

***PRSP Institutionalisation Study:  
Final Report***

**Chapter 3:  
Institutionalising the PRSP  
approach in Ghana**

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## List of acronyms

BPEMS	Budget and Public Expenditure Management System
CDF	Comprehensive Development Framework
CIVISOC	Civil Society Council
CSOs	Civil society organisations
CSPIP	Civil Service Performance Improvement Programme
CWIQ	Core Welfare Indicators Questionnaire
DFID	Department for International Development (of UK)
ESAF	Enhanced Structural Adjustment Facility (of the IMF)
GLSS	Ghana Living Standards Survey
GoG	Government of Ghana
GPRS	Ghana Poverty Reduction Strategy (Ghana's PRSP)
GSS	Ghana Statistical Services
HIPC	Heavily Indebted Poor Countries (an international debt-relief initiative)
IFI	International financial institution
IMF	International Monetary Fund
IPRSP	Interim Poverty Reduction Strategy Paper
LIL	Learning and Innovation Loan (by the World Bank)
MDAs	Ministries, departments and public development agencies
MOF	Ministry of Finance
MOFA	Ministry of Food and Agriculture
MOH	Ministry of Health
MTEF	Medium Term Expenditure Framework
NDC	National Democratic Congress (government headed by Jerry Rawlings)
NDPC	National Development Planning Commission
NGO	Non-governmental organisation
NIRP	National Institutional Renewal Programme
NPP	New Patriotic Party (government elected December 2000)
PRGF	Poverty Reduction and Growth Facility (of the IMF)
PRSP	Poverty Reduction Strategy Paper
PUFMARP	Public Financial Management Reform Programme
SAPRI	Structural Adjustment Participatory Review Initiative
SWAP	Sector-wide approach programme

## Summary

Based on a large number of interviews and a study of available documentation, but undertaken in the middle of the preparation period, this study assesses Ghana's PRSP processes, paying particular attention to their likely influence on the institutionalisation of poverty reduction in the country's political economy. After examining contextual factors, it analyses the strengths and weaknesses of the GPRS processes, including the responses of donors and the extent to which the GPRS will result from wider consultation and participation. We also examine its monitoring and information aspects. Judgements arrived at are necessarily provisional, since the process is still under way and a first incomplete draft of the GPRS had only just been prepared.

### *Contextual factors*

Overall, the context within which the GPRS is being prepared is favourable, by comparison with the situation in a good many other African countries. Although there remains a tug-of-war between the patrimonial and inclusive models of politics and there remains a strong top-down tradition, the political system and the underlying distribution of power offer a relatively favourable environment. The forces of democratisation have grown quite deep roots and power structures do not rule out an effective anti-poverty strategy. The good intentions of the NPP government remain to be tested in practice, however, particularly in situations where trade-offs present themselves between poverty reduction and economic growth led by the private sector. Such a possibility has as yet been little aired in public debates and is likely to emerge as a key policy issue in the years to come.

A related favourable factor lies in the comparative strength of the country's institutional infrastructure and the abilities of its public administration. This has been described as making Ghana a good test case for the transfer of ownership which is supposed to be part of the PRSP package. However, while it may be better placed than a good many other African countries, the state of Ghana's public administration remains a major impediment to an effective attack on poverty. These deficiencies are nowhere more evident than in the Planning Commission, which is responsible for preparing the GPRS. This is a gravely under-resourced administrative enclave of uncertain political and formal status, and has made for a good deal of difficulty and for poor communications with the mainstream of government. A small staff is responsible for preparing the GPRS and the NDPC is unable to provide them and the others involved with adequate supporting services.

The continuing weaknesses in the country's administrative structures have led to a plethora of largely donor-driven initiatives and this situation has left confusion about how the various initiatives relate to each other, if at all. There is much scope for duplication and overload. Indeed, one of the difficulties which the GPRS Task Force faces is that what it is doing looks to many like just another (donor-inspired) initiative, imperfectly co-ordinated with what is already going on and placing yet another burden on an already over-stretched work-force.

Moreover, none of the other reforms was designed with a poverty-reducing priority in mind.

Positive and in some ways exemplary donor/IFI response to the GPRS process are another favourable contextual influence. Donor attitudes and actions have been supportive and there has been broad, if cautious, support, albeit with varying degrees of enthusiasm. However, donors as a whole were anxious to see how the GPRS would work out in practice before fully committing themselves. In any case, there appeared to be quite severe limits on the extent of change that it was realistic to expect from donors. Adoption of the GPRS appears unlikely to make much difference to the composition of their aid as between programme and project support, although it might well affect decisions about the sectors and projects selected. No donor stated that substantially more aid would be allocated as a result of the GPRS. In all this, the *credibility* of the GPRS process and its prospects for implementation were regarded as crucial for any major shift in donor positions.

Ghanaian ownership of the GPRS, *vis a vis* the donors on whom the government depends so heavily, is another positive. The process has not been dominated by the IFIs or other donors. The NDPC is preparing *Ghana's* poverty reduction strategy and there seems no doubt that the government is leading the process. In these respects the situation is exemplary. However, there are suspicions that the GPRS is a rather opportunistic response by the government to stay on the right sight of the donors, that there is a good deal of self-censorship in drafting the GPRS to anticipate donor wishes, and that there may hidden conditionality not revealed in the GPRS document. Because of weaknesses in the GPRS process, the resulting 'ownership' will be narrowly-based in parts of the central government, not very consensual.

The most obviously adverse contextual factor is the condition of the economy. The government's financial situation is parlous and pressing short-term problems mean that it has little choice but to give first priority to improving the macroeconomic balances. The economy has responded only rather sluggishly to past 'structural adjustment' reforms and recent economic growth has been well below a level that could deliver adequate poverty reduction. This situation, particularly the fiscal crisis, is bound to seriously constrain what the government can deliver on the poverty-reduction front in the next few years.

### *The GPRS process*

A dedicated and able group of people is preparing the GPRS and they are likely to produce a paper which will do more than enough to satisfy the Boards of the IFIs, to unlock the sought-after HIPC debt relief, to take forward the medium-term relief of poverty in Ghana and to provide a solid foundation upon which future efforts can build. To what extent it will meet the 'credibility' test is more in doubt, for there have been serious weaknesses of design and process - weaknesses that particularly speak to the adequacy of the strategy's approach to poverty-reduction policies and to the execution of these:

- a) A potentially fatal flaw in the initial conceptualisation of the GPRS process was the decision to form a *ad hoc* Task Force to prepare it, outside the normal workings of the civil service, and to locate this within a weak agency not only starved of resources but semi-detached from regular policy-formation processes. The GPRS process has not been integrated with other public sector reform programmes. Crucially, there has been virtually no connection between this and the MTEF, and there are many uncertainties about the adequacy of arrangements for translating GPRS policies into regular budget-formation processes, with the MTEF belatedly nominated for a major role. Similarly, the 'enclave' nature of the GPRS preparations has probably contributed to a prospectively weak integration of SWAPs and other sectoral/line ministry policies into the specifics of the GPRS.
- b) The Core Team approach adopted also appears seriously sub-optimal. The teams were not put together in a transparent way, with the selection process, and much of the substantive output, apparently firmly in the hands of government officials. NDPC has not proved able to provide an adequate supporting infrastructure for the Teams, which have been given poor and inconsistent guidance. Moreover, the remits of the Core Teams, which have generally not coincided with the way government departments are structured, have encouraged the weak integration of line ministries and others who would have to play a crucial role in the implementation of a GPRS.
- c) IFI guidelines urge that a transparent and participatory approach to policy making is important if good policies are to be implemented and sustained and institutional capacities are to be built. Efforts along these lines have been made in Ghana but the approach falls well short of the ideal. There are frameworks for participation in place which can be built upon but actual processes remain distorted by a top-down culture. A year into the process, public awareness of the GPRS was still extremely limited, even among those who ought to know. A survey of awareness by media editors and sub-editors indicated hardly any knowledge of what the GPRS is about. Public awareness remains lamentably slight and many CSOs are frustrated in their desire to have an input.

In consequence, many still perceive the GPRS as little more than a HIPC conditionality or an instrument to convey a new generation of structural adjustment policies. Consistent with this, early indications are that macroeconomic policy determination continues to be conducted behind closed doors, despite promises of greater transparency.

Overall, the GPRS will have only modest claims to be derived from a broad-based consensus resulting from effective consultations with, and participation of, society at large. It can be predicted that ownership of the strategy will be Ghanaian but will be rather narrowly-based. More positively, the process could be seen as a further step in asserting against the previously dominant top-down mode, the rights of citizens and civil society to be consulted and the superiority of broad-based

consensual approaches. In the longer term this could be an important contribution.

- d) The informational and monitoring aspect of the GPRS remains a largely blank sheet - and a potentially fatal threat to the implementation of its policies and to the credibility of the whole exercise. Although actual and potential data availabilities are quite good, capacities and institutions for putting this into usable form and for making good use of it were very deficient. The GPRS process had not thus far stimulated demand for the data types that would allow poverty, and progress with anti-poverty measures, to be monitored, and much of the demand for such data remained donor-driven. NDPC planning in this area was inchoate and it seemed unlikely it would be able to rectify this within the time available. This leaves serious questions whether feedback and monitoring of both the poverty outcomes and the policy instruments chosen to improve these could be adequate. GPRS processes also lack an institutional focus for the generation and utilisation of necessary information. As a result of these deficiencies, there seemed a real danger that the GPRS will be little implemented.

#### *Impact on institutionalisation*

The central question to which the larger project is addressed is the extent to which PRSP processes are likely to become embedded in countries' institutional structures in ways that enhance the likelihood of effective anti-poverty policies. What will the GPRS do for this in Ghana? The key word here is "*potential*". Given that this report was written in the middle of the preparation process, any judgement must be highly provisional. For example, it remains to be seen how the NDPC and its political masters will react to the specific and quite wide-ranging recommendations of the various Core Teams. Without doubt, the GPRS process offers opportunities to enhance institutionalisation in pro-poor directions but it could turn into just another aid-raising exercise designed to satisfy the donors.

The process has the potential for raising public awareness of the poverty problem and for pushing poverty reduction up the policy agenda. It also provides a possible opportunity for taking further the enhancement of people's participation in their own governance and in the formulation of policies that affect their own well-being. However, the possibilities that the GPRS process will contribute to such changes are far from being fully realised as yet. There are also more negative factors at work: wealth-creation and private sector development, not poverty reduction, are closest to the government's heart and the tensions between these objectives have yet to be acknowledged.

Overall, it is too early to say how much impact the GPRS may have on the institutionalisation of poverty reduction. The potential is real if the new government wills it; but it will be necessary to assess the GPRS as it finally emerges and then observe how it works out. However, the GPRS should be viewed only as Ghana's first such document. With only a three-year currency, the presumption is that it will be followed by others. These may be more fully



integrated into the governmental mainstream and be corrected for the weaknesses described in this report.

# 1 Introduction

As part of a larger set of country case studies, the timing of our investigation was broadly determined by that of the larger project. This turned out to be less than ideal because a general election was held in December 2000, in the middle of the intended timetable for preparing Ghana's full PRSP (or GPRS as it is known in Ghana). Moreover, this voted the former ruling party out of office. A new President and government were elected and, although the new government which took office in January 2001 quickly stated its intention to continue the GPRS preparations, it naturally wanted to place its own stamp on the outcome and extended the preparation timetable to October 2001.

The two phases of our fieldwork, in October 2000 and February-April 2001, were therefore conducted in radically contrasting political circumstances and there remained many unanswered questions concerning the future direction of the new government and about the final content of the GPRS. This report is thus unavoidably provisional; it will not be for some time that more authoritative answers can be provided for many of the issues explored here.

The task was greatly assisted, however, by the existence of a number of highly relevant and up-to-date studies relating to various aspects of our subject-matter, which are cited as we proceed. The approach to the task was to study available documentation, to identify gaps in this and commission briefing notes from Ghana-based consultants to fill the most serious lacunae. A large number of interviews were undertaken - with Ministers, public officials, key staff members of civil society organisations, donor agency representatives, academics and others with special knowledge in this area. Finally, we conducted a special survey of media coverage of GPRS and poverty-related topics in the recent past, and held a round-table meeting with representatives of civil society organisations (CSOs), to get their collective views on Ghana's GPRS process.

In the Ghana case the country context is central and Section 2 of this report discusses the political and economic background. We then proceed, in Section 3, to describe and analyse the GPRS process and public and donor responses to this: what are the strengths and weaknesses of the government's design, how much public awareness is there and how supportive are the donors? Sections 4 and 5 then turn to examine processes of institutional change, the extent to which the GPRS results from a consultative process and the prospects that it will facilitate change in a pro-poor direction. Section 6 discusses monitoring and information aspects, while Section 7 concludes.

