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MEMORANDUM

TO: **THE BOARDS OF DIRECTORS**

FROM: **Vasantt JOGOO**
Ag. Secretary General

SUBJECT: **GHANA: COUNTRY ASSISTANCE EVALUATION***

Please find attached the above-mentioned document.

Attach.

Cc.: **The President**

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GHANA

COUNTRY ASSISTANCE EVALUATION

FINAL REPORT

OPERATIONS EVALUATION DEPARTMENT

TABLE OF CONTENTS

Page No.

ABBREVIATIONS AND ACRONYMS i

EXECUTIVE SUMMARY iii

1. INTRODUCTION 1

2. ECONOMIC AND SOCIAL BACKGROUND 2
   2.1 Country Background 2
   2.2 Poverty, Inequality and Social Conditions 3
   2.3 Development Challenges and Constraints 4

3. BANK GROUP ASSISTANCE TO GHANA: PRODUCTS AND SERVICES 6
   3.1 Objectives of the Bank Strategy in Ghana 6
   3.2 Relevance 7
   3.3 Bank Lending Activities 8
   3.4 Bank Non-Lending Activities 12
   3.5 Assessment of Lending and Non-Lending Activities 13

4. THE OUTCOME OF BANK GROUP ASSISTANCE 15
   4.1 Macroeconomic Stabilisation through Reforms 15
   4.2 Economic Growth 16
   4.3 Human Development 17
   4.4 Institutional Development 18
   4.5 Sustainability 18
   4.6 Performance with respect to Millennium Development Goals (MDGs) 19
   4.7 Cross-cutting Issues 19
   4.8 Overall Outcome 20

5. CONTRIBUTORS PERFORMANCE 21
   5.1 ADB Performance 21
   5.2 Government Performance 23
   5.3 Other Development Partners 23
   5.4 Exogenous Factors 24

6. LESSONS LEARNED AND RECOMMENDATIONS 25
   6.1 Lessons Learned 25
   6.2 Recommendations 26

LIST OF TABLES **Page N°.**

Table 1	Social Indicators in Ghana (1997/98 – 2003)	3
Table 2	Programme Objectives and Corresponding Sectoral Lending Instruments	7
Table 3	Distribution of ADB Resources by Sector	8
Table 4	Planned vs: Actual ADB Sectoral Interventions, 1996-2004	10
Table 5	CSP Proposed and Actual Sectoral Allocation	11
Table 6	Overall Rating	14
Table 7	Summary of Outcome Rating by Objective	20

ANNEXES **N°. of Pages**

Annex 1	Ghana Administrative Map	1
Annex 2	Ghana: Socio-Economic Indicators	2
Annex 3	Lending Instruments Used for Macroeconomic Stability	2
Annex 4	Portfolio Analysis and Project Status	8
Annex 5	Detailed Sectorial Ratings	4

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ABBREVIATIONS AND ACRONYMS

ADB	:	African Development Bank
ADF	:	African Development Fund
AfDB	:	African Development Bank
AgDB	:	Agricultural Development Bank
ARDE	:	Annual Review of Development Effectiveness
CAE	:	Country Assistance Evaluation
CIDA	:	Canadian International Development Agency
CODE	:	Committee on Development Effectiveness (ADB)
CPIA	:	Country Performance and Institutional Assessment
CPPR	:	Country Portfolio Performance Report
CPR	:	Country Portfolio Review
CSP	:	Country Strategy Paper
CWIQ	:	Core Welfare Indicator Questionnaire
DAC	:	Development Assistance Committee
DANIDA	:	Danish International Development Agency
DFID	:	Department for International Development
DO	:	Development Objective
EPCP	:	Economic Prospects and Country Programming Papers
EU	:	European Union
FAO	:	Food and Agricultural Organization
GDP	:	Gross Domestic Product
GLSS	:	Ghana Living Standards Survey
GOG	:	Government of Ghana
GPRS	:	Ghana Poverty Reduction Strategy
GWCL	:	Ghana Water Company Limited
GWSC	:	Ghana Water and Sewage Corporation
HIPC	:	Heavily Indebted Poor Country
HIV/AIDS	:	Human Immune-deficiency Virus/ Acquired Immune-deficiency Syndrome
IFAD	:	International Fund for Agricultural Development
IMF	:	International Monetary Fund
ISSER	:	Institute for Statistical Social and Economic Research
MDB	:	Multilateral Development Bank
MDBS	:	Multi-Donor Budget Support
MDG	:	Millennium Development Goal
MOFEP	:	Ministry of Finance and Economic Planning
NEPAD	:	New Partnership for Africa's Development
NGOs	:	Non Governmental Organization
NPV	:	Net Present Value
NTF	:	Nigeria Trust Fund
OECD	:	Organization for Economic Co-operation and Development
OED	:	Operations Evaluation Department (World Bank)
OPEV	:	Operations Evaluations Department (ADB)
PBL	:	Policy-Based Loan
PCR	:	Project Completion Report
PIU	:	Project Implementation Unit
PRSP	:	Poverty Reduction Strategy Paper
RWSSI	:	Rural Water Supply and Sanitation Initiative

SSS	:	Senior Secondary School
SWAp	:	Sector Wide Approach
TAE	:	Technical Assistance Fund
UA	:	Unit of Account
UNDP	:	United Nations Development Program
USAID	:	United States Agency for International Development
WAMI	:	West Africa Monetary Institute
WHO	:	World Health Organization

EXECUTIVE SUMMARY

1. Ghana is well endowed with natural resources as evidenced by its rich soils and favourable climate for agriculture which remains the mainstay of the economy. Agriculture accounts for 40% of the Gross Domestic Product (GDP) and employs about over half of the labour force. The service sector accounts for 33% of the GDP, while the industrial sector, including manufacturing and construction, accounts for about 27% of the GDP. Following fiscal turbulence in the 1990s, strong stabilization measures introduced in 2001 resulted in stringent controls on government spending, reduction/restructuring of domestic debt, improved public expenditure management and improved fiscal resource mobilization. Debt relief under the Highly Indebted Poor Countries (HIPC) initiative also helped in improving the fiscal position. Improvement was facilitated by higher cocoa production and favourable international prices for cocoa and gold, the two main exports. Despite the progress achieved, perennial development challenges and constraints exist which need to be addressed if Ghana is to make the transition into an era of sustained development. The constraints include low savings and investment ratios, unsustainable fiscal deficits, vulnerability to external shocks, low agricultural productivity, poor infrastructure, low literacy rates, and the continuing external debt.

2. A Note to CODE was prepared on the Ghana Country Assistance Evaluation (CAE) in June 2005. The Note offered preliminary findings of this evaluation which was still ongoing at that time in order to inform the finalization of the 2005-09 Bank CSP for Ghana. This CAE Report takes the country as a unit of analysis and attempts to evaluate the Bank Group's assistance to Ghana from 1996 to 2004, using the Bank's country strategy as a point of reference. The evaluation covers three Country Strategy Papers. As a government partner, the Bank aligned its own strategy with that of Government. The evaluation found that Bank strategy during the last three CSPs was principally articulated around three ‘pillars’ (programme objectives): (i) enhancing macroeconomic stability; (ii) promoting economic growth, and (iii) fostering human resource development.

3. Under the three CSPs the Bank Group committed UA376.5 million, net of cancellations, for 36 operations in Ghana. Ninety-two (92) percent of the commitments are loans, while eight (8) percent of the commitments were ADF grants. In terms of resources, the Bank's lending activities in Ghana were focused on (i) the agriculture and rural development sector, which accounts for 25 percent of the Bank Group portfolio, (ii) the multi-sector which accounts for 24 percent, (iii) the transport sector which accounts for 23 percent of the portfolio, (iv) the social sector which accounts for 18 percent, (v) the financial sector, which accounts for 6 percent, and (vi) water and sanitation, which accounts for 4 percent of the Bank Group portfolio. The portfolio is characterized by slow implementation. Out of the 36 operations, only 8 have been completed, 21 operations are on-going, and 7 are not yet effective. Of the 8 completed operations, 5 are the fast disbursing Policy Based Loans or Line of Credit, two are investment project loans and there has been one study.

4. The overall sectoral rating for all sectors combined is satisfactory, based on the likelihood of objectives being achieved. However, efficiency stands out receiving the lowest rating (unsatisfactory). As documented in the Sector reviews the attainment of development objectives has been hampered by a number of inefficiencies. These include: poor project design (notably with regards to rigid conditionalities), lack of communication between Bank

Headquarters and Project Implementation Units in the field, slow project start-ups and ensuing disbursements, and weaknesses in project monitoring and supervision. These inefficiencies have been repeatedly noted in three successive Ghana Portfolio Reviews in 1998, 2002 and 2004 but have continued practically unabated. Despite these shortcomings, Institutional Development impact was substantial and sustainability judged to be likely. No serious risks to Bank assistance were identified as the government, civil society and donors remain fully committed to Bank interventions made during the period under review.

5. With regards to the three 'pillars' (programme objectives), the Bank's support to macroeconomic stabilization was satisfactory and ranked highest followed by its support for promoting economic growth which was also satisfactory and human development which was unsatisfactory, in that order. Overall ADB performance is rated Satisfactory but with room for substantial improvement by addressing the issues that have hindered achievements in the last three CSPs including: the need for better grounding of Bank Strategy in Economic Sector Work (ESW) ; following-up earnestly on lessons learned from past experience to improve efficiency in Bank products delivery; and strengthening Monitoring and Evaluation (M&E) both at the Bank and within the Government of Ghana.

6. Looking ahead, the report recommends that:

- Selectivity should be given more attention considering CSPs have tended to be demand-driven in the short term instead of used to allocate resources over the planned period. This has resulted in interventions in as many as six sectors simultaneously.

- Also, the mix of lending and non-lending instruments used to achieve synergy among various Bank endeavours during the programming period should be a key consideration which is carefully developed at the outset of the CSP.

- Because Economic Sector Work (ESW) is key to building the information/knowledge base to underpin the Bank's lending operations and to inform the policy dialogue process, ESW should become a prerequisite to enhancing the quality of Bank interventions.

- In addition, lessons learned from past experience should be incorporated in Bank program to reduce inefficiencies.

- Also, the current 2005-09 CSP Framework should be reviewed to ensure it contains an evaluation framework with verifiable and objectively measurable performance indicators for both mid-term and final CSP evaluations.

1. INTRODUCTION

1.1 This report complements a Note to CODE prepared in June 2005 (BAD/FAD/OPEV/2005) for discussion of the 2005-2009 CSP. The Note offered preliminary findings of the evaluation which was still ongoing at that time in order to promote maximum development effectiveness during implementation of the 2005-09 Bank program in Ghana.

1.2 The report evaluates the Bank Group assistance to the Republic of Ghana in line with recommendations of the ADF VII-IX and OPEV's core mandate. The Ghana Country Assistance Evaluation (CAE) takes the country as a unit of analysis and attempts to evaluate the Bank Group's assistance to Ghana from 1996 to 2004, using the Bank's country strategy as a point of reference. The evaluation covers three Country Strategy Papers. These are: Country Strategy Paper 1 (1996 - 1998) (CSP1); Country Strategy Paper 2 (1999 - 2001) (CSP2); and Country Strategy Paper 3 (2002 - 2004) (CSP3). Collectively, in the 3 CSPs, the Bank approved loans and grants totalling UA376.5 million (net of cancellations) to Ghana.

1.3 The objective of the CAE is to assess the development effectiveness of the Bank's intervention by evaluating the contribution of the Bank's assistance towards meeting the expected outcomes in the Government's Strategic Document, the Ghana Poverty Reduction Strategy, and eventually in meeting the Millennium Development Goals. The CAE also draws relevant lessons learned from experience over the period in order to strengthen future Bank policies and procedures and improve the quality of Bank operations. The CAE will be used to develop the Annual Review of Development Effectiveness (ARDE).

1.4 The evaluation adapts the Country Assistance Evaluation (CAE) methodology of the Independent Evaluation Group (IEG) of the World Bank. The Bank Group assistance is assessed across three dimensions, namely, products and services, development outcomes, and contribution of the assistance to the results. The *products and services* dimension is a bottom-up approach which assesses major Bank inputs - loans, non-lending assistance, resource mobilization and aid coordination. The *development outcome* dimension is a top-down evaluation of the outcomes of the Bank's programme objectives aimed at poverty reduction. The third dimension attributes the *assistance results* to the Bank Group, the government of Ghana, other development partners and exogenous factors. The standard OPEV evaluation rating scales is used in the evaluation.

1.5 In order to compensate for the lack of self-evaluation (notably PCRs), Bank performance in Ghana is assessed using the Sector Reports prepared for this CAE and by relating to the Bank's corporate behaviour to agreed policies and practices. The CAE uses information from the Water Supply & Sanitation, Transport, Social, (Health & Education), Agriculture and Rural Development, and Multi Sector Reports, as well as information from Portfolio Review Reports, Mission to Ghana, and Bank's data base on project approval and disbursement trends. This approach is required because there were no PCRs completed for the 36 projects in the portfolio during the period under review. However, two Ghana Portfolio Reviews were completed in 1998, and in 2004. A draft PCR was done in 2002, but never finalized.

1.6 The report is presented as follows. Chapter 2, provides a brief description of the economic and social conditions for the period under review, as well as a summary of the main development challenges facing Ghana in 1996 and today. Chapter 3 presents an evaluation of the strategy pursued in Ghana by the Bank since 1996. The CSPs are reviewed and evaluated for relevance. Bank performance is evaluated using a 'bottom-up' review of major programme inputs - loans, non-lending assistance, resource mobilization and aid coordination. These are rated based on aggregate ratings provided by the sectoral reports. Chapter 4 provides a "top-down" analysis of the principal programme objectives. The performance indicators provided in the CSPs are used to measure expected Bank outcomes against the actual outcomes of programme objectives as observed by the evaluation. This is followed by a discussion of progress made toward the achievement of MDGs and a review of key cross-cutting issues. Institutional development impact and sustainability are also addressed before presenting an overall assessment of the development outcomes of Bank Group assistance to Ghana for the period under review. Chapter 5 attempts to attribute responsibility for programme outcome to the Bank, the Government, and other development partners, as well as examine how exogenous factors may have affected programme outcomes. Chapter 6 contains the lessons that can be learned from the evaluation of Bank assistance to Ghana and recommendations emanating from the CAE.

