

AFRICAN PEER REVIEW MECHANISM



APR Panel Country Review Report Republic of Ghana



June 2005

APRM Participating Countries

As of June 2005, the following are the APRM Participating Countries:

Algeria, Angola, Benin, Burkina Faso, Cameroon, Democratic Republic of Congo, Egypt, Ethiopia, Gabon, Ghana, Kenya, Lesotho, Malawi, Mali, Mauritius, Mozambique, Nigeria, Rwanda, Senegal, Sierra Leone, South Africa, Tanzania, Uganda

Expressions of Intention to Accede to the APRM have been received from:

São Tomé and Príncipe, Sudan, Zambia

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ABBREVIATIONS AND ACRONYMS

AfDB	African Development Bank
APRM	African Peer Review Mechanism
AU	African Union
CBO	Community-Based Organisation
CDD	Centre for Democratic Development
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CEPA	Centre for Policy Analysis
CEPS	Customs, Excise and Preventive Services
CHRAJ	Commission for Human Rights and Administrative Justice
CRM	Country Review Mission, APRM
CSAR	Country Self-Assessment Report
CSO	Civil Society Organisation
CSPIP	Civil Service Performance Improvement Programme
DACF	District Assemblies Common Fund
DFID	Department for International Development, United Kingdom
EC	Electoral Commission
ECOSOCC	Economic, Social and Cultural Council, African Union
ECOWAS	Economic Community of West African States
ERP	Economic Recovery Programme
FCUBE	Free Compulsory Universal Basic Education
GNCC	Ghana National Children's Council
GPRS	Ghana Poverty Reduction Strategy
GSE	Ghana Stock Exchange
ILO	International Labour Organisation
ISSER	Institute of Statistical, Social and Economic Research
MDAs	Ministries, Departments and Agencies
MDGs	Millennium Development Goals
MMDAs	Metropolitan, Municipal and District Assemblies
MOU	Memorandum of Understanding
MP	Member of Parliament
MPSD	Ministry for Private Sector Development
MTEF	Medium-Term Expenditure Framework
MWCA	Ministry of Women and Child Affairs
NAPRM-GC	National APRM Governing Council
NCCE	National Commission for Civic Education
NEPAD	The New Partnership for Africa's Development
NGOs	Non-Governmental Organisations
NIC	National Insurance Commission
OAU	Organisation of African Unity

OECD	Organisation of Economic Cooperation and Development
PEF	Private Enterprise Foundation
POA	Programme of Action
PSMRP	Public Sector Management Reform Programme
PUFMARP	Public Financial Management Reform Programme
RGD	Registrar-General's Department
SEC	Securities and Exchange Commission
SFO	Serious Fraud Office
SMEs	Small and Medium Enterprises
SOEs	State-Owned Enterprises
TRIs	Technical Research Institutes
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
WAMZ	West African Monetary Zone

EXECUTIVE SUMMARY

The APR Process

1. The African Peer Review Mechanism (APRM), widely heralded as the crown jewel of the New Partnership of African Development (NEPAD), is a mutually agreed instrument which members of the African Union (AU) have voluntarily acceded to as part of an African self-monitoring mechanism. The primary purpose of the APRM is to foster the adoption of policies, standards and practices that will lead to political stability, high economic growth, sustainable development and accelerated subregional and continental economic integration. This will be done through sharing experiences and reinforcing successful and best practice, including identifying deficiencies and assessing the needs of capacity building.

Ghana and the APRM

2. Ghana was among the first countries to sign the Memorandum of Understanding (MOU) for the APRM on 9 March 2003. Ghana subsequently created a Ministry of Regional Cooperation and NEPAD in May 2003, and the Head of this Ministry is the designated focal point for the APRM.
3. Ghana instituted a National Governing Council in compliance with the requirement for participating countries to have an independent self-assessment of its governance record in the four APRM focus areas (Democracy and Political Governance; Economic Governance and Management; Corporate Governance; Socio-Economic Development). This Council comprised highly qualified and esteemed professionals and public personalities independent of the government. The Governing Council appointed four reputable national independent think-tanks and research institutions to undertake the country self-assessment in each of the four thematic areas of the APRM and to make appropriate recommendations to guide the Council in drafting a National Programme of Action (POA). Ghana submitted its final consolidated self-assessment report and a draft National POA to the APRM Secretariat in March 2005.

The Country Review Mission

4. A sixteen-member Country Review Mission (CRM) comprising experts from the APRM Secretariat, partner institutions, and independent consultants, reflecting 12 African nationalities, was fielded in Ghana from 4-16 April 2005. Extensive consultations were held with diverse stakeholders, including government officials, political parties, parliamentarians and representatives of civil society organisations such as the media, academia, trade unions, business and professional bodies. The Mission would also ascertain whether the national

assessment process was technically competent, credible and free of political manipulation.

5. The Mission observed that Ghana is committed to improved governance and the populace is determined to achieve a better quality of life. The APRM process is seen as an important contributory factor to the achievement of the national objectives of good governance. In keeping with its tradition of “firsts” on the continent, and as the first country to be reviewed in the APRM, Ghana is leading by example in the process. The National APRM Governing Council (NAPRM-GC) was granted autonomy in executing its mandate, which it discharged resolutely.
6. The Technical Review teams chosen to undertake the exercise were credible and competent research institutions, renowned both nationally and internationally. The Mission notes with great appreciation the high quality of the reports prepared by the four technical advisory teams.

Democracy and Good Political Governance

7. Ghana could rightly be described as an oasis of peace and tranquillity in a subregion perpetually in turmoil. Since the return to democratic rule in 1992, Ghana has moved increasingly towards consolidating and strengthening liberal democratic principles, structures and processes. Its progress in this historic development has been remarkable, albeit fragile in some respects. Three successful post-transition competitive multi-party elections were held in 1996, 2000 and 2004, respectively. The result has been the democratic and orderly transfer of power from one party to another, and from one President to another. Even more remarkable is the fact that, unlike earlier democratic transitions in the country that lasted only for a few years before they were aborted, the current transition has lasted over twelve years and seems to have stabilised.
8. The general view expressed by stakeholders across the political spectrum and in various shades of Ghana’s public life has been that competition for political power is robust and open, though fractious and explosive especially before, during and after elections. A number of problems were, however, likely to diminish the competitiveness and sustainability of democratic politics, such as:
 - Concern about the inadequacy of resources, notably the human, financial and logistic capacity of the Electoral Commission;
 - The sustainability of the Commission’s budget, as it is donor dependent;
 - The lack of internal democracy within the parties and the potential long-term effect this may have in weakening democracy in the country; and
 - The low representation of women in politics and what this portends for participation and representation in politics and the ethnic voting pattern that seems to be emerging in national elections.

Economic Governance and Management

9. Ghana initiated a comprehensive Economic Recovery Programme (ERP) in 1983, which encompassed macroeconomic and structural policies. This followed a period of protracted economic decline throughout the 1970s and early 1980s. By 1990-1991, Ghana had achieved a measure of success in its reform programme. The growth rate of its gross domestic product had reached 4.3%, compared with the negative growth rates of 1980-1983; inflation had declined to 18% in 1991, compared with 78% on average between 1980 and 1983; and the foreign exchange market had been unified and liberalised. Less success had been achieved in export diversification and fiscal management.
10. Overall, Ghana's annual real GDP growth rates have hovered between 4 and 5.4% in the last decade. However, the economy remains relatively weak and highly vulnerable to external shocks from the world economy and subregional political instability due to factors originating in neighbouring countries. Successful transformation of the productive structure of the economy has remained elusive, as has firm control over the budget. The latter situation is due, in large part, to difficulties in containing major expenditure items such as the Wage Bill and interest payments on the public debt.
11. Two main issues were stressed in the country self-assessment and preoccupied the Mission during the country consultation. These are: (a) the weak internal capacity in economic management; and (b) heavy dependence on external resources for financing government development expenditure. This has impelled Ghana to accept International Monetary Fund and World Bank guidance in macroeconomic programming in general, while input from the Bank of Ghana has also been important. Even bilateral donors have ranked above local research institutes, private sector institutions and public sector groups as sources of inputs to policy-making and economic planning.
12. There has been general agreement among stakeholders that national ownership of economic programmes and policies would require the willingness of Ghanaian citizens to take full responsibility for the outcome of national policies. Ownership matters, not only because programmes would then better reflect the preferences and interests of the citizens, but also because it would result in fuller implementation of programmes. Reducing aid dependence could enhance ownership, but most stakeholders consider the domestic capacity to design and implement sound programmes a far more important instrument for bringing about effective ownership. In fact, stakeholders are generally not overly alarmed by the current reliance on foreign aid to finance development expenditure, even though they would prefer a situation of less dependence.

Corporate Governance

13. Globalisation and the liberalisation of the economy in recent years have led to a palpable growth in the private sector in Ghana. The government has committed itself to the creation of a golden age for business in Ghana. It has created a Ministry for Private Sector Development (MPSD) to spearhead the realisation of a competitive and vibrant private sector. Ghana has a promising emergent capital market with remarkable performance, significant momentum and a determined will for improvement. These developments have placed a new emphasis on the need for good corporate governance in the country.
14. Despite the foregoing, several continuing challenges present. Awareness of corporate governance in general, and of corporate social responsibility in particular, is low. The Companies Code, which provides the main corporate governance framework for registered companies, is robust yet out of touch with current developments in corporate governance and is in need of updating. The institutions that are active in promoting good corporate governance are weak in finance, human and institutional terms. In addition, there has been a persistent lack of clarity in the respective roles of the public and private sectors. Difficulties are experienced in access to finance, domestic resource mobilisation, and support offered to small and medium enterprises (SMEs) to facilitate their growth and contribution to the economy. The failure to utilise effectively the pre-eminent role of the private sector in promoting growth has severely limited economic opportunities.

Socio-Economic Development

15. The pursuit of neo-liberal policies since the early 1980s and generous government incentives have expanded economic, political and socio-cultural spaces. Notable strides have been made in several respects to stimulate socio-economic development. The government has made good progress, albeit less than anticipated, because of administrative capacity constraints.
16. Ghana has, however, become a beacon of hope in the volatile West African subregion. The national aspiration is to become a middle-income country by 2010. In February 2003, the government issued its Ghana Poverty Reduction Strategy (GPRS) Paper for 2003-2005, which has since provided the overarching policy context for the country's socio-economic development. Essentially, the GPRS aspires to achieve certain broad development objectives: (a) reduction of extreme poverty; (b) social and human development; (c) environmental sustainability and regeneration; (d) consolidation of democratic governance; (e) strengthening of accountability; and (f) guaranteeing protection of human rights and the rule of law.

17. Generally, a combination of good socio-economic policies and considerable foreign aid has led to perceptible progress in Ghana's socio-economic development in recent years. The country is, however, off-target in the attainment of a considerable number of goals set out in the GPRS and in the Millennium Development Goals (MDGs). Perceptible progress on the socio-economic front is distorted by:
- Lack of progress in gender mainstreaming due to cultural and other impediments;
 - Weak human, financial and physical resource capacity;
 - Wide urban/rural and regional disparities in the distribution of the dividends of socio-economic development in the country, with the three northern regions and some parts of coastal Ghana lagging far behind the rest of the country (e.g. in poverty eradication and the provision of basic services and core welfare indicators, like water, electricity, health care, roads, nutrition and education); and
 - A fiscal and political decentralisation process that is weak, demobilised, unresponsive and ineffective, thus hindering participation, accountability and transparency in social service delivery at the lower levels of government.
18. As summarised in the Country Report and made all too clear in the various consultations undertaken by the CRM, socio-economic development in Ghana has been less than what would be required for sustainable development. There is ample scope for improvement in the quality and standard of living of Ghanaians. Opportunities and options are available to them to secure and sustain their individual and collective self-development, if the MDGs and the national development objective of US\$ 1000 per capita income by 2010 are to be achieved.
19. Overall, major daunting challenges remain, which Ghana must urgently address if the NEPAD/APRM objectives are to be met. Worthy of note are decentralisation and low governance capacity, especially at lower tiers of government. The institutional and legal frameworks for decentralisation have made great progress since 1992, when District Assemblies were established and the District Assemblies Common Fund (DACF) became operational. Nevertheless, not as much effort has been put into deepening and institutionalising decentralisation in Ghana. The following issues remain, some of which are recurring and cut across the four APRM thematic areas:
- The ability of Parliament to perform its representative, legislative and oversight functions is still limited.
 - Trends over the past few years in key economic parameters reveal considerable progress in stabilising and growing the economy, which is

gradually etching towards stability. Slow progress has, however, been made in the structural transformation of the economy.

- Cumbersome government requirements are serious obstacles to business development.
- The quality and availability of health services need improving.
- School enrolment and retention are still too low, especially in the northern region.
- Corruption is a major governance problem in Ghana. Participants at the various stakeholders' consultations carried out by the CRM have complained about the high levels of corruption in Ghana's public sphere at both the national and regional levels.

20. It is hoped that the implementation of the POA, which has been debated by various stakeholders cutting across the various strata of Ghanaian society, will ameliorate these problems.

