THE COORDINATED PROGRAMME OF ECONOMIC AND SOCIAL DEVELOPMENT POLICIES
(2014-2020)

An Agenda for Transformation

PRESENTED BY
H.E. JOHN DRAMANI MAHAMA
PRESIDENT OF THE REPUBLIC OF GHANA

TO THE 6TH PARLIAMENT OF THE 4TH REPUBLIC
DECEMBER 2014
H.E. JOHN DRAMANI MAHAMA
PRESIDENT OF THE REPUBLIC OF GHANA
PREFACE

Mr. Speaker,

1. In fulfilment of my obligation as President, under Article 36, Section 5, of the 1992 Constitution, I am happy to present to the 6th Parliament of the 4th Republic my Government’s Coordinated Programme of Economic and Social Development Policies for Ghana. The Programme sets out the policies, programmes and strategies for achieving the socio-economic transformation of the country as envisaged in our “Advancing the Better Ghana Agenda”, which was out-doored in 2012.

2. Mr. Speaker, to reiterate what I stated in my first State of the Nation Address to this august House on 21st February 2013, “My vision for this country is to create a conducive national environment in which our children grow happily into responsible adults; where workers are proud to work and defend our national values; where improved maternal health reduces the hazards of child-bearing; where teachers use their influence to positively mould the next generation; a Ghana in which we all create and share in the benefits”. In essence, this Coordinated Programme represents the first step towards the realisation of that vision.

3. Mr. Speaker, I assumed office after the sudden death of H.E. Prof. J. E. A. Mills, my predecessor, and I was subsequently elected as president in the 2012 general elections. The contesting of the election result by my main challenger and the subsequent peaceful adjudication by the Supreme Court has won the admiration of the world and strengthened the democratic credentials of our beloved country. It is now time for us to forge ahead in unity towards achieving our collective development vision of a free, just and prosperous society.

4. The main thrust of the Programme I present to you today is to help us overcome the major economic and social challenges we face and put our country firmly on the path to social and economic transformation. The policies advanced in the Programme, therefore, seek to address these and other challenges in the medium-term and beyond. The Programme is based on the four basic pillars upon which my approach to governance and socio-economic transformation depends, namely: (1) Putting People First; (2) Building a Strong and Resilient Economy; (3) Expanding Infrastructure for Inclusive Growth; and (4) Maintaining Transparent and Accountable Governance.

5. Mr. Speaker, we cannot continue to do business as usual. We need to adopt new and innovative ways of doing things, drawing on the power of science and technology to diagnose and solve our problems without giving up our faith in God Almighty, a faith that has brought us this far as a nation.

6. Consequently, in designing the Coordinated Programme, we were guided by the need to do the following:
   - Embark on extensive institutional reforms, including reforms in the energy sector, to
free the growth potential of the economy and unleash the creativity and hard work of Ghanaians.

- Attain and sustain macroeconomic stability.
- Encourage Public-Private Partnerships in the provision of critical socio-economic infrastructure.
- Deepen and broaden support for SMEs as the basis for building a strong and resilient economy that can withstand both domestic and external shocks.
- Reduce our dependence on imports in favour of locally produced goods and services.
- Develop a 21st century labour force that can compete with the best from anywhere; and finally.
- Build a just and caring society in which basic social services are available and accessible to all citizens no matter their socio-economic status.

7. Mr. Speaker, this Coordinated Programme sets the context for policies and programmes to be implemented from 2014 to 2020 towards the achievement of our long-term vision of becoming an upper middle-income country and ultimately a high-income one.

8. In that regard, it also forms the basis for the preparation of a detailed Medium-Term National Development Policy Framework, to be implemented over the period 2014-2017. Furthermore, it is intended to be the reference document that informs the entire country as well as the international community of the enabling environment that my Government is providing for the overall development of our country. It also takes into account Ghana’s international commitments and the promotion of regional economic integration as part of our broader strategy to strengthen good neighbourliness and promote our economic interests abroad.

9. The Ministries, Departments and Agencies (MDAs) and Metropolitan, Municipal and District Assemblies (MMDAs) are required to prepare and implement their respective medium-term development plans based on the Medium-Term National Development Policy Framework. This in turn forms the basis for the preparation of the annual district, sectoral and national budgets during the plan period.

10. While Government will provide committed leadership in ensuring the implementation of this Programme, the achievement of the objectives depends on the collective effort of all Ghanaians. I am convinced that with the successful implementation of this Coordinated Programme, we would have taken a significant step towards the realisation of our collective long-term national vision of a free, just and prosperous society.

11. Indeed, as evidence of our commitment to this Transformation Agenda, early this year launched our home-grown programme (the Economic and Financial Policies for the Medium Term, 2014-2017) to address short-term challenges facing the economy.

12. This was followed by a well-patronised national economic forum in May 2014, which led to
the historic Senchi Consensus.

13. It is my expectation that in discussing the Coordinated Programme, this august House and the Executive Arm of Government will find common ground on the various policies presented in therein.

14. I thank you, Mr. Speaker, and look forward to a productive discussion of the *Coordinated Programme of Economic and Social Development Policies of Ghana, 2014-2020* – our agenda for social and economic transformation.

[Signature]

H.E. John Dramani Mahama  
President of the Republic of Ghana

1st December 2014
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LIST OF ACRONYMS

ADR  Alternative Dispute Resolution
AGI  Association of Ghana Industries
AIDS  Acquired Immuno Deficiency Syndrome
ART  Anti-Retroviral Therapy
AYII  Area Yield Index Insurance
BRT  Bus Rapid Transit
CDB  China Development Bank
CHPS  Community-based Health Planning and Services
CHRAJ  Commission for Human Rights and Administrative Justice
CIS  Construction Industry Scheme
CPESDP  Coordinated Programme of Economic and Social Development Policies
CPO  Crude Palm Oil  CRC Constitution Review Commission
CREMAs  Community Resource Management Areas
CSOs  Civil Society Organisations  CSPIP  Civil Service Performance Improvement Programme
CSRP  Civil Service Reform Programme
DPCUs  District Planning Coordinating Units
DPs  Development Partners
DWA  Decent Work Agenda
EC  Electoral Commission
ECOWAS  Economic Community of West African States
EDAIF  Export Development and Agriculture Investment Fund
EOCO  Economic and Organized Crime Office
EU  European Union
FAA  Financial Administration Act
FFB  Fresh Fruit Bunch  FLIS  Fishermen’s Life Insurance Scheme
FP  Family Planning
GACP  Ghana Commercial Agriculture Project
GDHS  Ghana Demographic and Health Survey
GDP  Gross Domestic Product
GSS  Ghana Statistical Service
GUTP  Ghana Urban Transport Project
HFZ  High Forest Zone
HIV  Human Immuno-deficiency Virus
IAA  Internal Audit Agency
ICT  Information and Communication Technology
IDF  Industrial Development Fund
IGF  Internally Generated Fund
IP  Industrial Policy
IPP  Independent Power Producers
ISSP  Industrial Sector Support Programme
LEAP  Livelihood Empowerment Against Poverty
LED  Local Economic Development
M&E  Monitoring and Evaluation
<table>
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<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>MAF</td>
<td>MDGs Acceleration Framework</td>
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<td>MCC</td>
<td>Millennium Challenge Corporation</td>
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<td>MDAs</td>
<td>Ministries, Departments and Agencies</td>
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<td>MMDAs</td>
<td>Metropolitan, Municipal and District Assemblies</td>
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<td>MOTI</td>
<td>Ministry of Trade and Industry</td>
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<td>MPCI</td>
<td>Multi-Peril Crop Insurance</td>
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<td>MSMEs</td>
<td>Micro, Small and Medium Enterprises</td>
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<td>Medium-Term National Development Policy Framework MW Megawatts</td>
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<td>NBSSI</td>
<td>National Board for Small Scale Industry</td>
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<td>NDC</td>
<td>National Democratic Congress</td>
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<td>National Development Planning Commission</td>
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<td>National Export Strategy</td>
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<td>NHIS</td>
<td>National Health Insurance Scheme</td>
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<td>NIRP</td>
<td>National Institutional Renewal Programme</td>
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<td>NTP</td>
<td>National Trade Policy</td>
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<td>OPD</td>
<td>Out-Patient Department</td>
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<td>Population and Housing Census</td>
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<td>Public Investment Programme</td>
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<td>PMTCT</td>
<td>Prevention of Mother-to-Child Transmission</td>
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<td>PPA</td>
<td>Public Procurement Authority</td>
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<td>Policy Planning, Monitoring and Evaluation Divisions</td>
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<td>Public Private Partnerships</td>
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<td>PSAC</td>
<td>Private Sector Advisory Council</td>
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<td>PSDS</td>
<td>Private Sector Development Strategy</td>
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<td>R&amp;D</td>
<td>Research and Development</td>
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<td>RCA</td>
<td>Revealed Comparative Advantage</td>
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<td>REFLs</td>
<td>Research-Extension-Farmer Linkages</td>
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<td>RGDP</td>
<td>Real Gross Domestic Product</td>
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<td>Senior High School</td>
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<td>SMEs</td>
<td>Small and Medium Enterprises</td>
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<td>State Owned Enterprises</td>
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<td>SONA</td>
<td>State of the Nation Address</td>
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<td>STI</td>
<td>Science, Technology and Innovation</td>
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<td>STIDEP</td>
<td>Science, Technology and Innovation Development Plan</td>
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<td>TEN</td>
<td>Tweneboa, Enyenra and Ntomme</td>
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<td>TFP</td>
<td>Total Factor Productivity</td>
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<td>TVET</td>
<td>Technical and Vocational Education and Training</td>
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<td>UN</td>
<td>United Nations</td>
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<td>USA</td>
<td>United States of America</td>
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<td>VALCO</td>
<td>Volta Aluminium Company</td>
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<td>VOC</td>
<td>Vehicle Operating Costs</td>
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<td>VRA</td>
<td>Volta River Authority</td>
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<td>WAMZ</td>
<td>West Africa Monetary Zone</td>
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<td>WAPP</td>
<td>West African Power Pool</td>
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EXECUTIVE SUMMARY

“A stable, united, inclusive and prosperous country with opportunities for all.”
President John Dramani Mahama, State of the Nation Address, 2013

A. Transformation: The Future We Want

Our collective desire to create in the shortest possible time a strong and vibrant economy supported by a 21st century labour force of high productivity and decent wages; modern and efficient infrastructure services (including energy and sanitation); world-class education and health delivery systems; strong social protection programmes for the less fortunate; and the balanced development of rural and urban communities, constitutes the vision that drives this Coordinated Programme of Economic and Social Development Policies for Ghana. When we have implemented this Programme (within the context of a long-term national development plan), we can expect to have attained a society that is strong, stable, united, inclusive, and prosperous, where every Ghanaian would have the opportunity to live long and meaningful lives as they contribute their quota to the development of our beloved country. This, indeed, is the future we want.

Over the medium-to-long term, average national income, which currently stands at US$1,550 (lower middle-income) is expected to increase to between US$7,500 and US$10,000 (upper middle-income) in today’s prices. Such rapid growth in income and its associated rise in living standards, however, can only come about when we change the way we think and do things for the better. Among other things, this will require the following: Well-planned communities with modern amenities; improved access and quality in education, especially at the basic level; enhanced initiatives for skills development in both the public and private sectors; increased efficiency in health services delivery, with particular focus on women and children; and the creation of employment opportunities and decent work (or “ejuma pa”) to alleviate the plight of the working poor and raise household incomes. These initiatives will constitute the core of our “Putting People First” strategy for national development.

On the economic front, all efforts will be made, in the immediate term, to restore and sustain macroeconomic stability through the active collaboration of the government, the central bank and all other institutions, public and private, to bring down the cost of doing business in Ghana. This should lead to low rates of inflation and stability in the national currency, which in turn would mean a sound environment for creating new businesses and strengthening existing enterprises to thrive and expand. The result would be the creation of ample employment opportunities and of course – ejuma pa.

As part of a broad strategy to diversify economic production and exports – through increased value addition and the aggressive development of non-traditional products and markets – the following will constitute the hallmarks of a transformed and resilient Ghanaian economy under this Programme:
1. A modernised and highly productive agricultural sector with high value addition and backward and forward linkages to science, technology, industry and local and international markets;
2. A dynamic, efficient and competitive private sector, with special emphasis on small-and-medium enterprises (SMEs);
3. Well-developed infrastructure with improved transportation, including road, rail and air travel as well as logistics facilities across the country and the region; reliable energy and water supply; and ICT networks, among others;
4. A proactive government-private sector relationship that creates opportunities for Ghanaian businesses both at home and abroad;
5. A high degree of industrial peace through the effective use of existing tripartite arrangements between labour, employers and government;
6. A light-manufacturing sector that lays the groundwork for a broader and globally competitive industrial sector in the long term;
7. A 21st labour force that is knowledgeable, highly skilled, healthy, and globally competitive;
8. A responsible and responsive citizenry who are disciplined, hardworking and dedicated to their broad civic responsibilities.

In order to bring about and sustain such social and economic transformation, we would require extensive institutional reforms in all aspects of national life, both public and private. Among other things, this would mean the creation of a developmental state that is effective, efficient, and responsive to the needs of the public, at the same time that we make room for the emergence of an active and responsible citizenry that lives up to its civic duties and obligations as an integral part of the national development effort. Indeed, local governance and local economic and social development will constitute the bedrock of this transformation by bringing development to the doorsteps of the citizenry.

B. Transformation Opportunities and Prospects

Ghana’s socio-economic transformation requires a radical shift in thinking and policy to take full advantage of existing opportunities for development. These opportunities, including a stable and peaceful atmosphere, with relatively low levels of crime, will provide the policy space to accelerate the rate of development, empower society to partner Government and business in the socio-economic transformation of the nation, significantly increase decent work opportunities, and by extension raise household incomes.

The prospects for Ghana’s rapid transformation, therefore, rest on two key areas: first, building or strengthening the essential elements of good governance, including decentralisation; and second, promoting light manufacturing that builds upon Ghana’s existing strengths in natural resource endowments (including agriculture) and a large pool of skilled and semi-skilled workers. Specifically, the transformation strategy will foster opportunities in primary agriculture and agro-industry, forestry and wood processing for light manufacturing, minerals processing, oil and natural gas, tourism, information and communication technology, technical and financial services, and construction.
**Agriculture and Agro-industry**

Cocoa, oil palm, cotton, rice, maize and horticultural products such as mango, pawpaw, citrus and pineapple provide prospects for accelerated agricultural transformation, as do the poultry and livestock industries under agriculture. They are not only necessary for food and nutrition security but they will also help reduce imports, contribute to exports diversification, and provide raw materials and intermediate inputs for local industry. In the broadest sense, this would constitute a major part of the government’s rural development strategy of creating vibrant hubs of economic and social activities beyond our cities and towns.

**Forestry and Wood Processing**

Forests provide a wide range of production inputs, including food, fuel, medicines, and wood. Forestry activities and wood processing are labour intensive. Wood feeds into a wide range of basic goods, ranging from furniture to construction. The prospects for light manufacturing in wood products, the backward linkages to re-forestation and plantation management, and the opportunities to scale up export earnings by moving up the value-chain as major opportunities for employment creation remain largely unexploited.

**Oil, Natural Gas and Salt**

Oil and gas opportunities include sale of crude and refined oil, harnessing gas for power generation, ancillary oil and gas services, and manufacturing of petrochemicals and their associated products. Gas as a source of cheaper energy for domestic and industrial purposes can reduce the cost of doing business and make the economic internationally competitive. The availability of natural gas, coupled with large deposits of salt, provides the basis for fertiliser production to support agriculture, caustic soda for alumina production, and chlorine for petrochemical feedstock that supports the production of industrial and consumer goods.

**Tourism**

Tourism – both domestic and international – is a potential driver of economic transformation. Indeed, it is a major source of job creation, linkages to local economies, including agriculture, and export earnings. Ghana has considerable historical, cultural and ecotourism assets, which can be leveraged, with the necessary policies and resources, to unleash the growth potential of the sector both for Ghanaians and foreign visitors eager to experience Ghanaian hospitality. For young people in particular, tourism also represents a range of entry-level jobs with great career development potential. Tourism, however, is competitive and many destinations are mapping out strategies to gain an edge. Ghana faces various challenges of poor infrastructure, lack of service standards, low skills levels, and unreliable power supply, all of which make the country a high-cost tourism destination. Paradoxically, they also present uncommon opportunities for growth and socio-economic transformation.
Information and Communication Technology (ICT)

Information and Communication Technology (ICT) spans traditional media outlets like radio, television and telephony as well as new media sectors based on the internet and associated technologies. The advantage of ICT in a Transformation Agenda such as this is its ability to drastically reduce the cost of doing business across the entire spectrum of the economy and in many instances completely eliminate physical distances that previously impeded or limited human and business interactions. Indeed, the 2010 upward revision of Ghana’s economy by the Ghana Statistical Service by close to 80% was due partly to the significant contribution of ICT to economic activity that had previously been underestimated or omitted altogether. The sector has the potential to contribute further to growth in areas such as infrastructure development and management; public sector reforms (for efficient service delivery); education and health services delivery; and modern industrial processes. Rapid promotion and development of broadband infrastructure country-wide will ensure improved connectivity that provides better access and delivery of most ICT-based services. Whilst policy in the recent past has moved in that direction, there is room for improvement and further growth.

Technical and Financial Services

Technical services, such as engineering and architectural services, along with financial services, such as banking and insurance, are critical to development and the proper functioning of any modern economy. The former provides the critical knowledge and skills to develop and implement a wide range of development projects, whilst the latter provides short- and long-term financing for businesses and government. If well-developed, these high-value technical and financial services can also be exported, contributing to the government’s export diversification strategy and helping raise the country’s international reserves.

Construction

Construction, of both residential and non-residential properties as well as infrastructure, such as road and railways, creates opportunities for jobs through its backward and forward linkages to the various sectors of the economy. Residential construction, for instance, requires several labour and non-labour inputs that are produced locally whilst contributing to the government’s agenda of affordable housing and home ownership. On other hand, infrastructure construction creates not just direct employment for skilled and semi-skilled labour during project execution but also many indirect jobs as infrastructure stimulates economic growth and leads to an increase in labour demand. Unleashing the full potential of the construction sector, however, requires a purposeful strategy to empower Ghanaian-owned firms to participate fully across the wide spectrum of construction projects that will propel the transformation.

C. Transformation Platforms and Constraints

Ghana’s transformation platforms include such key pillars as institutional capacity and management; a growing infrastructure base; an enabling environment for business; social
interventions to ensure that Ghana’s development process is inclusive; and an abundance of relatively high quality labour.

**Institutional Capacity and Management**

Ghana has a well-developed civil service capable of conceptualising, formulating, implementing, monitoring and evaluating Government policies, programmes and projects. Over two decades of reforms have led to the establishment of systems and structures for effective policy formulation and development management. Though some challenges exist in the institutional structures, processes and capacity of the Service, they constitute important platforms for the accelerated transformation of the country.

**Infrastructure**

Ghana’s economic infrastructure includes energy generation plants, water and sanitation systems, transportation networks (both air and ground), and a rapidly expanding ICT sector, with high usage and internationally competitive rates. Besides the Akosombo hydroelectric dam and smaller hydro and non-hydro power plants, Ghana is endowed with enough water bodies to meet current and future requirements for both domestic and industrial use. Whilst challenges remain, the quality of the country’s overall infrastructure is rated generally higher than that of countries at similar stages of development. These constitute useful platforms to accelerate the Transformation Agenda.

**Enabling Environment for Private Sector Development**

Though efforts at improving the competitiveness of Ghana’s private sector appear to have recorded limited progress over the past few years, the structural and institutional bottlenecks that militate against the dynamic expansion of the private sector have largely been removed through the implementation of the various private sector development strategies. The decline in the country’s ranking from 62 to 67 in the World Bank’s *Ease of Doing Business*, largely due to an increase in the time it takes to start a business and the number of procedures required, is an indication of the need for policy makers to do more. Indeed, besides the World Bank’s ranking, there’s a need to have a customised Doing Business in Ghana assessment tool that takes a fuller account of the highly informal nature of the Ghanaian economy. This should help unleash the productive potential and contribution of micro, small and medium-scale enterprises (SMEs).