2. ECONOMIC AND SOCIAL BACKGROUND

2.1 Country Background

2.1.1 Agriculture is the mainstay of the Ghanaian economy accounting for 40% of the Gross Domestic Product (GDP) and employing about 51% of the labour force. The service sector accounts for 33% of the GDP and employs about 33% of the labour force, while the industrial sector, including manufacturing and construction, accounts for about 27% of the GDP and employs about 16% of the labour force. Cocoa and minerals are the main exports.

2.1.2 At independence the Ghanaian economy was among the most vibrant in Africa. The per capita income was second only to South Africa in Sub-Saharan Africa. This development was based on cocoa production, mineral resources including gold, bauxite, and manganese, and a forest area for timber. Up to the 80's Ghana experienced poor or declining growth in GDP. This can be attributed to policy shortcomings, weak international prices for cocoa and gold, spurts in oil prices and recurrent drought. The GDP growth rate was 0.6% between 1972-75 and -0.8% between 1976-82. The Economic Recovery Program (ERP) implemented in two phases between 1983-1988 was able to reverse the economic decline. The GDP growth rate recovered to 3.6% between 1983-86 and 5.2% between 1987-90. In the 1990s, with the slowing down of reforms following political liberalization, the GDP growth rate fell to 4.5% between 1991-95 and 4.4% between 1996-99. Government moved to restore fiscal discipline after the elections of 1996. GDP grew by 4.2% in 1997 and 4.7% in 1998. The period 1999-2000 saw another crisis due to a decline in international prices of gold and cocoa. Strong stabilization measures introduced in 2001, by way of stringent controls on wasteful government spending, reduction/restructuring of domestic debt, improved public expenditure management and improved fiscal resource mobilization saw an improvement in the GDP growth rate to 4.2 percent in 2001 and 4.5 percent in 2002. Debt relief under the Highly Indebted Poor Countries (HIPC) initiative has also helped in improving the fiscal position. Improvement was facilitated by higher cocoa production and favorable international prices for cocoa and gold. In recent years the Cedi has remained relatively stable against foreign currencies as compared to the earlier position.

2.1.3 Recent reforms have made the Ghanaian economy more open and market oriented, but they have done little to change the structure of production and employment. Agriculture is still the dominant sector followed by the services sector. The industrial sector remains weak, with the private sector still relatively underdeveloped. These challenges are rooted in Ghana's economic development following independence.

2.2 Poverty, Inequality and Social Conditions

2.2.1 With an estimated per capita income of US$389 in 2004, Ghana is classified as a least developed country (LDC). Table 1 provides key social indicators for Ghana in 1997 and 2003. Additional socio-economic data on Ghana is provided at Annex 2.

2.2.2 As a LDC, the dimensions of poverty in Ghana are defined in terms of income or consumption, lack of access to basic services, and deprivation in human development. At a 900,000 cedis poverty line, (about $1.06 per day), the incidence of overall poverty decreased from 51.7 percent in 1991/92 to 39.5 percent in 1998/99. The incidence of poverty in the northern regions, however, is over 70 percent, which is extremely high. Improvement in growth performance recorded in the 1980s brought some reductions in poverty but the reduction in poverty was uneven. The urban and forest zones in the south saw some reductions in poverty while in the rural and savannah zones, poverty actually increased. Furthermore, poverty in the central and northern regions increased while it decreased in the other regions. The overall reduction in the incidence of poverty was accompanied by an increase in the depth of poverty at the extreme poverty line, meaning that the poor were getting poorer.

Table 1: Social Indicators in Ghana (1997/98 - 2003)

Item		1997	2003
Per capita GDP (US$)		370	384
Life Expectancy (years)		54	60 (Women)
			55 (Men)
Access to Safe Water (% of Pop.)		65.8	74.1
Access to Health Services (% of Pop.)		37.2	57.6
Access to Sanitation (% of Pop.)		25.4	55.0
Primary Enrolment (%):	National	67.0	70.0
	Urban	71.9	79.3
	Rural	65.1	64.7
	Male	67.9	69.9
	Female	66.0	70.0
Secondary Enrolment (%):	National	40	38.1
	Urban	47.3	50.5
	Rural	36.2	28.7
	Male	43.6	37.9
	Female	36.4	38.4
Under-five Mortality (per 1000)		108	111
Infant Mortality (per 1000)		57	64
Maternal Mortality Rate (per 100,000 live births)		214	214
HIV/AIDS Prevalence Rate (%)		1.5	3.6
Adult Illiteracy:	Male		16.6
	Female		31.3

Source: CWIQ 1997 &2003; ADB Statistics Division

2.2.3 In terms of socio-economic groupings, poverty was more profound among food crop farmers with 59.4 percent of them living below the upper poverty line. Women make up the majority of the food crop farmers, hence, constitute a disproportionate percentage of the poor. The gains made in the poverty reduction benefited mostly the employees in the public sector, the formal private sector and export crop farmers.

2.2.4 The principal objectives of the Ghana Poverty Reduction Strategy were to ensure a stable macro-economy, achieve a moderate economic growth of about 5 percent, and reduce poverty. A favourable economic growth was to be translated into an improvement in the standard of living through greater investments in social services including education, health, sanitation, and access to safe water.

2.2.5 The impact of the recent macroeconomic stability on poverty is yet to be determined because of the absence of new data on poverty. However, some informed judgments could be made based on the performance of the formal sector. The favourable growth in the economy was led by the agricultural sector. This would have a positive impact on poverty since agriculture employs the bulk of the poor. Furthermore, with food crop farmers being predominantly women, any improvement in the food crop sector would reduce the gender disparity in income distribution.

2.3 Development Challenges and Constraints

2.3.1 Despite the progress achieved, perennial development challenges and constraints exist which need to be addressed if Ghana is to make the transition into an era of sustained development. The constraints include low savings and investment ratios, unsustainable fiscal deficits, vulnerability to external shocks, low agricultural productivity, poor infrastructure, low literacy rates, and the continuing external debt. These challenges and constraints are discussed below.

2.3.2 <u>Macroeconomic Constraints</u>

2.3.2.1 Low domestic savings and investment has increased government reliance on foreign inflows to finance development projects. Currently, about 40 percent of the total budget is financed through donor support. This increases the monetary base and could trigger higher rates of inflation and interest rates as well as crowding out the already low private investment.

2.3.2.2 Stagnating government revenue and rapidly increasing government expenditure has resulted in huge fiscal deficits and domestic debt. Fiscal deficit averaged 9% of GDP (per year) between 1996 and 2000. The interest payments on the domestic debt deprive the government of resources to finance development projects and promote economic growth.

2.3.2.3 Ghana's external debt service is now sustainable because of the HIPC debt service reduction. Ghana, however, assumes full responsibility of its debt obligations after 2013. Debt sustainability analysis has shown that the debt ratios would remain below the HIPC threshold levels before 2015, but would trend rapidly towards unsustainable levels after 2015 if Ghana maintains its narrow export base, and economic growth falls below 5 percent

2.3.3 Structural Growth Constraints

2.3.3.1 Ghana is a primary commodities producer with a narrow export base and therefore very vulnerable to external shocks in the form of fluctuating commodity prices. Declining commodity prices constrain foreign exchange availability and the importation of intermediate and capital goods necessary for economic growth and development. A broadening of the export base is hampered by the restrictive international trade practices of the developed world.

2.3.3.2 Low agricultural productivity is a major development constraint. Agricultural outputs are low relative to their potential outputs. The low productivity could be traced to numerous factors including lack of modernization of farming practices, diseases, weak extension service, land tenure problems, lack of credit, reliance on rainfall, post-harvest losses, lack of storage and processing facilities and poor road infrastructure. The state of Ghana's roads undermines development, especially, agricultural development. The bulk of the country's main roads are unpaved making it difficult for most rural farmers to transport their produce to the urban areas for sale, especially during the rainy season. The poor state of the roads also hinders access to employment opportunities, and the delivery of social services such as education, health, water and sanitation.

2.3.3.3 Lack of domestic capital resulting from low savings and the high cost of doing business in Ghana due to lengthy procedures of business registration, inadequate infrastructure, low labour skills, marketing problems, and high real interest rates, have resulted in a slow development of the private sector in Ghana. Equity financing is lacking and small businesses have very limited access to commercial banking facilities.

2.3.4 Human Development Constraints

2.3.4.1 The population of Ghana was estimated at 20.9 million in 2004 with a population growth rate of 2.1%. The population growth rate is lower than the 2.9% growth rate for West Africa and slightly higher than the 2% growth rate for less developed countries. A population growth rate of 2.1% or higher would lead to a rapid increase in population which would constrain sustainable growth and development because of: (i) increased investment in basic service delivery such as health and education to keep up with the demand by the population, (ii) increased pressure on marginal lands and causing environmental problems, and (iii) reduced household per capita resource availability for investment and an improvement in the quality of human capital.

2.3.4.2 Low primary and secondary enrolment, particularly secondary enrolment, pose serious problems in the future in terms of the level of education, skills, and employability of the labour force, and labour productivity. Employment in Ghana is predominantly in the informal sectors, particularly for those with little formal education, women, the vulnerable ones, and the rural dwellers. There is no reliable information on unemployment and underemployment, though some estimate that unemployment is between 10 and 20 percent, with youth unemployment between 20 and 30 percent. The lack of vocational and technical schools to train middle level professionals and tradesmen and tradeswomen is a key constraint to youth employment.

2.3.4.3 In the health sector key constraints include chronic under financing leading to lack of access to health services, the brain drain, and the HIV/AIDS prevelance which has the potential to drain scarce resources in the health sector as well as important human resources needed to further develop the country.

3. BANK GROUP ASSISTANCE TO GHANA: PRODUCTS AND SERVICES

3.1 Objectives of the Bank Strategy in Ghana

3.1.1 In light of the perennial development challenges presented above, this chapter presents an evaluation of the strategy pursued in Ghana by the Bank since 1996. It should be noted that the Bank's share of aid to Ghana is less that 3% of total assistance received by the country in any given year for the period under review. Therefore, the Bank's contribution is relatively small overall. Nevertheless, the CSPs are reviewed and evaluated in a 'bottom-up' review of major programme inputs - loans, non-lending assistance, resource mobilization and aid coordination. The main objectives of Bank strategy are identified and the CSPs are assessed in order to establish their relevance to the development issues facing Ghana and government development plans to address these issues. The lending (sectoral) interventions used to realize the Bank's objectives are evaluated with special attention given to Efficiency issues. Bank non-lending (analytical and advisory) services are also assessed. The chapter concludes with an aggregate assessment of Bank sectoral assistance to Ghana.

3.1.2 The Bank Group strategy was articulated in it's business plan for supporting Ghana's development agenda in the three Country Strategy Papers (CSPs) summarized below.

1996-1998 CSP (CSP1)

3.1.3 The Bank's lending strategy was to support the Ghana Government's Programme of Accelerated Growth and Poverty Reduction by improving the social and economic infrastructure and enhancing an enabling environment for private sector development. For a poverty reduction strategy to be effective, it had to target the social sector, invest in agriculture, provide feeder roads to the rural areas, and introduce policy reforms to pave the way for the growth of the private sector. Thus, the sectors identified for Bank's support were the social sector, the agricultural sector, the transport sector, and the multi-sector. In addition, the Bank Group considered financing viable enclave projects that could generate sufficient foreign exchange to service their debts. The private sector unit of the Bank was encouraged to go into joint ventures and to provide debt financing for viable private sector projects.

1999-2001 CSP (CSP2)

3.1.4 The Bank continued its support for Ghana Government's Programme of Accelerated Growth and Poverty Reduction. The continued need to improve access to social services, improve agricultural productivity, and rehabilitate the infrastructure was recognized. Thus, the strategy emphasized economic growth, integrated rural development, expansion of employment opportunities for the urban poor, and improved access by rural and urban poor to basic social services such as education, health care, water and sanitation and family planning services. The sectors targeted for Bank intervention were agriculture, transport, social sector, multi-sector, and water and sanitation. Policy reforms and dialogue were also proposed in the Bank strategy.

2002-04 CSP (CSP3)

3.1.5 The 2002-04 Bank strategy had its roots in the Ghana Poverty Reduction Strategy (GPRS). The strategy had poverty as its main focus and the Bank's interventions were aimed at strengthening the foundations for sustainable development through an improvement of social and economic infrastructure, while emphasizing the crosscutting issues of gender, environment and good governance. At the macroeconomic level, interventions were policy-based operations to support on-going economic reforms, particularly in areas where Ghana continued to have problems—fiscal management and the management of the public debt. The main goals of the strategy were: (i) sustainable equitable growth, (ii) accelerated poverty reduction, (iii) protection of the vulnerable and (iv) good governance. The goals were to be achieved by (i) ensuring macroeconomic stability for accelerated growth, (ii) increasing production, (iii) promoting sustainable livelihoods, (iv) promoting human resource development, (v) developing and implementing special poverty reduction projects for the vulnerable and the excluded groups, including gender equity projects, (vi) developing institutions and structures for good governance, (vii) increasing the capacity of the public sector and (viii) actively involving the private sector in economic growth and nation building. The sectors identified for Bank's support were agriculture, transport, social sector, multi-sector, finance, and water and sanitation. The Bank also accorded special priority to the Northern Regions and the Rural Areas where the incidence of poverty exceeded 60 percent.

3.2 Relevance

3.2.1 The sectoral reviews all point to Bank interventions being consistent with the needs of the project's beneficiaries, the country's development strategy and the ADB's overall policy priorities. Poverty reduction was the Government's primary objective. As a government partner, the Bank necessarily aligned its own strategy with that of the Government. This was done by intervening in various sectors grouped in three thematic areas of the Bank's strategy for the period under review: (i) enhancing macroeconomic stability; (ii) promoting economic growth, and (iii) fostering human resource development. The evaluation found that Bank strategy during the last three CSPs was principally articulated around these three 'pillars' (programme objectives) using lending instruments from the various sectors as presented in Table 2.

