International Development Partners

Discussion Papers for an Incoming Government

Compiled March 18th 2025

Contents

1. Introducing the Development Partnership Discussion Papers 2
2. Agriculture and Food Systems 5
3. Anti-Corruption 8
4. Data and Statistics 11
5. Decentralisation 13
6. Domestic Revenue Mobilisation 16
7. Education 18
8. Electricity Sector 21
9. Gender Equality and Women's Empowerment 24
10. Health 27
11. Public Financial Management (PFM) 29
12. Private Sector Development 34
13. Regional Development 36
14. Urban Development 40
15. Water Security, Sanitation and Hygiene Services 43
16. Social Protection for Vulnerable Populations 46

1. Introducing the Development Partnership Discussion Papers

The newly elected Government of Ghana has set out its priorities. A stable economy and a 'big push' for growth, good governance and reducing corruption, stronger public services, pro-gender policies, and a new focus on the environment. All are central to the manifesto and the 120 Day social contract.

There is much to be done. Fiscal crisis, COVID-19, and global economic volatility have reduced Ghana's ability to invest in public services and infrastructure in recent years. Poverty is rising again: it is expected to peak at 31.5% this year. Other recent trends are limiting Ghana's potential: a weakening of anti-corruption institutions and norms, the impacts of climate change, regional instability and growing security threats in neighbouring countries; and the heavy legacy of inefficiencies in the economy – especially in the energy and cocoa sectors, for example.

The years to 2028 will be of huge importance. Maintaining current growth rates; strengthening the rule of law; continuing to support a free and vibrant civil society; improving the enabling environment for investment and being led by evidence in setting policies; these are both possible and will deliver substantial results. Innovations will continue to push out the boundaries of what can be achieved: Ghana can grow, reduce poverty and control its debt.

International Development partners have a long and positive history in Ghana, and we are well aligned with the new Government's priorities. But, relative to Ghana's own growing wealth, 'aid' is reducing – the 'exit from aid' is already happening by default. Our funding can no longer expect to fill gaps between Ghana's aspirations and its revenue to the extent that it once did. Our development partnerships will need to be smart and strategic. There is also a heightened consciousness of the de-colonisation of aid and more localised decision making. We see the best partnerships are not for 'beneficiaries', but between peers – government agencies, business or civil society working together, across boundaries, for mutual benefit. Ultimately, Ghana's success benefits our own countries, our multilateral partnerships, and shared, global goals. That is why we are here.

We see from the manifesto, the 120-day contract, and the first steps and engagements of the new government, that our partnership can be close, effective and ambitious.

The Discussion Papers

Our development specialists have developed a set of propositions about where Development Partners (DPs) can work best together with the new Government of Ghana. It is an opening in a conversation between development partners and the new administration. They have been written with the manifesto, the President's first 120-days social contract with the people of Ghana and 'quick wins' in mind: as DPs, we believe more will be achieved through alignment with the new Government's democratic mandate and intent. Their value also lies in improving consistency from development partners. One of our goals is to pull more in the same direction, and to make our partnerships and assistance less complicated and resource intensive to manage. These notes are part of DPs attempt to make that easier, and more impactful. They are not fully comprehensive: more could still be developed where there is demand. They are also not formally approved by our respective governments: rather we have given a platform to our development partner coordination groups to share their collective views.

Where are the big wins for a renewed development partnership?

Our individual Discussion Papers are sector specific. As the Heads of Cooperations group, however, we have identified the following areas of overall promise for our partnership. We welcome engagement, discussion and taking accountability for our role in them.

1. **Economic governance and growth**

The new Government of Ghana is focused on growth, jobs and youth. As our anti-corruption; private sector development; agriculture; energy and public finance management notes set out, there are many opportunities to strengthen the rules and regulations that govern Ghana's economy, and unlock the growth that Ghana needs. Implementing good laws effectively that demonstrably benefit the public good could shift levels of trust and optimism, and create momentum for a reformist government. Development partners can support with specialist advice, support relevant research and evidence partnership, and by linking institutions and leaders more strongly to international peers. A mutual accountability mechanism with the Government of Ghana could help partners hold each other accountable for their roles in accelerating, coordinating and delivering the reforms Ghana needs.

2. **Climate and natural resources**

There is no climate change Discussion Paper, but climate is central to energy, finance, infrastructure and agriculture. The appointment of a Minister for State for Climate Change, and the renaming of the Ministry of Energy and Green Transition represent a new opportunity for cooperation. We agree on the urgent need for securing better access to climate finance, whether through public funds or from private investment. A revision to Ghana's Nationally Determined Contributions could be an early opportunity to collaborate. Development partners can also be allies in the fight against deforestation, Galamsey, helping to protect Ghana's revenue, its people and its natural endowments.

3. **Grasping the data and tech revolutions**

Innovation will happen, regardless of the Government or development partners. But there is a risk of being in the slow lane. Development partners offer support through many programmes and initiatives to link Ghana's innovators to finance and know-how. Faster change is possible by developing strong data governance, a coordinated national statistical system, and robust digital-data sharing to ensure timely, reliable access across government institutions, and strengthening the innovation eco-system.

4. **Constitutional reform and Effective decentralisation**

Constitutional reform is rightly a priority of the new administration. Effective decentralisation represents one clear opportunity. Globally, it is often over-promised and under-delivered. That is true in Ghana, where local government accountability and delivery are severely hampered by weak revenue and spending powers. The proper functioning of the District Assembly Common Fund is a key indicator for this parliament, and would be a big win. Development partners are keen to help make this happen, and support other pilots of effective governance across the country.

2. Agriculture and Food Systems

Background

Development Partners (DPs) support Ghana's ambitions for a sustainable food system that delivers food and nutrition security for all, without compromising future generations. This vision requires economic sustainability by ensuring profitability, social sustainability with broad-based benefits for society, and environmental sustainability through minimizing harm to natural ecosystems.

This Discussion Paper, prepared by the Agriculture Development Partners (Ag-DPs) Group, identifies critical priority areas in Ghana's agriculture and food systems sector. These include commitments under the Comprehensive African Agriculture Development Programme (CAADP), challenges related to fertilizer and soil health, the growing urgency of water security, and the importance of strengthening relationships between DPs and the government. The note also emphasizes the immediate value in the government's approval of the Cadre Harmonisé (CH) assessment to address food insecurity effectively.

The Kampala CAADP Declaration, endorsed in January 2025 by the African Union Heads of State and Government, outlines several critical commitments for Ghana. These include enhancing agricultural productivity and promoting agro-industrialization and trade to ensure sustainable food production systems that delivers on the nutritional needs of all people. The declaration further emphasizes the need to boost investment and financing for accelerated agrifood systems transformation while ensuring that all citizens have access to sufficient, safe, and nutritious food. Additionally, Ghana is urged to promote inclusivity and equitable livelihoods, especially for marginalized groups, and to build resilient agrifood systems that can adapt to challenges such as climate change. Strengthening governance structures to ensure effective management of these systems is also central to Ghana's commitments under the declaration. By adhering to these principles, Ghana can achieve sustainable agricultural growth and strengthen its food security landscape.

The Dakar II Declaration, endorsed by African Union Heads of State in February 2023, aims to accelerate food security and self-sufficiency in Africa through Country Food and Agriculture Delivery Compacts. It calls for Presidential Delivery Councils to oversee implementation with clear policies and measurable outcomes, fostering an environment for agricultural investment. Countries indicated their commitment to mobilizing internal and external financing, aligning national budgets with the Malabo Declaration (allocating at least 10% of public expenditure to agriculture). The African Union Commission and the African Development Bank were tasked with tracking development partner commitments to complement the $30 billion pledged and reporting progress. The new government has a major opportunity to review and implement the Dakar II Declaration.

Policy space: The adoption or the implementation of some policies aiming at improvements in the agriculture sector have stalled including, for example, Ghana's Food Systems Strategy and Investment Plan, the Food and Agriculture Sector Development Policy (FASDEP III), and the E-Agriculture Policy, all developed with DP support. These policy drafts need review and updating to align them with the current priorities and to ensure their overall consistency and alignment with global and regional frameworks.

Fertilizer, Soil, and Water: Fertilizer and soil health remain critical challenges for Ghana's agricultural productivity. The African Union's Fertilizer and Soil Health Summit held in Nairobi in 2024 identified actionable steps, urging Ghana to develop a national action plan addressing soil degradation, particularly the impact of galamsey activities. This plan should also integrate climate-smart agricultural practices to enhance soil health and productivity. Development Partners are committed to providing technical and financial support to ensure the effective implementation of this plan.

In addition, Ghana has not fully capitalized on the potential of integrated soil and water resource management, particularly in the area of irrigation. A national action plan for irrigation and water management, aligned with the Nairobi Declaration, would promote investments in these areas, enhancing nutrient-use efficiency and resilience to climate change. Development Partners stand ready to support these initiatives through funding, technical expertise, and capacity-building efforts, ensuring long-term sustainability and productivity.

Agribusiness as a driver of agricultural transformation: the Government of Ghana has placed agribusiness at the center of its strategy for economic growth, job creation, and food security. Ghana's agro-processing potential remains underdeveloped despite opportunities under the AfCFTA, which could position the country as a regional hub for commodities such as cocoa, maize, cassava, and livestock, coffee and honey. Many agro-processing companies rely on imported raw materials (including wheat, rice, poultry feed, and vegetable oil) due to insufficient, costly local production. An enabling environment of consistent policies and incentives for private sector investments is critical. Both CAADP and the Dakar II Declaration emphasize agro-industrialization, sustainable food production, and increased financing for agricultural transformation. Promoting agribusiness can enhance food security, create jobs, especially for youth and women, and drive inclusive economic development.

Strengthened DP Relationships with MoFA: Strengthening the collaboration between the Ministry of Food and Agriculture (MoFA) and Development Partners will benefit effective agricultural development. The Agricultural Sector Working Group (ASWG), convened only once in 2024. MoFA is encouraged to devote staffing and work with us to improve communication, reduce duplication of efforts, and maximize the efficient use of resources. Enhanced coordination would ensure that DP interventions align more effectively with national priorities, resulting in greater impact.

The Cadre Harmonisé (CH) assessment represents an immediate priority for the government. Not approving this bi-annual assessment in October 2024 has left significant gaps in data on acute food insecurity across the country. Robust data from this assessment is essential for informed decision-making, better resource allocation, and improved safety nets for vulnerable populations. Immediate government approval and implementation of the CH recommendations in 2025 would provide critical insights, enabling the sector to address food insecurity effectively while improving agricultural practices and market access.

Development Partner offer.

This Discussion Paper highlights critical challenges in its agricultural sector, and some early opportunities for progress. By committing to the CAADP strategy and the Dakar II Declaration, prioritizing fertilizer and soil health, enhancing irrigation and water management, reviewing and updating policy and fostering stronger collaboration between DPs and the government, Ghana can achieve significant progress. The timely approval of the Cadre Harmonisé assessment will further bolster efforts to combat food insecurity. Ag-DPs remain committed to supporting these initiatives and are willing to discuss how our support can be best used. We remain active across the sector, helping to ensure sustainable development and improved livelihoods for communities across Ghana.