## 2 The country context

A number of contextual factors condition Ghana's GPRS situation: its recent political history and the nature of its political system; the ups and downs of its economy and of the quality of economic management; the evolution of its institutions and recent attempts to improve the performance of these. In the following paragraphs we look first at the political dimension and then the economic, leaving institutional evolution for Sections 3 and 4.

### The political context

First, we should record a decade-long process of re-democratisation, with a new constitution ushering in the Fourth Republic in 1992, based on multi-party (but seriously flawed) elections, the gradual emergence of a serious Parliamentary-based opposition to the ruling National Democratic Congress (NDC) of Jerry Rawlings, and the gradual deepening of various of the norms of a functioning democracy. As already mentioned, this process reached the important milestone at the end of 2000 of a peaceful transfer of power from a President and party which had been in power, in various forms, for nearly twenty years to one of its chief opponents, the New Patriotic Party (NPP).

The significance of this event for our purposes is that it represented a triumph of the forces of liberalism over the forces of politics-as-usual patrimonialism. In 1999 Sandbrook and Oelbaum noted a gradual strengthening of some of the institutions of a liberal-democratic society but went on to argue that "Ghanaian politics today is shaped by a tension between neopatrimonialism and liberalism, *although the former is undeniably the stronger current*" (1999:28, our emphasis). The latter judgement would today need re-examination.

Not only did the December 2000 elections demonstrate a triumph of the electoral rules of the game but, underlying this fact, was the emergence - and qualitative improvement - of a free press and electronic media. With about a dozen newspapers (10 of them independently owned), about 40 radio stations (2 state-owned and about 30 independent) and 3 television stations, the media have become a major forum for the discussion of national policy (Gyimah-Boadi, 2001).

The emergence, too, of a vibrant civil society has been an important reinforcement. Policy research think tanks (e.g. the Centre for Policy Analysis, Institute of Economic Affairs, and Centre for Democracy and Development), and myriad advocacy groups, as well as the Trade Union Congress, Private Enterprise Foundation, Association of Ghanaian Industrialists and the Ghana Bar Association have all been gaining ground in accessing policy-making and decision points such as Parliament and its committees (*ibid*). CSOs are proving increasingly effective in forming networks, federations and coalitions among themselves, and in their ability to actively promote policy alternatives.

The point about these developments, apart from their intrinsic desirability, is that, when compared with the more authoritarian politics of the patrimonial mould, they should strengthen the forces making for more representative, inclusive and accountable government - developments which, it is reasonable to hope, will be more responsive and sympathetic to the poor and thus more likely to take poverty reduction seriously as a goal of policy.

However, the tug-of-war between liberalism and patrimonialism is by no means over. The liberals may be flushed with post-election enthusiasm today but there must be a probability that as the new government's honeymoon ends and the next election comes nearer the forces of special-interest, patronage-based politics will reassert themselves. Even at the outset of his administration President Kuffour felt unable to avoid patronage-based pressures for the appointment of large numbers of ministers, despite pre-election statements that he would resist. Indeed, the more competitive nature of Ghanaian politics today may increase the potency of patronage and, with it, the likelihood of corruption and a loss of autonomy of policy-makers from particularistic pressures.

If this happens, the voices of the poor will likely be less heeded. Moreover, the poverty problem raises awkward regional-ethnic issues, for it is particularly the northern part of the country that suffers from this blight and it is there, especially, that the incidence of poverty has continued to increase, against declines elsewhere. Overall, though, the political developments sketched above offer a relatively favourable environment for improving the welfare of the poor. Ghanaian power structures do not rule out an effective anti-poverty strategy.

Jerry Rawlings' NDC, in power from 1982 to 2000, was ambivalent when it came to anti-poverty policies. On the one hand, it was vocal in stating its intentions to act. That was consistent with its populist orientation, its high level of support in the impoverished north and its self-image as a government of the downtrodden. However, this stated commitment to poverty reduction was regarded by some local observers as also reflecting NDC officials' skill in mastering whatever jargon was in fashion, and to appear to have internalised it and to have responded to donor priorities. However, the party's poverty reduction intentions were described as running counter to the culture and structure of its internal politics, which were based on reward for political loyalty and quiescence, on the one hand, and intimidation and marginalisation of opponents on the other (Gyimah-Boadi, 2001).

Many Ghanaians doubted the depth of the NDC's commitment. Past public spending patterns, for example, were not pro-poor. Although statistics vary, it appears likely that during the 1990s GoG spending on education and health, as a percentage of GDP or GNP, was below the average for sub-Saharan Africa,<sup>1</sup> Furthermore, a 1997 Public Expenditure Review, which focussed on social sector expenditure, indicated that the geographical regions most in need of resources disbursed the lowest in per capita terms and a 1999 DFID analysis showed that

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<sup>1</sup> According to the World Bank's Development Indicators the Ghanaian spending on education in 1997 was equivalent to 4.2% of GNP, against a regional average of 4.1%, while its average spending on health in 1990-98 was 1.8% against 1.5% for sub-Saharan Africa as a whole (World Bank, 2001, Indicator Tables 6 and 7).

actual expenditures on health and education, as a percentage of GDP and per capita, had been declining since the mid-90s and was projected in official expenditure plans to decline further. Moreover, the incidence of the social services was far from geared to the poor, with a comparative study of seven African countries revealing Ghana to have one of the most regressive distributions across economic groups.<sup>2</sup> One senior official stated bluntly that “All anti-poverty programmes have been donor sponsored” and the general sentiment appeared to be that NDC anti-poverty statements were largely in order to tap into the burgeoning interest of many of the donors. At the same time, it was nowhere suggested that the party was actively hostile to anti-poverty measures.

Pro-poor issues featured quite prominently in the December 2000 elections. The opposition gained considerable political capital by attacking NDC social policies, such as the “cash and carry” health system requiring patients to pay as a precondition for treatment, growing unemployment and official corruption. The NDC, with its populist rhetoric, had previously been regarded as the natural party of the poor, with a large support base in the north (as well as in the more prosperous south-east). In the event, the NPP prevailed even though it came from an elitist political tradition, with strong connections to the business community. It appears to have been effective in its critique of NDC economic policies and in promising improved quality of public service delivery, clean government and effective management.

The NPP’s primary stated concern in economic policy, however, is with “wealth creation” rather than with distribution. This was revealingly illustrated in President Kuffour’s inaugural Sessional Address to Parliament, where its highly-supportive references to the improvement of education were couched in terms of raising productivities, not of increasing the assets of the poor. In fact, poverty received no mention in what must have been a carefully considered keynote speech (although poverty did receive some prominence in the President’s earlier Inaugural Address). Rather, the central message was that the new government would usher in a “golden age” for private enterprise. Another straw in the wind from the first weeks of his administration was that its March 2001 budget not only did not contain any substantive reference to the poverty problem but made no move towards the promised ending of the “cash and carry” health system, nor any reference to it. Similarly, a June 2001 statement of macroeconomic policy objectives in a GoG ‘Letter of Intent’ to the IMF contains no reference of the poverty problem, although there is later reference to its wish to shift budgetary resources to the social sectors.

At the same time, the NPP government was quick to affirm its support for the on-going GPRS process and its Planning Minister (in charge of the GPRS) has made statements about the need in future to target public resources more on the north and other relatively deprived areas - going further in public on this delicate issue, than any past minister (although this statement is not reflected in the first draft of the GPRS). So this honeymoon period sent out mixed signals and it was asserted by one prominent NGO official that the NPP’s pro-market, pro-private

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<sup>2</sup> Castro-Leal *et al*, 1999. They show, for example, that the poorest quintile in the population secured only 12% of total health spending, against 33% for the richest quintile, the second most regressive distribution among the seven countries.

enterprise stance was “a bias not a dogma”. However, there had been little recognition of the tensions that are apt to arise from the simultaneous pursuit of wealth creation and poverty reduction, and almost no discussion of the trade-offs that are likely to present themselves, for example in the likely event that private sector development leads to widening inequalities. This was likely to emerge as a serious deficiency, since the first draft of the GPRS makes clear the extent to which it will rely upon economic growth driven by the private sector to realise its poverty reduction targets.

## **The economy**

What the new government can do about poverty - and what it is sensible to put into the GPRS - is heavily conditioned by the state of the economy. Since about 1983 the country has undergone substantial, but limited, reforms of economic policy and ‘structural adjustment’, moving from a shambolic command economy structure to one more oriented to market forces and private enterprise development. By comparison with the pre-1983 record, the economy has responded positively to these changes. Positively but not brilliantly. GDP growth in 1990-99 is estimated at 4.3% p.a., against population growth of 2.7% and President Kuffour was only exaggerating a little in complaining shortly after taking office that,

After 20 long years of implementing structural adjustment programmes, our economy has remained weak and vulnerable and not sufficiently transformed to sustain accelerated growth and development. Poverty has become rather widespread, unemployment very high, manufacturing and agriculture in decline, and our external and domestic debts much too heavy a burden to bear (Ghanaweb.com, 15 May 2001).

The macroeconomic situation he inherited in early 2001 was particularly parlous. The economy had been hit by a combination of a terms of trade shock (severe falls in the world prices of staple exports combined with a surge in petroleum prices) and an ‘electoral shock’ (an electorally-generated surge in public spending financed by the central bank and leading to a near-25% rise in money supply during the last three months of 2000). Well before that, the financing needs of government had been driving the macroeconomy, leading to inflation, a depreciating currency, a large and rapidly-growing domestic and external public debt, and international reserves equivalent to only a month’s imports.

External indebtedness was large and rising. The total debt stock in 1999 was equal in size to the country’s GDP (99.5%), against an average for sub-Saharan Africa as a whole of 76%, and the cost of debt servicing relative to export earnings was 25%, against an African average of 18%.<sup>3</sup> Most seriously of all, perhaps, was the Ministry of Finance (MOF) estimate that in 2000 the cost of servicing the external debt was equivalent to 55% of the government’s total tax

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<sup>3</sup> Source: IMF, *World Economic Outlook*, October 2000.

revenues.<sup>4</sup> There was, nonetheless, great reluctance to apply for debt relief under the HIPC scheme - partly a matter of national pride, partly for fear of undermining the country's future creditworthiness. It was only with the advent of the NPP government, and then only with much reluctance, that it was decided to apply for HIPC relief - a fact of significance for the GPRS, as will be shown.

The accumulated size of the domestically-held public debt, in conjunction with very high nominal interest rates, was scarcely less alarming. The interest costs of this to the budget were estimated by the MOF to have alone absorbed the equivalent of 30% of total tax revenues in 2000 (*ibid*). Taking domestic and external debt servicing together, there were scant revenues left over for the service-delivery functions of the state.

In substantial measure, the large external debt stock reflected the country's heavy past reliance on aid loans from multilateral and bilateral sources. In fact, it remains highly reliant on aid, to finance imports, public investment and other state spending. Although by the late-1990s aid receipts were well below the peak levels of the beginning of that decade, comparative aid dependency ratios indicate the country's continuing heavy reliance even by the high dependency standards of the rest of Africa:<sup>5</sup>

	<i>Ghana</i>	<i>sub-Saharan Africa</i>
Net aid per capita (\$)	38	21
Net aid as % GNP	9.6	4.1

In consequence, the influence of the IMF, World Bank and some bilateral donors on policies and the composition of state spending remains strong and this is another fact to bear in mind when assessing the GPRS processes.

There were large longer-term problems too. One was weak budget preparation and public expenditure management. An even more profound problem lay with the economy's chronically low saving rates, with an estimated average level in 1996-99 of about 13% of GDP, reflecting the government's own poor past saving record but also the small size of the private sector and its perception of the riskiness of new long-term investment. Not surprisingly, the response of private investors to policy reforms had been generally disappointing.

What of the poverty situation? Ghana is not among the most impoverished of African countries and living standard surveys show the incidence of headcount poverty to have declined in the 1990s, albeit only patchily. An estimated 43% of the population still fell below a national poverty line in 1998/99 (against 51% in 1991/92). Many of these were concentrated in the northern savannah zone or were non-export crop producers elsewhere, and among these the trend revealed little improvement. In addition, urban poverty was increasing in the main cities, where also there had been little improvement. It was unlikely that the generalised

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<sup>4</sup> Budget Statement, 9 March 2001, Appendix Tables 2 and 3.

<sup>5</sup> Source: World Bank, Development Indicator Tables, 2001. Figures are for 1998.

growth of per capita incomes, at the pace achieved in the past, could by itself result in satisfactory reductions in poverty levels (although the draft GPRS appears to pin its faith heavily on growth).

## **Conclusion**

While we have concluded in reasonably positive terms about the ways in which the political system impinges on the prospects for poverty reduction, it is harder to draw encouragement from the economic context. The government's own financial situation is parlous, pressing short-term problems mean that it has little choice but to give first priority to improving the macroeconomic balances, and the economy is not very responsive.