1. INTRODUCTION

21. The African Peer Review Mechanism (APRM), widely heralded as the crown jewel of the New Partnership of African Development (NEPAD), is a mutually agreed instrument which members of the African Union (AU) have voluntarily acceded to as part of an African self-monitoring mechanism. The primary purpose of the APRM is to foster the adoption of policies, standards and practices that will lead to political stability, high economic growth, sustainable development and accelerated subregional and continental economic integration through the sharing of experiences and reinforcement of successful and best practice, including identifying deficiencies and assessing the needs of capacity building.
22. Ghana has been a trailblazer and a shining example in the APRM process since being among the first countries to sign the accession Memorandum of Understanding (MOU) on 9 March 2003. Ghana subsequently created a Ministry of Regional Cooperation and NEPAD in May 2003, and the Head of this Ministry is the designated focal point for the APRM.
23. Ghana instituted a National Governing Council in compliance with the requirement for participating countries to have an independent self-assessment of its governance record in the four APRM focus areas (Democracy and Political Governance; Economic Governance and Management; Corporate Governance; Socio-Economic Development). This Council comprised highly qualified and esteemed professionals and public personalities independent of the government. The Governing Council appointed four reputable national independent think-tanks and technical research institutes (TRIs) to undertake the country self-assessment in each of the four thematic areas of the APRM and to make appropriate recommendations to guide the Council in drafting a National Programme of Action (POA). The four selected TRIs are: the Ghana Centre for Democratic Development (CDD-Ghana): Democracy and Good Political Governance; Centre for Policy Analysis (CEPA): Economic Governance and Management; Private Enterprise Foundation (PEF): Corporate Governance; and Institute of Statistical, Social and Economic Research (ISSER): Socio-economic Development.
24. A Support Mission of the APRM led by Dr Chris Stals, former Governor of the South African Reserve Bank and Member of the APR Panel in charge of the Ghana review process, visited Ghana from 24-29 May 2004. The purpose of the mission was to assess the country's state of preparedness to undertake the review exercise. The APRM Memorandum of Understanding on the Technical Assessment Missions and the Country Review Visit of the APRM was signed on 27 May 2004 by the Minister of Regional Cooperation and NEPAD on

behalf of the Government of the Republic of Ghana, and by Dr Chris Stals, on behalf of the Chairperson of the Committee of Participating Heads of State and Government in the APRM (APR Forum).

25. The TRIs appointed by the National APRM Governing Council (NAPRM-GC) presented their final comprehensive reports (comprising about 1200 pages in total) to the Governing Council in February 2005. Copies of these documents and key action plans suggested by stakeholders were also provided to the APRM Secretariat. Ghana submitted its final consolidated Self-Assessment Report in March 2005, and a draft Programme of Action in early May 2005.
26. In the interim, the APR Secretariat in collaboration with partner institutions, had compiled a Background Document on Ghana in the four assessment areas. Based on the Country Self-Assessment Report (CSAR), the preliminary POA and the Background Document, the APRM Secretariat drew up a 43-page Issues Paper on the four thematic areas and cross-cutting themes to guide the country review process. The Issues Paper identified areas that required further information, as well as major shortcomings or deficiencies and areas for capacity building for further investigation by the Country Review Mission (CRM).
27. In line with the APRM's mandate, a sixteen-member CRM comprising experts from the APRM Secretariat, partner institutions and independent consultants, reflecting 12 African nationalities, was fielded in Ghana from 4-16 April 2005. Extensive consultations were held with diverse stakeholders, including government officials, parliamentarians, political parties and representatives of civil society organisations such as the media, academia, trade unions, business and professional bodies.
28. The Mission observed that Ghana is committed to improved governance and the populace is resolute in achieving a better quality of life. They look to the APR process as an important contributory factor in achieving their national objectives. In keeping with its tradition of "firsts" on the continent, being the first country to be reviewed in the APRM, Ghana is leading by example in the process. The NAPRM-GC was granted autonomy in executing its mandate, which it discharged resolutely. The Technical Review teams chosen to undertake the exercise were credible and competent research institutions, renowned both nationally and internationally. The Mission notes with great appreciation the high quality of the reports prepared by the four technical advisory teams.
29. It must be stated that it was not a function of the CRM or Panel to make its own assessments of the situation in Ghana. The task of the CRM in the APRM process is clearly defined in the AU Document on the African Peer Review Mechanism Organisation and Procedures:

7.10 ... the visit is an opportunity for the APRM Team to discuss the draft Programme of Action that the country has drawn up to improve their governance and socio-economic development, to provide positive reinforcement for the sound aspects, and to address identified weaknesses and shortcomings in the various areas of governance and development."

30. The main emphasis in the process rests with what the country itself is prepared and able to produce. The APRM is, after all, structured around the non-negotiable principles of national ownership and leadership, and self-assessment.
31. This report presents a synthesis of the CSAR. It is structured in six sections. The broad mission findings are presented in Sections 2 to 5, which are dedicated to each of the APRM focus areas. The cross-cutting and overarching issues are presented in Section 6, which also contains the conclusion and way forward.

2. DEMOCRACY AND POLITICAL GOVERNANCE

2.1 Overview

32. Ghana was the first African country to organise successful anti-colonial struggles and achieve independence from Britain in 1957. In this respect, it was a trailblazer and a torchbearer for those African colonial territories engaged in their respective struggles for independence. Ghanaians embraced their independence with enthusiasm and determination, and the country became a model to be emulated by the rest of the colonised peoples in Africa. Following independence from British colonial rule, Ghana unfortunately experienced the dire consequences of various types of bad governance. The military has overthrown elected civilian governments and assumed political power on several occasions, thus subjecting Ghanaians to more than two decades of dictatorship and authoritarian governance. This situation gravely undermined the structure and performance of the economy, creating serious social and political problems. Human rights abuses and infringement on a wide range of freedoms and citizenship entitlements ensued.
33. Constitutional rule was fully restored in 1993, albeit in a climate of economic hardships and political uncertainties. Nonetheless, the constitutional provisions incrementally created an environment of peace, security and stability. These provisions circumscribed the range of state control and involvement; the creation of various institutions for reinforcing human rights and freedom of the press; strengthening of the electoral mechanism; and the opening up of the political space. Ghanaians were thus enabled to enjoy several freedoms, and could engage in various creative and productive ventures, as well as political activities. Despite its subsequently revealed operational shortfalls, the 1992 Constitution has created a solid foundation for stability, as well as creating potential for deepening democracy and good political governance in Ghana.
34. To date, Ghanaians have had more than a decade of peaceful and acceptable constitutional rule. They have also been able to change political rulers through the electoral process in a manner generally perceived to be free and fair. The 2000 and 2004 elections have confirmed the citizens' acceptance of the electoral principle as the legitimate mechanism for acquiring political power and assuming leadership of the institutions of governance. There is a growing sense of relief, confidence and pride amongst Ghanaians that they have, at last, achieved political stability. Although their system of governance has identified certain major deficiencies, they are confident that they have the freedom, ability and will to rectify these, as indicated in Box 2.1.

Box 2.1: Dividends of democracy in Ghana

The APRM is essentially about governance and political issues. The APR process has clearly demonstrated that Ghana has made significant – and commendable – progress in institutionalising democracy and promoting good governance. A country that has been under civilian authoritarian and dictatorial rule and military regimes for many years is now stable. Ghanaians are generally confident that they have a system of governance of their own making, appropriate to their own particular circumstances and their efforts to institutionalise democracy and good governance

Ghanaians have also created unique institutions and processes that other African countries could consider emulating or adapting for their own use. These include the Annual Governance Forum, where stakeholders discuss selected issues on democracy and good political governance. It has been held every year since 1998, initially under the auspices of the National Institutional Renewal Programme and Parliament and, more recently, the National Governance Programme. The other, instituted in 2001, is the People's Assembly, an annual unstructured interaction between the President and the people. The Assembly allows Ghanaians from all walks of life to pose any questions to the President.

The Assembly and the Forum have expanded the political space for ordinary people and have brought the government somewhat closer to them. These institutions have certainly demystified the government, rendering it less abstract and remote. Ghanaians' sense of ownership has been strengthened, in that they have a system of governance that listens to them and is approachable. This entire process demonstrates that partnership between the civil society, the government, media, the press and the private sector is possible and practicable, and eminently useful.

2.2 Standards and codes**i. Self-assessment**

35. Ghana has made considerable progress in adopting and ratifying the standards and codes listed under this thematic area. However, some key protocols are still outstanding, notably the United Nations Convention against Corruption, Optional Protocols to the African Charter and CEDAW on the Rights of Women, and the UN Protocol on Human Trafficking, especially in Women and Children. Besides the need to accede to the remaining instruments, there is the serious issue of clearing the backlog of state reports accumulated over several years.

ii. Findings of the CRM

36. The country consultations were dominated by discussions on the need for Ghana to ratify outstanding standards and codes and to domesticate them. State

parties to the African Charter on Human and Peoples' Rights are required to submit state reports to the African Commission pursuant to the Charter every second year. After having avoided this obligation for a number of years, Ghana submitted its second report to the Commission in March 2000. Since then, the country has not been to the Commission. This is a major weakness in the internal systems of the Ministries of Foreign Affairs and Justice. These ministries normally are the focal points in dealings with international bodies on the implementation of human rights obligations.

iii. Recommendations

37. The Panel recommends that the Government of Ghana:
- Adopt a binding time-frame within which Ghana accedes to the following AU conventions:
 - African Children's Charter, 1990
 - Amendments to the Constitutive Act of the African Union, 2003
 - AU Convention against Corruption, 2003
 - AU Non-Aggression and Common Defence Pact, 2005
 - Protocol on the African Court of Human and Peoples' Rights, 1998
 - Protocol on the African Court of Justice, 2003
 - Protocol on the Rights of Women in Africa, 2003
 - Protocol to the OAU Convention on the Prevention and Combating of Terrorism, 2004
 - Adopt a deliberate plan for clearing outstanding arrears and institute a mechanism for ensuring automatic compliance with the reporting obligation. Additionally, consider strengthening the Ministries of Foreign Affairs and Justice so that they can fulfil this mandate.
 - Develop a plan and programme to incorporate into Ghana's domestic law the ratified covenants and conventions, so as to make them an integral part of the country's own enforceable standards.

2.3 APRM objectives

There are ten objectives in this thematic area.

Objective 1: Prevent and reduce intra- and inter-country conflicts

i. Self-assessment

38. Ghana is clearly a stable country in a neighbourhood that has been characterised by violent conflicts, insecurity and instability. In fact, the country is seen as an oasis in an otherwise volatile subregion. Ghana's role as a "peace-keeper" and "peace-maker" is well known. Its contribution and involvement in subregional, regional (continental) and international peace and security efforts are a credit to

Ghanaians. Troops are sent for peace-keeping operations, most recently in Côte d'Ivoire, Liberia and Sierra Leone. Peace summits are attended and hosted. Accra has been a venue for several peace talks involving troubled neighbours.

39. Internally, there are several potential and real areas of conflicts that need appropriate attention or responses. Amongst these are: land ownership disputes, land use disputes, chieftaincy disputes and political disputes, particularly those relating to elections. Underlying the land and chieftaincy disputes are issues of inheritance and succession, which, in turn, are due to the absence of a uniform and legally enforceable set of principles for governing them.
40. Ghana has well-established, well-defined institutions and mechanisms for the prevention, management and resolution of conflicts. The critical role of the traditional chieftaincy institutions in conflict prevention, management and resolution is well established and acknowledged in Ghana. For various reasons, however, the chieftaincy institutions have been weak in the actual performance of these functions. A poignant example is the ongoing feud over the unresolved succession dispute arising from the death of the traditional ruler, Ya-Na Abdulai Andani II.

ii. Findings of the CRM

41. Discussions under this objective, especially in the regions, were dominated by chieftaincy institutions and their roles. There is a strong consensus on the relevance of the chieftaincy institution and chiefs in state and society; and in conflict prevention, resolution and management in Ghana, particularly at lower (regional, municipal, metropolitan and district) levels of government. Despite attempts to modernise the chieftaincy institution in Ghana, and the generous provisions in the 1992 Constitution to protect its independence, CRM consultations have shown that it is beset with serious problems. These arise from conflicts engendered by chieftaincy succession issues, and from the wider cultural, legal, political and socio-economic roles of chieftaincy institutions in state and society.

iii. Recommendations

42. The Panel recommends that Ghana:
 - Continue to review the institution of chieftaincy to make it more responsive to the demands of the rapidly changing Ghanaian society, and to the aspirations of people across the gender divide.
 - Enhance the capacities of the National, Regional and Traditional Houses of Chiefs so they can discharge their constitutional mandates more efficiently.
 - Adopt a time-framed programme for clearing the backlog of cases awaiting adjudication in the Judicial Committees of the National and Regional Houses of Chiefs.

- Implement existing proposals for introducing a comprehensive land law providing easy access to land in both systems of tenure, bearing in mind the needs of vulnerable groups, especially women. The law should provide adequate security of tenure, especially (but not only) for individual users in Stool, Skin and other customary land tenure systems.
- Complete the review of the 1999 Land Policy recommendations and formulate a plan for their implementation.

Objective 2: Enhance constitutional democracy, including periodical political competition and opportunity for choice, the rule of law, citizens' rights, and supremacy of the Constitution

i. Self-assessment

43. Ghana is a presidential-parliamentary system of governance under a multi-party electoral system, in which the President and legislatures serve four-year terms. The President's electoral tenure is limited to two consecutive terms, whereas that of parliamentarians is unlimited. Any citizen of Ghana who is over 21 years of age, is of sound mind, is a registered voter, is not bankrupt or in default of taxes and has not been convicted of a serious criminal offence – including electoral malpractice – is eligible for election to membership of Parliament.
44. The 1992 Constitution contains ample provisions that entrench rule of law, affirm the supremacy of the Constitution and constitutionalism, and constrain the abuse of power and discretionary authority of those in governance positions. Courts have clearly asserted their independent powers of judicial review and their willingness to pronounce certain Acts or behaviour of the Executive branch unconstitutional. Ghana has demonstrated that it is possible for the judiciary to be independent in Africa.
45. Several provisions in the 1992 Constitution underscore the democratic rights of the people of Ghana and secure the independence of electoral mechanisms to ensure free and fair electoral processes. The *Electoral Commission (EC)* and the *National Commission for Civic Education (NCCE)* guarantee, promote and protect Ghanaians' fundamental constitutional rights to participate in political and related activities.
46. The EC does, however, suffer from certain deficiencies in institutional capacity that have constrained the effective performance of its functions. These deficiencies include human and material resources, in particular the recruitment and retention of skilled and experienced staff, and the timely release of budgetary allocations. The Commission also suffers from the general perception that it is partisan and in favour of the incumbent government.

ii. Findings of the CRM

Political competition

47. The general view that was expressed by stakeholders across the political spectrum and in various sectors of Ghana's public life is that competition for political power is robust and open, though fractious and explosive especially before, during and after elections. Stakeholders are particularly pleased about the orderly succession from one party to another and from one President to another through the peaceful and internationally acknowledged free and fair elections held since 1992.
48. Certain problems are, however, likely to diminish the competitiveness and sustainability of democratic politics. Some stakeholders expressed concern about the inadequacy of resources, notably the human, financial and logistic capacity of the Electoral Commission, and particularly the sustainability of its budget, as it is donor dependent. Another group of stakeholders pointed to the lack of internal democracy within the parties and the potential long-term effect this may have in weakening democracy in the country. Other stakeholders raised concern about the low representation of women in politics and what this portends for participation and representation in politics. Finally, some participants were unhappy about the ethnic voting pattern that seems to be emerging in national elections.