3. Anti-Corruption

Background

Ghana maintained a score of 43 out of 100 on the 2024 Corruption Perception Index (CPI) for the 4th consecutive year. Ghana Integrity Initiative (GII), the local chapter of Transparency International, has warned that countries experiencing four consecutive years of stagnation on the CPI tend to decline. This trend is evident in South Africa, Senegal, Zambia, and The Gambia.

In 2022, 77 percent of Ghanaians believed that corruption had increased compared to 53 percent in 2019 (Afrobarometer, 2022). This perception is substantiated by reports from the Auditor General, which have highlighted pervasive and weak internal controls. According to the Auditor General (2023), the average financial impact of these weaknesses and irregularities amounted to over a billion Ghana Cedis for the 2021 and 2022 audit years within Ministries, Departments, and Agencies (MDAs) alone.

The new government has prioritized anti-corruption. To restore public trust and ensure that corruption is tackled head-on, a renewed commitment to transparency and accountability is required, underpinned by strong political will. Development partners can support best by supporting the Government to tackle the following issues

1. **Enact Comprehensive Regulation of Political Party and Campaign Financing:** The monetization of elections during party primaries and general elections is a major driver of corruption. The unregulated flow of money in the electoral process fosters corrupt practices, compromising the integrity of political decision and undermining democracy.

Priority Opportunities

- Enact a comprehensive legislation to regulate political party and campaign financing. The law should establish transparent rules on donations, including limits on contributions, spending limits, and mandatory public disclosure of donors, and an independent body to monitor compliance and apply sanctions. The Ghana Statistical Service has conducted an in-depth independent evaluation of the National Anti-corruption Action Plan (NACAP) 2015-2024 which contains key recommendations including the elaboration of a new NACAP II and the provision of sustainable funding for its implementation.

2. **Review and Pass the Draft Conduct of Public Officers Bill:**

   The lack of comprehensive code of conduct for public officers has created a significant gap in the anti-corruption framework, leaving room for unethical behaviours including conflict of interest, nepotism, and influence peddling. The current asset declaration regime is opaque and lacks mechanisms for verifying declared asset and does not require publication of declared asset. The draft Conduct of Public Officers Bill that seeks to strengthen existing legislation on asset declaration and regulate the conduct of public officials, has suffered many delays after its introduction in Parliament in 2008, 2015 and 2020; amidst civil society concerns about some sections of the Bill. These concerns include weaknesses in the asset declaration provisions including the lack of verification and penal sanctions which need to be reviewed. The passage of the bill is a key commitment under Ghana's current IMF support programme, making it an immediate priority.

Priority Opportunities:

- Review the current bill in consultation with stakeholders, including civil society organisations to include strong penal sanctions; ensure passage and implementation to check unethical behaviour and corruption among public officeholders.
- Amend Article 286 of the 1992 Constitution to create a robust and transparent asset declaration system that allows for verification (at both entry and exit points), publication of declared assets, and making asset declarations publicly accessible.

3. Strengthening Anti-corruption framework:

Ghana's anti-corruption legal framework is currently fragmented, with provisions spread across multiple laws. This dispersion creates inconsistencies in enforcement, weakens institutional coordination, and undermines the effectiveness of anti-corruption efforts. A more cohesive and harmonised framework is critical to addressing these challenges and strengthening the fight against corruption. Again, the current legal framework, which places the burden of proof entirely on the prosecution in corruption cases, often makes it difficult to secure convictions of corruption case.

Priority Opportunities:

- Enact a comprehensive Corrupt Practice Act to consolidate all anti-corruption legislation. A single, unified framework will enhance clarity, streamline enforcement, and strengthen Ghana's legal response to corruption.
- As part of a broader constitutional review, amend Article 19 to introduce a reverse burden of proof for corruption offenses particularly for illicit enrichment. This shift will require public officers and individuals accused of leading questionable lifestyles to prove the legitimacy of their wealth; thus increasing the likelihood of successful prosecution in such cases.
- Ensure the approval and commit to implementing the second National Anti-Corruption Action Plan (NACAP II,) which is expected to begin in 2025. NACAP II should have adequate and sustainable funding, as well as monitoring and evaluation systems in place to support effective implementation.

The Development Partners' Offer

Ghana's development partners have consistently supported the country's anti-corruption and broader governance agenda, but meaningful progress will only be achieved through sustained political will and commitment to institutional reforms that address both the root causes and consequences of corruption. The above policy recommendations offer a set of bold and actionable reforms the incoming government can consider addressing corruption and restore public trust.

Development partners are keen to offer and support the incoming government's anti-corruption agenda, including in delivering on the policy recommendations outlined in this Discussion Paper. We have a range of technical expertise at the disposal of the Government of Ghana to support shared objectives. We will continue to provide advisory support, logistics, funding and provide capacity strengthening to key government anti-corruption and oversight institutions to effectively deliver their mandate.

4. Data and Statistics

Background

Reliable, accurate, and timely data is crucial for Ghana's sustainable development efforts, as highlighted by gaps in the 2022 Voluntary National Report (VNR) and the 2024 multidimensional poverty report from the Ghana Statistical Service (GSS).

Strong political commitment, legislative reforms to empower GSS's leadership, and capacity-building in data science, including artificial intelligence, across Ministries, Departments, and Agencies (MDAs) will lead to many benefits. A national re-orientation towards the generation, management, and use of data will foster a robust, consistent, and harmonized approach to data production and utilization. This shift will promote a culture of evidence-based policymaking, guide resource allocation, identify underserved population groups and regions, and inform investment decisions in priority areas.

The Government of Ghana can ensure progress in data and statistics through: 1) sustainable financing for the GSS and the national statistical systems, 2) strengthening data governance frameworks, 3) adopting digital process for data sharing and access including affordable and high-quality central data storage, and 4) improving quality and the robustness of data validation processes of administrative data.

1. **Sustainable Financing of the GSS**

The GSS remains heavily reliant on the World Bank's Harmonizing and Improving Statistics in West Africa Project (HISWAP), support from Development Partners (DPs) and the UN system. While GSS is leveraging international networks like PARIS21 and the UN Statistical Division to access resources and develop the National Strategy for the Development of Statistics (NSDS III) with a clear financing plan, increased domestic political and financial commitment is essential for building a resilient national data and statistical infrastructure. A legislative mandate for dedicated budgetary support, reflecting the priorities of NSDS III, will help secure sustainable funding and enhance data governance.

2. **Data Governance Frameworks**

The GSS, in consultation with the Ministry of Communication, Digital Technology, and Innovations, has an opportunity to develop a comprehensive data governance framework for the National Statistical System (NSS) to define the structures, enhanced mandates/roles, processes, and rules necessary for effective information governance and statistical interoperability. An enhanced GSS mandate to support sectoral databases, enhance interoperability and enable seamless data exchange and use with minimal prior coordination will improve both the efficiency of data production and the value of outputs for users. The governance framework can address and resolve challenges around organizational roles, coordination and data source consistency, legal and policy standards, and the technologies that support interoperability.

2.1 A Digital Process for Data Production, Sharing and Access

Challenges in data sharing among MDAs often result in delays, less timely and outdated outputs. To address this, the Government can enhance the interoperability of data systems across MDAs through enhanced mandate for GSS, improved ICT infrastructure, standardized digital templates, (and also by strengthened internet connectivity). Additionally, capacity-building in IT skills and data management protocols will be provide a great return on investment. A coordinated NSS with robust digital data-sharing mechanisms will ensure timely access and usage of reliable data across government institutions.

The GSS has opportunities to adopt best practices, modern technology, and tools to improve efficiency. Continuous and targeted training for data production, analysis, and dissemination will help ensure such opportunities are taken.

2.2) Affordable and High-Quality Central Data Storage

MDAs frequently turn to private providers due to dissatisfaction with the National Information Technology Agency (NITA). This reliance on external services increases costs, creates dependency, fosters system incompatibility, and limits long-term data storage. NITA can re-establish trust with MDAs, and so ensure it becomes the preferred national data storage provider, by offering cost-effective, high-quality services tailored to public sector needs.

3. Data Quality and Data Validation

Administrative data from MDAs provide cost-effective opportunities for generating robust statistical outputs. However, there are opportunities to improve timeliness, reliability, integrity, confidentiality, and gaps in data quality. MDAs should adopt the Data Quality Assurance Framework developed by the NSS, standardizing quality procedures for data collection and production to ensure consistency and reliability across all agencies. A framework to empower GSS to work with the MDAs on improving the quality of data and statistical system will ensure quality and timely production of data and information for use in planning.

Development Partners' Offer

As of January 2025, the Ghana Statistical Service Development Partner Group (GSSDPG) consist of 17 DPs that support GSS and the wider NSS through financial, capacity building and/or technical assistance to advance on the above opportunities. We would like to request a more frequent (bi-annual) meeting with the Head of Civil Service and/or the National Statistical Advisory Committee (NSAC) as key institutions in the NSS to discuss the above opportunities.

5. Decentralisation

Background

Since 2010, the Government of Ghana (GoG) has implemented successive decentralisation policies to accelerate reforms by devolving power, authority and responsibilities to the Metropolitan, Municipal and District Assemblies (MMDAs). The legal framework for decentralisation is enshrined in the 1992 Constitution and backed by the Local Governance Act, 2016 (Act 936). Decentralisation is an important accelerator of development. It helps deliver local governments to deliver basic services to local communities, attract investments, create jobs and leave no one behind. While the central government is expected to bring governance to the doorsteps of the people by facilitating the transfer of power, authority and resources to the MMDAs, obstacles to achieving these objectives remain.

This note has been jointly prepared by members of the Donor Coordination Group on Decentralisation to highlight key opportunities and to initiate policy dialogue. The Constitutional Review process offers an excellent platform for discussion and progress on these issues.

Some key observations from development partners include:

I) **Constitutional review.** Political decentralisation in Ghana has stalled because of the continued appointment of Metropolitan, Municipal and District Chief Executives (MMDCEs) by the President. The planned Constitutional Review is an opportunity to deepen the accountability of MMDCEs to their local populations (including by allowing them to be elected rather than appointed).

II) **Financing decentralisation reforms.** While the Local Governance Act (936) empowers the Inter-Ministerial Coordinating Committee (IMCC) on Decentralisation to coordinate the implementation of the National Decentralisation Policy and Strategy (2020-2024), the financing of important reforms by key Ministries, Departments and Agencies (MDAs) has been slow due to budgetary constraints. Decentralising the implementation of the new government's flagship 24-hour economy, for example, will require innovative and sustainable financing.

III) **Fiscal decentralisation.** The District Assembly Common Fund (DACF) is the most important pillar of Ghana's Intergovernmental Fiscal Framework (IGFF) and serves as the main source of funds for MMDAs to fulfil their expenditure assignments[1]. Resolving unpredictability of the quarterly DACF disbursements could mitigate the systemic political economy risks associated with the Fund, minimise central level deductions, and free up funds to implement MMDA priorities. Investing in IT solutions and capacity to optimise revenue collection, including setting targets for MMDAs to increase Internally Generated Funds (IGF) through the collection of property taxes, will be an important part of success.

