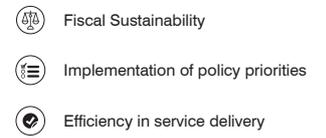


GHANA



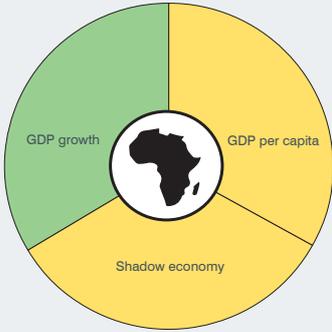
Enabling environment

Processes

Outcomes

Developmental impact

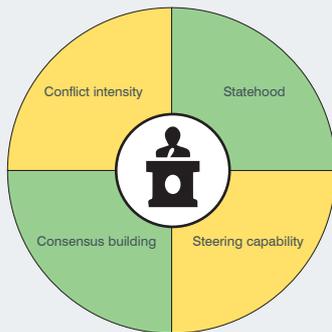
Economic context



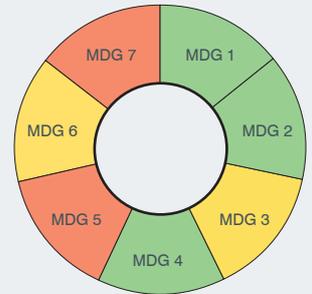
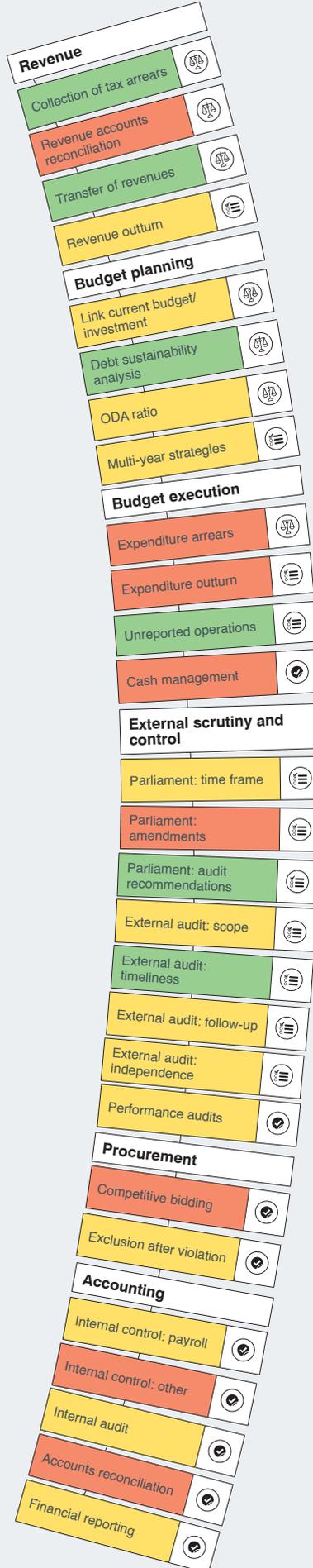
Anti-corruption



Political Economy



Governance



HDI	0.043
Extreme Poverty	25.20%
School enrolment	88.60%
School completion	101.00%
Infant mortality	42.80
Maternal mortality	319.00
Gini Index	42.80
Environment: performance	58.89 (Rank 130/180)
Environment: policy	5.00



1 GHANA

EXECUTIVE SUMMARY

Ghana's public finance system is currently in distress. A combination of slowing economic growth and challenges in managing the public finances has led to a shortfall in revenue and increased public expenditure. Key drivers behind the substantial widening of the budget deficit include the public wage bill, ineffective subsidies, insufficient revenue mobilisation due to a limited tax base, and low levels of enforcement of the tax legislation. Following the subsequent rise in debt and problems in regaining control of government finances, the government requested assistance from the International Monetary Fund (IMF). Ghana has been enjoying IMF support under the Extended Credit Facility (ECF) since 2015.

Ghana's public finance system is characterised by various limitations. There is a pressing need to increase efficiency and effectiveness across the public finance management (PFM) system. There are shortcomings in cash management and procurement. Internal controls and external audits are not meeting the prescribed quality standards, with a low coverage that is mostly restricted to regularity audits. This is in line with citizens' perceptions of high levels of corruption within the public service.