**Social Protection**

Social protection covers a range of interventions that include direct cash transfers as well as health and education support services to vulnerable and deserving families. Ghana has a well-developed framework for administering over 40 different social interventions, including a Ministry partly devoted to social protection (along with issues relating to children and gender). A National Social Protection Strategy is currently being implemented as the principal public safety net to support poor and vulnerable households. Current challenges facing social protection administration, however, include the uncoordinated nature of existing programmes, weaknesses in the design of targeting mechanisms, and overall institutional weaknesses.
Labour, Productivity and Employment

As of 2013, Ghana had an estimated labour force of about 12 million, up from the 10.8 million recorded in the 2010 census. Some 250,000 people of working-age enter the job market every year, according to data from the Statistical Service. Due, however, to the slow pace of growth in the labour-intensive sectors of the economy (such as manufacturing in general and agro-processing in particular), most of these new labour market entrants often end up in the informal sector, which is characterised by low levels of skills, investment and by extension low productivity and incomes. Recent overall economic growth, which peaked at 15% in 2011 before slowing to 7.1% in 2013, has been propelled by growth in capital-intensive activities, such as mining and petroleum production. A transformation strategy will require policies to promote the growth of labour-intensive sectors without necessarily sacrificing growth in the others.

D. Strategic Direction and Medium-term Policy Priorities

The strategic direction for this Transformation Agenda and the policies to support it are outlined below.

Strategic Direction

The strategy for implementing the Transformation Agenda is to leverage Ghana’s abundant natural resources, agricultural potential, and relatively large human resource base to accelerate economic growth and diversification, value addition and industrial production, starting with light manufacturing.

This will be underpinned by partnership with the private sector to expand the development of critical infrastructure through such methods as Public Private Partnerships (PPPs) and other commercial arrangements. Key areas will include power generation; roads and railways; the logistics sub-sector; affordable housing; water, health services and sanitation; and public safety. Enhancing education through science and technology to meet the demands of an innovation-driven age will be a key pre-requisite.

Medium-Term Policy Priorities

The medium-term policy priorities based on the Transformation Agenda will span 2014-2017 and will be based on the following four areas: (1) investing in people; (2) building a strong and resilient economy; (3) expanding infrastructure services; and (4) promoting transparent, accountable and responsive governance. The priority interventions for the period will cover the following areas:

- Social Development;
- Economic Development;
- Infrastructure Development;
- Natural Resource Management; and
- Transparent, Accountable and Responsive Governance.
In all these areas, special efforts will be made to ensure the equitable participation of women, the youth, and persons with disabilities. Through the newly enacted policy on Local Economic Development (LED), policies aimed at removing spatial disparities and inequities will also be vigorously pursued.

**Social Development**

Under the Transformation Agenda, “social development” broadly encompasses matters of education, health (including nutrition), water and sanitation, affordable housing (including rental and home ownership), employment and decent work, and social protection programmes. Effective social development programmes are a major pre-requisite for economic development and a broader agenda for socio-economic transformation, hence our pledge to “put people first” in our development. The availability of a healthy, well-educated and highly skilled labour force translates into high productivity, which in turn leads to the high profits and incomes that are needed to sustain workers and businesses alike.

**Economic Development**

The term “economic development”, as an integral part of the Transformation Agenda, is defined to include both “economic growth” and how the benefits of that growth are shared among those who produced it and the larger society. The Transformation Agenda acknowledges that growth that is not shared and lacks equity does not only create poverty and aggravate inequality but it also fosters social alienation, especially among the youth, which may lead to the kind of instability that undermines any attempts at long-term development and transformation. Under this programme, we shall promote shared growth as the bedrock of development and transformation.

Medium-term policy priorities for economic development will focus on identifying opportunities for labour-intensive growth, with an emphasis on decent work (“ejuma pa”) against the background of a sound and sustainable macroeconomic environment. Recent imbalances in the macroeconomy, characterised by high and unsustainable levels of fiscal and trade deficits, have been a source of worry for the government and have been receiving the necessary attention. A combination of a sound macroeconomic environment and well-targeted sector policies will form the lynchpin of the economic aspect of the Transformation Agenda. Areas designated for special attention include the following:

- Infrastructure development (including energy);
- Agriculture value-chain development;
- Light manufacturing;
- Sanitation and waste management;
- Tourism;
- Financial and ICT services;
- Communities rejuvenation and the creation of education hubs; and
- Rural development.
Accelerated Agriculture Modernisation

Agriculture modernisation will provide a major impetus to change the lives and fortunes of our people, particularly those in rural communities. The policies crafted will transform agriculture to ensure domestic food and nutrition security, support agro-processing, and energise the rural economy in order to reduce poverty and inequality in all its forms. In addition, natural gas will be used to produce fertilizer to help improve agricultural productivity in order to create the conditions for large-scale production and agro-processing.

Integrated Industrial Development

Government’s bold vision for industrialisation will be pursued in an integrated way through the conversion of Ghana’s natural resources into value-added products, with emphasis on agro-based manufacturing, minerals processing and downstream oil and gas industries. A proactive implementation of local content policy and the enactment of appropriate laws will help ensure that Ghanaians at all levels can participate fully in and directly benefit from industrial development. Government will also implement science and technology-driven measures to enhance growth and provide the momentum to ensure the global competitiveness of Ghanaian industry.

Particular efforts will also be made to maximise the role of the special strategic industrial estates to optimise the impact of the free zone system. Attention will also be paid to the use of gas as a source of electricity and also as raw material to catalyse industrial development, such as the processing of bauxite into alumina; ceramics, bricks and tiles production; iron and steel mills; and glass manufacturing.

Financial Mobilisation for Development

The massive amounts of resources needed to finance infrastructure under the Transformation Agenda is beyond the capacity of government, especially in the face of a growing human population and a corresponding increase in the demand for public services, such as education and health. Government will, therefore, promote a range of strategies, including Public Private Partnerships (PPPs), to finance, in particular, large-scale infrastructure projects – such as toll roads and airports – that have the capacity to pay for themselves. This should free resources to finance “intermediate” infrastructure, such as school buildings, that yield no immediate and direct economic benefits but yet are critical to the overall success of the Transformation Agenda, economically and socially.

Broadly, financial sector reforms will be accelerated to enhance intermediation and raise the national saving rate. This will require the integrated development of the Finance, Insurance, and Real Estate (FIRE) sector to increase resources for both short- and long-term financing for business as well as support for both residential and non-residential construction. Banking sector capitalisation will be promoted to expand banks’ capacity and to fund the private sector, especially SMEs. Insurance sector reforms to instil public confidence and make available funds for long-term investment will also be pursued.
Infrastructure Development

Broadly defined, “infrastructure” includes transport networks, water treatment facilities, sanitation systems, energy generation facilities, as well as modern communication systems, such as the internet. The availability, accessibility and affordability of the services from these facilities are critical to the economic and social transformation outlined in this document.

A long-term National Infrastructure Plan (NIP), currently being prepared by NDPC, will be implemented to broaden the supply of infrastructure facilities whilst improving the quality of service. With respect to electricity generation, natural gas will be harnessed to increase supply to meet the needs of the country and for export.

The infrastructure development plan will also aim at opening access to natural resource locations, tourism sites, fertile yet inaccessible farm lands, as well as major food production centres through a reduction in the cost of transportation, storage and distribution, among others.

Natural Resource Management and Environmental Governance

The sustainable and equitable development of the country is intrinsically linked to its natural resources and how they are managed. Increasing disregard for the way we exploit, use and manage our natural resources and the environment will only diminish the quality of life for both present and future generations. The detrimental effects and the long-term health and environmental impact of resource extraction, including illegal mining activities (galamsey), on agriculture lands and near water bodies should be of concern to every Ghanaian. To ensure successful outcomes, community participation in natural resource management will constitute an integral part of all initiatives.

Government will also ensure strict enforcement of existing laws, regulations, and administrative measures. Priority policy interventions will encompass natural resource management and minerals extraction; biodiversity and protected areas management; land management and restoration of degraded forests; integrated marine and coastal management; wetlands and water resources management; waste management; pollution and noise reduction; and finally climate variability and change.

Transparent, Accountable and Responsive Governance

Good governance for transformation requires placing transparency and accountability at the centre of political, economic and administrative authority to ensure good development outcomes. Policies in this regard will be geared towards empowering both state and non-state institutions to participate effectively in the national development process. Such a collaborative process is to ensure that political, economic and administrative authority is exercised in a manner that ensures that public resources are managed efficiently in response to the problems and critical needs of the people. Local governance and decentralisation will be strengthened in order to bring development to the doorsteps of the citizenry.
Strategies to be adopted to combat corruption and promote transparency and accountability will focus mainly on the enforcement of existing laws and the implementation of the National Anti-Corruption Action Plan. The laws include the Financial Management Laws - the Public Procurement Act, 2003, Act 663; the Internal Audit Agency Act, 2003, Act 658; the Financial Administration Act, 2003, Act 654 as amended; the Anti-Money Laundering Act 2008, Act 749, as well as the Whistle Blower’s Act, 2006, Act 720. Resources will be provided to relevant state agencies to ensure swift prosecution of those who break the law, misuse state resources or abuse the public trust.

E. Implementation Arrangements

The implementation of the Coordinated Programme will entail its translation into a costed medium-term national development policy framework, along with a results matrix to monitor progress. The framework will guide the subsequent preparation of sector and district medium-term development plans, which will form the basis for annual district, sector and national budgets. The implementation of Special Programmes and Initiatives identified in this document will require cross-sectoral collaboration among MDAs and coordination with the Office of the President to ensure success.

Monitoring Implementation

Monitoring progress of implementation of policies and plans under this Programme and assessing their impact on the living standards of Ghanaians is an integral part of the national development planning process. The current arrangement for assessing the efficacy of Government involves monitoring and evaluation at the national, sector and district levels. Key institutions involved in such assessment will be the Policy Delivery Unit of the Office of the President and NDPC at the national level; Policy, Planning, Monitoring and Evaluation Divisions (PPMEDs) of MDAs at the sector level; and District Planning Coordinating Units (DPCUs) of the MMDAs at the district level. Over the period of implementation, the existing institutional arrangements and processes for coordinating implementation, monitoring and evaluation of policies and programmes will be strengthened to make them more effective in providing feedback into policy management.

Role of Culture in Development

Culture and development go hand-in-hand, but culture is more than arts, crafts and festivals. At the heart of every culture lies a set of beliefs and practices, passed on across generations, that shape the attitudes of the people towards life, their understanding of it, and the collective and individual actions they take to improve it. Cultures that thrive on superstition, for example, often lag behind in development, deprived of the benefits of science and technology in addressing daily socio-economic problems. Superstition typically leads to the wrong solutions or no solutions, allowing otherwise simple problems to fester and overcome society.

In this Coordinated Programme, we view culture as the set of core values that will bring the best out of us as we seek to transform our economy and society for the better. These values must
manifest in diverse ways in our daily lives, including the following: honesty and hard work; the pursuit of excellence everything we do; respect for time; respect for public property; a maintenance culture; as well as discipline in all facets of our lives, including religious organisations, schools, businesses, labour unions, professional associations, and broad-based civil society, such as research institutions, traders and farmers associations, as well as community-support organisations.

The core values summarised and outlined in the Programme will be operationalised in the medium term development framework as well as any other frameworks, depending on the needs of particular organisations, either public or private.
CHAPTER ONE

INTRODUCTION: THE CASE FOR TRANSFORMATION

1.1 BACKGROUND

This Coordinated Programme of Economic and Social Development Policies (CPESDP) was prepared in fulfilment of the Directive Principles of State Policy (Chapter 6, Article 36, Clause 5) of the 1992 Constitution, which states:

“Within two years after assuming office, the President shall present to Parliament a Coordinated Programme of economic and social development policies, including agricultural and industrial programmes at all levels and in all the regions of Ghana.”

It is anchored in the government’s “Advancing the Better Ghana Agenda”, which was the theme of the manifesto of the National Democratic Congress (NDC) in the 2012 general elections.

In the President’s inaugural State of the Nation Address in February 2013, he announced some of the key elements of a strategy that would “place us on the right path... and lead us over the hurdles and past the obstacles that might threaten to keep us from meeting our goals”. This right path entails sustained social and economic development that will lead to a prosperous Ghana with expanded opportunities for all, regardless of ethnicity, gender, region, religion, and socio-economic status.

This coordinated Programme was prepared at a time of severe macroeconomic challenges of large budget and trade imbalances, a steep fall in the value of the cedi, rising consumer inflation, and a general slowdown in economic activity. Such macroeconomic challenges have become almost cyclical, often following the electoral cycle, and have made it difficult to build on previous records of stability. This is true, irrespective of which government is in power.

The underlying causes are obviously structural, reflecting old and inefficient ways of doing things and generally weak institutions, in both the public and private sectors. Unless we tackle these structural challenges head-on, we will always be at the mercy of these cyclical swings in our economic fortunes.

This Transformation Agenda is the first such bold attempt to address these structural and institutional challenges.
1.2 TOWARDS SOCIO-ECONOMIC TRANSFORMATION

Within the context of the constitutional injunction of establishing a free and just society, the Vision of the President, as elaborated in his inaugural State of the Nation Address, 2013, is the transformation of Ghanaian economy and society towards a “stable, united, inclusive and prosperous country with opportunities for all”. Under this vision, average national income is expected to rise from the present US$1,550 per annum to at least US$2,400 by the year 2017 and US$7,500 by 2030; building a new Ghana where there will be increased access to quality education and health services at all levels; and where science and technology will drive education and national development. It also includes the creation of a new society where the application of technology in agriculture and manufacturing is high; where our export earnings no longer depend almost entirely on primary products and extractives; where the imports regime is streamlined to meet only critical needs of the society; and where the formalisation of the informal sector will lead to the expansion of opportunities for decent work.

The Vision also anticipates the following: a transformed agriculture of high value addition with forward and backward linkages to the industrial and services sectors; a dynamic, efficient and globally competitive private sector; a well-developed infrastructure stock, including an improved integrated transport system, reliable energy and water supply, and ICT networks; a strong and progressive government-private sector relationship; and a labour force that is knowledgeable, healthy, and highly productive.

Guided by the Vision articulated above, the President’s development priorities aim “to facilitate the involvement of all Ghanaians in the transformation of the economy for the delivery of basic social services for all, with special attention to the vulnerable and deprived, and the empowerment of communities to take charge of their destinies”.

Accordingly, this Coordinated Programme provides a set of consistent long-term goals and medium-term policy objectives and priorities that will translate the Vision into concrete actions and results. The Programme recognises that Ghana needs to build on its natural endowments and human resource potential to promote efficiency across the economy. It also seeks to promote entrepreneurship and pro-actively support areas where large-scale employment creation is possible.

1.3 IMPLEMENTING THE TRANSFORMATION AGENDA

This Coordinated Programme lays the foundation for the policies and programmes Government intends to pursue between 2014 and 2020 for the transformation of Ghanaian economy and society. It forms the basis for the preparation of a costed Medium-Term National Development Policy Framework, along with a results framework, to be implemented over the period 2014-2017. Furthermore, it provides the basis for coordinating the efforts of citizens, CSOs, the private sector, and development partners towards the attainment of the long-term vision of a stable, united, inclusive and prosperous country with opportunities for all.
The Ministries, Departments and Agencies (MDAs) and Metropolitan, Municipal and District Assemblies (MMDAs) are required to prepare and implement their medium-term development plans based on the medium-term national development policy framework. This in turn forms the basis of the annual district, sectoral and national budgets.

1.4 CULTURE AND THE TRANSFORMATION AGENDA

The envisaged transformation requires the purposeful cultivation of a set of core national values, as an integral part of our culture, that create in us positive attitudes in general and towards national development in particular. These developmental values are summarised as follows:

1. Selfless and dedicated leadership
2. Honesty
3. Discipline
4. Excellence
5. Self-reliance
6. Tolerance

Such values would help us address various social ills, such as corruption; the chronic disregard for punctuality in our public and private lives; poor quality of goods and services (which undermines our global competitiveness); indiscipline on our roads; insanitary conditions in our communities; the lack of a maintenance culture; community conflicts; and a pervasive culture of superstition that robs us of the benefits of science and technology in solving our myriad socio-economic problems.

At the organisational level – both in the public and private sectors – other values may be identified and applied as deemed appropriate by each organisation during the preparation of their development plans or, in the case of the private sector, business or strategic plans.
CHAPTER TWO

RECENT DEVELOPMENTS

2.1 INTRODUCTION

This chapter reviews recent developments in the Ghanaian economy and how they influence the national priorities that underpin the Transformation Agenda and, in particular, the medium-term policy choices based on the Agenda. The review covers the following areas:

- Social Development
- Economic Development
- Infrastructure Development
- Natural Resource Management and Environmental Governance
- Political Governance

2.2 SOCIAL DEVELOPMENT

The concept of “social development” in this Coordinated Programme encompasses matters of education; health (including nutrition); water and sanitation; affordable housing (including rental and ownership), employment and decent work; and social protection programmes. In its broadest sense, it must include not only healthy and productive citizens, but also safe and vibrant communities where people live their lives in peace and freedom. It is the ultimate ideal for a Transformation Agenda.

2.2.1 Education and Skills Development

Indicators of education show that the demand for education has outstripped the capacity of the state to provide it at all levels, leading to a dramatic rise in private schools across the spectrum of academia: from pre-school to tertiary. Overall enrolment has increased at all levels, but quality remains a challenge. The proportion of trained teachers, for example, has not improved significantly, and the minimum English and maths competency for pupils remains low. The challenge for Ghana’s long-term socio-economic development is to improve the quality of education both for the personal development of the individual and the creation of a pool of capable men and women to manage the process.
In the matter of skills development, formation of the Council for Technical Vocational Education and Training (COTVET) has helped bring some sanity and legitimacy to the sector, but as with other areas of education, challenges remain in terms of scope of work and impact of government initiatives. Even though some mid-level technicians are trained in polytechnics and vocational/technical schools, for a large segment of the labour force, skills acquisition continues to be dominated by informal apprenticeship, which is not properly regulated. The sector is dominated by low and obsolete technology, poor standards with little or no proficiency certification in most cases.

2.2.2 Health and Nutrition

Health sector policy in the recent past has focused on ensuring equitable access, ensuring sustainable financing, improving service delivery (especially maternal and child care) as well as the promotion of nutrition. Research has shown significant progress, especially in the provision of healthcare infrastructure, equipment, and personnel. Out-patient services have seen general improvement as a result of the introduction of the National Health Insurance Scheme (NHIS) in 2003. Out-patient visits increased significantly, and the probability of reaching a health facility within 30 minutes continues to record improvements. The proportion of government expenditure allocated to healthcare increased from 5.7% in 2000 to 15.4% in 2012.

Current challenges include large gaps in access to healthcare between urban and rural areas as well as the rich and poor; deficit in health infrastructure, especially in deprived communities; high rates of infant and maternal mortality; high incidence of malaria; and lack of adequate human and material resources. Government’s efforts at addressing the issues of hunger and malnutrition have focused on ensuring sufficient supply of food, access to adequate food supply by households and the appropriate use of those foods to meet their nutritional needs.
2.2.3 Water and Sanitation

Producer-based data from Ghana Water Company Limited and Community Water and Sanitation Agency (CWSA) shows that the proportion of the population with access to safe drinking water in the urban areas increased from 59.0% in 2009 to 63.4% in 2012, whilst those in rural areas have increased from 58% to 62.9% over the same period. On the other hand, national coverage for improved sanitation remains low and has only increased from 12.4% in 2009 to 13% in 2012. According to the 2010 Population and Housing Census (PHC), public toilets remain the main facilities utilised by majority of the population, constituting about 34.6%. However, the proportion of dwelling units with a WC almost doubled from 8.5% in 2000 to 15.4% in 2010.

2.2.4 Science, Technology and Innovation (STI)

Successive governments have prioritised science, technology and innovation (STI) as a principal vehicle to drive Ghana's development agenda. Progress, however, has been slow and uneven. Available data show that the proportion of the country’s resources allocated to STI development has stagnated between 0.3% and 0.5% of GDP over the past two decades. The number of businesses or industries assisted to adopt research and development (R&D) in production has also stagnated. Ghana’s ranking on the global innovation index remained above 92 out of 141 countries in 2012 on account of poor performance in R&D as well as weak linkages between industry and research institutions. Overall, Ghana’s high-technology exports as a percentage of manufactured exports declined from 4% in 2009 to 1% in 2011.

2.2.5 Social Protection

Despite several policy initiatives, only about 10% of Ghanaians have access to formal social security in the face of weakening traditional support systems. Even though some informal social security schemes exist to serve the needs of informal sector operators, the extent of coverage and scope of benefits are inadequate. Poor households are exposed to multiple shocks without adequate coping mechanisms. Though considerable progress has been made in reducing the incidence of poverty over the past two decades, sustaining the achievements poses a major policy challenge. Studies conducted by the World Food Programme in 2009 show disturbing trends of a shift in the consumption basket of the poor to less nutritious foods.

