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Ghana

- Ghana's economy recovered in 2017 after five years of sluggish growth. Real gross domestic product (GDP) grew by 8.5% in 2017, the highest growth since 2012 when it reported 9.3%. GDP growth of 7.0% is projected in 2018 and expected to be supported by crude oil production as well as favourable business and consumer sentiment. In the medium term, GDP projections show sustained positive growth prospects. GDP is expected to grow at an average of 6.4% in 2018 and 2019 with gradual recovery in the non-oil sector, low inflation and lower interest rates.
- The financial sector was challenged by overall deterioration of asset quality, causing the Bank of Ghana (BoG) to take measures to address non-performing loans (NPLs) and the undercapitalisation of some commercial banks. By March 2018, its interventions had led to the takeover of two commercial banks and the appointment of an administrator and an advisor to two more.
- Considering Ghana's ongoing fiscal consolidation programme with the IMF and limited fiscal space, policies are increasingly needed that will attract complementary private sector finance to achieve the Government's goal of industrializing Ghana under its flagship '1 District 1 Factory (1D1F)' policy and fulfil the 'Ghana beyond aid' agenda.

OVERVIEW

Ghana's economy recovered in 2017 following sluggish growth in the past five years. Gross domestic product (GDP) recovered with real GDP growth of 8.5% in 2017 and is projected to grow

by 7.0% in 2018 following slowdowns for five consecutive years as a result of domestic and external negative shocks. Growth was further constrained by the implementation of tight fiscal and monetary policies under the International Monetary Fund (IMF) Extended Credit Facility (ECF) programme. The rebound of real GDP in 2017 was driven by stepped up oil production from the new Tweneboa Enyenra Ntomme (TEN) oil field that coincided with recovery in international price for crude oil and postponed repair shutdown at the Jubilee FPSO. In the medium term, GDP projections show sustained positive growth prospects. GDP is expected to grow at an average of 6.4% in 2018 and 2019 supported by continued crude oil production, gradual recovery in the non-oil sector, favorable business and consumer sentiments as well as narrowed fiscal and current account deficits accompanied by declined inflation and lowered interest rates.

In addition, the Government's programmes seek to revive growth in the non-oil sector, particularly the labour-intensive agriculture sector, and promote private sector-led growth. The 2017 budget eliminated or curtailed over 15 tax measures that the Government described as 'nuisance taxes', responsible for subduing growth in the private sector. After prolonged slow GDP growth and deficits in both the fiscal and current account balance, to sustain Ghana's positive growth prospects it will be essential to restore macroeconomic stability and reduce the twin deficits as well as public debt. Infrastructure development has been identified as critical to achievement of the President's vision to industrialise Ghana under 1D1F policy and move Ghana beyond aid. Infrastructure is therefore a Government priority, for which it will be necessary to mobilize public financing, but also private sector financing through the Ghana Infrastructure Fund (GILF), public-private partnerships (PPPs), co-financing, and policy-based guarantees (PBGs).



TABLE 1. Macroeconomic indicators

	2016	2017(e)	2018(p)	2019(p)
Real GDP growth	3.7	8.5	7.0	5.9
Real GDP per capita growth	1.4	6.2	4.8	3.7
CPI inflation	17.5	12.4	9.0	7.3
Budget balance (% of GDP)	-8.9	-6.7	-6.8	-7.6
Current account (% of GDP)	-6.7	-4.8	-6.7	-8.0

Source. Data from domestic authorities; estimates (e) and predictions (p) are based on the authors' calculations.

RECENT DEVELOPMENTS AND PROSPECTS

As noted, the Ghanaian economy recovered in 2017. GDP growth of 8.5% was spurred by recovery in the non-oil economy and lower inflation, and by new hydrocarbon wells coming on stream in Tweneboea, Enyenra, Ntomme (TEN) as well as the Sankofa oil and gas fields. This performance followed five years of sluggish growth when growth fell at the onset of oil production from 14% in 2011 to 3.5% in 2016, the lowest growth in two decades. GDP growth is expected to moderate and average 6.4% over the next two years as hydrocarbon production peaks amidst declining inflation and interest rates. This is expected to lead to favorable business and consumer sentiments, which would boost growth of the non-oil economy.