[1] Total inflows to MMDAs are estimated at US$ 393.7 million or US$ 10 per capita (purchasing power parity 2020). Transfers from central government (DACF), including donor contributions to the DACF-RFG, were 82.6% of IGFs (mainly from licences, fees and charges, taxes, investment income and rates) and represented 17.4% of subnational revenues (2020). MMDA expenditure is constrained by limited revenues.

IV) **Institutional coordination.** Improving coordination between the Ministry of Local Government, Chieftaincy and Religious Affairs (MLGCRA), the DACF, the Office of the Head of Local Government Service (OHLGS), the Regional Coordination Councils (RCCs) and MMDAs across national and sub-national levels is key to efficient and effective delivery of services to local citizens.

Opportunities

The Decentralisation Policy 2025-2029 provides a good entry point for DPs to support the government's decentralisation programme. While the policy has been consulted for feedback, DPs remain available to the new government to finalise the policy and support its implementation. In this short to medium term, the new government could focus on the following fundamental reforms:

1. **Initiate constitutional reforms to strengthen downward accountability**

- ✓ Initiate stakeholder consultations and develop a transformation plan for the MMDCE elections (referendum to amend Article 55(3) of the 1992 Constitution) to prioritise downward accountability. This may require regular dialogue with and between non-state actors such as CSOs, political parties and traditional authorities to mobilise interest and support for the election.

2. **Leverage the political influence and convening power of the IMCC to accelerate ongoing reforms**

- ✓ Strengthen the IMCC Secretariat and equip it with requisite personnel under the leadership of a 'technocrat'.
- ✓ Finalise the National Decentralisation Policy (2025-2029) for approval and implementation, including by allocating the necessary budget to achieve the intended changes.
- ✓ Promote policy dialogue with DPs on the National Decentralisation Policy (2025-2029).

3. **Operationalise the Intergovernmental Fiscal Framework (IGFF) and strengthen MMDAs**

- ✓ Update and finalise the IGFF for approval and implementation to deepen fiscal decentralisation beyond stating expenditure and revenue allocations.
- ✓ Support MMDAs to optimise underutilized opportunities, including property tax collection and efficient use of funds to strengthen accountability.

4. **Capitalize on existing modern governance tools such as digital platforms and data systems to accelerate planning and integrated approaches**

- ✓ Strengthen data collection and integration across departments to ensure seamless sharing of information across governance sectors.
- ✓ Leverage on Geographic Information System (GIS) tools for detailed spatial mapping and real-time data visualisation, and promote Citizen-Generated Data (CGD) collection initiatives to capture localised insights.

Development Partner Offer

The DPs Coordination Group is dedicated to supporting the government's decentralisation priorities and strengthening policy dialogue. In particular, DPs are ready to assist with the implementation of the Decentralisation Policy 2025-2029, which aims to enable efficient and effective local service delivery. This includes aligning efforts to achieve both the sector's short- and long-term objectives.

6. Domestic Revenue Mobilisation

Background

The DRM Donor Partner Working Group welcomes Ghana's commitment to sustainable increases in revenue mobilisation and looks forward to continuing to work with GRA and MoF in the years ahead.

Tax reform is crucial to exit from cycles of fiscal crisis and advance development. GRA has been making steady progress with tax/GDP and introduction of new taxes, however there are opportunities to do much more. The international community has recently enjoyed a stronger working relationship with GRA with notable joint successes such as collecting revenues in a more effective, equitable and sustainable manner.

Below are some of the strategies the Group consider most likely to lead to sustainable and equitable increases in revenue in the next few years, with better service to taxpayers and stronger and more accountable institutions

MEDIUM TERM REVENUE STRATEGY (MTRS)

The DP Group notes the strong analytical underpinning to the October 2023 Medium-Term Revenue Strategy (MTRS). The MTRS covers all major aspects of the tax system and sets out options to increase the ratio of tax to GDP to 18.7% by 2027. The Group's support on tax policy and administration is anchored in the major strategic pillars of tax reform set out in this document. The Group will encourage Government's domestic revenue mobilisation strategy to be driven by the MTRS.

INCREASING REVENUE

VAT - The administrative VAT gap stood at 63% in 2021. E-VAT and other compliance measures have reduced this to 58%. This is good progress and there is further work in train. The DRM working group recognises this progress and expects to continue to support GRA's VAT compliance efforts.

Personal Income Tax – currently heavily focussed on PAYE (>90%). Further focus on high-net-worth individuals and on income earned other than through employment will generate further growth. The Automated Exchange of Voluntary Information (AEOI) Voluntary Disclosure Opportunity is a way to bring those individuals voluntarily into the system. This could raise the tax/GDP ratio by a further 0.4% points

Expanding tax net. There is an important opportunity to bring more of the informal sector into the tax net with a simplified system. If effectively implemented, a system that brings more of the informal sector into the tax net has revenue potential in the range of 0.05% of GDP

Property Tax - There is a strong case to take a step back and reevaluate options for effective property taxation in Ghana. (OECD countries average just under 2% of GDP in property tax: developing countries often under 0.5%- Ghana currently considerably less than that)

ENABLERS OF REVENUE COLLECTION - VOLUNTARY COMPLIANCE

Data Management and Data Analytics - GRA's challenges in data limit the effectiveness and efficiency of the administration. Reforms in data management are not coordinated and GRA does not have a complete picture of data shortfalls and how they are connected. Continued investment in GRA's data management (analytics and mining) will improve revenue assessed and collected by e-commerce, high net worth, Automatic Exchange of Information, E-vat workstreams.

Customer Experience and Communications - GRA's primary focus is on revenue mobilisation but a greater focus customer experience could generate a further round of growth. In particular:

1. Setting up an effective Customer Relationship Management (CRM) system. GRA's systems for managing customer experience need to be upgraded and integrated into tax operations.
2. A review of customer experience from start to finish will identify new opportunities for improvement.
3. Overhaul taxpayer education. Taxpayer education strategies are outdated, and capacity building is required. Good value, best practice options are available.

INSTITUTIONAL REFORM

GRA has made some strides in its institutional reform initiatives. Further improvement is possible. Areas of focus include:

1. A review of GRA with a long term outlook would give an opportunity to increase stability, reduce uncertainty caused by changes to leadership of GRA, such as clarifying the role of the Board as an oversight body (rather than a decision-maker, as now).
2. Manage the expectations of politicians in their engagement with GRA
3. The new GRA leadership, including the board, should bring and develop skills linked to driving transformation, and so carry the entire organisation along a transformational journey
4. Leadership development. We see great capacity at middle ranks but traditional promotion systems may be limiting its use at senior levels.

DIGITIZATION

GRA has an opportunity to continue building its digitization systems and capacity and to develop a unified digitization strategy, with the continued support of DPs.

Development Partner Offer

The DRM Working Group is supporting improvement in these areas highlighted above and will continue to do so. The group is readily available to update Government on the detail of what each DP is specifically delivering with the corresponding resources allocated to their support.

7. Education

The Education DP Group commends NDC on the strong emphasis on educational needs in the manifesto, in particular on Early Childhood Development (ECD); Technical and Vocational Education and Training (TVET); Science, Technology, Engineering and Math (STEM) and digital skills; first language learning; teacher incentives; and inclusive education. We welcome plans for a National Education Conference. This Discussion Paper focuses on areas where additional emphasis may be needed to strengthen the full education system and learning outcomes for all in Ghana.

Background

Ghana has made significant progress on improving access to education in the past two decades, but learning outcomes, particularly at foundational levels, remain low with stark regional disparities. Only about half of assessed learners in Primary 4 meet the minimum competency benchmarks according to the National Standardized Test (NST) 2022. The NST results for P4 reveal significant regional disparities in learners' English language proficiency ranging from 21 percent of learners in the Ahafo region with advanced proficiency, to 97 percent of learners in Volta region with below basic proficiency. For both English and Mathematics, all 16 regions had less than 25 percent of P4 learners exhibiting advanced proficiency. For mathematics, the Upper West had 88 percent of their P4 learners below basic proficiency compared to 36 percent in the Northern region.

Often the school environment is not conducive to learning, and low learning outcomes are contributing to a learning crisis in Ghana. Challenges include inadequate water and sanitation facilities, shortages of teaching and learning materials, and a lack of trained teachers in rural areas. Language of instruction is key to learning – a greater focus on teaching and learning in first languages (L1), especially in early years, will help improve student performance. A USAID (2018) report indicates high teacher turnover, with 12 percent of teachers transferring to a different school each year. Schools in northern and rural locations struggle to keep trained teachers at posts while southern and urban areas face a surplus of teachers. Teacher absenteeism is a challenge, with an estimated 23 percent of teachers in public basic schools absent from school during inspection visits (NaSIA, 2021). About 13 percent of teachers show up late or leave early from schools on a recurring basis (UNICEF, 2021).

1.2 million children remain out of school. Complementary Basic Education (CBE) programming had achieved a high success rate with over 80% of participants returning to regular schooling. The Ghana Education Outcomes Project (GEOP) targets the integration of 70,000, or 6% of, out-of-school children into formal schools by 2025. Nevertheless, CBE programmes are often not able to tackle the root causes of why children are dropping out of school, such as poverty, gender inequality, child labor, and lack of facilities and programs for inclusion of children with disabilities.

There are also opportunities to strengthen STEM, skills, and innovation in the education curriculum to better support graduates to access jobs and economic opportunities in the current labour market.

Domestic financing to education has decreased in recent years, now below the international benchmark of 15 to 20 percent. Ghana's budget allocation to education declined from 15.4 percent in 2019 to 13 percent in 2024. As a proportion of GDP, education budget allocation fell from 3.3 percent in 2019 to 2.8 percent in 2024, with projections suggesting a further drop to 2.4 percent by 2026. This is below the global benchmark of 4-6 percent of GDP. The allocation for basic education within the Ministry of Education's budget also shrank significantly, from 39 percent in 2019 to 19.6 percent in 2024.

The learning crisis will have upward negative effects at the Senior High School (SHS) and TVET levels. There are number of impressive reforms and investments in the SHS and TVET quality for Ghana with very promising results. However, these reforms and investments will not achieve the economic and skill gains for Ghana without a solid foundation in literacy, numeracy, and social-emotional learning.

Momentum on support for improving Ghana's foundational learning crisis is growing but needs additional attention. Ghana's 2023 Partnership Compact, agreed by the Ministry of Education and development partners, identifies foundational learning as the priority reform area. The recently approved US $117.1 million in additional financing to the Ghana Accountability for Learning Outcomes Project (GALOP) aims to improve foundational learning outcomes while continuing to strengthen education management, accountability, and evidence-based decision-making.

Ghana benefits from a strong foundation in data and evidence, including with regular learning assessments, but faces challenges in data credibility, management, and dissemination. Ghana also conducts regular learning assessments, including national assessments at the P2, P4, and P6 levels to measure learning progress in the early years. There has been a gap in Ghana's international reporting on SDG4 progress, but ongoing work on aligning national assessments with global proficiency benchmarks should soon allow Ghana's contributions to global reporting on learning. Dissemination of key results for evidence-based decision-making remains a challenge and is an area where donors have recently channeled resources.

