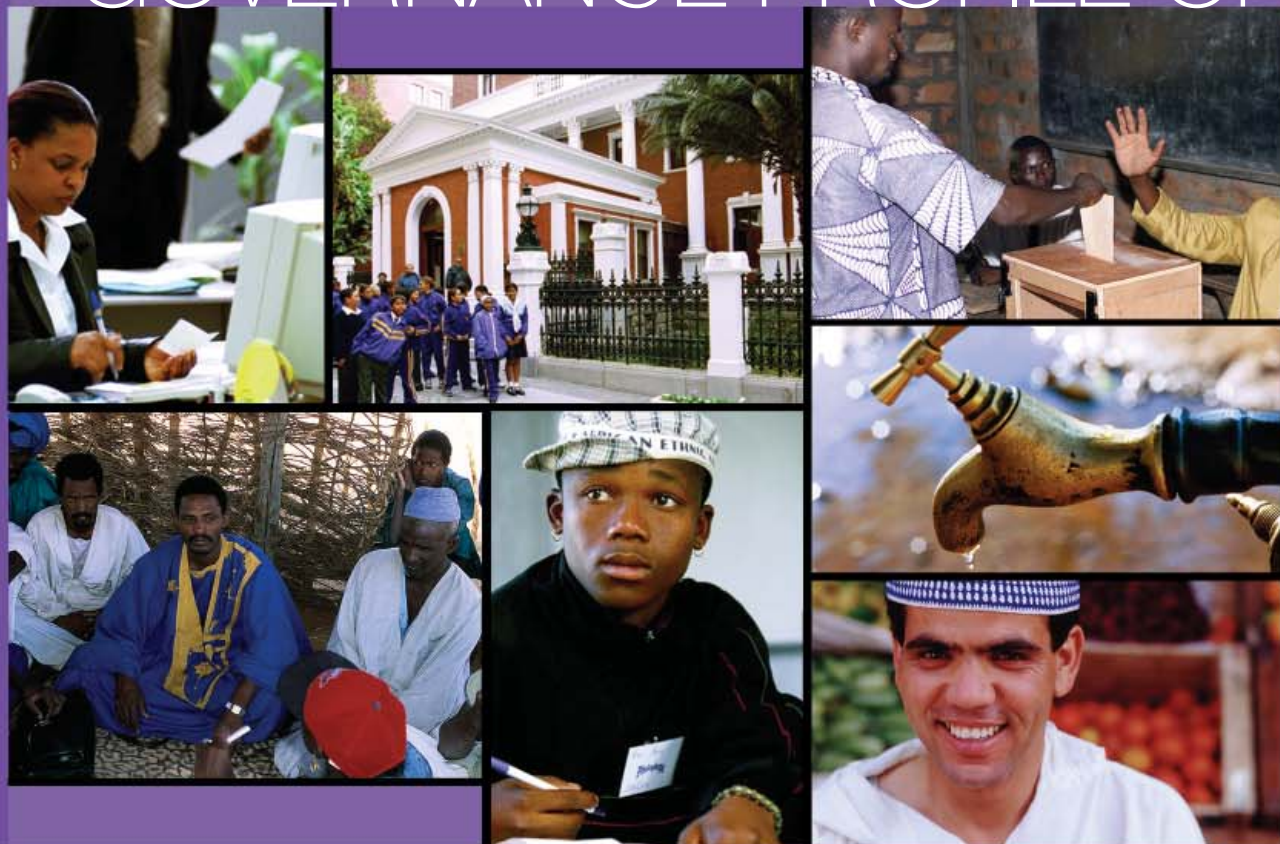




Economic Commission for Africa

GOVERNANCE PROFILE OF



GHANA

MEASURING AND MONITORING PROGRESS
TOWARDS GOOD GOVERNANCE IN AFRICA

West Africa



Economic Commission for Africa

ECA/DPMD/TP/04/01

GOVERNANCE PROFILE OF **GHANA**

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Development Policy Management Division

September 2004

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Preface: Overview of Project Methodology

This profile is excerpted from the June 2003 “National Country Report” on governance in Ghana contracted by the United Nations Economic Commission for Africa (ECA) to the Centre for Democratic Development (CDD-Ghana) as part of a large-scale project on “Measuring and Monitoring Progress towards Good Governance in Africa” involving 28 African countries. The National Country Report covers the year 2002 during which the household survey and Expert Panel study were conducted and the data analyzed by the authors. All information and data presented in this profile is extracted directly from the report unless otherwise indicated.

The project was conducted with a view to apply objective criteria for measuring and monitoring good governance in Africa, and, in the long run, to assist member countries in developing, sustaining and internalizing the norms of good governance within the public and private realms. To achieve these objectives three separate research instruments were designed and applied in each project country. The first used an Expert Panel to collect data on the perceptions of governance from a group of national experts providing knowledge-based responses to a total of 83 indicators pertinent to the structure, capacity and operation of all governance actors; the second instrument consisted of a national household survey collecting data on public perceptions regarding the accessibility, adequacy and quality of services; and, finally, desk research was conducted on the laws, rules, procedures, capacities and governance practices in the project country.

In order to standardize the calibre of the Expert Panel members across the project countries, and in view of the demanding nature of the expected outcomes in terms of optimizing the reliability, accuracy, and stability of the responses, the composition of the Expert Panel was carefully defined to ensure a fair representation of all stakeholders, whilst stringent quality control was applied to ensure the consistency and reliability of the responses. In order to obtain a balanced representation, the panel members, usually totalling around 100 national experts, were selected on the basis of a number of characteristics, including age, social status, education/field of training and occupation, level of interest in national affairs, political party membership, citizenship, as well as ethnic, gender, religious, and regional representation.

In the case of Ghana, the Expert Panel was composed of 100 individuals representing leading personalities at national and regional level and active in the fields of politics, academia and business.

For all countries, the nation-wide sample surveys of households, on the other hand, were carried out by the collaborating research institutions in close co-operation with the National Statistical Office in each project country. Using the household as the ultimate sampling unit, and covering the entire population of households in the country, the study populations were suitably stratified using administrative regions and levels of urbanization, whilst parameter estimates would exclusively relate to the entire nation.

Finally, desk-based research gathering factual data and information on the prevailing political, social and economic conditions of the country was conducted by the collaborating research institutions to complement the perceptions obtained from the national experts and the general population.

Political and Socio-economic Background (1990-2002)

Major political developments since 1990

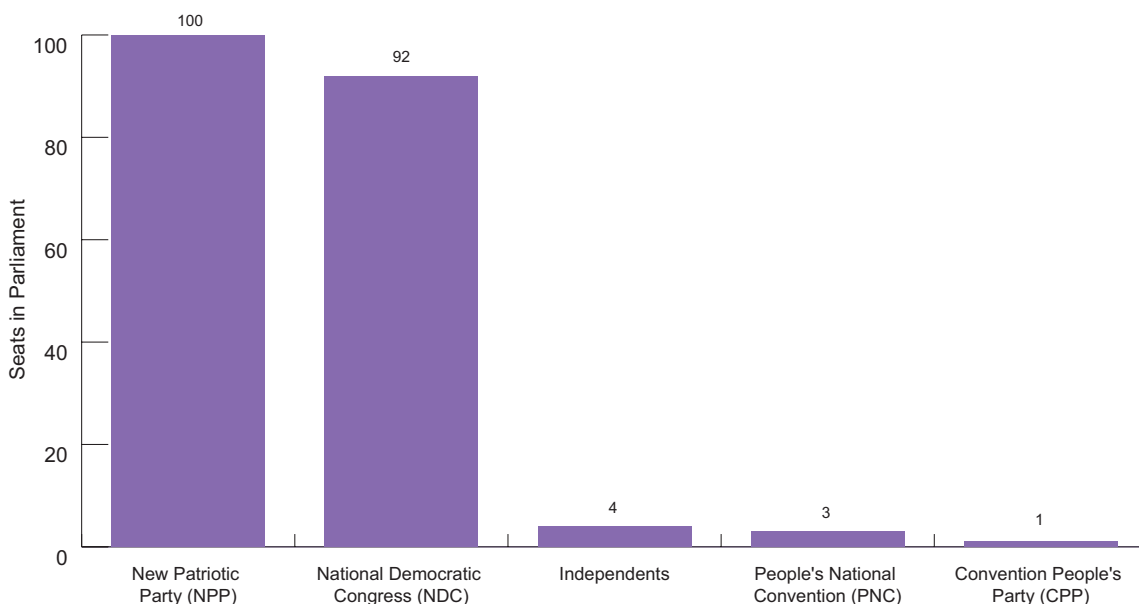
Despite many incidents of political turmoil, Ghana underwent significant liberalization in the period 1993-2000. Past political and constitutional difficulties, in particular the repetitive military coups and following dictatorships, informed the 1992 Constitution that ushered in the Fourth Republic as it laid the foundation for stability and the promotion of good governance and also gave hope for a sustainable political and economic system.

The Presidential election of 1992 proved controversial enough to lead the main opposition party to boycott the subsequent Parliamentary elections. However, the electoral system began to improve to allow more credible elections to be held in 1996; a further improved electoral system and greater elite consensus contributed to even more successful elections in December 2000 when Ghanaians voted for peaceful political change, replacing one democratically elected government with another.

The current Government has promised to build upon and deepen the democratic system put in place under the previous National Democratic Congress (NDC) administration. This promise was partly fulfilled when the new Government appointed ministers from the opposition parties as a way of promoting inclusiveness. The establishment of the National Reconciliation Commission is another initiative that gives expression to the regime's drive to unify the country. Similarly, by opening up the military barracks to civilians and helping to break mutual suspicions, the current administration has been improving civil-military relations and fostering national unity.

The current administration led by President Kufuor and his New Patriotic Party (NPP) assumed power in January 2001, following victory in the December 2000 elections (Figure 1).

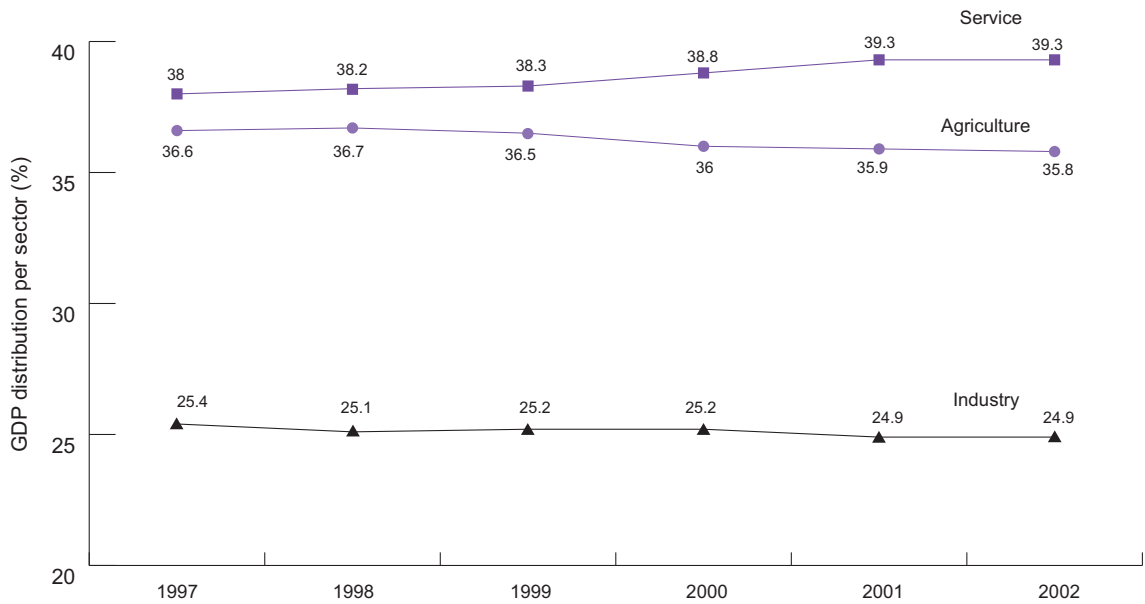
Figure 1. Parliamentary seat distribution following the elections of December 2000