Decentralisation

49. Stakeholders generally agree that decentralisation is not working as it should. At various meetings countrywide, they made it clear to the CRM that real power (be it administrative, financial or political) should be delegated and extended from the centre to the decentralised structures at the regional, metropolitan, municipal and district levels. This would make for more accountable, participatory and transparent political governance, financial management and socio-economic development at those critical, grassroots levels. Several stakeholders expressed their preference for elected District Chief Executives and District Assemblies.

iii. Recommendations

50. The Panel recommends that the Government of Ghana:
 - Make provision in the electoral law for the continuous registration of voters as and when the need arises, to ensure citizenship electoral entitlements.
 - Provide adequate funding to governance institutions to continue educating the public on their citizenship entitlements and responsibilities, thus empowering them to vote knowledgeably and responsibly.
 - Consider the adoption of an appropriate plan to facilitate the transfer of administrative and financial power to the decentralised bodies.

- Consider the merits of making all positions in District Assemblies elective, and act accordingly and promptly.
- Adopt an affirmative action for women and youth in organs of the decentralised system of governance, with clearly specified quotas and time-frames.
- Lift the ban on political party activity in decentralised systems, including political party campaigns on the basis of party affiliations.

Objective 3: Promote and protect economic, social, cultural, civil and political rights, as enshrined in all African and international human rights instruments

i. Self-assessment

51. In providing a firm and solid constitutional framework for promoting respect for human rights by all Ghanaians and preventing abuses by the State, the 1992 Constitution has been a refreshing improvement on previous constitutions of the country. Chapter 5 of the Constitution provides not only for traditional civil and political rights, but also for social and economic rights. As a result of the liberal constitutional provisions, there has been a blossoming of civil society organisations (CSOs) and non-governmental organisations (NGOs), and a vibrant, active civil society has emerged. Ghanaians have made impressive gains in redressing the legacy of human rights abuses under military rule, enhancing the rule of law and constitutionalism, fostering accountability, and promoting grassroots participation in the development and democratisation processes. The work of the *CHRAJ* has been outstanding in this regard. It has taken action to address violations of human rights committed by the State and its officials, and also those arising from cultural practices, like *trokosi* (the perpetual enslavement of virgins in south-eastern Ghana), female circumcision and penal colonies for alleged witches.

ii. Findings of the CRM

Civil and political rights

52. Stakeholders generally believe that the protection of human rights is possibly Ghana's most spectacular success since the return to democratic rule in 1992. It is a welcome and refreshing departure from the situation during the prolonged periods of military rule when violations of human rights, especially by the State and its agencies were common. Several stakeholders referred to concrete steps that have been taken in the form of institutions and agencies, and policies and programmes that have been put in place to promote and protect constitutional provisions for civil and political rights, such as freedoms of expression, including press freedom, association and assembly.

53. Stakeholders expressed mixed views on institutions like the CHRAJ, established to enforce human rights. It is generally conceded that some institutions, in particular the CHRAJ, have been carrying out their mandate diligently, proactively and vigorously. They have enabled several hundreds of indigent victims of human rights violations, who would otherwise not have been able to do so, to access justice and seek redress. There is general agreement, however, that the CHRAJ suffers from several human, financial and logistical resource constraints. There is also concern that the bloated mandate of the Commission, which includes the two objectives of fighting corruption and ensuring administrative justice, has overstretched its limited capacity. The issue of the status of the CHRAJ's decisions has also been raised. Even though the High Court has acknowledged the legality of some of the decisions, uncertainty still hangs over their status and the enforceability of the awards made.

iii. Recommendations

54. The Panel recommends that Ghana:
- Facilitate the enactment of the Freedom of Information Bill to deepen and entrench freedoms of expression and information in Ghanaian society.
 - Excise the docket on labour matters from CHRAJ by assigning it to a Labour Tribunal that should be set up within reasonable time.
 - Enhance the capacity of CHRAJ and other governance institutions to ensure their effectiveness in promoting and protecting fundamental human rights and freedoms.
 - Adopt a policy clarification on the status of decisions and awards of CHRAJ in relation to the jurisdiction of the courts.
 - Adopt a policy designed to enforce the international law of free and compulsory basic education.
 - Facilitate reforms in the police and other security services, so as to position them more clearly with regard to complying with basic commitments on human rights.
 - Adopt a self-binding plan to ratify all the international human rights treaties that Ghana has not yet ratified.
 - Take measures in the Ministry of Justice to domesticate applicable international human rights instruments.
 - Release the findings of the Reconciliation Commission.

Objective 4: Uphold the separation of powers, including the protection of the independence of the judiciary and of an effective Parliament

i. Self-assessment

55. The principle of separation of powers is a central feature of the 1992 Constitution. Survey data results in the CSAR show that Ghanaian households

have a popular and strong preference for the separation of powers. There is a fusion of the Executive and legislature in that the Constitution stipulates that the majority of Ministers of State must be sitting MPs. In contrast, the independence of the judiciary is restricted by the fact that there is no upper limit to the number of Justices of the Supreme Court that can be appointed. Nonetheless, the number of significant cases in which private individuals and entities, including minority parties, have prevailed against the government in court, demonstrate the exercise of judicial review by the Supreme Court. However, by giving the President the power to appoint as many MPs as Ministers, Article 78 potentially diminishes the independence of the legislature and its effectiveness in enforcing horizontal accountability.

ii. Findings of the CRM

56. Stakeholders generally feel that the Executive has, by and large, not interfered with the judiciary since the promulgation of the 1992 Constitution. The CRM's consultations however, pointed to some specific cases that challenge the country's good governance record. While the government has avoided interfering with judicial independence blatantly, more surreptitious methods of interference have occurred. For instance, in the so-called "poultry case" where the government fast-tracked a bill by suspending relevant standing orders that allowed it to repeal a law on an emergency basis. With the repeal of the law, the court order over the above case became otiose. A number of stakeholders felt that this amounts to interference with the judicial process and a violation of the principle of separation of powers.
57. The point was made several times over that Parliament is neither effective nor independent of the Executive branch. Minority or opposition members of Parliament claim that, unlike the judiciary, Parliament is solely dependent on the Executive. The creation of the Ministry of Parliamentary Affairs is used as a case in point. Members of Parliament have pointed to the large number of MPs who are Cabinet and junior Ministers, 88 in all, as evidence that Parliament is overwhelmingly made up of the Executive. Moreover, Parliamentary Committees are too weak to provide the much needed oversight and power to countervail Executive power.

iii. Recommendations

58. The Panel recommends that Ghana:
 - Revise the power of the President to establish ministries as and when he likes, by subjecting this law to Parliamentary approval.
 - Provide appropriate capacity to Parliamentary Committees enabling them to perform their functions efficiently in overseeing and providing effective checks and balances against the Executive, as stipulated in the Constitution.

- Review the desirability of the Ministry of Parliamentary Affairs, as it tends to blur the lines between the legislature and the Executive.
- Adopt a self-binding plan to implement the constitutional duty of measures to achieve a reasonable regional and gender balance in Parliament and Cabinet as part of the broader requirement.
- Adopt a self-regulating cycle designed to review and improve remuneration and conditions of service for MPs.
- Provide for additional Courts of Appeal in Kumasi and Tamale, to ease the pressure on the only Court of Appeal in the country.
- Continue with efforts to clear the backlog of cases, especially in the High Court and regional tribunals. Adopt a self-regulating mechanism to reduce by half the backlog each year for the next three years.

Objective 5: Ensure accountable, efficient and effective public office holders and civil servants

i. Self-assessment

59. Legislation has been introduced to ensure accountability, transparency and efficiency in the civil service of Ghana, coupled with several reform measures highlighted in the CSAR. These include: (a) the Public Sector Management Reform Programme (PSMRP), a World Bank-UK Department for International Development (DFID) project designed to run to 2010 in three phases at a cost of US\$ 173 million; (b) the Civil Service Performance Improvement Programme (CSPIP), launched in 1995 to improve efficiency and effectiveness in the delivery of services and outputs in Ghana's central and local government institutions; and (c) the Public Financial Management Reform Programme (PUFMARP), designed in 1995 to bring about wide-ranging reform in public financial management, thereby improving macroeconomic stability, government revenue collection and allocation of resources; and ensuring enhanced accountability and transparency in the use of public funds.
60. There have been various reviews of ongoing public sector reform programmes carried out by the government, sometimes in partnership with donor agencies, to assess their success and map the way forward. These reviews include: (a) the Public Sector Management Reform Project (Mid-term Review, February-March 2001), which suggests the reform of public pay policy as a priority, as current salary levels constitute a major constraint on public sector reform; (b) Reform of Pilot Subvented Agencies; and (c) the Public Sector Management Reform Project (Implementation Support Mission, October 2002).

ii. Findings of the CRM

61. Among the issues of concern is the rampant bureaucratic centralisation and red-tape, for instance the procedures for securing a licence to start a business, which

many stakeholders feel hampers effectiveness and efficiency in the public service. Many hope that the ongoing PSMRP will address some of the obstacles to the emergence of an effective and efficient public service in the country.

62. Stakeholders agree that sexual harassment and issues of gender equality and gender mainstreaming in the public service constitute major problems that should be addressed urgently. A number of stakeholders have firmly expressed the view that the government needs to show the political will to pursue the issues vigorously and determinedly in the public service, instead of paying lip service and pursuing a policy of tokenism.

iii. Recommendations

63. The Panel recommends that Ghana:
- Develop an enforceable code of conduct, including a declaration of assets and liabilities for public officials, making provision for petition and vigilance by members of the public.
 - Adopt measures, both financial, legal, moral and ethical, to enable the public service to deliver more effectively and efficiently.
 - Develop a deliberate policy aimed at mainstreaming gender in the public service and clarifying the status of “gender desks”.

Objective 6: Promote development and participation of civil society and the media

i. Self-assessment

64. Civil society organisations and the media play a very important role in the promotion of good governance. Acting as vigilant watchdogs for human rights and the abuse of authority by those in power, they ensure accountability, transparency, credibility and legitimacy. As service providers for their members, they offer alternative sources of supply, as well as complementing the services provided by the public sector, thereby contributing to the alleviation of poverty. They also forge partnerships between people and governments, thus providing channels of communication and flow of information between governments and citizens.

ii. Findings of the CRM

65. Civil society and the media have historically facilitated governance, sometimes by helping to resist oppressive rule and encouraging grassroots political participation. In recent years, they have worked together to challenge the legitimacy of government policies and to expand the political space in the country. There is, however, a limited presence of CSOs in rural areas. There also tends to be a duplication of CSO activities, with evidence of

bureaucratisation of activities, and accountability and transparency problems in organisation and activities.

iii. Recommendations

66. The Panel recommends that Ghana employ efforts to:
- Promote a better understanding between the government and the media, clarifying their respective roles in the promotion of good governance and human development.
 - Support the training of professional investigative journalism.
 - Advocate the promotion of democracy within the CSOs and community-based organisations (CBOs) to ensure accountability to stakeholders and membership.

Objective 7: Fight corruption in the public sphere

i. Self-assessment

67. Corruption remains a major governance problem in Ghana. The Ghana Governance and Corruption Survey of the CDD-Ghana found that 75% of the households surveyed regarded corruption as a serious national problem; 80% felt it had worsened over the previous years; 82% of public officials thought corruption was more prevalent in 2000 than in the previous three years.
68. The government has taken various measures to combat corruption, including: (a) the introduction and stern application of criminal law; (b) civic education; (c) strident sermonising and purification, in particular by religious groups; (d) promotion of a National Integrity System, initiated by the CHRAJ, resulting in the Ghana Integrity Initiative as a local chapter of Transparency International, and the creation of the Ghana Anti-Corruption Coalition with an action plan to combat corruption, which has been integrated into the Ghana Poverty Reduction Strategy (GPRS); and (e) the Zero Tolerance for Corruption Policy.
69. In addition, the government has taken various legal and institutional measures, notably the CHRAJ, created by Parliament in 1993. In addition to other functions, it is mandated to investigate all instances of alleged or suspected corruption and the misappropriation of public monies by public officials. The SFO was established in 1993 to monitor, investigate and, with the consent of the Attorney-General, prosecute criminal offences involving financial or economic loss to the state. The Office of Accountability was created in 2003 as an internal corrective body under the Presidency, to which all presidential appointees are subject.

70. Although the CHRAJ and the SFO have recorded successes in the fight against corruption, it is noteworthy that both institutions are constrained by inadequate capacity – be it human and material resources, organisational, logistics or infrastructure.

ii. Findings of the CRM

71. Participants at the various stakeholders' consultations complained about the high degree of corruption in Ghana's public sphere, at both the national and regional levels.
72. The prevalence and persistence of corruption in the country has prompted a combined group of state and non-state organisations to form an Anti-Corruption Coalition. It has been pointed out in the CRM discussions that one of the problems with lingering corruption in the country is the absence of comprehensive legislation on the issue, with corruption being dealt with in various disparate statutes.
73. Some stakeholders pointed out that a clear institutional dualism or gap needs to be closed in the fight against corruption. Some would see the enactment of a law setting up an organisation that is solely responsible, and has exclusive and expanded powers and functions for fighting corruption. It has been suggested that the SFO could be such an organisation.

iii. Recommendations

74. The Panel recommends that Ghana:
- Implement recommendations of anticorruption bodies for the government to enact a comprehensive legislation against corruption.
 - Establish a central organ within the government but independent of it, conferred with exclusive jurisdiction to fight corruption.
 - Increase budgetary allocations to programmes for disseminating information and educating the public on the evils of corruption.
 - Re-establish SFO authority by appointing a Board and Executive Director
 - Enact the Whistle-Blowers' Bill.