Independent international ratings on 'freedom of the press' were downgraded in 2016 from free to partly free following attacks on the press. This raises the risk that the media will be unable to effectively fulfil its role in the domestic accountability chain.

Despite these shortcomings, the government has delivered good development results. High economic growth rates have been sustained over a long period. This led to falling poverty rates, improved education, and increased life expectancy. Ghana also made good progress on the human development indicators and many of its Millennium Development Goals (MDGs) were met. Despite robust economic growth, development disparities remain between the northern and southern parts of the country.

The increasing income inequality in Ghana remains a challenge and continues to limit any broadening of the middle class. In addition, public service delivery performance remains poor. There are notable weaknesses in the higher education sector and with public health management and systems. Environmental issues are becoming increasingly problematic and might be exacerbated by the effects of climate change. Increased capacity within the public administration, especially public finance, is required to address these challenges. A solution also requires that public funds are better managed and that the budget becomes an effective planning and implementation tool.

PFM CORE PROCESSES AND OUTCOMES

Fiscal sustainability

Process Indicators	Source	Score	Year
Cost of tax administration to revenue	N/A		
Tax arrears to revenue	N/A		
Tax arrears recovery to total arrears	N/A		
Collection of tax arrears	PEFA	15.10: B	2016
Revenue accounts reconciliation	PEFA	15.30: D	2013
Transfer of revenues	PEFA	15.20: A	2013
Link between investment and current budget	PEFA	12.40: C	2016
Expenditure arrears	PEFA	4: D	2013
Debt sustainability analysis	PEFA	12.20: A	2012
ODA to total expenditure (aid dependency)	World Development Indicators	21.50%	2011
Outcome indicators			
Revenue to GDP	IMF	20.70% (estimate) 18.40% 16.70% 18.50%	2015 2014 2013 2012
Operating ratio	CABRI	62.90% 60.20% 60.30% 72.30%	2014 2013 2012 2011
Primary balance	IMF	1.50% (projection) 0.10% (estimate) -3.60% -5.60% -8.60%	2016 2015 2014 2013 2012
Debt to GDP	IMF	+57.00% 77.90% (projection) 70.70% 56.70% 49.60%	2012-2015 2015 2014 2013 2012
PV external debt to GDP	IMF	46.60% (projection) 45.10% projection 49.60%	2016 2015 2014
PV external debt to revenue	IMF	229.00% (projection) 235.00% (projection) 224.00%	2016 2015 2014
External debt service to revenue	IMF	38.40% (projection) 26.00% 15.10% 13.60%	2015 2014 2013 2012

Overall the tax system is efficient, with only minor exceptions

Ghana struggles to do comprehensive annual reconciliations of tax assessments, tax collections, tax arrears, and transfers to the consolidated fund. The debt management and enforcement unit, however, ensures that individual arrears are captured, reconciled, and that differences are collected (PEFA 2013). Large taxpayers transfer their tax payments directly to the Treasury's account at the Bank of Ghana (BoG), while all other taxpayers pay their tax in person at the Ghana Revenue Administration's



(GRA) tax offices. The GRA then transfers these revenues to the Treasury's account within a working day. The public expenditure and financial accountability (PEFA 2013) 2013 assessment notes that this system is effective, with only minor exceptions. Tax expenditures erode the amount of revenue government could collect. In addition, there is a need to introduce new tax laws and revise existing ones.

Except for 2013, the government has increased revenue collection year-on-year. Revenue collections, however, only finance 60 per cent of government's expenditure needs. Regular debt sustainability assessments have not improved fiscal sustainability. The fiscal deficit, and subsequently the debt-to-GDP ratio, have widened since 2012 because of a rising wage bill and increased energy subsidies. The government has tried to address these issues but fears remain that it will be tempted to expand expenditure and lose traction on fiscal adjustment due to election pressures in 2016. The Economist Intelligence Unit (EIU) projects that debt will exceed 80 per cent of GDP this year. Low commodity prices may also lead to a shortfall in revenues and inflate the fiscal deficit further, thereby exacerbating the already tight fiscal situation.