2.2.6 Population and Development

The 2010 census put Ghana’s population at 24.7 million, a 30.4% increase over the 2000 figure of 18.9 million. The absolute difference of 5.8 million means that in a single decade, the equivalent of one Libya or Sierra Leone (population: 6 million) was added to the population of Ghana. The implications for development are obvious: Additional resources will have to be found to provide the educational, health and other infrastructure that a rapidly growing population requires to sustain itself and to develop. The Statistical Service projected a population of 27 million by 2014.

The growth in population, however, need not be a hindrance to development. In fact, through the
concept of “demographic dividend,” it could be a powerful driver for faster and equitable development. Government is working on the basis of this view.

2.3 ECONOMIC DEVELOPMENT

The term “economic development” in this Programme includes both growth (the expansion in the production of goods and services to meet our needs) and equity (the fair distribution of those goods and services and their associated incomes among workers and households). Growth without equity invariably breeds exclusion and alienation, especially among the youth, leading to social and political instability that threatens the vision of a stable, united country and prosperous. Under this programme, we shall promote growth with development, growth that is shared and equitable across demography and geography.

2.3.1 Economic Growth

Overall economic growth in recent years has been above trend, propelled in particular by the onset of commercial oil production in 2011, which saw real GDP grow by 15.0% that year, more than three times the annual average of 4.9% for the preceding 20 years. Growth has since moderated to more sustainable levels of 8.8% in 2012 and 7.1% in 2013, but still higher than the continental average of about 5.0%.

The growth surge in 2011 came one year after the Ghana Statistical Service (GSS) re-estimated the size of the economy and concluded that GDP in 2010 was nearly 80.0% larger than would have been the case under the old method of calculation. That method was based on 1993 production and consumption patterns. The new estimates were derived from 2006 (base year) patterns as well as other considerations, such as better data sources. For the base year, the GSS reported that the economy was 60.0% larger than previously thought.

Among other things, the revisions also launched Ghana into the ranks of lower-middle income countries, with a per capita income of US$1,260 in 2010. As of 2012, this had risen to US$1,550. (A 2011 report by the African Development Bank cited Ghana among a handful of African countries with a growing middle class and by extension an expanding purchasing power to drive sustainable growth).

The revisions also led to changes in the composition of economic output. The share of agriculture, for instance, fell from 41.0% in 2005 (under the old method) to 30.0% in 2006 (under the new method); it has declined steadily since then to a historical low of 21.9% in 2013. The share of industry, meanwhile, rose from 20.8% in 2006 to 28.5%, whilst services, which was estimated at 51.1% in 2010 declined marginally to 49.5% in 2013, partly as a result of oil production, which increased the share of industry. It must be noted that the relative decline of agriculture in output is normal in the course of development and is a sign of a maturing economy, with growing diversification, where industry and services increasingly account for the bulk of output and...
employment. With that decline, however, must come an rise in productive to ensure food and nutritional security.

The growth in industry’s share, from 19.0% in 2010 to 29.0% in 2013, was almost entirely due to the production of petroleum, whose share rose from zero in 2009 to 8.1% 2013, higher than those of traditional sectors like cocoa (2.2%), forestry and logging (also 2.2%) and manufacturing (5.8%). The formal economy, however, remains very limited, with the informal sector’s share of employment rising from 83.9% in 2000 to 86.2% in 2010, according to the 2010 Population Census. Despite its high proportion of employment, the informal sector has traditionally contributed less than half of national output, largely to inefficient processes and consequently low productivity and incomes.

2.3.2 Macroeconomic Developments

Key macroeconomic indicators, such as consumer inflation and the budget deficit, showed considerable improvement until 2012, when they steadily began to deteriorate. After peaking at 20.7% in June 2009, year-on-year consumer inflation started to decline, reaching as low as 8.58% by the end of 2011. At the start of 2012, however, inflation started rising again and by the end of 2013 it had reached 13.5%, undermining much of the macroeconomic gains made in the preceding two years. The rise continued into 2014.

On the fiscal front, government spending, fuelled largely by an increase in the wage bill caused by the implementation of the single-spine salary structure in 2010, continued to outpace revenue growth. As a result, the budget deficit, which had declined steadily to as low as 4.0% in 2011 rose sharply to 11.5% in 2012 before moderating to 10.1% in 2013. Persistent government borrowing to finance the deficit led to higher interest rates, which in turn raised the cost of borrowing for Ghana businesses. Efforts by the central bank to rein in both inflation and the depreciation by raising interest rates and tightening financial requirements of banks appeared to have worsened the situation, as lending rates to businesses increased further to nearly 30.0%. As with inflation, these trends – and their associated pressures on government finances and the economy broadly – continued into the 2014.

2.3.3 External Sector Developments

Developments in the external sector, particularly prices of the country’s main commodity exports, did little to help the situation. Total earnings from cocoa beans and gold, for instance, fell by 26.5% and 12.0%, respectively, in 2013 after rising by 13.4% (in the case of cocoa beans) and nearly 15.0% (in the case of gold) the previous year. Despite these challenges, gold continued to dominate exports, accounting for 36.0%, followed by crude oil at 28.5% and cocoa beans, about 12.0%.

Reflecting the slowdown in growth, both exports and imports, but the fall was larger in the case of exports (8.6%) than it was for imports (0.92%). The resulting imbalance put pressure on the country’s already diminished international reserves, precipitating a rapid depreciation of the cedi for several months afterwards. In 2008, the first full year after the re-denomination (in July 2007)
of the cedi, the national currency had depreciated on average by 1.96% per month against the US dollar. In 2009, the rate slowed to 1.32% and further to 0.26% in 2010, with some months registering an appreciation of the cedi against the dollar. In 2012, however, as other macroeconomic indicators came under pressure, the monthly depreciation rate increased to 1.57%. Other this moderated somehow to 1.29% for 2013 as whole, the depreciation rate for 5.4% in December 2013 was the highest in nearly three years. As with the other indicators, the depreciation of the currency spilled over into 2014.

In 2014, government embarked on a number of initiatives, including the introduction of a “home-grown programme” (known officially as the “Economic and Financial Policies for the Medium Term, 2014-2017”). This was followed in mid-2014 by a National Economic Forum at Senchi in the Eastern Region, which resulted in the Senchi Consensus, a set of proposals put forward by business, labour, civil society and government to reclaim macro-economic stability and lay the foundation for growth and development. The Consensus, along with other initiatives, is expected to inform the policy framework and the various development plans that will be prepared from this Coordinated Programme.

2.3.4 Productivity and Economic Growth

A significant part of the growth Ghana has witnessed in the recent past has been capital intensive, especially in the mining (and more recently) petroleum sectors. The high levels of automation in these sectors, which result in low demand for labour, translated into high labour productivity, which led to wages that were far in excess of the national average. By contrast, investment in other sectors, in particular agriculture and manufacturing, either stagnated or declined. The share of bank credit to the manufacturing sector, for example, declined steadily from 19.0% in 2006 to 12.4% in 2012 and then further to 9.9% in 2013. That of “agriculture, forestry and fisheries”, already low at 5.0%, declined further to 4.7% in 2012 and 3.6% in 2013. The overall effect of such relative under-investment is depressed growth and low or falling productivity, which by extension undermines the country’s international competitiveness.

This means that policies to facilitate affordable and accessible credit to critical sectors of the economy, especially SMEs, will be pursued for the attainment of the specified objectives of the Transformation Agenda.

2.3.5 Growth, Employment and Decent Work

Several studies have shown a low “labour absorption rate” of the Ghanaian economy even as it posted rapid growth rates in recent years – from a growth rate of 4.0% in 2009 to 15.0% in 2011 and 7.1% in 2013. Researchers at the University of Ghana found that whilst the economy expanded at an annual average rate of 5.5% between 2000 and 2010, the total number of people employed grew by only 3.3% per year over the same period. This suggested a weak employment elasticity of growth of only 0.6%, a figure which declined further to 0.4 following the rebasing of the economy.
over the period 2006 to 2010. This trend points to the need to pursue policies that increase the labour content of economic growth.

2.3.6 Domestic Savings and Investment

The savings and investment rates for Ghana are significantly low, even by developing country standards. According to the World Bank’s World Development Indicators (2013), gross domestic savings, as a share of GDP, for lower middle-income countries was 24.2% in 2012; that of Ghana was 5.9%. The low rate for Ghana was due to high government budget deficits as well as low corporate profits and household savings. To offset the low domestic savings rate, Ghana depends largely on savings from abroad in the form of foreign investment, which explains a gross capital formation rate of 18.8% in 2012, despite the low domestic savings rate; but that investment rate too was lower than the lower middle-income country average of 30.1% of GDP, an indication that aggressive efforts will have to be made under the Coordinated Programme to raise both domestic savings and foreign investment if economic growth is to be accelerated to meet the objectives of transformation.

2.3.7 Fiscal Performance

The overall fiscal balance for Ghana remains negative in the form of high budget deficits, where public expenditures have persistently outstripped revenue. Between 2006 and 2008, the deficit rose from 4.8% of GDP to 6.6% and then began a steady decline until it reached 4.0% in 2011 only to rise to 11.5% in 2012. It has remained in double-digits since then and has been the focus of recent government efforts at public financial management reforms. The aim is to bring the deficit down to low single-digits as quickly as possible and thus free resources for the rest of the economy. (Government borrowing to finance the deficit raises interest rates and the cost of borrowing for business, leading to the phenomenon of “crowding out”).

2.4 INFRASTRUCTURE DEVELOPMENT

Although Ghana’s existing infrastructure has improved considerably over the last few years, it falls short of the requirements of a growing economy. In terms of overall quantity and quality of public infrastructure, urban transportation, water and sanitation as well as road networks in the rural areas compare poorly with countries at similar stages of development. Energy and transportation often top the list cited by Ghanaian businesses in surveys as major bottlenecks to production. The sum effect of these challenges is a high cost of doing business and thus low global competitiveness.

2.4.1 Energy, Oil and Gas

The main sources of energy in the country are biomass in the form of firewood and charcoal (almost entirely for household use), petroleum products and electricity. Biomass represents 46.8% in energy use in Ghana, followed by petroleum products, 42.9%, and electricity, 10.3%.

Petroleum consumption is estimated to be 150,000 barrels of oil equivalent per day compared with
a refinery capacity of only 45,000 barrels per day. The gap is filled by imports. On the other hand, the current electricity generation capacity of about 2,845MW just about meets current demand, without much excess for emergencies. The demand is estimated to be growing at 10% to 15% per annum. The estimated loss in GDP growth as a result of insufficient and unreliable power supply is 5.6%. The country will, therefore, require additional generation capacity of about 200MW per annum over the next 20 years to meet its long-term electricity needs.

2.4.2 Transportation and Logistics

As of 2012, Ghana’s transport system consisted of one international airport, four domestic airports, an estimated national road network of 68,067 km, a 945-km rail network in the southern half of the country, and a limited inland water transport system. Road transport accounts for 95% of travel and haulage in the country.

The major constraints facing the sector include rapid deterioration in road quality as a result of excessive use occasioned by the decline in other forms of transportation; growing vehicular traffic and congestion, especially in urban areas; high accident rates; decline in rail traffic, both in goods and in passengers; and the slow development of air transport infrastructure and facilities. Other challenges are ageing and obsolete equipment, inadequate development of inter-modal facilities, and poor coordination and cooperation among relevant institutions. Under the Transformation Agenda, policies and programmes will be initiated to develop the broad transportation in conjunction with the logistics sector made up of integrated transport-storage-and-distribution system and its associated services.

2.4.3 Information and Communications Technology (ICT)

Information and Communication Technology is a major facilitator of economic and social development. ICT is an important tool for increased efficiency and transparency in the public sector and grants citizens common access to public services by making information readily available for decision-making (e-Governance). Ghana’s telephone density increased from 4% in 2003 to 120% in 2012, whilst the total number of internet users was estimated at 21% in 2011 compared with 1% in 2005. Currently, mobile phones are the major form of communication in the country.

2.4.4 Water and Sanitation

Producer-based data from Ghana Water Company Limited and Community Water and Sanitation Agency (CWSA) shows that the proportion of the population with access to safe drinking water in the urban areas has increased from 59.0% in 2009 to 63.4% in 2012, while those in rural areas have increased from 58% to 62.9% over the same period. On the other hand, national coverage for improved sanitation remains low and has only increased from 12.4% in 2009 to 13% in 2012. According to the 2010 Population and Housing Census (PHC), public toilets remain the main facilities utilised by majority of the population, constituting about 34.6%. However, the proportion of dwelling units with a WC has almost doubled from 8.5% in 2000 to 15.4% in 2010. Government policy will build on this success.
2.5 NATURAL RESOURCE MANAGEMENT AND ENVIRONMENTAL GOVERNANCE

Ghana is endowed with abundant natural resources, which have provided the base for the agricultural and industrial development efforts of the country. However, the over-exploitation of some of these natural resources to meet legitimate socio-economic needs has led to irreparable damage to the environment and the natural resources. This situation, if not managed well, has the potential of compromising the ability of the ecosystems to support goods and services that underpin long-term socio-economic development and ultimately human welfare.

2.5.1 Mineral Resources

The major mineral resources in Ghana include gold, bauxite, manganese and diamonds. Gold constitutes the bulk of the minerals production in Ghana, with production ranking 9th in the world and second in Africa, behind South Africa. The contribution of minerals production to GDP was estimated at 2% (based on 2006 constant prices) in 2012 and contributed about 28.3% of Government revenue in domestic taxes. Notwithstanding the growing importance of mineral resources in the economy, the production and export of these resources entail significant forgone income owing to the lack of value addition; the export of jobs to countries that can add value; exposure to high risks due to dependence on exhaustible resources; and fluctuations in prices and demand. In this regard, Government’s medium-term policy is expected to aim at using the efficient and sustainable exploitation of Ghana’s natural resources as a catalyst for agricultural and industrial transformation of the economy.

2.5.2 Forests and Biodiversity

Ghana has a land area of approximately 23.9 million hectares, with about a third of the area classified as High Forest Zone (HFZ). Within the HFZ, 266 areas in the forest and savannah zones have been gazetted as forest reserves, of which only 16% may be categorised as being in a good state. On the other hand, there are: one strict nature reserve, six National Parks, two wildlife sanctuaries, six resource reserves, one biosphere reserve and six wetlands declared as Ramsar sites. The current number of forest reserves and wildlife protected areas constitutes the permanent forest estate of Ghana. The current challenge for the effective maintenance of Ghana’s permanent forest estate and biodiversity is weak institutional coordination and capacity, as well as lack of integration of biodiversity issues into development planning.

2.5.3 Environmental Degradation

The fast growing population and urbanisation continue to exert immense pressure on the natural resources and the environment, as well as create waste management concerns in the major towns and cities. Available estimates indicate that Ghana’s forest cover declined from 32.7% in 1990 to 21.7% in 2010. This represents an average annual decline of 1.96% between 1990 and 2010, with the highest decline rate of 2.24% occurring between 2005 and 2010. However, the total amount of replacement through replanting was estimated at 530,000 hectares, representing about 20% of what had been lost over the period. Economic activities such as logging, fuel wood production and
farming have become the main causes of forest loss. A significant amount of logging is still done illegally without due consideration to the environment, whilst farming methods in Ghana have not changed significantly with most farmers still practicing slash and burn methods.

By far, the menace of small-scale mining, otherwise known as “Galamsey”, has become the single most important source of environmental and natural resource degradation, and constitutes a major economic, social, and national security concern for swift policy action. A great deal of these mining activities takes place in forest areas, thereby affecting the environment significantly, including the land, forest and water bodies. It is not common to find degraded forests reclaimed, particularly among the small scale miners, after mining activities have been halted and the targeted mineral deposits extracted. In many cases, the land and water resources are never restored as a result of severe pollution from chemicals used in mining.

The total economic cost of natural resource degradation and poor environmental management including poor sanitation has been estimated at, at least 10% of GDP. The main challenges facing the effort at reversing the natural resource degradation and enhancing environmental governance are the weak institutional capacity for environmental management, poor coordination among the key Government institutions responsible for the sector, and the inability to sustain implementation of interventions related to reforestation and environmental management.

2.5.4 Wetlands and Water Resources Management

Until recently, wetlands were virtually considered as waste lands. Since the coming into force of the Convention on Wetlands in 1971, wetlands have been internationally recognised as ecosystems of considerable importance, comparable to forests, rangelands and marine ecosystems. Wetlands ecosystems in Ghana constitute about 10% of the country’s total land surface. They provide a range of socio-economic, cultural and ecological values for wetlands communities in particular and the nation as a whole.

On the other hand, Ghana’s water resource endowments consist of the Volta river system basin, covering 70% of the total country area, south western river system watershed (22%), and coastal river system watershed (8%). The Volta river system comprises the Oti, Daka, Pru, Sene and Afram rivers, as well as the white and black Volta rivers, whilst the southwestern river system watershed comprises the Bia, Tano, Ankobra and Pra rivers. The coastal river system watershed, on the other hand, comprises of the Ochi-Narkwa, Ochi Amissah, Ayensu, Densu and Tordzie rivers. The Volta Lake, with a surface of 8,500 km2, is one of the world’s largest artificial lakes.

Overall, Ghana’s total actual renewable water resources are estimated to be 53.2 billion m3 per year, whilst domestic water demand is projected to reach 5 billion m3 by 2020 (i.e. about 12% of the total surface water resources). In this regard, surface water resources alone are sufficient to meet present and future domestic water demand.

The main uses of water in Ghana are water supply (37%) and irrigation and livestock watering (48%). Current evidence suggests that continued population growth and urbanisation, and rapidly
growing and diversified demands, including water for irrigation, hydropower generation, industrial processes, fisheries and aquatic ecosystem protection, are gradually exerting pressure on water resources, leading to non-optimal and unsustainable use of the resource. The medium-term policy interventions are therefore expected to aim at ensuring an integrated water resources management approach so that water does not become a constraint to national development.

### 2.5.5 Climate Variability and Change

Climate variability and change constitute a major threat to national development. From a decline in precipitation to floods, climate change imposes a limitation on national development efforts. Climate change also manifests in increasing levels of desertification in the northern savannah, and undermines the agricultural potential and the economic viability of the northern ecological zone and its capacity to contribute to national development. It leads to increased financial cost of provision of economic and social infrastructure, as well as resettlements of people living in coastal areas. The challenge is to turn climate change and variability into an opportunity to expand national output and productivity and embark on systemic protection programmes.

### 2.6 POLITICAL GOVERNANCE

#### 2.6.1 Practice of Democracy and Institutional Reforms

Ghana continues to make considerable progress in its democratic political governance, leading to continuing peace and respect for human rights, the rule of law, democratic principles and the independence of the judiciary. Among the key achievements are the establishment of the Constitution Review Commission (CRC) and a successful review of the 1992 Constitution as well as the enactment of the Presidential (Transition) Act 2012, Act 845. The smooth organisation of the 2012 general elections as well as the successful adjudication of the landmark election petition by the Supreme Court has further deepened Ghana’s democratic credentials.

Parliament performs legislative, oversight and deliberative functions to deepen democracy, good governance and sound economic development. The Electoral Commission (EC) has successfully conducted Presidential, Parliamentary and District level elections over the last two decades.

The institutional capacities of the Judiciary, the Commission for Human Rights and Administrative Justice (CHRAJ) and the Economic and Organised Crimes Office (EOCO) continue to be strengthened to enable them execute their statutory roles effectively and efficiently. The improved logistics for the Security Services has engendered the maintenance of internal peace and security. However, critical challenges exist, characterised by power imbalance among the arms of Government, resource disparity which undermines the role of the different arms of Government, limited awareness, advocacy and enforcement of rights and responsibilities and perception of corruption by the public.
2.6.2 Public Policy Management

The long-term objective of successive Governments for public policy management has been to facilitate the establishment of efficient and effective structures and processes capable of ensuring that national development efforts are managed efficiently. So far some progress has been made, especially in ensuring that implementation of programmes and projects by MDAs and MMDAs are effectively linked to the national development policy framework, as well as the national budget. This notwithstanding, critical bottlenecks persist, characterized by lack of clarity in roles and functions of MDAs, which often leads to duplication and overlap of functions among the MDAs, and misuse and waste of resources. Also poor incentive structure, ineffective supervision, inadequate infrastructure to ensure effective working environment, and lack of a comprehensive human resource development policy have impacted negatively on the efficiency and effectiveness of the civil and public services to manage public policy implementation.