Table 2: Programme Objectives and Corresponding Sectoral Lending Instruments

Pillar	Sector
Macroeconomic Stability	Policy Based Loans (Multi-Sector)
Promoting Economic Growth	Agriculture, Transport, Private Sector Development
Human Resource Development	Health, Education, Water and Sanitation

3.2.2 The instruments used to realize Bank strategy were cast in the form of projects and programs in key sectors of relevance to poverty reduction. Due emphasis was placed on agriculture and rural development, social sector, and economic infrastructure like transport and public utilities. In agriculture, the strategy focused on enhancing productivity, national and family food security, crop diversification and the general development of the sector. In the social sector, emphasis was placed on increasing access to basic education, health care, and water & sanitation, particularly for the urban and rural poor. In the transport sector, the objective was to improve access of farmers to markets through the expansion of feeder roads and the development of road links from crop production to market centres. The strategy remained aligned with government priorities throughout the period under review. More recently, the 2002-04 strategy as contained in the CSP had appropriate linkages with the Ghana Poverty Reduction Strategy.

3.2.3 Overall, Bank strategy for the period 1996-2004 was relevant to the development problems of Ghana and was adequately aligned with government development plans.

3.3 Bank Lending Activities

3.3.1 Collectively under the three CSPs the Bank Group committed UA376.5 million, net of cancellations, for 36 operations in Ghana. Ninety-two (92) percent of the commitments are loans, of which 88% are ADF loans, 3% are ADB loans, and 1% are NTF loans. Eight (8) percent of the commitments are ADF grants. Table 3 below presents the size and distribution of the Ghana Portfolio within the period under consideration.

Table 3: Distribution of ADB Resources by Sector

Sector	% Distribution	No of Projects	Loan Amount UA(millions)	Grant Amount UA(millions)	Total Amount UA(millions)
Agriculture	25	12	93.75	2.03	95.78
Multi-Sector	24	5	86.34	5.00	91.34
Transport	23	8	83.42	1.96	85.38
Social sector	18	6	60.64	6.00	66.64
Finance	6	3	23.58	0.00	23.58
Water & Sanitation	4	2	0.00	13.75	13.75
Total	**100**	**36**	**347.73**	**28.74**	**976.47**

3.3.2 In terms of resources, the Bank's lending activities in Ghana were focused on (i) the agriculture and rural development sector, which accounts for 25 percent of the Bank Group portfolio, (ii) the multi-sector which accounts for 24 percent, (iii) the transport sector which accounts for 23 percent of the portfolio, (iv) the social sector which accounts for 18 percent, (v) the financial sector, which accounts for 6 percent, and (vi) water and sanitation, which accounts for 4 percent of the Bank Group portfolio. The portfolio is characterized by slow implementation. Out of the 36 operations, only 8 have been completed, 21 operations are on-going, and 7 are not yet effective. Of the 8 completed operations, 5 are the fast disbursing Policy Based Loans or Line of Credit, two are project loans and there has been one study. Annex 3 provides detailed portfolio information.

3.3.3 Bank strategy was implemented using a mix of lending and non-lending instruments. The following paragraphs present lending instruments used for the Bank's intervention in Ghana under each of the three programme objectives. It indicates the level of resources allocated to each objective as well the goals of the lending instruments used to achieve these objectives. A discussion of non-lending instruments is presented in the next section.

Lending Instruments for Macro-economic Stability

3.3.4 The instruments under the Multi-Sector used for Macroeconomic Stability in the three CSPs are listed in Annex 2A. The total Commitment, net of cancellations, to assist in Macroeconomic Stability was UA 88.3 million, or 24 percent of the Total Commitments in the three CSPs.

3.3.5 The main goals of the instruments for macroeconomic stability were (i) to achieve sustainable economic growth and poverty reduction, (ii) to rationalize and reform the central management of State Owned Enterprises (SOEs), (iii) to improve policy formulation and management process, and help recruit policy analysts to the cabinet, and (iv) to strengthen the national economic management capacity of the Government in formulating economic policy, maintaining economic debt and implementing development programmes

Lending Instruments for Promoting Economic Growth

3.3.6 The instruments for promoting economic growth were those in the agricultural sector, the transport sector, industry, mining and quarrying, and private sector. The instruments in the three CSPs are found in Annex 2B, 2C, and 2D respectively. The total Commitments to instruments to promote economic growth, net of cancellations, in the 3 CSPs, UA 204.78 million, represented 54% of the Total Commitment for all sectors in the 3 CSPs. The instruments had various objectives all aimed at promoting economic growth.

3.3.7 Bank interventions in the agricultural sector were to assist in establishing a robust, modernized and diversified agricultural sector that would (i) ensure national food security, (ii) raise the standard of living in the poor rural areas through improved agricultural productivity, and (iii) ensure adequate supply of agricultural raw materials at competitive prices for industrial production to foster industrial growth.

3.3.8 Interventions in the transport sector were (i) to improve the flow of the traffic between Accra and Kumasi, and the neighboring country, Burkina Faso, (ii) contribute to poverty reduction and economic development by improving the rural road network to enhance the transportation of agricultural produce (reducing the travel time, congestion and vehicle operating cost), and (iii) contribute to the growth of the Ghanaian economy by improving the state of the roads network in Ghana.

3.3.9 The lines of credit were (i) to provide credit resources to finance input requirements in the production of cocoa, cotton, poultry, food crops, fisheries and non-traditional exports, and also to finance women agricultural activities, (ii) to support the government's efforts to develop a strong, effective and integrated rural financial system, (iii) to provide loans for commercially viable projects mainly in agribusiness, mining and manufacturing sectors, and (v) to provide lines of credit to selected private financial institutions for on-lending to commercially viable small and medium scale enterprises .

Lending Instruments for Human Resource Development

3.3.10 The instruments for human resource development were those for the social sector and water and sanitation. The instruments in the three CSPs are found in Annex 2E and 2F. The Total Commitment in support of human resource development, net of cancellations, UA 80.39 million, represented 22% of the Total Commitment for all sectors in the 3 CSPs.

3.3.11 The principal objectives of the interventions for human resource development were (i) to improving access to quality senior secondary schools by junior secondary school graduates, (ii) to enhance the quality and efficiency of secondary school education, (iii) to enhance the management of secondary education, (iv) to improve the quality of basic health care and the overall health status in Ghana and (v) improve access to safe water especially in the rural areas and reduce the incidence of water borne diseases.

CSP Design and Implementation Issues

3.3.12 The objectives listed above for each of the three 'pillars' were pursued through Bank sectoral interventions. The degree to which each of these objectives was achieved is captured in the aggregate ratings of the sectoral evaluations. This is presented below, following a brief review of the selectivity of the sectors used to achieve Poverty Reduction and whether actual sectoral disbursements corresponded to the proposed strategy.

Selectivity

3.3.13 Table 4 gives a summary of planned versus actual sectors of intervention for the Bank Group since 1996. With regards to planned interventions, these were continuous in all sectors below except for Water and Sanitation for which there were no projects in CSP1.

Table 4: <u>Planned vs. Actual ADB Sectoral Interventions 1996-2004</u>

Planned ADB Sectoral interventions 1996-2004

	Agriculture	Transport	Social	Multi Sector	Finance	Water & Sanitation
CSP1	X	X	X	X	X	
CSP2	X	X	X	X	X	X
CSP3	X	X	X	X	X	X

Actual ADB Sectoral interventions 1996-2004

	Agriculture	Transport	Social	Multi Sector	Finance	Water & Sanitation
CSP1	X	X	X	X		
CSP2	X	X		X	X	X
CSP3	X	X	X	X	X	X

3.3.14 However, when the actual sectoral disbursements are compared to the planned disbursements program implementation does not always correspond to the proposed strategy. As indicated in Table 5 below, the 1999-2001 CSP proposed 23% of allocations for the Social Sector but only 2% of total resources were actually allocated to this sector. Social sector intervention in the 1999-2001 CSP emphasized primary health care. This was an appropriate intervention because of its direct link to MDGs notably Under-five and Maternal mortality. The social indicator showed that health service coverage was still very low. By not implementing the CSP, social outcomes for the CSP period were not realized. The resources went to Transport and Agriculture sectors instead because of 'the absorptive capacity of these two sectors' as stated in the CSP Update of 2001. In the previous CSP (1996-98) a similar situation prevailed where Agriculture obtained more that double the allocated amount in the strategy. The 2002-04 CSP did not propose specific sectoral resource allocations. Actual disbursements do not relate to proposed amounts or proportions of the overall resources available for the period. In short, it appears that the CSPs may have been demand-driven in the short term as opposed to having been used to allocate resources over a three year period as planned.

Table 5: CSP Proposed and Actual Sectoral Allocation

CSP PERIOD	SECTOR	PROPOSED (%)	ACTUAL (%)
1996 - 98			
	Social Sector	35	31
	Transport	25	14
	Agriculture	15	35
	Multi-Sector	25	20
1998 - 01			
	Social Sector	23	02
	Transport	40	19
	Agriculture	37	33
	Multi-Sector	0	31
	Water and Sanitation	0	01
	Finance	0	14
2002-04			
	Social Sector	n/a	49
	Transport	n/a	38
	Agriculture	n/a	8
	Multi-Sector	n/a	5

Comparative Advantage

3.3.15 The Bank’s strategic selectivity may also have been hampered by not identifying a comparative advantage towards which its operations could be directed. The Bank's strategy was relevant and the priority sectors were appropriately identified. However, selectivity of areas within sectors was not based on a comparative advantage. In the Education Sector, for example, the Bank is involved in the primary, secondary, and tertiary levels. This intervention at all three levels tends to dilute the impact of the Bank's intervention in the sector, as opposed to focusing on a determined level (vocational training, for example). Defining comparative advantage requires prior economic and sector work that remains to be done for the Bank’s Ghana program. Though the volume of resources may point to substantial Bank involvement in some sectors there is no conclusive evidence to indicate that Bank has a comparative advantage in any specific area at this time. Though it is suggested by Bank HQ staff that over the years the Bank has developed a comparative advantage in the agriculture & rural development and road transport sub-sector, the perception in the field differs. The CAE interviews with the Government and other donors did not confirm this was the case. Bank combined resource allocation to these sectors has been 49%, 53% and 47% of total CSP for the past three CSPs respectively. But allocation of resources alone does not confer comparative advantage.

3.4 Bank Non-Lending Activities

3.4.1 Bank assistance went beyond the delivery of financial assistance through projects and programs to include analytical and advisory services. These are economic and sector work, policy dialogue and advice, aid coordination and resource mobilization.

3.4.2 *Policy dialogue and advice:* The Bank conducted its policy dialogue with the government of Ghana through bilateral discussions or through donors consultative meetings with the Government of Ghana. The CSPs were all discussed with the government. Issues for which the Bank provided support include macroeconomic reforms, budget support, promotion of economic integration, private sector development, improvement in the quality of Bank portfolio, diversification of the economy, reform of the financial system, medium–term expenditure framework, public sector reforms and the PRSP process, strategies for poverty reduction, and good governance. However, these were not backed by Economic and Sector Work. As discussed above, if the Bank wishes to assert its perceived comparative advantage in certain sectors, it needs to have fuller policy dialogue with Government to continue and deepen reform. Also, the absence of physical presence of the Bank in Ghana hampered the Bank's ability to influence policy and decision-making on a regular basis. Bank policy dialogue and advice is rated unsatisfactory.

3.4.3 *Harmonizing Aid Coordination*: In collaboration with ADB HQ, the Ministry of Finance coordinates Bank Group operations in Ghana. It is also responsible for guaranteeing all external loans to the government. The Bank financed an on-going Capacity Building Project to strengthen capacity of the ministry. This effort is only beginning to improve coordination. Bank attendance at the Government-donor Consultative Group (CG) meetings held every two years in Accra and co-chaired by the government has been insufficient to ensure effective aid harmonization, among the Bank, government and other development partners. Most donors met were little aware of the Bank program or activities in Ghana and confided that Bank had a low profile mainly due to the absence of a Country Office. With better coordination with other donors than there is now, the Bank could get more mileage out of the same amount of financial assistance. Harmonizing Aid Coordination is rated unsatisfactory.

3.4.4 *Resource Mobilization* An important aid coordination mechanism for Ghana was its inclusion as a pilot country in the World Bank's Comprehensive Development Framework (CDF). The CDF is a process of enhancing government ownership and leadership of development programs, and bringing together partners behind these programs to support their implementation. The CDF approach is to enhance the effective delivery of the three Cs: Coordination, Consultation and Collaboration. Although the Bank Group decided in 1999 to join the CDF process and to co-ordinate the preparation of the CSP/CAS, it ended up not being party to any of the sector programs, largely because it has no field representation in Ghana. Since Ghana was selected for inclusion in the CDF process, inter-agency coordination has been strengthened through sector coordinating groups and mini CG meetings, which are held quarterly in Ghana. The Bank attends these meetings along with other donors.

3.4.5 After reaching a Completion Point in the Highly Indebted Poor Country (HIPC) initiative for debt relief of the IMF in July 2004, Ghana qualified for a US$2.2 billion debt relief in NPV terms, US$3.5 billion in nominal terms. The Bank Group share of the debt relief amounted to US$130.93 million or 11.9% of the total multilateral outstanding claims in end-2000 NPV terms (ADB/ADF 2005). On the basis of the above resource mobilization is rated satisfactory.

3.4.6 *Economic and Sector Work (ESW):* The Bank never carried out a systematic study of the Ghanaian economy. There is considerable scope for improvement by having more ESW on which to base CSPs because of the wide range of issues these strategic documents address. The three CSPs dealt, in varying degrees, with the extensive review of the performance of the economy, a review of constraints to development, government development agenda, Bank's lending program in the preceding programming period, and an indication of a lending program based on the Country Policy and Institutional Assessment (CPIA). CSPs also identified development constraints. There were some studies conducted during the period, but they were mostly feasibility studies aimed at guiding investment decisions in the relevant sector. More recently, the Bank prepared a Governance profile for Ghana and carried out economic and sector work relating to the implementation, monitoring and evaluation of the PRSP as well as an Agricultural Sector Review. But beyond this, CSPs that could have had their roots in economic and sector studies are largely based on government and development partner research documents, particularly the World Bank and IMF. There are also calls from Government and the other donors for the Bank to adopt a Sector Wide Approach notably in the Health and Education sectors. To this end, Bank has not undertaken sufficient Economic and Sector Work and Risk Analysis in order to better evaluate its role in SWAps. On the other hand, it bodes well that an ADB Agricultural Sector Review will be completed in 2005 as this ESW could contribute to mapping out Bank comparative advantage in that sector. Other similar efforts in the Transport sector and elsewhere will allow Bank to be much more selective in its project financing.