However, it is not all bad news. Even though growth is thought to be slowing, the economy continues to generate at least some rise in average incomes. Other favourable factors include some reversal of the terms of trade shock mentioned earlier, the fact that an institutional infrastructure remains in place and reasonably strong, offering the possibility of bringing the situation under better control. There is also much donor goodwill towards the new government. The government could also draw comfort from the fact that it was found possible to restore at least partial macro stability after the 1992 and 1996 'electoral shocks', although the situation in 2001 was arguably more difficult than after either of those elections.

As mentioned earlier, GPRS processes and their likely institutional effects have also been conditioned by a plethora of other policy initiatives in recent times. These are described in Sections 3 and 4 but we should record here that this is a contextual factor that has left in its wake no little confusion about how the various initiatives (including the GPRS) relate to each other, if at all. It also greatly complicates the task of isolating the specific consequences of the GPRS process itself.



### 3 The GPRS process and the response

#### The formal design

The current process is by no means the first attempt by policy-makers to address Ghana's poverty problems. Ghana was one of the first countries to introduce safety-net provisions in connection with the structural adjustment reforms of the 1980s and, although this 1986 'PAMSCAD' scheme was far from successful, it led on to the creation of a Technical Committee on Poverty which in 1996 published on behalf of the then government what was in effect a White Paper, a *Policy Focus for Poverty Reduction*. Subsequently, an *Accelerated Poverty Reduction Programme* presented a costed set of poverty-focussed activities for 1999-2001 and, in the same year, the government submitted to a meeting of the Consultative Group for Ghana a document entitled, *Reducing Poverty Through Improved Agriculture*. By general consent, however, little of any of these programmes was ever implemented and none of them made a discernible difference at ground level.

As a preparatory phase for the current GPRS process, an *Interim Poverty Reduction Strategy Paper* (IPRSP) was submitted by the government in June 2000 and duly endorsed by the Boards of the IMF and World Bank. Necessarily put together in haste with no pretence at a participatory process (which was not a requirement for IPRSPs), there was heavy World Bank involvement in its preparation and programmes included in it were drawn from the Bank's Country Assistance Strategy document. It also drew heavily upon the already-published results of a 1998 living standards survey.

Although by no means without merit, this paper had some obvious lacunae. There was little in it on the regional aspects of the poverty problem, there was no costing, it had little other than generalities on informational and monitoring aspects, little by way of a causal analysis, and there was a disconnect between the statistically-based analysis of Ghana's poverty problem and the policy aspects of the paper. The reality is that this document was little more than a device for maintaining Ghana's access to IMF and World Bank credits and a necessary preliminary to the preparation of a full PRSP. *The IPRSP thus seems unlikely to exert much influence on the full version. In effect, the GPRS team is starting from scratch.*

The preparation period of the full GPRS straddles the terms in office of the NDC and NPP administrations but the process put in place by the former has been essentially retained by the latter, except for an extension of the completion date. Responsibility for the preparation of the GPRS rests with a special Task Force established within the National Development Planning Commission (NDPC), which effectively comes under the aegis of the Ministry of Planning, Regional Economic Co-operation and Integration.<sup>6</sup> The Task Force broke its work into

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<sup>6</sup> The formal legal position is obscure, however, because the NDPC is supposed to be independent of government departments.

three phases: an initial situation analysis; the preparation of a 'strategic policy framework'; and development of programmes based upon the framework. Political-level oversight was to be provided by an Inter-Ministerial Committee on Poverty Reduction.

Five 'Core Teams' were established, with particular responsibilities for providing inputs into the crucial policy framework phase. These were to deal with:

- ❑ the macroeconomy
- ❑ gainful employment/production
- ❑ human resource development/basic services
- ❑ vulnerability and exclusion
- ❑ governance

Each team was to produce frameworks and action programmes in their respective fields for inclusion in the GPRS. Each of these seven-person groups is chaired by a ministry official,<sup>7</sup> usually its administrative head, has the services of a Ghanaian consultant and consists of a mixture of government officials and people drawn from CSOs and donors. These teams will be disbanded once their work has been completed. The GPRS is now scheduled to be completed by October 2001 and to be incorporated in a budget planned for that month. The intention is that the programmes set out in the GPRS should be "fully costed" and that the document should set out measurable targets against which actual progress can be monitored.

According to the NDPC, stakeholder participation was to be secured by a mixture of "information dissemination, collaboration, coordination, and consultation..." at both national and local levels. The work of the Core Teams was regarded as an intrinsic part of that process, which also included community-level consultations. Within six of the country's ten administrative regions, twelve (out of a total of 110) Districts were selected, and three communities within each of the chosen Districts, 36 in all. Community consultations were to be on the basis of focus group discussions, where representation included groups previously identified as having benefited least by past reductions in poverty levels. These were to be followed by wrap-up sessions with District Assembly personnel and then by 'regional consultation workshops'. The detailed timetable also provides for a number of national-level 'Harmonisation Workshops', to include NGOs and other CSOs, donor representatives and sectoral ministries, and a National Economic Dialogue, held in May 2001.

Under the NDC administration the GPRS was to be co-ordinated with, *and subordinate to*, a new medium-term development plan that was being prepared in parallel. This was a source of some confusion and it was unclear how in practice these two documents would be co-ordinated. However, while retaining the GPRS, the NPP administration has apparently decided to drop the previous plan-preparation intentions. It is constitutionally obligated to produce a new plan in due course but it seems clear now that this will only be ready some time after the

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<sup>7</sup> The original idea that the groups should be co-chaired by a donor representative was quickly dropped.

GPRS, so that the issues of duplication, priority and consistency have largely disappeared, if only for a while. Indeed, the decision to postpone plan preparation should raise the *de facto* standing of the GPRS, and those preparing it, a standing given a further boost by the government's decision to request debt relief under the HIPC initiative. As the Minister of Planning put it to us, "The GPRS is to become the centre-piece of government planning and policy co-ordination." In fact, key authors of the GPRS have a strong medium-term planning background and the final GPRS will probably look rather like a three-year plan.

### **Emerging weaknesses: a first view**

What is set out above is a statement of the official description of the GPRS process. It may be useful at this point to set out a first view of the weaknesses that were emerging during the fieldwork. These could be put under the following heads:

- a) Weaknesses in arrangements for consultation and participation of stakeholders.
- b) Poor design of, and support for, the Core Teams.
- c) Weak inclusion of line ministries and sectoral policies.
- d) Lack of clarity on political status and on relationships with other on-going initiatives.
- e) Neglect of monitoring and informational aspects.

Most of these topics are taken up more fully later but it is convenient here to unpack the criticisms relating to the Core Team approach.

None of those interviewed was critical of this approach in principle. Their criticisms were pragmatic but had several aspects. First and bearing in mind that formation of the Teams was listed as part of the government's efforts at a participatory approach, there is criticism of the opaque way in which the teams were put together. It is not clear how members were selected but the process appears to have been firmly in the hands of the government. CSO team members appear to have been chosen on the basis of their technical abilities (and to come from research and public advocacy bodies) rather than on the basis of coming from organisations with a broad social base (e.g. churches and trade unions). They were also largely Accra-based.

In practice, it appears that most teams have been dominated by government officials and it was reported that, with few exceptions, CSO members have played limited roles. The main point here, however, is the lack of transparency in the appointment process and its ability to screen out those with views unwelcome to the government.

A second, and common, complaint is that the NDPC cannot provide an adequate supporting infrastructure for the Core Teams. The Teams have been provided with inadequate, incoherent and inconsistent guidance, and this situation has not been conducive to strategic thinking. "The rules change every month" is how one member put it. Some of the consultants hired proved to be failures and had to be fired. As a result, Team reports to the Task Force from the Teams have been mixed in quality and some of them were described from within the PNDC as "rubbish".

Third and also very serious, the remits of the Core Teams have encouraged a weak integration of key line ministries and others who would have to play a crucial role in the implementation of a GPRS, such as the Ministries of Finance and of Local Government. The subject areas covered by the Teams, listed earlier, scarcely correspond at all with the structure of government (with the partial exception of the 'Macroeconomy' Team, which has the MOF and Central Bank as departmental counterparts). As a result, key ministries and other agencies, such as agriculture, health and education are given little prominence in the Teams and some of them send relatively junior representatives whose ability to speak authoritatively for their ministries is doubtful.

One of the consequences of this is that existing sectoral plans are at risk of being weakly integrated into the GPRS and that there is little effective pressure on the line ministries to adapt their plans so as to give them more of a poverty-reduction focus. The problem of weak integration is discussed more fully, in connection with SWAPs, in Section 4, but the danger is that the authors of the GPRS will have to take whatever is already in ministries' plans and try to concoct from these 'givens' something that appears reasonably coherent. The draft GPRS of July 2001 does not clarify this, one way or the other.

## **Donor responses**

In principle, the adoption of a PRSP approach is intended also as a vehicle for changed donor-recipient relationships. The general policy documents emanating from Washington write of the need for a shift to a more partnership-based approach and for a 'transfer of ownership' to recipient governments and their societies, with reduced reliance on IFI/donor conditionality. As a logical corollary of such an ownership transfer and because of the programme approach implicit in adoption of a poverty-strategy approach (to say nothing of the problem of fungibility), the PRSP movement has also been associated with a fairly aggressive assertion of the desirability of donors moving away from project-based aid in favour of general programme or budgetary support, or of sector-wide approaches. The IFIs have also been articulate on the importance that the PRSP programmes should attract enhanced amounts of aid. And the PRSPs are also being viewed as a new vehicle for aid co-ordination, with recipient governments in charge and donors using the strategy paper as a means of co-ordination among themselves.

How do the Ghanaian realities measure up against such aspirations? From conversations with representatives of most of Ghana's main donors a number of themes emerged:

- a) In terms of their involvement in, and detailed knowledge of, the GPRS process, donors tended to divide into two camps, the 'ins' and the 'outs'. Membership of the 'outs' group, however, did not necessarily signify any lack of enthusiasm for the GPRS but rather that the donors in question had not been asked by NDPC to join any of the Core Teams nor to provide assistance to the process. Indeed, some donors were quite frustrated that they had not been asked and by the apparently arbitrary spread across donors of requests for help. Members of the 'in' group were able to remain quite well informed about progress with GPRS by virtue of their involvement, whereas the 'out' group complained that they were frustrated because communication with them from PNDC had been generally poor. Among donors providing active support were Japan (Ghana's largest bilateral donor), DFID, CIDA and UNDP.
- b) Nothing was found in donor attitudes and actions that was tending to undermine the GPRS process. In fact, there was broad, if cautious, support, albeit with varying degrees of enthusiasm. In addition to those just mentioned, the 'like-minded' group of donors were among the enthusiasts but even among donor countries which at headquarters level have expressed more reservations about the PRSP approach we found, or had reported, a general welcoming of its application in Ghana and a desire for changed relationships between themselves and the Ghanaian authorities. Germany, Japan and France can be mentioned in this category.
- c) However, relations between donors and the previous NDC administration had been marked by a sufficient number of difficulties that donors as a whole were anxious to see how the GPRS would work out in practice - and more generally to gauge the quality of the new administration - before fully committing themselves. In this respect, the credibility of the GPRS process, the final product and its prospects for implementation were regarded as crucial for any major shift in donor positions. As will become clear in this report, it remains an open question whether the GPRS will, in fact, possess sufficient credibility to reassure donors and bring them fully on board. In the meantime, the 'wait and see' stance adopted by some of them appears a rational response, given the uncertainties about the outcome.
- d) Even if the GPRS passes the credibility test with flying colours, there appear to be considerable limits to the extent of change it is reasonable for the Ghanaian authorities to expect from donors. Those who have been sceptical of the programme aid and SWAP approaches remain so and none of the donors spoken to expected adoption of the GPRS to make more than a marginal difference to the composition of their aid, as between programme and project support, although it might well affect decisions about the sectors in which aid would be located and the projects selected.

Even in the matter of the design of donors' country aid strategy papers, there was little sign that the GPRS process was likely to make much difference.

Some donors, not all, have been moving down more consultative, consensual strategy preparation paths but the advent of the GPRS does not, on present indications, look likely to affect donor approaches to any appreciable extent. On the question of aid volumes, the outcome was similar. No-one said that substantially more aid would be allocated to Ghana if it produced a credible GPRS.

In the matter of aid co-ordination, the position was again similar, and donors seem to believe that existing co-ordination arrangements are working reasonably well. Ghana has been chosen by the World Bank to be one of its pilot Comprehensive Development Framework (CDF) countries and in Ghana this has materialised as a World Bank-led attempt to improve donor co-ordination based around sector-wide approaches (see later on this). Even though only some donors have bought into the SWAP idea, the Bank's local efforts do appear to have led to improved flows of information exchange and policy debate among donors. How much difference it has made to actual donor actions is more doubtful, however. In some cases it has but the description that was given by a senior UN official of the donor co-ordination meetings is probably true for a majority: "people come to listen but not to change." Ultimately, effective co-ordination must be a matter for the Ghanaian authorities but whether the new administration will be willing and able to take control is likely to be decided independently of the existence of the GPRS.