2.6.3 Public Sector Reforms

Over the past two decades, public sector reforms have aimed at increasing the capacity of the civil and public services for efficient service delivery, especially in support of the private sector. This effort has primarily focused on pay, productivity and pension reforms, organisational restructuring and training, development of a human resource management framework, preparation of a service delivery improvement programme, sub-vented agencies reform, and central management agency reform. However, the impact has been limited. Failures have been attributed in part to the fact that the reform activities were detached from the mainstream of ministerial responsibilities and accountability for the management of the various sectors of the economy. To get back on track, the mode of execution of the reforms needs to be reviewed with the aim of making public sector reform initiatives more effective.

2.6.4 Rule of Law and Justice

Access to justice has featured prominently on the agenda of post-independence Governments in Ghana. Over the past decade, the capacity of the Judiciary to efficiently dispense justice and ensure the rule of law continued to be enhanced through: increase in the number of lawyers trained and called to the Bar; expansion of the computerisation of the court process, provision of legal aid; review of outmoded laws; the introduction of an Alternative Dispute Resolution (ADR) mechanism; and the introduction of binding guidelines for ethical judicial conduct. However, these have had limited impact on the number of days it takes to get judgment in a dispute.

The cost of legal processes remains high and is often unaffordable to the poor. In this regard it is important to sustain the effort at strengthening the judicial system through the recruitment of more personnel, provision of more court infrastructure, as well as accelerating the pace of the court computerisation and ADR processes to enable them have a significant impact on the administration of justice.
2.6.5 Public Safety and Security

Ghana has earned the reputation of being a haven within a troubled sub-region. Since independence, several institutions, including the Ghana Police Service, the Ghana Immigration Service, the Ghana Prisons Service, and the Ghana National Fire Service, have been established to ensure public safety and security, as well as enforcement of laws. The capacity of these security agencies continued to be enhanced through a series of interventions, including recruitments of more personnel, training and provision of relevant tools and equipment for operations. The police officers’ population which stood at 15,983 in 2001 increased significantly to 29,117 in 2012, thereby increasing the proportions of officers on frontline duties, and moving Ghana’s police-citizens ratio closer to the UN standard of 1:500. The country’s borders remain secure as a result of the vigilance of the security agencies and the foreign policy of good neighbourliness of the Government of Ghana.

The current challenge for accelerated socio-economic development of the country is to sustain the gains achieved so far, whilst intensifying the current efforts at re-equipping and re-tooling the security services to keep pace with the increasing sophistication of crime, and to meet international standards.

2.6.5 Corruption and Economic Crimes

Corruption is a major economic cost to development, and its unfettered growth can be a huge constraint on the socio-economic transformation of the country. Over the past two decades, Ghana has enacted a number of laws and established a number of institutions to deal with corruption in the public sphere. These include the EOCO, the Commission for Human Rights and Administrative Justice, the Internal Audit Agency, the Public Procurement Authority, the Central Tender Board, the Public Accounts Committee of Parliament, etc.

Also, the following laws have also been passed to drive the fight against corruption and economic crimes: the Public Procurement Act 2003, Act 663, Internal Audit Agency Act 2003, Act 658, Whistle Blowers Act 2006, Act 720, and the Financial Administration Act 2003, Act 654. Institutions such as the CHRAJ, EOCO, and the Audit Service exist to check malfeasance in public administration, corruption and economic crimes. Although these national institutions are still confronted with a number of challenges, leading to a perception of ineffectiveness and weak capacity to fight corruption, they provide the check on impunity that enables Ghana to avoid the flagrant abuse of public resources that can weaken the fabric of the State and compromise the pursuit of socio-economic transformation.
CHAPTER THREE

TRANSFORMATION PLATFORMS, PROSPECTS, AND STRATEGIC DIRECTION

3.1 INTRODUCTION

Ghana’s drive to accelerated socio-economic development is grounded in its transformation prospects and platforms. Strong institutional capacity, infrastructure base, an enabling business environment, youthful and abundant labour, a rapidly growing middle class, and an evolving social safety net constitute the basic platform which could be leveraged for the accelerated socio-economic transformation of the country through the exploitation of the opportunities in agriculture, forestry and wood processing, minerals, oil and natural gas, tourism, and the huge potential in construction.

The main thrust of Ghana’s transformation trajectory is to leverage its natural endowments for a paradigm shift in development and position the economy for accelerated growth and decent job creation. This entails value addition to natural resource endowments, anchored on the new oil and gas resources and agriculture modernisation to fully exploit as much of the value-chain domestically as possible; human resource development to take advantage of the large cohort of young age brackets; and developing a multi-sectoral infrastructure platform to reduce production costs and ensure cost-competitiveness in domestic production\(^1\).

3.2 TRANSFORMATION PLATFORMS

Ghana’s transformation platforms include such key pillars as institutional capacity and management; a growing infrastructure base; an enabling environment for business and private sector growth; social intervention and public safety net; a relatively high quality labour force; and a growing middle class.

3.2.1 Institutional Capacity and Management

*State Capacity (Public Sector)*

Ghana has a well-established civil service with well-trained and experienced civil servants. The Civil Service Law (1993) positions civil servants as non-partisan technocrats to serve Government. Decades of reforms through the Civil Service Reform Programme (CSRP), Civil Service Performance

\(^1\)National Estimates are as follows: Bauxite 550 Million Tonnes; Lime 54 Million Tonnes; Salt – unmeasured but estimated to be “vast beyond industrial capacity needs”; Iron Ore 1,420 Million Tonnes in the Southern Belt alone; Manganese 34 Million Tonnes; Crude Oil 1.1 billion to 5.1 billion barrels; Natural Gas 3,500 billion cu. ft. to 11,100 cu. ft., etc. Sources: Minerals Commission, Ministry of Energy and Petroleum and GNPC.
Improvement Programme (CSIP), National Institutional Renewal Programme (NIRP), and other such interventions, have enhanced the capacity and skills of civil servants. In spite of some challenges in past political transitions, the recent trend has been to strengthen the technocratic role of the public sector managers in support of the machinery of the State. As a result, Ghana has seen considerable stability in civil service work that complements the general success of its democratic governance.

**Capacity for National Planning and Policy Management**

The basic institutional arrangement, legal and regulatory framework for policy planning, and economic policy management exist. The processes for national development planning and institutional arrangements for undertaking national development planning are set in a provision under the 1992 Constitution (Article 86) and two Acts of Parliament [National Development Planning Commission Act, 1994, Act 479 and National Development Planning (System) Act, 1994, Act 480], whilst the Ministry of Finance and Bank of Ghana have been established to coordinate the management of fiscal and monetary policies. The nation has since 1920, prepared and implemented seventeen (16) national development plans and policy frameworks, including the Ghana Shared Growth and Development Agenda (GSGDA), 2010 – 2013, with various degrees of success.

The current challenge for the management of the national development policy process is the weak link between the national development planning and the annual national budgets. The recent effort is to review the existing planning and economic management processes and institutional architecture with the view to streamlining them and making them more effective and efficient.

**Public Financial Management**

The success of the Transformation Agenda will depend largely on the existence of an effective and efficient machinery to mobilise and allocate resources in the economy and fund the critical services that Government must provide to underpin economic activity. Over two decades of public financial management reform has put in place the systems and structures for resource mobilisation to fund the national budget and improve the transparency and accountability in the management of public funds. Indeed, the oversight role of Parliament, in publicly examining audited accounts of public sector institutions to ensure the effective use of scarce national resources, has added another level of transparency and accountability in public financial management. The on-going implementation of the Ghana Integrated Financial Management Information System (GIFMIS) national accounting system to systematise expenditure tracking, control and management is further positioning the public financial management system to provide the necessary impetus to the development effort.

**3.2.2 Infrastructure**

Ghana’s economic infrastructure base includes energy infrastructure, water and sanitation systems, transport infrastructure and ICT infrastructure. This constitutes a useful platform to transform the
economy of Ghana in an accelerated manner. Though a significant infrastructure gap exists, it does not constitute a binding constraint2 to the accelerated development of the country.

**Energy**

Energy availability for development in Ghana, as measured by Kwh consumption per capita, is among the lowest in the world, posing a major challenge to development and transformation. As of 2011, the country’s electricity consumption was 343.7 Kwh per capita, compared with the lower middle-income average of 736.4 Kwh per capita. Years of under-investment, technical and financial losses, and management challenges at the utilities are among the factors responsible for this state of affairs. The Transformation Agenda will address these challenges in a comprehensive manner.

Currently, significant opportunities exist for expansion of energy to meet domestic needs and to export into the sub-regional market. The completion of Ghana’s gas processing plant by the Ghana National Gas Company Limited (GNGC) will increase the fuel options for thermal power generation and enable stability in electricity pricing at levels that can ensure competitiveness in value-added processing as well as make investment in energy-intensive industries feasible. The progressive reforms in energy regulation and pricing, and the strengthening of the balance sheets and operations of the utility companies have attracted potential investment to increase the generation of power toward the national target of 5,000MW by 2016.

**Water**

Ghana is uniquely endowed with numerous water bodies. This provides opportunities to meet current demand and future requirements for both households and industry and support the agenda for accelerated growth and development of the country. The current challenges to the provision of adequate water supply are inadequate water supply infrastructure and limited investment in construction, rehabilitation, and expansion of water facilities. The ongoing investment in the expansion of the Kpong water works, to double the water supply to the Accra-Tema area, is an example of the interventions that can be replicated in public partnerships to close the investment gap and strengthen the availability of water and related services as a pillar for socio-economic transformation.

**Transport (road, rail, air, maritime)**

Ghana’s central location in the West African sub-region provides a platform for its transport infrastructure to provide a hub for regional and international trade and commerce. Although many challenges must be overcome, in the road transport network, international and domestic aviation infrastructure, rail network, port and airport facilities, and the skill level of the sector’s human resources, the required investment to consolidate Ghana as a regional transport hub can be achieved with improved coordination and sequencing of policy interventions. These also present opportunities for Public Private Partnerships to participate in the renewal and expansion of the transport hub to drive regional trade and commerce through Ghana.
**Information and Communication Technology (ICT)**

The rapid development and deployment of the national ICT infrastructure back-bone, high penetration rate of telephony, declining bandwidth price from US$4,000 in 2008 to US$800 in 2011, increased broadband capacity available for ICT development from 120gbp/s in 2009 to 7,160gbp/s in 2012 and strong institutional and regulatory framework for managing ICT, provide a useful platform to promote the use of ICT in all sectors of the economy. Ghana’s progress in promoting e-Government and e-Governance activities for transparency in Government business, investing in and strengthening the institutional and human resource capacity for quality service delivery and ensuring that modern information and communication technologies constitute a major impetus for accelerated improvement in efficiency and innovation in public policy management, administration and in the private sector of the economy.

3.2.3 Enabling Environment for Business and Private Sector Growth

Though efforts at improving the competitiveness of Ghana’s private sector appear to have recorded limited progress over the past few years, the structural constraints against the expansion of the private sector have been significantly reduced through the implementation of the private sector development strategy (PSDS I) leading to Ghana being adjudged as one of the ten top reformers in the World Bank’s Doing Business rankings in 2008. Also, the increasing formalisation and expansion of the private sector and the growing micro, small and medium enterprises with potential for quality jobs provide a platform for accelerated transformation of the country. The PSDS II will consolidate the gains made under the PSDS I.

**Competitiveness**

The competitiveness of Ghana’s private sector has recorded significant improvement over the past two decades as a result of the implementation of a series of interventions to facilitate the removal of institutional and legal bottlenecks, including reducing the number of days it takes to register a limited liability company and the number of days spent on resolving commercial disputes. This led to improvements on the World Bank’s doing business rankings from 94 out of 175 countries in 2006 to 63 out of 183 in 2012.

A country’s competitiveness is partly influenced by its comparative advantage. One way of assessing whether a country has a comparative advantage in the production of a commodity is to compute its revealed comparative advantage (RCA). Currently, cocoa and gold top the list of Ghana’s RCA, followed by seeds, oleaginous fruits and fish.

**Public-Private Interface**

Ghana has developed a Public Private Partnerships (PPPs) policy with the objective of attracting private sector investments and expertise into the provision and management of economic infrastructure. This is to create space for private sector participation in the provision of infrastructure and basic services. Consequently, a PPP Unit has been established in the Ministry of
Finance to provide the interface between the private sector and Government, as well as facilitate the implementation of the PPP policy. Furthermore, a legal framework to guide the implementation of the PPP policy has been drafted and pipeline projects for PPP identified and packaged for private sector financing.

A number of Government platforms exist for the engagement and dialogue with the private sector. As part of the interventions and institutional arrangements under the PSDS II, the President presides over the Private Sector Advisory Council, which provides a platform for private sector engagement at the highest level of Government. The Ministry of Trade and Industry (MOTI) also hosts a platform to foster dialogue with the Chamber of Commerce, Association of Ghana Industries (AGI) and other private sector representative associations. The effectiveness and sustainability of these platforms provide essential instruments for dialogue with the private sector and other non-state actors to help build consensus on critical national development issues.

### 3.2.4 Social Intervention and Social Safety Net

Ghana has a number of social protection and social safety net interventions in place to ensure that the needs of those who are incapable of participating in the growth process are taken care of. A National Social Protection Strategy is currently being implemented as the principal public safety net to cater for the needs of poor households who continue to be exposed to multiple shocks without adequate fall-back mechanisms in the face of the weakening traditional support system. In addition, a special grant programme, known as the Livelihood Empowerment Against Poverty (LEAP), which was piloted in 2006 has been scaled-up as the flagship programme of the national social protection strategy targeting, among others, households with out-of-school children, households with children as heads, people with severe disabilities and the aged. The current challenges for social protection intervention are the uncoordinated nature of the implementation of the programmes, weaknesses in the targeting mechanisms inherent in the programmes and institutional weaknesses.

### 3.2.5 Labour

**Quality of Labour Force**

Ghana’s labour force of nearly 10 million in 2010 is greater than the population of many Sub-Saharan African countries. An estimated labour force of 250,000 between the ages of 15 and 40 years, enter the job market every year. Even though a large population base has its advantages, building the appropriate human capital through education and training to increase labour productivity is crucial for socio-economic transformation.

**Productivity of Labour Force**

Proxyed by the number of goods or services produced per worker, labour productivity is an important factor in determining the productive potential of the economy and a key measure of economic performance. Labour productivity in Ghana increased from the 1960 level of US$2,622 to
about US$2,851 in 2006. However this level is similar to what it was in 1970, suggesting a virtual stagnation in the overall productivity since 1970. Countries with strong labour productivity tend to benefit from high rates of growth and strong export demand. Technological progress, motivation of workers, enforceable rules and regulations, capacity utilisation, skills and qualifications of workers are imperative in contributing to high productivity of labour.

3.2.6 A Growing Middle Class

Research has shown that Ghana’s middle class is made up of about 4.8 million people with a total daily consumption of between US$18.4 million and US$96 million. The increasing purchasing power of the middle class in Ghana, as a result of a strong economic growth in the past two decades, has helped propel growth in the Information and communication, real estate, professional, administrative & support services, financial and insurance activities, and trade; repair of vehicles; and household goods sub-sectors of the economy. Apart from the consumption of the middle class which drives the growth of the economy, a lot of the activities in the private sector are driven by the investment decisions of the growing middle class. However, the challenge for public policy management is to change the consumption pattern of the middle class and effectively link it to the domestic economy.

3.3 TRANSFORMATION PROSPECTS

3.3.1 The Basis for Transformation

In practical terms, economic transformation entails: changing the structure and composition of national output in ways that enhance broad-based, inclusive and sustainable growth; innovating the process of production through skills and technological upgradi

Prospects for Ghana’s transformation rest on two pillars: strengthening the essential elements of good governance; and promoting export-led growth, especially in export-oriented products that build up on Ghana’s comparative strength of agriculture raw materials and the large pool of skilled and semi-skilled labour force.

The most promising products and services that could drive Ghana’s economic transformation are:
- Food and agro-processing, especially food crops such as maize and rice;
- Horticultural products (i.e. mango, pineapple, citrus), cash crops (i.e. cocoa, cotton and oil palm);
- Fish products;
- Tourism, including the creative arts;
- Light manufacturing in wood products; aluminium products;
- Import-substituting products, especially rice, sugar, meat and poultry);
• Crude oil and gas, refined petroleum products and natural gas; and
• Technology-enabled services.

3.3.2 Agriculture and Agro-industrialisation

The prospects for accelerated agriculture transformation hinge on increased production of selected food crops for food security, import substitution, agro-industrial raw materials and export. These are rice and maize, with other selected cash crops and horticultural products namely, cocoa, oil palm, cotton, mango, pawpaw, citrus and pineapple.

**Cash Crops**

**Cocoa:** The cocoa industry offers opportunities to scale-up export earnings by moving up the value-chain into intermediate processing and increasing export volumes by improving yields on cocoa farms. Cocoa accounts for a significant portion of GDP, generates about 25% of total export earnings, and provides employment for about 800,000 smallholder farmers. Given Ghana’s relatively low yield per hectare, which is equivalent to about 50% to 80% of the yields of other major producers and exporters such as Indonesia and Cote d’Ivoire, there is scope to increase productivity in the industry. Less than 25% of cocoa beans are locally processed, allowing Ghana to capture only about 5% of the US$28 billion of the global intermediate cocoa processing industry. The existing institutional arrangement gives little prospect for the processing of more cocoa locally. The major challenges to be addressed in order for cocoa to effectively contribute to economic transformation are: the relatively small farm sizes and low yield per hectare; ageing farm labour; and policy uncertainty on the prospects of cocoa beans becoming available for value-added processing up the value-chain into intermediate and final consumer products.

**Oil Palm:** Widely used in food processing, detergent and cosmetic manufacturing, and with over one million hectares of land suitable for its cultivation, Ghana has great potential to increase oil palm exports to regional and international markets. In Ghana, Oil Palm export is the second most important export crop after cocoa and Fresh fruit bunch (FFB) production has increased from 1.1 million metric tonnes to 2 million metric tonnes per year between 2001 and 2007 due to expansion of acreage under cultivation.

Ghana’s average output of 6 tonnes/hectare is less than one-third Indonesia’s and Malaysia’s average output of 19 tonnes/hectare. Crude oil palm (CPO) is produced by four large-scale mills, eight medium-scale mills, and numerous small-scale village mills and household units. The four major processors use 20% of Ghana’s FFB. As global demand for vegetable oil increases, Ghana has a comparative advantage to become a net exporter of oil palm. However, to reach this goal, it needs to address a set of constraints, including the lack of effective linkages among major actors within the production value chain; the lack of investment in the palm oil processing industry; low productivity; and inefficient small-scale oil palm processors.

**Cotton:** Currently, cotton is produced by smallholder farmers in the three Northern regions, who in turn sell their outputs to cotton companies who have oligopolistic power over farmers. On the
other hand, cotton companies pay rent fees for using outdated ginneries that belong to Government. Because of this arrangement, cotton companies do not have the incentives to invest in upgrading their ginneries and, thus, pass on the resulting higher efficiency gain to cotton farmers. These upstream arrangements are some of the bottlenecks that constraint the growth of the local textile industry. Promoting the textile industry requires review of the zoning boundaries imposed by Government; sale of ginneries; strengthening of cotton farmers’ associations; and implementation of selective interventions along the value-chain.

**Horticulture**

Ghana has shown strong export performance in horticulture products, especially pineapple, mango and banana. Opportunities abound for pineapple, mango, citrus and pawpaw. The rapidly growing Ghanaian middle class has increased the demand for horticultural products, especially fruits. Domestic demand has mostly been met through horticulture products that did not meet strict export requirements. In fact, horticulture exports have been challenged by a combination of strict export rules and high operating costs. Though the Export Development and Agriculture Investment Fund (EDAIF) has been tasked to help address the credit constraints, greater trade facilitation is needed. For example, Ghana’s failure to comply with the European Union’s requirements for product traceability remains a major constraint to expanding trade in horticulture products into the EU market. Whilst the traceability issues can addressed in the case of large-scale (commercial basis) food production, it is difficult to do so when food crops are produced by a large number of independent small scale growers.

Trade facilitation is also needed to provide linkages between prospective local exporting companies and external clients. The Pineapple Exporters of Ghana is providing this service in the case of pineapple, however this initiative needs to be expanded to include the entire horticulture sub-sector.

