic policy-oriented and oversight institutions.

Box 6. Outcome of consultations with stakeholders

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

During the CSP dialogue, which took place on March 26th-28th 2012 in Ghana, stakeholders endorsed the Bank's contextual analysis of the country and the proposed strategy and pillars, highlighting its alignment with the country's priorities, and strong focus on results and job creation, which is the Government's primary objective. They also suggested that the Bank should (i) continue to support irrigation, which they viewed as critical for agricultural production, (ii) pay close attention to income inequalities towards ensuring that the growth to be generated from the strategy will be inclusive, and (ii) emphasize private sector development, climate change, and gender. These issues have been taken into account in the strategy. The dialogue seminar was co-chaired by the Secretary to the Cabinet and Chief Director of MOFEP. The following DPs participated in a seminar: AFD, Germany, Switzerland, Canada, DfID, Netherlands, UNDP, USAID, IFC, and Italy. The World Bank sent comments.

Graph 12: Bank Strategy for Ghana



3.2 Deliverables and Targets

3.2.1 To deliver inclusive growth, reduced income and regional disparities, and support Ghana's progress towards full-fledged MIC status, the Bank will provide the following support:

3.2.2 *Pillar 1 (Output 1). Improved Infrastructure and Integration to Regional Markets*. Building on its positive experience in the country (see discussion in paragraph 2.3.4-2.3.6), the Bank will assist the government in addressing the infrastructure needs, particularly in the energy sector. The aim will be to (i) expand energy production by exploiting Ghana's potential (see Paragraph 2.2.3.5) and, (ii) strengthen integration into regional energy markets through enhanced regional interconnections. In fact, Ghana's infrastructure needs are still important and the Bank has experience in this sector in Ghana. The objective, therefore, will be to support the government's goal of providing safe, efficient, cost-effective, environmentally friendly, and fully integrated infrastructure to meet the needs of the country, and promote economic and social development.

3.2.3 Considering the important role that emerging donors are also playing in supporting Ghana's development efforts, in the financing of key infrastructure in particular (see paragraphs 2.1.2.5 and 2.3.2), the Bank will continue to explore opportunities for stronger collaboration with them towards leveraging additional resources for Ghana. Specific actions for building on this relationship include developing knowledge work covering areas of mutual interest, and strengthening Ghana's capacity in areas of interest to the BRICS. Towards this end, Bank infrastructure projects in particular will include capacity building components targeting the development of Ghana's institutional capacity for infrastructure projects preparation. This will also position the Bank as a reliable reference point for potential BRICS investors.

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

3.2.5 The Bank will also support the GoG's efforts towards improving the country's agribusiness technology development and dissemination capabilities, capitalizing on its past experience in the country (see paragraphs 2.2.3.2 and 2.3.6), and its partnership with other donors such as the IFAD. This will improve access by MSM agribusinesses to relevant technology, and provide a much needed boost to government efforts aimed at employment creation, economic diversification and growth in the non-oil sectors, as envisioned in the industrial policy, and food and agriculture sector development policy.

3.2.6 *Pillar 2 (Output 1). Strengthen key Economic Policy-Oriented and Oversight Institutions*. Through this support, the Bank expects to assist the government in achieving the following goals: (i) private sector development by supporting the improvement of the business environment; and (ii) deepening and consolidating past achievements in governance related reforms including PFM reforms, in line with the Bank's Fiduciary strategy for Ghana (See Annex 8), (iii) improved domestic resource mobilization to prepare Ghana for the prospects of reduced aid, should this materialize.

Box 7: Graduation Triggers and Transition Process

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

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

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

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

3.2.8 *Economic and Sector Work and Advisory Services*. In line with the lessons from past operations (see Paragraph 2.3.4), Bank interventions will be informed by economic and sector work carried out by the Bank or other development partners. Important areas of focus will be skills development and employment creation, science and technology, and close support to the country's transition to blend or ADB-only country, should it happen (See Box 7). Discussions with stakeholders have also pointed towards a variety of roles that the Bank can play in the oil and gas sector, including provision of transaction advisory services to the newly set up Ghana National Gas Company to develop a strategy for the development and expansion of a Central Processing Gas Facility (through the African Legal Facility). The Bank will also provide assistance, at the request of GoG, through a study on "Financing options for Ghana's new MIC Status", which will also look at strengthening Ghana's capacity to assess financing options offered by emerging donors.

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

3.2.10 The Bank Group will continue to work with other donors towards ensuring that cross-cutting issues of governance, gender, inclusive and green growth, the environment and climate change, including the environmental impacts of extractive industries, and statistical capacity building in line with the Ghana country statistical profile recently completed by the Bank, continue to receive adequate attention. These issues will be mainstreamed in Bank interventions.

3.2.11 *Mobilizing Resources for Ghana's Development*. Given (i) the Bank Group's relative size in Ghana (ii) the on-going transition to MIC status accompanied with a gradual decrease in concessional resources, and (iii) Ghana's increased access to significant inflows from its emerging partners, the Bank will increasingly act as a catalyst and a facilitator in using its own resources to leverage third-party resources in the form of co-financing, especially in infrastructure investment. In this regard, the Bank will explore the possibility of leveraging innovative sources of financing from both traditional and emerging donors like the BRICS to support Ghana's development. Considering the possibility of declining aid, the Bank will also support GoG efforts towards improving domestic resource mobilization. The Bank's own resources will comprise (i) part of Ghana's indicative ADF-12 Performance-Based Allocation (PBA), which amounts to UA249.09 million (of which UA 94.33 is available for use in 2012[14], (ii) resources for non-sovereign operations, (ii) part of the country's ADF-13 indicative PBA allocation, and (iv) resources from the regional operations envelope[15]. Annex 9 presents the indicative lending and economic and sector work, which the Bank intends to carry out under this strategy.