3.4.7 Policy-based loans that are demanding in terms of analytical work, background studies and policy framework papers are another area where ESW has been lacking. PBLs typically require detailed review of numerous diagnostic background documents from which outstanding issues are derived and developed into a matrix of policy reforms to be shared and owned by the government. Bank's resources for PBL operations, notably those allocated to analytical work and background studies, were not sufficient to enable the Bank to share leadership with the Bretton Woods Institutions (BWIs) in setting the tone of the programme design and implementation. Overall, Bank ESW has been unsatisfactory relative to the Ghana program.

3.5 Assessment of Lending and Non-Lending Activities

Portfolio Rating

3.5.1 This section uses the ratings of the Sectoral Reports allocated to the Bank’s project portfolio in Ghana to provide an evaluation of Bank lending and non-lending instruments in Ghana. Ratings from the four following reports were reviewed: Water Supply & Sanitation; Transport; Social Sector (Health & Education); and Agriculture. The Sectoral Reports focused on the lending and non-lending instruments used to achieve programme objectives. These were evaluated based on the five evaluation criteria, namely, (i) relevance (ii) achievement of objectives and outputs (efficacy), (iii) efficiency of allocation and utilization of resources, (iv) institutional development impact and (v) sustainability of project outcomes/results. These evaluation criteria were applied to individual projects and each criterion rated on a scale of 1 to 4 for each project. An overall rating is derived by finding the average of the individual ratings[1]. Tables 6.1 and 6.2 present the overall ratings of all sectoral interventions in Ghana for the period under review. An overall rating of outcomes for sectoral interventions is presented in Table 6.1. Institutional Development and Sustainability are presented separately in Table 6.2 (these two latter criteria are discussed in more detail in Chapter 4).

Table 6.1
Overall Rating of Outcome for Sectoral Interventions

Criteria	Average	Rating
Relevance	3	Relevant
Efficacy	3	Satisfactory
Efficiency	2	Inefficient
Outcome	**3**	**Satisfactory**

The detailed rating are found in Annex 6.

Table 6.2
Overall Rating of Institutional Development and Sustainability for Sectoral Interventions

Criteria	Average	Rating
Instititutional Development.	3	Substantial
Sustainability	3	Likely
Combined	**3**	**Satisfactory**

The detailed rating are found in Annex 6.

3.5.2 Based on the Sector Review Reports, operations in all sectors were rated relevant and efficacious. On relevance, the Social and Multi sectors were given the highest rating of highly satisfactory while Agriculture, Transport and Water & Sanitation were given a rating of satisfactory. The overall rating for relevance was given a rating of satisfactory. With regards to efficacy, all sectors were given a rating of satisfactory for an overall aggregate of satisfactory largely based on likelihood of projects achieving objectives as most projects are uncompleted or not yet effective.

3.5.3 Efficiency was rated unsatisfactory overall. The two completed projects and projects nearing completion were faced with delays and cost-over-runs leading to numerous inefficiencies. Rates of return on investment, the Economic Internal Rate of Return/The Financial Internal Rate of Return (EIRR/FIRR) calculated at the time of appraisal of project or time of project completion are tools for the assessment of the efficiency of resource use. Unfortunately, these indicators of efficiency of resource use have not been calculated for many of the Bank Group-assisted projects in all sectors. In the absence of these best-known indicators, other measures of efficiency such as time and cost overruns, capacity utilization, number of target beneficiaries reached, rates of loan recovery, when and where available, were used as proxy measures of efficiency. As indicated in Table 6.1, the outcome for sectoral interventions is rated satisfactory.

[1] These range from highly satisfactory (4 points), satisfactory (3 points), unsatisfactory (2 points) to highly unsatisfactory (1 point). Refer to Annex 5 for detailed sectoral ratings results and OPEV rating methodology.

3.5.4 On sustainability, all the sectors had a rating of satisfactory, hence likely to be sustainable. This was mostly due to improvement in supervision missions, improved allocation of counter part funds and the provisions of technical assistance and staff training.

3.5.5 On institutional development impact, the Agricultural sector, Multi sector and Water & Sanitation all had ratings of substantial impact, mainly due to introduction of reforms, staff training and provision of logistics. The Transport and Social sectors however, had rating of modest impact. Overall, institutional development impact was judged to be substantial.

3.5.6 The average rating for all criteria combined is satisfactory. However, efficiency stands out receiving the lowest rating (unsatisfactory). As documented in the Sector reviews the attainment of development objectives has been hampered by a number of inefficiencies. These include: poor project design (notably with regards to rigid conditionalities[2]), lack of communication between Bank Headquarters and Project Implementation Units in the field, slow project start-ups and ensuing disbursements, and weaknesses in project monitoring and supervision. These inefficiencies have been repeatedly noted in three successive Ghana Portfolio Reviews in 1998, 2002 and 2004 but have continued practically unabated. Lessons learned from these Reviews should have been incorporated and more importantly implemented in the last two CSPs.

4. THE OUTCOME OF BANK GROUP ASSISTANCE

The higher order objective of poverty reduction formulated in the CSPs cannot be achieved directly. The evaluation identified three intermediate goals pursued by Bank strategy to achieve poverty reduction in Ghana during the period under review. These goals or 'pillars' of Bank intervention are: support to macroeconomic stabilization, acceleration of pro-poor economic growth; and fostering human development. This Chapter evaluates the outcomes of these three pillars, i.e. the extent to which their developmental objectives have been achieved. CSPs establish performance indicators enabling the evaluation of the principal programme objectives. These indicators are usually developed within each CSP[3]. This evaluation uses the performance indicators provided in the CSPs in its evaluation of the principal programme objectives. It is these performance indicators which are used to measure expected Bank targets in the CSPs to the actual results obtained. This is followed by a discussion of progress made toward the achievement of MDGs and a review of key cross-cutting issues. Institutional development impact and sustainability are also addressed before presenting an overall assessment of the development outcomes of Bank Group assistance to Ghana for the period under review.

4.1 Macroeconomic Stabilisation through Reforms

Instruments used to achieve macroeconomic stability, totaled about 24% of the total commitment in the 3 CSPs. Although not all the targets have been met, Ghana has made remarkable progress in its efforts to maintain macroeconomic stability. The beginning of the period under review was characterized by rising inflation—it was 59.5% in 1995. Following a

[2] For example, the ERSO I, was disbursed in two tranches, whereas the World Bank disbursed a similar financial support in one-tranche, some conditionalities were waived by the World Bank while the Bank insisted on those same conditionalities.

[3] However, CSP1 did not contain performance indicators to measure its outcomes, whereas CSP2 and CSP3 did provide such indicators. In the latter two cases, the performance indicators were aligned with the Ghana PRSP.

tight monetary policy by the Bank of Ghana upon the advice of the IMF, the rate of inflation started to decline, reaching 14.5% in 2002. Between 1995 and 2002, the rate of inflation averaged 19.9% per year. Although the management of government budget remains a problem, the fiscal deficit is being gradually reduced. The overall deficit as a percentage of GDP was 5% in 2002. The 2004 budget projected a reduction in fiscal deficit from 3.3% of GDP in 2003, to 1.7% of GDP in 2004. The result of these efforts was manifested in the establishment of a stable macroeconomic environment, which has permitted a strong, albeit uneven, GDP growth since then. The performance of the economy has also impacted favourably on other development indicators such as poverty, private sector development and some progress towards the achievement of the MDGs. The Bank supported a series of adjustment programs aimed at removing distortions in the economy. The institutional support provided by the AfDB to Ministries enhanced institutional development and fostered programme sustainability (see Annex 2A for list of interventions). In this way, the Bank Group intervention has been relevant and effective in assisting Government maintain macroeconomic stability in Ghana. The Macroeconomic Stability programme objective is rated Satisfactory.

4.2 Economic Growth

4.2.1 The sectors that are crucial in promoting economic growth are agriculture, transport, industry, mining and quarrying, and the private sector. Instruments used for promoting economic growth, totalling about 54% of the Total Commitment in the 3 CSPs, include interventions in the Agricultural Sector, the Transport and the Private Sector. The Bank's interventions in this pillar were relevant because in line with Ghana's development plans and the Bank's lending strategy of the time.

4.2.2 A comparison of the expected targets to the actual results achieved reveals that although not all the targets were met, progress was made in the Governments efforts to promote economic growth. The agricultural sector's growth rate of 7.5% in 2004 exceeded its target growth of 2.4%. The upward trend in agricultural growth has been sustained since 2001, unlike the 1990s when the growth rate fluctuated. The growth rate in agriculture contributed significantly to the overall economic growth rate of 5.8%. The need to modernize agriculture has been clearly identified. The Bank provided the much needed financial resources to support GoG development efforts, and much so the needed foreign exchange to finance projects in the sector. Completed projects achieved most of their development objectives of increased agricultural growth (particularly food production), increased agricultural/rural incomes, rural employment generation, foreign exchange conservation or earnings and rural poverty reduction. Outputs included capacity building at public, private and Farmer Based Organizations (FBOs) level and economic and social infrastructure such as rural feeder roads, schools, dispensaries/health centres, potable water supply and sanitation. The overall performance of the Bank Group's portfolio of agricultural and rural development projects was satisfactory in the achievement of long-term development objectives. However, output of major crops continue to depend on rainfall and post-harvest losses continue to be a problem. ADB agriculture interventions in support of Government are listed in Annex 2B.

4.2.3 In the transport sector, a comparison of the expected outcomes to the actual outcomes shows that although specific targets were not met, Ghana is making good progress in its efforts to improve the road network by expanding and upgrading the road infrastructure, especially feeder roads to facilitate economic activity and promote economic growth. ADB transport interventions in support of Government are listed in Annex 2C.

4.2.4 On Private sector development, the Government made some progress in creating an enabling environment for private sector development including a stable macro economy, lower interest and lending rates, legal reforms, reduction in bottlenecks in business transactions, and tax breaks. Nevertheless, the private sector remains relatively underdeveloped in Ghana. Annex 2C lists ADB lending instruments in the transport sector.

4.2.5 Despite these uneven results, the Bank group interventions were relevant and effective overall in assisting the government promote economic growth in Ghana and helped to improve Government capacity to implement reforms. Overall, the rating for the economic growth program objective is satisfactory, though to a lesser degree than in the macroeconomic stabilization program objective.

4.3 Human Development

4.3.1 The sectors considered under Human resource Development are Social Sector and Water and Sanitation. Instruments used to promote human development, totaled 22% of the Total Commitment in the 3 CSPs. The evaluation provides a mixed signal. Some progress was achieved in the Education sector as approximately 40% resources allocated to projects have been disbursed. Overall, primary enrolment rate improved marginally throughout the country from 67% in 1997 to about 70% in 2003. Enrolment in the rural communities, however, dropped from 65% to 62% in the same period, with female enrolment exceeding male enrolment. Access to secondary schools also increased but access in rural areas still remains a problem and still lags behind the national average.

4.3.2 In Health, the only Bank project (Health Services Rehabilitation III) is yet to commence. Efficiency in the start-up process for this project has been low, as negotiations have taken two years so far. In Ghana, infant and under-five mortality rates increased from 108 per 1000 in 1997 to 111 per 1000 in 2003, with mortality rates in rural areas considerably higher. There was virtually no change in maternal mortality of 214 per 100,000 from 1997 to 2003. Immunization coverage decreased from 77.9% in 2002 to 75% in 2004, while HIV prevalence rate increased from 1.5% in 1997 to 3.6% in 2003. On the positive side, overall access to health facilities improved from 37% in 1997 to 58% in 2003 with the greatest improvement among the urban poor. There was only a marginal improvement for the rural poor within the same period.

4.3.3 In the Water Sector, the only Bank project Rural Water Supply and Sanitation Program approved in 2004, has not yet started. The proportion of the urban population with access to safe source of water declined from 92% in 1997 to 87% in 2003. Only 40% of the rural poor had access to safe source of water in 2003. Overall, access to safe sanitation improved from 40% to 67% for the urban poor within the same period. Access to safe sanitation for the rural poor, however, improved marginally from 8.5% in 1997 to 9.2% in 2003.

4.3.4 Though 31% of Bank resources went to the Social Sector in CSP1, the 1999-2001 CSP did not deliver resources to the Social Sector as planned (as noted earlier). CSP3 dedicated 49% of the resources to the social sector, but CSP3 projects are not yet effective. The lack of reference to strategy, notably during CSP2 implementation, coupled with the poor efficiency in Bank products delivery in the Social Sector are key factors that have likely reduced this pillar's relevance and inhibited its efficacy. The rating for the Human Development program objective is rated Unsatisfactory.

4.4 Institutional Development

4.4.1 ID impact is defined as the extent to which Bank operations improved the ability of Ghana to make more efficient, equitable, and sustainable use of its human, financial, and natural resources. This includes better definition, stability, transparency, enforceability and predictability of institutional arrangements. The evaluation finds that the Bank had a modest impact on ID in Ghana mainly due to inefficiencies in program delivery and the lack of ESW to better determine needs.

4.4.2 Excessive reliance on the project-oriented approach which tends to limit institutional capacity building and brain drain has underpinned the weak ID impact. Also, inadequate staffing makes institutional strengthening from Bank supported interventions increasingly difficult. The human resource problems in the Government have to be met by a concerted effort involving the Government and all development partners. Bank could better lead in this area through ESW.

4.4.3 There have nonetheless been some notable successes regarding institutional development. As a result of human capital development, improvements in agricultural sector planning implementation, monitoring and evaluation were carried out within the PPMED of MOFA. The Research capability of CRIG, and the training capacity of Bunso Cocoa College were enhanced. The institutional capacity of AgDB has been built up through recruitment and training of staff, appropriate skill-mix, computerization of operations and improved mobility of staff for efficient credit disbursement, monitoring and supervision and opening of more branches. Modest gains were made in private sector development and capacity building for Farmer-Based Organisation (FBOs). ID is rated Satisfactory.

4.5 Sustainability

4.5.1 The sustainability measure reflects the resiliency to risks of Bank interventions as measured by their likelihood of being self-sustaining after funding ceases.

4.5.2 In terms of institutional sustainability, most Bank supported interventions have contributed towards sustainability through staff training. However, brain drain is a major threat to the sustainability of training and human resources development components of the Bank portfolio. It has not been within the power of either the Bank or the Government to stop professionals from leaving Ghana or to prevent foreign recruitment agencies contracting large numbers of skilled and highly prized Ghanaian cadres. The Government is taking a concerted action to reverse the brain drain, which is a major threat to sustainability of donor funded interventions.