Economic developments

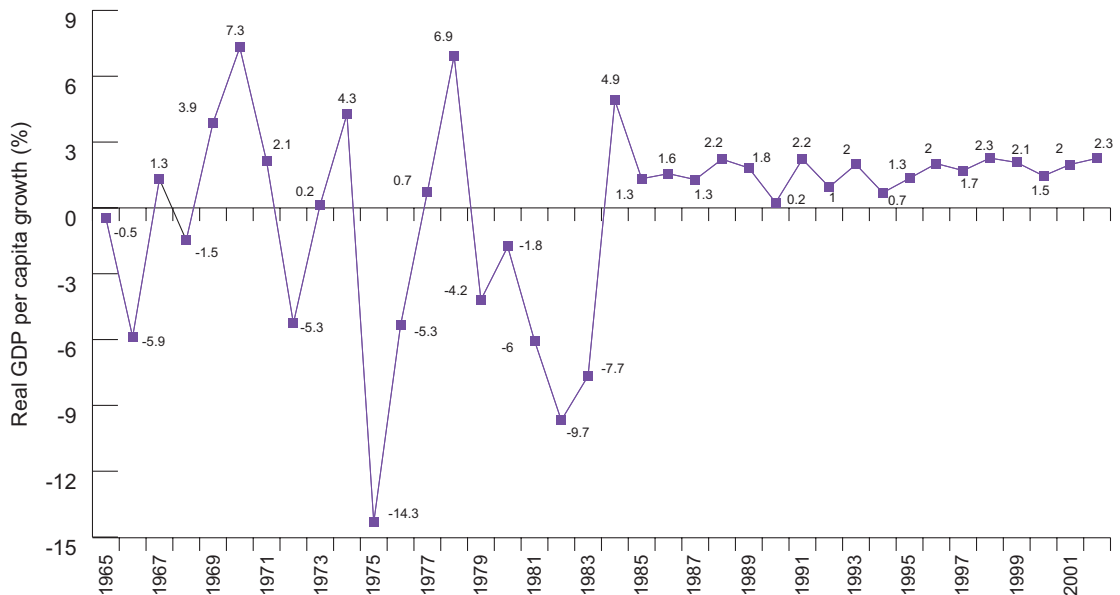
The structure of GDP has not changed significantly in recent years, with a slow shift towards the services sector resulting mainly from increased activities in the wholesale, retail, restaurant and hotel sectors (Figure 2).

Figure 2. Sectoral distribution of GDP, 1997-2002



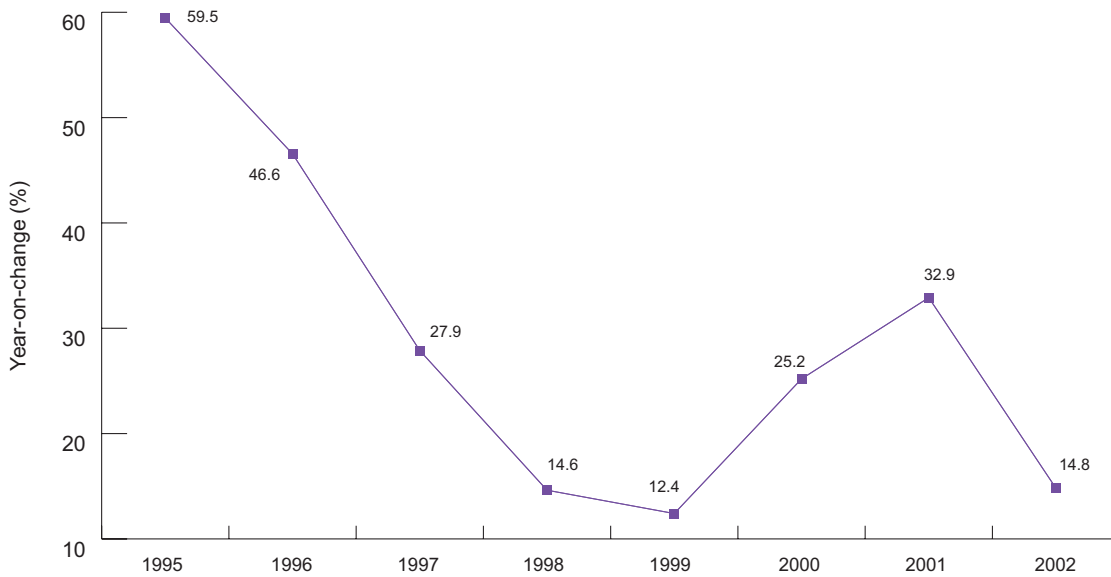
Despite improved macroeconomic management, economic growth only picked up marginally from the relatively slow rates observed over the last 15 years or so (Figure 3).

Figure 3. Real GDP per capita growth rates, 1965-2001



The cornerstone of the Government's economic vision is the declared objective to create a "Golden Age of Business". In practical terms, programmes for macroeconomic stabilization, promotion of the private sector and better public financial management were initiated and followed by some notable success in the economy, with inflation gradually getting under control (Figure 4), interest rates keeping their downward trend and a fiscal deficit slowly declining from a 20-year high of 8.5% in 2000.

Figure 4. Consumer Price Index, percentage change, 1995-2002



The challenges of economic development still remain daunting. Real growth rates remain low, key social services, such as education and health, are faced with a crisis of funding, whilst poverty levels, unemployment rates as well as internal and external debt levels remain high. The Ghana Poverty Reduction Strategy (GPRS) was adopted by the Government to reduce poverty levels and now serves as the basis for assistance programmes with the on or community. The annual National Economic Forum and the President's Ghana Investment Advisory Council meetings facilitate regular, broad-based consultations with economic actors and stakeholders. Furthermore, three Special Presidential Initiatives have been introduced in the areas of garment manufacturing, commercial starch production and palm oil production in efforts to provide employment in rural areas, and also to diversify the economy.

Social developments

There is a long-standing policy of free, compulsory, universal basic education in Ghana, an initiative launched in 1995 and aiming to reach 100% primary school enrolment by 2005. However, recent statistics indicated that there is a growing number of children who are not attending school because of poverty and parental negligence. The problem is more acute in the northern regions where about 30% of school-age children are not enrolled. Years of neglect of the educational sector has also led to infrastructure decay and poor working conditions for teachers resulting in a shortage of qualified teachers, particularly in the rural areas.

The main objectives of Ghana's health sector policy are to promote equity and quality health, with a special focus on reducing geographical disparities and addressing diseases that affect the poor most; enhance efficiency in service delivery; and ensure sustainable financing arrangements that protect the poor. Though expenditures as a proportion of GDP, at 1.8%, are low, the key health indicators, such as life expectancy, infant and adult mortality rates, and children immunization rates are much higher than the average for sub-Saharan Africa. For instance, the maternal mortality rate is 210 per 100,000 live births compared with 530 or above for most of the countries in the sub-region.

The Government has also introduced a "National Health Insurance Scheme" (NHIS) on a pilot basis in about 40 districts, which is expected to become nationwide within two years (Box 1).

Box 1. The National Health Insurance Scheme

To address the problems of the prohibitive cost of health care and to make healthcare generally more accessible, the government has decided to replace the “cash and carry” system by a “national health insurance scheme” introduced in August 2003. The scheme facilitates the establishment of district health insurance schemes that may be private or mutual in character, and it is now compulsory for all Ghanaians to join one of these schemes. The NHIS is mainly to be funded by an increase in value-added tax (VAT) and contributions from the public sector workers’ pension fund scheme until the end of 2004, when it is envisaged that the member premiums paid will make the programmes self financing.

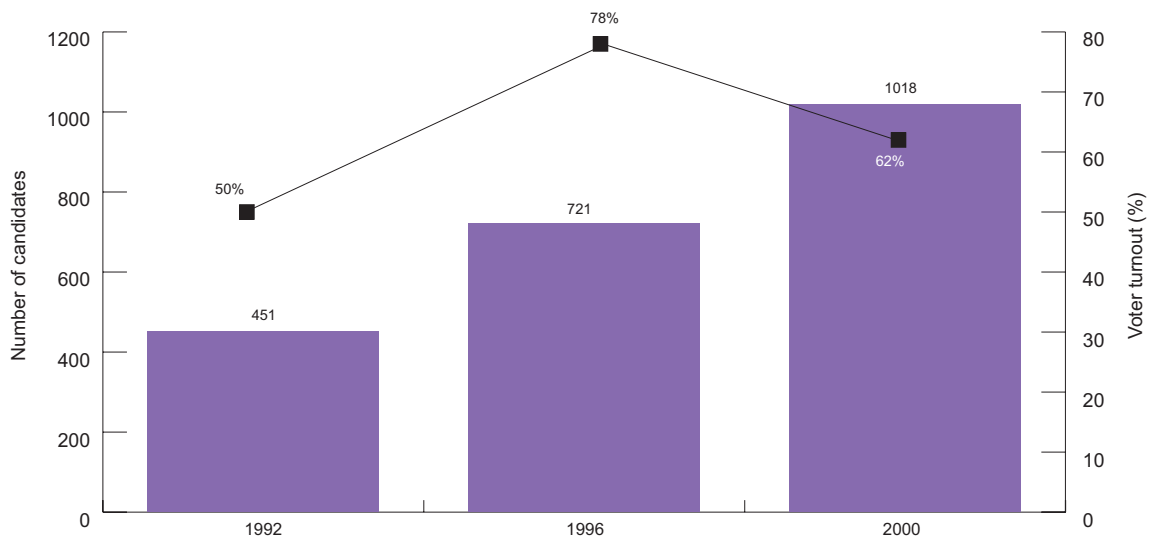
Political Representation

Legitimacy of the political framework

The past political chaos has given way to new political actors who are demonstrating a higher level of tolerance, co-operation and consensus building in the formulation and implementation of policies. Following the controversy of the 1992 election, for instance, the formation of the Inter-Party Advisory Committee has facilitated consensus among the political parties over issues of electoral conduct.

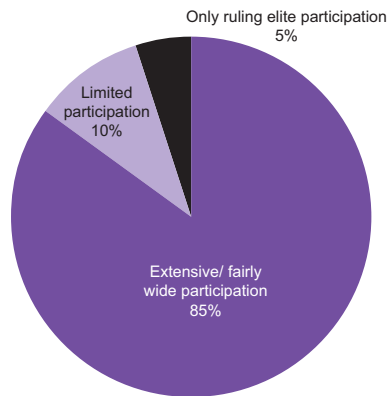
The 1992 Constitution provides for the basic framework for competitive elections to the National Legislature, the Executive, and the District Assembly, the lowest unit of representative government in Ghana. The Fourth Republic fostered a more pluralistic and competitive multi-party democracy. Three general elections have been conducted during this period (in 1992, 1996 and 2000), with each election leading to improved party representation and participation as well as high levels of citizen participation (Figure 5).

Figure 5. Number of parliamentary candidates and voter turnout at the three general elections



The voting and electoral processes have gained greater transparency and credibility and there has been steady enhancement of mechanisms for popular participation, as reflected in the opinions of the Expert Panel (Figure 6). In addition to having the right to vote, Ghanaians of 18 years or above also enjoy the right to form political associations and work in political campaigns.