- e) What the comments above reflect is that, for the most part, the room for independent manoeuvre on the part of local donor offices is quite limited. Decisions like the programme-sector-project mix, approaches to the preparation of country assistance strategies and the volume of a recipient's aid allocation are likely to be outcomes of each donor's overall aid policies, largely determined at headquarters. The implication here is that if the PRSP movement is to make much difference to donor policies in the field it will largely have to do so by influencing Ministers of Development Cooperation and their senior policy advisers.

What, now, of the position with regard to the related concepts of ownership and IFI/donor conditionality? To start with the ownership of the GPRS process, it has been complained elsewhere (Eurodad, 2000) that local efforts to construct anti-poverty programmes are being "shouldered aside" by the IFIs' specifications of what a PRSP should consist of.

In Ghana this is not the case. The NDPC Task Force is preparing what it insists is *Ghana's* poverty reduction strategy, which was conceived independently of, and prior to, the conceptualisation of PRSPs. They are using the World Bank's PRSP Sourcebook only as a reference guide to dip into at their discretion. And they expect Ghana's PRSP to be the same in substance as the GPRS, perhaps modified in certain respects to comply with specific PRSP requirements. There seems no doubt that the government is in charge of this process. Both IFI resident representatives are conscientiously avoiding entanglement and, although various donor officials are members of the five Core Teams, there is no

question that they are in any sense dictating terms. In these respects the situation is exemplary.

However, this judgement needs qualifying in important ways. First, there are a good many in Ghana who suspect that the key motivation for preparation of the GPRS and its predecessors has been in order to jump onto a donor bandwagon. For example, a UN official doubted whether the (NDC) government would have been willing or able to proceed with the GPRS in the absence of donor willingness to provide material support for the process. The head of a local NGO disputed this, arguing, perhaps optimistically, that NGO pressures would have ensured that the government would prepare an anti-poverty strategy but if the former view is correct this rather qualifies assertions of Ghanaian ownership.

Second, however, Ghana's belated decision to apply for HIPC debt relief makes such speculation rather irrelevant, for now Ghana *must* prepare a PRSP in order to qualify for debt relief. But that decision itself raises additional questions about ownership by considerably raising the financial stakes and increasing the temptation for IFI representatives to become involved. It was not so difficult for them to remain outside the process at the earlier stages when not too much money hung on the outcome. But now that larger amounts of money are involved, and as the deadline comes nearer, it will be much harder to remain detached if they come to believe that the preparations are going off track. The need to do so may be moderated by a strong reported tendency towards self-censorship on the part of the Ghanaian authorities, writing into the GPRS drafts wording designed to meet the anticipated demands of the IFIs. To some extent, such second-guessing is inevitable, and arguably desirable, but it does qualify the claim of Ghanaian ownership, which implies the GoG was free to write in what it wanted.

As a third qualification, we have already noted that the IPRSP was flawed by a disconnect between the description of the poverty problem and the policy decisions in its policy matrix. There were also discrepancies between the matrix publicly disclosed and the content of policy commitments contained in Bank/Fund lending instruments. Repetition of such a situation with regard to the full GPRS would further qualify the extent of genuine local ownership of the policy content of the strategy. Finally, it is reported below that, when compared with an ideal model of societal participation and consultation, Ghana's process falls well short. Thus, even though the GPRS can reasonably be predicted to emerge as locally owned, this ownership is likely to be rather narrowly-based in parts of the central government, not very consensual.

Turning to the conditionality side of the story, on this it is really too early to be able to say much. Referring to IFI conditionality, no interviewees thought that much had changed. In this they were no doubt right but because both the Fund and the Bank are yet to apply any new approach in Ghana. The IMF as an institution is committed to a 'streamlining', concentrating on its core macroeconomic conditions and deploying out of much of the 'structural' conditionality that had proliferated in its programmes over the last decade or more. The existing PRGF programme, renegotiated in June 2001, is little more than an adaptation of the pre-existing ESAF programme. It remains heavily

macroeconomic in content, has only slight references to the poverty problem and does not reflect the policy of streamlining. The Fund says this will be a matter for its next PRGF negotiations. There is no doubt, on the other hand, that in these it will insist on retaining its traditional macro performance criteria: credit ceilings, exchange rate actions and so on - not least because it regards itself as having been misled by the previous government and this has eroded trust.

How far the Fund's streamlining will go in Ghana remains to be established. Even if many structural conditions disappear from its next Ghana programme, it remains an open possibility that this parcel will merely be passed to the Bank and reappear in the latter's new programmes. The Bank's global position on this remains unclear. Its local office would like to shift in favour of relatively unconditional programme support, backed up by regular progress reviews and without explicit cross-conditionality with the IMF. However, a great deal will hinge on the quality, specificity and credibility of the GPRS, as well as on the adequacy of the NPP's macroeconomic management.

So far as Ghana's national policies are concerned, bilateral donors have largely been content to piggy-back on the IFIs' conditions, although they have introduced some policy stipulations of their own, in addition to others related specifically to their own programmes and projects. Here too, the influence of the GPRS, if any, remains to be established.

One area of weakness about which donors are concerned is with the quality of public expenditure management and accountability. A senior MOF official admitted that "a complete breakdown" had occurred in the reporting of expenditures, so that the Treasury in Accra does not know at any one time what is actually being spent. In fact, at the time of our enquiries early in 2001 actual expenditures for 1999 were still not available. This situation affects both the macroeconomy and donors' ability to satisfy themselves about the proper use of their aid monies. The credibility of the NDC administration in this area was low and conditionality is likely to be retained here unless the new government can quickly retrieve control over state spending and regain donors' confidence.

The central message emerging from this discussion of donor responses, then, is that *the credibility of the GPRS outcome is the crucial variable*. With credibility, donors could emerge as strongly supportive and new improved aid relationships could be forged. Without it - if the eventual document is judged as merely going through the motions in order to attract aid, with weak prospects for implementation and monitoring - affairs could quickly revert to business as usual.



## 4 The potential for institutionalisation of poverty reduction

The central question to which the larger project is addressed is the extent to which PRSP processes are likely to become embedded in countries' institutional structures in ways that enhance the likelihood of effective anti-poverty policies. We set out now to explore this question as it relates to Ghana. We mentioned in Section 2 that it was important to set the GPRS process in the context of past and on-going public sector reforms and we proceed to this next.

### The context of public sector reforms

Starting from a situation in the early 1980s where public service delivery had reached a calamitous condition, with a collapse in tax revenues leading to huge scarcities of resources and rampant inflation, an absurdly underpaid and demotivated public service, a highly inefficient budgetary system and a decaying physical infrastructure, the need for action was urgent. Much progress has since been achieved but there remain large weaknesses. This results in weak follow-through on announced policies, poor delivery of state services, poor tax collection, corruption and other problems. It affects both central and local government, as reflected in the following comment by Ofei-Aboagye (2001) on District-level planning capacities, who refers to:

... [d]ifficulties of planning at the district level due to limited capacity for participatory planning; the rapid turnover of district planning officers; the lack of a database and capacity for record-keeping, information storage and retrieval; and the lack of clear resources with which to plan... In the two previous experiences with the preparation of five-year district development plans, many districts resorted to the use of consultants in order to fulfil the guidelines provided by the NDPC and to meet deadlines. The results were plans that were not adhered to or adequately reflective of local needs and capacities for implementation.

Ghana has a reputation within Africa of possessing a relatively effective public administration and this has been described as making it a good test for the transfer of ownership which is supposed to be part of the PRSP package. In comparative terms, the reputation may well be accurately observed. Certainly there remain able and strongly-motivated people in the senior levels of the civil service. Nevertheless, the state of the civil service and other arms of the public sector undoubtedly remain a major impediment to an effective attack on poverty.

To overcome this constraint, a wide-ranging set of public sector reforms has been introduced in recent years, invariably with donor support.<sup>8</sup> These are supposed

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<sup>8</sup> The following description is based on Muggeridge, 2001.

to be coordinated under the umbrella of a *National Institutional Renewal Programme (NIRP)*. This includes the restructuring of subvented agencies and Ministries/Departments/Agencies (MDAs), combined with a programme of retrenchment and alternative employment creation. Specific reforms coming under this umbrella include:

A *Civil Service Performance Improvement Programme (CSPIP)*, involving the introduction of performance management processes within MDAs, and District Assemblies, including performance improvement plans and beneficiary assessments. This is intended to raise levels of transparency, competence and cost-effectiveness, and to make the civil service more service-conscious and responsive. Reviewing the CSPIP, Booth (1999:26-32) makes a number of important points:

- CSPIP has the important quality of local ownership: a Ghanaian reform being supported by donor funds.
- It is well embedded in a wider process of institutional renewal and democratisation.
- It aims to operate in a bottom-up, participatory way, including use of self-appraisal, assessment by beneficiaries, performance-improvement agreements, etc.
- Having started with central ministries, the programme is extending to Districts, which may be more relevant to the interests of the poor.
- There is, however, a limit to what can be achieved within a service which is still under-paid (if less extremely so than previously) and in the context of a political system which is patronage-based and corrupt.

A *Public Financial Management Reform Programme (PUFMARP)*, which is under review by the new administration. This includes:

- A *Medium Term Expenditure Framework (MTEF)*, intended to produce three year, performance based budgets. The most recent budget was reviewed by the new government following which ministries and public development agencies (MDAs) were provided with new ceilings and required to revise estimates in line with new ceilings. The MTEF is discussed further below.
- *Budget and Public Expenditure Management System (BPEMS)*, involving the design of new accounting systems to improve the recording of Government expenditures. The programme is behind schedule and currently focussed on finalising the user requirements for a computerised accounting system. The programme's focus on the design of a new accounting system has meant that current systems for budget implementation have deteriorated during the period and transitional accounting systems have had to be put in place to provide for new procedures introduced as part of the MTEF.

- *Cash management.* There has been limited, if any, progress under this component and this has had serious implications for the implementation of the budget and general fiscal management capacities.
- *Fiscal Decentralisation.* Studies have been undertaken to assess current systems for fiscal planning and management at the local government level and to provide recommendations on the way forward for devolving responsibility for fiscal management to local government. The decentralisation issue is also discussed more fully below.
- *Audit.* Under this component performance and value for money audit is being introduced.
- *Aid and debt management:* Support is to be provided to the MOF to strengthen systems and skills in the areas of aid and debt forecasting and management.

To elaborate a little on *decentralisation*, there is actually a constitutional requirement committing governments ‘to effectively transfer functions, powers, means and competence to local government bodies.’ The lynch-pin of this system is 110 District Assemblies and the constitution specifies that these shall have a Common Fund for financing local development programmes, equivalent to 5% of central government tax revenues. The potential importance of these provisions for poverty reduction needs no elaboration, although the constitution does not specifically relate the decentralisation to the poverty issue and during an interview with the Minister of Local Government (admittedly still only in the fourth month of his term of office) it became apparent that he was virtually unaware of the GPRS process.

On the other hand, there is already an element of progressivity because the Common Fund is allocated on a basis that includes a deprivation index. Of these funds, at least 20% are supposed to be devoted to schemes targeted at poor people and another 15% for community self-help schemes. Whether these stipulations are effectively implemented is questionable, however (Booth, 1999:46). Indeed, there have been complaints about a lack of transparency in the use of these funds and greater-than-usual suspicions about possible mis-use (Sheehy, 2000:24; Booth, 1999:43). As Booth warns, it should not be taken for granted that decentralisation is beneficial to the poor, with an ever-present danger that the system will be operated for the benefit of local elites.

As already noted, many District administrations are fairly weak and progress in improving this situation has been slow. Slowness has also marked the transfer of power from the centre. The NDC administration appears to have been ambivalent - favourable in principle but reluctant in practice to let go of central control, and not entirely without reason. The new NPP administration has fewer apparent reservations and the first draft of the GPRS (NDPC, 2001:11) refers to the need for accelerated decentralisation as “the key mechanism for policy implementation” but its track record remains to be established.

Taking all the 'reforms' listed above, there is evidently much scope for duplication and overload. Indeed, one of the difficulties which the GPRS Task Force faces is that what it is doing looks to many like just another (donor-inspired) initiative, imperfectly co-ordinated with what is already going on and placing yet another burden on an already over-stretched work-force. Moreover, none of these reforms was designed with a poverty-reducing priority in mind, so they need to be reoriented if they are to be supportive of poverty reduction. How, then, might the GPRS fit into all this? How might it impact on the processes of institutional change in order to enhance the prospects of its own implementation - and the welfare of the poor?