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

Under the Bank strategy, the Bank will continue to work with GOG and other stakeholders towards improving the country's development effectiveness, with a particular focus on alignment of its assistance on national priorities and budget, predictability, use of country systems and reduction in the number of parallel Project Implementation Units (PIUs). Table 2 below presents the targets to be reached in this respect.

Table 2: Bank Paris Declaration Targets in Ghana

No	Paris Declaration Indicators	Bank Achievement in Ghana in 2010	Target to be reached at CSP Mid-Term in 2014	Target to be reached at end of CSP in Ghana in 2016
Alignment				
3	Aid flows are aligned with national priorities	96%	100%	100%
4	Strengthen capacity by co-ordinated support	n.a.	100%	100%
5a	Use of country public financial management systems	34%	34%	60%
5b	Use of country procurement systems	34%	34%	40%
6	Avoiding parallel implementation structures	0	0	0
7	Aid is more predictable	96%	100%	100%
Harmonization				
9	Use of common arrangements or procedures	34%	34%	40%
10a	Joint missions	5%	10%	25%
10b	Joint country analytic work	0%	100%	100%

3.4 Instruments for Implementing the Bank Group's strategy

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

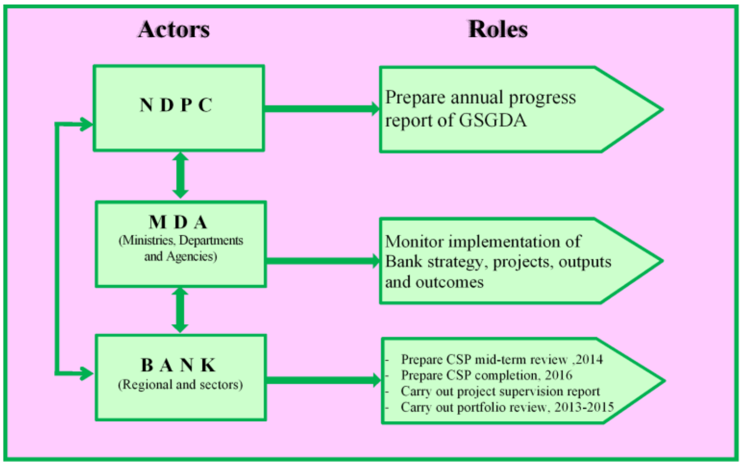
[15] Should Ghana graduate to blend or ADB-only country, the amount and composition of Bank Group resource would change either during this period or the next ADF cycle, in line with the Bank Group's transition framework.

The Bank will deploy the full range of its operational instruments, including sovereign and non-sovereign, project lending, capacity building, ESW, country dialogue, public-private partnerships, private sector finance, syndication and, guarantees to support the implementation of this strategy. With a view towards supporting economic reforms, which may require quick disbursing resources, the Bank will also continue to provide budget support assistance. As indicated, the Bank will seek opportunities to use new instruments such the partial risk guarantee to increase the flow of private sector investments.

3.5 Monitoring and Evaluation

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

Graph 13: CSP Monitoring and Evaluation Framework



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

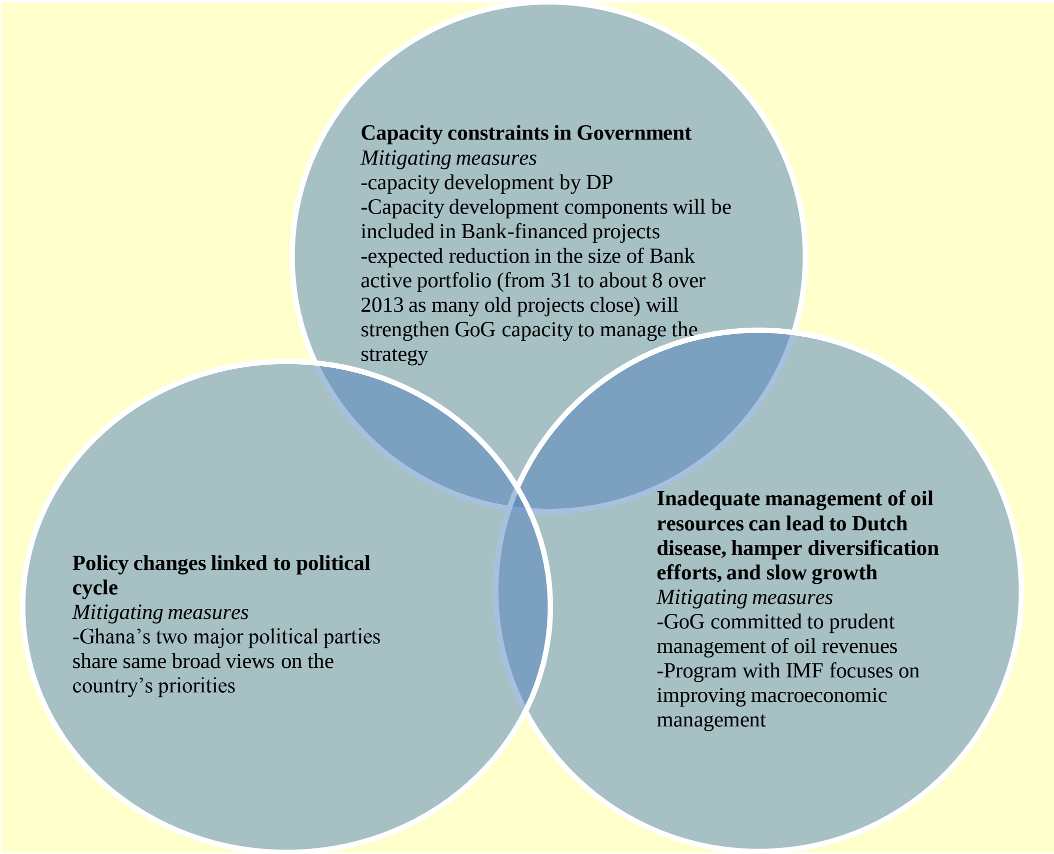
3.6 Country Dialogue Issues.