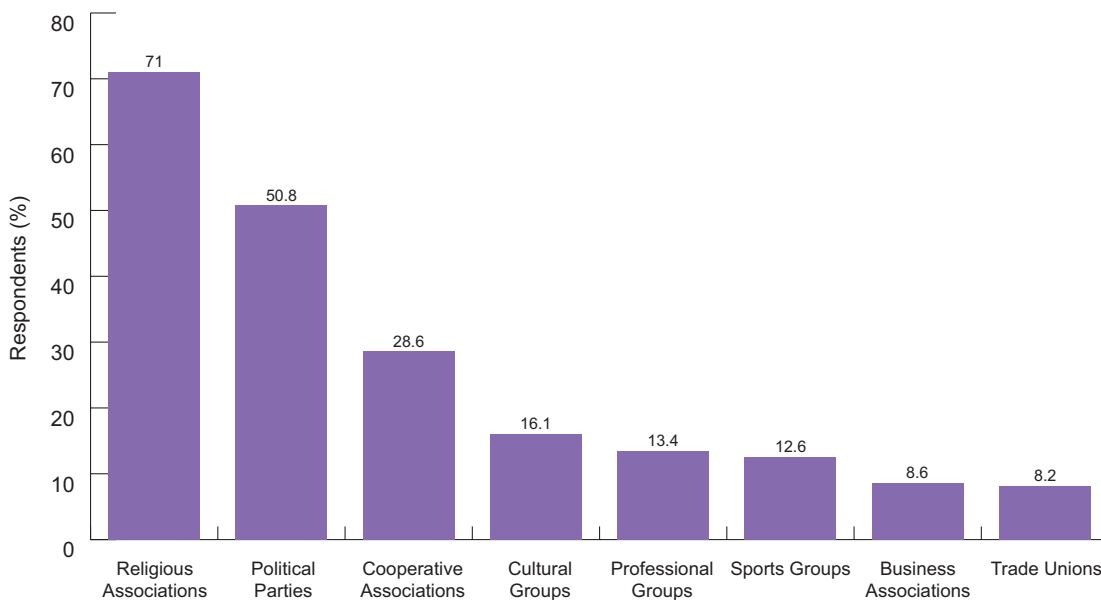
Figure 6. Expert Panel opinion on public participation in political decision-making



However, while ethnic and regional balance at the highest levels of government is encouraged by the Constitution (particularly in the appointment of ministers and Executive institutions), inclusion of women and other minorities such as the disabled is as yet non-existent.

The representation of women particularly the Executive, the Legislature, and the Judiciary is scanty, despite a vigorous national campaign over the years to create gender sensitivity and awareness (Figure 7). Women face difficulties in participating in executive politics. The current Parliament has only 18 female members and there are only 4 female ministers in the NPP administration, one of them being the Minister for Primary and Girl’s Education with a mandate to end the gender gap in education.

Figure 7. Women in public life and decision-making positions, 2000



Women’s engagement in local governance has, however, improved significantly with the 2002 district assembly elections where gender-advocacy civil society organizations campaigned vigorously for the election of more women to the assemblies. Furthermore, the Government’s decision to grant 50% of its assembly appointees to women has helped to increase their participation at the local level.

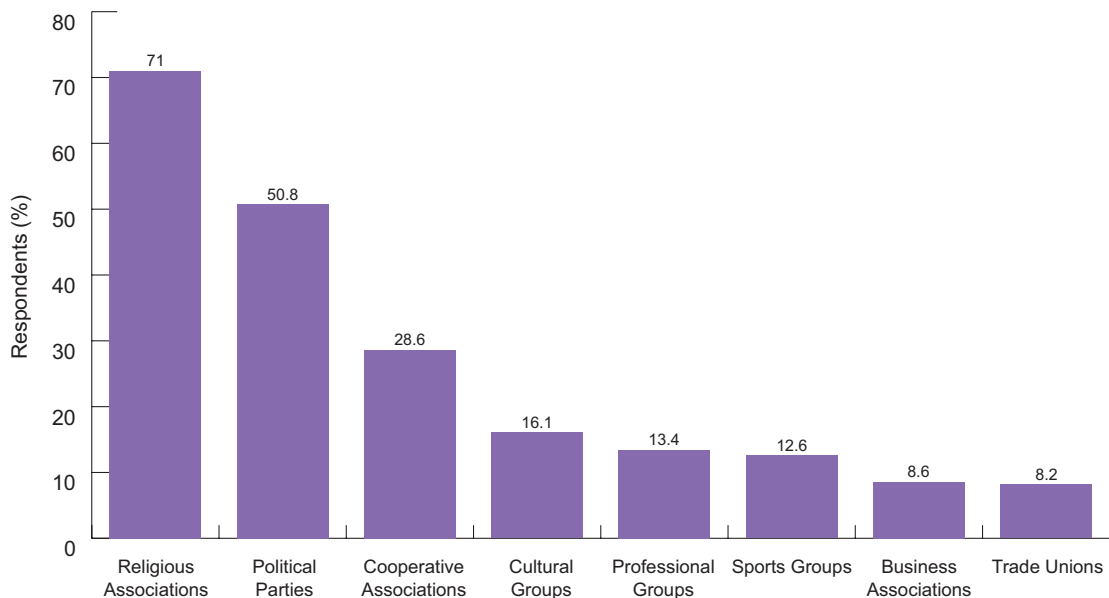
Political parties

The Constitution and the Political Parties Act of 2000 establish the framework governing political party formation, activities and resources. To register, a party must produce a constitution, names and addresses of its national officers and a description of the party symbols. In a deliberate effort to promote national unity, parties may not be created on the basis of ethnic, religious, regional, professional or sectional criteria.

Political parties have manifested growing strength over the past three election periods. There were seven contesting political parties in 1992 and eight in both 1996 and 2000. The growing dynamism of political party politics was evident in the capacity of the two largest parties, the NDC and the NPP, to build cross-party alliances and field an increasing number of candidates.

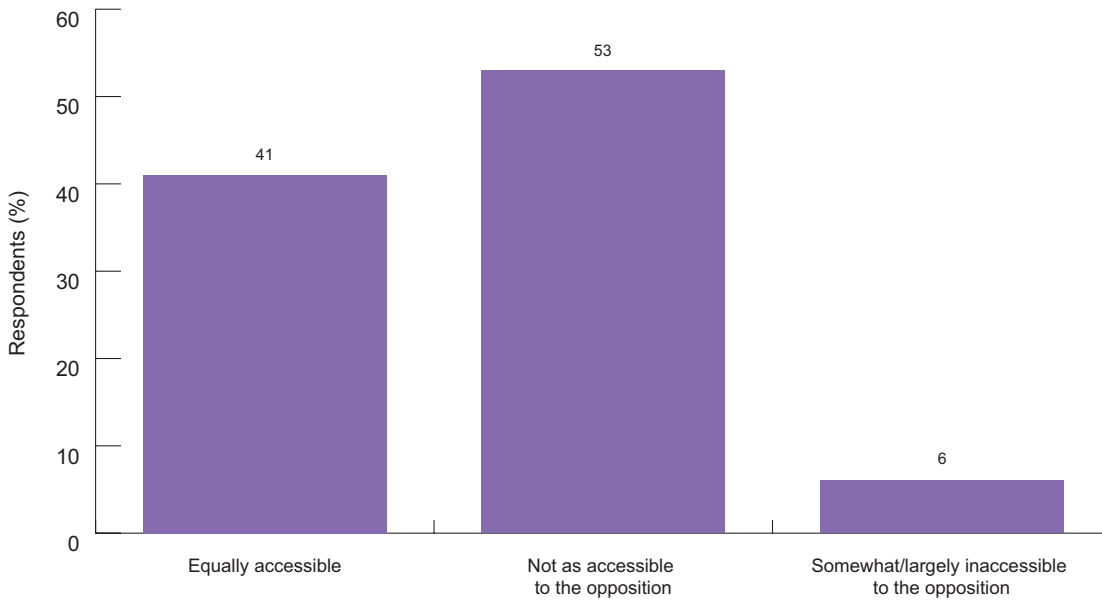
The Ghanaian population also proves to be politically very active as 96% of the national household survey respondents affirmed that they participate in national decision-making through voting. The survey results further revealed that political parties were the second most common form of association after religious associations (Figure 8).

Figure 8. Association membership among individual households surveyed



Parties have equal access to resources, such as donations from individuals, groups and companies that are fully or partly owned by Ghanaians. They also receive some support from the Government in the form of vehicles. At the same time, organizing political parties, launching a nationwide campaign and running for elections are expensive undertakings that are perceived to be the preserve of those with access to resources (Figure 9).

Figure 9. Expert Panel opinion on political party access to media and other public resources



This is widely seen as a source of inequity in the electoral system that tends to favour incumbent parties and disadvantages opposition parties. It is widely believed that ruling parties exploit their access to state resources to secure partisan political advantage. Indeed, the registering of large fiscal deficits in past election years is linked to vote buying by incumbent governments trying to retain power by exploiting what Ghanaians euphemistically call the ‘incumbency advantage’.

Similarly, the Centre for Democratic Development (CDD-Ghana) conducted a survey revealing that there were gross inequalities in the media coverage of the 2000 elections, despite constitutional provisions to the contrary. Thus, 45% of all political stories in the state-owned newspapers focused on the then ruling NDC and 27% on the NPP, whilst the other seven minor parties received significantly less coverage. Similarly, 51% of the political coverage by the state-owned television station focused on the NDC and 91% of the coverage was favourable.

Legitimacy of the electoral process

Much has been done to streamline and refine election administration as well as the laws and procedures governing elections in Ghana since the return to democratic rule in 1992. This is largely reflected in the views of the Expert Panel (Figures 10a, 10b) assessing the electoral system as anchored in the electoral law with the independent, legitimate Electoral Commission, which is largely so impartial and transparent in its activities.

Figure 10a. Expert Panel opinion on the credibility of the electoral law

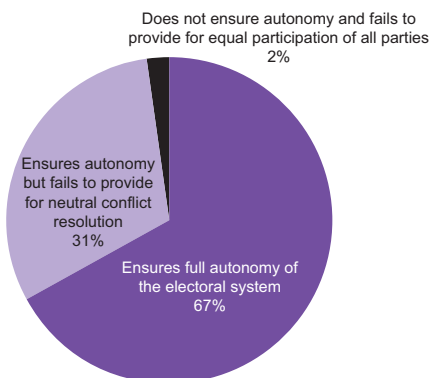
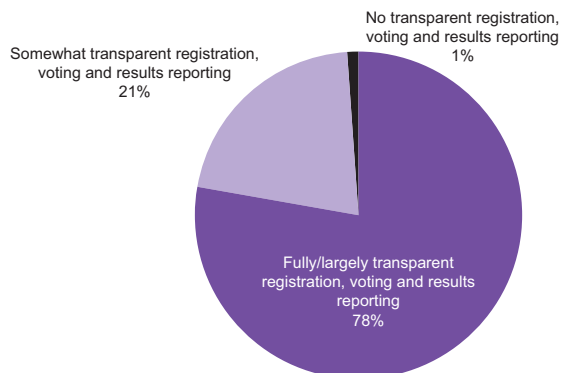


Figure 10b. Expert Panel opinion on election transparency



At the same time, the Country Report points to a number of weaknesses in the electoral system where there is still some room for improvement. They include inaccurate voter registers, weak capacity of the Electoral Commission in terms of enforcing political party accountability, implementing effective mechanisms to challenge election results and taking effective legal action against violations of the electoral laws.

In view of the weaknesses of the system for monitoring and complying with electoral laws, violations are rarely investigated by the Electoral Commission or other relevant authorities. Thus, public officials and traditional chiefs who, by law, are prohibited from canvassing public support for or against a political party have in fact directly or indirectly participated in campaigns, whilst several parties have failed to declare their assets and file financial returns after elections as stipulated in the Political Parties Act.

The weaknesses of the Electoral Commission are likely to have multiple origins, but some observers have tended to blame certain provisions of the Electoral Law itself, such as the appointment of Electoral Commission members by the President (albeit on the advice of the Council of State and with approval by the Parliament). The Commission's lack of autonomous financial means and dependence on a consolidated fund and donor contributions may also have limited its independence.

Economic Management and Corporate Governance

Enabling policy environment and regulatory framework

The performance of the Ghanaian economy in the 1970s and early 1980s was characterized by declining output in key sectors, persistently high inflation rates, balance-of-payment difficulties, large government budgetary deficits and excess liquidity. Apart from the package of policies aimed at stabilizing the economy and promoting growth – the Economic Recovery Programme and later the Structural Adjustment Programme – the new administration of President Kufuor and the NPP has declared commitment to stabilize the national economy and create an enabling environment for private sector growth.

Sectoral policies, strategies and action plans have been tailored towards the achievement of this broad national objective. The Ministry for Private Sector Development, for instance, has as its mission the creation of “Golden Age of Business” by facilitating the development and growth of competitive and vibrant private sector through the coordination of sectoral efforts, the promotion of positive attitudes towards private enterprise, fostering an enabling environment for enterprise development, and ensuring the elimination of bureaucratic restrictions and impediments. Implementation, however, remains a problem that hampers the growth of the economy.

Box 2. A new strategy to attract FDI

“The king of the Ashanti, also known as the Asantehene, who has been a ceremonial figure focusing on local and traditional affairs, is acquiring a new role in domestic politics as an envoy who will try and attract foreign investment into Ghana. He has undertaken several foreign trips to talk to businessmen about investment opportunities in the country, particularly in the Ashanti lands.”