4.5.3 It was noted that in some instances, sustainability could be hampered by the project-oriented approach. The practice of using a Project Implementation Unit in executing projects with specially hired staff creates institutional problems by creating a parallel structure. The parallel structure is time bound and after completion of the project, the Government staff can no longer capitalise on the skills vested in the Project Implementation Unit. Both the Ministry of Health and the Ministry of Finance have raised such concerns and prefer that the Bank joins the SWAp which relies on existing government structures, thereby enhancing the likelihood of sustainability.

4.5.4 Bank supported social funding components of projects are perceived to be better managed than in the public sector. In the Transport sector, Road safety is an important ingredient of sustainability. Well planned, designed, programmed and executed road projects will deliver smooth flow of vehicles with safe movement of passengers, goods and services. The Government has established a National Road Safety Commission within MRT to improve the safety of drivers, passengers and properties. Enforcement was lacking before but now the Government is commitment to enforce the safety rules.

4.5.5 Financial and economic viability are also likely. Where infrastructure development is involved (Education or Health sectors), the ownership and sustainability are at risk due to lack of local participation in projects design. Local staff appears to be passive spectators in seeking solutions to major maintenance problems confronting projects. For example, at the Effia Nkwanta Regional Hospital in Sekondi-Takoradi, sustainability is severely threatened by the fact that a maintenance workshop was not built.

4.5.6 Overall, no serious risks that can threaten the sustainability of Bank assistance were identified as the government, civil society and donors are fully committed to Bank interventions during the period under review. Sustainability is therefore likely.

4.6 Performance with respect to Millennium Development Goals (MDGs)

The CAE found that in terms of halving the incidence of poverty by 2015, Ghana is on track. However, the overall trend in MDG indicators shows that most MDG targets cannot be met by 2015 unless there is a considerable scaling up of efforts and resources to accelerate growth. According to a recent MDG Needs Assessment (ISSER 2004), over 2 billion dollars per annum are required over the next 11 years if the MDGs are to be met in Ghana. Out of the eight goals, the maximum that can be achieved is three without any changes in resource flows and policy orientation. Areas that require urgent attention are health, education, poverty and hunger. Though the Bank has assisted Ghana in its efforts to meet the MDGs as documented in sectoral reports, changes in the planned strategy during CSP implementation notably in the social sector and poor efficiency in Bank products delivery across all sectors are key factors that have likely inhibited the Bank's ability to achieve full development effectiveness in Ghana. Though both Bank and Government made some progress in the area of human development, clearly much remains to be done.

4.7 Cross-cutting Issues

4.7.1 Gender: Bank gender interventions were mostly related to the social sector in which the Bank gender dimension was generally directed towards improving the condition of women. For example, in the context of improving district health services and the rural referral system, women benefit most as they use health facilities more than men (in 2001 health attendance for female was 58%). In the Pre-Investment Design and Engineering Studies project, there was emphasis on gender, by studying the problems of improving district health service delivery and improving the quality of the teaching hospitals, which, promise to be of benefit to women. The more recent Bank Health Sector policy papers show increasing awareness of a gender dimension in health. The challenge to the Bank is to operationalise and mainstream gender into projects in all sectors. This is important considering Ghana has made progress in reducing gender disparity in access to economic and social opportunities but there is still room for improvement. Gender parity in primary education has been improving steadily, rising from 66 percent for females and 68 percent for males in 1997/98 to about 70 percent for both males and female in 1993. The secondary school enrolment was also about the same for both males and females in 2003, i.e. 38 percent. However, achievements in female education tend to decrease along the education ladder. Factors adversely affecting female enrollment in education include cultural and traditional practices like early marriages. Females suffer the incidence of poverty more than males, as they constitute a larger proportion of food crop growers, the economic grouping with the highest incidence of poverty. Moreover, the observed declines in poverty have benefited males more than females. Official unemployment rate for women is above the national average. Women are however more dominant in self-employment in areas such as subsistence agriculture and urban informal sectors. There is thus a big challenge before the government to close the gender disparity and bring women into the mainstream of development activities.

4.7.2 Governance: A key element of government strategy in poverty reduction is an increase in the efficiency of resource use in the social sector. This calls for good governance in the use of public funds in addressing poverty reduction. It is against this background that the government sought and obtained a loan for UA 3 million in 2001 for institutional capacity building towards good governance. The project was to promote good governance in the areas of accountability, efficiency, transparency and anti-corruption. The project goal would be realized through strengthening the institutional and human resource capacity of the Parliamentary Service, the Commission for Human Rights and Administrative Justice, and the National Development Commission that is responsible for the PRSP process. This project is still ongoing with about 26 percent disbursement (May 2005). It is therefore difficult to pronounce on its achievements.

4.8 Overall Outcome

4.8.1 Bank strategy has been relevant to the needs of Ghana between 1996 and 2004. The Bank achieved results in Ghana during the period under review through its support to projects as documented in the Sectoral Reviews. For example the Economic Reform Support Loans, ERSO I and ERSO II, together with the Institutional Support Loan to the Ministry of Finance contributed to the country's sound macro-economic performance; the Poverty Reduction Project of the Bank has empowered women and small medium scale enterprises in the rural areas, and has been highly successful because of the dedication and quality of management; the Tetteh-Quarshie interchange Project of the Bank has eased traffic congestion considerably on the Airport-Legon-Madina road; and lastly, the Agricultural Line of Credit loan benefited about 350,000 farm families in the agricultural sector and generated employment for about 20,000 fishermen. The improved production of food crops (maize and legumes) under the Lines of Credit improved food security. In the education sector, the facilities and training provided with the Bank interventions are well utilized, and enrolment at both the primary and tertiary levels has increased following the completion of the projects.

4.8.2 The outcomes of Bank interventions for the period under review, notably with regards to CSP3 is yet to be felt. So far outcomes appear to have been hampered by changes in the planned strategy during CSP implementation and poor efficiency in Bank products delivery. Overall, the greatest outcomes of Bank's support were realized in macroeconomic stabilization followed by its support for promoting economic growth. Outcomes realized in the area of human development were weakest as presented in Table 7.

Table 7: Summary of Outcome Rating by Objective

Development Objective	Outcome Rating
Macroeconomic Stability	Satisfactory
Promoting Economic Growth	Satisfactory
Human Resource Development	Unsatisfactory

4.8.3 However, the Evaluation points to potential future successes in all areas, most notably in the area of Human Development, provided the portfolio is managed more efficiently.

5. CONTRIBUTORS PERFORMANCE

5.1 ADB Performance

5.1.1 This Chapter attempts to attribute responsibility for program outcomes to the three categories of actors—the Bank, the Government, and other development partners as contributors to country outcomes, as well as examining how exogenous factors may have affected outcomes.

5.1.2 The Bank's strategy in Ghana has been relevant and efficacious. However, Efficiency in implementation was unsatisfactory. The Bank's support to macroeconomic stabilization was satisfactory and ranked highest followed by its support for promoting economic growth which was also satisfactory and human development which was unsatisfactory, in that order. Overall, ADB performance is rated Satisfactory but with room for substantial improvement by addressing the following issues that have hindered achievements in the last three CSPs :

- Grounding Bank Strategy in Economic Sector Work (ESW) ;
- Following-up earnestly on lessons learned from past experience to improve efficiency in Bank Products delivery; and
- Strengthening Monitoring and Evaluation (M&E) both at the Bank and within the Government of Ghana

5.1.3 *Grounding Bank Strategy in ESW:* Bank strategy was not sufficiently grounded on ESW, which at times led to program implementation being different from the proposed strategy. This situation is exemplified in the social sector intervention in the 1999-2001 CSP which emphasized primary health care. The change in the strategy impacted on the development effectiveness of the Bank's support to MDGs as discussed in Chapter 2. In addition, the Bank’s strategic selectivity may also have been hampered by not identifying an area of comparative advantage towards which its operations could be directed. As demonstrated with the Transportation sector, allocation of resources alone does not confer comparative advantage.

5.1.4 *Follow-up Lessons:* Two Ghana Portfolio Reviews were completed in 1998 and in 2004 providing lessons to improve Bank effectiveness in Ghana. Another Review was drafted in 2002, but never completed. Inefficiencies have been repeatedly noted in these successive Ghana Portfolio Reviews but have continued nonetheless. For example, overall, the portfolio continues to be characterized by slow disbursement. The average time for a loan to be effective in CSP1, was 25.9 months; for CSP2, the average time was 19.75 months, and for CSP3, the average time currently stands at 11.6 months, with seven projects still not effective. It was pointed out that the Bank does not respond timely to request from Project

Implementation Units (PIUs), especially on disbursement and documents sent for approval. Lessons learned from these Reviews do not appear to have been registered in the last two CSPs. The lessons emanating from the recent 2004 CSP should be a key consideration in delivering Bank interventions in Ghana.

5.1.5 Furthermore, Ghana's aggregate portfolio performance is rated below Bank average on Development Objective (DO) measures, and about the same as the Bank Average on Implementation (IP) measures. According to the Annual Portfolio Performance Review (APPR), the percentage of problem projects on IP criterion for Ghana's portfolio was 18.8, 10.5 and 6.3 in 2001, 2002 and 2003 respectively. The Bank average was 10.4, 11.5 and 7.8 for the same years respectively. The improvement since 2002 helped to reduce the percentage of problem projects to about the bank level. On DO measure, the percentage of problem projects was 6.3, 5.3 and 6.3 for the same years respectively. Bank average was 4.6, 3.8 and 4.9 for the years respectively. There were 8 projects at risk in 2002, amounting to 57.3% on commitment basis as against an average of 46.0% for the Bank. There was a slight improvement in 2003 with 7 projects (53.2% of commitments) being at risk as against Bank average of 46.2%[4]. The conclusion that can be drawn here is that Bank ongoing (or active) portfolio in Ghana is performing relatively below Bank average. Therefore, it deserves closer monitoring and supervision and portfolio improvement measures. This is important considering it is likely inefficiencies prevented the Bank from achieving greater development outcomes over the last three CSPs, and that unless inefficiencies are addressed this tendency will likely continue in the next CSP.

5.1.6 The Bank has begun working with the government in this regard through initiatives such as a loan administration seminar in Accra during February 2004, intensifying supervision missions, strengthening the ADB desk, and undertaking quarterly video-conferencing since April 2004, to review progress on the quality of the portfolio. The bank will need to organize Project Implementation Workshops in Accra to address the inefficiency, disbursement, and procurement issues. The Bank needs to sustain these efforts through careful attention to lessons learned.

5.1.7 *Strengthening Monitoring and Evaluation:* Outcome indicators are key to a sound M&E system. None of the past three CSPs were supported by a set of medium-term outcome indicators as well as a sound monitoring and evaluation system to help determine the effectiveness of Bank's assistance program. Indeed, CSP1 contained no performance indicators whereas CSP2 and CSP3 had indicators identical to those in the GPRSP. Though these two CSPs presented acceptable longer-term indicators crucial to judge the success of the government's poverty reduction strategy, they did not provide monitorable medium-term outcome indicators. The lack of a sound monitoring and evaluation system in the CSPs was compounded by the absence of compatible monitoring and evaluation systems within Government.

5.1.8 These shortcomings may be explained in part by insufficient country team coordination at HQ and the absence of a Bank Country Office in Ghana. However, the fact that Abidjan is only a short flight from Accra should have enabled more presence on the ground than actually occurred during the period under review. The absence of Bank presence in Ghana has rendered government dialogue and donor coordination less effective in an environment of increased aid harmonization. In addition, change of Government in December 2000 likely translated into new priorities for the Bank's program in the field.

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[4] African Development Bank, 2002-2003 Annual Portfolio Performance Review

5.2 Government Performance

5.2.1 After the 1996 elections, the Government began formulating a new economic reform programme aimed at restoring fiscal discipline and reducing inflation, and implementing important structural reforms in the cocoa, financial and energy sectors. However, civil service and public sector reforms are still lagging. Systemic deficiencies in the public sector are linked to poor public sector remuneration and weak regulatory environment for efficient public management. Nevertheless, the GoG demonstrated ownership and commitment to the successful implementation and operation of the Bank programme. But there have also been problems. A number of factors affected the smooth implementation of some Bank Group-assisted projects. These include: (i) delays in fulfilling conditions precedent to loan effectiveness; (ii) non-compliance by some PIUs with Bank rules and procedures for the procurement of goods and services, and for the disbursement of loan funds; (iii) inadequate or delays in providing counterpart funds; (iv) weak co-ordination between the ADB Desk at the Ministry of Finance and Economic Planning (MFEP) and the PIUs; and (v) lack of human and institutional capacities in some executing agencies, in particular the failure to maintain project accounting and the inadequate monitoring and supervision of project implementation. Another factor affecting the implementation of projects is that today projects have become more complex in terms of design with more combinations of components, and this complex nature makes their implementation more difficult by such PIUs, which are institutionally weak and lack competent manpower.

5.2.2 There remain weaknesses in management capacity including slippage in loan effectiveness, delays in procurement, irregular submission of progress reports, and delays in undertaking and submitting financial audit reports of project accounts. Considering the number of projects in the country, counterpart funds constitute a heavy burden on the government budget. However, problems relating to the provision of counterpart funds have been addressed with a budgetary protection for counterpart funds in subsequent budgets. Project implementation delay is still a major problem affecting the ongoing projects. Lags between estimated and actual completion dates have been attributed to (a) lack of knowledge of Bank Group regulations and procedures; (b) rigid and lengthy procurement procedures imposed by the Bank Group; (c) delayed disbursement procedures from the Bank Group; (d) slow and untimely release by Borrower of counterpart or matching funds due to Government budgetary problems. Both the Bank and the Government have taken steps to address some of the implementation bottlenecks resulting in a progressive improvement in the pace of project implementation. The Bank now systematically undertakes supervision missions for on-going projects and launching missions soon after loan effectiveness of projects. Also national workshops have been organized in Ghana to familiarize the staff of the PIUs with Bank Group rules and procedures of procurement and disbursement. PIU management teams are encouraged to make frequent visits to the Bank Headquarters to resolve any outstanding issues related to project implementation. To tackle the problem of counterpart funds, the Government has made it a policy not to implement any new projects unless there are adequate provisions for counterpart funds in the national budget. On the basis of these developments, GoG performance is rated Satisfactory.