**Food Crops**

Agro-ecological conditions in Ghana are conducive for the production of selected staples across the country. The various soil and crop improvement programmes implemented by Government with support from development partners can also make significant contribution (i.e. the fertilizer subsidy, mechanisation services, etc.). Interventions to make food available to the over 18% of Ghanaians who are chronically food insecure, and directly linking supplies to the school feeding programme and institutional feeding, will contribute to strengthening the demand drivers for the production and local consumption of food crops. Increased production also has the potential of opening up public and private sector investments in post-harvest management operations along the agriculture value-chain, including food haulage and transportation, storage, processing and preservation and marketing. Emphasis must be placed on rice and maize for support along the value-chain.
**Livestock and Poultry**

Ghana is noted to be a high importer of poultry products. This suggests that a well-developed and competitive local livestock and poultry industry will thrive, provided there is national policy support. The prospects are particularly high for the poultry sub-sector because of the potential availability of grains which are base ingredients for feed production.

**Fisheries and Aquaculture**

The booming hospitality industry in Ghana presents a set of opportunities for the fisheries and aquaculture sub-sector. Currently, the introduction of technology and improved skills that come largely from learning-by-doing is fast opening up opportunities for Ghanaian entrepreneurs. If well managed, the emerging aquaculture sub-sector could drive exports of fresh and frozen fish to augment the fisheries endowment from the Atlantic Ocean and the Volta Lake. The embryonic shrimp farming sub-sector has the potential to increase export earnings and create sustainable jobs.

### 3.3.3 Forestry and Wood Processing

Forests provide a wide range of production inputs, environmental goods, food, fuel, medicines, and wood. Wood feeds into a wide range of both basic and income elastic goods (from construction to furniture). The restoration of Ghana’s forest has not kept pace with the rate of degradation. The Transformation Agenda would require a review of current management practices and exploitation of forest resources, to ensure that the national forest capital helps to build industrial and agricultural capacities for sustainable development.

Much of wood processing and wood products is left to small independent firms in the informal sector. The prospects for light manufacturing in wood products, the backward linkages to reforestation and plantation management, and the opportunities to scale-up exports earnings by moving up the value-chain as major opportunities for employment creation remain largely unexploited.

### 3.3.4 Minerals Endowment and Processing

Ghana is among the few economies where oil and gas have been discovered together with endowments of salt, bauxite, limestone, iron ore, and manganese. These endowments create opportunities for integrated industries for aluminium, petrochemicals (base chemicals and feedstock), fertilizer, iron and ferro-manganese production. The transformation opportunity is to capitalise on the endowments for growth of industry, and for job creation. To ensure that Ghanaians benefit directly from the industrial value-added processing of minerals, there is the need to implement effectively the local content policy and enact the relevant laws.
3.3.5 Oil and Natural Gas

Oil and gas opportunities include the sale of crude and refined oil and harnessing gas for power generation, as well as ancillary oil and gas services and production of petrochemicals. Gas could have a large positive impact on the economy, primarily as a source of cheaper energy for industry and consumers.

3.3.6 Natural Gas for Energy and Fertilizer

Availability of natural gas, coupled with salt, provides the basis for fertilizer production. This will increase agricultural productivity and improve rural incomes. Natural gas is also key to the generation of affordable energy for domestic and industrial uses. Gas as a key fuel source for electric and heat energy can improve industrial competitiveness by significantly lowering base electricity production cost below US$0.07 per kWh compared to the prevailing oil-based cost of US$0.12 to US$0.25 per kWh. Natural gas as fuel can also catalyse bauxite processing into alumina-to-aluminium, iron-to-steel mills, glass manufacturing, ceramics, brick, and tiles, through delivery of cheaper and efficient direct heat energy, with significant cost savings and job creation potential.

3.3.7 Natural Gas and Industrial Salt Production

Salt is the raw material for the caustic soda production that helps alumina production. Chlorine, as a by-product of the process, combines with natural gas to provide the petrochemical feedstock for several value-added industrial and consumer goods. Hence, the prioritisation of the production of industrial salt as the foundation for industrial development has to be expedited in order to establish a domestic industrial input linkage to the hydrocarbon, integrated aluminium, and petrochemical industries.

3.3.8 Tourism

Ghana’s historical, cultural and ecotourism assets can be leveraged with support services and infrastructure to make the country an important tourism destination and accelerate growth of tourism earnings. The tourism sector has recorded considerable growth in recent years, contributing significantly towards employment creation and revenue generation. Tourism is labour intensive and currently accounts for about 6% of total employment in Ghana. The sector currently contributes over 5.3% of GDP with the potential to grow at about 9% annually over the medium-term. Each tourist, on the average, spends US$1,200 to US$1,600 per visit. The supply-chain linkages of tourism to agriculture and manufacturing will impact significantly on entrepreneurship, the growth of SMEs, diversification of the economy and employment generation.

Tourist sites development also provides opportunities to stimulate demand for goods and services and create new jobs that generate income for those involved in the industry. Tourism is, however, competitive and many destinations are mapping out strategies to gain an edge. Ghana faces important challenges in poor infrastructure, low skills development, poor service culture high hotel rates, and unreliable power supply, altogether making Ghana a high cost tourist destination.
Moreover, without effective, coherent and coordinated sector policies and actions, tourism would fail to realise its potential to contribute to inclusive and sustainable growth and development.

3.3.9 Information and Communication Technology (ICT)

A key transformation tool is the leveraging of ICT to catalyse the transition of the economy into an efficiency-driven value-added production one, and position Ghana to exploit ICT-enabled innovation opportunities. ICT is needed to leverage, improve and modernise economic life, support infrastructure development, urban renewal, land use management, improve industrial production, and provide tools/technology for environmentally sustainable development.

Ghana was adjudged as one of the top ten most dynamic performing countries in ICT-for-development in 2011, but that is not enough. Rapid promotion and development of broadband infrastructure, reaching all parts of the country, will ensure improved connectivity that provides better access to health care and health information, opportunities for education and training, transportation, protection of the environment and management of natural resources and to support and create transparency in Government both at the national and local levels.

3.3.10 Construction

Construction creates several opportunities throughout the economy, anchors GDP growth in several sectors and directly provides several categories of decent work in many sectors of the economy. Construction also provides one of the most vibrant engines for the absorption of both skilled and unskilled labour in road, railway and housing construction, among others, and directly as support input. The need to bridge the vast infrastructure gap is critical to accelerate growth, consolidate Ghana’s middle income status, and achieve efficiency in the production base that will create opportunities to grow the construction industry.

It is estimated that the investment required to bridge identified deficits in Ghana’s infrastructure range from US$2.0 billion to US$2.2 billion annually over ten years, whilst new investment to keep up with the development needs of the growing economy is estimated at US$1.5 billion annually, adding 2% to 3% to GDP growth. In all, about US$300 billion is estimated to be required over the next 20 to 30 years in infrastructure investment of all types to lift Ghana to the status of an upper middle income country with the infrastructure to match. Moreover, closing the infrastructure gap is estimated to reduce production costs by up to 40%, thereby adding a huge boost to the competitiveness of domestic production.

3.3.11 Job Creation

Ghana’s transformation requires aggressive investment in socio-economic infrastructure. Basic construction for road infrastructure will directly create 40,000 jobs for every US$1.0 billion investment whilst rail construction generates about 20,000 jobs for every US$1.0 billion invested, according to World Bank estimates of minimum job creation impact. Housing construction creates even more jobs, relative to other construction activities and spreads over a wider range of skills.
Housing covers a multitude of trade skills (masonry, plumbing, electrical, carpentry, etc.) and engages all basic engineering disciplines in civil, mechanical, electrical, geology, and geophysical, among others.

**Cross-Sectoral Linkages**

Construction especially for housing stimulates demand for several local inputs including stones, cement, wood and aluminium products that directly creates a market for the product of industries such as quarry mining, aluminium fabrication, wood processing and the manufacturing of electrical and plumbing materials. The large pool of artisans and unskilled labour can therefore become a catalyst for growth and transformation.

**3.4 LINKING THE PROSPECTS TO POLICY PRIORITIES**

The transformation prospects of the country are huge and available opportunities can be leveraged to create a significant increase in the creation of decent jobs. The natural resource endowments, agriculture potential and the large human resource base can be leveraged to promote economic and social transformation through value addition and manufacturing.

Anchoring industrial development on the conversion of the natural resources into value-added products will shift Ghana’s development paradigm from dependence on traditional raw material exports to an industrial architecture based on value-added processing of natural resource endowments.

The transformation will also involve measures to improve our global competiveness and infrastructure, develop the human resource and technology base, provide financing for industry, strengthen participation of SMEs in production value-chains, decentralise industrial development, and develop new industrial growth poles, especially linked to oil and gas industries. There is also the need to deploy the full benefits of existing free zone, export zone and related investment laws to accelerate industrial development and grow national champions to lead rapid job creation.

Without direct local control and participation in the extraction and use of natural resources, the nation has limited leverage to direct raw materials output into local value-added applications that build a domestic industrial value-chain. This is because under the prevailing situation, apart from cocoa, only a small portion of the raw materials output remains for local industrial use. Hence, the need for rethinking the current policy direction in order to prioritise the availability and use of natural resources to trigger quality job creation, industrialisation and rapid development.

**3.5 STRATEGIC DIRECTION**

The strategic direction for the medium-term development of the country is to leverage our natural resource endowments, agriculture potentials and the large human resource base for accelerated
socio-economic transformation through value addition. This will be underpinned by partnership with the private sector through PPPs to expand infrastructure by building roads and bridges; increasing electricity supply and reliability to support the needs of a growing economy; expanding access to good drinking water and providing quality healthcare for a growing population; improving sanitation and human security for all, and also transforming schools, colleges and universities to meet the demands of a new age with emphasis on science, technology and innovation.

Consequently, the medium-term priority policies will be based on the following areas: Building a Strong and Resilient Economy; Investing in People; Expanding Infrastructure; and Strengthening Transparent Accountable, and Responsive Governance.
CHAPTER FOUR

MEDIUM-TERM POLICY PRIORITIES

4.1 INTRODUCTION

This chapter presents the medium-term policy priorities, growth projections, sources of growth and priority interventions expected to be implemented to achieve the overall goal of the Government’s Transformation Agenda.

The growth drivers of the past three decades point to the fundamental weaknesses of the economy: one that is increasingly dependent on the exports of unprocessed agricultural products and minerals with rather weak linkages to the economy and limited job creation opportunities; persistent fiscal and current account deficits; low domestic savings and increasing reliance on foreign capital inflows to finance investments; and weak and substantial bottlenecks in infrastructure especially energy, transportation and water. The medium-term policy priorities therefore respond to these challenges with the view to identifying opportunities for growth and job creation as well as building on the new opportunities from the nascent oil and gas industry, especially where job creation is possible.

The priority interventions cover the following broad areas:

1. Social Development;
2. Economic Development;
3. Infrastructure Development;
4. Natural Resource Management and Environmental Governance; and
5. Transparent, Responsive and Accountable Governance.

4.2 SOCIAL DEVELOPMENT

The medium-term objective for social development is to implement policies and programmes that will lead to the development of a knowledgeable, well-trained, disciplined, highly productive, and healthy population with the capacity to drive and sustain the socio-economic transformation of the country. The priority medium-term social development policies will focus on addressing the critical constraints in relation to:

- Population Management and Demographic Dividends;
- Provision of quality education, especially at the basic level, and skills development;
- Improved access to quality health care and nutrition;
- Promotion of social protection and inclusion; and
- Labour productivity and employment.
4.2.1 Population Management and Demographic Dividends

Ghana has implemented a number of interventions to ensure that various socio-economic development efforts take into consideration the complex links between population growth and economic development. Employment growth continues to lag behind economic growth resulting in increasing joblessness among the youth. Meanwhile, issues of migration are gaining prominence on the international economic development agenda, and Ghana continues to explore ways to minimise the potential negative impact of migration on its development and at the same time optimise any potential positive impacts for its socio-economic development.

Over the medium-term, policy interventions will pursue a focused population policy aimed at achieving a population growth rate of about 2% in the medium to long-term. This will be achieved through a combination of policies that focus on education, and family planning. A growing middle class and youthful population place demands not only on the labour market, but also on demographic related goods and services, especially housing, education, health and on basic social amenities. To address these demographic needs, Government will integrate population variables into all aspects of development planning at all levels, update all relevant aspects of demographic databases, and support the development of programmes on emerging issues like urbanisation and the constraints on social mobility. Policies will emphasise mobilising, harnessing, and developing the creative potentials of the youth for accelerated socioeconomic transformation of the country.

4.2.2 Provision of Quality Education and Skills Development

Government policies over the medium-term to promote quality education, especially at the basic level, and skills development are as follows:

- Increase equitable access to quality education at all levels;
- Promote science, mathematics and technical education at all levels;
- Improve the Management of Education Service Delivery;
- Improve the Quality of Teaching and Learning; and
- Ensure the provision of life skills training and management for managing personal hygiene, fire safety, environment, sanitation and climate change.

Some specific measures will include accelerating the provision of infrastructure facilities for preschool, particularly in deprived areas, and construction of new community day Senior High Schools, with priority given to districts that currently lack them. District Assemblies will be required to build new structures in all existing public schools to serve the needs of kindergarten education, whilst mainstreaming education of children with special needs into formal education. Teaching and learning in pre-schools will be enhanced by expanding the training of kindergarten teachers and increasing the deployment of trained teachers to pre-schools.

The mode of delivery of education, including distance education, open schooling, transition education and competency-based training for Technical and Vocation Education and Training (TVET) will be expanded. Teacher development and the institutionalisation of continuous
professional development for teachers will be promoted, and the management of schools will be enhanced through the involvement of communities and parents.

Other specific interventions to be pursued are repositioning TVET in education and human resource development; improving academic and other infrastructure facilities in all public universities; conversion of polytechnics into degree awarding institutions and introduction of new and relevant career-oriented programmes into polytechnic education; and designing programmes to strengthen the linkages between tertiary education and industry, including promoting industry-university collaborative programmes.

4.2.3 Improved Access to Quality Health Care and Nutrition

Government policies over the medium-term to improve access to quality health care, especially in deprived communities, and nutrition will focus on the following:

1. Bridge equity gaps in access to healthcare;
2. Improve governance, management and efficiency in health service delivery;
3. Ensure sustainable healthcare financing arrangements that protect the poor, focusing on strengthening the NHIS;
4. Improve maternal, new-born, child and adolescent healthcare, and control malaria;
5. Ensure the reduction of new HIV and AIDS/STIs infections, especially among the vulnerable groups, and improve the management of existing cases;
6. Improve access to quality institutional service delivery, and quality mental health services;
7. Ensure effective coordination, integration and implementation of nutrition interventions in relevant sectors.

Specific measures include strengthening the district and sub-district health systems as the bedrock of the national primary healthcare strategy, and reviewing and accelerating the implementation of the community-based health planning and services (CHPS) strategy especially in under-served areas, whilst leveraging the opportunities under ICT to provide quality healthcare.
To sustain the effort at building a hierarchy of health care service providing facilities, the phased construction of a regional hospital in each of the regions currently without the facility will continue. Government will also provide mental health facilities at the district and regional levels, and ensure the integration of mental health services into primary healthcare.

The operation and management of the National Health Insurance Scheme (NHIS) will be strengthened to provide affordable health care financing arrangements that protect the poor, as well as improve access to quality ambulance services. The training and appropriate deployment of key middle level health professionals (midwives, specialised nurses, physician assistants, etc.) will be expanded, performance management schemes will be introduced, and health facility management strengthened. The implementation of the MDG Acceleration Framework (MAF) will be accelerated with a focus on improving community and facility-based management of childhood illnesses; and local production of key health commodities including pharmaceuticals and traditional medicines will be promoted.

Other measures to be pursued are enhancing the capacity to prevent new cases of malaria and for effective case management; scaling-up and sustaining the quality of HIV/AIDS and STIs treatment, care and support activities, including increasing Anti-Retroviral Therapy (ART) and Prevention of Mother-to-Child Transmission (PMTCT) sites; enhancing access to adequate nutrition and related services for all, especially pregnant women, underserved communities and vulnerable groups; and strengthening leadership and coordination of multi-sectoral nutritional policies and plans with clear objectives and targets for effective programming at all levels.

4.2.4 Social Protection and Inclusion

The medium-term priority policies for promoting social protection and inclusion will focus on the following interventions:

1. Develop a comprehensive social development policy;
2. Improve the targeting mechanism of social protection interventions;
3. Enhance funding and cost-effectiveness in social protection delivery;
4. Enhance the institutional arrangements for sectoral collaboration on poverty reduction;
5. Develop targeted economic and social interventions for vulnerable and marginalised groups; and
6. Reduce income disparities among socio-economic groups and between geographical areas.

Specific measures to be pursued include developing and implementing the Government’s priority programme on employment and decent work; strengthening inter-sectoral coordination of social policies and programmes; reviewing and improving the targeting mechanism of the Livelihood Empowerment Against Poverty (LEAP) taking into consideration the vulnerable groups; consolidating the fragmented sources of funding into a dedicated fund for social protection interventions; and rationalising social protection expenditures to ensure efficiency. Others include establishing and maintaining an integrated database of registered potential beneficiaries of social protection interventions; strengthening the capacity of oversight institutions on poverty reduction; and implementing local economic development (LED) programmes to generate employment and ensure social protection.
4.3 ECONOMIC DEVELOPMENT

This section outlines the strategic priorities of economic policy, starting with the identification of sources of Ghana’s growth and the areas of job creation in the medium-to-long term.

4.3.1 Economic Growth Projections

The medium-term objective of Government’s economic development strategy is to achieve a per capita income of at least US$3,000 by the year 2020 by significantly improving infrastructure services and fostering employment-intensive growth and decent work. Non-oil average real GDP growth rate is projected at 9.6% per annum and oil-inclusive growth of at least 10.6% in order to achieve and sustain per capita income levels consistent with Government’s long-term vision of socio-economic transformation.

4.3.2 Sources of Economic Growth

Overall real GDP is expected to expand in the medium term at annual average rate of 10.0%, inclusive of oil; without oil, growth would be 8.9% over the period. In terms of sectors, growth in agriculture is expected to average 5.8% per year, industry 12.9%, and services 9.35%. The structure of the economy is projected to be composed of a significantly expanded industrial sector that will contribute more than 30% of national output; a services sector that will produce about 52% of national output, and a more productive agriculture sector that will contribute about 18.0%.

Within the industrial sector, the mining and quarrying, construction and manufacturing subsectors are projected to record improvements in shares, whilst in the services sector, with the exception of the Transport and Storage, Business and Real Estates, and Financial Intermediation which are expected to record marginal improvements, all remaining subsectors are projected to decline or remain the same.

**Industry**

For the attainment of economic transformation envisaged under this Coordinated Programme, the main drivers in the industrial sector are: agro-processing especially by increasing the share of cocoa processed locally and oil palm processing; light manufacturing in wood processing and wood products; alumina production; processing of other minerals resources; anticipated
impact of industrial estate initiatives under the China Development Bank (CDB) facility and growth in infrastructure development; development and production of oil from the Tweneboa-Enyera-Ntomme (TEN) field; production of gas to generate electricity; and an increase in output from the mining sector, especially in salt production to meet industrial demand.

The commissioning and operation of the US$1.2 billion ammonia-urea-based fertilizer processing plant with an annual capacity of one million tonnes in Nyakrom in the Shama District of the Western Region is expected to provide a new impetus in accelerating the growth of the industrial sector; and more than 3,000MW of anticipated electricity production by the Volta River Authority and several Independent Power Producers is expected to contribute significantly to industrial sector performance over the plan period.

The anticipated improvement in the manufacturing sector will arise largely from the Tema and Takoradi Industrial City Programmes, Savannah Zone Industrial Programme and Cape Coast City ICT programme as well as re-positioning of VALCO and effective implementation of the initiative to promote the development of selected commodities for domestic consumption and exports.

**Services**

The growth of the services sector depends largely upon growth in the agriculture and industrial sectors. The main drivers in this sector will include improvement in international travel and tourism, information and communication, financial intermediation, business and real estate sub-sectors, especially on account of the increasing demand by a growing middle class.