Opportunities:

- **Finalize New/Updated Education Policies**. A number of new or updated policies on Inclusive Education, ICT in Education, Guidance and Counselling, Safe Schools, and School Health, remain in the final stages awaiting approval and endorsement. This is also an opportunity to consider introducing new policies around teacher deployment and retention in underserved areas.

- **Increased financing for education, particularly the allocation for basic education, aligned with international benchmarks**. Development Partners ask for an overall increase in education sector spending, especially of non-salary spending – to align with the levels of the health sector, which has not seen the same level of budget reductions since 2018.

- In light of the 24-Hour Economy initiative, explore ways to **increase collaboration between private sector and skills training systems** / TVET to reduce financing burdens, and increase skills relevance.
- With any newly introduced education reforms, **the priority should be equity**, including out-of-school children and those in low-fee private schools, which complement the public education system.

The Development Partner Offer:

The Education Development Partner Group and the wider community are committed to supporting the government in its implementation of Ghana's Education Strategic Plan (2018-2030). Through our work together, we promise to:

- **Participate in a national consultative conference on education** to build consensus on needed improvements in the sector, per the President's 120-day vision.
- **Add to the education sector's evidence base** on what's working (or not working) and why. This will be done through co-creation with the government. We offer to deliver technical assistance tailored to MOE/agency needs and aligned with GOG priorities.
- **Support stronger sector coordination**. We recognize that Ministry/agency staff are busy with assigned duties and coordinating with development partners is extra work. We therefore vow to avoid creating parallel coordination committees and to coordinate meetings and field monitoring, where the staff are required. As Development Partners, we will continue to push for regular convenings for coordination – including quarterly Ministry-led Education Sector Working Group meetings, open and objective National Education Weeks, and others – and we look forward to an introductory meeting on coordination.
- **Support the work of the Reform Secretariat**.
- **Align on key advocacy messaging**, and promotion of Ghana's story on global platforms.
- **Support the implementation of the new GALOP Additional Financing** with technical support, knowledge sharing, and coordinated efforts from development partners.

8. Electricity Sector

Background

Ghana boasts the highest electrification rate in West Africa, with a grid coverage rate exceeding 88.9 percent. The country has an installed capacity of 5,507 MW and a dependable capacity of 5,060 MW, to meet peak demand of 3,952 MW as of December 2024. Ghana's location and foundational role in the West African Power Pool (WAPP) contributes significantly to regional energy security.

In May 2019, the Energy Sector Recovery Programme (ESRP) was launched to address annual financial shortfalls in the power and gas sectors. While progress was made in reducing the sector shortfall, ongoing reliance on government payments and budget support indicates that more aggressive actions are necessary to achieve self-reliance. However, despite these efforts, the electricity sector continues to face persistent challenges. The significant issue is the under-recovery of costs, which resulted in net arrears of $1.319 billion as of December 2022.

The ongoing issues have necessitated a two-year extension of the ESRP, now ending in 2025. Currency depreciation and underperformance of State-Owned Enterprises (SOEs) further exacerbate the projected shortfall. To tackle these challenges, Development Partners (DPs) have approved technical assistance and results-linked funding to improve the financial viability of key utilities, including the Electricity Company of Ghana. Additionally, energy sector reforms are crucial for Ghana's participation in the IMF's Extended Credit Facility program, highlighting the need for structural reforms and enhanced revenue generation. Continued collaboration with DPs is essential for fostering a sustainable electricity sector and supporting Ghana's role in the regional electricity market.

Opportunities for collaboration

1. **Sector Governance**: Policy interventions aimed at systemic changes will be prioritized to improve the governance of the sector, allowing institutions to operate effectively, transparently and in coordination with others. These changes will drive Ghana's energy transition by developing Renewable Energy and Energy Efficiency projects, while also improving transparency in prioritization and procurement of generation and distribution infrastructure. Urgent actions to consider include:

   a. Improving sector governance through the formation of an oversight committee with representation from key ministries, and sector stakeholders.
   b. Reducing generation costs by granting independence and autonomy for GRIDCo to implement a real time security constrained economic dispatch (SCED) system for electricity generation without state influence (with GRIDCo providing stakeholders with **real-time data** to illustrate SCED decision making processes).
   c. Establishing transparent and competitive processes for procuring new generation assets for establishing fair prices, reducing windfall profits for power producers, and optimizing the cost of electricity supply.
   d. Accelerating the deployment of Ghana's energy transition strategy to integrate renewable energy into the generation mix.

e

e. Creating conditions for enabling public and private investments in transmission projects. Strengthening the regulatory and policy regime for implementing for private sector participation in the distribution sub-sector.
f. Enhancing independence and autonomy of regulators for tariff reform and to implement effective regulations and policies to ensure the sector's long-term financial sustainability.

2. **Financial stability of the sector**: addressing the high cost of energy supply, cost under-recovery, and financial shortfall requires urgent interventions involving all major stakeholders: **distribution companies** must significantly reduce aggregate technical, commercial and collection (ATC&C) losses; **the system operator** should operate an economic merit order dispatch mechanism; **regulators** need to implement tariff reform while providing effective monitoring and oversight of sector entities, and t**he government** must implement regulations for transparency in generation capacity procurement.

   a. Reducing distribution losses: Reducing ATC&C losses, currently above 30%, is essential for improving sector performance. Key actions include establishing regional energy accounting systems, investing in metering and meter management systems, improving billing and collections performance, and distribution network strengthening. Additionally, enacting regulations to criminalize theft, as seen in Senegal and Côte d'Ivoire, along with strengthening change management, building capacity, and incentivizing field staff, are all crucial for real change.
   b. Securing the sector's financial flows: This shift aims to introduce transparency in the sector's financial flows by introducing a fund manager to operate the inflows and outflows from the Cash Waterfall Mechanism. In addition, to improve validation of payments to energy suppliers, integrate payment mechanism models, specifically the Cash Waterfall Model (CWM) and the Natural Gas Clearinghouse Model (NGC), with the inter-utility debt settlement model. Transitioning from Excel-based framework to web-based system will allow stakeholders to transparently validate all payments, including direct payments from the Ministry of Finance, against submitted invoices.
   c. Appoint an independent fund manager to manage, allocate, and distribute funds in the CWM to various stakeholders efficiently and compliantly
   c. Capacity Building on Utility Performance Analytics: Support the Energy Commission (EC), Public Utilities Regulatory Commission (PURC), and State Interest and Governance Authority (SIGA) in measuring performance against key performance indicators agreed under the Performance Improvement Plan (PIP).

3. **Regional Integration**: Given the upcoming operation of the West African Power Pool (WAPP) it is crucial for Ghana:
   a. to conduct a comprehensive review of the capacity market design measures to strengthen Ghana's integration into the regional energy markets.
   b. Collaborate with WAPP and the ECOWAS Regional Electricity Regulatory Authority (ERERA) to accelerate the operation of the WAPP, addressing outstanding challenges such as transmission pricing, market rule design

and implementation, and dispute resolution for the benefit of Ghana and the broader WAPP.

4. **Project prioritisation**: Ghana should prioritize projects in renewable energy, energy access and clean cooking and energy efficiency. This should include presenting relevant project prioritization and assessment documents to the Energy Sector Working Group to facilitate collaboration on developing a pipeline of priority projects.

Development Partner Capabilities and Offer
The DP Energy Sector Working Group is already implementing several programs in Ghana's electricity sector, leveraging their collective strengths and expertise to partner with the Government in providing affordable, reliable and sustainable energy by 2030.

9. Gender Equality and Women's Empowerment

Background

Gender inequality has a significant impact on human development. Ghana's rank on the Gender Inequality Index has worsened from 130th out of 191 countries in 2021 to 133rd in 2022, with a score of 0.632. There is loss of 36.8% to Ghana's human development score that is linked to gender inequality (Human Development Report, 2022). Evidence suggests that achieving Gender equality has ripple effects on other sectors, necessitating the need for progressive policy and legal framework, enhanced coordination of the sector, and innovative thinking to push the sector forward.

Ghana has a conducive legal and policy environment**.** The review of the Gender Policy (2015-2020) commenced in 2021 and resulted in a draft revised policy (2023-2023). Noting the criticality of the policy in providing direction for the mainstreaming of Gender in national development processes, the need to finalise the policy cannot be overemphasised. Similarly, the Domestic Violence Act, 2007, Act 732 and its related operational documents were revised in 2022, pending administrative actions and passage. To ensure that the intersectionality of Gender, Gender-based Violence and Disability were addressed the Persons with Disability Bill was also revised in 2024. Finally, the Affirmative Action (Gender Equity) Act (Act 1121) was assented to in 2024, which aims to ensure comprehensively the achievement of gender equality in the political, social, economic and cultural spheres..

Gender sector coordination and financing: The Ministry of Gender, Children and Social Protection (MoGCSP) has received government investment to address gender inequalities, notably in education and health. The total budget grew from GH¢330.3 million in 2021 to GH¢2.39 billion in 2024, largely associated with increases in social protection measures. However, the Department of Gender received just 0.019% (GH¢464,659) and the Domestic Violence Secretariat 0.114% (GH¢2.74 million) of the 2024 allocation. This limited funding has led to coordination gaps and weak gender mainstreaming across departments. In response, MOGCSP began reviewing its gender architecture in 2023 to improve stakeholder coordination.

Gender-Based Violence Response

Gender-Based Violence (GBV) remains a significant barrier to gender equality, restricting women's engagement in both public and private spheres. Data from the 2022 Ghana Demographic and Health Survey reveals concerning statistics: 33% of women have experienced physical violence and 14% have faced sexual violence by age 15. The COVID-19 pandemic exposed gaps in national emergency response systems for domestic violence, revealing new patterns of abuse. Research in Ghana demonstrates that reducing GBV yields economic benefits and positive returns on investment. This evidence underscores the importance of strengthening existing GBV prevention and response mechanisms, particularly through enhanced support for the Domestic Violence Fund, which provides crucial assistance to survivors.

Opportunities

Ghana has demonstrated a renewed commitment to gender equality through significant milestones. The country's participation in the Equity Alliance's first-anniversary event during the 79th UN General Assembly in September 2024 signalled this commitment on the international stage. This was further reinforced during the presidential inauguration address on January 7, where gender equality was highlighted as a key priority. The historic election of the country's first female vice president marks a pivotal moment, creating momentum for advancing equitable development under the new administration.

I. Strengthening Gender-Related Policies and Legal Frameworks: immediate short-term actions required include:

a. The Social Sector committee of the cabinet to commence with a technical review of the Gender policy and submit it to the Cabinet for discussion and approval.

b. Facilitate the finalisation of the revised Domestic Violence Act and its related operational documents and submission to the Attorney General for drafting.

c. Facilitate the finalization and passing into law of the Persons with Disability Bill and its related operational documents.

d. Implement the road map for the implementation of the Affirmative Act and operationalise the Affirmative Action Act secretariat to allow the implementation of the AA Act.

In the medium term, MoGCSP should work closely with the Attorney General's Office on the next steps for Ghana’s first report to the Protocol to the African Charter on Human and People’s Rights of Women in Africa (Maputo Protocol).