5.3 Other Development Partners

5.3.1 Donors share information and lessons learned, and explore new opportunities through various committees and groups. These include Sectoral Committees, a World Bank-led Consultative Group, the Multi-Donor Budgetary Support (MDBS) Group (where the Bank

Group is a member of the group and a financier), and ad hoc groups that focus on specific concerns and issues. The MDBS program is a common-basket initiative which promotes key policy reforms. The other members are the World Bank, European Union, Canada, Denmark, Netherlands, Germany, Switzerland, and the United Kingdom. The Sectoral Committees meet on regular basis with or without the participation of the government.

5.3.2 Donors have also organized themselves along thematic groups to facilitate the mobilization of resources to support the Government's efforts in development. Government-Donor thematic Groups are found in the areas of Poverty Reduction, Governance, Health, Roads and Transport, Education, Agriculture/Food, Public Finance, Decentralization and Rural Development, Energy, Private Sector and Industrial Development, Urban Development, Water, Natural Resources and Environment, and the Financial Sector. Each Thematic Group is coordinated by the relevant Government ministry and one or two development partners. The ADB participates in the meetings of these Thematic Groups.

5.3.3 Donors provide support to sector programs including agriculture, education, health, roads, and good governance. The Government received assistance from DFID to reform the civil service, while the World Bank provided assistance to reform the public sector. The African Development Bank is also providing assistance to the Ministry of Finance and Economic Planning to strengthen the capacity of the Ministry to formulate economic policy, manage national debt, monitor the implementation of development projects, and facilitate the participation of civil society in economic management. Some donors complement the efforts of the Bank. For example, DFID is involved in primary education while the Bank is involved in all levels of education; CIDA and the Bank are both involved in the Agricultural Sector. However, other prominent donors said they had a very little information about the Bank's interventions in Ghana. This is an indication of the lack of profile the Bank has in the donor community in Accra.

5.3.4 The private sector, including NGOs, are increasingly becoming important players in all sectors. For example, Oxfam's sustainable livelihoods programme is the fulcrum of the Ghana Programme with emphasis on food and income security for poor women and men in the three northern regions of Ghana where poverty is beginning to be endemic. Overall, donor coordination is excellent in Ghana but the Bank has not taken advantage of this dynamic as evidenced by its low profile in the donor community.

5.4 Exogenous Factors

5.4.1 As a primary producer, Ghana is vulnerable to fluctuations in international commodity prices. In 1999, there were sharp declines in the world prices of cocoa and gold, the country's major exports. There were simultaneous increases in the prices of petroleum products also. The combination of the two events led to external terms of trade deterioration and was partly responsible for the economic slow-down of that year.

5.4.2 Uncertainty in official transfers is another external factor of concern. In 1999 for example, there were substantial shortfalls in official transfers and even for those that were received, there were considerable delays. These affected the external accounts. For example, the current account deficit, including grants, increased from 4.7% of GDP in 1998 to 10.6% of GDP in 1999.

5.4.3 Ghana relies almost exclusively on the availability of rains for the performance of the agricultural sector and its hydro electricity generation. Periodic droughts emanating from unpredictable weather conditions are likely to affect agricultural performance and electricity generation. For example, in late 1997, the water level of Lake Volta fell drastically, as a result of poor rains, and disrupted hydro electricity generation by the Akosombo Dam.

5.4.4 These exogenous factors can wreck havoc to even the best of development plans and policies and can therefore pose significant threat to the sustainability of an assistance program. In order to prevent this, there is an impending need to diversify the production base of the economy, reduce its dependence on rain-fed agriculture, embark on programs for domestic resource mobilization and find alternative sources of energy.

5.4.5 The negative spillover effect of political upheavals in parts of the West African region over the last two decades continues to pose significant challenges for sustainable growth in Ghana. The instability in the region has the potential to dampen Ghana's growth and stability prospects. Overall, exogenous factors impacted negatively on the Ghanaian economy and thus on the Bank program for the period under review.

6. LESSONS LEARNED AND RECOMMENDATIONS

6.1 Lessons Learned

6.1.1 Relevance, though a necessary condition for satisfactory Bank performance, is not sufficient on its own. Changes in the sectoral allocation of resources suggest that CSPs may have not have been utilized as planned to guide the Bank intervention during program implementation in Ghana. By not implementing the CSPs key outcomes in the social sector were not realized which in turn impacts on MDGs.

6.1.2 The Ghana programme appears at times to have been demand-driven rather than CSP-driven. Lack of reference to strategy during CSP implementation is a key factor that has likely inhibited the Bank's ability to achieve full development effectiveness in Ghana. Poor efficiency in Bank products delivery is another critical factor.

6.1.3 Bank ongoing (or active) portfolio in Ghana is performing below Bank average and is deserving of closer monitoring and supervision and portfolio improvement measures. This is important considering it is likely inefficiencies prevented the Bank from achieving greater development outcomes over the last three CSPs, and that unless inefficiencies are addressed this tendency will likely continue in the next CSP.

6.1.4 The last PCR for a project in Ghana was in 2001. As PCRs are not carried out in time or systematically, it is increasingly difficult to retain lessons learned from past experience. This is largely due to the incentive structures and resources provided for doing this kind of exercise etc. in the Bank. The WBG has developed a number of incentives and measures to ensure resources are available for PCRs. They could be emulated by the Bank, as it is important to carry out PCRs without delay so that lessons learned may be used elsewhere on a timely basis.

6.1.5 As M&E is not carried out in time or systematically, it is increasingly difficult to retain lessons learned from past experience. This can be remedied by carrying out M&E activities without delay so that lessons learned may be used elsewhere on a timely basis.

6.2 Recommendations

6.2.1 Selectivity should be given more attention considering CSPs have tended to be demand-driven in the short term instead of used to allocate resources over the planned period. This has resulted in interventions in as many as six sectors simultaneously. Also, the mix of lending and non-lending instruments used to achieve synergy among various Bank endeavors during the programming period should be carefully developed at the outset of the CSP.

6.2.2 Economic Sector Work (ESW) is key to building the information/knowledge base to underpin the Bank's lending operations and to inform the policy dialogue process. ESW should become a prerequisite to enhancing the quality of Bank interventions. It is imperative that the Bank Group initiate Economic Sector Work, which could be carried out solely or in conjunction with other development partners (World Bank/IFAD). To this end:

- Bank should seek to leverage funding and augment its own resources devoted to ESW (i.e. surveys, studies, programme design, etc.) and for sector interventions, as well as for policy-based loans in support of balance of payments and budget support. Effective ESW cooperation with other donors can minimize costs, maximize impact and increase the likelihood that action will be taken.

- With regards to PBLs the Bank should better partner with BWI in setting the tone of programme design and preparation. Special attention should be paid to policy issues linked to ongoing and/or planned sectoral interventions in the CSP.

- The Bank should move to joining SWAPs in the Social Sector with other donors based on sound ESW.

- The Bank should pursue its Multi-donor Budget Support (MDBS) while ensuring its intellectual contribution to this type of intervention is well founded in ESW.

6.2.3 Lessons learned from past experience should be incorporated in the Bank Ghana program to reduce inefficiencies. PCRs are not carried out in time or systematically and thus there are few useful lessons learned from PCRs. This can be remedied by carrying out PCRs without delay so that good lessons learned from success stories can be used elsewhere on a timely basis. There is also need to ensure adequate budget for preparation of PCRs.

6.2.4 Efficiency issues should be vigorously addressed with special focus on the ongoing portfolio. CPR need to be carried out on a regular basis. The Country Director should draw an action plan to be current on PCRs and CPRs. Improvements should be measured in the 2006 CPR.

6.2.5 The 2005-09 CSP requires an explicit evaluation framework and verifiable performance indicators. Though it provides for a CSP Progress Report to be prepared in 2007 (for mid-course correction), as with its predecessors, it will be difficult to compare actual outcomes against intentions in the new CSP unless indicators are well defined. The current 2005-09 CSP Framework should be reviewed to ensure it contains an evaluation framework with verifiable objectively measurable performance indicators for both mid-term and final CSP evaluations.

GHANA : ADMINISTRATIVE MAP

This map has been drawn by the African Development Bank Group for the exclusive use of the readers of this report to which it is attached. The names used and the borders shown do not imply on the part of the bank and its members any judgement concerning the legal status of the territory nor any approval or acceptance of these borders.

Ghana Socio -Economic Indicators

	Year	Ghana	Africa	Development countries
Basic Indicators				
Area (“000 km²)		239	30.061	80.976
Total Population (millions)	2003	20.9	849.5	5,024.6
Urban Population	2003	42.2	39.2	43.1
Population Density (per Km²)	2003	87.7	28.3	60.6
GNI per Capita (US $)	2003	320	704	1154
Labor Force Participation –Total (%)	2003	50.1	43.3	45.6
Labor Force Participation –Female (%)	2003	50.2	41.0	39.7
Gender Related Development Index Value	2002	0.564	0.476	0.655
Human Development Index (Bank Among 174 countries)	2002	131	n.a.	n.a.
Population Living Below $ 1 a Day (% of Population)	1995	…	46.7	23.0
Demographic Indicators				
Population Growth Rate –Total (%)	2003	2.2	2.2	0.6
Population Growth Rate –Urban (%)	2003	4.2	3.8	2.9
Population <15 Years (%)	2003	40.6	42.0	32.4
Population ≥65 Years (%)	2003	3.5	3.3	5.1
Dependency Ratio (%)	2003	75.8	86.1	61.1
Sex Ratio (per 100 female)	2003	99.0	99.0	103.3
Life expectancy at Birth –Total Years	2003	58.3	50.7	62.0
Life Expectancy at birth – Female Years	2003	59.6	51.7	66.3
Crude Birth Rate (per 1.000)	2003	31.4	37.0	24.0
Crude Death Rate (per 1.000)	2003	9.9	15.2	8.4
Infant Mortality Rate (per 1.000)	2003	56.4	80.6	60.9
Crude Mortality Rate (Per 1.000)	2003	90.4	133.3	78.9
Maternal Mortality Rate (per 100.000)	1992	740	661	440
Total Fertility Rate (per woman)	2003	4.0	4.9	2.8
Women Using Contraception (%)	1998	22.1	40.0	59.0
Health and Nutrition Indicators				
Physicians (per 100.000 people)	1996	6.4	57.6	78.0
Nurses (per 100.000 people)	1996	72.0	105.8	98.0
Births attended By trained Health personnel (%)	1998	44.0	44.0	56.0
Access to safe water (% of Population)	2002	79.0	64.4	78.0
Access to Health Services (% of Population)	1992	25.0	61.7	80.0
Access to sanitation (% of Population	2002	58.0	42.6	52.0
Incidence of Tuberculosis (per 100.000)	2003	56.6	109.7	144.0
Child Immunization Against Tuberculosis (%)	2003	92.0	810.0	82.0
Child Immunization Against Measles (%)	2003	80.0	71.7	73.0
Underweight Children (% if Children under 5 Years)	1999	24.9	25.9	31.0
Daily Calorie Supply	2000	2657	2444	2675
Public Expenditure on Health (as % of	1998	1.8	3.3	6.3

	Year	Ghana	Africa	Development countries
GDP)				
Percent of Adults (aged 15 – 49)Living with HIV/AIDS	2003	3.4	6.4	1.3
Education Indicators				
Gross Enrolment Ratio				
Primary School –Total	2001	81.0	88.7	91.0
Primary School – Female	2001	78.0	80.3	105.0
Secondary School – Female	2001	34.0	41.3	45.8
Primary School Female Teaching Staff (% of Total)	1997	36.0	46.3	51.0
Adult Illiteracy Rate – Total (%)	2003	25.1	36.9	26.6
Adult Illiteracy Rate –Male (%)	2003	18.2	28.4	19.0
Adult Illiteracy Rate –Female (%)	2003	32.7	45.2	34.2
Percentage of GDP Spent on Education	1998	4.2	5.7	3.9
Environment Indicators				
Land Use (Arabic Land as % of Total Land Area)	2003	15.8	6.2	9.9
Annual Rate of Deforestation	1995	1.3	0.7	0.4
Per Capita CO2 Emissions (metric tons)	1998	0.2	1.2	1.9
Source: Completed By	1998	0.2	1.2	1.9

Source: Compiled by the statistics Division From ADB database.

A: LENDING INSTRUMENTS[5] USED FOR MACROECONOMIC STABILITY

(1) Economic Reform Support Loans (ERSO I and ERSOII)

Instrument	Net Loan Amount (UA)	% Disbursed
ERSO I	13,180,075.67	100
ERSO II	38,584,142.82	100

(2) Institutional Support

Loan to the Ministry of Finance	2,000,000.00	82.7

(3) Poverty Reduction

Support Loan	34,580,000.00	99.90

B: LENDING INSTRUMENTS IN THE AGRICULTURAL SECTOR

Instrument	Net Loan Amount (UA)	% Disbursed
1. Small Scale Irrigation Development Project	15,000,000.00	36.56
2. Food Crops Development Project	10,000,000.00	45.83
3. Agro-Industry Study	701,977.93	100.00
4. Special Programme for Food Security Pilot Project	709,902.79	100.00
5. Afram Plains Development Study	619,395.00	46.84
6. Cashew Development Project	9,890,000.00	19.52
7. Inland Valley Rice Development Project	15,000,000.00	1.32
8. Livestock Development Project	19,580,000.00	5.43
9. GOPDC Oil Palm Expansion Project	7,140,000.00	100.00
10. Rural Enterprise Project	7,500,000.00	1.22
11. Community Forestry Management Project	7,000,000.00	10.51
12. NERICA Dissemination Project - Ghana	2,650,000.00	0.00

C: LENDING INSTRUMENTS IN THE TRANSPORT SECTOR

Instrument	Net Loan Amount (UA)	% Disbursed
1. Achimota-Anyinam Road Rehabilitation Project	10,000,000.00	72.38
2. Tetteh-Quarshie Circle Mamfe Road Rehabilitation	25,000,000.00	29.22
3. Three Roads Study	1,160,000.00	3.69
4. Tema-Aflao Road Rehabilitation Project	14,700,000.00	0.00
5. Akatsi-Dzodze-Noepe Road (Akatsi-Akanu)	12,720,000.00	0.00
6. Road Infrastructure Project 2003	800,000.00	0.00
7. Road Infrastructure Project 2003	18,000,000.00	0.00
8. Road Infrastructure Project 2003	3,000,000.00	0.00

[5] The terms *Lending Instruments* or *Bank Operations* may be used interchangeably.