Ghana’s historical, cultural and ecotourism assets will be leveraged with support services and infrastructure to make the country an important tourism destination and accelerate growth of tourism earnings, whilst the growing ICT sub-sector will be used as a catalyst for transition into an efficiency driven and value-added industrial economy. This will position Ghana to exploit ICT-enabled innovation opportunities. Work on the Eastern Corridor Rural Fibre Optic backbone network project will be accelerated to add about 780 km of fibre optic lines linking about 120 towns between Ho in the Volta Region and Bawku in the Upper East Region. The project will upon completion be connected to the 3000 km fibre optic on the western and central spread from the southern coast to the northern most part of the country.

**Agriculture**

The prospects for agriculture transformation will be translated into real productivity gains and increased output through a combination of productivity enhancing interventions such as the adoption of high yielding crop varieties, fingerlings and livestock breeds; mechanisation services along the value-chain; rural infrastructure (pre- and post- production); improved extension services; upgrading skills of operators along the value-chain; and increased access to inputs, markets and finance. These are expected to improve the productivity of small holder farms which are the dominant feature of Ghana’s agriculture.
The fundamental shift in the approach to the development of agriculture will focus on the promotion of selected crop development along the value-chain for food security, import competition, agro-industrial raw materials production, and export. The targeted crops will include rice and maize. The selected cash crops and horticultural products to be promoted are cocoa, oil palm, cotton, mango, pawpaw, citrus and pineapple. Significant effort will be made to transform the Accra and Afram Plains into major bread baskets for the country, whilst identifying the agriculture potential of each geographical area for improvement and increased output.

4.3.3 Employment and Decent Work

The review of the economy highlighted some of the challenges facing Ghana, especially with employment lagging behind economic growth and increases in the ranks of the working-age population. Growing joblessness among the youth impacts on the levels of inequality in the society and poses a threat to social stability. This makes job creation a top priority in the medium to long-term. Creating more jobs and decent work, therefore, constitutes at the core of Government’s immediate and future development policies.

Consequently, a major objective of the Transformation Agenda is to create at least 500,000 jobs by 2017. The targeted areas for accelerated job creation are as follows:

1. Infrastructure development;
2. Agriculture value-chain development;
3. Light manufacturing;
4. Sanitation and waste management;
5. Tourism;
6. Financial and ICT services; and
7. Industrial Cities Rejuvenation and creation of Education Hubs.

**Infrastructure Development**

The potential for direct job creation lies in energy, transport and in housing sub-sectors. The jobs are in the construction of roads, education and health facilities; expanded maintenance of bridges and public buildings, especially education and health facilities. The expansion of rail and land transport and their associated logistics infrastructure will also be a source of significant employment both directly and indirectly.

**Agriculture Value-chain Development**

Whilst about 45% of the labour force are currently engaged in agriculture, the sector has over the years been plagued by massive under-investment along the entire value chain: inputs, production, processing, transportation, storage, packaging, and marketing (for both domestic and international consumers). In 2013, the share of bank credit going to agriculture (including forestry and fishing) was 4.1%, compared to 9.1% for import trade and 16.2% for domestic trade (25.1% combined). The result of this relative neglect of agriculture is low levels of productivity (and incomes), with the sector accounting for only 22.0% of GDP. The emphasis being placed on light manufacturing in this programme is predicated on the ability of the agriculture sector to serve as a source of adequate supply of raw materials. For much of agro-processing in food crops and fruits, large nucleus out-grower farms will be needed and this requires increased investment along the entire agriculture value chain.

**Light Manufacturing**

Light manufacturing based on abundant raw materials and labour offers opportunities for large employment creation in food and agro-industries, wood processing, residential and non-residential construction, metallurgical industries, textiles and garments, and engineering, among others. Whether it is in agriculture raw materials for food and agro-processing, in hard and soft timber for the furniture industry, and in scrap for metallurgical industry, the prospects for job creation are
immense once the opportunities, the constraints and the needed strategic directions are identified for each sub-sector.

**Tourism**

Employment opportunities in tourism (both domestic and international) lie in enhancing measures to improve infrastructure and diversification in the range of products that Ghana offers and in developing a comprehensive programme to support cultural industries. A well-coordinated calendar of music and cultural festivals and also the creation of cultural villages with targeted marketing campaigns will expand Ghana’s tourism infrastructure and services. Tourism is an important driver of youth entrepreneurship specializing in travel and hospitality services, skills training and business services. The Cape Coast City project aimed at enhancing the city as an education hub will complement and reinforce the city’s status as a tourist hub and open up the hospitality industry in the Central Region.

**Sanitation and Waste Management**

Sanitation and waste management, especially in the urban areas, open the opportunity for substantial job creation. The adoption of technological innovations in waste management, the promotion of recycling of plastics and bottles will expand job opportunities and also protect the environment. Public employment and recycling schemes geared towards management of plastics and bottle products will create several jobs in every district.

**Financial and ICT Services**

Technological innovations open up substantial opportunities for job creation in the financial and ICT sectors driven largely by the private sector. Government will act as the catalyst by helping to build the infrastructure that makes remote service delivery possible especially in the financial sub-sector.

**Industrial Cities Rejuvenation and the Creation of Education Hubs**

Redevelopment of the city of Tema, the spill-over effects of the development of industrial parks and free zone areas in both Tema and Sekondi-Takoradi provide opportunities for employment creation with far-reaching effects on urban development and opportunities for the youth. The expansion of existing sea ports and the retooling of the Tema Shipyard will be a major anchor for a multi-year job creation for both high-level and middle-level technical skills. The other multiyear projects with enormous job creation opportunities are the construction of the oil port at Atuabo and the Shore base and Fabrication Centre at Banso both in the Western Region.

Cape Coast with its unique advantages as an education hub will focus on producing an educated and trainable labour force as a major input to ICT service delivery businesses. Coupled with an industrial park, Cape Coast can provide an opportunity for clustering technology firms that generate employment on a large-scale. Similar hubs will be created elsewhere in the country, depending on local conditions and opportunities.
The opportunities so far identified are not always in isolation of each other. Many are integrated and they require coordinated efforts across sectors and across ministries, departments and agencies. In many areas of job creation, for example in agriculture, health, education and tourism, inter-ministerial coordination is necessary for the efficient allocation of resources for optimal impact. Secondly, increasing the competitiveness of firms and increased diversification of the economy will be at the centre of the economic Transformation Agenda. Countries have achieved high middle income status as a result of enhanced productivity. This has enabled them not only to create more and better jobs but also penetrate global markets. Ghana will adopt that model.

Underlying all these is the need to promote self-employment and business incubators. A joint Government and business sponsored annual competition with prizes for youth inventions and innovations in critical areas such as sanitation and waste management, food processing and agro-industry, and in the use of forest products that affect the everyday life of Ghanaians will be a first step.

4.3.4 The Medium-Term Priority Policies for Macroeconomic Stability

The medium-term goal of macroeconomic policies is to overcome the persistent budgetary deficits, increase revenue mobilisation effort matched by a prudent expenditure policy, control of inflationary pressures, and improvement in the country’s balance of payments position. The policies to be pursued are prioritised under the following four broad areas:

- Strengthen economic policy decision-making and management;
- Enhance fiscal policy management;
- Strengthen monetary and financial policy management; and
- Enhance Ghana’s prospects in trade within the ECOWAS sub-region and competitiveness in international trade.

i. Strengthening Economic Policy Decision-Making and Management

The Transformation Agenda envisaged under this Coordinated Programme cannot be achieved without dedicated and honest leadership. It requires changes to the way we conduct Government business, especially economic policy decision-making and management, as well as the way state agencies and institutions work at the national and local levels.

There is an increasing realisation that one of the principal reasons for development failures is the internal weaknesses of the institutions and processes of economic management. Countries with weak economic structures and institutions, weak domestic policy formulation framework, and weak public financial management system are likely to be burdened with coordination problems in at least three ways: first, in how best to mobilise their internal resources and become less dependent on development partners; second, how to allocate and use their resources to provide the infrastructure to stimulate growth and expand employment creating opportunities; and third, how to manage public finances in ways that do not subvert the national economy. Government actions to these ends are imperative for Ghana’s new growth path.
Government’s actions directly and indirectly influence growth, employment, the balance of payments, inflation, interest rates, exchange rates, and social equity through its management of the economy and through fiscal, monetary, structural and sectoral policies. Sound economic management should promote an enabling environment characterised by prudent fiscal and monetary measures, low and stable inflation, a sustainable external sector balance and hence a stable and competitive exchange rate. All of these will promote sustained growth and provide the basis for job creation.

The requisite step in enhancing economic governance is that state institutions responsible for economic management must undergo structural and institutional reforms and strengthening. These will entail addressing the persistent implementation challenges of Government’s programmes, through effective coordination among relevant public sector agencies. To these ends, priority interventions will focus on: strengthening economic planning and forecasting; and facilitating the development of technology-based public policy-making process.

The focus on strengthening economic planning and forecasting to ensure synergies will entail reviewing the institutional arrangements, processes and procedures for economic policy decision-making and management between MoF and NDPC; strengthening the framework for national development planning and economic policy management process for prioritising policies for budgetary allocations; and, finally, strengthening policy formulation and planning capacity at all levels of Government.

### ii. Improved Monetary and Financial Policies Management

Monetary policy stance to support desired transformation requires a careful balancing act in order to achieve growth, promote exports and industry competitiveness and also create jobs. This requires: targeting low and stable inflation; supporting competitive exchange rate relative to major trading currencies; reducing investment cost through lower interest rates to stimulate investments. The choice of the desired level of inflation that will support desired growth and interest level consistent with inflation rate remains a major challenge for the Bank of Ghana. Then there is also the trade-off in exchange rate management. Whilst a depreciating currency may stimulate exports, it also increases the real cost of servicing the external debt and therefore constrains the fiscal space that is needed to finance desired Government interventions to stimulate job creation.

Other financial sector interventions ancillary to improvements in financial intermediation should aim at deepening the capital markets and at the same time improving access to financial services. These include:

- Developing the secondary market for bonds and other long-term securities; expanding the venture capital market to support start-up businesses and SMEs; and leveraging the three-tier pension scheme to increase access to long-term financing.
- Developing a more comprehensive insurance market; developing a more affordable and accessible market for mortgage finance; strengthening institutional framework for monitoring and regulating financial institutions especially those in the non-bank and
microfinance sub-sector.

**iii. Effective and Efficient Fiscal Policy Management**

The medium-term policies to be pursued to ensure effective and efficient fiscal policy management will focus on: improving the fiscal resource mobilisation and management; improving public expenditure management; and improving the capacity for effective public sector debt management. Key considerations include the following:

- Improving revenue mobilisation to levels commensurate with Ghana’s middle income status through a combination of strategies to simplify and streamline existing tax code, strengthen tax revenue administration for effective tax enforcement and compliance, widen the tax net, and explore opportunities for new revenue mobilisation sources.

- Improving public expenditure management will entail a number of measures, specifically:
  - Consider the design and implementation of a multi-year public sector wage and incomes policy as a step to maintaining the overall wage bill within globally accepted levels;
  - Implement a random monitoring, auditing of payroll of various public sector institutions as a check on ghost names, and payroll theft;
  - Institute efficient expenditure control measures, including the introduction of fiscal responsibility law;
  - Accelerate the implementation of GIFMIS to address leakages of public funds;
  - Review the administrative framework for earmarked funds – GETFUND, NHIS, DACF, and for that matter any statutory earmarked funds to justify their continuing operations, to guarantee value for money and ensure efficiency in its management and auditing; and
  - Review and re-structure the Internally Generated Fund (IGF) mechanism to make it more efficient.

- Improving the capacity for effective public sector debt management will entail implementing measures to: ensure that the public debt ratios are within sustainable levels; employ appropriate instruments to reduce market and refinancing risks associated with the debt portfolio; and fully implement the PPP policy and the Public Investment Programme (PIP).

- Over the medium-term, Government will commit to getting the best loan deals for Ghana from any part of the world, including the Gulf States. Pipeline projects will be streamlined in order to create the relevant fiscal space to implement the policy priorities. Considering that significant amounts of counterpart funding are usually required, projects will be rationalised to fit into the medium-term vision of Government.

**iv. International Trade and Regional Integration**

The medium-term policies to be pursued to improve the external sector and ensure integration to regional markets will focus on the following: improve trade competitiveness; diversify and increase exports; facilitate trade and penetration into regional markets; and increase international reserves.
• To improve trade competitiveness and increase exports, the priorities include: ensuring competitive real exchange rates that support the export sector; improving the supply side capacity of export policy regime; and strengthening the links between industrial and trade policies.

• The measures to be pursued to ensure diversification and increase in Ghana’s exports will include: promoting the production of non-traditional export products; and taking full advantage of Preferential Access to markets under AGOA.

• Ghana will take advantage of the economic opportunities that exist in the West Africa sub-region and other regional blocks by strengthening trade relations with other regional blocks and markets; promote the development of selected commodities for targeted sub-regional markets; and implement the ECOWAS Community Development Programme.

• To increase gross international reserves adequate to cushion the economy against external shocks, measures to be pursued include: implementing a long-term strategy to progressively increase Ghana’s gross international reserve to at least six months of imports cover, consistent with the requirements of the West Africa Monetary Zone (WAMZ) convergence criterion; and increase merchandise exports and reverse the persistently high trade deficits.

4.3.5 Agriculture Transformation

The agriculture sector is expected to be a major driver of growth in the economy for at least three reasons. Predominantly rural, agriculture remains the mainstay of economic activities for at least 45% of the population and directly and indirectly for 90% of the population who live in the rural areas. Agriculture drives rural livelihoods and way of life. Second, agriculture has the potential to open employment opportunities. Third, agriculture remains the source of raw materials for agro-processing and light manufacturing as envisaged under the new transformation path of the economy.

The growth and development of agriculture, therefore, is an integral part of the economic diversification agenda needed for transformation, especially its linkage with industry to maximise the value addition of Ghana’s most promising agriculture products – cocoa, vegetables, fresh fruits and nuts, edible oil, fish, maize and rice. For many of these products and for much of agriculture, low productivity remains a major feature. According to the World Bank’s World Development Indicators, Ghana’s agriculture value-added per worker in 2012 was US$800.00, almost the same as the lower middle-income average of US$822.00 but substantially lower than the US$5,957 and US$9,285 for South Africa and Malaysia, respectively. Efforts for Transforming Ghanaian agriculture will necessarily focus on increasing productivity whilst strengthening its linkage to the rest of the economy.

4.3.6 Accelerated Private Sector Development for Transformation

Ghana’s private sector is predominantly made up of a few large businesses and a relatively large number of micro, small and medium enterprises (MSMEs) whose efficiency and competitiveness are crucial to the country’s economic growth, employment creation, poverty reduction and ultimate transformation. The role of the private sector in transforming the economy manifests in
two ways: first, as a partner to the public sector in the production and delivery of infrastructure facilities because of the size of investment required, and second, as the main catalyst to a diversified economy, for the production of goods and services that individuals desire, for export diversification and export competitiveness.

Whether it is in agriculture, industry or in services, it is in these roles that the private sector can be relied upon as the primary source of decent jobs. Moreover, whether it is in the formal private sector or in the informal sector, job creation momentum of the private sector also relies on Government’s actions. Essential Government’s actions are in providing the broad environment that: reduces the physical and administrative bottlenecks in setting up and doing business; simplifies regulation; and reduce uncertainties that emanate from the public sector.

To improve private sector productivity and competitiveness, the full implementation of the PSDS II as well as the STIDEP I, the National Export Strategy, particularly, the diversification of exports and markets and the National Trade Policy will be necessary, including the Industrial Sector Support Programme (ISSP) under the new Industrial Policy.

For a start, Government will intensify its consultation with the private sector within a well-established and coordinated platform with the aim of identifying bottlenecks and opportunities that can deliver the needed change for inclusive growth. Within the context of the PSDS II, specific interventions will include identifying the economic sectors or sub-sectors with high revealed comparative advantage as industrial growth pillars and provide the needed support for growth. As much as possible, the strategy is to build upon the country’s natural resources by providing incentives for linking the industry winners and growth pillars to the agriculture sector.

With respect to micro, small and medium enterprises (MSMEs), policy interventions will aim at identifying winners in the agro-business areas and promote their growth into competitive ventures; providing comprehensive support to enable them expand their activities; provide opportunities for MSMEs to participate fully in partnerships and local content arrangements; and support the establishment of business incubators, technology parks, and land banks especially at the district level to promote local economic development (LED).

4.3.7 Light Manufacturing

Whilst for many countries manufacturing has been the main driver of economic transformation, it is yet to become the driver of transformation in Ghana. It is anticipated that light manufacturing will trigger a new development trajectory for industrial growth. The potential for light manufacturing is immense and has the advantage that it can draw on the pool of trainable labour. Light manufacturing enterprises include: food and agro-industries, wood processing and furniture, building and construction industry, metallurgical industries, packaging industries, textiles and garments, engineering industries, including electrical and electronic industries. Global experience points to the importance of imitation, emulation, and adaptation of existing technologies in ways that can eventually support large-scale manufacturing and job creation. Low-technology labour intensive light manufacturing
has the potential to improve the import competitiveness of locally manufactured products and deepen the domestic market.

Government interventions to promote light manufacturing must be tied to both agriculture and industrial policies. Many value addition opportunities exist in cocoa, cotton, oil palm and horticulture. Immense opportunities exist in the areas of food and agro-industries, wood processing and furniture, building and construction industry, metallurgical industries, packaging industries, textiles and garments. For each of these, the focus will be on identifying the entire value-chain from the basic pre-production stages or raw materials base to the post-production stage and selecting those that are quick winners on the basis of their sustainability and on their ability to expand employment opportunities.

Policy interventions will include: the provision of adequate protection for the development of these winners against unfair competition from subsidised and sub-standard imports including dumping; development of the links from the primary sources of raw materials to the industry value addition stages; identification of critical constraints and gaps in the value-chain to know the key areas for Government intervention that will catalyse the raw materials source-industry linkages; and support the development of a strong, reliable, raw materials base for industrial development, especially agro-processing.

Job creation opportunities lie in both the backward and forward linkages in the supply of raw materials, transportation, storage, processing and value addition into higher value products.

4.3.8 Tourism Development

Tourism is an important potential driver of economic transformation for Ghana. In 2008, tourism ranked third after gold and cocoa in foreign exchange earnings. International tourist arrivals increased from 400,000 in 2000 to 900,000 in 2012. Ghana has considerable historical, cultural and ecotourism assets, which can be leveraged with the necessary tourism support resources to accelerate the growth of tourism earnings and provide decent work, particularly for young people in the labour force. Some of
the strategies include:

- Market Ghana for both domestic and international tourism.
- Facilitate investment in sites development including clean beach sites and in tourism support infrastructure; and
- Intensify efforts to improve the capacity and quality of tourism personnel and services at all levels.

4.3.9 Labour Productivity and Employment

Medium-term interventions for improving labour productivity and employment will focus on the following:

- Improve the policy environment and institutional capacity for effective human capital development, and employment policy management;
- Create opportunities for accelerated job creation across all sectors;
- Enhance labour productivity across all sectors;
- Improve work place safety and health; and
- Enhance labour administration and harmonious labour relations.

Specific measures will include developing and implementing a national productivity policy, and strengthening the capacity of relevant institutions for effective implementation of productivity measurement and enhancement programmes. Existing skills development institutions will be retooled to provide skills training for the youth, whilst entrepreneurship training is integrated into the education system at the post-second cycle level. Selected industrial products will continue to be supported especially those that are labour-intensive (i.e., construction and building materials, bathroom accessories, ceramic products, and agriculture equipment).

Other interventions to be pursued are to support MMDAs to develop and implement employment generation programmes within the national employment framework; develop incentive schemes to support self-employment, especially among the youth; provide adequate support for the growth and development of micro, small and medium enterprises (MSMEs); adopt and implement a national health and safety policy, and increase occupational safety and health services at all workplaces; and strengthen the capacity of the Labour Department to effectively perform its oversight role.

4.4 INFRASTRUCTURE DEVELOPMENT

The availability of transport networks, the accessibility and reliability of water, the resilience of sanitation services, the reliability and cost of energy, and the availability of communication services are all critical for growth and economic transformation. The quantity and quality of infrastructure underpins all economic activities. Enhanced infrastructure in resource-producing areas attracts investment and increases employment opportunities. The long-term development of infrastructure
will be achieved through the implementation of the National Infrastructure Plan (NIP) as well as the aggressive promotion of water and energy conservation through public education and behavioural change.