The structure of the economy remains broadly unchanged with a continued dominance of the services sector, although its contribution to GDP fell slightly from 56.8% to 56.2% between 2016 and 2017 as higher oil production led to an increase in the contribution of the industrial sector to GDP. The industrial sector's contribution to growth increased slightly from 24.3% in 2016 to 25.5% in 2017. The sector grew by 16.7%, which was largely driven by the mining and quarrying sub-sector, on the back of improved performance in the oil and gas subsectors (5.7%). Services grew by 4.7% in 2017 with transport, storage and communication that contributed 17.1% to GDP, followed by the retail sector (12.1%), construction (14.3%) and financial sector (9.1%). The agriculture sector grew by 8.4%, but its contribution to growth remained fairly stable at 19.1% in 2017 from 18.9% in 2016. Sub-sectoral growth included fishing (11.7%), crops 9.4% (the cocoa sub-sector grew by 17.3%), forestry and logging (1.6%), and livestock (1.1%).

The landmark ruling of the International Tribunal for the Law of the Sea (ITLOS) in September 2017, on the 2015 boundary dispute between Cote d'Ivoire and Ghana, paves the way for additional exploration and drilling of oil and gas.

Ghana sustained and achieved some positive gains from its ongoing fiscal consolidation under the international Monetary Fund (IMF) extended credit facility (ECF) programme. Ghana completed its 4th review of the IMF ECF programme on 30 August 2017 and also extended the programme to end 2018. On April 30, 2018, the country successfully completed the 6th review of the IMF ECF programme with 2017 end year fiscal deficit performance of 6.7% of GDP, which was better than the deficit of 8.9% in 2016. Despite this progress, revenue mobilization is key to achieving the country's plans to find a sustainable fiscal consolidation path while managing debt sustainability and funding 1D1F policy and the "Ghana beyond Aid" agenda. This calls for an increase in Ghana's tax base which is relatively low with a tax to GDP ratio of about to 15.1% in 2017.

For the financial sector, it is crucial to address non-performing loans (NPLs) and undercapitalisation in the banking sector. As of April 2018, the Bank of Ghana (BoG) had approved the takeover of UT Bank Ltd. and Capital Bank Ltd., and appointed an administrator for UniBank Ltd. and an advisor to Sovereign Bank Ltd. These banks suffered from severe capital impairment among other things, including inefficient corporate governance. To restore the stability of the financial sector, the BoG introduced recapitalization plans for banks with inadequate capital, imposed the implementation of collateral requirements, and made provision for emergency liquidity assistance. The BoG also increased the minimum capital requirement of banks from Ghanaian cedi (GHS) 120 m to GHS 400 m, ordered bank recapitalization and established a deposit protection scheme to protect small depositors.

TABLE 2. GDP by sector (percentage of GDP)

	2011	2017
Agriculture, forestry, fishing and hunting	26.0	19.1
of which fishing	1.7	1.2
Mining and quarrying	8.6	6.1
of which oil	6.9	5.9
Manufacturing	7.1	4.7
Electricity, gas and water	1.4	1.5
Construction	9.2	14.3
Wholesale and retail trade; repair of vehicles; household goods; restaurants and hotels	11.6	12.7
of which restaurants and hotels	5.5	6.1
Transport, storage and communication	12.8	17.1
Finance, real estate and business services	6.6	9.1
Public administration and defence, security	7.2	5.6
Other services	9.5	9.7
Gross domestic product at basic prices / factor cost	100.0	100.0

Source. Data from domestic authorities.

MACROECONOMIC POLICY

Fiscal policy

Ghana sustained its ongoing fiscal consolidation under the IMF ECF programme and recorded positive gains in 2017 after budget overruns in 2016. The overall deficit in 2017 was 6.7% of GDP compared with 8.9% of GDP in 2016. Although Ghana passed the sixth ECF review, the IMF granted waivers for deviations from a few programme targets to ensure that the programme remains on track to successful completion, and expressed concern about the high debt burden and fragilities in the financial sector.

In 2017, the Government implemented wide-ranging structural reforms that not only restored some fiscal discipline but enhanced budget execution, credibility and transparency. The Government capped and realigned earmarked funds, rationalized the use of internally generated funds (IGFs), improved tax administration and compliance, eliminated 'nuisance taxes', and realigned priority spending. These measures were designed to increase revenue and resolve longstanding budget rigidities. However, total revenue fell below the budget target; revenue and grants as a percentage of GDP are expected to remain

flat at 20% in 2017. In response to low revenue, Government reduced its expenditure from 29.1% in 2016 to 26.7% of GDP in 2017. Following the sixth ECF review, the Government has signalled its commitment to continue with the ECF programme this year, with a projected fiscal deficit of 6.8% of GDP. Going forward, challenges for fiscal policy in the medium term include low domestic revenue mobilization and high public debt, which has placed Ghana in the high risk debt distress category for three consecutive years according to the IMF/World Bank Debt Sustainability Analysis for Ghana.