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

3.7 Risks and Mitigation Measures

The main potential risks to the implementation of the strategy relates to capacity constraints within GoG, policy changes linked to the political cycle in Ghana, and inadequate management of oil expectations. Graph 14 illustrates these risks.

Graph 14: Risks and Mitigating Measures



IV. CONCLUSION AND RECOMMENDATION

4.1 Conclusion

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

4.2 Recommendation

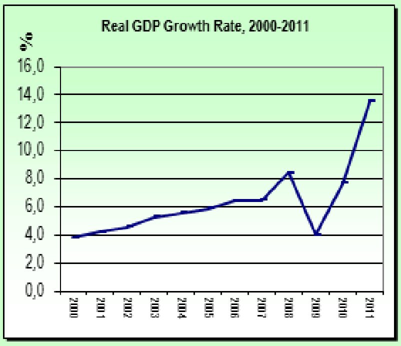
The Boards of Directors are invited to consider and approve the proposed Country Strategy Paper, 2012 – 2016, for Ghana.

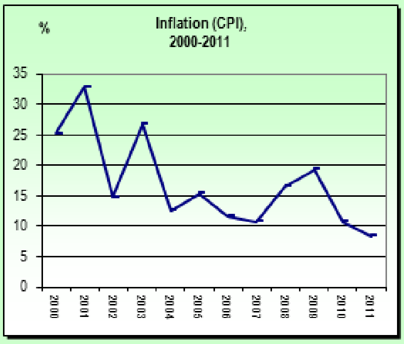
ANNEX 1.

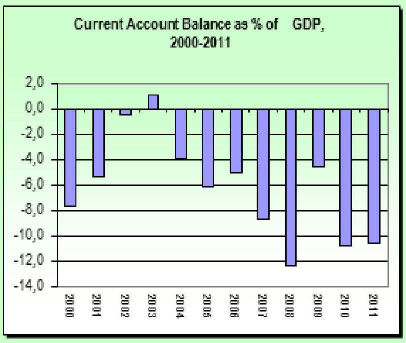
Ghana

Selected Macroeconomic Indicators

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







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

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

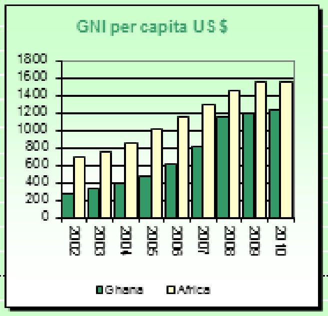
Last Update: October 2011

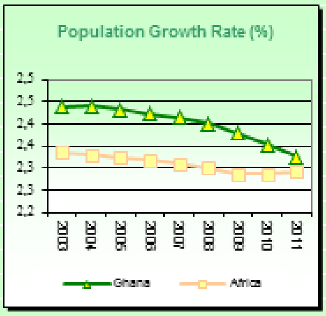
ANNEX 2.

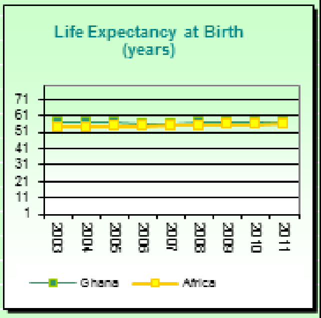
Ghana

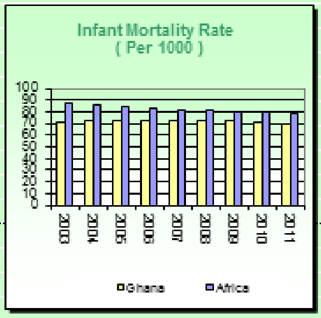
COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Ghana	Africa	Develo-ping Countrie	Develo-ped Countrie
Basic Indicators					
Area ('000 Km²)		239	30 323	80 976	54 658
Total Population (millions)	2011	25,0	1 044,3	5 732	1 123
Urban Population (% of Total)	2010	51,3	39,9	45,1	77,3
Population Density (per Km²)	2011	104,7	34,0	59,9	33,2
GNI per Capita (US $)	2010	1 227	1 565	3 304	38 657
Labor Force Participation - Total (%)	2011	46,2	40,1	65,6	60,7
Labor Force Participation - Female (%)	2011	49,2	41,0	51,7	52,2
Gender -Related Development Index Value	2007	0,524	0,433	0,694	0,911
Human Develop. Index (Rank among 187 countrie	2011	135	n.a	n.a	n.a
Popul. Living Below $ 1 a Day (% of Population)	2007-09	30,0	42,3	25,2	...
Demographic Indicators					
Population Growth Rate - Total (%)	2011	2,3	2,3	1,3	0,6
Population Growth Rate - Urban (%)	2010	3,5	3,4	2,4	1,0
Population < 15 years (%)	2011	38,4	40,3	29,0	17,5
Population >= 65 years (%)	2011	3,9	3,8	6,0	15,4
Dependency Ratio (%)	2010	71,8	77,6	55,4	49,2
Sex Ratio (per 100 female)	2011	103,6	99,5	93,5	94,8
Female Population 15-49 years (% of total populati	2011	24,5	24,4	49,4	50,6
Life Expectancy at Birth - Total (years)	2011	57,4	56,0	67,1	79,8
Life Expectancy at Birth - Female (years)	2011	58,5	57,1	69,1	82,7
Crude Birth Rate (per 1,000)	2011	31,4	34,2	21,4	11,8
Crude Death Rate (per 1,000)	2011	10,8	12,6	8,2	8,4
Infant Mortality Rate (per 1,000)	2011	69,6	78,6	46,9	5,8
Child Mortality Rate (per 1,000)	2011	111,8	127,2	66,5	6,9
Total Fertility Rate (per woman)	2011	4,1	4,4	2,7	1,7
Maternal Mortality Rate (per 100,000)	2008	350,0	530,2	290,0	15,2
Women Using Contraception (%)	2007-09	...	...	61,0	...
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2009	9,0	58,3	109,5	286,0
Nurses (per 100,000 people)*	2009	104,8	113,3	204,0	786,5
Births attended by Trained Health Personnel (%)	2008	58,7	50,2	64,1	...
Access to Safe Water (% of Population)	2008	82,0	64,5	84,3	99,6
Access to Health Services (% of Population)	2007-09	...	65,4	80,0	100,0
Access to Sanitation (% of Population)	2008	13,0	41,0	53,6	99,5
Percent. of Adults (aged 15-49) Living with HIV/AID	2007	1,9	4,9	0,9	0,3
Incidence of Tuberculosis (per 100,000)	2010	86,0	294,9	161,0	14,0
Child Immunization Against Tuberculosis (%)	2010	99,0	85,3	81,0	95,1
Child Immunization Against Measles (%)	2010	93,0	77,9	80,7	93,0
Underweight Children (% of children under 5 years	2007-09	13,9	30,9	22,4	...
Daily Calorie Supply per Capita	2007	2 907	2 465	2 675	3 285
Public Expenditure on Health (as % of GDP)	2008	7,8	5,7	2,9	7,4
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2011	107,3	100,4	107,2	101,3
Primary School - Female	2011	107,2	90,0	109,2	101,1
Secondary School - Total	2011	67,3	37,7	62,9	100,1
Secondary School - Female	2011	63,9	33,7	61,3	99,6
Primary School Female Teaching Staff (% of Total)	2009	33,7	41,4	60,5	81,4
Adult literacy Rate - Total (%)	2009	66,6	65,1	80,3	98,4
Adult literacy Rate - Male (%)	2009	72,8	74,3	86,0	98,7
Adult literacy Rate - Female (%)	2009	60,4	56,2	74,8	98,1
Percentage of GDP Spent on Education	2007-09	5,4	4,7	3,8	5,0
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2008	19,3	7,8	10,6	10,9
Annual Rate of Deforestation (%)	2007-09	...	0,7	0,4	-0,2
Annual Rate of Reforestation (%)	2007-09	...	10,9	...	...
Per Capita CO2 Emissions (metric tons)	2009	0,3	1,1	2,9	12,5









