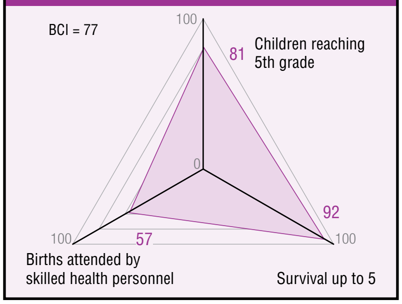
■ GHANA

MDGs remain elusive

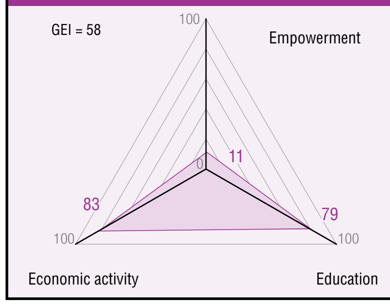
Ghana's dependence on foreign aid and international financial institutions over the last three decades or more has led to mass unemployment, huge balance of payments deficits and low manufacturing and agricultural output. The 1992 constitution and other national, regional and international instruments provide the legal basis and specific policies to enhance the welfare and protection of women and children. However, the Government's minimal investment in education, health, water resources and rural development show the low priority it places on these goals. The likelihood of achieving the Millennium Development Goals by 2015 remains remote.

Social Watch Coalition-Ghana

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



The Ghanaian economy is totally dependent on foreign aid from the World Bank, the IMF and donor countries and agencies. As in other developing countries, most of this aid is tied to projects chosen by the donor. This arrangement reinforces dependency, and prevents the country from investing these financial resources in sectors that are critical for improving the lives of its citizens.

The Growth and Poverty Reduction Strategy (GPRS II), the main development policy tool, provided macroeconomic targets and strategies for the period 2006-09.[1] Its primary goal was to accelerate economic growth, enabling Ghana to achieve middle-income status by 2015. Nevertheless, a UNICEF study[2] showed that important social protection innovations such as the National Health Insurance Scheme (NHIS), the Education Capitation Grant and the Livelihood Empowerment against Poverty (LEAP) cash transfer programme would be insufficient to overcome the financial barriers that the barriers that reduce the access of women and children to healthcare and education. On the 2009 Human Development Index (HDI), Ghana ranks 152 with 0.526 points. This indicates the challenges that the Government is facing in its attempt to meet the eight Millennium Development Goals (MDGs) by 2015.

Revenue mobilization and budget deficits

Achieving the MDGs has become a major development strategy in Ghana's quest for middle income status by 2015 and the elimination of all forms of discrimination. These ideals are elucidated in Ghana's development frameworks, particularly GPRS I and II. Achievement of these goals, however, requires efficient mobilization of financial resources (government revenue, donor funding and private investments). While the targeted allocation of Highly Indebted Poor Countries (HIPC) and Millennium Challenge Account (MCA) funds for social protection programmes has been laudable, the Ghanaian Government has fallen short in revenue mobilization, and run perennial budget deficits. The deficit reached 15% percentage of GDP in 2008, though it fell to9.4% in 2009, and was projected to be down to 6.0% in 2010.[3]

1 National Development Planning Commission, "Implementation of the Growth and Poverty Reduction Strategy 2006-2009," *Annual Progress Report* 2008.

2 "Social protection to tackle child poverty in Ghana," Briefing Paper, UNICEF, February 2009. Available from: <www.unicef.org/wcaro/wcaro_32_UNICEF_ODIbriefing_paper__Ghana_LOW.pdf>.

3 Ministry of Finance and Planning, *Budget Statement and Economic Policy of the Republic of Ghana, Fiscal Year 2010*.

The 2010 budget statement notes that "for the whole 2009 fiscal year, total revenue and grants were projected at GHC 7.2 billion (USD 5.1 billion), indicating a drop of 3.5% below the original budget estimate." The shortfall has been attributed to a 2.8% drop in domestic revenue and 6.5% drop in grant disbursement. The 2010 budget projects revenues of USD 6.8 billion, with annual inflation of 10.5%. Failure to meet these projections would not be unusual and would lead to continuing Government reliance on IMF loans, which typically come with "restricted spending clauses" that target social protection programs.

Generally, Financing for Development (FfD) in Ghana either fails to meet targeted goals due to shortfalls in revenues or misapplication of funds in an unstable macroeconomic environment. GDP growth and inflation have fluctuated, especially in the year 2008-09. The potential of Government spending to stimulate economic growth through job creation and improved living standards cannot be overstated. Ghana exceeded its targeted per capita GDP growth of USD 624.36 for 2008, achieving USD 712.25.[4] Annual inflation, however, climbed from 14.8% in 2005 to 18.1% in 2008, a long way from the 2008 goal of under 10%.