Monetary policy

The BoG made substantial progress in reducing inflation towards its medium-term target of 8 (plus or minus 2%). Headline inflation decelerated from 15.4% (end-of-period) in December 2016 to 11.8% (end-of-period) in December 2017 and further to 9.6% in April 2018. Food inflation reduced by 0.6% to 7.4%, while non-food inflation decreased by 3.0% to 10.6% in the period. Despite the decline in non-food inflation, it exerts heightened inflationary pressure on overall inflation due to expectations of marginal increments around 1.5% in fuel prices. The general downward trend in inflation was largely supported by tight monetary policy, exchange rate stability and gains made

TABLE 3. Public finances (percentage of GDP)

	2009	2014	2015	2016	2017(e)	2018(p)	2019(p)
Total revenue and grants (a)	18.0	21.8	23.4	20.1	20.0	19.9	20.3
Tax revenue	12.4	17.0	17.6	15.4	15.1	15.4	15.8
Oil revenues	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Total expenditure and net lending (a)	22.1	28.2	29.2	29.1	26.7	26.7	27.9
Current expenditure	16.6	22.8	23.0	23.4	23.2	22.9	23.0
Excluding interest	13.9	16.6	16.4	16.5	16.4	16.5	16.8
Wages and salaries	6.5	8.3	7.7	7.2	6.8	6.5	6.2
Interest	2.7	6.2	6.6	6.9	6.8	6.4	6.2
Capital expenditure	5.5	5.4	5.2	4.6	3.5	3.8	4.9
Primary balance	-1.3	-0.1	0.9	-2.1	0.1	-0.4	-1.5
Overall balance	-4.0	-6.4	-5.8	-8.9	-6.7	-6.8	-7.6

(a) Only major items are reported.

Source. Data from domestic authorities; estimates (e) and predictions (p) are based on the authors' calculations.

from the ongoing fiscal consolidation that helped to moderate both supply and demand driven inflation as well the effects of exchange rate pass-through on inflation.

Following the easing of inflationary pressures and some improvement in the macroeconomic situation, the BoG cut the rate by 300 basis points, from 21% in September 2017 to 18% in March 2018. The nominal exchange rate stabilized and the cedi cumulatively appreciated against the US dollar by 0.2% between January and March 2018, compared with a depreciation of 5.0% during the same period in 2017. Gross international reserves increased from USD 6.1 billion in December 2016 to USD 7.5 billion at the end of December 2017, representing an increase in import cover from 3.5 months to 4.3 months, supported by higher export receipts from oil production, gold and cocoa as well as lower imports.

A basic concern for monetary policy in 2017 was a deterioration in asset quality, revealed by the BoG's 2016 asset quality review. In addition, although inflation has declined, it is still high and still represents a risk, because as remains above the BoG's target band of 8% (plus or minus 2%).

Economic co-operation, regional integration and trade

Ghana has been a member of the WTO since January 1995 and continues to play a significant role in trade facilitation and competitiveness in the ECOWAS sub-region. The country's strategic location is vital for the movement of imports and exports to and from the landlocked countries of Burkina Faso, Mali and Niger. In this regard, Ghana has recently implemented measures to

facilitate goods transit from Tema Port to those countries. It launched the Paperless Port initiative in September 2017, activating automated clearance of goods and risk-based inspection of cargo to ensure a seamless process. It also streamlined and improved trade regulations by removing all road blocks along the main trade corridors (effective from September 2017), eliminating mandatory pre-arrival assessment inspections at origin for imported products, and releasing transit guarantees immediately on arrival at Ghanaian border crossings. In addition, Ghana is improving the infrastructure of its ports, including the ongoing Takoradi Port Expansion project, to expand and improve the trading environment.

However, there are inconsistencies between Ghana's economic structure and its tariff regime. Widespread tariff and other import duty exemption schemes under Ghanaian law effectively allow many operators not to pay customs duties, other duties and charges (ODCs), VAT or other taxes. About 25% of otherwise payable import duties are foregone annually in various exemptions.