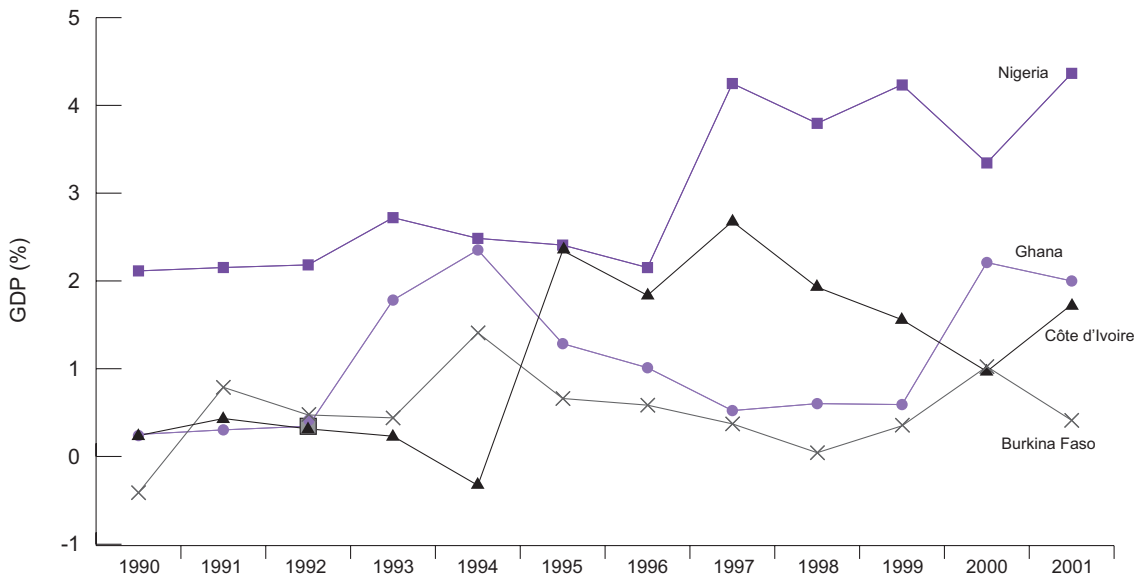
Source: Economic Intelligence Unite, Country Profile 2003

Policies towards the promotion of local and foreign investment include duty-free zone enclaves that offer generous incentives to investors and other policies to attract investment such as tax holidays for companies and 8% corporate tax on non-traditional export incomes.

As part of its policy to reduce reliance on donor resource inflows, the Government has intensified efforts to attract foreign direct investment (FDI) into the country (Figure 11). According to

the Ghana Investment Centre, however, registered FDI declined from US\$637 million in 1997 to \$234 million in 1999, and further to \$180 million in 2001. The major sources of FDI are the United Kingdom, India, China, the United States and Germany. Other sources include Nigeria, South Africa and Malaysia. Out of the total FDI of about \$1.7 billion registered between 1994 and 2002, 60% went into manufacturing and services.

Figure 11. Foreign direct investment as a percentage of GDP, selected countries, 1990-2001



Source: World Bank Africa Database, 2003

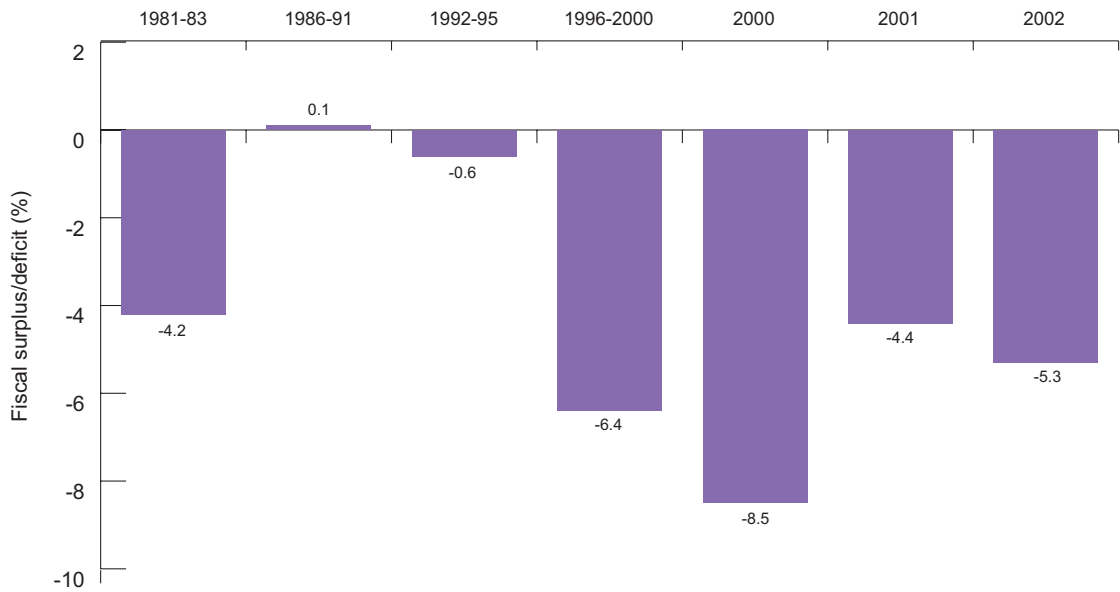
However, the extensive governance reforms undertaken in Ghana have tended to focus on political issues, while economic and corporate governance has received only sporadic attention. The Companies Code, for instance, dates from 1963 and urgently needs revision as well as enforcement of its provisions to prevent many companies from continuing to operate like sole proprietorships.

Furthermore, although the Government has been undertaking major efforts in providing support to micro-, small- and medium-scale enterprises at both the local and national levels, little has been achieved in this direction since the banks are unable to provide the required levels of financial support to the enterprises.

Public financial management and accountability

Public financial management is a key area of concern in Ghana. Weak control and audit systems have led to rising budget deficits, high nominal interest rates and crowding out of the private sector. The NPP administration has been making stern efforts to inject some degree of discipline in the country's budgetary system, to check protracted budget deficits. There have been some positive developments, including decreasing inflation after peaking in 2000/01 and the budget deficit, which was reduced from 8.5% of GDP in 2000 to 4.4% of GDP in 2001, but rising again to 5.3% in 2003 (Figure 12).

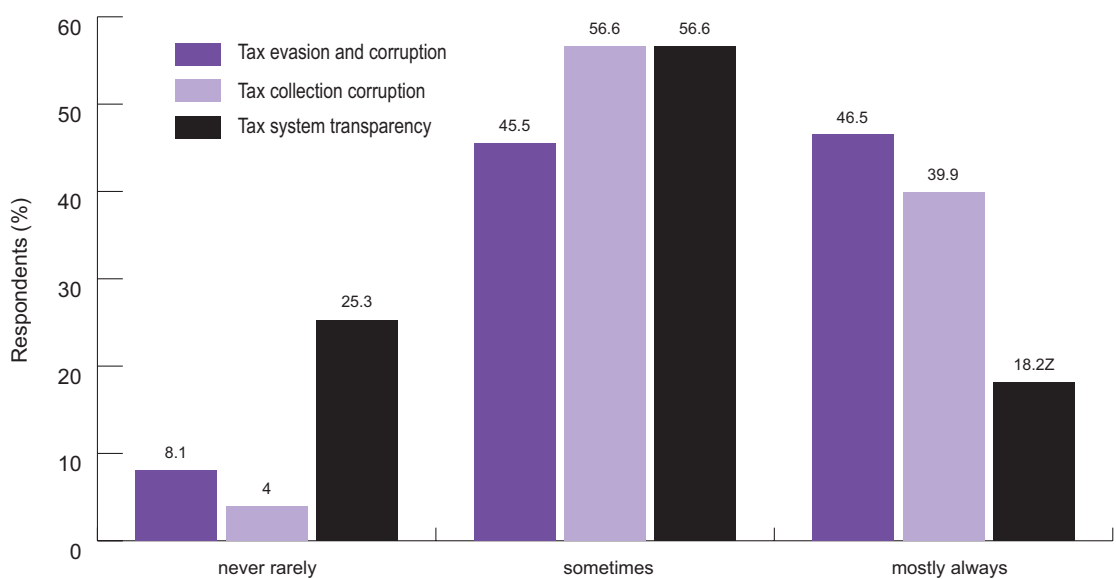
Figure 12. Average fiscal deficit/surplus as a percentage of GDP, 1981-2002



The tax collection system is another major source of weak financial management. The system is characterized by problems, including tax evasion, corruption and abuse, misapplication of exemption laws, political interference from the Executive, and low levels of capacity among tax collection agencies, such as the Internal Revenue Service (IRS) and the Customs, Excise, and Preventive Services (CEPS).

These agencies have been affected by high levels of corruption. The CEPS in particular, has been identified as the most corrupt public service agency in a survey conducted by the CDD-Ghana in 2000. This overall perception was confirmed by the opinion of the Expert Panel regarding the transparency and corruption levels in the tax system (Figure 13).

Figure 13. Expert Panel opinion on Ghana's tax collection system

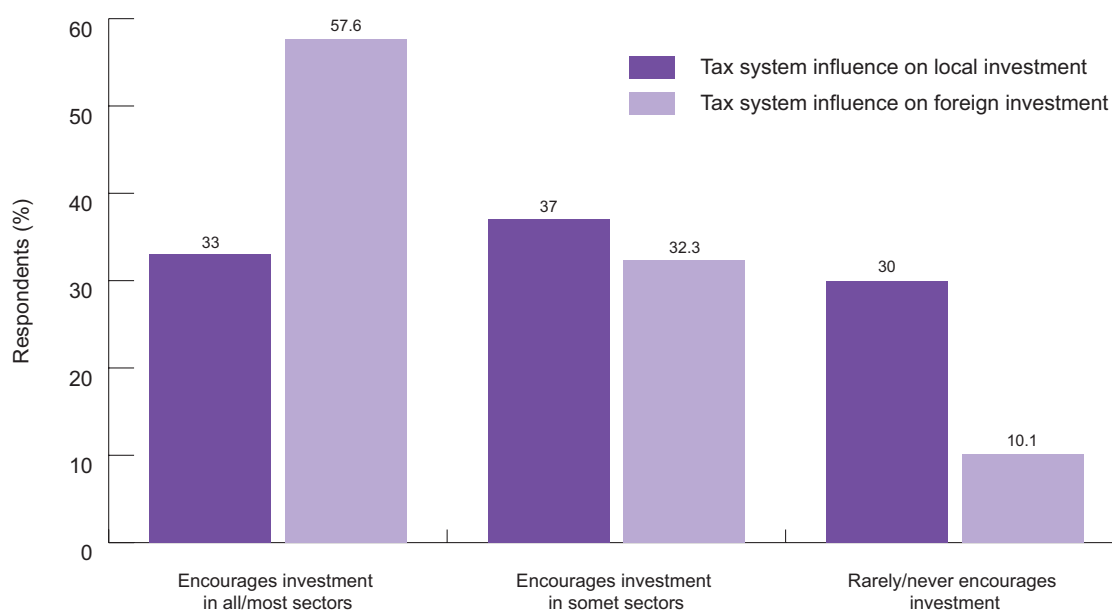


Acute shortfalls in annual revenue collection coupled with rising debt stocks were the leading factors compelling the Government to enter into the enhanced Highly Indebted Poor Countries (HIPC) initiative in February 2001. The Government has also initiated a number of reforms in revenue collection and administration, which were strengthened the National Tax Audit Team and the appointment of a head of the Revenue Agencies Governing Board. All this should en-

hance co-ordination among the separate agencies.

With regard to business development, there are concerns over equity in the tax regime. There is a perception that corporate taxes favour larger companies and foreign investors and that the tax system encourages local investment in only a few sectors, though a third of the experts viewed it as encouraging most sectors (Figure 14).

Figure 14. Expert Panel opinion on the tax system influence on local and foreign investment



Integrity of monetary and financial systems

The statutory instrument that established the Bank of Ghana appears to provide inadequate independence for the Bank to pursue its goal of “sound monetary and financial policies aimed at price stability so as to create an enabling macro-economic environment for the promotion of sustainable economic growth”.