D: LENDING INSTRUMENTS IN THE PRIVATE SECTOR

Instrument	Net Loan Amount (UA)	% Disbursed
1. Fourth Line of Credit for Agric. Development Bank	15,000,000.00	99.91
2. Rural Financial Services Project	3,580,000.00	59.65
3. Line of Credit for CAL Merchant Bank	5,000,000.00	100.00

E: LENDING INSTRUMENTS IN THE SOCIAL SECTOR

Instrument	Net Loan Amount (UA)	% Disbursed
1. Primary Education Rehabilitation Project	12,000,000.00	99.28
2. Poverty Reduction Project	11,000,000.00	99.41
3. Health Services Rehabilitation III	1,000,000.00	0.00
4. Health Services Rehabilitation III	17,640,000.00	0.00
5. Senior Secondary School Support Project III	5,000,000.00	0.00
6. Senior Secondary School Support Project III	20,000,000.00	0.31

F: LENDING INSTRUMENTS IN THE WATER AND SANITATION SECTOR

Instrument	Net Loan Amount (UA)	% Disbursed
1. Accra Sewage Improvement Study	950,000.00	62.80
2. Rural Water and Sanitation Programme	12,800,000.00	0.00

PORTFOLIO ANALYSIS

1. The portfolio is characterized by slow implementation. Out of the 36 operations, only 8 have been completed, 21 operations are on-going, and 7 are not effective. The completed projects represent about 31% of the Total Loan Amount (i.e. UA 114.895 million out of UA 376.5 million), and 67% of the Total Amount Disbursed (i.e. UA 114.895 million out of UA 172.268 million).

2. Of the 8 completed operations, 5 are the fast disbursing Policy Based Loans or Line of Credit, namely, two Economic Reform Support Loans, ERSO I and ERSOII, the Poverty Reduction Support Loan, the Fourth Line of Credit for Agricultural Development Bank and the Line of Credit for CAL Merchant Bank; one (1) is a study, namely, the Agro-Industry study, and two (2) are project loans, namely, the GOPDC Oil Palm Project and the Special Programme for food Security Project.

3. Twenty-one (21) operations are on-going and they constitute 51% of the Total Loan Amount (i.e.UA 192.72million out of UA 376.5 million), and 33% of the Total Amount Disbursed (i.e. UA 57.33 million out of UA 172.268 million). Of the 21 on-going operations, 16 are for projects, 2 are institutional support and 3 are for studies. Five of the on-going projects were approved in the first cycle of the CSPs (i.e. 1996-1998) with an average of 73% disbursement.

4. Seven (7) operations are not effective and they represent 18% of the Total Loan Amount (i.e. UA 68.87 million out of UA 376.5 million). Another characteristic of the projects is the length of time it takes for a project to be effective after its approval by the Board. The analysis shows that the average time for a loan to be effective in CSP1 was 25.9 months; for CSP2, the average time was 19.75 months, and for CSP3, the average time was 11.6 months. Of course in this latter case, the length actual of time will only be known once projects are made effective.

5. The Total Commitments in CSP1, net of cancellations, was to about UA 73.88 million with the following sectoral distribution: Agriculture, 35 percent; social sector, 31 percent; multi-sector, 20; and transport sector 14 percent. The distribution reflected the emphasis on poverty reduction and creating an enabling environment for private sector development. Total disbursement under CSP1 is 75%. This is rather unsatisfactory given that the projects are between 8 and 9 years old.

6. The Total Commitments in CSP2, net of cancellation, amounted to UA 133.07 million. The sectoral allocations were as follows: 37.9 percent for agriculture, 30 percent for transport, 29.96 percent in support of policy reforms, and the remaining 2.14 percent for the social sector. While maintaining the initial prioritization in the CSP, the approvals for agriculture and transport were larger than originally envisaged. This reflected, according to the CSP, the greater absorptive capacities of the two sectors. Hence the allocation was demand driven. The approvals for the social sector, on the other hand, was smaller than originally planned. Total disbursement under CSP2 is 52%.

7. The Total commitments in CSP3, net of cancellations, amounted to UA 169.53 million, with the following sectoral distribution: social sector 49 percent, transport sector 38 percent, agricultural sector 8 percent, and multi-sector 5 percent. Total disbursement under CSP3 is 28%.

Disbursement

8. Regarding disbursement, the analysis shows that the overall disbursement for the entire portfolio under review was only 46% of the approved amount. Disbursement under CSP1 was 75%. This is rather unsatisfactory given that the projects are between 8 and 9 years old. Disbursement under CSP2 was 52% and disbursement under CSP3 was 28%.

Ghana: List of Approved Operations from January 1996 to May 2005 by CSP and by Sector

PROJECT STATUS CSP PERIOD 1996-1998

SECTOR AND PROJECT TITLE	SOURCE OF FUNDS	DATE APPROVED	SIGNATURE DATE	EFFECTIVE DATE	PERIOD FROM APPROVAL TO EFFECTIVE DATE (IN MONTHS)	CLOSING DATE	STATUS
Sector: Agriculture							
Small Scale Irrigation Development Project	ADF Loan	04.12.1997	29.05.1998	25.01.2001	37	30.06.2005	On-going
Food Crops Development Project	ADF Loan	10.12.1997	29.05.1998	05.02.2001	38	30.06.2005	On-going
Agro-Industry Study	ADF Grant	09.09.1998	09.02.1999	25.08.2000	23	30.11.2001	Completed
Sector: Transport							
Achimota-Anyinam Road Rehabilitation Project	ADF Loan	15.12.1997	29.05.1998	26.12.2000	36	15.12.2005	On-going
Sector: Social							
Primary Education Rehabilitation Project	ADF Loan	09.01.1997	22.07.1997	12.11.1999	34	30.06.2004	On-going
Poverty Reduction Project	ADF Loan	10.12.1997	29.05.1998	18.06.1999	18	31.03.2005	On-going
Sector: Multi-Sector							
Economic Reform Support Loan	ADF Loan	12.11.1998	23.12.1998	19.01.1999	2	31.03.2001	Completed
Institutional Support to the Ministry of Finance	ADF Grant	28.10.1998	13.01.1999	09.05.2000	19	31.12.2005	On-going
Sector: Industry, Mining and Quarrying							
Sheraton Ambassador Hotel Rehabilitation	ADB Loan	16.12.1996					Terminated
El-din Salt Mill Limited	ADB Loan	25.09.1996	18.07.1997			30.06.1998	Terminated

PROJECTS STATUS CSP PERIOD 1999-2001

	SECTOR AND PROJECT TITLE	SOURCE OF FUNDS	DATE APPROVED	SIGNATURE DATE	EFFECTIVE DATE	PERIOD FROM APPROVAL TO EFFECTIVE DATE (IN MONTHS)	CLOSING DATE	STATUS
	Sector: Agriculture							
	Special Programme for Food Security Pilot Project	ADF Grant	17.05.2000	28.12.2000	17.08.2001	15	31.03.2004	Completed
	Afram Plains Development Study	ADF Grant	03.05.2000	28.12.2000	30.12.2002	32	31.10.2005	On-going
	Cashew Development Project	ADF Loan	31.10.2000	08.03.2001	Not Indicated		30.06.2008	On-going
	Inland Valley Rice Development Project	ADF Loan	18.05.2001	23.05.2001	17.05.2004	36	31.12.2007	On-going
	Livestock Development Project	ADF Loan	10.10.2001	02.08.2002	03.06.2003	20	31.12.2008	On-going
	Sector: Transport							
	Tetteh Quarshie Circle Mamfe Road Rehabilitation	ADF Loan	11.12.2000	08.03.2001	Not Indicated		31.12.2005	On-going
	Three Roads Study	ADF Grant	20.10.1999	17.02.2000	Not Indicated		31.12.2004	Completed
	Sector: Water and Sanitation							
	Accra Sewerage Improvement Study	ADF Grant	03.05.2000	28.12.2000	30.08.2001	15	31.07.2005	On-going
	Sector: Multi-Sector							
	Economic Reform Support Loan (ERSO II)	ADF Loan	29.03.2001	23.05.2001	17.07.2001	4	30.09.2002	Completed
	CAP Building, Governance & Poverty Reduction	ADF Grant	14.11.2001	07.02.2002	20.06.2003	19	30.12.2005	Ongoing
	Sector: Finance							
	Fourth Line of Credit for Agric. Development Bank	ADF Loan	14.07.1999	10.09.1999	Not Indicated		30.03.2005	Completed
	Rural Financial Services Programme	ADF Loan	11.10.2000	08.03.2001	27.03.2002	17	31.12.2005	On-going

PROJECTS STATUS CSP PERIOD 2002-2004

SECTOR AND PROJECT TITLE	SOURCE OF FUNDS	DATE APPROVED	SIGNATURE DATE	EFFECTIVE DATE	PERIOD FROM APPROVAL TO EFFECTIVE DATE (IN MONTHS)	CLOSING DATE	STATUS
Sector: Agriculture							
GOPDC Oil Palm Expansion Project	ADB Loan	12.12.2002	19.02.2003	Not Indicated		Not Indicated	Completed
Rural Enterprise Project	ADF Loan	12.12.2002	16.04.2003	28.01.2004	13	31.12.2011	On-going
Community Forestry Management Project	ADF Loan	03.07.2002	16.04.2003	04.12.2003	17	31.12.2008	On-going
NERICA Dissemination Project - Ghana	ADF Loan	26.09.2003	07.10.2003	Not Indicated		31.12.2010	Approved
Sector: Transport							
Tema Aflao Road Rehabilitation Project	ADF Loan	17.04.2002	02.08.2002	Not Indicated		31.12.2006	On-going
Akatsi-Dzodze-Noepe Road (Akatsi-Akanu)	ADF Loan	20.12.2002	18.07.2003	Not Indicated		31.12.2007	On-going
Road Infrastructure Project 2003	ADF Grant	17.09.2003	01.04.2004	22.12.2004	15	31.12.2006	On-going
Road Infrastructure Project 2003	ADF Loan	17.09.2003	01.04.2004	22.12.2004	15	31.12.2009	On-going
Road Infrastructure Project 2003	NTF Loan	17.09.2003	01.04.2004	22.12.2004	15	31.12.2009	On-going
Sector: Water and Sanitation							
Rural Water and Sanitation Programme	ADF Grant	08.09.2004	13.10.2004	Not Indicated		30.06.2009	On-going
Sector: Social							
Health Services Rehabilitation III	ADF Grant	30.10.2002	04.06.2003	Not Indicated		31.12.2008	Approved
Health Services Rehabilitation III	ADF Loan	30.10.2002	04.06.2003	30.03.2004	5	31.12.2008	Approved
Senior Secondary School Support Project – III	ADF Grant	24.09.2003	01.04.2004	Not Indicated		31.12.2008	Approved
Senior Secondary School Support Project – III	ADF Loan	24.09.2003	01.04.2004	Not Indicated		Not Indicated	Approved
Sector: Multi-Sector							
Poverty Reduction Support Loan	ADF Loan	22.10.2003	05.11.2003	17.12.2003	2	31.12.2004	Completed
Sector: Finance							
Line of Credit for CAL Merchant Bank	ADB Loan	10.07.2002	17.12.2002	18.06.2003	11	31.12.2004	Completed

PROJECT DISBURSEMENTS CSP PERIOD 1996-1998

	SECTOR AND PROJECT TITLE	AMOUNT APPROVED (UA)	AMOUNT CANCELLED (UA)	UNDISBURSED AMOUNT (UA)	AMOUNT UNDISBURSED (UA)	NET LOAN AMOUNT (UA)	% DISBURSE(UA)
	Sector: Agriculture						
1	Small Scale Irrigation Development Project	15 000 000	0,00	9 516 637,28	5 483 362,72	15 000 000,00	36,56
2	Food Crops Development Project	10 000 000	0,00	5 417 455,90	4 582 544,10	10 000 000,00	45,83
3	Agro-Industry Study	702 100	122,07	0,00	701 977,93	701 977,93	100,00
	SUB-TOTAL: AGRICULTURE	**25 702 100**	**122,07**	**14 934 093,18**	**10 767 884,75**	**25 701 977,93**	**41,90**
	Sector: Transport						
1	Achimota-Anyinam Road Rehabilitation Project	10 000 000	0,00	2 761 550,42	7 238 449,58	10 000 000,00	72,38
	SUB-TOTAL: TRANSPORT	**10 000 000**	**0,00**	**2 761 550,42**	**7 238 449,58**	**10 000 000,00**	**72,3**
	Sector: Water and Sanitation						
	SUB-TOTAL: WATER AND SANITATION	**0**	**0,00**	**0,00**	**0,00**	**0,00**	
	Sector: Social						
1	Primary Education Rehabilitation Project	12 000 000	0,00	86 885,12	11 913 114,88	12 000 000,00	99,28
2	Poverty Reduction Project	11 000 000	0,00	64 499,67	10 935 500,33	11 000 000,00	99,41
	SUB-TOTAL: SOCIAL SECTOR	**23 000 000**	**0,00**	**151 384,79**	**22 848 615,21**	**23 000 000,00**	**99,3**
	Sector: Multi-Sector						
1	Economic Reform Support Loan	13 600 000	419 924,33	0,00	13 180 075,67	13 180 075,67	100,00
2	Institutional Support to the Ministry of Finance	2 000 000	0,00	345 946,37	1 654 053,63	2 000 000,00	82,7
	SUB-TOTAL: MULTI-SECTOR	**15600000**	**419 924,33**	**345 946,37**	**14 834 129,30**	**15 180 075,67**	**97,7**
	Sector: Finance						
	SUB-TOTAL: FINANCE	**0**	**0,00**	**0,00**	**0,00**	**0,00**	
	Sector: Industry, Mining and Quarrying						
1	Sheraton Ambassador Hotel Rehabilitation	0	0,00	0,00	0,00	0,00	0,00
2	El-din Salt Mill Limited	825 000	825 000,00	0,00	0,00	0,00	0,00
	SUB-TOTAL: INDUSTRY,MINING & QUARRYING	**825000**	**825 000,00**	**0,00**	**0,00**	**0,00**	**0,00**
	GRAND TOTAL 1996 - 1998 CSP	**75 127 100**	**1 245 046,40**	**18 192 974,76**	**55 689 078,84**	**73 882 053,60**	**75,4**
	SECTORAL DISTRIBUTION (%)						
	Agriculture	34.2	0	82,1	19,4	34,8	
	Transport	13.3	0	15,2	13,.00	13,58	
	Water and Sanitation	0	0	0,00	0,00	0,00	
	Social Sector	30.6	0	0,8	41,00	31,2	
	Multi-Sector	20.8	33,7	1,9	26,6	20,5	
	Finance	0	0,00	0,00	0,00	0,00	
	Industry, Mining and Quarrying	1.1	66,3	0,00	0,00	0,00	
	Average Period taken for Loan to be Effective						
	Distribution of Loan by Source (%)						
	ADF Loan	95,3	33,7	98,1	95,8	96,3	75,0
	ADF Grant	3,6	0,00	1,9	4,2	3,7	87,2
	ADB Loan	1,1	66,3	0,00	0,00	0,00	0,00