II. Coordination enhancement of the Gender Architecture: Key immediate actions are required to strengthen the sector, including finalising and validating the coordination framework and national budget resourcing for the Gender Sector, and mapping of partners within the Gender space.

III. Budget allocation: additional funding allocation to MoGCSP would allow effective operations of the ministry. MoGCSP should also be supported to simplify access to the funds from the Domestic Violence Fund, given the rise in cases of domestic violence observed in the country.

Development Partner Offer

The DPs will maintain coordination through the Gender donor group, ensuring aligned and efficient support to the MoGCP. A primary focus will be funding the establishment of a national coordination system for the Gender-Based Violence (GBV) sector, strengthening institutional capacity for response and prevention.

To enhance evidence-based decision-making, DPs will support the Ghana Statistical Service in consolidating GBV data through the Gender-Based Violence Information Management System (GBVIMS). This will be complemented by a comprehensive mapping of gender-focused partners (including organizations supporting women with disability) across all regions, providing crucial insights for resource allocation and intervention planning.

Legislative support remains a priority, with DPs committing to advance the implementation roadmap for the Affirmative Action Act. Additionally, partners will provide technical and financial support for operationalizing the new gender sector architecture, ensuring sustainable institutional frameworks for gender equality initiatives and disability mainstreaming.

These coordinated interventions aim to strengthen Ghana's capacity to address gender-related challenges while promoting sustainable development through improved institutional frameworks and data-driven decision-making processes.

10. Health

Background: Ghana has made significant health improvements, with under-five child mortality dropping from 60 to 40 per 1,000 live births and malaria prevalence among under-fives decreasing from 27% to 8.6% between 2014 and 2022. The NHIS now covers nearly 60% of the population. Areas of reform include the Community Based Health Planning Services (CHPS) Policy (1999), the National Health Insurance Scheme (NHIS) Act (2003), and the primary health care revitalization approach, Networks of Practice (2020). However, Ghana is not on track to achieve the health Sustainable Development Goals (SDGs) and non-communicable diseases are on the rise. Progress can be accelerated by adequate, sustainable financing for the health sector, health commodity security, and reducing inequities in access to primary care.

Equity: Only 42% of Ghanaians can access CHPS within 30 minutes on foot, and 62.5% within 60 minutes. Greater Accra has the highest access rate (80%), while Northern region has the lowest (6%)[2]. The NHIS does not cover over 50% of Ghana's Essential Service Package, mainly prevention and promotion services, needed for quality primary care.

Commodity Security: Malaria, diarrhea, pneumonia, prematurity and bleeding are leading causes of largely preventable death for children and pregnant women in Ghana.[3] To avert these, quality essential medicines are needed. Surveys from 2021-2023 show up to 80% stock out of essential medicines like uterotonics, antibiotics, and oral rehydration salts. Stock outs result from issues like Ministry of Finance (MoF) to NHIS funds flow, Framework Contracting and Drug Revolving Fund (DRF) processes, and provider behaviors. Additionally, Ghana has faced stock outs of HIV, TB, Malaria and family planning commodities, and vaccines, due to long customs clearance delays of donated goods and not meeting co-financing commitments with global partners.

Sustainable Financing: It is estimated that every GHS1 invested in public health returns GHS14.3 in benefits[4]. Yet, Ghana's health budget has decreased from 7.9% of government spending in 2019 to 6.3% in 2024[5], allocating fewer resources to health than lower-middle-income peers.[6] A bright spot has been NHIS releases, with the government successively meeting its commitments, per the International Monetary Fund Extended Credit Facility and World Bank Development Policy Operation. Ministry of Health (MOH) budget and NHIS releases are not enough to reduce access gaps and commodity stock outs. There is also potential for efficiency gains in the operations

[2] Ghana Statistical Service (GSS) and ICF. 2023. Ghana Demographic and Health Survey 2022

[3] Ghana Health Service (GHS) and Ministry of Health (MOH) 2020, Ghana Reproductive, Maternal, Newborn, Child and Adolescent Health and Nutrition (RMNCAH&N) Strategic Plan 2020-2025

[4] Masters, R., et al., 2017. 'Return on investment of public health interventions: a systematic review'. Journal of Epidemiology and Public Health 71(8)

[5] MOF Annual Budget Statements; 'Real Budget' calculated using inflation data IMF Economic Outlook April 2024

[6] WHO Global Health Expenditure Database

of the National Health Insurance Agency (NHIA). On average, development partners have invested over $250 million annually to improve the health of all Ghanaians.

Opportunities - Equity:

- **Prioritize promotion and prevention.** Pilot and establish a NHIS Health Prevention and Promotion Benefit Package (HPPBP).
- **Strengthen CHPS and Networks of Practice to improve access.** Prioritize construction of CHPS facilities in underserved regions. Establish mobile CHPS and telemedicine to cover populations far from facilities. Fully implement Networks of Practice (NoP) to improve quality of care, including for non-communicable diseases.
- **Leverage the private sector.** MoH and NHIA should work with private sector entities to co-develop health facilities and pharmacies, targeting the urban poor.
- **Act on Ghana's changing burden of disease.** Expand services for mental health, non-communicable diseases, and advanced laboratory diagnostics.

Opportunities - Commodity Security:

- **Address medicine stock-out risks.** Immediately resolve customs clearance issues for donated health commodities. Ensure the financial health of the DRFs at the 11 Regional Medical Stores by clearing legacy debt to manufacturers, publishing a DRF Policy with clearly defined performance standards, and implement routine tracking of essential medicines availability by strengthening the Logistics Management Information System.
- **Strengthen procurement.** Prioritize MoH Framework Contracting to ensure value for money and develop rapid procurement processes for outbreak and pandemic response.

Opportunities - Sustainable Financing:

- Take steps to uncap the NHIL as proposed by His Excellency the President and prioritize NHIS disbursements, releasing all National Health Insurance Levy revenues to the NHIA. Improve NHIA's operational efficiency by reviewing non-claims expenditures and rationalize recruitment.
- Estimate total financing needs for essential health commodities by 2030. Integrate a ring-fenced budget line for program commodities in the Ministry of Health Budget.
- Evaluate raising additional pooled revenue for health, for example, through repurposing the COVID-19 levy, or mobilizing other progressive and pooled sources of revenue.

Development Partner Offer: Health Development Partners are ready to support Ghana in implementing these opportunities and request quarterly meetings between the Ministry of Health, Finance, and Development Partners to discuss and execute them.

11. Public Financial Management (PFM)[7]

Background

Ghana has made progress in improving its PFM according to the latest PEFA report (2018). This progress has been the result of a combination of the Government of Ghana's (GoG) initiatives and significant support from Development Partners (DPs). Key areas where significant reforms have occurred include the establishment of a robust framework such as the PFM Act, 2016 (Act 921) and the PFM Regulations, 2019 (L.I. 2378) among others.

In April 2022, the GoG approved its new PFM strategy 2022 -2026 consolidating on previous PFM strategies, anchored in the twin themes of consolidation and sustainability and revolves around five key pillars, to drive the PFM reform agenda. Despite the strides, Ghana's PFM environment still faces challenges—mostly resulting from limited enforcement of the PFM Act and related regulations. In the short to medium term, the GoG will see major gains by focusing on the following:

1. Budget sub-system related issues

(i) Budget transparency and accountability. The MoF submits its budget into parliament, which appeared comprehensive, enables measurement of budget performance and tracking results. The Budget Preparation and Management System tool (Oracle Hyperion), integrated with GIFMIS has been rolled out to Ministries, Departments and Agencies (MDAs), which has significantly improved the quality and timeliness of the budget information. Although training and technical support has been provided to MDAs and Metropolitan, Municipal and District Assemblies (MMDAs), the tool is yet to be rolled out to all MMDAs.

Also, the budget preparation process remains a formal affair with little public participation and exhaustive involvement of the citizens. Ghana's transparency score in the Open Budget Survey (OBS) 2023 was 46 out of 100, down from 56 in 2021 and also below peers such as Sierra Leone (56) and Liberia (52). The public participation score in the OBS was 17 out of 100, indicating limited or no opportunities for public participation, especially during the approval and implementation phases.

The Ghana Integrated Financial Management Information System (GIFMIS) is designed to be the backbone of the country's management of all public funds but runs on an outdated software creating data processing and management bottlenecks. GIFMIS requires a significant number of manual transactions for recording and reporting, with limited to no automatic transmission of data with other systems such as the Human Resource Information and Management System (HRMIS). As a result, GIFMIS is unable to provide high quality data in a timely manner to support policy makers. Furthermore, there is a large number of bank accounts outside of the Treasury Single Account (TSA) within the Bank of Ghana. Thus, the Minister of Finance is

[7] Prepared by the PFM donor working group. Co-chaired by the EU and World Bank, and comprised AfDB, AGRA, Canada, Denmark, FCDO, GIZ, IFAD, IMF, JICA, KfW, KOICA, the Netherlands, SECO, UNCDF, UNICEF and USAID.

unable to capture the overall cash position. The issues are further compounded by the absence of central oversight of existing multi-year capital commitments.

(ii) Fiscal Strategy. The TSA is hosted at the Bank of Ghana (BoG) and covers all bank accounts for processing consolidated funds budgeted with and released by the MoF and executed by MDAs. Thus, the Ministry of Finance only has access to all details of the bank accounts hosted by the BoG and is unable to capture the overall cash position. Comprehensiveness of all GoG accounts transferred to the TSA is yet to be achieved, as the movement of MMDAs, IGFs, SOEs, statutory fund and donor funded project accounts to BoG is yet to be completed.

This indicator scored a D+ in the 2018 PEFA assessment, with no public, systematic Fiscal Strategy Document guiding budget preparation. This has resulted in an expansionary fiscal pathway accompanied by steady debt accumulation, ultimately leading to external default in late 2022. Whilst the Fiscal Responsibility Act (2018) set out a fiscal framework and rule for Ghana, it was suspended in 2020 following the onset of COVID-19 and has not been reinstated. Strengthening the efficacy and credibility of the Fiscal Framework are key to restoring investor confidence in Ghana and re-engaging international credit markets.

(iii) Budget credibility. Budget credibility is negatively affected by poor general forecasting, ineffective establishment of controls and arears build-up, combined with delays in budget releases from MOF and committing funds outside of GIFMIS especially at the MDAs, among others.

The government’s Spending Arrears Clearance and Prevention Strategy estimates the stock of arrears[8] at GHS 47.46 billion (end of 2022). The largest sources of arrears are CAPEX (15.09 billion; of which two-thirds are MDAs), Energy IPPs (12.15 billion) and Statutory Funds (9.89 billion). SOEs represent a potential source of undisclosed debt and contingent liabilities. According to the latest State Ownership Report (2023), the 10 largest SOEs – predominantly in the energy sector – on aggregate, accounted for 80.09 percent of total revenue generated by all SOEs, and made a net loss of GHS 3,394.60 million. Ghana’s budget credibility has been low, with indicators on aggregate expenditure outturn and revenue outturn scored as D on the latest PEFA Assessment. Expenditures have consistently exceeded revenues in every financial year since 2018 which has resulted in increasing national debt.