Debt policy

Ghana is still classified as a high risk debt distress country under the IMF/World Bank debt sustainability analysis (DSA), published in August 2017. The report noted that Ghana's medium-term debt trajectory had worsened compared to the previous DSA in October 2016, due to significant fiscal slippages in 2016. The report also observed that three external debt indicators breached the thresholds. The present values (PV) of debt-to-GDP and debt-to-revenue will be breached for five and two years respectively, while the debt service-to-revenue

TABLE 4. Current account (percentage of GDP)

	2009	2014	2015	2016	2017(e)	2018(p)	2019(p)
Trade balance	-8.1	-3.5	-8.3	-4.1	-2.2	-2.1	-3.2
Export of goods (f.o.b)	21.6	33.8	27.8	26.0	28.6	30.6	31.6
Import of goods (f.o.b)	29.7	37.4	36.1	30.2	30.8	32.7	34.8
Services	-4.3	-6.7	-3.1	-3.0	-4.0	-5.0	-5.1
Factor income	-0.4	-4.7	-3.1	-2.9	-3.2	-4.2	-4.4
Current transfers	7.7	5.4	7.1	3.4	4.6	4.6	4.7
Current account balance	-5.2	-9.4	-7.5	-6.7	-4.8	-6.7	-8.0

Source. Data from domestic authorities; estimates (e) and predictions (p) are based on the authors' calculations.

ratio is projected to be higher than previous projections and will remain well above the threshold over the entire projection period. Reducing the debt level while increasing revenue mobilization is critical to achievement of the country's objectives of fiscal consolidation and reduced public debt.

Given Ghana's debt rating, a key objective of the 2017-2019 medium term debt management strategy (MTDS) is to ensure that the country's debt ratios decline. Progress has been made, since the debt-to-GDP ratio fell from 73.3% in December 2016 to 69.8% in December 2017. The MTDS aims to reprofile the maturation of debt and manage liability in order to improve Government cash flow, increase fiscal space, lower the cost of debt, and reduce pressure on the currency as well as its volatility. In line with this policy, debt accumulation declined from 42% in 2013 to 26.0% in 2015 and 13.5% in 2017. The maturity profile of domestic debt also improved as the proportion of short-dated instruments declined from 37.6% in December 2016 to 23.1% in November 2017; the proportion of medium-term instruments rose in the same period from 38.1% to 57.2%.

Another key element of the MDTs is its policy on on-lending and guarantees, which aims to recover loans advanced to State owned enterprises (SOEs) for commercially viable projects, using escrow mechanisms. In line with this objective, the Government issued a 7-year and a 10-year Energy Bond under the Energy Sector Levy Act (ESLA),¹ denominated in GHS. The market's reaction to the bond's structure was mixed: the 7-year bond was oversubscribed but only 68.2% of the 10-year issuance was purchased.

ECONOMIC AND POLITICAL GOVERNANCE

Private sector

President Nana Akufo-Addo has signaled he would lead an economy focused on private sector led development. To this end, economic policy has focused on economic recovery and broad-based industrialisation underpinned by the return to some macroeconomic stability in 2017. The 2017 budget abolished or reduced several taxes, in favour of the private sector. Credit to the private sector was nevertheless subdued in 2017; it contracted by 0.7% (compared to a contraction of 5% reported in September 2016). Slow credit growth reflected imperfect monetary policy transmission due to weaknesses in the banking sector, particularly a rise in NPLs during 2017. Slower credit growth is expected throughout this year because banks will remain reluctant to extend new credit while they strive to address NPLs and repair their balance sheets.

The new Government also wants to reform the business environment and promote the 'doing business' agenda. This has yet to be reflected in the World Bank's Doing Business (DB) index. In the 2018 report, Ghana's performance continued to deteriorate. Globally, it dropped 12 places (from 108 to 120) and its performance worsened in all but 2 indicators: 'starting a business', where it held its rank (110), and 'paying taxes', where its ranking rose slightly (from 122 to 116). Ghana dropped significantly in 'obtaining construction permits' (117 to 131), 'getting electricity' (120 to 136), 'registering property' (77 to 119), 'getting credit' (44 to 55), 'trading across borders' (154 to 158), and 'resolving insolvency' (155 to 158).

1. The ESLA was approved in 2015. It is a special purpose body backed by receivables from a levy on petroleum. The levy was reduced from 5% to 2% in April 2017.

The World Economic Forum's Global Competitiveness Index (GCI) threw light on Ghana's deteriorating business environment, judging that Ghana's overall competitiveness had declined in the last 5 years. It was ranked 103 (of 144 countries) in 2012/13, 114 (of 138 countries) in 2016/17, and 111 (of 140 countries) in 2017/18 (a slight improvement). In 2017/18 it performed well in the areas of innovation (57), institutions (59), and business sophistication (60).