4.4.1 Power Supply

Policy intervention will ensure adequate, reliable and affordable energy to meet the needs of households and industries. Private investment will be attracted where appropriate to partner Government to expand power generation capacity. In the process, Government will scale-up the implementation of power sector reforms to minimise inefficiencies, rehabilitate and reinforce the transmission and distribution infrastructure to meet the projected growth in power demand of about 10% per annum in the medium-term. Complimentary strategies will include the completion of the Jubilee gas infrastructure to secure gas for the operation of thermal power plants; achieve cost recovery for electricity services; and reduce aggregate system losses and waste in electricity supply and consumption.

It is the policy of Government to ensure 90% access to electricity by 2016 and universal access by 2020 and also support sub-regional power interconnectivity under the West African Power Pool (WAPP).

Energy Efficiency and Conservation

There is the need to facilitate the efficient use of energy by households, institutions and industrial establishments. Government will maintain a deferential pricing regime as an incentive for energy conservation; promote the use and design of energy efficient and renewable energy technologies in public and private buildings; explore the application of minimum standards and energy labels for appliances; develop and sustain a comprehensive programme to help consumers optimise their energy use; and discourage the importation and use of high energy consuming equipment.

4.4.2 Oil and Gas Development

The development of the oil and gas sub-sector will be driven by the following priorities: oil and gas industry development and its effective linkage to the rest of the economy; transparency in revenue management; local content development; employment creation; and protection of the environment.

Effective linkage of oil and gas development to the rest of the economy

There is the need to ensure that natural gas is prioritised for power generation and then for the development of petrochemical industry and other industrial value creation. Government will expand the national oil and gas infrastructure in collaboration with the private sector; promote other industries that depend on the utilisation of the by-products of oil and gas industry; and ensure value addition to local goods and services to maximise their use in oil and gas industry. To ensure effective development of the oil and gas sector, Government will accelerate the passage of
the new Petroleum Exploration and Production law, as well as attract the relevant investment and partnerships which will ensure that the nation maximises its participation in, and value retention from the industry.

**Transparency in Revenue Management**

Expected increased revenue inflows from the oil and gas industry have heightened concerns for more efficient national revenue management. The regulatory regime now in place for the oil and gas revenues, is a major step towards transparent management of the revenues for the benefit of both present and future generations. The capacities of new and existing revenue collection and management institutions will be strengthened to address the peculiar needs of the oil and gas industry. Moreover, monitoring, evaluation and reporting systems in the oil and gas industry will be given special attention. This will help to address the potential challenges in revenue management to ensure that the increased resources from oil and gas are used productively to attain the national transformation goals.

**Local Content Development**

To ensure effective local content and participation across the oil and gas value-chain, Ghanaian enterprises will be empowered to participate in the exploration, development, and production of oil and gas. In addition to accelerating the passage of the local content law, further emphasis will be on its effective implementation with the passage of a related set of local content regulations. Government will support the establishment of SME incubation centres for the oil and gas industry to facilitate the growth of local companies engaged in the industry.

**Employment Creation and Skills Build-up**

The local content law will provide the foundation to accelerate job creation in the oil and gas industry. The overall strategy is to use oil revenues to expand job creation opportunities in the priority areas of agriculture, infrastructure, health, water and sanitation, education and rural development for sustained wealth creation. Government will build on Ghana’s reputable education and skills training facilities to develop a sub-regional supply of managerial, artisanal and technical skills.

**Protection of the Environment**

A key policy objective is to ensure that the practices of the oil and gas industry are consistent with international standards of environmental sustainability. The regulatory framework for ensuring protection of the environment will be strengthened, whilst a culture of compliance will be promoted through stringent monitoring of activities and evaluation of impacts. Spatial plans will be developed and its use enforced along the oil belt especially in the Western Region in order to rationalise the development of human settlements near the areas of oil and gas production. Government will strengthen emergency preparedness to manage disasters in the oil and gas industry. Another strategy to achieve the policy objective is to strengthen the exploration and
production law to maximise national benefits and minimise environmental cost to the industry.

4.4.3 Transportation (Road, Rail, Air, Maritime, and Inland Water)

Policy interventions to enable transportation play its important role for the haulage of goods, movement of people and the general integration of the rural and urban economies will include accelerating the development and implementation of a railway master plan and an aviation master plan for Ghana. The railway system needs to be revived and upgraded to ensure the sub-sector can also contribute significantly to the economy's growth.

Policy strategy will therefore aim to develop, rehabilitate and modernise the rail-based mass transport system in major urban areas including Accra-Tema, Kumasi-Ejisu, Accra-Nsawam, and Sekondi-Takoradi-Kojokrom; construct a new railway line linking the Tema and Takoradi ports to the Boankra inland port; link the south to the north via the Volta Lake to facilitate the carriage of cargo and haulage of agriculture produce, and develop the institutional and regulatory arrangements for ensuring the most effective and efficient movement of freight and passengers within Ghana.

A key policy initiative is the urgent deployment of PPP strategies to bring private sector resources, and expertise to partner Government to improve Ghana’s transportation system. Policy focus will be on expanding private sector participation in the development and management of road, rail, airport and seaport facilities under the PPP framework. It is also the objective of Government to explore the opportunities and where feasible, support the establishment of a new national air carrier; and establish a new deep seaport to serve the economy’s development needs including the oil and gas industry.

In addition, Government will prioritise the maintenance of existing road infrastructure to reduce vehicle operating costs (VOC) and future rehabilitation costs; promote road-based mass transport system including accelerated implementation of BRT under the Ghana Urban Transport Project (GUTP); facilitate efficient and safe use of Non-Motorised Transport facilities such as bicycle lanes and pedestrian walkways in congested central business districts; accelerate the development and implementation of the National Infrastructure Plan, together with development of a national integrated land use and spatial plan; accelerate the preparation and implementation of land use spatial plan and infuse urgency into implementation of the transport infrastructure component of the Public Investment Programme (PIP).

4.4.4 Information and Communication Technology (ICT)

It is envisaged that to accelerate the development of ICT infrastructure, Government will implement strategies to meet its development objectives, including: the implementation of National E-Governance programme; promotion of e-Government and e-Governance activities for transparency in Government business; the establishment of a reliable national infrastructure backbone with capacity to carry high-speed voice, video, data, and internet facilities to all districts; the enforcement of service standards in the provision of quality ICT services especially telephone services; improvements in the functionality of existing regulatory regime and improve coordinating
institutions in ICT sub-sector; support SMEs to make use of services made available by national fibre optic backbone; and train a critical mass of ICT personnel to satisfy both domestic and external demands.

4.4.5 Science, Technology and Innovation (STI)

The strategies mapped out for the sub-sector include building appropriate linkages and collaboration between research institutions and businesses to ensure that research outputs are adequately utilised. Government intends to establish National Science and Technology Theme Parks to provide world-class facilities for electronics, precision engineering, ICT and biotechnology; and support businesses and public agencies to adopt research and development as a critical component of production. In addition, Government will accelerate the implementation of the STIDEP I in order to enhance the impact of STI in all sectors of the economy.

4.4.6 Water and Sanitation

The water and sanitation sector has emerged as one of the most critical sectors needing attention. Policy interventions in this sector will include establishing the National Sanitation Authority; and building the capacity of MMDAs to better manage water resources and environmental sanitation facilities. Government will facilitate the implementation of all national water and sanitation policies.

4.4.7 Human Settlements

There is an urgent need to rationalise and bring order into human settlements development in the country at all levels. The haphazard nature of settlements in several urban and peri-urban areas create adverse sanitation, health and environmental effects first for the residents themselves and second for the general public as a whole, especially where these settlements and their unauthorised structures block waterways. Residents are also vulnerable to fire hazards and the spread of diseases.

Government’s overall policy direction is to ensure that all organised human activities within urban, peri-urban and rural centres take place in a planned and spatially ordered manner. The necessary first step is the passing of the land use and spatial planning bill into law. Government will also promote effective inter-agency collaboration between relevant infrastructure service delivery agencies in the way services -electricity, water, sanitation and roads -are provided to enhance public safety and security.

Government will accelerate the implementation of the national housing policy; facilitate the availability of social housing units through improvements in land administration and support the private sector housing industry; and facilitate access to housing financing schemes. Government as a matter of urgency will introduce major slum renewal and re-development programmes with the goal to improve living standards and to provide opportunities for job creation.
It is crucial to establish and enforce compliance with the relevant town and country planning laws, simplify operational procedures and planning standards for land use and integrate land use planning into the Medium-Term Development Plans especially at the district level. In the medium-term, the district planning and coordinating units (DPCUs) will be properly staffed and better resourced to carry out their mandated functions.

4.5 NATURAL RESOURCES MANAGEMENT AND ENVIRONMENTAL GOVERNANCE

The country’s socio-economic development prospects are intrinsically linked to its natural resource endowments and the environment. The detrimental effects and the longer term health and environmental impact of unsustainable resource extraction in particular on agricultural lands, fauna and flora and more seriously water bodies is of national concern.

The first step towards achieving improved natural resources management and environmental governance is to ensure effective environmental governance. Strict enforcement of existing laws, regulations, and administrative measures will be given priority attention. Medium-term policy interventions will cover natural resource management and minerals extraction; biodiversity and protected areas management; land management and restoration of degraded forests; integrated marine and coastal management; wetlands and water resources management; waste management, pollution and noise reduction; community participation in natural resources management; and climate variability and change.

4.5.1 Natural Resources Management and Minerals Extraction

Government policies for effective management of the extractive sector will include: review existing policies, legislation and investment agreements to enforce compliance with relevant regulations and guidelines on small-scale mining; improve technical capacity of small-scale miners to enhance efficiency and sustainability in their operations; pursue reclamation and reforestation in degraded areas; and promote the adoption of the principles of green economy in national development planning. Other policy measures are: enhance policy and regulatory framework and coordination among key Government agencies and other stakeholders to improve the management of the environment and natural resources; and develop policy and legal framework for an integrated national geo-spatial data infrastructure.

4.5.2 Biodiversity and Management of Protected Areas

The rate of degradation of natural habitats leading to loss of biodiversity is of major national concern. The weak integration of biodiversity issues at the local level and the absence of a comprehensive biodiversity assessment and management framework for the country have led to an irresponsible and uncontrollable encroachments on biodiversity hotspots.

Currently, there are over 266 legally constituted forest and wildlife reserves which cover about 17% of the total land surface area. These are categorized into: forest reserves, national parks, nature
conservation reserves, biosphere reserves, wetlands and Ramsar sites. Notable challenges are: increasing degradation due to poaching/trade in bush-meat and illegal harvesting; pressure from adjacent land uses particularly agriculture, mining and human settlements development; and limited local involvement in the management of protected areas.

Policy interventions will seek to maintain and enhance ecological integrity of protected areas by accelerating the implementation of national buffer zone policies for rivers and protected areas; facilitating alternative livelihoods including eco-tourism support schemes for fringe communities along protected areas; and revising existing protected areas management plan to intensify local participation in resource management.

4.5.3 Land Management and Restoration of Degraded Forests

Ghana’s land surface and forests remain an important asset for ensuring sustainable development and livelihoods especially in poor communities where farming and other activities require intensive use of land and forest resources. About 69% of the total land surface of Ghana is prone to severe soil erosion. Available estimates indicate that between 1990 and 2010, Ghana’s forest cover declined from 7,446,000 hectares to 4,680,000 hectares, representing an average of 1.96% depletion rate per annum. Competing land use, bad agriculture practices, population pressures, charcoal production to meet household energy demand are contributory factors. Government’s policy objective is aimed at reversing forest and land degradation as well as promoting efficient land use and management systems country-wide.

Strategies to be adopted include implementing education and enforcement programmes to reduce bush fires and forest degradation; promoting and facilitating the use of Liquefied Petroleum Gas (LPG) as a cleaner alternative fuel and energy efficient charcoal stoves; and promoting technological and legal reforms in land administration in support of land use planning and management.

4.5.4 Integrated Marine and Coastal Management

The importance of marine and coastal environment to tourism and its foreign exchange earning potential cannot be understated. The poor management of Ghana’s marine and coastal resources and the deteriorating marine and coastal environment and the impoverishment of coastal settlers continue to remain a source of major concern and call for pro-active Government interventions. Poor environmental sanitation, improper disposal of domestic solid and liquid waste, depletion of marine resources, sand winning along the beach, pollution of waterways and estuaries coupled with weak policy framework for coastal management have all contributed to the depletion of coastal resources as natural wealth to be protected and developed as sources of livelihood and employment.

In the medium-term, policy interventions will seek to: improve investments in control structures and technologies; improve the policy and institutional framework for effective coastal resource management; protect coastal forests, wetlands and marine areas; and reduce pollution and poor
sanitation in coastal communities. There will also be policies to upgrade and maintain waste treatment and small waste collection facilities; establish an integrated marine and coastal management framework at all levels; promote community participation in safe disposal of sewage and garbage; create public awareness and education to avoid unsustainable exploitation and pollution of sensitive habitats; and strengthen involvement of local communities in the management of coastal forests and wetlands through mechanisms such as community resource management areas (CREMAs).

4.5.5 Wetlands and Water Resources Management

Wetlands and water resources are important for the efficient functioning of the ecosystem with specific reference to flood control, habitat for wildlife, and aquifer recharge, in addition to their socio-economic, cultural and ecological values to communities and the nation among others.

Overtime however, wetlands have been erroneously equated to waste lands and water resources taken for granted. Increasing tendency to convert wetlands to other forms of land uses; pollution of wetlands due to indiscriminate waste disposal; over exploitation of wetlands resources and the effect of unregulated and illegal mining activities on our water bodies are of major concern.

Policy interventions in the medium-term will focus on integrated water resources management as the first step to ensure sustainable use of wetlands and water resources. Strategies will seek to: develop sustainable financial mechanisms for wetlands restoration activities; enact appropriate legislation to protect wetlands from degradation; carry out comprehensive wetlands inventory, supported by research and monitoring; develop payment for ecosystem services for water resources management; promote partnership between the public and private sectors for the protection and conservation of water resources to address potential water security issues arising from environmental degradation and climate change; and establish appropriate institutional structures and capacity for planning and maintenance of watersheds.

4.5.6 Waste Management, Pollution and Noise Reduction

The management of waste, pollution and noise amidst rapid urbanisation represents environmental menace to urban dwellers. The objective of Government policy is to promote effective waste management and reduce noise and pollution. Policy interventions will address the following key issues: weak enforcement of existing sanitation laws; limited investment in waste management infrastructure; lack of enforcement of existing bye-laws on sanitation and noise pollution; and the lack of awareness on the harmful effects on human health. The medium term policy interventions are as follows: strengthen regulatory environment; design sufficient deterrent for sanitation and pollution offences; and increase investment in infrastructure for waste management through Public Private Partnerships (PPPs).
4.5.7 Community Participation in Natural Resource Management

The involvement of stakeholders, especially at the local level, in natural resource management has been identified as critical for achieving effective results. Inadequate institutional framework for community participation in natural resource management poses a challenge to long-term management of Ghana’s natural resources in a sustainable manner. Over the medium-term, Government policy will focus on capacity building of existing governance structures at the local level in natural resource management and developing and implementing a communication and public participation strategy for natural resource management.

4.5.8 Climate Variability and Change

The impact of increased greenhouse gas emissions and effects of rapid industrialisation has attracted global attention as an important development issue. Vulnerability and adaptation assessment has clearly demonstrated our susceptibility to climate variability and change.

Government’s policy over the medium-term will focus on enhancing the capacity of the relevant agencies to adapt to the impact of climate change, mitigate the impact of climate variability and generally promote a green economy.

Strategies to be implemented will include: enhancing the national capacity to respond to climate change through the establishment of a Climate Change Centre; adopting demand and supply measures for adapting the national energy system to the impact of climate change; and increasing resilience to climate change impact through an early warning system. Government will also tackle deforestation as part of Ghana’s REDD+ strategy to deal with climate change and also integrate water security and climate resilience into development planning processes.

To sustain the effort at developing the national capacity to mitigate the impact of climate change, Ghana will intensify the implementation of the 55 National Appropriate Mitigation Actions (NAMAs) to reduce greenhouse gases. Some of the specific measures will include: promoting the use of efficient and clean carbonisation,charcoal manufacturing; increasing the share of renewable energy in the national energy mix to about 10-20% by 2020; switching to natural gas (combined cycle) in thermally generated power plants; ensuring sustainable forests management; and promoting the use of energy efficiency cooking devices.

4.6 TRANSPARENT, RESPONSIVE AND ACCOUNTABLE GOVERNANCE

Good governance places emphasis on the principles and tenets of transparency and accountability in the exercise of political, economic and administrative authority for ensuring peace, stability and national cohesion. This entails empowering state and non-state organisations and institutions as well as the general public to participate in the national development process and to collaborate effectively to achieve the national development goals and objectives. The participatory process is to ensure that political, economic and administrative authority is exercised in a manner that
ensures that public resources are managed efficiently and with integrity in response to the needs of the people.

The major issues to be addressed are as follows:

1. Deepening democracy;
2. Promoting effective decentralisation;
3. Ensuring effective and responsive public sector management (including streamlining and strengthening economic management decision-making);
4. Ensuring public safety and security;
5. Intensifying the fight against corruption, economic and financial crimes;
6. Enhancing and guaranteeing the rule of law and access to justice;
7. Enhancing enforcement of rules and regulations;
8. Deepening partnership with the private sector, the media, traditional authorities and civil society organisations in governance; and
9. Strengthening international relations and migration for development.

4.6.1 Deepening Democracy

Ghana continues to make significant progress in deepening and consolidating democratic governance. This is reflected in the peaceful resolution of the landmark election petition in 2013 after the 2012 general elections. In order to minimise the possibility of election disputes in the future, Government policy will be directed towards strengthening the electoral process to ensure that it is always free and fair. Other key policy objectives for deepening the practice of democracy are to: improve the balance of power among arms of Government and other governance institutions; expand and sustain opportunities for effective citizen engagement; enhance platforms for engagement with civil society and private sector to improve responsiveness; improve transparency and integrity of the electoral process; and strengthen and promote the culture of rights and responsibilities.

4.6.2 Effective Decentralisation

To nurture, uphold and entrench the principle of transparency and accountability in the governance and development decision-making process, Government will implement measures to strengthen local governance and decentralisation. Key measures include: ensuring the effective implementation of the decentralisation policy and programmes; ensuring effective and efficient resource mobilisation, internal revenue generation and resource management; integrating and institutionalising district level planning and budgeting through the participatory process at all levels; and mainstreaming local economic development (LED) for growth and local employment creation.

4.6.3 Enhancing Women’s Participation in Governance

In spite of past efforts to promote gender equity in governance, representation of women in public life at all levels of governance remains relatively low. To address the persistent disparities between
women and men, Government will double its efforts to empower women to participate more effectively in the political, social and economic development of the nation.

Specific policy interventions include: safeguarding the security, safety and protection of the rights of the vulnerable in society, especially the girl-child and women by adopting legal, legislative and operational measures to reinforce the principle of gender equality and equity in personal status and civil rights; promoting women’s equitable access to economic opportunity and economic resources, including property; and promoting the effective integration of gender considerations at all stages, and in all dimensions of data production and utilisation.

4.6.4 Effective and Responsive Public Sector Management

The reform of the public sector to improve its efficiency in the delivery of public services has been on the national agenda for more than two decades. The reform initiatives, however, were unable to achieve the desired transformation and improvement in the performance of the public service in general and in the civil service in particular. Government is determined to transform the public service into efficient service delivery machinery.

The policy priorities will focus on the following objectives: enhance supervision and productivity in the public service; establish a reliable public service-wide Human Resource Management Information System; promote excellence in people management; improve the responsiveness of the public service in service delivery; and strengthen public sector management and oversight.

4.6.5 Public Safety and Security

Despite the evidence of a declining trend in the incidence of crime, the security and safety of all Ghanaians remains a priority for Government. The key objectives for ensuring public safety and security are to: improve internal security for protection of life and property; reduce recidivism and promote effective re-integration of ex-convicts; and enhance peace and security. Government will provide resources and enhance the institutional capacity of the security agencies to ensure that no Ghanaian feels unsafe in the lawful pursuit of their activities. This will involve the review of existing laws to streamline and effectively regulate inter-agency coordination and strengthening of international collaborations to combat cross border crimes especially in dealing with drug trafficking, proliferation of small arms and child trafficking.

4.6.6 Fighting Corruption, Economic and Financial Crimes

To effectively combat corruption, Government will revise the Criminal Offences Act to redefine corruption to include the more expansive definition covered in the UN Convention Against Corruption and the AU Convention on Preventing and Combating Corruption. Similarly, the Internal Audit Agency Act, the Public Procurement Act, the Whistle-blower’s Act and other public financial management laws and regulations will also be reviewed. The fight against corruption will be intensified by strengthening the anti-corruption agencies and sanctioning culpable persons to serve as a deterrent to others. The antidote to corruption is to promote greater transparency and
accountability and promote effective and efficient anti-corruption systems.