An inconsistent macroeconomic environment hampers the consolidation of development gains—particularly for the poor, who typically bear the brunt of cost of living increases. The Government shifted from spending to consolidate gains in poverty reduction to curtailing expenditures on major social protection programmes. This reduced GDP growth from 7.3% in 2008 to 4.7% in 2009. The budget projections for 2010 promise inflation will ease downward and intersect with the GDP growth trend in 2011, providing macroeconomic stability to help consolidate the gains of economic growth.

4 National Development Planning Commission, "Growth and Poverty Reduction Strategy–GPRS II (2006 – 09)," Available from: <www.ndpc.gov.gh/GPRS/The%20Architects%20by%20DR%20ADUTWUM.pdf>.

The Government anticipates that its total revenue will climb steadily, from USD 5.28 billion in 2009 to USD 9.3 billion in 2012, though its estimates have proved overly optimistic in the past. The increase is expected to come from regular donor grants and projected revenue from the emerging oil and gas industry, with a modest boost from 2011 to 2012. The 2010 budget statement laid out a progressive restructuring of the tax regime. This is of utmost importance for the economically disadvantaged, as indirect taxes have tended to weigh more heavily on the poor than the rich.

Foreign direct investment

Foreign Direct Investment (FDI) has become an important source of private foreign capital and development of human resources. Net inflows jumped from USD 970 million in 2007 to USD 2.1 billion in 2008.[5] In the third quarter of 2009, FDI soared 262% over the previous quarter. This spurt is expected to create about 12,000 jobs.[6] Although FDI has poured into all sectors, in the past year agriculture received the most attention, though mining and construction got the most money. While FDI has helped to provide much-needed employment, its commercial focus and overly generous tax exemptions, stability clauses and environmental degradation erode development gains, particularly for the economically vulnerable. Until recently, mining companies paid a 3% royalty, far below the 10% levied internationally. Stability clauses hinder the achievement of equitable rent

5 *Ibid.*

6 Ghana Investment Promotion Centre, Third Quarter 2009 Investment Report, December 2009. Available from: <www.gipc.org.gh/UploadFiles/Publications/Q3Report2009231209f100202174453.pdf>.

from exploited resources. Establishing the right prices for natural and environmental capital is essential.

The primary beneficiaries of FDI have been foreign investors. Comparative studies covering the period 1960-1990 indicate that growth rates in countries with poor resources were two to three times higher than those in countries with abundant resources.[7] Nearly half of the 48 countries studied scored in the bottom third of the UNDP 2002 HDI. Oil made up more than 30% of their total exports between 1965 and1995.[8]

Civil society campaigns in Ghana focus on adoption of the Extractive Industry Transparency Initiative (EITI)– especially for the emerging oil and gas industry–and the Right to Information Bill (RTI), both of which could improve monitoring of financing for development and ensure appropriate business practices and the observance of economic, social and cultural rights.

Health sector investment

The health sector has been predominantly financed by Government funds, user fees, donor funding and the National Health Insurance Scheme (NHIS). The Health Sector report 2008 raised concerns about the failure of new health spending, which was just short of the target of 15% of government expenditure agreed at the Africa Summit on HIV in 2001.[9]

The country has only 1,439 health care facilities and 1,500 doctors for a population of 22 million. Maternal mortality continues to increase. Ghana's reproductive health indicators over the last 20 years have seen little improvement or deteriorated. Only 35% of all deliveries are supervised by qualified medical practitioners; 65% of women either deliver at home or seek traditional help. Infant mortality decreased marginally from 64/1,000 live births in 2003 to 50/1,000 live births in 2008;[10] while maternal mortality deteriorated from 214/100,000 live births in 2003 to 580/100,000 in 2008.[11] Home-based deliveries remain quite high (43%), partly due to the continuing rural-urban disparity in health care provision; 84% of urban births occur at a health facility, compared to only 43% in rural areas. In the northern regions, the death rate among pregnant women reaches 700 per 100,000 live births, rendering Ghana's ability to meet MDG 5 a chimera. Child mortality remains similarly elevated, at 120 deaths per 1000 live births.[12] Modern contraceptive usage is actually declining, dropping from 19% in 2003 to 17% in 2008.[13] This could lead to an increase in unplanned births and unsafe abortions, particularly among young women.

Even though health sector funding has gradually increased over the years, the percentage that goes into actual service delivery remains low. About 90% of the health sector budget is spent on salaries and wages; since 2006 the share allocated to capital spending has dropped.

Education financing

In 2009, the Government revised the Education Strategic Plan (ESP) 2003-15 in response to new opportunities and challenges as well as national, regional and global agreements, including the Education Act 2008 (Act 778), Education for All (EFA), the Education Sector Annual Performance Reviews (ESAPR), and the MDGs. The guiding principles of the new ESP (2010-20) include the elimination of gender and other disparities and efforts to make the education system more efficient.[14]

The country has made some progress: in 2007/08, the primary education gross enrolment rate (GER) reached 95.2%, the primary completion rate was up to 88% and gender parity was 0.96. The Government believes most of the ESP targets will be achieved by 2015. In recent years, however, progress has slowed. For example, although the GER for primary education increased by 8% between 2004 and 2008; achieving the ESP goal of universal primary completion (UPC) by 2012 would require an average annual improvement of 3%, which has not occurred.