Financial sector

Ghana's financial sector is stable despite recent challenges associated with NPLs. Feedback loops from slow GDP growth in previous years increased the volume of NPLs, which proved unsustainable for some banks in 2017. The ratio of non-performing loans to total gross loans, 19.0% in September 2016, rose to 22.3% in September 2017 before falling slightly to 21.6% in February 2018. NPLs rose even though public sector NPLs fell after the debts of the Volta River Authority (VRA) and Tema Oil Refinery (TOR) were restructured, suggesting that the private sector was responsible for much of Ghana's NPL problem.

Private sector credit-to-GDP stood at 29.6% in 2016, while deposits-to-GDP stood at 21.1%. Both credit and deposit indicators are below predicted values, considering Ghana's per capita income and population size. Asset quality also deteriorated further, driven by the weak economic environment and the reclassification of bank exposure following an updated asset quality review (AQR) completed in March 2017. After-tax average profitability of the banking system also continued to decline, dragged down by NPLs and slow credit growth. The return on equity stood at 14.4% in October 2017, down from 20.2% in October 2016. Consequently, the Global Competitiveness Index classified Ghana's financial sector as fairly developed. It was ranked 84 of 137 countries in 2017/18 (85 of 138 countries in 2016/17).

Public sector management, institutions and reforms

Ghana's ranking in the 2018/17 Global Competitiveness Report improved to 111 (114 in 2015/16). Ghana's institutions achieved a rating of 59 (of 137 countries) with a score of 4.0 (maximum 7); in the previous year, it was rated 72 (of 138 countries) and scored 3.68. Within the 'institutions' category, the best scores (above 3.9) were achieved in areas related to: property rights; intellectual property protection; judicial independence; the efficiency of the legal framework in settling disputes; the business costs of terrorism, crime and violence; organized crime; the ethical behaviour of firms; the strength of auditing and reporting standards; the efficacy of corporate boards; protection of

minority shareholders' interests; and the strength of investor protection. The poorest performing areas (scores below 3.9) related to: diversion of public funds; public trust in politicians and irregular payments and bribes; favouritism in decisions of Government officials; efficiency of Government spending; and the burden of Government regulation.

Ghana dropped one place in the 2017 Mo Ibrahim Index of African Governance. It was ranked 8 out of 54 countries on the continent, having showed signs of deterioration in governance over the last five years. Ghana therefore needs to build and improve its overall governance structure to avoid a reversal of recent positive gains in some key areas.

The 2017 Corruption Perception Index (CPI) of Transparency International (TI) placed Ghana 81 out of 180 countries, a drop of 11 places from the 2016 ranking. While Ghana is still among the least corrupt countries in Africa, this deterioration is of concern. Ghana's CPI score was 40% in 2017; by comparison it scored 43% in 2016, 45% in 2012, 46% in 2013 and 48% in 2014.

Natural resource management and the environment

Ghana's impressive performance in oil and gas production boosted the industrial sector's performance. The sector is projected to have grown by 17.7% by the end of 2017, on the basis of production of 40.7 million barrels² by September 2017. The increase in production is attributed to operationalization of the Tweneboa, Enyenra and Ntomme (TEN) oilfields in August 2016 and the Sankofa fields in July 2017, three months ahead of schedule, combined with the Jubilee field (which increased production by 23% compared to 2016). The Jubilee field produced 31 812 MMscf³ of associated gas, of which 64.7% was exported to the Gas Processing Plant at Atuabo for power generation. Gas production will be consolidated by production of natural gas from the Sankofa fields (starting in February 2018).

Ghana's future prospects with respect to oil and gas production improved after the country won the September 2017 landmark International Tribunal for the Law of the Sea (ITLOS) ruling of the 2015 boundary dispute with Cote d'Ivoire. The ruling paves the way for renewed drilling and exploration for oil and gas and additional investment.

Political context

Ghana upheld its democratic credentials by holding peaceful elections in December 2016 and organizing a smooth transfer of power in January 2017. Ghana's December elections saw

2. The 2018 budget reports that production from the Jubilee Field reached 24.3 million barrels, while the Tweneboa-Enyera-Ntomme (TEN) field produced 14.2 million barrels and the Sankofa Gye Nyame Field 2.2 million barrels.