Objective 8: Promote and protect of the rights of women

i. Self-assessment

75. Gender discrimination is rife in Ghana and this is manifest in legal, social, political, cultural and economic rights that discriminate against women. The paucity of women representation in strategic positions is aptly demonstrated by Parliament, where women constitute about 8.3 per cent (9 out of 230). The CSAR notes that domestic violence is one of the more common human rights

abuses in Ghana. Other common forms of violence against women are sexual harassment at home and the workplace, and female circumcision.

76. Like most African countries, however, Ghana has acceded to and ratified several regional and international human rights instruments, such as the International Convention on the Elimination of all forms of Discrimination against Women (CEDAW). It has also positively participated in several international forums at which important decisions on the status of women have been taken and endorsed. Some conventions and instruments on women's rights are yet to be ratified. The AU Protocol to the African Charter on Human and Peoples' Rights on Women's Rights in Africa is still pending at the Ministries of Justice and Foreign Affairs, as is the UN Protocol against Trafficking in Human Persons especially Women and Children.

ii. Findings of the CRM

77. Many stakeholders expressed the view that the status of women in Ghana leaves much to be desired. It requires urgent improvement and an exemplary political will by the political class in the country to deal with, what most of them saw as, primarily cultural impediments to the promotion and protection of women's rights.
78. Stakeholders were forceful in condemning domestic violence against women. Immediate and urgent legislation is needed to criminalise this major assault on the rights of women. Stakeholders are disappointed that an attempt in this regard, in the form of the Domestic Violence Bill, has come up against a brick wall of opposition, principally on account of the clause that seeks to criminalise "spousal rape".
79. The CRM consultations revealed that, although Ghana has ratified several conventions and covenants on women's rights, some of the instruments concerning women's rights still await ratification. For example, (a) the Protocol to the African Charter on Human and Peoples' Rights on Women's Rights, and (b) the UN Protocol against Trafficking in Human Persons especially Women and Children, are still on the drawing board at the Ministries of Justice and Foreign Affairs. They are undergoing processing for ratification, which is long overdue, and it is unclear what is causing the delay.

iii. Recommendations

80. The Panel recommends that Ghana:
- Adopt a binding time-frame within which to ratify the 2003 AU Protocol to the African Charter on Human and Peoples' Rights on the Rights of Women in Africa.

- Take additional measures to enforce the law against abusers of women's rights. In this regard, speed up efforts to enact the Domestic Violence Bill. Organise a stakeholders' meeting or conference to discuss contentious issues around the Domestic Violence Bill, with a view to preparing it for introduction to the legislature for possible enactment.
- Increase budgetary allocations to the Ministry of Women and Child Affairs (MWCA) and other institutions dealing with protection of women's rights.
- Adopt a programme within the Ministry of Justice to domesticate the CEDAW and endow it with legal force of law.
- MWCA is to initiate a policy framework to be implemented over an agreed reasonable time-frame, designed to bind the government and all political parties to adopt a 40% quota for women in all spheres of public society (Parliament, Cabinet, public service, etc.), as indicated by Ghana to the UN Secretary-General.

Objective 9: Promote and protect the rights of children and young persons

i. Self-assessment

81. Ghana was the first country in the world to ratify the UN Convention on the Rights of the Child, in addition to being a State party to a number of related regional, continental and international treaties. It has made great strides in creating a national environment conducive to the promotion and protection of those rights. The 1992 Constitution contains provisions for promoting and protecting the fundamental rights of children, and the CHRAJ is responsible for protecting these rights. While considerable progress has been made with respect to the education, health and welfare of children, infringement and violation of the rights of the child are still prevalent.

ii. Findings of the CRM

82. Stakeholders pointed out that practices such as human trafficking, forced labour, slavery and prostitution seriously detract from and violate the human rights of children. Ghana is a party to the UN Convention on the Rights of the Child and has enacted the Children's Act in line with the constitutional protection and promotion of the dignity of children. However, consultations by the CRM revealed that Ghana has not ratified the two UN protocols on sexual exploitation of children and on child involvement in armed forces, nor the Convention on Human Trafficking.

iii. Recommendations

83. The Panel recommends that Ghana:
- Adopt the United Nations Protocol against Human Trafficking in Women and Children.

- Review the Children's Act to mirror more closely international standards on the rights of the child.
- Adopt a binding time-frame within which to accede or ratify to UN instruments on the rights of the child.
- Convert the Ghana National Children's Council (GNCC) into an independent autonomous organ within the government, separately from the Ministry of Women and Children's Affairs.
- Increase budgetary allocations to institutions dealing with the promotion and protection of children's rights.
- The MWCA is to consider recommending a policy instrument on behalf of the government for possible representation of the youth in the Legislature. This could be rationalised on the grounds of affirmative action of the youth constituency in Ghana.

Objective 10: Promote and protect the rights of vulnerable groups

i. Self-assessment

84. Vulnerable groups refer to ethnic minorities, refugees, migrant workers, the aged, disabled persons, people with HIV/Aids and Aids orphans. According to the survey data in the CSAR, almost all elite respondents believe that the relevant institutions to facilitate the rights of the vulnerable groups in Ghana have been established. A majority of the respondents maintain, however, that the institutions are incapacitated in their functions by resource constraints – human, financial and logistical. On the other hand, more than half the elite respondents believe that NGOs focused on vulnerable groups receive sufficient resources from international donor agencies, although they also feel that these NGOs could do more given the resources received.

ii. Findings of the CRM

85. Ghana is hosting scores of refugees from neighbouring countries, and the UN High Commissioner for Refugees (UNHCR) is using Ghana as a centre for screening refugees in preparation for settlement in other countries. Although there is no explicit clause in the 1992 Constitution on refugee rights, the statutory principles have been based on international standards. For example, the international law principle of *refoulement* is an integral part of Ghana's internal legal heritage.
86. Ghana, like most African countries, harbours several hundreds of thousands of internally displaced people. Some stakeholders would like to see the problem of disabled persons and issues of disability mainstreamed and prioritised on the policy agenda, as part of the political governance policy agenda.

iii. Recommendations

87. The Panel recommends that:

- The international community should assist Ghana with necessary support in coping with the demands of the refugee population, especially women and children.
- Ghana should review its internal capacities and constraints, both technical and practical, to cater for the rights and needs of internally displaced peoples.

3. ECONOMIC GOVERNANCE AND MANAGEMENT

3.1 Overview

88. On attaining political independence in 1958, Ghana's economic policies were geared towards the development of infrastructure and the provision of social services. The most successful venture during this period was the Volta River Project, with its hydro-electric power scheme and the new town of Temba. From 1966 onwards, various ambitious plans for the restructuring the economy and developing local manufacturing capacity met with little success. Following a period of protracted economic decline throughout the 1970s and early 1980s, Ghana initiated a comprehensive Economic Recovery Programme (ERP) in 1983. By 1990-1991, Ghana had achieved some success in that its GDP growth rate had reached 4.3%, compared with the negative growth rates of 1980-1983. Inflation had declined to 18% in 1991, compared with an average of 78% between 1980 and 1983. The foreign exchange market had also been unified and liberalised. Export diversification and fiscal management were, however, less successful.
89. Ghana's annual real GDP growth rates have exceeded 4% since 2000. The economy remains relatively weak, however. It is highly vulnerable to external shocks from the world economy and from subregional political instability. Successful transformation of the productive structure of the economy has remained elusive, as has firm control over the budget. The latter situation is due, in large part, to difficulties in containing major expenditure items such as the Wage Bill and interest payments on the public debt. In February 2003, the government issued its Ghana Poverty Reduction Strategy (GPRS) Paper for 2003-2005, which has since provided the overarching policy context for the country's socio-economic development.

3.2 Standards and codes

i. Self-assessment

90. Ghana has made significant strides towards implementing best practices in a number of areas of economic management, particularly institutional and structural aspects of the macroeconomy. The aim has been to improve fiscal transparency, budgetary processes and corporate governance. The country has also adopted various internationally accepted standards and codes, or plans to do so in the near future. As a consequence, laws have been passed and various practices reformed or adopted as necessary.

ii. Findings of the CRM

91. The authorities reiterated the views already expressed in the CSAR. They stressed that Ghana has made great strides in implementing best practices in a number of areas of economic management. These are related to especially the institutional and structural aspects of the macroeconomy. Ghana has already adopted several internationally accepted standards and codes, or plans to do so as soon as possible.

iii. Recommendations

92. The Panel recommends that the Government of Ghana:
- Regard the implementation of all standards and codes with a high degree of importance, whether or not they require explicit signatures and ratification. (In this regard, the Panel recognises that these standards and codes have influenced recently enacted Acts of Parliament.)
 - Ensure that organisational arrangements are in place to guarantee that the laws are fully implemented.

3.3 APRM objectives***Objective I: Promote macroeconomic policies to support sustainable development*****i. Self-assessment**

93. Weak internal capacity and heavy reliance on external resources for financing government development expenditure have impelled Ghana to accept IMF and World Bank guidance in macroeconomic programming in general. The CSAR has identified potential disadvantages of excessive reliance, including: (a) overemphasising macroeconomic stabilisation; (b) ignoring trade-offs between macroeconomic stability and economic growth, while subordinating certain social priorities; (c) weak national ownership; and (d) redefining the role of the State without adequate consultation with relevant national stakeholders.
94. Respondents to surveys of the CSAR ranked the top seven challenges to macroeconomic management as follows: oil price shocks, volatility in export prices, a weak private sector, a large public sector Wage Bill, weak internal capacity for mobilising resources, dependency on donors, unreliability of donor resource flows, and inefficient use of public resources.

ii. Findings of the CRM

95. The CRM discussed issues related to national ownership in policy-making; participation in policy-making, and transparency of decision-making processes; government efficiency and capacity; and economic development challenges

over the next several years. Stakeholders generally agree that national ownership of economic programmes and policies would require the willingness of citizens to take responsibility for the outcome of national policies. The ability to realise effective ownership would depend greatly on the country's domestic capacity to design and implement programmes for solving its economic problems. Two interrelated and recurring themes at all the meetings were that low government efficiency and weak government capacity adversely affect the quality of governance at all levels of the public sector.

96. Stakeholders agree that, to meet the challenge of macroeconomic stability, Ghana would need to:

- Find ways to develop and enhance the efficiency of the financial sector;
- Continue to improve tax administration and contain the public sector Wage Bill;
- Grant institutional and organisational capacity to the central bank to control inflation; and
- Intensify efforts to improve the management of public debt, especially foreign debt.

97. Meeting the challenges of structural transformation and export diversification requires the following, in addition to macroeconomic stability: (a) appropriate policies for strengthening entrepreneurship and the private sector, including the design of efficient mechanisms for state-private sector cooperation and coordination; (b) substantial enlargement of the stock and quality of human capital, including the technological capability of the labour force; and (c) the creation of a more favourable climate for foreign direct investment. Participants have forcefully asserted that the private sector and civil society have much to offer in the search for effective policies in the areas listed above. However, more detailed and specific suggestions have not been discussed much at the meetings and workshops.

iii. Recommendations

98. The Panel recommends that the Ghanaian authorities pursue steps to achieve certain intermediate objectives that will themselves be instrumental in promoting macroeconomic policies to support sustainable development. These intermediate objectives include:

- Allowing more effective country ownership in policy-making.
- Accelerating structural change and diversification in the economy.
- Enhancing the capacity to mobilise domestic resources.
- Strengthening the analytical capability in and outside of the government for national economic policy-making.

- Promoting domestic regional equity in economic growth and per capita income, employment and access to certain basic services.
- Continuing to implement market liberalisation policies.

Objective 2: Pursue transparency, effectiveness and predictability of government economic policies

i. Self-assessment

99. Several projects were implemented in the late 1990s to enhance transparency and effectiveness in public administration, the legislature and monetary and fiscal administration. Key efforts include the National Institutional Renewal Programme, 1994; Civil Service Performance Improvement Programme, 1996; Public Sector Management Reform Programme, 1999; Public Financial Management Reform Programme, 1999; and the National Governance Project, 1997. These programmes have had mixed results. Failure in achieving appropriate transparency and effectiveness has been due to inadequate political commitment and time-frames for implementation.
100. The surveys have indicated that the workings of Parliament, the Bank of Ghana and the Ministry of Finance and Economic Planning are becoming more transparent, while those of Customs, Excise and Preventive Services (CEPS), local government and the judiciary are rated as having made the least improvement in transparency. Ratings for effectiveness and predictability in performance are highest for the Bank of Ghana, the Ministry of Finance and Economic Planning, Parliament, the VAT Secretariat and the Internal Revenue Service, in that order. The perception of effectiveness is lowest for CEPS, the judiciary, local government and public administration.

ii. Findings of the CRM

101. The discussions on the transparency, effectiveness and predictability of government economic policies proceeded along the lines of the CSAR, namely actions that would make public administration, legal and legislative systems, and the fiscal authorities work effectively in a transparent manner, measures for making economic policies predictable, and challenges that the country faces in promoting cooperation and coordination.
102. A recurring theme of stakeholders outside the public sector was that too often public information is unavailable on current policy thinking, the workings and plans of important role-players in the public sector, the state of implementation of development plans, and reforms, including those intended to improve effectiveness and transparency in public administration and the fiscal sphere. The CEPS, judiciary, local government and public administration in general are thought to need a major overhaul in the way they work, to

improve both their effectiveness and transparency. Moreover, the impression has been left that weaknesses in the lines of communication and flow of information among the ministries, departments and public sector agencies prevent them from attaining their full potential for effectiveness, given their current capacity. The example was given of the flow of information between the Bank of Ghana, the Ministry of Finance, and the Controller and Accountant-General's Department. Monitoring and evaluation units of ministries, departments and agencies also often appear weak in the light of the evidence available to the public.

iii. Recommendations

103. To enhance the transparency and predictability of macroeconomic policies, the following aspects may justify special attention:

Provision of information

104. The underlying factor in promoting transparency is the provision of information. This is done via publications, radio and television broadcasts, the Internet, or by opening up processes and procedures to the public for direct observation through attendance at meetings and debates.