### **What needs to be done and will the GPRS help do it?**

A useful starting-point here is the report to the NDPC of the Core Team dealing with governance (Governance Team, 2001). They define the overall purpose as being to "ensure efficient and decentralized management of public affairs; and to empower people to participate in, and influence the process of wealth creation and poverty reduction."

The report makes a fairly large number of specific suggestions as to how this objective might be translated into practice. A number of its suggestions flow from the account in the previous section of on-going reforms and their lack of an anti-poverty focus. These include:

- ✓ Making the *National Institutional Renewal Program* more poverty-focussed, to a point where poverty-focussed performance indicators are developed to add to the more generic indicators currently in use.
- ✓ Measures for providing new impetus to *decentralisation* and for giving it more of a poverty-reducing orientation, including:
  - Establishing a high powered Decentralization Implementation Commission to give strategic leadership to decentralization and ministerial restructuring.
  - Harmonizing various Acts of Parliament directed towards institutional reform to be consistent with the Decentralization Act. Presently, the legislation operationalising the health and education services are structured in ways that diminish the effectiveness of decentralization.
  - Election of District Chief Executives (currently Presidential appointees) to make them more accountable to District Assemblies and the electorate.
  - Administrative integration of decentralized departments at the District level, to be consistent with the national mandate of civil service institutions.
  - Harmonizing and accelerating fiscal decentralization measures so

that composite budgeting and other forms of fiscal authority are effective at the District level.

- Reviewing on-going financial management reforms to support and be consistent with decentralization. More broadly, to give these reforms a more explicit poverty-reducing orientation.

In addition to the Governance Team's recommendations, the earlier described reforms might be improved in other ways to make them cohere better with the GPRS objectives:

- ✓ Within *BPEMS*, accounting systems need to ensure that government and donors are able to track poverty related expenditures.
- ✓ *Audit*: introduction of performance and value for money audits should enable examination of poverty related expenditures.
- ✓ *Cash management*: by improving the use of scarce government and donor resources the government should be able to ensure that funds are spent on priority, poverty related activities.

Finally, we can revert to the Governance Team's report (2001:13-17) to pick out a few other salient recommendations:

- ✓ Establishing special development areas where poverty-targeted programs could be focused (e.g. in Northern Ghana; the Western Hinterland; the Volta Basin).
- ✓ Initiating a Women & Children Poverty Program in collaboration with the new Ministry for Women's Affairs.
- ✓ Instituting an independent Poverty Expenditure Monitoring Commission involving representatives of social partners to undertake monitoring and assessment, and to provide feedback and enforcement.
- ✓ Supporting and assisting CSOs to be engaged in poverty monitoring and rights protection.

There is thus plenty to do but how far the GPRS will help to get it done is a moot question. There is as yet no indication of the extent to which the Governance Team's report will be taken up in the eventual GPRS, even less of the extent to which government will act on its recommendations and implement the other reorientations mentioned above. However, the draft GPRS (NDPC, 2001:60-61) does contain a section on governance, which refers to the importance of leadership and of strengthening the role of Parliament in this area, as well as the importance of decentralisation and of strengthening the capacity of District Assemblies. Its specific suggestions include the establishment of:

- A Cabinet Committee on Poverty Reduction
- A Parliamentary Committee on Poverty Reduction

- Permanent mechanisms for interaction between government, civil society organisations and traditional authorities.
- Complete fiscal decentralisation
- Composite budgets

Until recently, it would have been reasonable to be sceptical about the prospects that the GPRS would have much of an impact on the pace and direction of institutional change. At the commencement of the fieldwork, in October 2000, it did not seem that within government circles the GPRS process was being given at all the weight and priority that would be necessary for it to have much impact on the institutional reforms sketched above. The two major changes that have occurred since then have been the change of government and the decision to apply for HIPC debt relief.

The latter development, as argued earlier, has undoubtedly increased the importance of the GPRS, for it promises to bring with it large amounts of additional aid (in the form of debt relief), much of it specifically earmarked for poverty programmes. The new government's decision to defer preparation of a new medium-term development plan, to which the GPRS would have been formally subordinate, is another significant change, again adding to the status of the GPRS as a policy document. And while it seemed fairly clear that the NDC administration was unlikely to use the GPRS as a major instrument of institutional reorientation, the *potential* exists with the NPP government.

Against this, as reported earlier, the suspicion remains that 'wealth creation' and private sector development are where the new government's deepest commitments lie, rather than poverty reduction as such. After all, the decision to go for HIPC relief was taken only reluctantly in the face of extreme financial pressures, not in the search for additional money for fighting poverty as such. This suspicion is reinforced by the strategy of "equitable economic growth" outlined in the first draft of the GPRS (NDPC, 2001:11), which is to be achieved through private sector-led production, promotion of commercial agriculture and agro-based industrial expansion.

One specific source of weakness for the GPRS is the location of responsibility for it within the NDPC, to be prepared there by an *ad hoc* Task Force. The NDPC is held in low regard within the civil service and elsewhere, even though members of the Task Force are well regarded - a "beacon of light" as one respondent put it. By comparison with the MOF, with which to some extent it is in a competitive position, the NDPC is seen as distinctly the weaker and as having been used as a political dumping ground. Its Minister, although - like his predecessor - regarded as an able person, does not hold Cabinet rank. Many of the Commission's establishment of approximately 40 professional staff remain vacant and the Task Force responsible for the GPRS only consists of five professionals. Moreover, they work without support: no accounting officer, no administrative assistant or secretary. As it was put to us, the five have to do everything, from envelope-stuffing upwards. This situation of course undermines their ability to co-ordinate the GPRS activities effectively, and to support the Core Teams.

One of the NDPC's specific weaknesses, potentially serious for implementation of the GPRS, is a nearly-zero capability in the area of monitoring and evaluation (M&E). A February 2001 report prepared for it by German specialists writes that "Monitoring and evaluation did virtually not take place" (GTZ, 2001:11). No information had been collected on performance indicator achievement or on implementation of past plans, and no system of reporting was in place. Only three of the M&E Division's establishment of nine professionals were actually filled and the situation was also dire at the District level. There, staff lacked the equipment to carry out their duties: few office supplies, little transport, no computers. Technical assistance plans were being prepared for remedying this situation but these had not been oriented to the needs of the GPRS and were regarded by some as too technologically oriented.

Thus, the GPRS preparation process is occurring within a gravely under-resourced administrative enclave of an uncertain political and formal status. This has made for a good deal of difficulty and for poor communications with the mainstream of government. For example, during an interview of a senior official of the MOF it became evident that she knew very little of the GPRS and nothing at all about how it might impinge upon the work of the ministry, which she excused by saying that she "could not attend every meeting."

Another senior official of the same ministry was in a similar situation and, as already mentioned, when asked, the Minister of Local Government seemed scarcely to have heard of the GPRS. Another manifestation of the same problem, reported above, is that the GPRS process has not been integrated with the public sector reform programmes already described. Crucially, there is at present virtually no connection between this and the MTEF, a topic we return to shortly.

## **Weak integration of sectoral policies**

A further weakness is that, at the time of the research, the links between the GPRS and the programmes of line ministries remain tenuous. In principle, the institutional situation is rather favourable. As mentioned earlier, Ghana is one of eleven countries to pilot the CDF initiative of the World Bank. Introduced in 1999 (i.e. pre-dating the GPRS process), the CDF is institutionalized in Ghana through quarterly mini-Consultative Group meetings that bring together donors and creditors and the government, to share information, coordinate policy and programme implementation issues. There is a strong focus on sector-wide approaches (SWAPs) and Sectoral Coordinating Groups meet to exchange information, identify key constraints facing the sectors, identify the policies and expenditure programmes necessary to address the constraints, and coordinate donor assistance.

In principle, therefore, the CDF mechanisms appear to be a useful mechanism through which SWAPs could be co-ordinated with the GPRS and through which the GPRS strategies could be implemented. The reality is different, however. The CDF has not been utilised for GPRS purposes and, although Ministries were involved in the consultative process through representation in the Core Teams,

the extent to which this translated into influencing the priorities of the sector programmes themselves is doubtful, except for the Health Sector to some extent. This fact is acknowledged by the NDPC and some steps have since been initiated to deal with this, with formats being sent to ministries to review their programmes, backed up by the creation of a special Working Group within NDPC.. A brief comparison of the experiences of two key ministries - Health and Agriculture - illustrates some of the problems.

The **Ministry of Health** (MOH) is potentially a favourable case, for it had already negotiated a poverty-oriented SWAP with donors and was sympathetic to the aims of the GPRS effort. Integration was less than perfect, however. The MOH admits that its involvement with the GPRS process was rather late but denies that its own strategic planning process is without regard to it. At the close of the study, the MOH was finalising a situational analysis of the state of health in Ghana in parallel with the GPRS process. This *Health of the Nation* report provides the analytical framework for a new five-year programme of work. According a senior official of the Ministry, the programme (for 2002-06) “will be developed through a strategic planning phase which is expected to be coordinated more closely with the GPRS process to ensure that any additional financing is used rationally to complement the sector’s effort”.

The MOH believes that, even if initially incidental, the theme of its five-year programme ('bridging the inequalities gap'), the process of generating the *Health of the Nation* analysis and its recommendations in terms of poverty focus are entirely consistent with the GPRS process. Background studies during a mid-term review of the sector included analysis of poverty and inequality, based on a review of secondary and community perceptions, a review of the impact of health policies on equity, and a study of how effective the exemptions policy is. It is primarily as a result of these studies that the health sector put poverty and inequality high on its policy agenda for its next programme.

**The Ministry of Food and Agriculture** (MOFA): In contrast with the MOH, no active new programmes of work were being developed in MOFA, which considers its key task as implementing existing strategies, which it believes are consistent with poverty reduction objectives. MOFA considers its existing strategy for 'accelerated growth and development' and its associated programme of service delivery - the main instrument for the implementation of the strategy - as sufficiently incorporating poverty reduction objectives. The strategy emphasises growth led by the private sector and decentralization. Since agriculture is mainly a rural activity, MOFA believes its strategy will contribute to “broad-based poverty reduction” by improving technological change and innovation. Its Village Infrastructure Programme, a World Bank-financed small scale and labour-intensive infrastructure project, is viewed as almost entirely targeted on the poor.

The fact remains, however, that MOFA has been weakly integrated into GPRS processes and has not explicitly assessed its overall strategy and programmes for their overall potential impact on poverty and inequality. Its contribution to the GPRS process has been slight and there have so far been no active attempts at an alignment between MOFA’s policies and the GPRS. Senior officials are explicit in expressing their low regard for the NDPC and their reluctance to be



constrained by its guidance. MOFA's culture of public consultations on key policy issues is perhaps even less satisfactory. Controversial policies impacting on the poor, such as the removal of input subsidies and pricing support, still await public debate. Also, unlike the MOH, institutional platforms for collaborative decision-making, such as partnership forums, are little developed and consultation with civil society is even weaker, except with international NGOs who are treated like donors.

At the time of writing, the MOFA situation was probably more typical of other line ministries than the MOH. Although there was still time in which to improve on this situation, it seems unlikely that the situation could be fully rectified in time for publication of the GPRS, and that poor integration of sectoral strategies and programmes would remain an area of weakness. Although the SWAP-based CDF mechanism remained potentially useful, the difficulties of re-negotiating sectoral policies that have already been worked out between some line ministries and their principal donors should not be discounted. Moreover, the existence of the CDF alongside the GPRS and the many other initiatives described above is itself a source of confusion. In retrospect, as a World Bank official put it, it may now appear as "one initiative too many".

## **The potential and problems of the MTEF**

For many years, Ghana was plagued by a seriously deficient budgetary system. This manifested itself in preoccupation with short-term fire-fighting; the absence of a hard budgetary constraint, so that actual expenditures bore only a loose relation to initial budgetary allocations; the routing of many donor funds outside the budgetary system; little or no consideration of the efficiency of recurrent expenditures, in relation to policy objectives and priorities; lack of transparency and predictability of resource allocations and releases; and limited monitoring and evaluation of performance. Among others, donors became increasingly dissatisfied with this situation and, *at their prompting*, various remedial initiatives were undertaken, including the MTEF. This was formally launched in 1998 and first took effect for the 1999-2001 fiscal years.

The MTEF is based on a planning exercise which requires MDAs to prepare rolling three-year strategic plans as the basis for their performance-based budget submissions. It seeks to require ministries and other public bodies to justify their claims on the public purse in terms of their ability to promote agreed policy objectives, offering in return greater certainty and autonomy for MDAs in allocating the funds within their resource envelopes.

Unfortunately, it is not clear that, in practice, these fine principles have yet made a decisive difference to Ghana's fiscal realities. A recent unpublished independent joint GoG and donor review writes of the ultimate success of MTEF as "under threat".