PROJECT DISBURSEMENTS CSP PERIOD 1999-2001

	SECTOR AND PROJECT TITLE	AMOUNT APPROVED (UA)	AMOUNT CANCELLED (UA)	UNDISBURSED AMOUNT (UA)	AMOUNT DISBURSED (UA)	NET LOAN AMOUNT (UA)	% DISBURSED (UA)
	Sector: Agriculture						
1	Special Programme for Food Security Pilot Project	711 180	1 277,21	0,00	709 902,79	709 902,79	100,00
2	Afram Plains Development Study	619 395	0,00	329 273,07	290 121,93	619 395,00	46,84
3	Cashew Development Project	9 890 000	0,00	7 959 660,30	1 930 339,70	9 890 000,00	19,52
4	Inland Valley Rice Development Project	15 000 000	0,00	14 802 423,08	197 576,92	15 000 000,00	1,32
5	Livestock Development Project	19 580 000	0	18 517 103,30	1 062 896,70	19 580 000,00	5,43
	SUB-TOTAL: AGRICULTURE	**45 800 575**	**1 277,21**	**41 608 459,75**	**4 190 838,04**	**45 799 297,79**	**9,2**
	Sector: Transport						
1	Tetteh Quarshie Circle Mamfe Road Rehabilitation	25 000 000	0,00	17 696 009,59	7 303 990,41	25 000 000,00	29,22
2	Three Roads Study	1 160 000	0,00	731 999,76	428 000,24	1 160 000,00	36,9
	SUB-TOTAL: TRANSPORT	**26 160 000**	**0,00**	**18 428 009,35**	**7 731 990,65**	**26 160 000,00**	**29,6**
	Sector: Water and Sanitation						
1	Accra Sewerage Improvement Study	950 000	0,00	353 400,31	596 599,69	950 000,00	62,8
	SUB-TOTAL: WATER AND SANITATION	**950 000**	**0,00**	**353 400,31**	**596 599,69**	**950 000,00**	**62,8**
	Sector: Social						
	SUB-TOTAL: SOCIAL SECTOR	**0**	**0,00**	**0,00**	**0,00**	**0,00**	
	Sector: Multi-Sector						
1	Economic Reform Support Loan (ERSO II)	39 000 000	415 857,18	0,00	38 584 142,82	38 584 142,82	100,00
2	CAP Building, Governance & Poverty Reduction	3 000 000	0,00	2 222 675,68	777 324,32	3 000 000,00	25,91
	SUB-TOTAL: MULTI-SECTOR	**42 000 000**	**415 857,18**	**2 222 675,68**	**39 361 467,14**	**41 584 142,82**	**94,7**
	Sector: Finance						
1	Fourth Line of Credit for Agric. Development Bank	15 000 000	0,00	13 789,14	14 986 210,86	15 000 000,00	99,91
2	Rural Financial Services Programme	3 580 000	0,00	1 444 415,18	2 135 584,82	3 580 000,00	59,65
	SUB-TOTAL: FINANCE	**18 580 000**	**0,00**	**1 458 204,32**	**17 121 795,68**	**18 580 000,00**	**92,2**
	Sector: Industry, Mining and Quarrying						
	SUB-TOTAL:INDUSTRY,MINING & QUARRYING	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	
	GRAND TOTAL 1999 - 2001 CSP	**133 490 575**	**417 134,39**	**64070749,41**	**69 002 691,20**	**133 073 440,61**	**51,6**
	SECTORAL DISTRIBUTION (%)						
	Agriculture	34,3	0,3	64,97	6,1	34,4	
	Transport	19,6	0,00	28,8	11,2	19,7	
	Water and Sanitation	0,76	0,00	0,5	0,9	0,7	
	Social Sector	0,00	0,00	0,00	0,00	0,00	
	Multi-Sector	31,5	99,7	3,5	57	31,2	
	Finance	13,95	0,00	2,3	24,8	14	
	Industry, Mining & Quarrying	0,00	0,00	0,00	0,00	0,00	
	Average Period taken for Loan to be effective						
	Distribution of Loan by Source (%)						
	ADF Loan	95,2				95,2	
	ADF Grant	4,8				4,8	
	ADB Loan	0,00				0,00	

PROJECT DISBURSEMENTS CSP PERIOD 2002-2004

	SECTOR AND PROJECT TITLE	AMOUNT APPROVED (UA)	AMOUNT CANCELLED (UA)	UNDISBURSED AMOUNT (UA)	DISBURSED AMOUNT	NET LOAN AMOUNT (UA	% DISBURSED (UA)
	Sector: Agriculture						
1	GOPDC Oil Palm Expansion Project	7 140 000,00	0,00	0,00	7 140 000,00	7 140 000,00	100,00
2	Rural Enterprise Project	7 500 000,00	0,00	7 408 384,14	91 615,86	7 500 000,00	1,22
3	Community Forestry Management Project	7 000 000,00	0,00	6 264 328,62	735 671,38	7 000 000,00	10,51
4	NERICA Dissemination Project - Ghana	2 650 000,00	0,00	2 650 000,00	0,00	2 650 000,00	0,00
	SUB-TOTAL: AGRICULTURE	**24 290 000,00**	**0,00**	**16322712,76**	**7 967 287,24**	**24 290 000,00**	**32,8**
	Sector: Transport						
1	Tema Aflao Road Rehabilitation Project	14 700 000,00	0,00	14 700 000,00	0,00	14 700 000,00	0,00
2	Akatsi-Dzodze-Noepe Road (Akatsi-Akanu)	12 720 000,00	0,00	12 720 000,00	0,00	12 720 000,00	0,00
3	Road Infrastructure Project 2003	800 000,00	0,00	800 000,00	0,00	800 000,00	0,00
4	Road Infrastructure Project 2003	18 000 000,00	0,00	18 000 000,00	0,00	18 000 000,00	0,00
5	Road Infrastructure Project 2003	3 000 000,00	0,00	3 000 000,00	0,00	3 000 000,00	0,00
	SUB-TOTAL: TRANSPORT	**49 220 000,00**	**0,00**	**49 220 000,00**	**0,00**	**49 220 000,00**	**0,00**
	Sector: Water and Sanitation						
1	Rural Water and Sanitation Programme	12 800 000,00	0,00	12 800 000,00	0,00	12 800 000,00	0,00
	SUB-TOTAL: WATER AND SANITATION	**12 800 000,00**	**0,00**	**12 800 000,00**	**0,00**	**12 800 000,00**	**0,00**
	Sector: Social						
1	Health Services Rehabilitation III	1 000 000,00	0,00	1 000 000,00	0,00	1 000 000,00	0,00
2	Health Services Rehabilitation III	17 640 000,00	0,00	17 640 000,00	0,00	17 640 000,00	0,00
3	Senior Secondary School Support Project - III	5 000 000,00	0,00	5 000 000,00	0,00	5 000 000,00	0,00
4	Senior Secondary School Support Project - III	20 000 000,00	0,00	19 937 085,35	62 914,65	20 000 000,00	0,31
	SUB-TOTAL: SOCIAL SECTOR	**43 640 000,00**	**0,00**	**43 577 085,35**	**62914,65**	**43 640 000,00**	**0,14**
	Sector: Multi-Sector						
1	Poverty Reduction Support Loan	34 580 000,00	0,00	33 977,05	34 546 022,95	34 580 000,00	99,90
	SUB-TOTAL: MULTI-SECTOR	**34 580 000,00**	**0,00**	**33 977,05**	**34 546 022,95**	**34 580 000,00**	**100**
	Sector: Finance						
1	Line of credit for CAL Merchan Bank	**5 000 000,00**	**0,00**	**0,00**	**5 000 000,00**	**5 000 000,00**	**100,00**
	SUB-TOTAL: FINANCE	**5 000 000,00**	**0,00**	**0,00**	**5 000 000,00**	**5 000 000,00**	**100,00**
	Sector: Industry, Mining and Quarrying						
	SUB-TOTAL:INDUSTRY,MINING & QUARRYING	**0,00**	**0,00**	**0,00**	**0,00**	**0,00**	
	GRAND TOTAL: 2002 - 2004 CSP	**169530000,00**	**0,00**	**121953775,16**	**47 576 224,84**	**169 530 000,00**	**28.06**
	SECTORAL DISTRIBUTION (%)						
	Agriculture	14,3	0,00	13,4	16,7	14,3	
	Transport	29	0,00	40,4	0,00	29,00	
	Water and Sanitation	7,6	0,00	10,5	0,00	7,6	
	Social Sector	25,7	0,00	35,75	0,1	25,7	
	Multi-Sector	20,4	0,00	0,00	72,6	20,4	
	Finance	2,9	0,00	0,00	10,5	2,9	
	Industry, Mining & Quarrying	0,00	0,00	0,00	0,00	0,00	
	Average Period taken for Loan to be effective						
	Distribution of Loan by source (%)						
	ADF Loan	79,5			74,5	79,5	
	ADF Grant	11,6			0,00	11,6	
	ADB Loan	7,2			25,5	7,2	
	NTF Loan	1,8			0,00	1,8	

RATINGS SCALE

The Bank uses a 4-point rating scale in its operations and this practice has been carried over to post-evaluation. These range from highly satisfactory (4 points), satisfactory (3 points), unsatisfactory (2 points) to highly unsatisfactory (1 point). It is important to continue the use of the 4-point rating scale in order to ensure consistency in ratings throughout the project cycle in the Bank. As for the CAE, it is important to give consistent ratings to each of the elements making up the three dimensions. The followings are hereby proposed as capable of capturing the performance of each of the elements.

Relevance of strategy

- Highly relevant (4 points)
- Relevant (3 points)
- Irrelevant (2 points)
- Highly irrelevant (1 point)

Efficacy

- Highly satisfactory (4 points)
- Satisfactory (3 points)
- Unsatisfactory (2 points)
- Highly unsatisfactory (1 point)

Sustainability

- Highly likely (4 points)
- Likely (3 points)
- Unlikely (2 points)
- Highly unlikely (1 point)

Institutional Development

- High (4 points)
- Substantial (3 points)
- Modest (2 points)
- Negligible (1 point)

Efficiency

- Highly efficient (4 points)
- Efficient (3 points)
- Inefficient (2 points)
- Highly inefficient (1 point)

These criteria will be rated as indicated above[6], but meanwhile it is important to explain what each of them means[7]. *Relevance* is the extent to which the strategy adopted by the Bank and which has guided its intervention in a given country is relevant to the development problems of the country as identified ex post. E*fficacy* is the achievement of the objectives of the intervention as measured against the objectives set out in the CSP. *Sustainability* is the extent to which the achievements of intervention can be sustained beyond program period. *Institutional development* is the extent to which Bank intervention has strengthened a country's capacity to manage, among others, the following areas: economic management, the structure of public sector, in particular the civil service, institutional soundness of the financial sector, legal, regulatory and judicial systems, monitoring and evaluation systems, aid coordination, financial accountability, building NGO capacity, social and environmental capital. *Efficiency* measures the cost per unit of benefit delivered. The latter (efficiency) may be difficult to measure, at least for now, as costs are not currently imputed to activities. But with the development of cost centers in Bank budgeting, it should be easy in future, to know for example how much it costs (staff and consultant's time) to produce a CSP in comparison with countries in the same region or at the same level of development. Thus for now, this concept may be confined to trying to find out, for example, if there are cost and time overruns in program implementation.

[6] The rating scale is explained in the annex I.
[7] See Annex III for details as recommended by the Evaluation Cooperation Group of Multilateral Development Banks.

DETAILED SECTORAL RATINGS

Detailed Sectoral Ratings

	RELEVANCE	EFFICACY	EFFICIENCY	OUTCOME RATING
SECTOR				
Agriculture	3	3	2	3
Transport	3	3	2	2.7
Social Sector	4	3	2	3
Multi-Sector	4	3	3	3.3
Water and Sanitation	3	3	2	2.7
OVERALL	3.4	3	2.2	2.8
COMMENTS	RELEVANT	SATISFACTORY	INEFFICIENT	SATISFACTORY

	INSTITUTIONAL DEV.	SUSTAINABILITY
SECTOR		
Agriculture	3	3
Transport	2	3
Social Sector	2	3
Multi-Sector	3	3
Water and Sanitation	3	3
OVERALL	2.6	3
COMMENTS	SUBSTANTIAL	LIKELY

GHANA - SUMMARY OF PERFORMANCE RATINGS

Evaluation Criteria	Activity	Rating
Relevance	Strategy	Satisfactory
Efficacy	Transport Social Sector Water and Sanitation Agriculture Multisector	Satisfactory Satisfactory Satisfactory Satisfactory Satisfactory
Efficiency	Transport Social Sector Water and Sanitation Agriculture Multisector	Unsatisfactory Unsatisfactory Unsatisfactory Unsatisfactory Satisfactory
Sustainability	Transport Social Sector Water and Sanitation Agriculture Multisector	Likely Likely Likely Likely Likely
Institutional Development	Transport Social Sector Water and Sanitation Agriculture Multisector	Modest Modest Substantial Substantial Substantial
Overall Sectoral Outcome		**Satisfactory**
Pillars	Macroeconomic Stabilisation Economic Growth Human Development	Satisfactory Satisfactory Unsatisfactory
Attribution	Bank Performance Government of Ghana Performance	Satisfactory Satisfactory
Overall Programme Objective Outcome (Pillars)		**Satisfactory**
Overall Outcome		**Satisfactory**