Transparency in policy-making

105. The evidence is that the Ghanaian authorities are making progress in improving transparency in policy-making. The Panel nevertheless recommends that attention be given to looking at ways to satisfy the demands and interests of Ghanaians and international partners for additional transparency. It is suggested that specific persons or an organisation be assigned the task, with clear terms of reference, of making recommendations on how this could be accomplished. A Programme of Action of the authorities could then follow the recommendations, with regular reporting on progress made.

Ministries, departments and agencies

106. In the meantime, and in the immediate future, all the ministries, departments and agencies covered in Ghana's CSAR should consider conducting their own self-assessment, making use of the information collated during the self-assessment work. Steps can then be taken to remedy deficiencies. This would be especially important for ministries, departments and agencies (MDAs) like Customs, Excise and Preventive Services, as well as those in local government and the judiciary which the CSAR has identified as having made the least improvement in transparency. The Panel would recommend that these actions should be made public within a year, even before the release of the overall report by the specific persons or organisation assigned the overall task of looking at the transparency problem as a whole.

Objective 3: Enhance sound public finance management**i. Self-assessment**

107. Respondents have rated progress in the different areas of public finance management identified in the survey as good or satisfactory. Progress in budget planning, formulation and comprehensiveness, and the link between planning and budgeting are rated no more than average. In all key areas of government expenditure control, accounting procedures and reporting, survey respondents have assessed progress as being marginally satisfactory. External auditing, payroll management, procurement, capacity building, internal auditing and timely release of financial reports are areas of least progress in public finance management. Payroll management remains a troublesome area in expenditure control. The use of a cash accounting regime for budgeting and financial reporting continues to be a problem in monitoring the implementation of fiscal policy measures and budgetary outcomes.
108. Parliament has an oversight role in ensuring sound public finance management, as guaranteed in the Constitution, but it has fallen short of public expectations. The audit process has seen some reforms in recent years but remains hampered by inadequate accounting systems, the absence of clearly defined audit standards, and the weak capacity and insufficient autonomy of the audit authorities. The CSAR argues that fiscal decentralisation remains weak for a number of reasons, such as centralisation of the management of public finance in accordance with legislation, and the general lack of trained manpower at the local level.

ii. Findings of the CRM

109. The CRM discussed issues related to measures taken to implement a predictable medium-term fiscal framework; the effectiveness of existing practices in revenue and expenditure targeting, monitoring, reporting and auditing, as well as the oversight functions in fiscal operations; promotion of effective public finance management; and the flow of resources between the central government and local governments, in the context of fiscal decentralisation. The CRM stressed that, given the information and technical deficiencies of the general public, the oversight role of Parliament in public finance becomes even more important. To enhance this oversight role, actions to increase the capacity of Parliament would be important, such as workshops, seminars, additional library facilities, and technical advisers.
110. As regards fiscal decentralisation, most stakeholders feel that the weaknesses emanate from centralisation of the management of public finance and delays in the flow of funds from the centre to the local governments, and that the latter are due mainly to the procedures of the Administrator. The government representatives have argued that the procedures are a consequence of the

need for accountability. They insist that there are capacity weaknesses in accounting and internal auditing systems at the level of District Assemblies, which necessitate careful procedures in fund transfers.

iii. Recommendations

111. Both the CSAR and the discussions during the CRM have made it clear that, to engender sound public finance management, the Panel recommends that Ghana should do the following:
112. *Capacity and decentralisation*
- Take immediate resolute action to raise capacity in the public finance area, and to make fiscal decentralisation a reality.
 - Undertake a diagnostic exercise in each of these areas in order to set objectives and clear POAs to achieve the objectives, doing the work in such a way that national consensus can be reached.
 - Put in place an effective organisational framework to monitor developments, inform the public about the progress being made, and invite responses from ordinary citizens and autonomous organisations.
 - Control the process as far as possible, especially as regards the choice of sources of technical assistance.
113. *Oversight role of Parliament*
- Put in place institutional and organisational changes to facilitate an enhanced oversight role for Parliament in the public finance arena, by implementing specific actions, such as requiring greater transparency and regular reporting of revenue and spending MDAs to Parliament.
 - Include elements (workshops, seminars, additional library facilities and technical advisers) that would increase Parliament's own capacity to oversee aspects of fiscal management.
 - Conduct an inquiry into the parliamentary oversight function and its performance in middle and high-income countries, to see what lessons could be drawn for Ghana.
114. *Fiscal management*
- Continue to work closely with the multilateral financial institutions to address various aspects of fiscal management that continue to plague Ghana, such as containing the salary and Wage Bill in the budget, maintaining high standards in auditing and public procurement, and improving public debt management.
 - Strengthen the policy ownership and capacity of authorities in such areas to ensure that policies and measures agreed with multilateral organisations promote macroeconomic stability and receive the full support of the populace at large.
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- Resolutely implement any policies thus agreed, thereby enhancing the authorities' credibility for good governance in international financial markets.

Objective 4: Combat corruption in public administration and money laundering

i. Self-assessment

115. Several Auditor-General reports dating from the 1990s have drawn attention to widespread occurrences of corruption and malfeasance in public administration. Examples include wages paid to non-existent workers and fraudulent payments. Some 52% of respondents to the survey perceive corruption as a common feature of the Ghanaian public administration, while 27% see it as occurring only in isolated cases. Some 6% regard the problem as systemic and endemic. Nearly 40% feel it is on the decline.
116. According to the CSAR, key factors identified as contributing to corruption are low real wages and salaries in the public sector; weak or ineffective powers of prosecution of corruption cases; and non-transparent procedures in public administration. With regard to money laundering, the CSAR notes that several pre-emptive measures are in place to counter it. These include the promulgation in 1990 of the Narcotic Enforcement and Sanction Law; the ratification in 2002 of three conventions on terrorism; the drawing up of a four-phase action in 2003 in response to the Inter-Governmental Action on Money Laundering under the aegis of the Economic Community of West African States (ECOWAS); and the establishment in 2004 of the Financial Intelligence Unit.

ii. Findings of the CRM

117. There was much more enthusiasm among stakeholders for discussing corruption rather than money laundering. The private and civil society stakeholders expressed the desire that the government should deal resolutely with corruption in public administration, as it undermines public finances as well as the government's credibility. They welcome efforts to tackle corruption (e.g. via legal and other institutional and organisational reforms), but note that low salaries make certain types of corruption difficult to address successfully. Civil society participants were particularly disappointed that two important pieces of legislation, which could help in combating corruption, have not been passed, namely the Whistleblower Bill and the Freedom of Information Bill. The latter bill would have been helpful, as a National Governance Workshop in Ghana in 2001 cited unequal access to information as one of the causes of corruption. The Parliamentarians agree that these bills, especially the Whistleblower Bill, have been "lingering for too long", but they have not commented on a possible time-frame for parliamentary passage.

iii. Recommendations

118. *Corruption*

The Panel appreciates that the authorities fully understand the importance of resolute enforcement and implementation of laws and rules for the effective control of corruption, as well as the need for building the appropriate capacity and incentive systems in organisations established to perform the tasks related to corruption control. The Panel recommends that the Government of Ghana:

- Seek the cooperation of civil society and private business organisations to improve performance in aspects of corruption control.
- Address the public perception that corruption at the level of the judiciary, coupled with the difficulty in producing concrete evidence, has hampered the fight against corruption. Do this by investigating the basis of the perception and the gravity of the difficulties, using independent bodies if necessary.
- Pass the Whistleblower Bill and Freedom of Information Bill as soon as possible, and implement them fully in addressing the problems.
- Consider consolidating different bodies working on anticorruption matters, in view of the limited financial and human resources available to support such activities.

119. *Money laundering*

The Panel would encourage the Government of Ghana to:

- Continue its vigilance in such areas as money laundering related to drug trafficking and smuggling.
- Devote some time and resources to studying cross-border trafficking of funds and its relation to cross-border trade and money laundering. A difficult area in the Ghanaian, and indeed African, setting is related to legitimate cross-border operations (involving proper transit at customs stations) and money transfers related to remittances and trade. Many persons – both traders and non-traders – simply do not operate in the formal banking systems, even though they handle large amounts of cash.
- Consider the possible role the banking system in Ghana could play in reducing the large sums of cash that Africans tend to carry around to conduct legitimate cross-border trade and other operations.
- Study more closely the money transfer business to ensure that it does not become a vehicle for money laundering. Remittances often involve cash transfers through foreign exchange bureaus and other private agents. It becomes a challenge to the authorities to decipher which constitute genuine fund transfers and which involve money laundering.

Objective 5: Accelerate regional cooperation and integration**i. Self-assessment**

120. Ghana has participated in almost all the regional initiatives in this respect. It has been a member of ECOWAS and has acceded to the second West African Monetary Zone (WAMZ) initiative. The CSAR claims that consensus exists among stakeholders in Ghana that the benefits from ECOWAS trade liberalisation schemes have not been encouraging. It is generally felt that full reciprocity in the implementation of agreed protocols has been lacking among other member countries.

ii. Findings of the CRM

121. There was not much discussion on regional economic integration efforts, mainly because the civil society and private sector participants do not have substantive issues of governance to raise in this context. They are broadly supportive of the idea of furthering regional economic integration in Africa, and for Ghana to be one of the leaders in such an exercise.
122. The Ghanaian authorities explained that the Ministry of Regional Cooperation and NEPAD has been fairly instrumental in raising the level of public awareness of integration efforts and achievements, particularly through ECOWAS protocols. Many Ghanaians were apparently initially unaware of the potential benefits of regional integration, and the Ministry appreciates that much work still needs to be done in this regard.

iii. Recommendations

123. The Panel notes the appreciable effort Ghana is making to forge ahead with regional integration in Africa. It would recommend that Ghana:
- Pursue greater sensitisation of citizens on the imperatives of regional integration and the perceived benefits, with a view to creating greater awareness; and
 - Bring more stakeholders, especially the private sector, on board in this regard.

4. CORPORATE GOVERNANCE

4.1 Overview

124. Globalisation and the liberalisation of the economy have led to a palpable growth of the private sector in the country. The government is equally committed to the creation of a golden age for business in Ghana and created a Ministry for Private Sector Development (MPSD) to spearhead the realisation of a competitive and vibrant private sector. Ghana also has a promising and emerging capital market with remarkable performance, significant momentum and a determined will for improvement. These developments have placed a new emphasis on the need for good corporate governance in the country.
125. Despite the foregoing, several challenges continue to exist. Awareness of corporate governance in general and corporate social responsibility, in particular, is low. The Companies Code provides the main corporate governance framework for registered companies. Though robust, it is out of touch with current corporate governance developments and is in need of updating. The institutions that are active in the promotion of good corporate governance are weak in finance, human and institutional terms. Furthermore, a persistent lack of clarity exists in the respective roles of the public and private sectors. The failure effectively to utilise the pre-eminent role of the private sector in promoting growth has severely limited economic opportunities.

4.2 Standards and codes

i. Self-assessment

126. In Ghana, before the publication of the OECD, Commonwealth and King's reports, the Companies Code (Act 179 of 1963) was the main instrument for controlling corporate governance. The country has since developed a number of codes that uphold the principles enshrined in the codes outlined above. In 1996, it developed National Accounting Standards that reflect international accounting standards. However, owing to the changes in the global landscape, these need to be reviewed to comply with the latest current international accounting standards. The Central Bank conducts banking supervision under the provisions of the Basel I principles of effective banking supervision. Ghana has no immediate plans to move to Basel II, although training programmes are under way. The National Insurance Commission (NIC) provides for supervision of insurance companies and monitors the implementation of the core principles for securities and insurance supervision and regulation that were adopted in September 1997. Ghana has ratified a

number of conventions of the International Labour Organisation (ILO). It has, however, taken no action on ILO Convention 138 on the minimum age for employment.

ii. Findings of the CRM

127. Although Ghana has adopted and developed a number of codes that reflect internationally accepted corporate governance principles, the CRM has confirmed that the level of application and enforcement of these was weak. Business practices still fall short of promoting transparent and ethical corporate practices. The level of awareness on matters of corporate governance is generally low, even among those who are supposed to apply it or encourage others to do so.

iii. Recommendations

128. The Panel recommends that Ghana:
- Develop holistic corporate governance guidelines and frameworks specifically for Ghana, and ensure relevance and continuous updating according to global trends. This applies to Ghana and the bodies and institutions engaged in the promotion of good corporate governance, such as the Institute of Directors, Securities Exchange Commission, the Ghana Stock Exchange and the State Enterprises Commission.
 - Provide training to ensure the application of adopted codes and standards.
 - Develop certified targeted programmes for entities and personalities charged with implementation of corporate governance, for example directors.
 - Support the Institute of Chartered Accountants, the SEC, the Registrar-General's Department (RGD) and other relevant enforcement institutions to improve supervision and monitoring capacity.

4.3 APRM objectives

Objective 1: Promote an enabling environment and effective regulatory framework for economic activities

i. Self-assessment

129. The business environment in Ghana is quite hospitable. In addition, over the past few years, the government has initiated specific policies to lay a solid foundation for private sector development, such as the liberalisation of imports, restructuring of the banking sector and the introduction of incentive packages. Businesses in Ghana fall into the following categories: limited and unlimited liability companies, branches of external companies, partnerships, joint ventures, and sole proprietorships. Most publicly listed companies in

Ghana are multinational corporations and basic manufacturing conglomerates. Ghana still has several State-owned enterprises (SOEs). According to the CSAR, the business community is dominated by the informal sector, which employs about 80% of the workforce and accounts for 20% of real GDP.