A number of mechanisms have been put in place to improve the Bank’s independence and performance. Hence, the Bank of Ghana Act establishing the independence of the Central Bank was established in 2002. It also established the Monetary Policy Committee to help the Bank design appropriate policies to maintain macroeconomic stability and mobilize savings for national development.

Other key initiatives include narrowing the Central Bank’s macro-economic objective and make it more focused; making it accountable in its operations so as to achieve monetary credibility; and setting an appropriate limit on its financing of government’s budgets.

The proliferation of new banks and non-bank financial institutions has introduced competition in the financial sector in general and the banking sub-sector in particular. Thus, banks have introduced new products that have contributed to the delivery of improved services, Government-controlled banks have been established to provide support to specific sectors of the economy. However, much inefficiency remains in the banking sector, and regulatory policies need to be introduced to improve the monitoring of the sector.

Private sector development and corporate governance

In 2000, the Government created the separate Ministry of Private Sector Development with a mandate to facilitate the growth of the private sector in both the formal and informal sectors of the economy. Also the Export Development and Investment Fund (EDIF) has been designed to

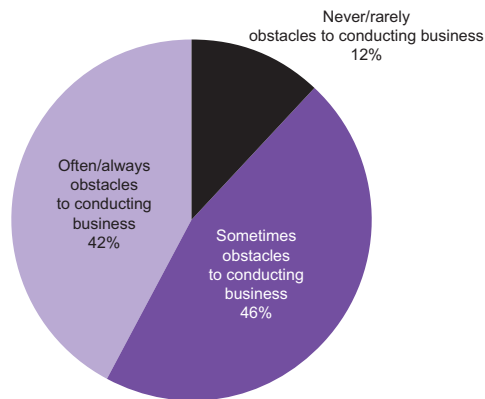
support the private sector.

Even though these necessary structures have been put in place, private investors still point to several bottlenecks in the macro- and micro-policies that negatively affect business, including tight controls and unreliable utility services, especially electricity.

The inability of investors to present formal assets as collateral and guarantors and their general ignorance in loan acquisition procedures are further problems. Farmers, small and informal businesses, and women in particular are experiencing difficulties in accessing loans, which is a reflection of the generally risk-averse nature of the banks operating in Ghana.

Further problems in enhancing the role of the private sector include the general lack of technical capacity, knowledge, storage facilities and the existence of market rigidities. These are all captured in the comprehensive Private Sector Ministry's mission statement, drawing the attention of all stakeholders to solving these problems. Finally, the Expert Panel identified crime as a major obstacle to conducting business (Figure 15).

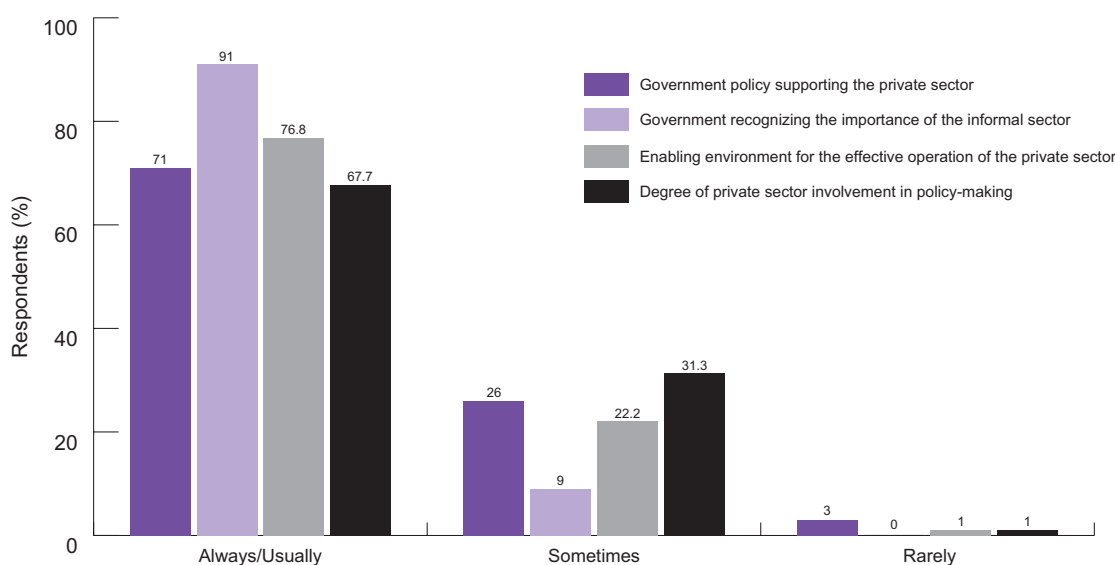
Figure 15. Expert Panel opinion on the effect of crime and insecurity on conducting business



The Companies Code of 1963 is the legal regime governing corporate entities in Ghana. However, enforcement of the provisions of the code has been relatively weak, thereby leaving deficient corporate governance practices in Ghana. Among the many problems are weak and incompetent governing boards, weak parliamentary, ministerial and public oversight, excessive presidential and other kinds of political interference in the running of public boards, and the absence of a director's liability law.

Despite these setbacks, the Expert Panel has rated the overall government support lent to the private sector as relatively high, in particular with regards to its recognition of the importance of the informal sector in the economy and encouraging its development towards the formal sector (Figure 16).

Figure 16. Expert Panel opinion on the development of the private sector



Accounting and auditing systems

The Auditor General's department auditor performs auditing of ministries, departments, agencies and all other public establishments. The reports are then submitted to Parliament (specifically the Public Accounts Committee) for review and recommendations. Where there is evidence of fraud or corruption, the relevant section of the report is sent to the Attorney General's department for prosecution.

Accounting and auditing practices in Ghana is based on the standards established by the Chartered Accountants of Ghana, which is in conformity with internationally accepted accounting and auditing practices. However, these controls are not rigorously practiced by the ministries, departments and agencies. Furthermore, the Auditor General's office is plagued by constraints, including inadequate staff and resources and lack of clearly established and efficient mechanisms for monitoring financial activities.

Box 3. Public Financial Management needs strengthening

A major problem hindering effective economic performance in the last decade has been poor management of public finances. Public financial management has been characterized by lack of timely, accurate and up-to-date information on budget allocations, commitments and actual expenditures, undermining an efficient allocation of scarce resources, as there has been no easy means for monitoring and evaluating the impacts of public investments. The situation has also contributed to lack of control of expenditures by the numerous ministries. In 2000, for example, the Controller and Accountant-General's Department failed to capture expenditures equivalent to about 6.6% of GDP.

Source: ECA, Economic Report for Africa 2003

Several attempts to improve the situation have had little impact, largely because of lack of political commitment or capacity to implement. In 1995, the Public Financial Management Reform Programme was initiated by the Ministry of Finance, and subsequently, a number of related processes such as the integrated payroll and personnel database, the Medium-Term Expenditure Framework (MTEF), and the Budget and Public Expenditure Management System, were also established.

At the end of 2002, however, the Government was still trying to grapple with the same problems including inaccurate data, lack of reconciliation between fiscal and banking data, weak internal audit systems and lack of coordination between the ministries and agencies and the Controller and Accountant General's department.

Institutional Effectiveness and Accountability

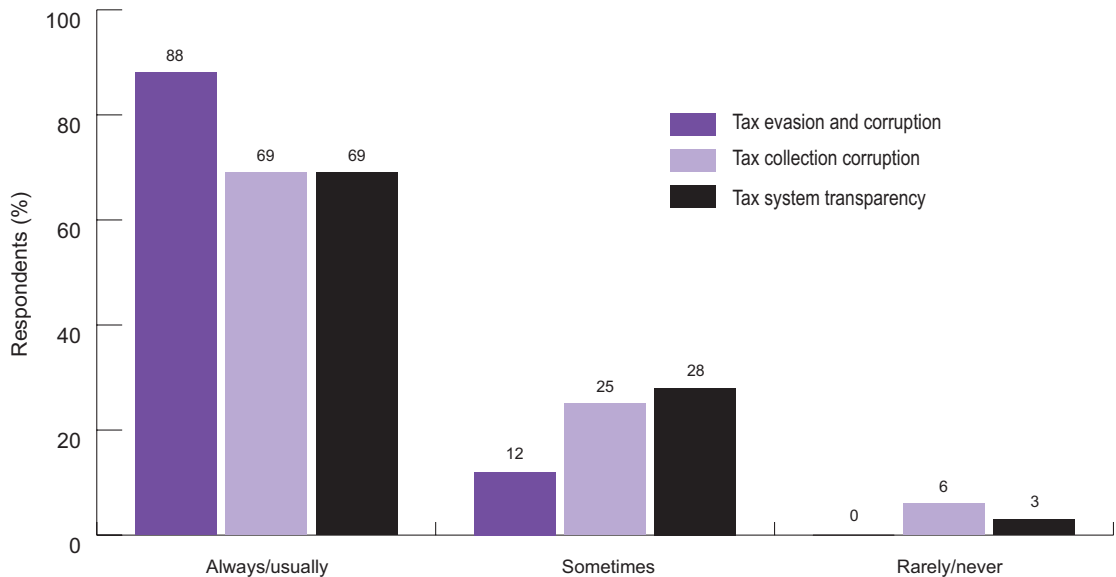
The Constitution and checks and balances

The independence of the core institutions of governance, i.e. the Executive, Legislature and Judiciary branches, and the principle of “checks and balances” are enshrined in the Constitution, although in practice, a certain degree of executive supremacy prevails. From the responses of the Expert Panel, however, no less than 97% of the panel members agree that the Constitution, in principle, fosters full or significant inter-branch checks and balances.

The Legislature

Since the promulgation of the 1992 Constitution, there have been three Parliaments exercising the legislative functions. A significant majority (82%) of the Expert Panel survey respondents assess the Parliament as independent from subordination to external agencies on most areas of legislation. An even larger majority evaluated Parliament as “effective” in legislating and debating issues of national importance (Figure 17).

Figure 17. Expert Panel opinion on legislative effectiveness for legislating and debating on issues of national importance



On the whole, the evaluation of the Parliament’s activities is positive, as the Parliament of the Fourth Republic has indeed frequently been lauded for having passed numerous landmark bills, proposing amendments, enacting key legislation and ratifying international loans and agreements in line with the deadlines imposed by the 1992 Constitution.

However, the household survey indicated that some 54% of the general population thinks that the performance of Parliament is very poor, poor or at best only fair. Yet, this represents an improvement over a survey conducted in 1999 by the CDD-Ghana, where 63% of the respondents gave poor ratings to the Parliament in terms of looking after the public’s interests.

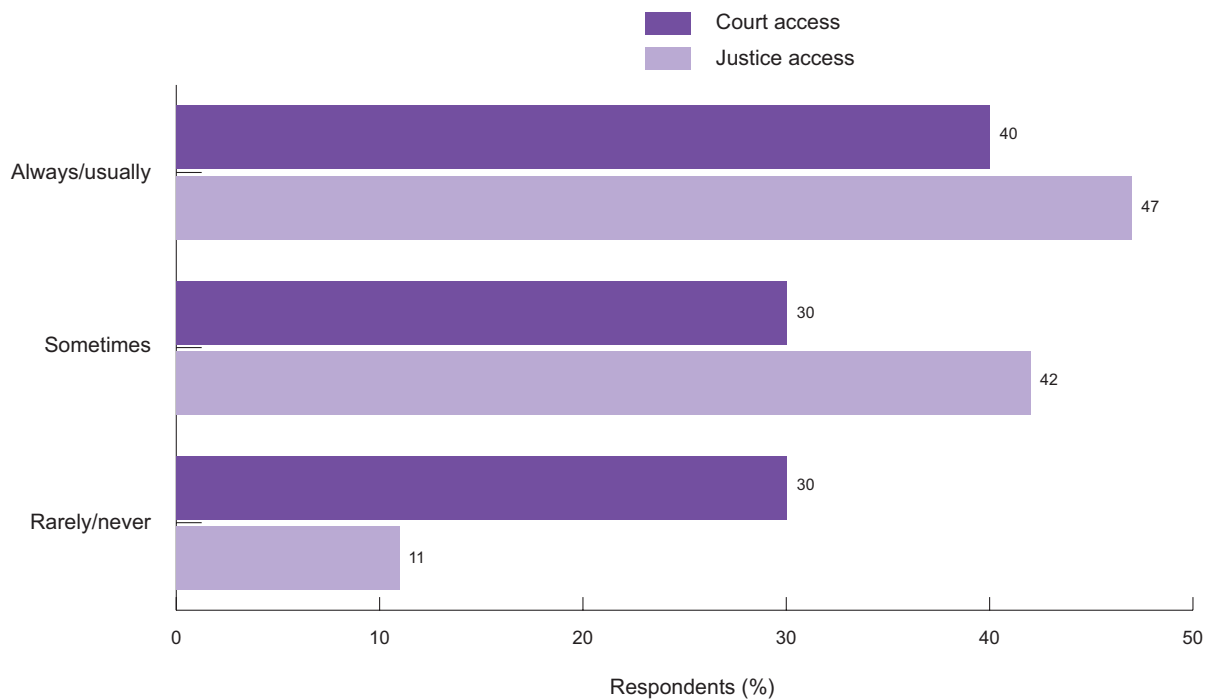
The Judiciary

The Constitution vests all judicial power in the Judiciary and also provides that it is not subject to the control or discretion of any person or authority in the discharge of its judicial, administrative and financial functions. The Constitution also provides judges with the autonomy and job security needed to perform their functions independently of the Executive or legislative branches of government.