It is suffering from a credibility problem, especially from the perspective of the MDAs; aggregate ceilings are not realistic; linkages between resource allocation and policies are insufficiently

explicit and are probably superficial; the release of funds is unpredictable; budgetary outcomes are not being monitored.

Short-termism still dominates, accentuated by the terms of trade and electoral shocks described in Section 2, and by systematically over-optimistic revenue estimates. Of crucial importance has been the MOF inability, during 1999 and 2000, to actually deliver to MDAs the full amounts of their allocations, a failure which has weakened MDA incentives to put in the considerable additional efforts needed to comply with MTEF procedures, and has hence undermined the exercise. The very limited abilities of the MOF to monitor expenditures and to ensure that monies are spent as intended has also had a debilitating effect. Poor MDA compliance has resulted from these failings.

Underlying these, are a number of more fundamental difficulties. Perhaps top of the list is a weak past revealed political commitment by NDC ministers, who proved reluctant to accept the tighter fiscal discipline implicit in an MTEF, with the position of members of the new government yet to be tested (at the time of writing the government has the future of the MTEF under review).

This tendency towards low political ownership of the process has also been linked to what is perceived as the donor-driven nature of the initiative, with MTEF being run out of an enclave within MOF staffed by personnel with remunerations much in excess of those received by most line officials within the Ministry, and by a tendency for it to be treated as an intra-government and technocratic reform, rather than something which needs to be embedded in political realities and based on a wider range of consultations.

At the same time, the donors themselves are open to the criticism that they have not been consistently or adequately supportive. Part of the problem has been the poor integration of MTEF with other donor-driven initiatives described earlier, resulting in inadequate capabilities within some MDAs to undertake the required strategic planning and to link budgets to expected outcomes, as well as serious weaknesses within the MOF itself - although it is argued in reply that the capabilities will always remain low unless something like an MTEF creates a demand for up-grading.

However, it appears that MTEF is likely to continue, for the July 2001 draft GPRS (NDPC, 2001:13) states that MTEF will be used to implement the GPRS. How effective this will be is uncertain, however, unless the problems associated with MTEF can be resolved - not an easy task in the macroeconomic situation described in Section 2. However, it is important to solve these problems, for, although there is much more to an anti-poverty strategy than government spending, the value of the GPRS will nonetheless be greatly reduced unless it can be translated into concrete budget allocations. Moreover and given the unprogressive nature of much past government spending (described in Section 2) an effective GPRS will require substantial reallocations of resources. In principle, an MTEF offers a mechanism for achieving such reallocations, around an agreed poverty-reduction goal, but it is by no means clear that it will actually be able to achieve such changes.

Many of the past difficulties have arisen because the GPRS and MTEF have been treated as separate exercises, with different ministerial affiliations. They need to be integrated, to make it into a tool for implementing the GPRS. In this regard, should be mentioned the failure of an attempt by the MTEF unit in 2000-01 to require MDAs to identify separately those activities which could be classified as poverty-related. MDAs did not comply with this requirement, so that the GPRS authors were unable to start from a systematic base knowledge of what the government was already doing in this area. Moreover, because of the difficulties described above, little progress has been made with the intention to extend the MTEF system to the District level, whereas it is likely that the GPRS will look for enhanced decentralisation of state activities.

## **5 Participation, stakeholders and political traditions**

IFI guidelines urge that a transparent and participatory approach to policy making is important if good policies are to be implemented and sustained and institutional capacities are to be built. This is because participation is seen as increasing transparency and accountability, thereby reducing corruption, and as promoting ownership. The participation concept is constructed on a partnership framework, described in a World Bank (1998) paper as ‘a collaborative relationship between entities to work towards shared objectives through a mutually agreed division of labour.’ The key actors in this relationship are defined to be governments, CSOs, the corporate sector and donors/creditors. How do Ghana’s GPRS processes score against these criteria?

### **The political and institutional context**

Although developed in an entirely non-participatory manner, the IPRSP (GoG, 2000, para 100) did state a government commitment to broad consultation and the NDPC’s plans for ensuring that the GPRS was prepared in a participatory manner have already been described above. What should also be made clear, however, is that the process was being mounted against a background of two decades of a top-down economic policy making process driven by a neo-liberal agenda which gave priority to economic growth (Gyimah-Boadi, 2001 and Ofei-Aboagye, 2001). As many people stood to lose from such a policy agenda, engagement with them was driven largely by a containment objective which expressed itself in mitigation measures such as PAMSCAD and in police repression of public dissent.

In all of these, government dominated its social ‘partners’. Engagement initiatives tended to be top-down and mitigation measures were largely donor-driven (Brydon and Legge, 1996, Gyimah-Boadi, 1990). Similarly, access to officially-held information, although improved, remained severely constricted. Public information still remains largely shrouded in official secrecy. Criminal and seditious libel laws remain in the statute books and have been actively enforced against errant journalists. A largely illiberal judiciary has made rulings that expand rather than limit the application of these laws. Journalists have suffered jail sentences and severe fines under the prevailing libel and contempt laws, which the incoming NPP government is pledged to reform.

There were, however, some useful attempts at consultative policy-making during the 1990s. A 1997 National Economic Forum was a landmark event in several respects. It provided the first formal opportunity for the public, including opposition parties, independent research institutions and CSOs to input into economic policy. The fact that it was possible to reach agreement on various issues demonstrated the feasibility of consensual decision-making as an effective crisis management tool in spite of (or as a result of) political differences and

polarization. Many complain, however, that 'decisions' arrived at during the Forum were not implemented, so that its practical effect was slight.

The decision by the NDC government in 1998 to participate in a tripartite exercise together with civil society and the World Bank to evaluate the impacts of policy reforms through the Structural Adjustment Participatory Review Initiative (SAPRI) represented a further step in opening-up policy-making. Whilst the quality of government participation in this exercise left much to be desired, it was noteworthy that for the first time the government permitted representatives of the Civil Society Council (CIVISOC) to make a statement at the Consultative Group meeting with donors held in 1999 and to sit through the entire proceedings. The SAPRI exercise also provided civil society, for the first time, with a mechanism for organizing a truly nation-wide and cross-cutting coalition – incorporating institutions in academia, NGOs, workers organizations, religious organizations, trade associations, community groups, small and medium scale businesses - institutionally represented by CIVISOC.

Much more recently (in May 2001) and while the GPRS was being prepared, a 'National Economic Dialogue' was convened by the newly-elected NPP government, which drew a much broader public participation than the 1997 Forum. Here again, however, the effectiveness of this as a mechanism to foster participation was doubtful. The size of the event (200 persons or more) defied effective debate and decisions derived were more likely to reflect the views of those who manage the process (a visible and influential few) than represent a true consensus. Moreover, there is a marked disparity in the information available to the various participants in such forums.

At the same time, the tradition lingers for the government to be suspicious of CSOs and reluctant to engage meaningfully with them. Thus it is reported (Sheehy, 2000) that formal tripartite bodies involving the donors, government and CSOs have tended to break down into pairs, with the donors talking separately to CSOs and to government, but with little engagement between the latter bodies. Such consultation has tended to be ritualistic: a formal convening of meetings that change little, rather than a genuinely collective process of policy-formation. The NPP government has come to power promising to do better and with good intentions but many Ghanaians remain agnostic about how that will work out and they have noted that the re-negotiation of the IMF PRGF programme in May-June 2001 was conducted conventionally 'behind closed doors' with not even a nod towards a more inclusive approach in the macroeconomic area.

The rapid growth of civil society during the last decade has already been mentioned. This is represented by grassroots associations, intermediate level associations (both membership and non-membership bodies, and specialised bodies such as research organizations and 'think-tanks'), networks, coalitions and platforms e.g. the Education Campaign Coalition, CIVISOC, Coalition for the Rights of the Child. These groups have been gaining ground in accessing policy-making and decision points such as Parliament and its committees. The media, especially the private press and FM radio, have also become a major forum for policy discussion all across the country. This was recently exemplified by the

manner in which FM radio stations managed to popularize the debate about whether Ghana should apply for HIPC debt relief into a truly national one.

The emergence of networks, federations and coalitions across civil society is a recent phenomenon, still gaining momentum. There are coalitions campaigning for the rights of children, the right to education and the right to water. There are coalitions fighting against violence to women, federations of organizations of people with disability, and so on. Whilst these tend to be issues-led, their strength lies in the cross-cutting nature of their membership and their potential breadth of coverage. However they tend to be constrained by resources, limiting their continuity, momentum and democratic accountability. Civic participation in the country's governance has in large part been fostered by the donor community, which has often conditioned its aid on good governance, including participation. As a result, civil society and the private sector enjoy formal memberships in national committees and forums. Whilst this has undoubtedly opened up the space for more inclusive decision-making, it has also contributed to a perception of the participation agenda as donor-driven.

*In summary*, frameworks for participation are firmly in place and can be built upon. However, these sit uncomfortably alongside a seemingly entrenched top-down culture which in the past has, at best, accommodated only such 'consultation' as can be managed, and preferably be manipulated and dominated. As a result, *what may seem to be indications of openness and inclusiveness in policy making have tended to actually be mechanisms of validation and containment.* Executive/Presidential dominance remains a major factor undermining the effectiveness of the liberal institutions and processes. Typically, executive branch and presidential manipulation has kept constitutional bodies and other institutions of democratic governance deficient in information, independence, credibility, trust, and even legal and technical competence. Nevertheless, the progressive strengthening of democratic institutions alongside a maturing civil society and a less authoritarian government, combined with an international policy consensus favouring participatory governance, offer unique opportunities, if not in the current GPRS process, then in the next.

## **Knowledge, awareness and perceptions of the GPRS process**

Early in the GPRS process, in May 2000, an independent report was prepared on 'Civil society and the PRSP', based on consultations with broadly representative groups of people from the business community, the trade union movement and NGOs, as well as with government officials (Sheehy, 2000). The report's conclusions were unambiguous:

As at the end of April 2000, civil society seems largely unaware either of the Poverty Reduction Strategy process or of how the government is proposing to handle this issue. There seemed, in addition, a lively scepticism about the desire and ability of the government to engage substantively with civil society and the seriousness with which it was willing to tackle the problems of poverty (15).

Although knowledge of the PRSP process was scant, with few people even having heard of it, the concept was warmly welcomed by civil society bodies and there was a strong desire to participate actively... [but] previous efforts to engage with Government on issues of this nature have proved disappointing. The overwhelmingly critical nature of the comments received by civil society were remarkably consistent across the sector (2).

In sum, organisations and individuals consulted hope that the PRSP process will have the effect of creating more space for civil participation in government decision-making and helping to overcome the increasing polarisation of society... For this to happen, however, considerable efforts will need to be made to create an acceptable framework for consultation (3).

How did the situation look a year later? It appeared that public awareness of the GPRS process was still extremely limited, even among those who ought to know. As a result, important constituencies such as the Private Enterprise Foundation, the GAPVOD (an NGO Umbrella Group) and even some “think-tanks” held strong misperceptions. For example, the GPRS was confused with a UNDP-supported Poverty Reduction Programme being executed in 5 Districts. Others believed it to be a second generation PAMSCAD. Yet others confused the GPRS process with the once-parallel process to produce a medium-term development plan. The few who knew something about PRSPs, largely from global networks, presented it largely as an IFI/donor conditionality, a back-door to second generation structural adjustment programmes.

A survey<sup>9</sup> of awareness of the GPRS by media editors and sub-editors undertaken for this study indicated hardly any knowledge among them of the GPRS. Reporting on the GPRS process has been relatively recent, beginning with a Press Conference in the second half of 2000 when the Minister of Finance launched the process. This was followed by a long silence until the regional consultations conducted by NDPC, which, however, were reported largely as forums for discussing the nature of poverty in communities, rather than as an input into the development of a strategy. Media coverage on policies for poverty reduction was generally limited to reporting of projects. Generally, reference to poverty reduction was understood in the context of a project for “poverty alleviation”.

Two events have since helped to raise the profile of the GPRS. The first was the lively debate held over the airwaves on whether Ghana should apply for HIPC debt relief, where the GPRS was largely presented, accurately enough, as a condition attached to obtaining the relief. Following that, various preparatory workshops were held to prepare inputs into the National Economic Dialogue held

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<sup>9</sup> The basic statistics relating to this review are: Number of articles reviewed with poverty reduction as principal subject: 186 (period: July 2000 – March 20<sup>th</sup>, 2001; 10 newspaper titles reviewed, 120 issues overall). Poverty-related articles as a proportion of total articles contained in newspapers reviewed: less than 1%. Proportion of GPRS-specific information relative to published information on poverty reduction: 8.8%.

in May 2001. These notwithstanding, the profile of the GPRS remains low and misconceptions widespread. Knowledge remains thin and the media largely uninformed. No newspaper has since published a feature-length article about the GPRS and there have been no sponsored radio or television discussions. The newspaper survey unearthed no evidence that proactive efforts were being made by the NDPC.