130. Ghana has developed a number of instruments for regulating economic activities. These include: the Companies Code; specific industry regulation for banking, securities, timber resources, mining, oil exploration, etc.; Stock Exchange listing rules and the Ghana Investment Promotion Act. SOEs are governed by the statutes under which they were created, and privatised through the Divestiture of State Interest Law. Stakeholders are protected by laws such as those relating to land, intellectual property, and freedom from competition. Although the Constitution guarantees rights to private property and offers protection from expropriation, there is a need for an enabling Act to facilitate the full realisation of private property rights. Access to land for investment is also challenge. In addition, there are a number of laws relevant to corporate governance that are still in draft form, waiting to be passed by Parliament, such as the Insolvency Act, Consumer's Legislation, Anti-Money Laundering legislation, and the Freedom of Information and Whistle Blower's Bills.
131. Key regulatory agencies include, among others, the Bank of Ghana, GSE, RGD, SEC, NIC, Internal Revenue Service and State Enterprises Commission. Ghana also has a number of trade and business associations, such as the Association of Ghana Industries, Chambers of Commerce, Federation of Employers, and the Association of Small-Scale Industries. In addition, there are professional bodies for lawyers, accountants, doctors, nurses, pharmacists, architects, teachers, and similar groups. The Trade Union Congress, the government and the Federation of Employers form the tripartite committee for national discussions on labour issues.
132. The Securities and Exchange Commission (SEC) regulates the securities market and securities industry in Ghana. The Stock Exchange is a self-regulatory organisation, but laws require that the SEC should approve membership and listing rules. Provisional Listing Arrangements also known as "Fast Track Listing" enable companies, especially SMEs and those on the government's divestiture list, to secure upfront listing. In recent times, the GSE has been the second fastest growing stock exchange market in Africa, after Nigeria.

ii. Findings of the CRM

133. The Mission noted various constraints to doing business in Ghana and the provision of an effective regulatory environment for economic activities. Overall, stakeholders complained of bureaucracy and inefficiency of

institutions that interface with the private sector; prevalence of corruption; delays in, and escalating costs of litigation; poor trade-related infrastructure; unreliable provision and the relatively high cost of utilities.

134. The problem of limited access to finance for investment owing to high interest rates, lack of adequate collateral and an insufficient track record for creditworthiness, was underscored. The CRM also noted no developments on a collateral registry for moveable assets, credit bureau and related issues such as fair reporting laws. Several additional challenges faced by SMEs were identified: problems with registration, poor record-keeping, and the need for training and skills development. The CRM was also informed that most of the non-performing SOEs would require considerable restructuring and injection of capital before meeting GSE listing requirements. Overall, the country's SOE reform programme has had mixed results.

iii. Recommendations

The Panel recommends that Ghana:

135. *General*

- Improve public service delivery to the private sector.
- Find modalities to expedite the resolution of commercial disputes through private arbitration and other alternative dispute settlement mechanisms, for example by enhancing current initiatives such as the fast track courts, specialised commercial courts and the private arbitration strategies.
- Engage holistically with corruption (also flagged as a cross-cutting issue).
- Enhance and continue the government's efforts to rehabilitate the physical infrastructure.

136. *Legal and regulatory framework*

- Review legal and regulatory frameworks governing corporate activity for their adequacy and relevance to current corporate governance standards.
- Continue the review of the Companies Act, Securities Law, GSE rules and other laws under the Financial Sector Strategic Plan to ensure that Ghana meets the needs of an expanding and progressive private sector.
- Support the Business Law Division in its work through enhancing its research and drafting capacities.
- Strengthen the legislative research capacity of Parliament and undertake the training of parliamentarians.
- Expedite the passage of bills by Parliament.
- Enact the draft legislations relevant to corporate governance such as the Insolvency Act, consumer's legislation, Anti-Money Laundering legislation, the Freedom of Information and Whistle Blower's Bills. Promulgate and enact a law on property rights.

- Define land ownership and improve access to land for investment through the elaboration of a policy of private land ownership for both Ghanaians and foreigners.
 - Develop an effective, reliable and easily accessible land registry that will improve access to title and feed individual land registrations into a national registration system.
 - Computerise fully the Lands Commission, and deeds and title registries.
137. *Business registration*
- Implement the Business Registration and Licensing Reform Strategy developed by Ernst and Young, which comprehensively covers a range of relevant issues, including: strategy for business registration and licensing; reforms for the filing of renewals and amendments, organisational and institutional reform; ICT reform; and legal reform.
 - Continue decentralisation efforts.
 - Ensure that decentralised offices are capacitated in human and institutional terms.
138. *Access to finance*
- Introduce a suitable legal framework to facilitate the operation of credit reference bureaus.
 - Address the inadequacies identified in property titles and weak judicial enforcement of foreclosure processes.
 - Find strategies for increasing banking competition.
 - Address the wide interest rate margins in commercial lending.
139. *SMEs*
- Increase government funding to SMEs timeously so that they do not become overburdened by government arrears.
 - Ease lending requirements to SMEs and depoliticise access to these funds.
 - Improve follow-up mechanisms to ensure the sustainability of SME support funds.
 - Encourage firms to improve their corporate governance, record-keeping, and financial reporting.
 - Provide education on financing to potential borrowers and skills development (e.g. preparation of business plans) to ensure optimum and profitable use of the funds.
 - Ease registration and listing requirements for SMEs in alignment with the Ministry for Private Sector Development, and Presidential Special Initiatives.
 - Target the provision of facilities for micro-enterprises for whom registration is not yet an option, for example premises for trade, social amenities, and tools of trade to raise capital levels.

- Provide training and access to financing to SMEs who are organised and traceable for follow-up.
- In the longer term, facilitate the emergence of e-commerce in the longer term to support the growth of domestic enterprises by introducing more efficient payment instruments, such as common technological platforms for cash machines and point-of-sale facilities and credit/debit cards.
- Consider the creation of over-the-counter securities markets.
- Find effective ways to attract and facilitate investment from Ghanaians in the Diaspora and other entrepreneurs through equity and venture capital financing.
- Consider in the long term the use of asset-backed securitisation (although uncommon in sub-Saharan Africa, it is widely accepted in more developed economies) as a funding source for SMEs and larger enterprises that have owner managers with a sizeable amount of equity in the business.
- Manage SMEs effectively to increase the capital base and enhance domestic resource mobilisation.

140. *SOEs*

- Fine tune by capital injection, restructuring and positive branding the divestiture programme strategy for the loss making SOEs to lead to their privatisation.
- Open up the membership of the DIC to private sector representatives, to benefit from their entrepreneurial direction and commitment
- Make the work of the DIC more transparent by amending the Divestiture of State Interests Law to outline clear procedures for ensuring transparency in the selection of entities to be divested.
- Provide opportunity, encouragement and support for Ghanaians living at home and abroad to participate in the privatisation programme.
- Amend the necessary laws including the Companies Code and the Divestiture of State Interests law to facilitate this.
- Establish, publicise and monitor the implementation of a corporate governance framework for SOEs, which enshrines guidelines of the OECD and Commonwealth.
- Counter the laissez faire attitude, excessive bureaucracy, lack of technical expertise and low commitment that contribute to the non-profitability of some SOEs.

141. *Securities market*

- Strengthen the SEC to meet requirements of the International Organisation of Securities Commissions.
- Create a separate enforcement department at the SEC.
- Clarify and/or delineate the supervisory roles of the SEC and GSE.

- Improve the information and communications technology capacities of the GSE to enhance electronic market surveillance.
- Complete and implement the review of relevant laws under the Financial Sector Strategic Plan in anticipation of future developments in the securities industry.

Objective 2: Ensure that corporations act as good corporate citizens with regard to human rights, social responsibility and environmental sustainability

i. Self-assessment

142. Further to the ILO conventions, the rights of workers in Ghana are also reinforced by the 1992 Constitution and enshrined in the Labour Regulation Act, 1969; Labour Decree, 1967; and the new Labour Act, 2003. Although the above rights are guaranteed, certain legislation such as the Industrial Relations Act of 1965 and the Trade Union Ordinance of 1941 effectively limits these freedoms. For example, although strikes and lockouts are not outlawed, the established legal procedures make it impossible to have a lawful strike or lock out. Only 5.7% of the labour force is unionised. Environmental issues are handled through the Environmental Protection Agency Act. Organisations that contribute to the corporate social responsibility agenda in Ghana include the Ghana Anti-Corruption Coalition, Transparency International, the media and a number of NGOs that deal with social and environmental issues.

ii. Findings of the CRM

143. The issue of corporate social responsibility appears not to be well understood. Corporations are not actively engaged in the communities and the CSR is widely regarded as a philanthropic “add-on”. The unemployment rate in Ghana is soaring, and initiatives for job creation, apprenticeship, training and capacity building by corporations are few in number. Most employees in Ghana are in need of better terms of service. There are instances of gender discrimination in the workplace. Child labour is also reported as widespread. Proactive engagement on environmental issues has not been apparent.

iii. Recommendations

144. The Panel recommends that Ghana:
- Establish a comprehensive legal and regulatory framework for corporate social responsibility to complement the corporate governance framework.
 - Include guidelines on corporate social responsibility in corporate governance codes developed by institutions such as the Institute of Directors and the SEC for their members.
 - Encourage reporting on CSR activities by listed companies.

- Address stereotyping of women and gender discrimination in the workplace.
- Tackle with greater resolution the problem of child labour and eliminate child trafficking.
- Create a tribunal instead of the CHRAJ to handle employee grievances.
- Enhance the capacity of the Labour Department to monitor compliance with labour standards.
- Undertake sensitisation of communities, civil society and corporations around the issue of corporate social responsibility.
- Encourage corporations to support communities and social programmes.
- Motivate corporations to engage in training, apprenticeship and skills development, especially in manufacturing and production.
- Encourage corporations, in addition to financial reporting, to report on their involvement in social programmes and their impact on the environment.
- Revisit legislation that affects the CSR (e.g. the Land Act and the EPA legislation) for its appropriateness and relevance.
- Enhance the EPA's capacity for supervision and enforcement.

Objective 3: Promote adoption of codes of good business ethics in achieving the objectives of the corporation

i. Self-assessment

145. Ghana is party to several international instruments governing terrorism, as well as UN and AU resolutions on international terrorism, including the International Convention for the Suppression of the Financing of Terrorism and the OAU Convention on the Prevention and Combating of Terrorism, Algiers, 1999. The government has also committed itself to passing a bill on terrorism that includes provisions dealing with penalties, financing of terrorism and money laundering. Although this bill has not yet been passed, the Bank of Ghana has intensified its stance on money laundering. The Central Bank requires banks to apply the policy of "know your customer". In addition, a committee comprising the Bank of Ghana, Internal Revenue Service, RGD, the Committee of Controllers of Commercial Banks, VAT Services, Criminal Investigation Department of Ghana, and Interpol has been formed at the national level to combat money laundering.
146. The State Enterprises Commission, Securities and Exchange Commission and the Ghana Stock Exchange have gazetted corporate governance guidelines on best practices for listed companies. These are incentives for listed companies to comply with corporate governance practices. Good business ethics is promoted through relevant ministries, departments, and agencies; trade and business associations; shareholders, creditors and other stakeholders; civil society groups; and Ghana's development partners.

ii. Findings of the CRM

147. Corruption and rent seeking are major concerns in Ghana. The private sector is widely perceived to lack corporate integrity. Lack of resources and capacity limits the effectiveness of oversight and enforcement mechanisms. Weak financial and investigative journalism also hampers the enforcement of good business ethics.

iii. Recommendations

148. The Panel recommends that Ghana:
- Enhance the human and institutional capacity of institutions for supervision and enforcement (including the SEC, RGD, EPA, SFO, CHRAJ, and the Auditor-General's Department). These bodies are resource constrained and find it difficult to meet the supervisory and enforcement obligations arising from an expanded financial and private sector.
 - Enact the draft Anti-Money Laundering Bill and the Whistle Blower's Bill.
 - Train journalists in order to enhance their investigative and financial reporting abilities, enable them to practise responsible journalism and to serve the public interest better.

Objective 4: Ensure that corporations treat all their stakeholders (shareholders, employees, communities, suppliers and customers) in a fair and just manner

i. Self-assessment

149. The Companies Code of 1963, the Securities Industry Law of 1993 as amended, and the regulations of the Ghana Stock Exchange recognise all categories of shareholders. The institutions charged with ensuring the equal treatment of different classes of shareholders are the RGD and the courts. The SEC, GSE, the Ghana Investment Promotions Centre and the Ghana Free Zones Board also, to some extent, provide for protection of the rights of shareholders. The Securities Industry Law, for example, prohibits and penalises insider trading and abusing self-dealing but prosecutions are rare.
150. Stakeholders' rights are established and protected under the general laws pertaining to commerce, contracts and labour. In addition, voluntary codes, for example SEC Guidelines and the Institute of Directors' Code of Ethics, cover certain stakeholder issues. The Bodies Corporate (Official Liquidations Act) of 1963 provides the insolvency regime. Debt collection procedures are also found in the Companies Code, although in many instances they are not effectively employed. There is no legislation on individual bankruptcies and no consumer organisation.

ii. Findings of the CRM

151. Shareholder rights in general are well observed and shareholders are equitably treated under the law. Duties of care and loyalty also appear adequate and are hardly contested in practice. The level of awareness of stakeholder rights is, however, extremely low among communities, although higher among large companies. Non-owner stakeholders, including employees at non-senior levels, have complained of limited access to company information. In most cases, mechanisms for redress for breach of shareholder and stakeholder rights are lengthy and time and resource consuming.

iii. Recommendations

152. The Panel recommends that Ghana:
- Educate shareholders and stakeholders about their rights.
 - Improve mechanisms for providing information to stakeholders.
 - Enhance efforts to expedite commercial dispute resolution.
 - Strengthen debt collection and foreclosure mechanisms.
 - Pass the draft Insolvency Act to address individual bankruptcies.
 - Enact consumer legislation and establish a consumer's organisation.
 - Enact the draft Competition and Fair Trade Practices Act.
 - Establish a special court and complaints office dealing with competition issues.