Hence, the predominant perception of the Expert Panel survey respondents (67%) is that the Judiciary is operationally fully or largely independent from other branches of government, whilst 77% of the experts also acknowledged that judges are always or at least usually appointed and promoted on their own merits and qualifications.

The Panel was more divided on the issue of citizen access to justice and courts (Figure 18), as a sizeable 42% of the Panel thought that full justice is sometimes obtained in court; close to a third indicated that first instance courts can rarely or never be accessed within three days.

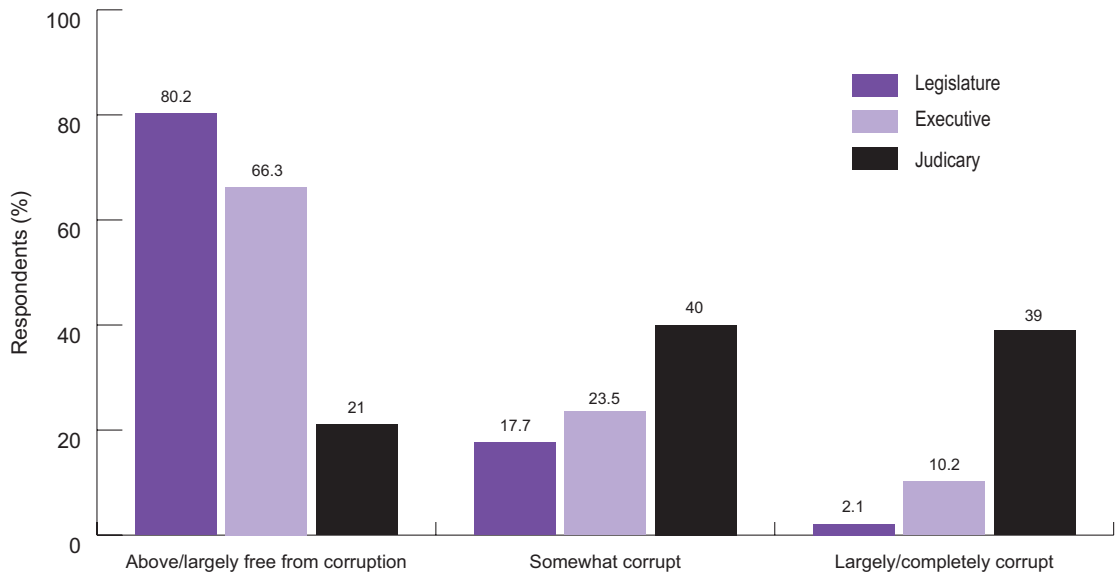
Figure 18. Expert Panel opinion on citizen access to lower courts within three days, and access to full justice in court irrespective of economic and social status



Those observations are in line with the results of the household survey, whereby a clear majority (61%) of respondents indicated that they get fair justice at traditional courts, against only 42% indicating the same for the (government) civil courts.

Part of the reason for those perceptions among both experts and the population at large, may lie in the capacity of the Judiciary, which is widely perceived to be weak. Faced with acute financial, material and personnel shortages, the Judiciary lacks modern equipment and infrastructure to deliver justice quickly and effectively, leading to delays and abuses. The Expert Panel identified the Judiciary to be the most corrupt among the three branches of government (Figure 19).

Figure 19. Expert Panel opinion on corruption of the Legislature, Executive and Judiciary



The Executive

Executive authority is vested in the President, who is the Head of State, Government and Commander-in-Chief of the Armed Forces. The functions of the Executive under the 1992 Constitution include provision of national leadership, initiation of legislation, policy formulation, management and coordination, conduct of international affairs, appointment of leading officials, maintenance of law and order, execution and maintenance of the Constitution and management of revenue.

The current Government had promised to build upon and deepen the democratic reforms initiated under the previous administration. The promise was partly fulfilled when it appointed ministers from the opposition parties as a way of promoting inclusiveness, along with other initiatives such as the establishment of the National Reconciliation Commission. Furthermore, by opening up the military barracks to civilians and helping to break mutual suspicions, the current administration has been improving civil-military relations and fostering national unity.

The Government has also committed itself to enhancement of a system of transparency, to bridge the credibility gap between it and the public by placing considerable information on government policies in the public domain. Thus, during the People's Assembly of 2002, for instance, the President answered questions on a broad range of issues of national interest from a cross-section of society.

Perhaps Ghana's biggest challenge will be to reform its public service, which remains one of the biggest obstacles to implementing the Government's ambitious development agenda. Due to a lack of effective public service management and low compensation corruption particular is widely perceived to be rife in the public bureaucracy (Box 4).

Box 4. Corruption remains a major problem

In a Corruption and Governance Survey conducted in 1999 by the CDD-Ghana, an overwhelming percentage of households (62-87%) were found to have paid bribes to government agencies, with the Motor Transport and Traffic Unit, Customs Excise and Preventive Service, the regular Police, and Immigration Service topping the list of bribe-takers. In the same survey, 44% of businesses said they have made unofficial payments to public officials, some frequently or always, whilst 82% of the public officials themselves indicated that corruption was more prevalent than three years ago.

The responses of the Expert Panel reflected this mixed state of affairs in the public service when its members were asked to evaluate the effectiveness of the internal and external accountability mechanisms in the civil service, as well as estimate the level of respect ordinary citizens may have for the integrity of the civil service (Figures 20 and 21).

Figure 20. Expert Panel opinion on the effectiveness of the internal and external accountability mechanisms in the civil service

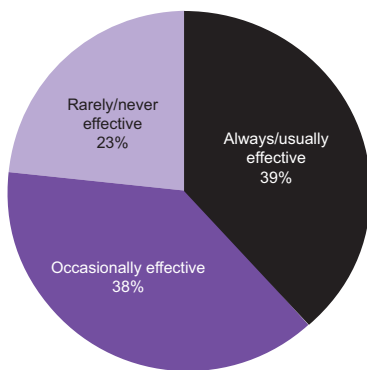
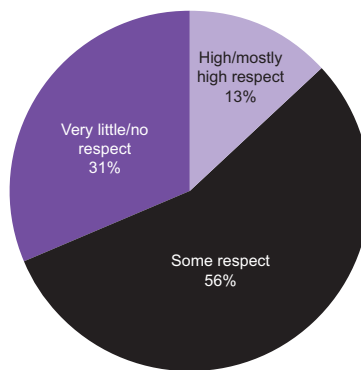


Figure 21. Expert Panel opinion on citizen perceptions of the integrity of the civil service



Since the late 1980s, Ghana has embarked on an ambitious decentralization programme centered on District Assemblies, which are also enshrined in the Constitution of 1992. Expert opinions on the accountability, transparency, resource allocation and capacity of local administrations are rather divided, with 40-44% of the experts judging them to be fully or largely effective, efficient, and equitable, 36-41% thinking they were only moderately so, and 16-24% indicating that they were rarely or never so.

The household survey yielded similar ambiguous results, with 31% of the public rating local government services as good or very good, 39% as fair, and the remaining 30% as poor or very poor. At the same time, however, locally elected representatives were rated as the preferred avenue to address complaints about poor Government services, ahead of the service providers themselves, traditional leaders and other possible complaint authorities, such as community associations or local government officials.

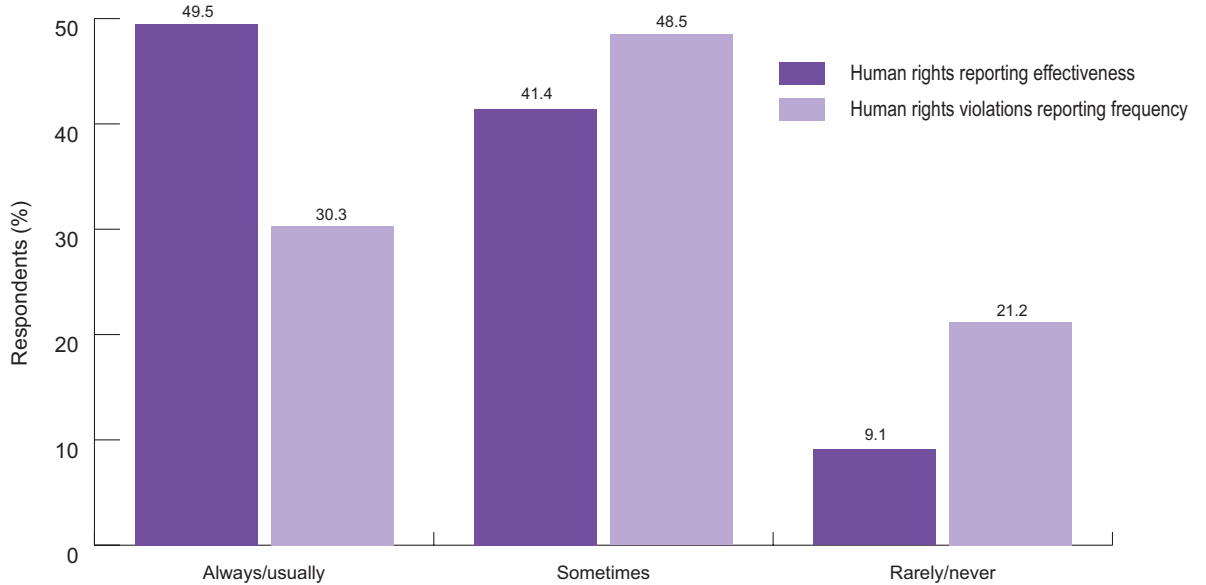
Human rights, the rule of law and enforcement

The Constitution enshrines the fundamental freedoms and rights of Ghanaians, including freedom of speech and expression, thought, religious practice, assembly, association, information and movement. Enjoying constitutional independence, and mandated to investigate complaints of human rights violations, the Commission for Human Rights and Administrative Justice (CHRAJ) represents a clear expression of the desire to uphold and protect human rights in Ghana.

The vast majority of the Expert Panel (84%) respondents believe that the government fully or mostly respects due process and the rule of law – a resounding affirmation of support for the existence of good governance in Ghana today. As to the frequency of reporting human rights viola-

tions and the effectiveness of institutional mechanisms for reporting them, however, the Expert Panel opinion is more divided (Figure 22).

Figure 22. Expert Panel opinion on the effectiveness and frequency of human rights violations reporting



The Expert Panel's confidence in the level of overall capacity of law enforcement agencies is not very high (Figures 23a and b) as only 16% of the respondents expressed high or moderately high confidence that citizens have in the ability of police to protect them from theft or crime. At the same time, however, 78% of the household survey respondents indicated that they would turn to the police for help to deal with crime.