Sources : ADB Statistics Department Databases; World Bank: World Development Indicators; *last update :* *octobre 2011*
UNAIDS; UNSD; WHO, UNICEF, WRI, UNDP; Country Reports.
Note : n.a. : Not Applicable ; ... : Data Not Available.

ANNEX 3: Progress towards Attaining the Millennium Development Goals

	1990[1]	2000[2]	2010[3]
Goal 1: Eradicate extreme poverty and hunger			
Employment to population ratio, 15+, total (%)	68.4	65.7	65.2
Malnutrition prevalence, weight for age (% of children under 5)	25.1	18.8	13.9
Poverty headcount ratio at $1,25 a day (PPP) (% of population)	51.1	…	30.0
Gini Coefficient	…	…	40.8
Prevalence of undernourishment (% of population)	34.0	11.0	…
Goal 2: Achieve universal primary education			
Literacy rate, youth female (% of females ages 15-24)	…	65.5	77.9
Literacy rate, adult total (% of people ages 15 and above)	…	57.9	65.8
Primary completion rate, total (% of relevant age group)	63.7	67.3	79.2
Total enrollment, primary (% net)	…	58.3	75.9
Goal 3: Promote gender equality and empower women			
Proportion of seats held by women in national parliaments (%)	…	9.0	8.3
Ratio of female to male primary enrollment	84.4	90.2	94.4
Ratio of female to male secondary enrollment	66.2	80.2	84.6
Goal 4: Reduce child mortality			
Immunization, measles (% of children ages 12-23 months)	52.0	83.0	93.0
Mortality rate, infant (per 1,000 live births)	74.4	71.9	70.9
Mortality rate, under-5 (per 1,000)	121.5	115.1	113.7

Sources: ADB Statistics Department Databases; World Bank: World Development Indicators; UNAIDS; UNSD; WHO, UNICEF, WRI, UNDP; Country Reports

	1990[1]	2000[2]	2010[3]
Goal 5: Improve maternal health			
Births attended by skilled health staff (% of total)	43.8	47.1	58.7
Contraceptive prevalence (% of women ages 15-49)	20.3	25.0	…
Maternal mortality ratio (modeled estimate, per 100,000 live births)	630.0	586.0	350.0
Goal 6: Combat HIV/AIDS, malaria, and other diseases			
Incidence of tuberculosis (per 100,000 people)	223.0	206.0	201.0
Prevalence of HIV, female (% ages 15-24)	…	…	1.3
Prevalence of HIV, male (% ages 15-24)	…	…	0.4
Prevalence of HIV, total (% of population ages 15-49)	…	3.1	1.9
Goal 7: Ensure environmental sustainability			
CO2 emissions (kg per PPP $ of GDP)	0.9	1.1	1.0
Improved sanitation facilities (% of population with access)	6.0	18.0	13.0
Improved water source (% of population with access)	56.0	75.0	82.0
Goal 8: Develop a global partnership for development			
Net total ODA/OA per capita (current US$)	37.4	66.1	66.4
Internet users (per 1000 people)	0.0	17.2	54.4
Mobile cellular subscriptions (per 1000 people)	0.0	79.1	633.8
Telephone lines (per 1000 people)	3.0	14.6	11.2

Sources: ADB Statistics Department Databases; World Bank: World Development Indicators; UNAIDS; UNSD; WHO, UNICEF, WRI, UNDP; Country Reports

1 Latest year available in the period 1990-1995; 2 Latest year available in the period 2000-2004; 3 Latest year available in the period 2005-2010

Annex 4: Framework for Managing Oil Revenue in Ghana

The Petroleum Revenue Management Act (PRMA) was signed into law in April 2011. The Act defines adequate mechanisms for ensuring the effective use of oil revenue to support the country's development as follows:

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

Source: IMF Country Report No. 12/36

ANNEX 5: Matrix of Donors Support (in US$ million) in 2012

Donors	Ensuring and Sustaining Macroeconomic Stability	Enhancing Competitiveness in Ghana's Private Sector	Agriculture Modernization and Natural Resources Management	Infrastructure and Human Settlement	Energy, Oil and Gas Industry	Human Development, Productivity and Employment	Transparent and Accountable Governance	Total	%
AfDB	111.00	92.20	183.86	513.61	126.18	214.99	37.50	1,279.33	5.61
World Bank	319.00	135.70	420.99	684.74	345.85	187.20	353.00	2,446.48	10.72
EU	139.41	11.93	27.60	278.58		3.82	90.62	551.95	2.42
UK	58.00	108.00				242.68		408.68	1.79
USAID		270.68				527.28	902.95	1,700.91	7.45
AFD	57.98	2.64	46.28	128.53			129.06	364.49	1.60
Denmark	71.47	77.21		30.01			109.21	287.90	1.26
Germany	38.65	7.40	32.62	43.11		12.49	17.60	151.87	0.67
Japan	12.62			103.51	50.00			166.13	0.73
Canada	58.06		141.86	30.83			110.22	340.97	1.49
Netherlands			81.94	206.21	95.80	374.40		758.34	3.32
IMF								-	
UN System		2.40	63.44	0.83		40.34	36.11	143.11	0.63
BRICS		200.00	733.00	6,952.81	1,960.55	1,054.00	277.65	11,178.01	48.99
Others		84.88	166.87	1,404.37	497.04	849.21	36.54	3,038.9	13.27
Total	866.19	993.04	1,898.45	10,377.13	3,075.42	3,506.40	2,100.45	22,817.08	100.00
%	3.80	4.35	8.32	45.48	13.48	15.37	9.21	100.00	

Other includes: Italy, Norway, Spain, Saudi Fund, Switzerland, and OPEC. Source: MOFEP's estimates of 2012 projections from Donor funded projects

ANNEX 6: 2011 COUNTRY PORTFOLIO IMPROVEMENT PLAN

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

ANNEX 7: BANK GROUP PORTFOLIO AS AT 28th March 2012									
No.	**Sector**	**Project name**	**Loan/grant amount (UA)**	**Date of approval**	**Date of signature**	**Amount disbursed**	**% disbursed**	**Closing date**	**Status**
1	Agriculture	Export Market And Quality Awareness Prog	17 000 000	13.07.2005	29.07.2005	8 550 975	50.3	31.12.2013	PP
2		Afram Plains Rural Development Project	19 970 000	31.05.2006	29.06.2006	13 897 400	69.6	31.12.2012	non PPP
3		Northern Rural Growth Program	40 000 000	17.12.2007	04.03.2008	2 161 362	5.4	31.12.2015	PP
		Agriculture Sub-Total	**76 970 000**			**24 609 737**	**32**		
1	Social	Health Services Rehabilitation Iii	17 640 000	30.10.2002	04.06.2003	10 833 714	61.4	31.03.2012	Non PPP
2		Urban Poverty Reduction Project	25 000 000	12.10.2005	23.11.2005	16 366 196	65.5	30.06.2012	Non PPP
3		Gender Responsive Skills & Community Dev't Proj	5 950 000	19.12.2007	14.05.2008	1 070 777	18.0	31.12.2012	Non PPP
4		Gender Responsive Skills & Community Dev't Proj -G	2 360 000	19.12.2007	14.05.2008	638 310	27.0	31.12.2012	Non PPP
		Social Sub-Total	**50 950 000**	-	-	**28 908 996**	**57**		
1	Transport	Tema-Aflao Road Rehabilitation Project	14 700 000	17.04.2002	02.08.2002	10 584 272	72.0	30.06.2012	Non PPP
2		Tema-Aflao Road Rehabilitation Project - Supplm	25 400 000	16.12.2008	10.06.2009	6 254 669	24.6	31.12.2013	Non PPP
3		Akatsi-Dzodze-Noepe Road(Akatsi-Akanu)	12 720 000	20.12.2002	18.07.2003	9 332 492	73.4	30.06.2012	PPP
4		Akatsi-Dzodze-Noepe Road(Akatsi-Akanu) - Supplm	13 400 000	16.12.2008	10.06.2009	7 249 125	54.1	31.12.2013	
5		Road Infrastructure Project 2003	18 000 000	17.09.2003	01.04.2004	10 457 388	58.1	30.06.2012	PPP
6		Awoshie-Pokuase Road & Community Development	53 590 000	14.10.2009	01.04.2010	5 030 398	9.4	31.12.2015	
7		Fufulso-Sawla Road	109 720 000	24.11.2010	02.12.2010	9 921 559	9.0	31.12.2015	PPP
		Transport Sub-Total	**247 530 000**	-		**58 829 902**	**24**		
1	Water/Sanitation	Accra Sewerage Improvement Project (Asip)	46 000 000	26.04.2006	19.05.2006	8 221 863	17.9	31.12.2013	
2		Improved Sanitation And Water Supply Service	1 825 191	18.09.2009	15.01.2010	**520 438**	**28.5**	15.01.2012	Non PPP
3		Design For Re-Use	441 325	28.07.2010	19.10.2010	**177 305**	**40.2**	30.06.2013	
4		Reoptimization Study Of Akosombo & Kpong Dams	1 608 994	02.08.2010	07.01.2011			30.09.2013	PPP
		Water/Sanitation Sub-Total	**49 875 510**			**8 919 606**	**18**		
1	Multinational	Invasive Aquatic Weeds - Ghana	1 680 000	22.09.2004	13.10.2004	1 135 696	67.6	30.06.2012	
2		Ghana - Prom Of Science And Tech. For Agric. Devt.	15 581 000	29.11.2006	18.12.2006	7 677 863	49.3	31.12.2013	Non PPP
3		Uemoa Ghana Road Programme	64 500 000	19.11.2003	18.12.2003	45 358 503	70.3	31.12.2012	Non PPP
4		Uemoa Ghana Road Programme (Supplementary)	4 300 000	16.12.2008	10.06.2009	890 386	20.7	30.12.2013	Non PPP
5		Ghana - Togo -Benin Power Interconnect	14 870 000	04.04.2007	17.05.2007	1 031 632	6.9	31.12.2012	Non PPP
		Multinational Sub-Total	**100 931 000**	-	-	**56 094 081**	**56**		
1	Multisector	**Budget support**							
2		Fourth Budget Support	26 000 000	13.07.2011	20.12.2011	13 000 000	50.0	31.12.2013	Non PPP
3		Fourth Budget Support	44 000 000	13.07.2011	20.12.2011	22 000 000	50.0	31.12.2013	PP
		Multisector Sub-Total	**70 000 000**	-	-	**35 000 000**	**50**		
1	Power	Power Systems Re-Inforcement Project	27 600 000	28.11.2007	04.03.2008	10 826 232	39.2	31.12.2014	Non PPP
		Power Sub-Total	**27 600 000**	-	-	**10 826 232**	**39.2**		
		Active Portfolio (Disbursing)	**677 656 510**			**266 874 641**	**36**		