Revenue collections are insufficient to cover total public expenditure and fiscal sustainability is under pressure

The extent of fiscal imbalances becomes clear when one looks at the increase in the present value (PV) of external debt compared to performance in revenue. While the ratio was close to 100 per cent in 2012, by 2014 the PV of external debt was already 2.24 times higher than annual revenue. This indicates a severe deterioration in fiscal sustainability. Ghana therefore sought IMF support and has been receiving assistance under the ECF since 2015. With the advice of the IMF, the government is increasing domestic revenue mobilisation and cutting expenditure.

Ghana's fiscal metrics have deteriorated rapidly since 2014

International financial markets still consider Ghana's situation as critical. Standard and Poor's downgraded Ghana from B+ to B- in October 2014. A Euro Bond, which is partially guaranteed by the World Bank, was launched in October 2015 at a coupon rate of 10.75 per cent. This is almost 3 per cent above the interest rate of the Euro Bond issued in 2008.

International financial markets reflect the fiscal instability in Ghana

The government is trying to regain control of the public wage bill by rationalising the public service. It still, however, overruns on spending targets. Costly energy subsidies were reduced. But increases in debt and a weakening exchange rate with the Euro have led to rising interest rates and higher debt service costs. The government introduced a handful of import levies and increased tariffs on water and electricity. The level of tax expenditures, however, remains high. The IMF has urged Ghana to increase selective tax rates such as fuel and certain excise duties, introduce a property or real estate tax, and freeze any new tax exemptions. The tax administration needs to support these efforts by increasing tax compliance and the registration of taxpayers. More efforts are also needed to identify new, large, taxpayers and to improve the audit of existing large taxpayers.

Revenue reforms are necessary to offset expenditure pressures

Data deficiencies mean the government is unable to accurately determine the current level of spending. The backlog in expenditure cannot be verified due to inconsistencies between different sources of information. The PEFA 2013 estimates a high level of expenditure arrears. This, and the lack of transparency, are high risks for fiscal sustainability and need to be addressed as part of the government's fiscal adjustment strategy.

Expenditure reforms must address data deficiencies and transparency

Implementation of policy priorities

Process Indicators	Source	Score	Year
Overall expenditure outturn	PEFA	1: C	2013
Expenditure composition outturn		2: NA	
Revenue outturn	PEFA	3: C	2013
Multi-year perspective	PEFA	12.10: C 12.30: C	2013
Unreported government operations	PEFA	7.10: A	2013

Process Indicators	Source	Score	Year
Parliamentary scrutiny: Time frame	PEFA	27.30: C	2013
Budget amendments	PEFA	27.40: D	2013
Audit recommendations	PEFA	28.30: B	2013
External audit: Scope	PEFA	C	2013
Timeliness	PEFA	B	2013
Follow-up	PEFA	C	2013
External audit: independence	GI AFROSAI-E SA	All 7: 50.00% SA: 2 + 3	2016 2015
Outcome indicators			
Public health expenditure to GDP	World Development Indicators	2.13%	2014
Health expenditure to total government expenditure	World Development Indicators	6.82%	2014
Government education expenditure to GDP	World Development Indicators	5.93%	2013
Education expenditure to total government expenditure	World Development Indicators	21.70%	2013

Forecast errors undermine the effectiveness of the budget as a policy planning and implementation tool

The weaknesses in the PFM system are more than just a threat to fiscal sustainability. Certain weaknesses directly affect the credibility of the budget, and therefore impact on the implementation of policy priorities. The government is unable to forecast its expenditure and revenue over both the medium and the short term. Since both expenditure and revenue estimates differ greatly from outcomes, the budget is undermined as an effective policy planning and implementation tool. The PEFA 2013 identifies the gap between rolling three-year forecasts and actual budget allocations as the key contributor to poor policy implementation. Another challenge is that sector development plans are not costed properly, if at all, and deviations between plans, the medium-term fiscal framework, and annual budget estimates are large. This is even more important with regards to investment projects, where recurrent costs are not included in the medium-term expenditure estimates and therefore are a threat to both the successful implementation of projects and overall fiscal sustainability.