Figure 23a. Expert Panel opinion on citizen confidence in law enforcement organs

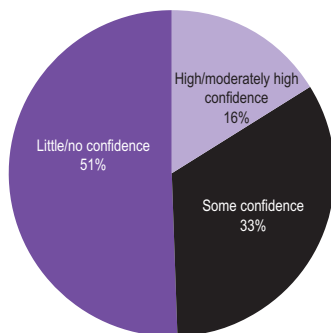
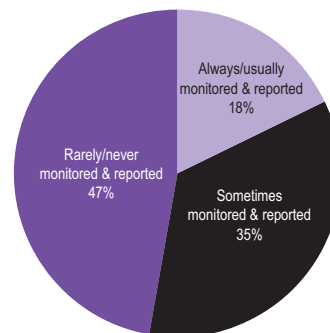


Figure 23b. Expert Panel opinion on the monitoring of human rights violations by police and prisons

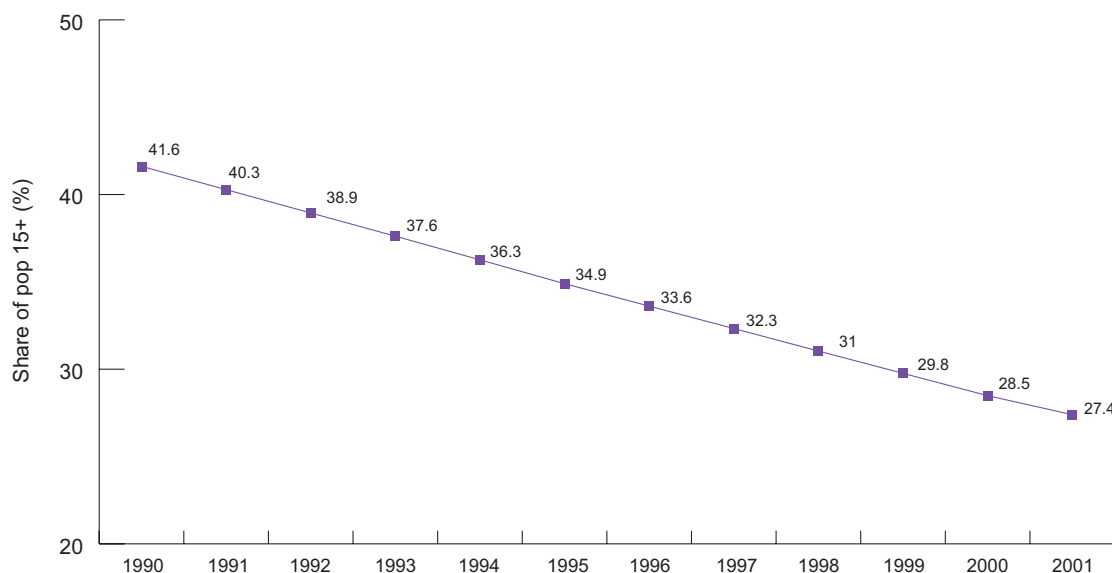


There has been a marked appreciation for the overall improvement of civil and political rights in the Fourth Republic, but deficits remain especially high in rural areas and among the low-income groups and women. Indeed, women continue to suffer discrimination and, rural women in particular, remain subject to burdensome labour conditions and traditional male dominance as a myriad of traditions, social norms and practices deny them their statutory and constitutional rights.

Access, affordability, quality and pro-poor and gender orientations of service delivery institutions

Throughout the 1990s, most of the socio-economic indicators such as poverty incidence, life expectancy and literacy (Figure 24) improved markedly, although with major regional disparities.

Figure 24. Illiterate population as a share of total population aged 15 and above, 1990-2001

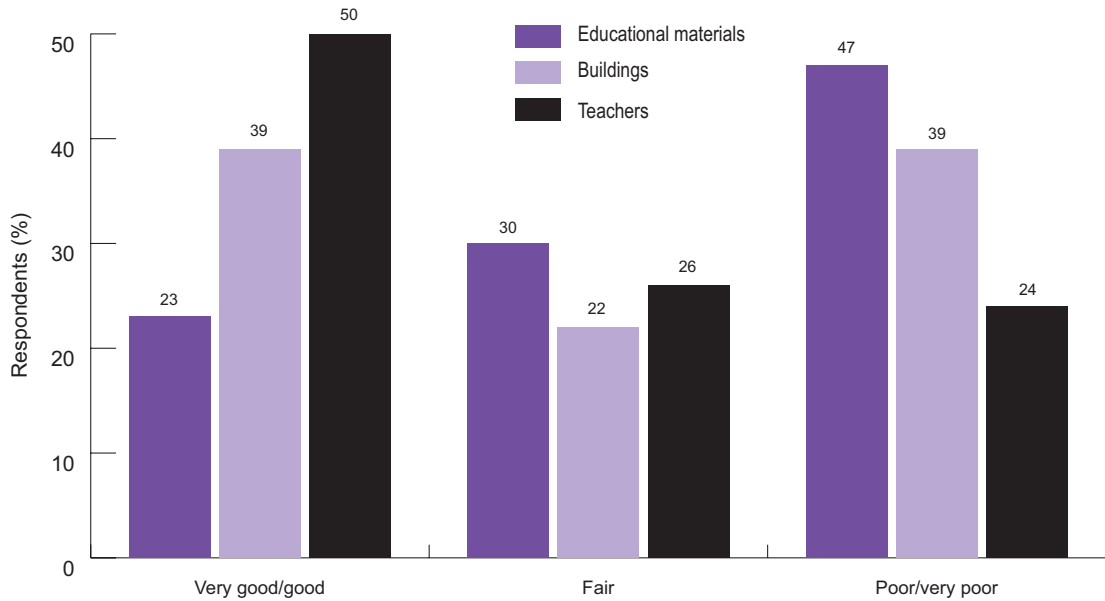


Poverty is much more prevalent in the northern and upper areas, where access to basic infrastructure, including roads, schools, hospitals and basic services, remains difficult.

Improving education has been a major priority of the current administration, which, according to CDD-Ghana allocated no less than 20.5% of its total revenue to the sector in 2002. However, a large portion of this allocation went into recurrent expenditure rather than the development of educational infrastructure, which may account for the continuing poor education facilities reflected in the results of the household survey.

Whilst 68% of the household respondents indicated that access to primary schools is very easy or easy, only 27% pointed to the same for access to secondary school and over half of the respondents indicated that it was either difficult or very difficult. Furthermore, years of neglect of the educational sector have led to infrastructure decay and poor working conditions for teachers, whilst close to half of the household survey respondents indicated that educational materials were poor or very poor (Figure 25).

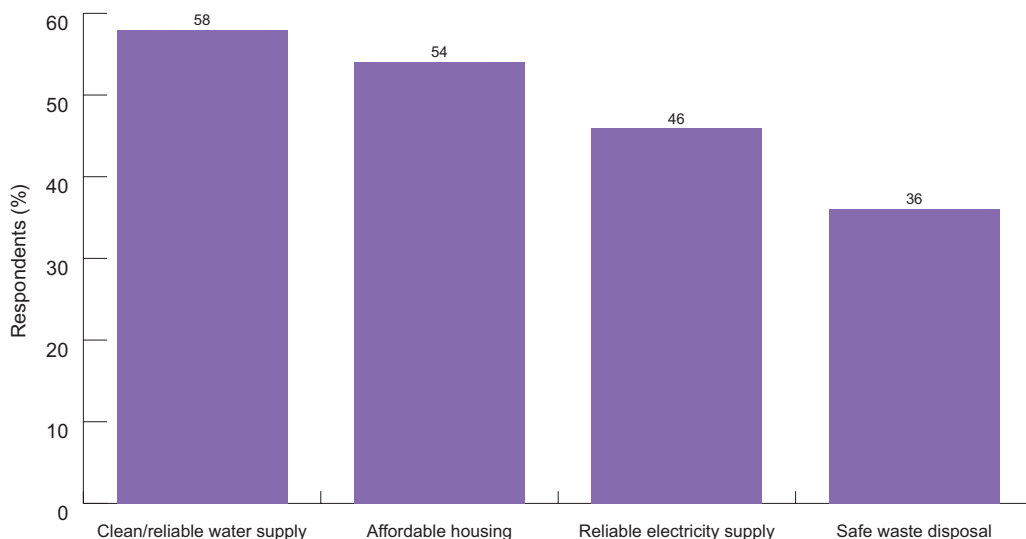
Figure 25. Household survey results regarding the quality and adequacy of educational materials, buildings and teachers in the community



With regard to healthcare, opinions seem to be slightly more divided – possibly reflecting regional disparities in accessing health services across the country. Thus, 41% of household respondents indicated that it was easy or very easy to access a government-owned clinic, but another 42% indicated it was either difficult or very difficult. Almost half of the respondents (48%) rated the quality of medical services as good or very good, yet over two thirds (69%) complained that they were costly or very costly.

In terms of access to affordable housing and basic services, such as water and electricity, the household survey indicated that there is still much room for improvement (Figure 26). Moreover, only 17% of the respondents indicated that they had access to gainful employment, reflecting the depth of the unemployment problem that Ghana is still facing. Agriculture, which has the potential to generate employment in the rural areas, is beset with severe constraints, as less than half (46%) of the respondents professed to have access to land, 20% to agricultural extension services, and only 5% have access to irrigation systems and credit facilities. It is also true that Ghana has one of the most legally complicated land tenure systems.

Figure 26. Household survey results regarding access to basic services

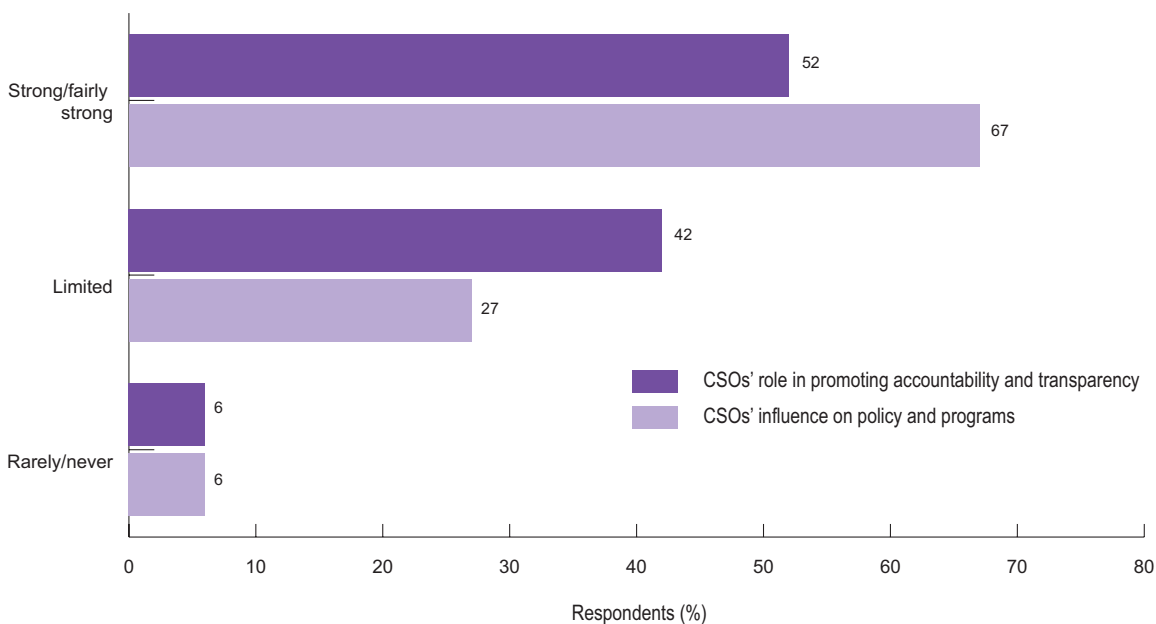


Non-state actors

There has been a phenomenal growth in the number and range of civil society organizations during Ghana's Fourth Republic. In addition to the traditional development and self-help groups, the period has witnessed the establishment of independent policy research and advocacy organizations, independent radio and television stations, as well as private newspapers.

The vast majority of experts (84%) indicated that civil society organizations are largely independent of government control. At the same time, a sizeable proportion of them doubted the extent of the groups' abilities to promote accountability and transparency in government, or to exert an influence on government policies and programme (Figure 27).