PP : Problematic Project
PPP : Potentially Problematic Project

Annex 8: The Bank Group's Fiduciary Strategy

Using primarily the latest available Public Expenditure Financial Accountability (PEFA) assessment (2009 published 2010) and other internally generated Bank knowledge, an assessment of the overall country financial management risk was carried out on Ghana as part of the CSP exercise. The findings of this assessment will guide the design of financial management arrangements for projects prepared in the country during the CSP period (2012-2016)

Financial Management Risk and Mitigation

Overall financial management risk for the country is deemed *substantial* due to i)Poor budgetary and expenditure control; ii) Ineffective establishment and ineffective commitment controls; iii) Poor cash management processes arising primarily from unpredictable budget releases and the almost total exclusion of the bank accounts of donor funded projects; iv) While the Internal Audit Agency is in place and has adopted modern practices, less than 20% of its time is currently spent on systemic issues that impact the control environment; v) Poor reporting practices- MDA reports do not consolidate expenditures out of the consolidated fund and expenditures out of internally generated funds; vi) The Ghana Audit Service is still primarily financial audit driven, although it has started working on aspects of performance and value for money audit.

Financial Management Risk Mitigation. For this reason, Bank financed investment projects are still generally managed outside the government PFM system by using Project Implementing Units (PIUs) embedded within the implementing ministries. The PIUs generally have separate accounting systems, separate bank accounts, and the government financial management staff in the projects are usually supported by specialist project hired financial management experts to manage the money and handle the reporting.

Bank's Fiduciary Strategy for Ghana during the CSP period (2012-2016)

The use of PIUs to mitigate FM risk is expected to persist during the first half of the CSP period while government is implementing and consolidating ongoing reforms including the roll out of the new Ghana Integrated Financial management Information System (GIFMIS). This will apply especially to ongoing projects. However, on a case by case basis, with effect from 2014, all new investment projects prepared in the country will use as a first choice the GIFMIS for its accounting, unless at the time of preparation the system is not yet fully implemented in the implementing ministry or components thereof. Projects going onto GIFMIS will be expected to disburse through the Consolidated Fund system of bank accounts.

Under the terms of an existing Multi Donor Budget Support Framework, policy based donor support is already being made direct to the budget, and the Ghana Audit Service (GAS) supervises the audit of selected flows. While this is expected to continue during the CSP period, additionally, all investment projects accounted for through the GIFMIS will be audited by the GAS, or under their supervision. Specific FM arrangements will continue to be designed based on individual project FM assessment, but in line with this over-arching principle.

The Bank will participate with other partners in the proposed 2012-13 follow up PEFA. The main output of this exercise is a status report on the ongoing PFM reforms, plus additional recommendations for further system improvements. In addition, in order to help consolidate ongoing reforms, and in line with the efforts of other development partners, the Bank will support the following three main areas of on going PFM reform during the CSP period:

i) Strengthening capacities of Audit and Oversight institutions of Ghana's PFM system.
ii) Supporting the roll out and training on the recently launched Accounting Manual to be used by District Assemblies and MDAs. The implementation and adherence to the guidance provided by the manual will be crucial to Local Government Fiscal Administration.
iii) Strengthening Internal Control and Internal Audit – focusing on additional capacity building for the Internal Audit Agency (IAA).

Conclusion. Based on the above, the use of country PFM systems in Ghana is expected to approach 60% by the end of the CSP period (2016).

ANNEX 9: INDICATIVE LENDING AND NON-LENDING PROGRAMME

Sector	Programme/Project	Year	Tentative Amount (UA million)
Pillar 1: Improving Productivity in Ghanaian Enterprises in particular Micro, Small and Medium Agribusiness Firms			
Education Sector (HEST)	Development of Skills for Industry Project	2012	70.00
Infrastructure and Technology	Rural Enterprise Program.	2012	50.00
Energy	Takoradi II Power Plant Expansion (Private Sector)	2012	US$60 million
Energy	Ghana Energy Development Access Program	2013	To be determined
Energy	Ghana - Burkina Faso - Mali Interconnection (Regional Operation)	2014	5.00
Pillar 2: Supporting Economic and Structural Reforms aimed at Improving the Business Environment			
Multi-Sector	Institutional Support Project to Oversight and Private Sector Development Institutions	2012	UA 9.59
Multisector	Budget Support	2014	To be determined
Economic and Sector Work and Other Non-Lending Programme			
Oil and Gas	Oil and Gas Downstream Activities in Ghana: Focusing on Value Addition	2012	Bank budget
Skills	Improving linkages between the Community Development Vocational and Technical Institutes	2012	Trust Fund
Health	Health impact assessment in the Oil and Gas sector	2012	Trust Fund
Macroeconomic	Annual African Economic Outlook Ghana Chapter	2012-2013	Bank budget
Resource Mobilization	Financing Options for MIC Status	2013	Bank budget
Health	Health Labour Market Analysis	2012-2013	Trust Fund
Public finance	PEFA assessment	2013	Trust Fund
Employment	Promotion of Youth Employment in agriculture through the Rural Enterprise Programme	2013	Project
Infrastructure	Sustainability of the rural technology facilities	2013	Project