4.6.7 Rule of Law and Equitable Access to Justice

Judicial processes in Ghana tend to be slow and expensive. To promote the rule of law and ensure justice for all, Government will implement policies aimed at ensuring speedy, impartial and affordable access to justice. The policy priority will focus on enhancing public confidence in the justice delivery and administrative systems and strengthening the implementation of the “Justice For All” programme with the introduction of weekend courts and small claims courts.

4.6.8 Strengthening International Relations and Migration for Development

Ghana’s foreign policy will continue to be that of positive neutrality with emphasis on economic diplomacy hinged on Ghana’s national interest. The commitment to peace and security in the West African sub-region is paramount in inter-regional diplomatic relations with Ghana’s neighbours. This implies a commitment not to serve as a haven for destabilising the Government of any neighbouring country and also upholding all Ghana’s commitments to the UN, AU, The Commonwealth, ECOWAS and other international organisations.

Specific policies to be implemented are to: intensify cooperation with relevant international agencies to fight international terrorism and piracy, especially in West African waters; money laundering, narcotics and human trafficking; leverage economic and technological opportunities for sustainable development; accelerate economic and social integration with regional and sub-regional states and promote a rules-based and equitable International Trading System; and promote international peace and sustainable development.
CHAPTER FIVE
PRIORITY PROGRAMMES AND INITIATIVES

5.1 INTRODUCTION
This chapter presents a summary of priority programmes and initiatives to be executed during the implementation of this Coordinated Programme. These programmes and initiatives, to be monitored directly by the Office of the President, will complement the activities of the Medium-term Development Policy Framework that is to give broad expression to the Transformation Agenda.

The four priority programmes will cover the following areas:
1. Energy
2. Macroeconomic stability
3. Employment and Decent for the Youth
4. Social Services Delivery

The priority initiatives will cover the following areas:
1. Industrial Development
2. Agriculture Development;
3. Economic and Social Infrastructure Development
4. Anti-corruption Campaign

5.2 ENERGY
a. **Power Generation:** Increase generation capacity to 5,000MW by 2016 to meet growing demand for businesses and households while at the same time aggressively promoting energy efficiency and conservation.

b. **Millennium Challenge Corporation (MCC) Compact II:** Ghana has been selected to benefit from MCC grant from the United States which will focus on the power sector over a five-year period. The implementation of the MCC Compact will help strengthen the national capacity for power generation and distribution.

c. **Universal Access to Electricity:** Vigorous expansion of the SHEP programme to cover remaining rural and urban/peri-urban communities to increase access to electricity from the current 75% to 90% by 2016 and achieve universal access by 2020.
5.3 MACROECONOMIC STABILITY

Revenue Measures

Expand the fiscal space by implementing the following measures:

i. Implement an efficient tax administration system including instituting mechanisms to block leakages in tax collection at the ports and other revenue collection points; 
ii. Review and strengthen the retention provisions and fiscal regimes in the various agreements in the extractive industries;

iii. Reform the exemptions regime to minimise abuse and enhance revenue;

iv. Rationalise the existing expenditure framework to reduce rigidity in the budget including reviewing and restructuring the statutory funds and realigning them to priority programmes;

v. Institute effective mechanisms to ensure efficient management of public debt within sustainable levels including lengthening of maturity profile of domestic debt and financing the capital component of the budget through the issuance of long-term bonds; and

vi. Accelerate the implementation of the public private partnership (PPP) policy and law as a means to creating the necessary fiscal space for investment in critical socio-economic infrastructure.

Expenditure Measures

i. Implement an effective wage administration system and permanently address the persistent fiscal challenges arising out of high wage bill. This will entail measures including negotiating a temporary moratorium on further adjustments to wages and salaries whilst reviewing the implementation of the Single Spine Pay Policy;

ii. Expedite the implementation of the reform programme to rationalise sub-vented agencies and state owned enterprises (SOEs);

iii. Accelerate the implementation of the public financial management reforms including Ghana Integrated Financial Management Information System (GIFMIS) and Programme Based-Budgeting (PBB);

iv. Strictly enforce the Loans Act, 1970, Act 335, to ensure that MDAs do not contract loans and commit Government to counterpart funding arrangements without recourse to the MoF;

v. Ensure that all state assets are captured in the appropriate asset registers and duly insured.

Monetary and Financial Policies

i. Amend the Bank of Ghana law to strengthen its role in fostering price and exchange rate stability;

ii. Facilitate the creation of a cashless system and implement measures, including incentives, to encourage savings by members of the general public; and

iii. Expand risk capacity of the financial system by increasing the stated capital of banks and non-bank financial institutions.
5.4 EMPLOYMENT AND DECENT WORK

Aware of the phenomenon of the “working poor”, the government seeks to look beyond the mere creation of new jobs and ensure decent work (ejumapa) for those already working and those yet to be employed. This would include the following: measures to raise productivity, especially in the informal sector, and by so doing increase incomes of the majority of workers in the country (over 80.0% of the labour force); enforcement of laws on workplace rights and safety to protect workers against injury and accidents; enhancing the employability of young labour market entrants graduates and non-graduates alike, into the labour market; support for SMEs and micro-enterprises in the form of loans, grants, pension schemes; health insurance; life insurance; tax incentives; business support services; and start-up support.

(Decent Work) Ejumapa website: This will be a government portal dedicated to the promotion of decent work (ejumapa) and offering support to graduates in search of work, owners of SMEs, and to small-business associations to promote productivity and higher incomes.

5.5 SERVICE DELIVERY (WATER, SANITATION, HEALTH AND EDUCATION)

At the heart of the Transformation Agenda’s social development strategy is the improvement of service delivery across the following areas: water, sanitation, health and education.

Institutional reforms will be implemented to demand efficiency from these service providers and minimise losses, such as the nearly 50.0% of treated water that is lost annually without any sanctions against those in charge. Water conservation, including rain water harvesting, will be vigorously promoted among the public.

With the setting up of a proposed National Sanitation Authority, the current challenges in sanitation facing the country are expected to be dealt with in a comprehensive way, with a public body solely dedicated to this critical social service. Priority interventions in these and associated matters of local government services will be instituted and robustly promoted. Health services, including the popularisation of patients’ rights, improvement of systems, as well as removal of inefficiencies in waste management, will constitute a major part of the broad service delivery strategy.

In the area of education, initiatives to improve delivery will include increasing the number of trained teachers, reducing teacher absenteeism, expanding access, promoting equity, improving management among administrators, re-distributing teachers in favour of under-served communities, especially in the rural areas, and increasing incentives for hard-working employees, including teachers and administrators.
5.6 INDUSTRIAL DEVELOPMENT

i. **Integrated Aluminium Industry Initiative**: Facilitate the rehabilitation of VALCO as part of the upstream and downstream integration of the aluminium industry, including alumina production. This has the potential to create about three million decent jobs in 10 years.

ii. **Industrial Development Fund (IDF)**: The IDF is to support the indigenous manufacturing sector by directly funding agro-processing and light manufacturing firms. This will also help to reduce the constraints on access by SMEs to adequate finance and capital.

iii. **Construction Industry Scheme (CIS)**: Reorganise the regulatory and financing regimes in the construction sector to support indigenous firms for major national contracts. This will increase their capacity to generate decent jobs and compete successfully, locally and internationally, in the three key areas of construction (housing, roads, and railways).

iv. **Machine tool industry**: This will be linked to key centres like Suame Magazine in Kumasi to develop the local capacity to manufacture key industrial parts to support Ghanaian, replace some imports and for exports.

5.7 AGRICULTURAL DEVELOPMENT

i. **Agriculture Estates Development**: The transformation of agriculture in Ghana will be largely predicated on the transition from smallholder farms to commercial farms and agriculture estates (which are commercial farms (open field or controlled environment) supported by irrigation). They will include on-farm processing and will therefore require the provision of utilities. The development of estates entails the provision of essential services, including land clearance and preparation, machinery service centres, certified seeds and other inputs. These services are provided by the private sector, leading to the creation of jobs.

ii. **Agriculture Insurance Scheme**: Mainstreaming of agriculture insurance products now in pilot phase will help to mitigate the key risks faced by farmers. The commercial agriculture insurance system piloted in 2011 will be scaled up to cover more crops and regions.

iii. The weather (drought) index insurance product rolled out in May 2011 is now in six regions (the three northern regions, Ashanti, Brong Ahafo and Eastern) and covers maize, soya and sorghum.

iv. Additionally, Area Yield Index Insurance (AYII) and Multi-Peril Crop Insurance (MPCI) products to cover crops, livestock and poultry have been designed for some selected districts in the Upper West region.

v. **Fishermen’s Life Insurance Scheme**: Government will implement a Fishermen’s Life Insurance Scheme (FLIS) to provide coverage for the loss of life of both marine and inland fishermen when they go on fishing expeditions.
5.8 ECONOMIC AND SOCIAL INFRASTRUCTURE DEVELOPMENT

i. **Infrastructure Fund**: Government will accelerate the operation of the Ghana Infrastructure Investment Fund to provide alternative long-term financing for various forms of infrastructure in partnership with the private sector.

ii. **National Infrastructure Plan (NIP) and Spatial Development Framework**. The completion of these initiatives will form a core part of a long-term national development plan to manage social, economic and spatial development of the country efficiently.

iii. **Modernisation of the Rail Network**: The initiative will cover modernisation of the Western, Central and Eastern lines into fast rail networks to connect the key economic centres of Accra, Kumasi and Takoradi and extend it northwards to Tamale and beyond. The initiative will also include rebuilding of sub-urban rail networks. A new railway line linking the Tema and Takoradi ports to the Boankra inland port will be constructed. These will provide the transportation backbone to accelerate industrial production, efficient bulk haulage of goods and mass transportation.

iv. **National Identification**: Government will intensify efforts to complement and sustain the National Identification System within the context of socio-economic transformation.

v. **Cashless economy**: Government will work closely with the Bank of Ghana and relevant stakeholders to accelerate the move towards a cashless economy. This would be done in conjunction with the strategy to promote ICT is the basis for rapid economic development.

vi. **Street naming and house numbering**: All efforts will be made to consolidate progress made so far and make street names and addresses a central part of Ghana’s socio-economic life. If necessary, appropriate national laws or by-laws will be passed to deal with those who vandalise public property, including street signs.

vii. **Completion of the Eastern, Western and Volta Region Infrastructure Corridors**. This will include the Bawku-Tumu-Lawra and Tamale-Fufulso-Sawla-Wa roads as well as major roads in the Volta Region linking to the rest of the country. This will be done to install the outer loops in the national highway circular route to link the nation’s key production centres to internal markets.

viii. **Expansion and Modernisation of Takoradi and Tema Ports**. The objective is to increase the berthing capacity to meet the international trade needs of the growing economy for both export and import trade and commerce.

ix. **Deep Sea Port incorporating an oil and gas services terminal**: The construction of a deep sea port will provide dedicated support to the emerging petroleum industry and specialised port and shipping services to new petroleum-driven industries, including a services platform for oil and gas production support and equipment maintenance.
x. **Community SHS Initiative:** Two hundred (200) Community Senior High School (SHS), with an average capacity of 1,000 students, will be constructed with well-equipped science laboratories to enhance the learning and teaching of science. This will place Ghana on the path to achieving the objective of universal access to second cycle education. In addition, it will ensure that the basic schooling for every child is raised to SHS level.

xi. **Converting Polytechnics into Degree Awarding Institutions:** A road map for converting the existing ten public polytechnics into fully fledged degree-awarding technical universities will be implemented.

xii. **Establishment of ten new colleges of education:** In anticipation of the increase in student numbers, ten new colleges of education will be established and located in areas currently not well-served.

xiii. **Construction of Community Health Planning and Services (CHPS) Compounds:** Government will continue the construction of CHPS Compounds to increase general access to quality primary healthcare services. The objective is to double the number of CHPS Compounds from about 1,600 to about 3,200 to meet the needs of the under-served communities.

xiv. **Establishment of Regional Hospitals:** Number of regional hospitals will be expanded to achieve the Government’s objective of ensuring that regions without regional hospitals are catered for. Additionally, to provide citizens with a variety of options of access to quality health services, complementary Polyclinics will be constructed especially in the Districts that currently lack such health facilities. New modalities of private sector investment in the health sector will be explored.

xv. **Establishment of Teaching Hospitals:** Construction of an ultra-modern, new Teaching Hospital for the University of Ghana Medical School will be completed. In addition, to expand the national capacity for training medical doctors and other healthcare specialists, the Central and Volta regional hospitals will be upgraded into teaching hospitals.

xvi. **Promoting the creative arts:** Prepare the legal and regulatory framework to strengthen the creative industry as a major platform national development, including service exports in entertainment. Measures will range across the following: research into the industry to inform evidence-based decision-making; encourage industry participants to establish a Trust Fund to support the industry; strengthening the Copyright Office and its related institutions; and strengthen the National Commission on Culture to support the creative arts industry.

5.9 **ANTI-CORRUPTION INITIATIVES**

Strategies to be adopted to combat corruption and promote transparency and accountability will focus mainly on the enforcement of existing laws and the implementation of the National Anti-Corruption Action Plan. The laws include the Financial Management Laws - the Public Procurement Act, 2003, Act 663; the Internal Audit Agency Act, 2003, Act 658; the Financial Administration Act,
2003, Act 654 as amended; the Anti-Money Laundering Act 2008, Act 749, as well as the Whistle Blower’s Act, 2006, Act 720. Resources will be provided to relevant state agencies to ensure swift prosecution of those who break the law, misuse state resources or abuse the public trust.
CHAPTER SIX

IMPLEMENTATION AND MONITORING ARRANGEMENTS

6.1 INTRODUCTION

The implementation of the Coordinated Programme is situated in the national planning system, which designates the district as the basic planning unit and NDPC as the apex body to coordinate implementation of Government policies at the national level. The implementation of this Coordinated Programme will entail translating the document into medium-term national development policy framework, and subsequently into sector and district medium-term development plans. These sector and districts medium-term development plans will form the basis for the annual national budgets. The implementation of the “special programmes and initiatives” will require cross-sectoral collaboration among MDAs, and coordination with the Office of the President to achieve the objective of the programmes and initiatives.

Over the period of implementation of the Coordinated Programme, public resources through the budget will be prioritised in favour of the identified policies and programmes, especially the special programmes. Incentive mechanisms will be instituted to attract private sector investment and expertise to priority policy areas and programmes. The role of the private sector and civil society organisations will be given special attention in the implementation of the Coordinated Programme in order to ensure ownership and participation in the national development efforts.

6.2 IMPLEMENTATION ARRANGEMENTS

6.2.1 Role of National Development Planning Commission (NDPC)

The National Development Planning Commission (NDPC) is mandated to advise the President on national development policies and strategies, and is responsible for coordinating the decentralised planning system. It is also responsible for formulating, coordinating the implementation, monitoring and evaluation of national development policies and plans. To implement this Coordinated Programme, NDPC will prepare a medium-term national development policy framework based on the priorities outlined in the Coordinated Programme, to be implemented over the period 2014-2017.

Based on this medium-term development policy framework prepared by NDPC, the MDAs and MMDAs will be assisted to prepare their respective sector and district medium-term development plans, which will be integrated and harmonised into national medium-term plans. In addition to coordinating the development of action plans by MDAs and MMDAs, NDPC will also work with all sectors and districts to develop various monitoring and evaluation (M&E) arrangements for regular assessment of progress. This will largely be done through the Policy Planning, Monitoring and Evaluation Divisions (PPMEds) of the sector Ministries, Regional Planning Coordinating Units (RPCUs) and District Planning Coordinating Units (DPCUs).
For effective delivery of the objectives of the Transformation Agenda, Government will ensure that the NDPC which is charged with the responsibility for oversight and coordination of this Programme is strengthened and properly resourced to attain the projected outcomes.

6.2.2 Role of the Ministries, Departments and Agencies (MDAs)

The Ministries, Departments and Agencies (MDAs) are the primary institutions for implementing Government policies, programmes and projects. Sections 1, 10 and 11 of the National Development Planning (System) Act 1994 (Act 480) enjoins MDAs to undertake development planning functions with NDPC, based on national development goals and sectoral development guidelines issued by the NDPC. In this regard, MDAs, through the Policy Planning, Monitoring and Evaluation Departments (PPMEDs), will develop and implement their respective sector medium-term development plan, with a set of approved activities based on the medium-term development policy framework, 2014 – 2017, and the Coordinated Programme, 2014 2020. The PPMEDs will be required to develop and implement an M&E plan, with agreed set of indicators and targets, to monitor progress of work throughout the period. Each MDA is required to use its PPMED to co-ordinate the activities of the institutions under its purview for the purpose of achieving objectives stated in this document. The PPMEDs will co-ordinate their activities with those of other MDAs, and report on these regularly to NDPC and the Policy Delivery Unit of the Office of the President for central coordination.

6.2.3 Role of the Metropolitan, Municipal and District Assemblies (MMDAs)

Under the National Development Planning (System) Act 1994 (Act 480), the districts are the basic planning units of the decentralised planning system, and constitute the administrative and political authority at the local level. Whilst preparation of a national development plan is the responsibility of NDPC, the responsibility for sub-national development planning is vested in the MMDAs operating through their Executive Committees and the District Planning Coordinating Units (DPCU). MMDAs are responsible for the overall development of the District and must ensure the preparation and submission of the development plan and budget for the District to the Government for approval. The monitoring and evaluation of the implementation of the key policies outlined in the Coordinated Programme at the local levels will be the responsibility of the MMDAs, based on agreed set of indicators and targets.

6.2.4 Role of the Private Sector

Ghana has for decades accepted the private sector as the engine of growth. However, significant challenges exist in creating the relevant space for private sector partnership with Government towards the attainment of national development objectives. The preparation of the PPP policy, and the appointment of a Minister of State responsible for Private Sector Development, has created an impetus for engagement with Government in the preparation and implementation of policies. In this regard, the role of the private sector under the Coordinated Programme is to build the relevant capacities to engage Government on development dialogue aimed at strengthening the competitiveness of the private sector for accelerated socio-economic transformation of the
country. The private sector will also be required to develop the appropriate capacities and position itself to partner Government in implementing the key initiatives identified under the Coordinated Programme, especially for those where the private sector has greater capacity, expertise and resources.

6.2.5 Role of Civil Society Organisations

Civil society organisations (CSOs) have become an active partner in the national development efforts. Clearly, CSOs play a crucial role in the development dialogue and the management of the development process. Civil Society Organisations’ role has expanded to include information dissemination on the development process, especially at the community level. In recent times, CSOs have also become direct agents of implementation of development programmes at the community and national levels, for example in the provision of water and sanitation facilities. It is anticipated under this Coordinated Programme that this collaboration between Government, private sector and CSOs will continue to be robust to support the demands on resources at all levels towards the attainment of the national vision.

6.3 MONITORING PROGRESS TOWARDS IMPLEMENTATION

Monitoring and Evaluation (M&E) has served as an essential management tool in policy, programme, and project implementation, and has provided the necessary incentive for the pursuit of policy, programme and project effectiveness, as well as ensuring accountability, responsiveness and transparency in the allocation of resources. Monitoring progress of implementation of policies and programme, and evaluating their overall outcome have been integral part of the national development planning process.

The current arrangement for monitoring and evaluating the implementation of Government’s policies and programmes entails monitoring and evaluation at the national, sector and district levels. It involves the assessment of the performance of agreed sets of indicators and targets on an annual basis, and undertaking evaluation of the impact of selected interventions on regular basis. The key institutions involved in monitoring the evaluation of Government policies are the Policy Delivery Unit of the Office of the President, NDPC at the national level, PPMEDs of MDAs at the sector level, and District Planning Coordinating Units (DPCUs) of the MMDAs at the district level.

Over the period of implementation of this Coordinated Programme, the existing institutional arrangements and processes will be strengthened to make them more effective in providing feedback on the implementation of the policy and programme interventions outlined in the Coordinated Programme on a timely basis. The output of the M&E process will be used to inform the national development planning process; support sector policy and programme design; inform the budget allocation process; enhance transparency and accountability in the management of national resources; encourage continuous improvement in public policy management; and direct the continuing policy dialogue within Government on national priorities. It will also inform the ongoing policy dialogue with other non-state actors like CSOs, as well as the Development Partners (DPs).