Figure 27. Expert Panel opinion on the ability of CSOs to influence government policies and programmes and to promote accountability and transparency



The liberal provisions in the Constitution have facilitated unprecedented media pluralism and independence. An important milestone was achieved in 2001 for the media and Ghanaian democracy in general with the repeal of the Criminal Libel Law that had been used to intimidate and harass journalists and media operators. Indeed, the vast consensus among the members of the Expert Panel is that the mass media operated within a free and competitive environment (74%). These are very positive assessments of media autonomy and freedom in Ghana.

Institutional Capacity Building and Governance

The relation between strong, capable institutions and good governance has been clearly acknowledged by most African governments over recent years. Efficient and effective institutions are indeed understood to be essential prerequisites for establishing and entrenching a culture of accountability and transparency in the management of national affairs. Therefore, capacity in the context of the ECA project "Measuring and Monitoring Progress towards Good Governance in Africa" is about capacity to promote democratic governance, to improve the structures and institutions of economic policy making, invigorate the strength of civil society to contribute to national development, and create a context of social empowerment for the people – in which they can contribute meaningfully to decisions that affect their life chances and the developmental process.

Capacity has been described as representing the 'missing link' in the African development and democratization process, and this view is indeed amply supported by the evidence collected through-

out the project countries. Despite the differing contexts and circumstances, certain capacity gaps appear to be crosscutting, affecting both state and non-state actors and institutions throughout the continent. Without being exhaustive, some of the most critical capacity gaps that need to be addressed include the following:

- Most legislatures in Africa lack the necessary institutional capacities to perform their constitutionally mandated functions. Some of the most common deficiencies identified include inadequately educated legislators, who lack relevant knowledge, access to information, sophistication, freedom and independence that would enable them to perform their mandated duties efficiently and effectively.
- Judiciaries in many African countries do not enjoy operational independence as the Executive determines the appointment, promotion and remuneration of judicial officers. The prospects of career mobility for judges therefore largely depend on how well they can court and patronize the Executive. In most cases, the budget and funds of the Judiciary are controlled by the Ministry of Justice, creating lengthy bureaucratic procedures and often resulting in discriminatory funding used against 'erring' courts and judges.
- The capacity gaps cutting across the institutions of the Executive, including the central and regional/local government tiers, the civil service, public parastatals and the electoral authority, generally concern the employment of inadequately trained, remunerated and motivated human resources, which often results in corruption, misuse of office and poor government service delivery, especially at the decentralized levels of government.
- Capacity gaps also affect civil society organizations in Africa, which often fail to fulfil their role of expanding the political space and enhancing participation. Weaknesses include their internal organization, poor management and leadership skills, limited resources and human capacity, and concentration in African capitals, which limits their presence in rural areas where they are sometimes most needed.
- Many political parties across Africa are also largely failing to mobilize and aggregate public opinion. This is partly due to adverse regulations and practices imposed by ruling parties, and partly due to their weak leadership and internal governance structures, which limits their capability to effectively articulate issues, engage in meaningful and organized debates, and promote their political principles or visions of society.
- Finally, the private sector contribution to good governance remains inadequate across many African countries, which is often a consequence of unstable policy frameworks and unpredictable regulatory enforcement capacities. Furthermore, existing mechanisms for consultations and partnerships between the public and private sectors remain weak and unstructured, whilst only few African countries have adopted policies acknowledging the existence and promoting the development of the rapidly growing informal sectors towards the formal sector.

Whilst these are some of the most commonly observed shortcomings affecting the capacity of African states, each country also has its own, specific capacity issues to address and prioritize in light of both, the differing stages of development with regards to the capacities of institutions of governance, and of existing resource constraints. Therefore, there must be flexibility and a considerable degree of local ownership in the identification and prioritization of capacity building requirements. In the case of Ghana, some of the specific capacity gaps identified in the study are being discussed below.

Major capacity gap areas identified in the country study

Although there has been significant capacity building and recovery among key institutions of governance in Ghana, serious gaps persist that constrain the performance of these institutions.

With regards to the Legislature, despite the rights of members and even private citizens to initiate bills, no Private Member's Bills have been presented except for one instance during the Second Parliament of the Fourth Republic. It appears that Parliament has limited itself to the role of considering, amending and passing bills initiated by the Executive. The inability of Members of Parliament to initiate their own bills is attributed to dependence on the Executive, inadequate logistical and personnel support, the long period of military rule that inhibited parliamentary development and inadequate citizen involvement in the legislative process.

The Judiciary is also beset with severe capacity constraints and is faced with credibility problems arising largely from widespread perceptions of corruption within it. In addition, the infrastructure is obsolete, there are not enough courts and judges, the caseload is heavy and case management is poor, leading to delays. Apart from the lack of modern equipment and infrastructure, the poor remuneration of judges and judicial staff makes the service unattractive to quality personnel. No adequate mechanisms exist to assess the professional competencies of judicial staff, and there is no consistent training policy for continuing legal and judicial education.

Concerning the Executive capacity, its influence on the effectiveness and efficiency of the civil service has been a subject of debate over recent years. The selection and promotion procedures in particular have been questioned with respect to their meritorious criteria. Incidents of favouritism and political chicaneries have bred complacency and poor performance, and many newly employed staff are without job descriptions. In a study conducted by CDD-Ghana in 2000, some 41% of civil servants confirmed that they were without job descriptions on appointment. According to the Executive Secretary of the Civil Servants Commission, however, the most pressing problems affecting morale and performance of personnel are the poor conditions of service and low remuneration.

Despite the proliferation of civil society organizations and media voices over recent years, many non-governmental institutions suffer from severe capacity constraints. Although eager to participate in policy formulation and governance processes, and demonstrating a strong passion for advocacy, especially on human rights and poverty issues, their information-gathering and analytical capacities are limiting their influence and ability to effectively intervene in the policy-making process. Insufficient information, technocratic weakness and lack of specialization are further compounded by the prevailing fragmentation of civil society that inhibits the sharing of expertise and information.

Annex I: ECA Project on “Measuring and Monitoring Progress towards Good Governance in Africa”

The Economic Commission for Africa conceived of this project in the late 1990s in response to the emerging consensus that good governance is central to Africa’s development agenda and progress, as well as to the growing demand for sustained improvements to Africa’s governance situation.

The project has been conducted in phases; by the end of 2003, it encompassed the following 28 countries:

Benin, Botswana, Burkina Faso, Cameroon, Chad, Egypt, Ethiopia, Gabon, Gambia, Ghana, Kenya, Lesotho, Malawi, Mali, Mauritius, Morocco, Mozambique, Namibia, Niger, Nigeria, Rwanda, Senegal, South Africa, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe.

Plans for 2004-2006 include adding some 12 additional countries to the study.

Project Groundwork

In order to conceptualize the project, ECA convened a series of workshops in 1999, tapping on expertise from within the continent and outside, consulting widely with relevant universities, research institutions and organizations, such as the Organization of Economic Co-operation and Development (OECD), the United Nations Development Program (UNDP), and the African Development Bank (ADB), Organization of African Unity (OAU), and many others with the following objectives in mind:

- To agree on the components of good governance, in all its dimensions, taking into account the disparate cultural, historical, and other socio-political factors across the African continent. A call for the development of a list of qualitative and quantitative indicators to measure governance emerged.
- To establish criteria for measuring and monitoring governance in the face of the disparate historical, socio-political, and economic disparities among African states. The need to create a dynamic mechanism for periodic cross-national assessment of the performance of African states thus became a central element to the advancement of good governance on the continent.
- To identify ways and means to create and sustain Africa’s ownership and commitment to good governance norms and practices in the context of African realities. Consensus building among the various stakeholders, especially between civil society and the state, was deemed essential.
- To build research capacity in the area of governance.

Methodology

A research instrument with three components was designed to obtain information on the state of governance in Africa, as reflected by the political, economic, and social affairs in each country. The three research components consist of:

- An opinion-based study using a national Expert Panel, comprised of a group of national experts whose numbers ranged from about 70 to about 120 across project countries. In each of the 28 project countries, members of the Expert Panel were carefully drawn to ensure representation with regard to age, social status, education and field of training, political orientation,

the private sector, civil society organizations, and ethnic, regional and religious background as well as gender balance.

The research instrument was in 'cafeteria' format, and it was formulated and fine-tuned by distinguished groups of experts on Africa in conferences held at ECA in September 1999, March 2000 and April 2001, and then subjected to a pre-test in South Africa and Benin before the final project launch in October 2001. The subject matter of the research encompassed: (i) Political Representation, which included the political system, distribution of power, political party freedom and security and the credibility of the electoral process; (ii) Institutional effectiveness and accountability, which included the effectiveness of the three branches of government, with some emphasis on the Executive branch; (iii) Human Rights and Rule of Law; (iv) Civil Society Organizations, which looked into their independence, operational environment and their effectiveness; and (v) Economic Management, which looked into investment policies, the tax system and the impact of corruption. Once collected, the data from each Expert Panel study were further subjected to rigid quality control to ensure that they were consistent and reliable.

- A national sample survey using a stratified two-stage probability sample ranging from some 1,300 to 3,000 households across Africa to represent a cross-section of the population (i.e., rural and urban, poor and middle class, the educated and the illiterate) to gauge perceptions of principal national problems and the accessibility, adequacy, and efficiency of government services.

The questionnaire for the national household surveys was in closed form. It was jointly designed by experts at ECA and by external partners who have had rich research experience in related studies in several countries. However, the implementation of the household surveys was left entirely to research collaborators in each project country, but close quality control was undertaken by ECA to ensure that all surveys had national coverage and were sound in scientific design and implementation.

The household sample survey in each project country was carried out either in close collaboration with the National Statistical Office, or with the principal sampling experts of the same office, to ensure that it utilized the official sampling frame, stratification, and survey infrastructure so as to enhance the credibility of the final outcome. Consistent with sound scientific survey practice, details on sampling methodology, measures of error, copies of all research instruments and other relevant information are provided in appendices of all country reports.

- Desk-based research of factual information and hard data to supplement and complement the Expert Panel perceptions and national household surveys.

Project Implementation

Preparation and pre-testing of research instruments

The preparation of the research instruments was completed by mid-2001. The instruments were then pre-tested in Benin in August 2001 and South Africa in September 2001. As a result, minor modifications were made to ensure validity and technical soundness.

Selection of collaborating institutions

Only national organizations were considered to conduct the studies. Capacity assessment missions were undertaken to identify research institutions to partake in a highly competitive bidding process, which resulted in the selection of a single collaborating partner or consortium per country.

Pre-launch workshops

Selected research institutions were invited to a 3-day Pre-launch Workshop at ECA in August 2002 to familiarize them with the methodology to ensure cross-national comparability of research implementation, and to agree on the work plan for each country based on a master work plan proposed by ECA.

National launch workshops

Each country held a National Launch Workshop with representatives of government, civil society, and other stakeholder groups to introduce the project, promote a suitable implementation environment and ensure the development of national ownership. The National Launch Workshop for Ghana was held on September 20, 2002.

National country reports

The collaborating institutions collected the data, obtained ECA's quality control clearance, analyzed it, and produced the National Country Report. ECA provided technical oversight to ensure conformity with its detailed instructions and agreed-upon work plans and report formats, and reviewed the final results.

National stakeholder and sub-regional workshops

The National Country Reports were presented at National Stakeholders Workshops in each country and subsequently at three Sub-regional Workshops (North Africa and the Horn, Southern and Eastern Africa, and West and Central Africa) during the months of November and December 2003.

African Governance Report (AGR)

The inaugural issue of the African Governance Report, a new ECA biennial, is being produced as a synthesis of the first 28 National Country Reports. The Overview will be presented to African Heads of State and all key stakeholders at the Fourth African Development Forum (ADF IV), 11-16 October 2004, in Addis Ababa, Ethiopia.

Annex II: Basic Data

	1998	2001	2002
Land area ('000 square kilometers)	238,500
Population (millions)	18.4	19.7	20.1
Life expectancy (years)	55.9	54.9
Illiteracy total (% aged 15 and above)	31.0	27.3	26.2
Illiteracy female (% aged 15 and above)	40.0	35.5	34.1
GDP (current US\$ billions)	7.5	5.3	6.0
GDP growth (annual %)	-1.2	7.7	5.0

Source: <http://www.worldbank.org/data/countrydata/countrydata.html>.