ANNEX 10: CSP RESULTS FRAMEWORK

Ghana's Development Goals (GSGDA)	Constraints hindering achievement of desired Development Goals	Final Outcomes (expected by end of CSP in 2016)	Final Outputs (expected by end of CSP in 2016)	Mid-Term Outcomes (expected by CSP mid-term in 2014)	Mid Term Outputs (expected by CSP mid-term in 2014)	Bank Group Interventions during CSP period (Proposed & On-going)[16]
Pillar 1: Improving Productivity in Ghanaian Enterprises and in particular in the Micro, Small and Medium Agribusiness Firms						
Improving Infrastructure and Integration to Regional Markets						
Ensure adequate, reliable ~~and safe,~~ efficient, cost-effective, environmentally friendly, and fully integrated infrastructure to meet the needs of the country, and promote economic and social development.	Inadequate energy infrastructure, regulatory capacity and enforcement in the sector, and regional interconnection.	Increase in the number of Ghanaians with access to electricity from 66% in 2010/11 to 75% by the year 2016. Total power system energy loses reduced from 25% in 2010/11 to 21% in 2016. 1000 and 400 jobs created during construction works of the Awoshie-Pokuase road project and the Fufulso-Sawla road project respectively	Construction of a 742 km transmission line, three new substations, and extension works for the 225 kV incoming and outgoing transmission lines between Ghana-Burkina-Faso, and Mali 147.5 km of paved road constructed between Fufulso and Sawla 15km of paved road between Awoshie and Pokuase	Increase the number of Ghanaians with access to electricity from 66% in 2010/11 to 70% by the year 2014. Total power system energy loses reduced from 25% in 2010/11 to 18% in 2014. 800 and 300 jobs created during construction works of the Awoshie-Pokuase road project and the Fufulso-Sawla road project respectively	Construction works on the GEDAP and on the Ghana-Burkina-Faso-Mali projects Commenced and are on-going. Additional 110MW of generation capacity installed	**New projects** (i) Ghana Energy Development and Access Programme (GEDAP) III. (ii) Ghana - Burkina Faso - Mali Interconnection Takoradi II project **On-going** (i) Power Systems Reinforcement Project (ii) Awoshie-Pokuase Road project (iii) Fufulso-Sawla road project
Agribusiness Technology Infrastructure Development						
Make available appropriate but cost effective technology to improve productivity.	Inadequate technology development and dissemination infrastructure.	50,000 jobs created in agribusiness sector Technical skills transferred and technology disseminated through establishment and enhanced efficiency and viability of the RTFs	-30 new Rural Technology Facilities (RTF) established -153 staff of RTFs (re)trained -51 RTF management boards - operational -90% of RTFs use accounting software -14000master craft persons trained by type of training and gender -14000 traditional apprentices trained by type of training and gender -725 technical apprentices trained by type of training and gender -15750 graduate apprentices provided with start-up kits (by gender)	30,000 jobs created in the agribusiness sector Technical skills transferred and technologies disseminated through establishment and enhanced efficiency the RTFs	-23 new RTFs established -90 staff of RTFs (re)trained -44RTF management boards - operational -5840master craft persons trained by type of training and gender -5840traditional apprentices trained by type of training and gender -250 technical apprentices trained by type of training and gender -6570graduate apprentices provided with start-up kits (by gender)	**New Projects** (iii) Rural Enterprises Program.
Developing Priority Skills for Industry						

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

Ghana's Development Goals (GSGDA)	Constraints hindering achievement of desired Development Goals	Final Outcomes (expected by end of CSP in 2016)	Final Outputs (expected by end of CSP in 2016)	Mid-Term Outcomes (expected by CSP mid-term in 2014)	Mid Term Outputs (expected by CSP mid-term in 2014)	Bank Group Interventions during CSP period (Proposed & On-going)[16]
Develop priority skills for industry.	Inadequate skills development infrastructure; Poor management and supervision of TVET sub-sector, which is severely underfunded; Training in TVET institutions is rigid and non-responsive to demands on labour market; Weak linkage between TVET institutions and industry; Limited teaching and learning facilities for competency-based training in Polytechnics; and Persistent gender disparities in school enrolment and retention.	--980 jobs created after constructions - 30% and 20% of Technical and Vocational Education and Training (TVET) graduates set up their own business and are employed within six months of graduation respectively compared with 20% and 10% in 2010; --Percentage of students graduating with requisite skills increase from 26% in 2010 to 60% in 2016 --Access to TVET training increased by 13% from 20,694 in 2009/10 to 23,384 in 2016[17] (especially in rural areas as evidenced by increased course offerings) - Number of employable graduates increased by 30% in relation to 2010/11 - A 50% increase in the number of female graduates, especially in non-traditional areas from 2,483 in 2009/10 to 3,*724 in 2016.18* Percentage of qualified instructors in TIs increased from 48% to 90% by 2016	- Capacity of the Kumasi Campus of the University of Education, Winneba increased by 50% through rehabilitation of facilities and Re-equipped 2016; - construction/rehabilitation of 10 technical and vocational institutes with furniture, equipment, teaching and learning resources by 2016; - construction/rehabilitation of two (2) polytechnics (Accra and Takoradi) furnished with furniture, equipment, teaching and learning resources by 2016; - The capacity for Councils on Technical and Vocational Education and Training (COTVET) enhanced to house and increase the productivity of the required 200 staff establishment by 2016; - The capacity to supply TVET instructors increased by 50% from - 600 in 2010/11 to 1200 in 2016[19] - 1,200 internal and external verifiers trained by 2016; - Increased coverage of the apprenticeship program by 2500 trainees by 2016; - 500 master craftsmen trained by 2016; and - 1537 female and needy students sponsored to undertake TVET programs by 2016.	--1040 jobs created during constructions - Access to TVET training increased by 6.5% from 20,694 in 2009/10 to 22,039 in 2014 (especially in rural areas as evidenced by increased course offerings). - Number of employable graduates increased by 15% in relation to 2010/2011. - A 25% increase in the number of female graduates, especially in non-traditional areas from 2,483 in 2009/10 to 3,103 in 2014. - A costed and sustainable National Skills strategy prepared by 2014. - study and draft law on the mechanism for recognising prior learning finalised (TVET qualification framework) by 2016 - The capacity to supply TVET instructors increased by 20% from 600 in 2010/11 to 720 in 2014 National qualification, accreditation and registration framework operational by 2014	- Rehabilitation, including new construction, of facilities at the Kumasi Campus of the University of Education, Winneba underway with a view to be equipped as a TVET Instructor Training Institute by 2014; - construction/rehabilitated of 5 technical and vocational institutes with furniture, equipment, teaching and learning resources by 2014; - construction/rehabilitated of two (2) polytechnics (Accra and Takoradi) underway by 2014; - 75 Instructor and management staff across private and public TVIs suitably trained by 2014; - Curriculum for instructor training developed and implemented by 2014; - 600 internal and external verifiers trained by 2014; - Increased coverage of the apprenticeship program by 1500 trainees by 2014; - 250 master craftsmen trained by 2014; and - 1000 female and needy students sponsored to undertake TVET programs by 2014.	**Proposed** (i) Development of Skills for Industry Project (DSIP) **On-going** (i) Gender Responsive Skills and Community Development Project