3. Million standard cubic feet.

power pass from the former President John Dramani Mahama of the National Democratic Congress (NDC) to President Nana Akufo-Addo of the New Patriotic Party (NPP). The NPP won 53.85% of the votes and the NPP 44.4%. This was the first time since multiparty democracy was introduced in 1992 that an incumbent President has lost power after a single term of four years in office. President Nana Akufo-Addo has signalled several changes of policy based on his party's political manifesto. They include a stronger focus on economic recovery, broad-based industrialisation underpinned by 1D1F policy, and the pursuit of economic self-sufficiency under the 'Ghana Beyond Aid' agenda.

Ghana has made substantial progress in governance compared with its peers as measured by various good governance indicators. The Freedom House Freedom Index 2018 ranked Ghana the second freest country in Africa with a score of 83 out of 100, after Mauritius (which scored 89). According to the Bartelsman Transformation Index 2018, Ghana performed better than the West African average in various areas of democratic governance. For instance, it scored 7.9 (out of 10) under 'democracy' compared to the West Africa average of 5.5. The World Bank's Worldwide Governance Indicators (WGI) report for 2016 accorded Ghana 40 on political stability and absence of violence.

SOCIAL CONTEXT AND HUMAN DEVELOPMENT

Building human resources

Ghana has continued to make considerable progress in the education sector. The implementation of the free senior high school (SHS) programme in September 2017 significantly increased the SHS completion rate, which rose from 46% in 2015/16 to 48% in 2016/17. Enrolment in formal Technical Vocational Education and Training (TVET) increased from 53 000 to 59 000 between 2016 and 2017 (Education management System, EMIS, 2016). The Cabinet has approved a new TVET Strategic Plan for 2018-2022 to promote skills development and improve the productivity and competitiveness of skilled employees in Ghana. However, completion rates fell marginally in primary schools from 102% in 2015/16 to 101% in 2016/17, and also fell in junior secondary schools from 76% to 75% over the same period.

The delivery of general health services is improving. The 2017 Ghana Maternal Health Survey (GMHS) indicated that, in the 5-year period preceding the survey, the mortality rates per thousand live births were: infants 37; under-fives 52; neonatal 25; post-neonatal 12. Under-5 mortality rates have declined over time, from 80 deaths per 1 000 live births in the period 2003-2007 to 52 in 2013-2017. The 2017 GMHS also showed

declining trends in childhood mortality. Infant mortality fell from 50 deaths per 1 000 live births in 2003-2007 to 37 in 2013-2017.

According to the 2016 HIV Sentinel Report, published by the Ministry of Health, the national HIV prevalence rate stood at 2.4%, an increase on 2014 (1.8%). The report shows that the Volta and Brong Ahafo regions recorded the highest prevalence rate (2.7% in 2016), while the Northern region registered the lowest (0.7%).

Poverty reduction, social protection and labour

Results from the Ghana Living Standards Survey VI (GLSS 6) indicate that the proportion of Ghana's people living in extreme poverty fell from 18% in 2005/06 to 8.4% in 2012/13, while absolute poverty fell from 28% to 24.2% over the same period. However, the incidence of poverty remained high in rural areas, which recorded a poverty incidence of 37.9% in 2012/13 (compared to 10.6% of the urban population). Rural communities also have fewer economic and livelihood opportunities than urban ones. In both rural and urban areas, the majority of the poor are unemployed or work in low productivity activities in the informal sector.

The Ministry of Gender, Children and Social Protection oversees social protection in Ghana. In addition to the Ghana national social protection policy, launched in 2016 to guide the implementation of social protection, a draft social protection bill is awaiting final approval from the Attorney General's Office before being submitted to Parliament. Once passed, the bill will ensure that social protection programmes in Ghana will continue through changes of Government. Ghana's social protection policy defines a basket of five main interventions: Livelihood Empowerment Against Poverty (LEAP); Labour-intensive Public Works (LIPW); the Ghana School Feeding Programme (GSFP); the National Health Insurance Scheme (NHIS); and education capitation grants. These programmes are scaling up to increase the number of beneficiaries. Currently, LEAP covers 213 044 beneficiary households in all of Ghana's 216 districts.

The GLSS-6 reported that 5.2% of the labour force is unemployed (4.8% of men and 5.5% of women, 6.5% in urban and 3.9% in rural areas), and that one-third of those who are employed are underemployed. Though women and youth face higher unemployment, in general unemployment is due to: weak linkages between the education system and the productive economy; a skills mismatch between the education acquired in school and the skills required in the job market; and weak support systems for entrepreneurs, the self-employed, and small-scale businesses.