2. Treasury Sub-system -The Treasury Single Account (TSA) is hosted at the Bank of Ghana (BoG) and covers all bank accounts for processing consolidated funds budgeted with and released by the MoF and executed by MDAs. Thus, the Ministry of Finance only has access to all details of the bank accounts hosted by the BoG and is unable to capture the overall cash position. Comprehensiveness of all GoG accounts transferred to the TSA is yet to be achieved, as the movement of MMDAs, IGFs, SOEs, statutory fund and donor funded project accounts to BoG is yet to be completed.

3. Accounting and Reporting Sub-systems- The key risk in this sub-system relates to bank reconciliations, which at present sees the Controller and Accountant General's

[8] Defined as the sum of outstanding payment at CAGD and unreleased claims.

Department (CAGD) focus on the consolidated fund and sub accounts linked to TSA, with the Bank reconciliation module yet to be functional. Also, reports generated from GIFMIS typically is payment and receipts and not in IPSAS accrual format. CAGD has made a proposal to procure a financial reporting package that integrates with GIFMIS for the generation of financial reports in the required format. Some donor funded projects, IGFs and statutory funds are yet to be rolled on GIFMIS.

4. Internal Control Sub-system: The GoG has implemented a number of initiatives in this area and there have been tremendous achievements. Weaknesses relate to changes to personnel records, which must be effected from the MDA level through the Integrated Personnel and Payroll Database and this can take up to a month to be reflected on the payroll. Retroactive changes for new hires are not rare and may sometimes take several months.

5. External audit and Legislative Scrutiny Sub-system: The Ghana Audit Service (GAS) carries audits of the financial statements on the consolidated fund from the CAG and MDAs and submits to Parliament on time in line with the Auditor General's (AG's) constitutional mandate. The AG also carries out special audits including performance audits (including the audit of covid-19 crisis response funds), procurement, payroll audits, etc. Generally, the implementation of audit recommendations and legislative scrutiny of public accounts by PAC are slow whilst the enforcement of sanctions for non-compliance are not effectively applied.

Oversight and compliance. Ghana has a strong *de jure* regulatory framework including the Public Financial Management Act, 2016 (Act 921) and the Public Financial Management Regulations, 2019 (L.I. 2378). However, non-compliance and absence of enforcement of sanctions under the PFM Act undermine the effectiveness of the existing regulatory framework. The Auditor General's report on the audit of COVID-19 spending is an example of identified cases of non-compliance.

Opportunities

The public will and citizens' trust in the new government provide opportunities to implement critical reforms in the PFM cycle aimed at further improving he overall PFM environment. Implementing reforms in these areas will be a way to correct any misunderstandings the citizens may have had about some of the issues useful to PFM, and send a strong signal that the new government is committed to enhancing transparency and accountability. In the short to medium term, the new government could focus on the following foundational reforms:

1. Fiscal Transparency and Accountability

- **Improve the functionality, coverage, interoperability, and usage of GIFMIS.** This includes updating both software and hardware of GIFMIS, rolling out to all spending units, connecting with other relevant systems, capturing multi-year commitment, among others.
- **Fully implement the TSA.** Given the complexity of the current setup and the large number of bank accounts held at commercial banks, full

implementation of TSA for MDAs can be pursued in the short term while in parallel introducing systems to fully track accounts at commercial banks.

2. **Arrears and Budget Credibility**

- **Ensure GIFMIS is used for all payments.** Payments should not be allowed outside of GIFMIS irrespective of the status of the institution or the revenue source (including IGFs). This also means that the applicable sanctions provided under the PFM Act should be enforced to forbid transactions outside GIFMIS.

  Increase transparency in procurement and expand usage of Ghana Electronic Procurement System (GHANEPS). Usage among procuring entities and bidders should be expanded and strengthened to ensure all procurements are conducted and monitored on GHANEPS. Reforms are needed in public procurement to combat corruption. Support should be provided to the Ghana Public Procurement Authority (PPA) and the Ghana Central Tender Review Committee (CTRC) for increased transparency and efficiency.

- **Reduce the amount of net transfers to SOEs.** This will include improving the efficiency of each SOE as well as an overarching approach at the central level to strengthen oversight of SOEs including reporting to better capture contingent liabilities.
- **Optimize CAPEX.** Resources should be targeted at projects that are well appraised and nearing completion to avoid accumulation of unreleased claims.

3. **Oversight and Compliance**

- **Implement sanctions in case of non-compliance.** The government's commitment to establishing a PFM compliance desk and training finance officials on the evidentiary requirements are both welcome approaches which can further be strengthened.
- **Introduce code of ethics.** This can serve as a guiding set of principles for officials, at the managerial level and lower levels, to act that aligns with the stipulations and philosophy of the PFM Act.
- Facilitate the implementation of audit recommendation and monitoring.

4. **Internal control**

- **Reinforce internal control.** The reports from the Auditor General have highlighted pervasive and weak internal controls which have led to irregularities in public funds management. The key step would be to improve the internal audit system.

- Complete the integration between the HRMIS with GIFMIS and the payroll system as well as other systems to strengthen the overall control environment.

5. Accounting and Reporting

- Procure a financial reporting package that integrate with GIFMIS for the generation of financial reports in the required formats.
- Ensure all DPs funded projects, Internally Generated Funds (IGFs) and statutory funds are rolled on GIFMIS.

Development Partner offer

The PFM donor working group and the wider development partner group are committed to supporting the government in the full and steady implementation of the PFM Strategy (2022-2026) with focus on pillars that are of high priority, yield meaningful results and match the areas of strength and expertise of the respective donor. A separate donor working group is working on revenue issues, and working closely with the PFM donor working group.

12. Private Sector Development

Background

Ghana's private sector holds significant potential for driving economic growth, creating jobs, and enhancing sustainability. Most of the growth in the last few years has been driven by the private sector. Small and medium-sized enterprises (SMEs), representing 85% of businesses and employing over 70% of the workforce, are vital to Ghana's economy. However, several constraints persist, including complex regulatory processes, inadequate access to finance, infrastructure deficits, and poor digital connectivity. In addition, there is a huge opportunity to leverage regional value chain linkages under the African Continental Free Trade Area (AfCFTA). For example, Ghana can further capitalise on its strengths in agro-processing, textiles and garments, e-vehicles, and pharmaceuticals to become a regional hub.

Macroeconomic challenges, including high interest rates and fiscal constraints, pose barriers to investment and business expansion that may not subside in the short term. However, these barriers can be overcome with the right focus and targeted policies aligned with Ghana's commitments under international frameworks and its vision for sustainable industrial development.

The agribusiness, and manufacturing sectors, including textiles and garments, e-vehicles, and pharmaceuticals, remain underdeveloped and offer great potential. Achieving it will require policy harmonization, clarity and effective implementation. Growth and job creation in services and technology hold the promise of a full-scale modernization of Ghana's economy: DPs are ready to help the Government of Ghana seize this opportunity.

Opportunities

DPs note the following opportunities in three key areas and are committed to supporting their implementation.

1. **Enhance the Business Environment and Investment Climate**

- Finalize and enact key industrial policies and implementing regulations for textiles and garments, e-vehicles, and pharmaceuticals. These policies should align with AfCFTA objectives, position Ghana as a regional export hub, and attract inward investment.
- Expedite the drafting, approval, and enactment of a modernized investment code to harmonize regulations across sectors and simplify the investment process.
- Streamline visa application processes and introduce an e-Visa system to boost business and tourism, fostering greater foreign investment and economic activity.

2. **Support Sustainable and Inclusive SME Development**

- Provide targeted incentives for SME formalization, including tax benefits, simplified registration processes, and enhanced access to inclusive finance and technical support.
- Digitalize SME support services and expedite the approval of the startup bill to promote innovation and scalability in entrepreneurship.
- Introduce tax incentives for SMEs that employ youth and women, fostering inclusivity in economic growth and beating back unemployment.

3. **Promote Financial and Environmental Sustainability of Investments**

- Progress the development and implementation of the Green Finance Taxonomy to attract investments into environmentally sustainable projects and industries.
- Support compliance with international standards, including the UN Guiding Principles on Business and Human Rights, to enhance access to global markets and drive responsible investment practices.

Development partner offer

The Private Sector Working Group Development Partners (DPs) members are committed to supporting Ghana's government in the field of private sector development through a wide range of tools that include investment, technical assistance, capacity building, and financial support. Key offerings include:

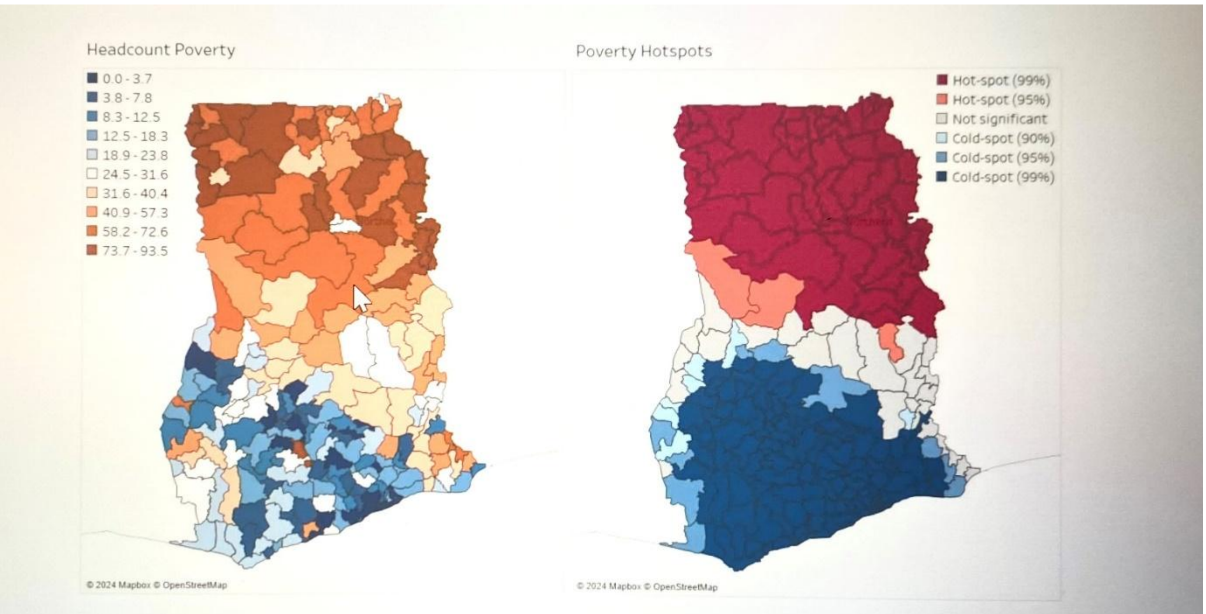
- Business grants, soft loans, and equity financing tailored to SMEs and high-impact industries.
- Support for feasibility studies, project finance preparation to arrive at bankable projects that capitalise on identified regional value chains
- Investment strategy and policy development and investor events to boost FDI.
- Capacity building for compliance with international sustainability standards to unlock access to key export markets.