Pillar 2. Supporting Economic and Structural Reforms aimed at Improving the Business Environment

17 Data is obtained from the MoE Education sector Performance Report, August 2010.
18 Data from same report as above
19 Information received from the College of Technology, University of Education Winneba. Currently, 600 instructors are trained per year with an annual growth rate of 15% at current capacity. 20% is estimated annual growth by mid-term and 50% increase in capacity by end of project.

Ghana's Development Goals (GSGDA)	Constraints hindering achievement of desired Development Goals	Final Outcomes (expected by end of CSP in 2016)	Final Outputs (expected by end of CSP in 2016)	Mid-Term Outcomes (expected by CSP mid-term in 2014)	Mid Term Outputs (expected by CSP mid-term in 2014)	Bank Group Interventions during CSP period (Proposed & On-going)[16]
Improve private sector competitiveness Promote transparency and enhanced accountability and integrity in the management of public resources, and reduce opportunities for rent seeking; Strengthening arms of government and independent governance institutions Ensure efficient internal revenue generation and transparency in resource management	Non-responsive public sector; Unreliable and expensive infrastructure; Unpredictable legal and regulatory regimes; Inadequate managerial skills; Poor entrepreneurial orientation; and Obsolete technology. Perception of corruption in the public sector; Weak institutional capacity to fight corruption; and weak collaboration among institutions responsible for fighting corruption Weak and ineffective execution of parliamentary over-sight responsibilities Inadequate internal revenue mobilization capacity; and weak public financial management practices;	Number of businesses registered increase from 45,000 in 2009 to 65,000. Improved business enabling environment of the private sector by: (i) reducing the time and number of procedures to start a business from 33 days and 8 procedures in 2009 to 8 days and 4 procedures in 2015; (ii) reducing the time and number of procedures in dealing with construction permit from 220 days and 18 procedures in 2009 to 110 days and 8 procedures in 2013; and (iii) reducing the days to export and import from 19 and 29 respectively in 2010 to 14 and 20 respectively in 2013 (i) improving PEFA score on credibility of the budget PI-1 from C in 2009 to B+ in 2013; (ii) improving PEFA score on competition value for money PI-19 from B+ in 2009 to A in 2013; and (iii) improving PEFA score on effectiveness of internal and external audits PI-21, PI-26, and P-28 from D+, C+, and D+ respectively in 2009 to C, B, and C+ respectively in 2015~~3~~. (iv) Increased proportion of public procurement that is open and competitive by value (PI-19) from 25% in 2007 to 40% by 2015. Non-tax revenue increased from 2.2% of GDP in 2011 to 3.5% of GDP in 2015	Automation of cash system and weekly overview of commitments and outstanding payments established by 2012/13. Internal audit fully operational for majority of central government entities by 2012/13. --Strengthened capacity of private sector support institutions --Support to the Private Enterprise Foundation, NBSSI, and MOTI --Enhanced capacity to mobilize non-tax revenue	Improved business enabling environment and competitiveness of the private sector by: (i) reducing the time and number of procedures to start a business from 33 days and 8 procedures in 2009 to 8 days and 4 procedures in 2015; (ii) reducing the time and number of procedures in dealing with construction permit from 220 days and 18 procedures in 2009 to 110 days and 8 procedures in 2013; and (iii) reducing the days to export and import from 19 and 29 respectively in 2010 to 14 and 20 respectively in 2013 (i) improving PEFA score on credibility of the budget PI-1 from C in 2009 to B+ in 2013; (ii) improving PEFA score on competition value for money PI-19 from B+ in 2009 to A in 2013; and (iii) improving PEFA score on effectiveness of internal and external audits PI-21 and PI-26 from D+ and C+ respectively in 2009 to C and B respectively in 2013 (iv)	Automation of cash system and weekly overview of commitments and outstanding payments established by 2012/13. Internal audit fully operational for majority of central government entities by 2012/13. --Enhanced human capital and working tools provided to key institutions supported	**New Project** (i) Institutional Support Project to Oversight and Private sector Development Institutions **On-going** Fourth Poverty Reduction and Business Environment Support Programme (PRBESP IV)