Objective 5: Provide for accountability of corporations, directors and officers**i. Self-assessment**

153. The Companies Code contains no directives for the appointment of independent directors. The SEC, however, requires that listed companies have audit committees and that the Chairman of the Audit Committee be non-executive. All shareholders have equal access to corporate information. Evaluation, supervision and monitoring, and enforcement mechanisms are nevertheless weak.

ii. Findings of the CRM

154. Boards are reported to be captive to controlling shareholders and ineffective in managing corporate governance practices or monitoring conflicts of interest. Stakeholders indicated the need for better record-keeping by firms, in particular SMEs. Only NGOs consistently keep accounts and make use of external auditors, mainly because it is a requirement from donors for continued funding. In Wa, the CRM interacted with a church-run initiative that offers accounting and other professional services for SMEs. Stakeholders have recommended that such initiatives be encouraged.

iii. Recommendations

155. The Panel recommends that:

- Ghana amend the Companies Code and relevant laws to take into account global corporate governance developments, especially the OECD and Commonwealth codes for the governance of companies including SOEs and SMEs for example to:
 - Require the formation of Board committees in general, and audit committees in particular.
 - Introduce responsibility for accuracy of financial statements.
 - Require internal auditing for companies.
 - Require the appointment of independent directors.
 - Require guidelines for managing conflicts of interest.
- Corporations make material information more widely available in real time and periodically.
- The government, supervisory and other relevant entities enhance monitoring of disclosure and enforcements for breaches.
- Entrepreneurs and SMEs institutionalise enterprise to ensure the continuity of the enterprise once the principal or dominant shareholder is no longer there and enhance prudent financial management to ensure viability and growth of the business.
- The SEC, Institute of Directors and other relevant bodies consider undertaking certified e-training programmes for directors.

5. SOCIO-ECONOMIC DEVELOPMENT

5.1 Overview

156. On the socio-economic front, the pursuit of neo-liberal policies since the early 1980s and generous government incentives have expanded economic, political and socio-cultural spaces. Notable strides have been made in several respects to stimulate socio-economic development. The government has made good progress, albeit less than anticipated, because of administrative capacity constraints.
157. Ghana has, however, become a beacon of hope in the volatile West African subregion. The national aspiration is to become a middle-income country by 2010. In February 2003, the government issued its Ghana Poverty Reduction Strategy (GPRS) Paper for 2003-2005, which has since provided the overarching policy context for the country's socio-economic development. Essentially, the GPRS aspires to achieve broad development objectives, including the reduction of extreme poverty; social and human development; environmental sustainability and regeneration; consolidation of democratic governance; strengthening of accountability; and guaranteeing protection of human rights and the rule of law.
158. The general picture emerging is that a combination of good socio-economic policies and considerable foreign aid has led to perceptible progress in Ghana's socio-economic development in recent years. The country is, however, off-target in the attainment of a considerable number of goals set out in the GPRS and in the Millennium Development Goals (MDGs). Perceptible progress on the socio-economic front is distorted by: (a) lack of progress in gender mainstreaming due to cultural and other impediments; (b) weak human, financial and physical resource capacity; (c) wide urban/rural and regional disparities in the distribution of the dividends of socio-economic development in the country, with the three northern regions and some parts of coastal Ghana lagging far behind the rest of the country (e.g. in poverty eradication and the provision of basic services and core welfare indicators, like water, electricity, health care, roads, nutrition and education); and (d) a fiscal and political decentralisation process that is weak, demobilised, unresponsive and ineffective, thus hindering participation, accountability and transparency in social service delivery at the lower levels of government.
159. As summarised pointedly in the Country Report and made all too clear in the various consultations undertaken by the CRM, socio-economic development in Ghana has been less than what would be required for sustainable development. There is ample scope for improvement in the quality and

standard of living of Ghanaians. Opportunities and options are available to them to secure and sustain their individual and collective self-development, if the MDGs and the national development objective of US\$ 1000 per capita income by 2010 are to be achieved.

5.2 Standards and codes

i. Self-assessment

160. Ghana has made remarkable progress in complying with the codes and standards enumerated in the socio-economic development objectives of the APRM. Six of these ten standards and codes have been fully ratified. Interestingly, the CSAR stresses that the remainder of the standards and codes have been adopted, but their ratification status could not be ascertained from implementing institutions and other official sources. Some standards and codes are yet to be ratified owing mainly to financial constraints, lengthy bureaucratic procedures, and a general lack of awareness of such standards and codes.

ii. Findings of the CRM

161. Discussions during the CRM centred on the need to ratify the remaining standards and codes and fast-track the process of translating standards and codes into local laws. Stakeholders outside of the public sector overwhelmingly agree that the standards and codes are useful and that those complied with appear to have achieved their intended objectives. At the same time, they feel that greater sensitisation would be useful to inform ordinary citizens about the standards and codes, their nature and objectives, and the manner of their implementation.

iii. Recommendations

162. The Panel recommends that Ghana take steps to:
- Ratify outstanding standards and codes and translate them into local laws.
 - Sensitise ordinary citizens as to the standards and codes, their nature and objectives, and the manner of their implementation.

5.3 APRM objectives

Objective 1: Promote self-reliance in development and build capacity for self-sustaining development

i. Self-assessment

163. A more vigorous effort went into making the GPRS process participatory and locally owned by Ghanaian stakeholders, than was the case with earlier
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initiatives such as Vision 2010, the Medium-Term Expenditure Framework (MTEF). In general, however, there is room for improvement in consultation and participatory processes. Over half of the government's development expenditure is externally funded, albeit on a downward trend in recent years. External aid has enabled the government to restore confidence in the economy, especially during the 1980s. Such aid increased outlays on infrastructure development and social services, and contributed significantly to poverty alleviation. Since 1983, multilateral and bilateral donor support has inadvertently created monetary shocks and quasi-fiscal deficits of a magnitude overwhelming the government's capacity for macroeconomic management.

ii. Findings of the CRM

164. Discussions under this objective were been dominated by capacity and ownership issues. Several participants from outside the public sector have expressed the view that improvement in certain capacities of the District Assemblies would greatly enhance ownership and accelerate the socio-development process. These include the capacity to collect and analyse data; develop projects to be financed under the District Assemblies Common Fund (DACF) and funds of the Heavily Indebted Poor Countries Initiative; and generate own funds from market tolls, property rates and other levies to finance development programmes. Participants also stated that there is a need for improvement in the way the consultative and participatory processes are carried out to ensure that the underlying objectives of self-reliance, ownership and sustainability are achieved.

iii. Recommendations

165. Implementing self-reliant, sustainable poverty reduction programmes that create wealth requires maximum consultation, participation, coordination and ownership by all stakeholders. Although the GPRS goals are geared towards self-reliance and sustainability, there is ample scope for improvement, notwithstanding the progress made so far. The Panel recommends therefore that Ghana:
- Balance sound macroeconomic policies (to increase economic growth, reduce inflation and ensure the stability of the cedi), against other policies (to reduce poverty, increase access to basic services and public facilities, and reduce inequities in the economy).
 - Educate citizens that the following is required to meet these apparently conflicting objectives: discipline, hard work, thrift and a high level of productivity. In this context, develop a culture of shared growth.
 - Use coordinating councils, with members drawn from the government, expert organisations, civil society and the private business sector, to help in developing the sort of cooperation that enables a culture of shared growth to emerge and grow.

Objective 2: Accelerate socio-economic development to achieve sustainable development and poverty reduction

i. Self-assessment

166. The GPRS has identified five thematic areas as medium-term (3-5 years) priorities in pursuing the interrelated objectives of sustainable development and poverty reduction in the country: These are: (a) macroeconomic stability; (b) production and gainful employment; (c) human resources and basic services; (d) protection of the vulnerable and excluded groups; and (e) good governance.
167. There has been a modest increase in economic performance, with economic growth hovering around 4-5% per annum since the 1990s, compared with the negative growth rates in the 1980s. The country has also mobilised more resources from internal sources during the same period. A more sombre picture emerges, however, when it is realised that the economic growth that has been achieved masks regional disparities and rural/urban imbalances in respect of its distribution. It also falls far short of the 8% predicted in Ghana's Vision 2020, and of what the GPRS envisaged as necessary for lifting the country from the poverty trap. Given the vulnerability of the country's economy to external shocks and high donor dependence, the picture becomes even more worrisome. Those subsectors that would greatly benefit the poor (food crops and livestock, manufacturing, and wholesale and retail trade) have fared badly.
168. Although Vision 2020 and the GPRS are the most recent policy documents for achieving accelerated socio-economic development, monitoring of the progress made has faced considerable challenges. In the preparation of annual progress reports, the main problem has been lack of up-to-date data, as well as inconsistent data from different sources.
169. There are legitimate concerns among the populace that political affiliation determines access to funds meant for poverty alleviation.
170. Ghana has made remarkable progress in achieving the MDGs, but some challenges remain, including a high fertility rate (4.5) and infant mortality rate (56.5/1000, 2001 estimate). Life expectancy has still not reached 60 years of age, currently being 59 years for women and 56 years for men. Only 64.5% of the population is literate, with a significantly higher percentage of men (70%) than women (51%) being able to read and write. The following MDG goals are identified as the least likely to be realised: MDG 1: Halving the proportion of people living in extreme poverty; MDG 2: Achieving universal education; MDG 4: Reducing child mortality; MDG 5: Improving maternal health, and combating HIV/Aids, malaria and other diseases.

iii. Findings of the CRM

171. Issues that came up in discussions around this objective mirror the responses in the survey. It has been suggested that investment criteria should include direct effects on poverty alleviation. In practice, this implies that greater attention needs to be given to investment in sectors that employ poor people, such as agriculture. The impact of rural-urban migration on urban poverty is a cause for concern to some stakeholders, who have noted that the lack of a corresponding expansion of infrastructure and service delivery is a major reason for this relationship. Most stakeholders are concerned about the small size of the formal sector although there are mixed views on how to redress the situation.

iii. Recommendations

172. The Panel recommends that Ghana:
- Modify or reorient the current pre-eminently state-driven approach towards socio-economic development, applying a much more conscious determination to generate and mobilise internal capital through savings (a target of more than 20% per annum) and investment (a target of more than 27% per annum).
 - Achieve such targets by encouraging the active participation of the organised and unorganised private sector (including the informal sector), individual entrepreneurs and self-help community organisations in the provision of social and physical infrastructure and in human resource development in the country.
 - Sustain the momentum to achieve all the MDGs, paying attention to the specific problem areas identified. The MDGs are critical to Ghana's own agenda for growth and prosperity.
 - Consider the urgency of gathering good data and statistics, which are important for understanding problems and tracking performance in many areas of socio-economic governance and development.
 - In the light of the above, make a concerted effort to re-energise and reform the Ghana Statistical Services.
 - Take the leadership in organising focused study and analysis of policies for fostering development of the formal sector and the concomitant shrinking of the informal sector.
 - Take steps to remedy rural-urban migration.

Objective 3: Strengthen policies, delivery mechanisms and outcomes in key social areas**i. Self-assessment**

173. Social sector policies and programmes in the GPRS seek to promote activities

that would enhance access to education, health care, potable drinking water and sanitation services. A major policy initiative in the sector has been the ten-year (1995-2005) strategic plan for education, in the form of Free Compulsory Universal Basic Education (FCUBE). This programme seeks to provide all school-age children with quality primary and junior secondary education by 2005, with community participation in its implementation. In the area of health, the emphasis of government policy is on the prevention of disease, health promotion and basic primary health care. Under the GPRS, the emphasis is on bridging inequalities in health care. The government has embarked on several programmes, including the National Health Insurance Scheme, National HIV/Aids Programme, and HIV/Aids Surveillance.

ii. Findings of the CRM

174. Stakeholders are concerned that the quality of primary and secondary education had eroded in recent years. They want the authorities to look carefully at possible contributing factors, such as teacher-learner ratios, quality of instruction and “brain drain” of teachers of teachers, particularly in Mathematics and the Sciences. As some of the subsequent remedial steps by the government might require significant time before yielding results, the stakeholders feel that measures with more immediate results are necessary. The use of television and information technology in the classroom to improve numeric and literacy skills should be urgently considered, especially as the authorities have expressed recognition of the strength of the case.

iii. Recommendations

175. The Panel recommends that Ghana:
- Undertake “good faith” reviews to see where capacity increases make economic sense from a cost-benefit perspective.
 - Identify areas where improvements could be made via policies and measures that augment efficiency without incurring large additional expenses, as would be necessary for capacity increases.
 - Raise productivity of resources with little or no additional expenditure by reorganising and reallocating facilities, redistributing funds and refining processes and procedures. Areas needing attention are:
 - The relative incentives of teachers and health professionals to work in cities and in the South vis-à-vis the rural areas and the North;
 - Access to financial services across regions and rural-urban households and businesses;
 - Distribution of goods markets across the country;
 - Transparency in decision-making, particularly in the contribution of participatory groups and individuals at the unit and district levels to the final decision; and
 - Regular information on the implementation of development projects.

Objective 4: Ensure affordable access to water, sanitation, energy, finance, markets, information and communications technology, shelter and land for all citizens, especially the poor

i. Self-assessment

176. The CSAR draws attention to housing scarcities. In the rural areas, the market for formal housing delivery is not lucrative for real-estate developers. In the urban areas, the rapid rise in the population has been accompanied by slow growth in real incomes and land litigation. The result has been shortage of rental accommodation, high rents, and hardship for a good fraction of the population. Access to electricity in the rural areas is low (16.1%), relative to the urban areas (74.6%). Access to pipe-borne water is estimated at about 71.2 and 16.1% for the urban and rural populations respectively. In the main, access to financial services has eluded many small businesses.

ii. Findings of the CRM

177. The general feeling of the stakeholders has been that the government understands the nature of the problems, both with respect to the nation as a whole and as they relate to equity (regional, rural-urban, gender). What is needed is for the authorities to have clear plans of action for each service, involving targets and objectives, policies and measures for achieving them, and a feasible time-frame.

iii. Recommendations

178. The Panel recommends that Ghana:
- Set quantitative targets, design explicit policies and measures, and plan detailed timing to achieve the objectives in the area of socio-economic development. Such an overarching approach would facilitate monitoring and accountability.
 - In doing this exercise, consider where progress has been slow or disappointing because of objectives being too modest, inattention, or lack of implementation. This calls for a clear understanding of (a) the feasibility of targets and objectives; (b) transmission processes from programmes, policies and measures to objectives; and (c) difficulties likely to be experienced in policy implementation, as well as measures that could be put in place to overcome these.
 - Make use of coordinating councils or bodies comprising representatives of civil society, businesses and government, and seek gender and regional balance in these bodies.
 - Continue with the current policy to harmonise land laws and practices in the country; to reduce land disputes; and to enhance access to land and make it more productive through the 15-year Land Administration Policy.