Ghana has ratified most labour conventions and incorporated their standards in labour laws. These include the Workmen's Compensation Law (1987), the Convention of the Rights of the Child (1990), and the Children's Act 1998 (Act 560). Additionally, a national employment policy was approved in June 2015 that mandates the Ministry of Employment and Labour Relations (MELR) to coordinate all employment and labour-related endeavours. A National Youth Employment Act was finalized in 2015 that established the National Youth Employment Authority (YEA). The labour-intensive public works (LIPW) policy was launched in October 2016 to guide the implementation of public works. To date, the LIPW programme has completed a total of 802 subprojects since its inception, while 110 projects are ongoing. These have created 13 339 502 person-days of employment for 166 875 unskilled persons, of whom 61.4% are women.

Gender equality

The 1992 Constitution of Ghana (Article 17) gives men and women equal status and protection under the law. Gender discrimination is prohibited by statute, including legislation on domestic violence. A national domestic violence policy addresses acts of gender-based violence.

The African Development Bank's 2015 Africa Gender index ranks Ghana number one for gender equality in West Africa. With an overall score of 62.3 (out of 100), Ghana was listed 15th globally and performed better than 70% of countries in Africa.

With respect to political representation, a female chair of the Electoral Commission oversaw Ghana's successful 2016 election. 35 women were elected to the current seventh Parliament of the Fourth Republic (10.9% of parliamentarians), a 2% increase over the sixth Parliament to which 30 women were elected. With regard to the proportion of women in senior positions, 17.4% of Government ministers are women, 23% of judges, and 33% of civil servants. This said, although the current chief justice is a woman, women's participation in political leadership remains marginal. The number of women presidential candidates and running mates declined from 3 in the 2012 elections to 1 in the 2016 elections.

THEMATIC ANALYSIS: INFRASTRUCTURE FINANCING

In Ghana, infrastructure is financed mainly through sovereign operations. The sources of infrastructure financing include both budgetary and non-budgetary resources. Budgetary resources are allocations for capital expenditure and earmarked statutory funds. Non-budgetary resources include retained internally generated funds (IGFs) by various ministries, departments and

agencies (MDAs) as well as domestic borrowing and external non-concessional loans. Development partners (DP) also provide budgetary resources in the form of budget support or non-budgetary grants and concessional loans for infrastructure financing. Given the mixture of infrastructure financing instruments for infrastructure that are available, the chosen financing strategy depends on available fiscal space, other constraints in the medium term, borrowing space, and DP support.

Although data on infrastructure investments remain dispersed (in the absence of an integrated database), the country's infrastructure sector includes sub-sectors in energy (electricity), transport (roads, ports, rail and aviation), telecommunications, and water supply. Since 2013, the African Development Bank's Africa Infrastructure Development Index (AIDI) has consistently ranked Ghana's level of infrastructure development below the 20th percentile in Africa. In the 2016 AIDI, Ghana scored an aggregate 26.09 points and was ranked 15 (of 54 countries). In terms of sub-sectors, electricity ranked highest (15). The lowest rank was occupied by water and sanitation (26); transport and ICT were ranked 17 and 18, respectively.

The energy sub-sector is mainly run by the Volta River Authority (VRA), the Electricity Company of Ghana (ECG), and the Ghana Grid Company (GRIDCO). According to the VRA, in May 2017 Ghana had total installed generation capacity of 4 275 Megawatts (MW), including dependable capacity of 3 842 MW; 1 935 MW of installed capacity and 1 735 MW of dependable capacity were contributed by private independent power producers (IPPs). African Development Bank projects, including the Electricity Distribution System Reinforcement and Extension Project, have added 889 MW of generation capacity to Ghana's current installed generation capacity. The Government's medium term target is to attain generation capacity of 5 000 MW.