13. Regional Development

Background

Poverty is not spread evenly throughout Ghana. The Ghana Statistical Service (GSS) in 2020 reported that 45.6% of the population is multidimensionally poor, with that figure rising to 64.8% in rural areas, compared with 19.3% in urban areas. The report also shows that the Northern Region had the highest proportion of multidimensionally poor people at 80%, followed by the Upper East Region, with 68%. In contrast, 27% of people from the Greater Accra Region are multidimensionally poor. As the map below shows, there are a small number of areas in the south where the poverty headcount is high, but, taken as a whole, there are a higher number of poor people in the north compared to the south.

The map below illustrates the level of north/south disparity. It uses GSS data collated by the World Bank in their 2024 report "Bridging the divide: Insights into Regional Poverty and Inclusion in Ghana."



Source: GSS (2023) – small area estimates of poverty correspond to 2016
Note: district is classified as a hotspot if its value is significantly higher than that of its neighborhood. The neighborhood average is a distance weighted average where areas that are farther away from the district carry less weight. Neighborhoods are defined as locations within a 500 Km radius.

The Northern Trade, Industry and Investment Summit, held in May 2024, underscored the significance of trade and investment in regional development and how increased access to education and health would enhance the workforce. A more capable workforce would attract private sector investment, generating employment which would, in turn, enhance development. There is significant opportunity in agricultural value chains (such as shea, groundnuts and cashews), especially as the AfCFTA takes effect.

Greater development in northern Ghana would also help to strengthen security. Wide regional disparities and inequality can increase conflict risks and drive internal migration, putting pressure on services in urban areas in Ghana's south, particularly

Accra. These risks are exacerbated by climate change related shocks, such as the dry spell in 2024.

Northern Ghana is particularly vulnerable erratic rainfall, land degradation, and increasing temperatures. These challenges threaten agriculture, water resources, food security, and livelihoods, making climate adaptation and mitigation critical for sustainable development. Ghana's Nationally Determined Contributions (NDCs) under the Paris Agreement outline strategic measures to address these issues while promoting resilience and sustainable economic growth.

Significant investments to enhance regional collaboration and boost socioeconomic and climate resilience are being made by the Government with partner financing and show promising early impacts in 48 districts. There is growing demand to expand these to all districts in the North.

For all these reasons (and without ignoring the needs and potential for growth throughout the country), development partners are committed to support Ghana to close the poverty gap between the North and the South. The impact of international development programmes, and the Government of Ghana's policies, could be strengthened in several ways.

Poverty Targeting and Evidence Led Decision Making

The GSS has baseline figures on poverty across Ghana. The Government could task the GSS to produce annual updates, broken down by region and then in more detail in the municipalities with the highest percentage of poverty. Those figures can be used by the Government and development partners to target support where it is most needed.

The Government could drive progress by setting clear targets for reducing the multidimensional poverty gaps between the poorest and richest regions. The yearly GSS figures would allow the Government to monitor progress against these targets and adjust approaches where needed.

Enhanced Coordination

There are many different parts of government that have a role to play in delivering effective development. They need to coordinate effectively by sharing information, having common goals and clear and complementarity mandates. This will enable the Government of Ghana to work effectively with development actors to reduce multidimensional poverty in Ghana. Coordinating effectively could avoid the situation where some geographic and thematic areas receive support, while others miss out altogether. In Northern Ghana this has been a particular challenge, especially given the strong presence of development partners across the five regions. Common challenges and opportunities across northern regions could be clearly identified and addressed effectively and efficiently by a range of stakeholders including development partners, civil society and the private sector.

The Government can leverage its ongoing efforts (under the SOCO programme) to build a single information platform (registering investments, demographic information, fragility factors, and mapping community investment) to improve information sharing and coordination between development partners and local government in Northern Ghana.

There is a clear role for an appropriately resourced and well managed coordination system that does five key things: (i) gather information about all government development policies and actions presented in an accessible and usable way, (ii) have authority and ability to coordinate across government ministries to ensure targeted development is delivered effectively, iii) track delivery and progress, (iv) enable better coordination with development partners, enabling the government to draw on their expertise to inform decision making, and (v) support an enabling environment that unlocks that potential of Ghana’s strong civil society and private sector leaders to embrace and deliver on priorities they share with the government.

Decentralisation of Decision Making

Some resource allocation and policy decisions are best taken at local level. Municipal and district level bodies generally know where funding for local services and infrastructure can do the most good. In addition, decision makers who are closest to the people affected by their decisions are more likely to be held to account. Decentralisation supports local communities to identify opportunities to help ensure no one is left behind, attract investment, create jobs and, ultimately, ensure people contribute more in taxes.

Involving women, youth, and excluded groups in decision-making strengthens decentralization and citizen participation. The government could expand its use of the Community-and Local Development (CLD) approach in place in several districts. This enhances citizen-state relationships through dialogue and collaboration with local institutions to build trust, resilience, and accountability and, in turn, helps prevent violence.

Central government has two important roles (i) setting the overarching policy, including clear guidelines on how government development funding is targeted; and (ii) setting up rigorous and transparent mechanisms to ensure the money is accounted for and spent where intended.

The Common Fund was established to ensure decentralisation of spending, but it has never been substantively implemented. This holds back development, delivery and democracy. The new government could ensure the 5% common fund is delivered to MMDAs in full and on time, and that MMDAs are empowered to decide how it is spent – in accordance with central government spending parameters. The formula for allocating the funding need not change, as the current law stipulates it should take account of, among other things, the level of need in districts.

Leverage Trade for Regional Development

Government could also leverage regional value chain linkages by explicitly mapping and promoting high-potential value chains, such as those for cocoa, shea butter, cashew and textiles, to position Ghana as a regional trade leader under the AfCFTA.

A robust coordination mechanism, potentially through a multistakeholder regional development task force, with clear accountability frameworks, would ensure that initiatives are aligned across sectors, including targeted investments in regional value chain development, infrastructure improvements, and digital trade facilitation.

Development Partner Offer

Development partners are committed to supporting a strong evidence base to target spending where it is most needed, and a coordination mechanism to show where development interventions are taking place. With these two in place, development partners would be able to support Ghana’s priorities more effectively and in the most efficient way.

Development Partners would be happy to discuss these issues further and consider specific ways we might support the Government of Ghana to introduce an effective coordination mechanism, focused on the five regions of the North. We propose a forum in March 2025 to consider specific ways of introducing the changes above to help us deliver our shared goals.

14. Urban Development

Background

Ghana is experiencing rapid urbanization, with the World Bank estimating that the urban population reached approximately 19.6 million, or 59% of the total, in 2022. Consequently, the urban built-up area has been expanding at an annual rate of 3.2%. This fast-paced urbanisation presents challenges, including unplanned spatial expansion, the proliferation of informal settlements, infrastructure deficits, and gaps in basic urban service delivery. The slum population increased from 5.5 million in 2017 to 8.8 million in 2020, and it continues to grow. In 2023, poverty levels were 31.4%, highlighting disparities in urban service provision. Additionally, as reported by the Ghana Statistical Service in 2023, 2.2% of urban households still rely on unimproved drinking water sources, raising public health and climate concerns. Projections indicate that urbanisation will reach 73% by 2050, increasing pressure on infrastructure and services. Urban development, if well organised and planned, can be a catalyst for sustainable economic development, employment, inclusivity and resilience.

1. **Inadequate resilient Infrastructure and municipal services:** Ghana's urban centres face a growing infrastructure deficit, struggling to support the population due to limited financial resources. This results in inadequate road networks, unreliable water access, and poor public transport and drainage systems, causing traffic congestion and environmental degradation. Many cities lack clean water, sanitation, and reliable electricity, harming public health and economic development. Only 10% of solid waste is properly disposed of, with inadequate management infrastructure and reliance on informal waste pickers worsening the situation. In urban areas, only 43% have access to basic sanitation, and less than 15% of liquid waste is safely managed. Poor solid waste disposal exacerbates flooding, especially during the rainy season. Climate adaptation efforts, such as enhancing waste management and drainage infrastructure, are crucial to mitigate flood risks. Rising and rapid urbanisation and economic growth will further strain existing infrastructure and services like water supply, sanitation, drainage, and urban mobility. Finally, land tenure insecurity, land use conflicts, and poor regulatory frameworks further contribute to challenges in planning and managing urban spaces effectively,
2.

Opportunities

- Better planning and prioritisation: Prioritise investments based on specific criteria, supported by the development of an urban observatory. Use data to select and accelerate priority investments.
- Modernisation of Urban Road Networks: Enhance connectivity and reduce traffic congestion through better planning and signalling, and review/improve urban road classifications.
- Development of Robust Public Transport Systems: Implement robust public transport systems to reduce reliance on private vehicles. Integrate informal transport like tro-tros into the city-wide system, develop strategies to corporatise operators, and provide financial aid for vehicle upgrades.
- Investment in Efficient Flood Prevention and Drainage: this are estimated to require around $52 billion for water, drainage, flood control, and coastal protection by 2047.

Develop financial strategies to address fiscal shortages at national and sub-national levels.

- Improvement of Urban Planning: Strengthen urban climate hazard mapping and risk assessment to support evidence-based planning, and enforce land protection in flood-prone areas.
- Establish Municipal Bond Market: Pass the Local Government Finances Bill to allow issuance of municipal bonds. Improve financial transparency with standardised reporting and auditing to attract investors.
- Enhance Access to Climate Finance: Provide technical assistance to develop climate-responsive projects eligible for international funding. Establish a Green Municipal Fund and facilitate partnerships with climate finance entities to secure financing for addressing climate challenges.
- Around 61% of Ghana's solid waste is organic. The Government should encourage private sector participation in sustainable solutions like biogas and bio-fertilizers. Effective regulations are crucial for reducing costly non-organic waste that clogs drainage systems and causes flooding.

3. **Improvement of access to Water and Sanitation (WASH): See DP Discussion Paper for WASH**. Key urban water expansion projects are stalled due to their initial financial structures, which do not align with Ghana’s financial capabilities. Alternative, less costly financing options should be explored to progress these projects.

4. **Housing Shortages:** Ghana faces a housing deficit of 1.8 million units, with a substantial shortage of affordable housing driving the expansion of informal settlements and slums. These areas often lack basic services, are marked by poor living conditions, and are highly susceptible to health hazards. Only 5% of Ghanaians can independently acquire homes, while 60% need state-facilitated assistance to secure housing.

   Policy Recommendations

- Supply of Housing: Informal development dominates Ghana's housing, with detached houses at 53.8%. Encourage densification and private sector involvement in affordable housing by providing land and infrastructure and enforcing zoning restrictions on single-storey buildings.
- Implement urban planning with zoning regulations and land-use policies to organise housing development and ensure adequate infrastructure. Support the slum upgrading approach by consolidating existing programmes and initiating new public-private projects.
- Access to Finance: Improve access to finance, especially for women, by establishing homeownership funds that offer low-interest mortgages with affordable loan-to-value ratios, factoring in the saving capacity of low-income households to enhance homeownership accessibility. Explore how public-private partnerships, mortgage and housing finance can be developed.

5. **Challenges in Decentralization:** Ghana's decentralisation framework faces significant challenges, including unclear allocations of roles and responsibilities for urban service delivery between national ministries and local governments, the politically motivated creation of new MMDAs, limited fiscal autonomy for local governments, weak coordination among national bodies and local authorities, and inadequate data on urban service levels

and climate risks. These issues hinder effective planning, investment prioritisation, and the development of efficient urban areas. See also DP note on Decentralisation.