Objective 5: Make progress towards gender mainstreaming and equality**i. Self-assessment**

179. Despite policies put in place by the government and NGOs to make gender mainstreaming a reality, implementation has been disappointing. The CSAR cites elements of a strategy being put in place to enhance progress in this area: (a) strengthening the institutional framework; (b) motivating greater political will to act on gender issues; (c) establishing clear benchmarks so that the government can be held accountable; (d) strengthening women's skill in advocacy and representation of their constituencies; and (e) addressing the cultural constraints that make it difficult to eradicate gender inequities.

ii. Findings of the CRM

180. Stakeholders pointed out that among the challenges facing women in the economy are: (a) severe limitations on land ownership; (b) limited access to credit and technology; (c) difficulties in contracting and employing labour; and (d) limitations on accessing and utilising machinery in agricultural production. Many stakeholders have therefore called for specific programmes to enhance women's access to resources and services. The authorities have been eager to stress that there is no lack of political will to address the issues of gender resolutely. Yet, they do not dispute that cultural biases may be hampering women's progress in this regard.
181. A cabinet-level Ministry of Women and Children Affairs was created in 2001. Ghana has also adopted or ratified several international conventions and human rights instruments designed to improve women's welfare and promote gender equality. The international law obligations deriving from those conventions and instruments are largely reflected in domestic legislation and policies. Implementation of these key initiatives has been a challenge. Stakeholders have singled out the Ministry for Women's Affairs and the Women's Desk in Ministries Departments and Agencies as institutions that are chronically under-resourced.

iii. Recommendations

182. The Panel recommends that the political leadership is to provide the will, good faith and determination to fight and overcome the cultural impediments to gender equality in Ghana. The Panel further recommends that Ghana:
- Enact the Domestic Violence Bill to enforce the rights of women.
 - Promote affirmative action to accelerate gender equality in public institutions and in the organised private sector, for example, by programmes for Women in Management and Women in Development.

- Specify the benchmarks of progress in achieving gender equality and mainstreaming, and the application of sanctions against institutions that are tardy in meeting the benchmarks.
- Strengthen or create the institutional machinery at all levels of government to oversee and monitor progress in meeting the benchmarks.

Objective 6: Ensure broad-based participation in development

i. Self-assessment

183. A number of initiatives have been adopted to elicit broad-based participation of stakeholders in the area of socio-economic development, but much dissatisfaction remains. Many stakeholders feel that frequently important recommendations made at workshops and forums are ignored when it comes to implementation, and that stakeholders outside the authorities have not been given prominent roles in policy-making.
184. At lower levels of government, attempts to institutionalise broad stakeholder participation (a local equivalent of Peoples' Assemblies) in policy formulation have largely been inadequate, ineffectively organised and unsystematic. This has generated public apathy towards policy consultative or participatory meetings that are initiated by metropolitan, municipal or district assemblies (MMDAs).

ii. Findings of the CRM

185. Representatives of the public sector at the stakeholder workshops and meetings acknowledge that there is room for improvement to ensure that mechanisms for increasing participation in policy-making worked better and in ways that would assure Ghanaians that the suggestions of ordinary citizens are never simply ignored. These relevant mechanisms include the National Economic Dialogue, the Homecoming Summit, stakeholders workshops and memoranda presentations to Parliament.
186. All participants agreed that long delays in releasing fiscal resources from the DCAF (which many non-government participants believe have delayed the implementation of projects at the local level), need to be investigated and remedial steps taken.
187. Many stakeholders in the Upper West Region, particularly in Ho, the Volta Region and Wa, expressed their disquiet over regional disparities in socio-economic development. They contend that policy should urgently be directed at ameliorating and reducing these disparities so as to ensure and promote equitable development in the country.

iii. Recommendations

188. The Panel recommends that Ghana:

- Pay serious attention to equity issues, particularly with respect to gender and region. Ameliorating the North-South disparities seems particularly urgent.
- Purposefully pursue policy to reduce regional disparities in economic growth and development through special development projects or Presidential Initiatives in depressed regions of the country. This would preclude long-term destabilising political risks, should the disparities persist unabated or deepen.
- Find incentive schemes and targeted policies to improve conditions in the Northern regions. Northerners blame not only government policies for their plight, but also their own professionally qualified natives who have moved to Accra and foreign countries. This is an added challenge to the authorities; for as they seek to encourage Ghanaians to stay in the country, they must also persuade Northerners, in particular, to stay and work in the northern regions of the country.

6. CONCLUSION

6.1 Cross-cutting issues

189. Sections 2 to 5 of this report provide brief summaries of the status of Ghana across the four focus areas based on the CSAR, background information and the findings of the CRM. The various sections elaborate on the recommendations of the Panel for each of the thematic areas of Democracy and Good Political Governance, Economic Governance and Management, Corporate Governance and Socio-Economic Development.
190. In general, there is consensus that Ghana is well on course in pursuing the main objectives of the APRM. Many challenges still remain, however, which need further action and must be addressed in order for Ghana to meet the ultimate objectives of NEPAD and the APRM. These challenges are recognised in the recommendations made by the Panel in this report, and are also covered in the Programme of presented by Ghana following the self-assessment and review exercises.
191. Without being selective or attempting to define priorities, there are a few areas of deficiency in the Ghanaian system that are of a recurring or cross-cutting nature and have been identified in more than one thematic area. These more general problems may require a holistic and even urgent approach because of their wider impact on the quality of governance in all areas of activity. The salient cross-cutting issues are: (a) capacity constraints; (b) gender equity; (c) corruption; (d) decentralisation; and (e) land issues.

6.1.1 Capacity constraints

192. Reference to capacity constraints appears with regularity in the CSAR, the CRM report, the list of Panel recommendations and the Ghana Programme of Action. Lack of capacity is indeed a major constraint on the ongoing efforts to improve the quality of governance in all spheres of activity. In view of the focus of the APRM programme on the need for improving “political, economic and corporate governance values”, it is imperative that this problem be addressed with determination in a resolute and holistic approach. It is believed that the government of Ghana has already taken up the challenge by accepting human resource development and good governance as two of the three priorities of its current development strategy.
193. There is obviously no instant solution to the problem of a shortage of capacity (and its impact on efficiency) in the development of the human resources component of any country. In the context of contemporary Africa, capacity building has become a catchword in the search for sustainable

development. New initiatives in this regard are being introduced by institutions such as the AfDB and the World Bank. Ghana will undoubtedly benefit from studies in progress within these institutions, and in seeking multilateral support for its own efforts to address the daunting problem of capacity.

6.1.2 Gender

194. The marginalisation of women remains a very real problem in Ghana, despite constitutional and other legislative provisions to protect and preserve the rights of women. It is manifested strongly at the national, regional and local levels of government, where women numbers in political structures remain conspicuously low. Public and private entities are generally reluctant to promote women to senior positions. In addition, the CRM was confronted by many complaints of violence against women and continued cultural biases against the education of women.

195. It must be emphasised that there is no lack of political will to address this problem, and the Constitution clearly commits the country to the elimination of gender discrimination. Nonetheless, the Panel has thought it necessary to include in a number of its proposals for enhanced efforts at individual, local and national level to ensure that all practices of gender discrimination are tackled with greater resolution and eliminated as soon as possible.

6.1.3 Corruption

196. Corruption, a publicly acknowledged phenomenon, remains prevalent in all spheres in Ghana. On several occasions, the government has declared a policy of zero tolerance to corruption. Various legal and institutional measures have been taken in recent years to combat the problem. However, these efforts have not met with sufficient success. The government is urged to take serious note of the various recommendations in this report for a more intensive campaign against corruption in the country.

6.1.4 Decentralisation

197. For some years now, Ghana has been involved in a very comprehensive programme of decentralisation. The devolution of power to regional and local authorities covers not only political structures, but also fiscal policies, socio-economic development programmes and other aspects of public administration. The strategy is opening up many opportunities for enhanced development in rural areas, and has created huge expectations among these communities. There is, therefore, an urgent need for the government to employ all possible means at its disposal to speed up this broad-based programme of decentralisation. Decentralised institutions and agencies will

need the appropriate capacity to implement and administer the programmes so as to ensure that the decentralisation policy is sustainable.

6.1.5 Land issue

198. Land is central to the livelihoods of the majority of Ghana's population. The matters of ownership of land, access to land, arrangements for the transfer and registration of land, and the protection of land ownership have cropped up as contentious issues in all four thematic areas. Ghana has a peculiar and complex land tenure system that reflects the country's unique traditional political organisations such as chieftaincies, the sociocultural differences and divergent regional traditions. Insecurity of tenure is endemic and has a bearing on both poverty reduction and economic growth. It inhibits, for example, the transformation of the agricultural sector from subsistence farming into a more dynamic entrepreneurial activity. Failure to provide for the protection of land rights also places the poor, the vulnerable and women at most risk. By and large, the land issue is still considered problematic, sensitive and generally too complex.
199. Although sensitive, the problem of land must be addressed, albeit sympathetically and with great discretion. There are many advantages linked to growth and poverty reduction that are associated with access to land, individual land ownership and security of tenure. The Panel therefore recommends that the ongoing review of the 1999 Land Policy recommendations should be expedited and a plan for their implementation be formulated.

6.2 Overarching issue

6.2.1 Chieftaincy

200. It is understood that chieftaincy institutions are unique establishments and have been integral parts of the Ghanaian system of governance for centuries. The chieftaincy system is respected and honoured by most citizens. The system undoubtedly plays an important part in the decentralisation programme and has a critical contribution to make in the promotion of human development and the eradication of poverty. Chieftaincies control vast tracts of cultivable land that could be utilised more economically to produce commodities for domestic consumption and export. Because of Ghanaians' respect for, and pride in chieftaincies as their own indigenous institutions of governance, chieftaincies must remain active participants in, and constructive contributors to the processes of decentralisation, democratisation and sustainable development.

201. It is necessary to find a workable balance between the retention of established cultural and traditional customs, and growing pressure from communities for the implementation of the neo-liberal provisions contained in the 1992 Constitution. The problem of finding a desirable equilibrium that will avoid unwanted frustration, dissatisfaction and friction is best left to Ghanaians to solve for themselves.

6.3 The Ghana Programme of Action

202. In response to the findings of the CSAR and the CRM, the Panel has made a number of recommendations in this report for addressing the priority deficiencies and shortcomings identified. The government has responded with the attached Programme of Action (POA). In interactions with Ghana following the CRM, including a visit by the chairperson of the Panel, the leader of the country review process and the Secretariat, the Panel has satisfied itself that the POA:
- Has been designed by all stakeholders in Ghana and that all have participated actively in the self-assessment process;
 - Covers the important gaps and deficiencies identified in the extensive APRM process;
 - Provides satisfactory indications of costs and time-frames;
 - Elaborates on monitoring and implementation responsibilities;
 - Represents a firm commitment from all stakeholders; and
 - Is fully endorsed by the government, which unreservedly accepts its share of responsibility for the implementation of the programme.
203. The total estimated cost for the implementation of the POA over the indicated time periods for all programmes is USD 2,847,925,363 million. There is a firm commitment from the government to proceed with the implementation of the programme and indeed, significant allocations of budget funds to some of the activities have already been made. Given the multitude of identified capacity gaps, it is realistic to state that Ghana will ultimately not be able to implement the programme on its own.
204. The Panel therefore calls on other Heads of State and Government participating in the APRM to offer their assistance. In line with paragraph 24 of the APRM Base Document:
- ... If the government of the country shows a demonstrable will to rectify identified shortcomings, then it will be incumbent upon participating governments to provide what assistance they can, as well as urge donor governments and agencies also to come to the assistance of the country reviewed.*

205. The Panel however reiterates and underscores that the APRM is, and will remain a process owned by Africa. In the final situation, the responsibility for implementing the POA remains vested in Ghana and in all of its people.

6.4 The way forward

206. The APRM exercise has made an important contribution in identifying some of the weaknesses of the present Ghanaian system within the context of NEPAD's objectives and programmes. However, the extensive work done in Ghana to promote the APRM's ideals, the programme for sensitising the people, the self-assessment process, the drafting of the POA for the APRM, and workshops and conferences, have already provided a new initiative and inspired many people to work together to achieve the objectives of the NEPAD/AU. It is hoped that this momentum and enthusiasm will be retained in the ongoing process of implementation.
207. The presentation of the reports, proposals, recommendations and the POA to the Forum is but the beginning of an ongoing process that must lead the country and its people forward on the road to a better world for all, with less poverty and deprivation. Indeed the Panel is heartened to learn that there have been many positive developments in governance following the Review Mission, which are in line with some of its recommendations in the various thematic areas. Notable is the release of the findings of the Reconciliation Commission, and the inauguration of the Board of the SFO.
208. The APRM is not a "one-shot injection" but a continuing process. It entails periodic reviews of policies and practices of participatory states in order to assess progress made with the implementation of the POA. It requires regular modification of, and adjustment to the POA in the light of changing circumstances and the emergence of new priorities. It presupposes the ongoing support of the APR Secretariat, partner institutions and development partners. Above all, the APRM needs the consistent drive and determination of Ghana and all its stakeholders to ensure that it will succeed.
209. Finally, the APRM presents no miracle solution; neither is it a panacea for all the problems countries in Africa face in their search for sustainable growth and development. It is not a substitute for, but only a supplement to existing initiatives aimed at attaining the common objective of reducing the devastating impact of poverty on the continent.