Progress in reaching targets for girls has been particularly low. Gender parity is higher at lower levels of the education system such as kindergarten and declines after that. For example, only 32% of girls are enrolled in secondary school.[15] In 2008, 80% of boys completed primary school, and only 76% of girls. A number of factors cause the high dropout and low retention of girls, including the absence of adequate toilet facilities in 52% of primary schools.[16]

Education spending increased significantly, from 4.7% of GDP in 2002 to 10.6% in 2006, however the proportion dropped to 8.4% in 2009. More than 92% of the education budget goes to pay personnel, leaving a huge funding gap in critical areas such as infrastructure, teaching and learning materials, in-service training, facilities and targeted programs for neglected groups (a large proportion of girls). This gap is estimated at over USD 500 million.[17]

The Government's response to the global economic crisis is to cut spending. Although the education sector will not be targeted directly, the ESP plans to promote efficiency in the education system through the removal of the "subsidy culture." These planned cost-cutting strategies will impose additional financial burdens on the population, particularly on poor families already hard hit by the economic downturn.

Climate change

Like many countries in sub-Saharan Africa, Ghana has been battered by growing climate volatility, including continued flooding and droughts, as well as an increase in temperature and a concomitant reduction in rainfall in its agro-ecological zones. An apparent rise in the sea level has led to coastal erosion at a rate of three meters annually along the eastern shore, particularly in the Keta area. Climate change is a significant threat to Ghana's sustainable development progress, livelihoods and poverty reduction, especially given the importance of agriculture to the economy.

The agriculture sector is the largest contributor to GDP (35.7%) and employs about 60% of the labour force; 52% of agricultural workers are women, who produce about 87% of food crops. They are among the country's poorest and most vulnerable groups due to their low literacy rate and limited access to and control over productive resources such as land and livestock. They are highly dependent on the ecosystem to provide food, energy, water and medicine, and this ecosystem is under threat.

Since 2007 civil society organizations (GrassRootsAfrica, CARE, ActionAid Ghana, Abantu for Development, FoodSpan Network, SEND Ghana) have been helping rural women and farmers through projects to integrate traditional coping strategies and climate change knowledge into local government development plans.[18]

Recommendations

- In order to accelerate progress on achieving the MDGs, the Government should:
- Focus on strengthening the local economy by emphasizing investments in the social sector that promote the advancement of women and children's rights.
- Derive a higher proportion of revenue domestically, but avoid taxes that place a heavy burden on people with limited incomes; allocate a percentage of oil revenues to a fund for the education sector.
- Provide the girls' education unit with the human and financial resources necessary for effective campaigns and devise comprehensive and localized strategies to improve girls' retention, progression and completion.
- Develop climate change indicators that take account of gender disparities in formal and informal labour sectors, care work, land ownership and energy usage.
- Integrate climate change concerns into development planning, with attention to gender-differentiated impacts.
- Link national adaptation and response measures to livelihoods and challenges such as HIV/AIDs, land degradation, deforestation and biodiversity loss.

For these to be effective, however, several other changes should also take place. At the international level, a gender perspective must be integrated into a new financial and economic architecture based on a balance between the production system and non-profit activities that safeguard the environment. In addition, the WTO round of trade negotiations must be conducted in a transparent and democratic manner, taking into consideration special and differential treatment, people's livelihoods, gender equality and environmental sustainability.

Finally, in Ghana as elsewhere civil society organizations should continue to play a "watch dog" role to ensure government accountability in meeting commitments and transparency in financial management. At the same time, these organizations should step up their efforts to work with governments, sharing best practices that will ensure the achievement of these targets. ■

7 Ministry of Finance and Economic Planning, *Oil and Gas Revenue Management International Experience: A Source Book In View of the Broad National Consultation*, GEITI, 2008.

8 UNDP, *Human Development Report-Ghana*, 2002.

9 See: <www.un.org/ga/aids/pdf/abuja_declaration.pdf>.

10 Ghana Demographic and Health Survey (GDHS) 2008.

11 Ghana Maternal Health Survey 2007, *op. cit*.

12 "With six more years to 2015, will MDGs be a dream or reality?" *Public Agenda,* 18 December 2009.

13 GDHS 2003/2008.

14 *Education Strategic Plan 2010-20–Vol 1, Policies Targets and Strategies*.

15 "Overcoming Inequalities: why governance matters," EFA Global Monitoring Report, 2009.

16 Ghana National Education Campaign Coalition (GNECC), "The impact of rural urban divide on quality basic education in Ghana," 2009.

17 GNECC, "Ghana Education Financing Brief," October 2009.

18 Rudolf S. Kuuzegh, "Ghana's Experience at Integrating Climate Change Adaptation into National Planning," 12 November 2007.