Road infrastructure is managed by the Ghana Highway Authority (GHA), the Department of Feeder Roads (DFR), and the Department of Urban Roads (DUR). All are agencies under the Ministry of Transport. At the end of 2015, about 40.12% of the national road network was assessed by the Ministry of Transport to be in good condition; 30.66% was in fair condition, and 29.22% in poor condition. The African Development Bank is financing a three-tier interchange at Pokuase ACP Junction, which will include a dual carriageway for at least 5 km of the Awoshie-Pokuase road. Ghana has two seaports, Tema and Takoradi ports. Tema is the larger and covers 166 hectares of water area. The Takoradi port serves the offshore gas and oil fields and currently handles about 60% of Ghana's total exports. The African Development Bank is supporting efforts to expand the port through the Takoradi Port Expansion Project. Ghana's one international airport, Kotoka International Airport

(KIA), is located in the capital city, Accra. Four other domestic airports operate from Kumasi, Sunyani, Tamale and Takoradi. There are two airstrips in Wa and Kpong. The African Development Bank is co-funding the capital investment programme of Ghana Airport Company Limited (GACL), which will construct a new terminal at KIA and rehabilitate other airports in Ghana. Rail infrastructure is largely underdeveloped; the rail system has a total track length of 1 300 km that operates a route length of 947 km concentrated in the south. It currently handles less than 2% of freight and passenger traffic.

The telecommunications infrastructure in Ghana includes licensed gateway operators, undersea cable connectivity, private licensed VSAT systems, fixed wired line networks, wireless mobile operators, public telephone systems, telecentres, dedicated transmission networks, public distribution networks (cable, TV, DSL, etc.), internet backbone connectivity throughout the country, and public access point and broadcasting systems. Ghana currently has six registered mobile operators, all of which are functional. They are Airtel Mobile, Glo Mobile Ghana, Kassapa, MTN, Tigo, and Vodafone Mobile. Vodafone and Airtel are the only two fixed-line operators.

Ghana's water sector includes the urban water sector and the community water sector. In the urban water sector, the Ghana Water Company Limited (GWCL) supplies water to about 87 cities and towns. The community water sector serves water to over 16 000 rural communities and 287 small towns. Approximately 10.3 million Ghanaians (51%) have access to improved water supplies. For the 8.4 million residents of urban areas the level is slightly higher (61%); two thirds of these people, or 40% of the total urban population, are served by GWCL's networks.

Deficiencies in both the quantity and quality of critical infrastructure (inadequate energy and water supply, poor road network, etc.) indicate that current infrastructure financing resources are insufficient to close the infrastructure financing gap in Ghana. Currently, infrastructure financing is restricted by the effects of fiscal consolidation under the IMF's ECF programme. In 2017, the Government succeeded in reducing the budget deficit from 8.9% of GDP in 2016 to 6.7% of GDP in 2017, but also reduced capital expenditure from 4.6% of GDP to 3.5% of GDP in the same period. In consequence, additional financing instruments are needed to bridge the estimated funding gap of USD 1.5 billion per annum⁴ that is required to raise Ghana's infrastructure endowment level and service quality to those of other middle-income countries.

Faced by Ghana's glaring infrastructure financing gap, successive Governments have sought new financing instruments for infrastructure. To this end, the Ghana Infrastructure Investment Fund (GIIF)⁵ was established by the GIIF Act 2014, Act 877. GIIF's purpose is to leverage its capital with private sector capital to finance infrastructure projects through debt, equity and other instruments. In forming GIIF, Ghana recognized the indispensable role of private sector investment but also PPPs to expand infrastructure financing. In addition, the Government has supported co-financing infrastructure initiatives with DPs and the private sector and employed a Policy-Based Guarantee in 2015 to whet the appetite of the private sector for public sector risk.

Ghana's infrastructure plans aim to improve electricity, transport, and water services. There are opportunities in: (i) roads and railways: major investment opportunities in the areas of construction, maintenance and services; (ii) ports: port expansion projects and construction of inland and greenfield ports; (iii) aviation: air transport operators for domestic and sub-regional services; (iv) energy: electricity generation and transmission, refineries, storage facilities and pipelines for petroleum and gas, renewable energy facilities; (v) water supply and sanitation: major investments to extend coverage, rehabilitate and maintain existing infrastructure, and provide point sources (boreholes and hand-dug wells), small town pipe schemes and rain harvest plants.

Beyond infrastructure financing, a specific objective is to improve equity in infrastructure distribution, particularly between the northern and southern parts of the country and between rural and urban areas. There is also an urgent need to develop an effective infrastructural rehabilitation and maintenance regime. The current lack of routine and periodic maintenance, and minor rehabilitation activities, has contributed to the deterioration of very significant infrastructure investments, particularly roads.

4. Ghana's National Policy on Public-Private Partnerships.

5. The fund is wholly owned by the Government, to mobilize, manage, coordinate and provide financial resources for investment in a diversified portfolio of infrastructure projects in Ghana for national development. The GIIF was initially capitalized from Government sources and has authority to raise financing from capital markets in the medium term.