In short, public awareness remains lamentably slight and many CSOs remain frustrated in their desire to have an input. What now of the participatory element?

## **Consultation, representation and participation**

Whilst undoubtedly the NDPC has made more effort to be more inclusive than has previously been the custom, the depth and breadth of the consultation has been limited by a number of factors:

- *The timetabling.* The initial intention was to complete the GPRS by February 2001, entailing a pace of activities which actually precluded effective consultation. That this deadline was subsequently extended to October 2001 provided some relief but did not open up the same possibilities as if this had been the target date from the outset.
- *The Core Team concept.* Whilst perhaps a practical mechanism for producing an output within a defined time frame, this largely confined effective participation to donors and government representatives and became largely Accra-based. It appears that the results of the community consultations did not feed into the analyses and recommendations of the Teams.
- *Information access disparities* skewed the quality of the consultative process. For example Core Teams, including the Macroeconomics Team, were not provided with information on policy commitments under the IPRSP, nor did the IMF representative indicate what it considered as non-negotiable benchmarks against which informed debate should be conducted. Similarly, the Teams were not provided with copies of the (quite useful) reports prepared on the results of the community-level consultations described earlier.
- Unlike in Kenya and Uganda, there has been *no independent civil society-led initiative* to engage with the PRSP process, let alone produce an alternative analysis. This has limited the quality of the debate and strengthened the government's control. This is partly a reflection of limited capacity to undertake economic policy analysis to conduct broad-based but accountable consultation within civil society.
- A lack of active involvement of *Parliament*. Early attempts were made to include parliamentarians but the end-2000 election disrupted these plans and delayed the possibilities of engaging the new Parliament, containing many fresh members. The District Assemblies, as representatives of grassroots democratic processes, have also been little involved.



- As already described, the GPRS discussions have not sufficiently integrated *sector ministries*. It is in sector-based work that CSOs possess the most experience so this deficiency has sidelined otherwise knowledgeable voices.

## **Summing-up**

Clearly, then, the depth and quality of public participation has been severely inhibited by structural and cultural factors in the Ghanaian political economy. Moreover, the prevailing political culture appears still to see non-state actors as subordinate to state actors. Also, the process of selecting non-state actors for participation and inclusion has been arbitrary and unrepresentative. The non-state bodies involved in the preparation of the GPRS are not all representative of the pro-poor constituency and yet those closest to the poor - working at local government level and with grassroots groups - have so far not been drawn into the process.

## 6 Monitoring and information in the GPRS

A NDPC progress report on the GPRS process of December 2000 acknowledged monitoring and evaluation as a key part of the design of the GPRS and promised that attention would be paid to defining processes for collection, analysis and management of data on poverty alongside key outcome and intermediate indicators. The IPRSP contained similar assurances. However, to date there has been little progress in this area. Neither the Harmonization Workshop report of April 2001 nor a May 2001 report on the GPRS presented at the National Economic Dialogue mentioned earlier contained any treatment of the information and monitoring needs of the GPRS.<sup>10</sup> Neither these reports nor the GPRS timetable provide for a programme of work to fill this gap. There are also no coordinated donor initiatives to tackle the monitoring problem.

### Ghana's poverty information situation

There is a reasonably impressive stock of both quantitative and qualitative data that can be, and has been, used for poverty diagnosis and monitoring and which could equally be employed for monitoring the GPRS. These include a series of four living standards surveys (household surveys conducted between 1988 and 1999, covering both income and non-income dimensions of the quality of life) and a Core Welfare Indicators Questionnaire (CWIQ) conducted in 1997 as a faster and more limited version of the Ghana Living Standards Survey (GLSS) designed for more regular use. Others include a population and housing census (2000), a health and demographic survey (1998) and regular market surveys conducted as part of the national income statistics. The Ghana Statistical Services (GSS) has also provided support for targeted surveys, such as accessibility to, and use of, family planning services and nutrition surveys.

Much of this data exists in raw form, some stored in CD-ROMs and available, in theory, for a fee. The CWIQ seemed particularly appropriate for monitoring the poverty situation for GPRS purposes, being based on a large sample, yielding a rich volume of information and doing so within a short turnaround period, and this makes its non-incorporation in GPRS planning and its uncertain future status particularly inexplicable.

In addition to these, there has been significant investment in the compilation and reporting of input, performance and outcome data in key sectors such as education, health and agriculture. The Community Water and Sanitation Agency undertakes regular surveys of water and sanitation services in small towns and

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<sup>10</sup> The report of the Poverty and Governance group at the National Economic Dialogue Preparatory Workshop contains some recommendations relevant to the poverty monitoring effort : (1) A call to strengthen institutions responsible for long term planning and monitoring for poverty reduction and wealth creation. (2) Ensure transparent monitoring of expenditures on poverty reduction.

the rural sector. Though not harmonized or pooled, there is much useful information at the District level, especially information related to expenditure and the availability of social infrastructure, which could be used to monitor inputs and actions in the Districts.<sup>11</sup> As things stand at present, poverty information systems are to be the responsibility of District development planning officers but, as reported earlier, they quite lack the resources needed to maintain and utilise these adequately.

There is an equally large supply of qualitative and contextual data residing in institutions, especially among NGOs, small social development consultancy firms, donors and District Assemblies, all over the country. There have been three significant attempts to gather and analyse qualitative data on a national scale, the first (in 1992) led by the World Bank, the second in 1997 led by NDPC and the third in 1999 again led by the World Bank. The gathering of qualitative data is, however, ad hoc and no institution pulls this stock of information together.

A serious concern is the fact that the GPRS process has so far largely excluded the GSS and other suppliers of relevant data from preparation of the GPRS. At the time of writing, the GSS was itself in a standstill mode, without confirmed leadership and with its most valued products – the household surveys – suspended. Whereas the draft GPRS strategies are replete with measurable targets and benchmarks, there are no references to how the data will be generated to assess their level of attainment, let alone a system for undertaking this assessment in an informed and systematic way.

The information problem is, however, not simply one of availability but of continuity, accessibility and demand. For an information system to be helpful in affecting government decisions and poverty outcomes, it should not only be available in regular and good quality forms but the information-gathering process

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<sup>11</sup> Ofei-Aboagye (2001) lists the following sources of locally-based information, but also stresses the unco-ordinated nature of these:

- Assembly reports: quarterly and audit reports and
- records on market levies, tolls, fines and proceeds from assembly investments;
- records on income tax contributions from production/economic associations (though this information is not readily available, it can be inferred).
- monthly and annual reports
- data on the revenue heads ie rates, fees and fines, licences, lands;
- the nominal roll of the assembly.
- The assembly's trial balance

Existing systems and mechanisms at the district level that can generate dis-aggregated information (particularly in relation to gender) include

- records from the departments (education, health, water, agriculture, social welfare and community development)
- periodic interviews and interaction sessions with men and women
- public fora
- participatory rural appraisal exercises.

Other initiatives to yield information that could be taken would be

- The disaggregation of information on beneficiaries of poverty reduction loans; and nominal rolls being compiled designed to identify different categories of people and business organisations;
- Routine needs assessments differentiated by gender- and other interest-group characteristics.

should be driven by demand, should be accessible in terms of packaging, comprehension and availability to the public and, above all, there should be mechanisms for continuous dialogue on policy needs and implications and to assess government actions. Unfortunately much of the poverty data (the quantitative data in particular) and analysis is packaged in forms which are largely inaccessible and/or incomprehensible to most people and therefore not too helpful for inclusive dialogue. Also, unlike in other countries, there are no recognized institutional forums at national or district levels to act as platforms for the use of the data as a tool for assessment or to provide reality-checks on the data. The GPRS has so far not outlined such a mechanism.

This and other deficiencies already described also influence the state of effective demand for data. There has in the past been limited demand, particularly from civil society. In this respect, the situation has been the familiar one of demand being driven by donors and, to a lesser extent, by government agencies. Evidence of weak effective demand is provided by Foster *et al* (2000:37): "Past surveys have not resulted in the data always being fully analysed, reports published, and data quickly released to those within and outside government who could make use of them." At least at the time of the fieldwork, the GPRS process did not seem to be having the effect of energising the system by adding greatly to effective demand, as surely ought to have been the case.

The poverty profile and baseline information for the GPRS was compiled largely from one source, GLSS4. As contained in current published/draft documents, the data was drawn upon largely for descriptive purposes, e.g. on the incidence, severity, and characteristics of poverty, and, to a lesser extent, for diagnostic purposes, e.g. explaining the endogenous and exogenous factors behind the poverty trends and, to an even lesser extent, for analysis of how and why households respond to policy interventions.

The poverty diagnosis contains important limitations, however. For example, it is not clear to what extent the results of the community-level participatory analysis were incorporated into the poverty diagnosis. Poverty analysis is divorced from any power relations analysis. Secondly, there has been no attempt to conduct a social impact assessment of policies and public actions, whether ex-ante or in the form of an acknowledgment of its importance, in any ex-post analysis. This is contrary to current best-practice, which calls for such analysis to be made integral to the PRSP process from the outset.<sup>12</sup>

These weaknesses are evident in the manner that the expected impacts of policies, especially macroeconomic but also structural, are analyzed in GPRS documents. Very little attention is paid to the differential costs and benefits accruing to the poor and others as a result of attaining a stable macroeconomic environment, good governance and the expansion in the supply of social services. This deficiency could lead to a practice where ex-post evaluation could

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<sup>12</sup> A recent joint Bank/Fund concept note on Social Impact Analysis (SIA) and Structural Policies (May 25, 2001) emphasise that SIA should be conducted from the outset of a PRS process so that they are reflected in the PRSP as well as Bank/Fund programmes. SIA is defined as the analysis of intended and unintended consequences of policy interventions ex ante, during implementation, or ex post – on the welfare of different social groups.

take the impacts of these policies for granted. This is reflected in the lack of concrete recommendations to address issues of structural inequalities between men and women, and scant attention paid in the draft GPRS to the aged, children living under special circumstances, the disabled and the destitute.

## **The GPRS monitoring indicators**

From GPRS documentation, it seems that emphasis will be placed on two types of indicators:

1. those related to outcomes and impacts and, to a lesser extent,
2. those related to implementation and performance targets.

Both sets of indicators address mostly population-wide welfare issues, rather than the position of the poor. Population-wide indicators relate to the welfare of the whole population (e.g. GDP per capita) and factors influencing this welfare level, such as growth, rainfall, supply of social services, good governance, macroeconomic and sectoral development indicators. The welfare of the poor, on the other hand, also relate importantly to the dynamics of poverty and to vulnerability. This category of indicators is particularly helpful for actions requiring narrow, rather than broad, targeting of interventions, often essential for safety-net programmes.

The formulation of the GPRS targets focussing largely on population-wide improvements imply the need for data and information systems best provided by large household and market surveys, which may be sectoral or cross-sectoral, nationwide or region-specific. Whatever the scope of these surveys, only the GSS and perhaps the universities have the capacity to conduct such surveys. These indicators also concentrate disproportionately on impacts and much less on intermediary outcomes and inputs. The latter set of indicators may, however, be generated once the GPRS is fully costed.

## **Institutional mechanisms for the use of poverty data**

The GPRS processes also lack an institutional focus, whether in the form of capacities to execute poverty-reducing programmes and policies or to generate information, measure and monitor progress in poverty reduction. As foreshadowed in our earlier discussion of the MTEF, an example of this lack of attention to institutional analysis is reflected in a lack of focus on the links between poverty analysis and the planning and budgeting processes, and the wider public sector reform process, on the one hand, and the GPRS on the other. This could lead to a situation where programmes and policies developed through the GPRS are not implemented because such links were neglected. The issue of capacity is particularly important, especially the capacity within NDPC.

An important issue related to institutional framework refers to the legal space for interest and pressure groups to freely access information, provide reality checks and participate in evaluative activities, as well as for using the information thus

generated. Opportunities for collective evaluation include such mechanisms as annual policy forums, public expenditure reviews, and tracking and beneficiary assessments. Except for public expenditure reviews, which tend to be dominated by the government and donors, there is little experience in Ghana of the other mechanisms. Similarly laws relating to official secrets continue to hamper dissemination of information to the public.

Lastly there is the question of donor activity in this area. The GLSS and the CWIQ have in the past been funded by a consortium of donors, including the World Bank and DFID. As already reported, GTZ has a project to develop a decentralized monitoring and evaluation system built on the District Assembly infrastructure but, although capable of adaptation, this is not specifically geared to GPRS needs. The EU and Danida have financed a study on poverty reduction at the District level, which is reported to include some attention to poverty measurement and monitoring. A Learning and Innovation Loan (LIL) contracted from the World Bank, which is still under Parliamentary consideration, has a component devoted to decentralized poverty measurement and monitoring in a number of pilot Districts. None of these initiatives was operational at the time of the fieldwork, however, and only the LIL was under the direct management of the NDPC. The Ministry of Planning was also reported to have requested UNDP's assistance to develop a monitoring system for the PRSP. However, there are no significant efforts among donors, either within or outside the CDF framework, to address the monitoring problem.