Policy Recommendations

- **Clarify Roles and Responsibilities:** Clearly define the roles and responsibilities of MMDAs and national ministries for each urban service sector. Establish accountability systems with performance indicators and monitoring mechanisms to evaluate service delivery.
- **Enhance Local Government Capacity:** Invest in building capacity for MMDAs, focusing on service delivery planning, project development, and contract management. Implement benchmarking to track performance and identify areas for improvement.
- **Consider metro level administration:** Consider how to manage urban areas and infrastructure projects involving multiple municipalities addressing services that impact an entire metro area, and which may not be viable for individual local governments.
- Given the increasing number of districts in recent decades, the economic viability of some may hinder decentralisation's success. Specific measures should be introduced to **promote district viability**, encourage small districts to merge, or form intercommunal structures for resource pooling.
- **Establish a National Urban Observatory:** Create a national urban observatory to collect and disseminate data on urban services, spatial plans, and climate risks, essential for evidence-based policy development and evaluating intervention impacts.

15. Water Security, Sanitation and Hygiene Services

Background

The Water, Sanitation and Hygiene (WASH) sector has demonstrated notable progress since the Sustainable Development Goals period commenced in 2016. Access to basic water increased from 79% to 88%, basic sanitation from 21% to 29%, and open defecation reduced from 22% to 17%. On the system-building front, the Ghana WASH Sector Development Programme 2021 and the revised National Water Policy 2023 were launched, and the revision of the Environmental Sanitation Policy is ongoing with a draft ready. The sector is also well-positioned to capitalize on blended financing and private sector investment to accelerate progress in SDG 6, addressing the emerging challenges of climate change and environmental degradation.

We are proposing the following key policy priorities for the new government to focus on in the short and medium term for accelerated progress:

Policy Proposal 1: Strengthen Institutional Arrangements for Improved Climate-Resilient WASH Governance and Service Delivery

Effective governance in the WASH sector is essential for ensuring sustainable and climate-resilient service delivery. Fragmented and overlapping responsibilities across various ministries, departments, and agencies have led to challenges in service delivery and insufficient focus on some critical WASH issues. The 2023 SDG Technical Report by the NDPC highlights the importance of achieving SDG 6, which is pivotal for the success of over 70% of the total SDG targets. Current sanitation management in the country faces significant hurdles, including high rates of open defecation, low access to household sanitation services, and challenges in managing both liquid and solid waste, leading to some public health challenges. To enhance coordination and address these challenges, unified leadership of the sector, supported by a regulatory authority and strong service agency with decentralized departments, is necessary and would offer major opportunities for improvement.

Specific Actions:

- Establish a National Sanitation Authority or Agency and a National Sanitation Fund to ensure dedicated oversight and resources for sanitation.
- Ensure water, sanitation, and hygiene are under the leadership of one Ministry to strengthen climate-resilient WASH governance.
- Reinforce the Environmental Sanitation Units at the district level for enhanced and efficient operational capacity.

Policy Proposal 2: Streamline Community Water Supply Services

Community Water Supply Services have undergone significant improvement since the setting up of the Community Water and Sanitation Agency (CWSA) in the 1990s, leading to the country achieving the MDG target for water about five years before the 2015 target date. The Community Ownership and Management model has overstretched its limits and is no longer able to deliver sustainable and equitable

WASH services to small towns and rural communities. District assemblies have the role to regulate water supply services in their jurisdictions. The technicalities and complexities make it difficult to have efficient and strong oversight over the management. Despite the relatively higher tariffs for rural water than in urban areas, there are usually inadequate funds available to meet the cost of routine maintenance and major replacements, especially as the systems get older. The basic expertise required to operate and maintain a simple mechanized system is above what community volunteers can offer. The revised National Water Policy provides the guidance for sector reform, which is currently ongoing and is expected to define a clear direction for the sub-sector.

Specific Actions:

- Expedite ongoing rural sub-sector reforms that seek to professionalize community WASH services/transition CWSA into a rural utility.
- Establish a Regulatory System for rural water supply, which includes roles and responsibilities of stakeholders, including NGOs and the private sector, to deal with sustainability and quality issues and the delineation of boundaries for urban and community water services, among others.

Policy Proposal 3: Strengthen Urban Water Services for Financial Sustainability

The management of Ghana Water Limited has embarked on reforms and performance improvement programs throughout the fourth Republic. There is a need to continue the support to improve operational efficiency and ensure financial sustainability in addition to providing resources for capital development. The utility currently is able to pay salaries and carry out operation and maintenance and minimal capital replacement from the tariff. The reforms are expected to lead to a situation where the utility would be able to undertake capital replacement and expansion because of its creditworthiness. The perceived challenges with water quality should be solved to reduce the high rate of consumption of sachet water (2.7 million households use it as the primary source for drinking) and the huge plastic nuisance created, as there is no clear evidence that the quality of the sachet water is better than that from the taps.

Specific Actions:

- Support the Board and Management of Ghana Water Limited (GWL) to continue with the reforms to improve service, which have been ongoing for the last twenty-five years.
- Support GWL to have strong social mobilization and advocacy to raise the confidence of users in the quality and reliability of water produced by GWL, including the operationalization of Water Safety Plans.

Policy Proposal 4: National Program to Expand Access to WASH and Ensure Water Security

The Ghana WASH Sector Development Program (GWASHSDP 2021 to 20230) provides a framework for coordinated implementation of activities to deliver the vision, policy objectives, and targets set for Ghana’s WASH sector. It is therefore imperative that the government systematically implements the GWASHSDP to ensure a sector-wide approach where the government invests significantly in the WASH sector with catalytic financial and technical support coming from Development Partners and NGOs to deliver sustainable WASH services. The program uses integrated water resources management (IWRM), source water protection, and nature-based solutions as key intervention strategies. Also, it ensures that WASH services delivered are resilient to the impacts of climate change. Inter-sectoral coordination with other ministries, including Finance, Health, Education, Environment, and Local Government, is critical for the success of such a program. Thus, it will require coordination at a high level, possibly by the National Development Planning Commission.

Specific Actions:

- Implement a National WASH and Water Security Program with the Government in the lead and with the support of Development Partners in line with targets set in GWASHSDP.
- Significantly increase the national budget to the WASH sector and the Water Resources Commission to scale up WASH and implement IWRM, in line with the National Water Policy 2024.
- Further explore Public Private Partnership (PPP) options in financing the water and sanitation sector.

Development Partner offer

The members of the DP group on WASH have active engagement and programming ongoing and would welcome continued discussion on how our support can best enable the government of Ghana to deliver the opportunities described above.

16. Social Protection for Vulnerable Populations

Background and Context

Social protection is prominently featured in the 2030 Development Agenda: it contributes to reducing poverty and inequality, and improves human capital development. It is key to ensuring Ghana's next generation will be healthy, educated, and reach their full productive potential. In Ghana, programmes such as the Livelihood Empowerment Against Poverty (LEAP), the Ghana School Feeding Programme (GSFP), National Health Insurance Scheme (NHIS) exemption for indigents, and Basic Education Capitation Grant have been instrumental in reducing poverty and improving education and health outcomes (UNICEF, 2024[9]). Every Cedi transferred to a poor household as part of the LEAP programme added 2.5 Cedis to total income in the local economy, as well as increasing food security and health outcomes[10].

However, Ghana's long-term decline in poverty has recently reversed. Poverty levels are projected to increase from around 27% in 2022 to over 33% this year[11]. Multidimensional child poverty remains alarmingly high, affecting 73% of children (NDPC, 2020)[12]. Regional disparities further exacerbate these challenges, with the northern regions experiencing higher levels of poverty and an increased need for social services.

The Government of Ghana and development partners can work together to address these challenges.

Key Opportunities for Early Actions

1. **Passing of Social Protection Bill into Law**
   Social Protection programmes need to be backed by legislation to enhance effectiveness and continuity. Passing the Social Protection Bill presented to Parliament by the MoGCSP is an early opportunity to make a difference.

2. **Operationalization of LEAP Indexation Mechanism for 2025 LEAP Grant**
   The IMF programme introduced a structural reform benchmark to index the benefits to inflation[13]. The resulting increments would ensure the grant can cover 20% of household consumption - critical for improving household wellbeing and resilience.

3. **Timely and Adequate Social Protection Payments**
   There are opportunities to reduce delays in LEAP and GSFP payments which undermine the effectiveness of these programmes. Early actions include:

---

[9] UNICEF, 2004. Social Protection Budget Brief.
[10] UNICEF, 2024. Cash Transfers in Ghana: Brief on LEAP and LEAP 1000 Impacts (2010-2022).
[11] World Bank, 2024. 'Country Program Evaluation: World Bank Group Support to Ghana, Fiscal Years 2013-23'. World Bank Independent Evaluation Group
[12] Government of Ghana, 2020-Multi-dimensiaonl Child Poverty in Ghana: Key Trends and Policy Implications.
[13] Ministry of Finance (September 2023) Indexation Mechanism of Benefits under the Livelihood Empowerment against Poverty (LEAP) Cash Transfer Programme

- Using digital payment solutions to ensure timely and transparent disbursements.
- Establishing contingency funds to mitigate delays during economic shocks.
- Conducting audits to identify and resolve bottlenecks in the payment process.

4. **Expanding Coverage of Social Protection Programmes**
   Current social protection programmes do not reach all vulnerable populations. Expanding coverage can be achieved by:

   - Progressively expanding social protection programmes to reach all eligible persons including interventions for urban poor communities, where pockets of deprivation persist.
   - Scaling up the Integrated Social Services (ISS) framework to provide holistic support to children and families.

5. **Strengthening Social Welfare Systems**
   The capacity of social welfare institutions is critical to delivering effective services. Early actions include:

   - Increasing the number of trained social workers, particularly in underserved districts.
   - Building partnerships with civil society organisations to extend the reach of social protection services.

6. **Enhancing Social Protection Shock Responsiveness**
   The growing frequency and intensity of simultaneous shocks such as natural disasters, pandemics and economic crisis have underscored the need for effective shock-responsive social protection systems. Building a shock responsive system includes:

   - System resilience: Building systems capable of withstanding recurrent shocks.
   - Programme adaptation: Ensuring flexibility to scale interventions during crisis.
   - Integration with Disaster Risk Management (DRM): Aligning social protection with DRM framework.
   - Operationalise the Disaster Management Fund for timely support in emergencies.

Development Partners' Offer

Development Partners currently offer support in the areas listed below, and would welcome further conversations about how to support the actions proposed above:

- **Policy and Technical Support:** Assist in Shock-Responsive Social Protection Strategy development and operationalization, digitising payment systems and scaling up the provision of integrated services to address multidimensional poverty.

- **Capacity Building:** Train social workers and local government officials to improve service delivery.
- **Advocacy:** Identify innovative international and national resource mobilization mechanisms and partnerships to secure sustainable funding for social protection.
- **Programme Implementation:** Strengthen coordination at district and regional levels through the Social Protection Coordination Framework.