## **Summary**

In short, at the time of our research, the informational and monitoring aspect remained a blank sheet waiting to be filled - demonstrated by a virtual silence on the subject in the first draft of the GPRS (NDPC, 2001) - and a potentially fatal threat to the implementation of its policies. Although actual and potential data availabilities are quite good, capacities and institutions for putting this into usable form and for making good use of it were very deficient. NDPC planning in this area was inchoate and did not appear to be capable of being made good within the time available, leaving serious questions whether feedback and monitoring of both the poverty outcomes and the policy instruments chosen to improve these could be adequate. There seemed a real danger that the GPRS could go the way of previous anti-poverty policy statements - of being so little executed that they made almost no difference to the poor.

## 7 Conclusions and implications

It is time now to pull all this together. Bearing in mind the necessarily preliminary nature of this study, how should we conclude on Ghana's PRSP endeavours? It will be useful to group the conclusions as follows:

- ❖ The influence of contextual factors (including among these the responses of donors to GPRS processes).
- ❖ Questions concerning the design of the GPRS process.
- ❖ The central question of the wider project: what will the GPRS process do for the institutionalisation of poverty reduction in Ghana?

### **The influence of contextual factors**

Overall and with inevitable qualifications, the context within which the GPRS is being prepared is broadly favourable, by comparison with the situation in a good many other African countries.

First, although there remains a tug-of-war between the patrimonial and inclusive models of politics and there remains a strong top-down tradition, the political system and the underlying distribution of power offer a relatively favourable environment for improving the welfare of the poor. The forces of democratisation have grown quite deep roots and Ghanaian power structures do not rule out an effective anti-poverty strategy. The good intentions of the NPP government remain to be tested in practice, however, particularly in situations where trade-offs present themselves between poverty reduction and economic growth led by the private sector. Such a possibility has as yet little aired in public debates and is, given the GPRS's probable reliance on economic growth driven by private enterprise, likely to emerge as a key policy issue in the years to come.

A second, and related, favourable factor, at least in comparative terms, lies in the strength of the country's institutional infrastructure and the abilities of its public administration. This has been described as making Ghana a good test case for the 'transfer of ownership' which is supposed to be part of the PRSP package. Here, however, the qualifications are heavier. While it may be better placed than a good many other African countries, the state of the civil service and other arms of the public sector remain a major impediment to an effective attack on poverty.

These deficiencies are nowhere more evident than in the Planning Commission, which is responsible for preparing the GPRS. To repeat from earlier, the GPRS preparation process is occurring within a gravely under-resourced administrative enclave of an uncertain political and formal status, which has made for a good deal of difficulty and for poor communications with the mainstream of government. Just five professional staff plus one or two full-time consultants are

responsible for preparing the GPRS and the NDPC is poorly equipped to provide them and the others involved with adequate supporting services.

The continuing weaknesses in the country's administrative structures, as has been shown, have led to a plethora of largely donor-driven initiatives to strengthen various aspects of the public administration - a situation which has left in its wake confusion about how the various initiatives (including the GPRS) relate to each other, if at all. There is much scope for duplication and overload. Indeed, one of the difficulties which the GPRS Task Force faces is that what it is doing looks to many like just another (donor-inspired) initiative, imperfectly co-ordinated with what is already going on and placing yet another burden on an already over-stretched work-force. Moreover, none of the other reforms was designed with a poverty-reducing priority in mind, so they need to be reoriented if they are to be supportive of the GPRS.

The positive and in some ways exemplary donor/IFI response to the GPRS process is another favourable contextual influence. We found nothing in donor attitudes and actions that was tending to undermine the GPRS process. Rather, there is broad, if cautious, donor support, albeit with varying degrees of enthusiasm. However, donors as a whole were anxious to see how the GPRS would work out in practice - and more generally to gauge the quality of the new administration - before fully committing themselves. In any case, there appeared to be quite severe limits on the extent of change that it was realistic to expect from donors. Adoption of the GPRS appears unlikely to make much difference to the composition of their aid as between programme and project support, although it might well affect decisions about the sectors in which aid would be located and the projects selected.

No donor stated that substantially more aid would be allocated to Ghana as a result of the GPRS. In all this, the *credibility* of the GPRS process, the final product and its prospects for implementation were regarded as crucial for any major shift in donor positions.

Again with qualifications, Ghanaian ownership of the GPRS, *vis à vis* the donors on whom the government depends so heavily, is another positive. There has been no question of the process being dominated by the IFIs or other donors. The NDPC is preparing what it insists is *Ghana's* poverty reduction strategy and there seems no doubt that the government is in the driving seat on this. Both IFI resident representatives are conscientiously avoiding entanglement and other donors are in no sense dictating terms. In these respects the situation is exemplary.

The necessary qualifications include the suspicion that the GPRS is a rather opportunistic response by the government to stay on the right side of the donors, a suspicion that there may be a good deal of hidden conditionality not revealed in the GPRS document, and the fact that, because of weaknesses in the GPRS process, the 'ownership' is likely to be rather narrowly-based in parts of the central government, and not very consensual.



The most obviously adverse contextual factor is the present condition of the economy. The government's financial situation is parlous and pressing short-term problems mean that it has little choice but to give first priority to improving the macroeconomic balances. The economy has responded only rather sluggishly to past 'structural adjustment' reforms and recent economic growth has been well below a level that could deliver adequate poverty reduction. This situation, particularly the fiscal crisis, is bound to seriously constrain what the government can deliver on the poverty-reduction front, at least in the medium-term.

## **Design and execution of the GPRS process**

A dedicated and able group of people is preparing the GPRS and there is little doubt that they will end up with a paper which will do more than enough - perhaps after some iterations - to satisfy the Boards of the IFIs, to unlock the sought-after HIPC debt relief, to take forward the medium-term relief of poverty in Ghana and to provide a solid foundation upon which future efforts can build. To what extent it will meet the 'credibility' test mentioned above is more in doubt, for the above analysis has drawn attention to weaknesses of design and process - weaknesses that particularly speak to the likely adequacy of the strategy's approach to poverty-reduction policies and to the execution of these:

- a) A potentially fatal flaw in the initial conceptualisation of the GPRS process was the decision to form a *ad hoc* Task Force to prepare it, outside the normal workings of the civil service, and to locate this within a weak agency not only starved of resources but semi-detached from regular policy-formation processes. The GPRS process has not been integrated with other public sector reform programmes. Crucially, there has so far been virtually no connection between this and the MTEF and there are many uncertainties about the adequacy of arrangements for translating GPRS policies into regular budget-formation processes, with the MTEF belatedly nominated for a major role. Similarly, the 'enclave' nature of the GPRS preparations has probably contributed to a prospectively weak integration of SWAPs and other sectoral/line ministry policies into the specifics of the GPRS and the NDPC's ability to rectify this situation must be questioned, within the timetable that has been set. It seems particularly unfortunate that the GPRS process has not been better integrated with the sectoral work being undertaken under the umbrella of CDF mechanisms.
- b) In retrospect and given the limited resources of the NDPC, the Core Team approach also appears seriously sub-optimal. The teams were not put together in a transparent way, with the selection process, and much of the substantive output, apparently firmly in the hands of government officials. NDPC has not proved able provide an adequate supporting infrastructure for the Teams, which have been given poor and inconsistent guidance. Moreover, the remits of the Core Teams, which have generally not coincided with the way government departments are structured, have encouraged the weak integration of line ministries and

others who would have to play a crucial role in the implementation of a GPRS, such as the Ministries of Finance and of Local Government. The subject areas covered by the Teams did not for the most part correspond well with the structure of government.

- c) IFI guidelines urge that a transparent and participatory approach to policy making is important if good policies are to be implemented and sustained and institutional capacities are to be built. We have shown that efforts along these lines have been made in Ghana but that the approach falls well short of the ideal. There are frameworks for participation in place which can be built upon but actual processes remain distorted by a seemingly entrenched top-down culture which in the past has tolerated only such 'consultation' as can be managed, and preferably be manipulated and dominated.

Specifically on the GPRS, a year into the process, public awareness of it was still extremely limited, even among those who ought to know. A survey of awareness by media editors and sub-editors indicated hardly any knowledge among them of what the GPRS is about. Media coverage on policies for poverty reduction was generally limited to reporting of projects. Knowledge remained thin and the media largely uninformed. Our newspaper survey unearthed no evidence that proactive efforts were being made by the NDPC. Public awareness remains lamentably slight and many CSOs remain frustrated in their desire to have an input.

In consequence, many still perceive the GPRS as little more than a HIPC conditionality or an instrument to convey a new generation of structural adjustment policies. Consistent with this, early indications are that macroeconomic policy determination continues to be conducted behind closed doors, despite promises of greater transparency. Overall, the GPRS will have only modest claims to be derived from a broad-based consensus resulting from effective consultations with, and participation of, society at large. It can be predicted that ownership of the strategy will be Ghanaian but will be rather narrowly-based. More positively, the process could be seen as a further step in asserting against the previously dominant top-down mode, the rights of citizens and civil society to be consulted and the superiority of broad-based consensual approaches. In the longer term this could be an important contribution.

- d) At the time of the research, the informational and monitoring aspect of the GPRS remained a largely blank sheet waiting to be filled - and a potentially fatal threat to the implementation of its policies and to the credibility of the whole exercise. Although actual and potential data availabilities are quite good, capacities and institutions for putting this into usable form and for making good use of it were very deficient. The GPRS process had not thus far stimulated demand for the data types that would allow poverty, and progress with anti-poverty measures, to be monitored, and much of the demand for such data remained donor-

driven. NDPC planning in this area was inchoate and it seemed unlikely it would be able to rectify this within the time available.

This leaves serious questions whether feedback and monitoring of both the poverty outcomes and the policy instruments chosen to improve these could be adequate. GPRS processes also lack an institutional focus for the generation and utilisation of necessary information. As a result of these deficiencies, there seemed a real danger that the GPRS could go the way of previous anti-poverty policy statements - of being so little executed that they made almost no difference to the poor.

## **What will the GPRS do for the institutionalisation of poverty reduction?**

This is the central question of the project of which this report is part. In the light of the above, how should this be answered for Ghana? A word that keeps recurring in this connection is "*potential*". Given that this report was written in the middle of the GPRS preparation process, any judgement must be highly provisional. For example, it remains to be seen how the NDPC and its political masters will react to the specific and quite wide-ranging recommendations of the Governance Core Team, described earlier. Without doubt, the GPRS process offers opportunities to enhance institutionalisation in pro-poor directions - but it also carries the threat of turning into just another aid-raising exercise designed to satisfy the donors' latest fad, until the next one comes along.

It has the potential, for example, for raising public awareness of the poverty problem and for promoting poverty reduction up the policy agenda. It also provides a possible opportunity for taking further the enhancement of people's participation in their own governance and in the formulation of policies that affect their own well-being. However, we have seen that the possibilities that the GPRS process will contribute to such changes in relationships are far from being fully realised as yet. Similarly with the more specific changes sought under the National Institutional Renewal Programme. The GPRS process could boost parts of this programme, for example, by providing a vehicle for the renewal and extension of the MTEF experiment.

The potential, then, is substantial. However, it is important to retain a realistic understanding of more negative factors at work. It should be repeated that, although it seems well-intentioned in this matter, it is wealth-creation and private sector development, not poverty reduction, which seem closest to the NPP's heart and for which it can claim its election gave it a mandate. We should also remember the potentially fatal defect, from the point of view of influence on institutionalisation, of locating the GPRS process as an *ad hoc* exercise in an enclave within a weak institution. And lastly we should recall the non-implementation of past poverty-reduction policy initiatives and the very severe constraints on establishing effective mechanisms for ensuring that the GPRS will not go the same way.

So what judgement should be made on this central question? When interlocutors

were asked about the possible influence of GPRS on institutional change, opinion varied from deep scepticism to assertions that it had the potential to exert a positive effect, although no-one went as far as to predict that this potential would actually be realised. And that is how we are forced to conclude: it is too early to say; the potential is there if the new government wills it; but it would be a rash person who gambled her or his savings on such an outcome. It will first be necessary to assess the GPRS as it finally emerges and then observe how it works out in practice.

A final point, however, is that the GPRS should be viewed only as Ghana's first such document. With only a three-year currency, the presumption is that it will be followed by others. These may be more fully integrated into the governmental mainstream and be corrected for the weaknesses described above. Already, the process is bound to raise the profile of poverty reduction within official circles and among the wider public. If that is the way things work, out the GPRS could be seen as a landmark in the institutionalisation of effective anti-poverty strategies.

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