The legislature's oversight of the budget is weak

Current legislation and institutions are unable to ensure adequate oversight over budget execution in line with policy priorities. Although the legislature is given six weeks to review the budget proposal, the time is not used efficiently. Proposals are reviewed individually and without the support of technical expertise, the time for thorough debate is scarce, and the influence of the legislature is weak. Furthermore, parliament is not sufficiently involved when it comes to in-year budget amendments. Amendments are often done without parliamentary approval, even though this violates current rules and procedures. Transfers to extra-budgetary funds have not been executed in line with budgetary or regulated commitments and the Minister of Finance has made extensive use of virements.

Audit coverage is confined to transaction-level testing and compliance

External audit in Ghana is undermined by major shortcomings. AFROSAI-E lists a 55 per cent coverage of regularity audits, while PEFA captures the same metric at 92 per cent. Irrespective of the coverage, audits are focused on transaction-level testing and compliance. Systemic PFM issues are therefore ignored. In addition to the regularity audits done in 2015, four performance audits were conducted.

Follow-up on audit recommendations is weak, with many issues just carried forward

Audits of the consolidated fund and ministries, departments and agencies (MDAs) are submitted within six months of the end of the financial year. The audit reports include information on the recommendations and how they have been followed up. The reports, however, show that follow-up is weak and many issues are not addressed properly and just carried forward to the next report (PEFA 2013).



Efficiency in service delivery

Process Indicators	Source	Score	Year
Cash management	PEFA 2013	16: D+	2013
Procurement: competitive bidding	GI PEFA	All 25: 25% PEFA 19.20: D	2016 2013
Procurement: public access to contracts	GI PEFA	All 26: 50.00% PEFA 19.30: D	2016 2013
Procurement: exclusion after violation of rules	GI	All 28: 50.00%	2016
Internal control: payroll	PEFA	18: C+	2013
Internal control: other	PEFA	20: D+	2013
Internal audit	PEFA	21: C+	2013
Accounts reconciliation	PEFA	22: D+	2013
Financial reporting	PEFA	25: C+	2013
Performance audits	AFROSAI-SA	Yes: 4 conducted	2015
Outcome indicators			
Hospital beds per 1 000 inhabitants	World Development Indicators	0.90 0.90 1.46	2011 2005 1990
Access to sanitation	World Development Indicators	14.90% 12.00% 7.00%	2015 2005 1990
Access to prenatal healthcare	World Development Indicators	90.50% 92.10% 85.70%	2014 2006 1993
Pupil-teacher ratio (primary education)	World Development Indicators	30.00 32.00 27.00	2014 2005 1990

Efficiency in service delivery depends, to a large degree, on effective budget execution. Ghana has shortcomings in this area, particularly with cash management and public procurement. The prepared cash flow plans are rarely updated during the fiscal year. In addition, MDAs often experience delays in receiving information about fund availability and expenditure ceilings. Theoretically this kind of information should be available at the beginning of each month.

Cash flow plans are rarely updated and MDAs often receive fund availability and expenditure ceiling data late

The lack of competitive bidding procedures creates risk within the public procurement system. There is no reliable data to assess the value of contracts, which are supposed to be subject to competitive bidding. Instead contracts are sole-sourced. Although legal regulations were not violated, Global Integrity cites this finding as an example of non-competitive procedures. Contracts and processes underlying procurement practices are made available on the Public Procurement Authorities website to increase transparency. Nonetheless, no information on the progress of procurement contracts and internal procurement audits is currently available. In case of violations against procurement regulations, the law allows government to suspend violators from future contracts for up to five years. Since the establishment of the Public Procurement Authority, however, no company or supplier has been officially debarred (Global Integrity).

Public procurement procedures require better reporting and more public information to promote competitive behaviour

The government reconciles payroll with personnel databases. Payroll is controlled month by month, and changes are reflected within a month. But challenges do exist around newly recruited staff, with examples of delays of up to one year for new information to reflect on the system. As part of the control mechanisms, the payroll is also audited

Payroll is controlled monthly and subject to an internal audit but challenges to internal control exist

internally. Internal audit units regularly carry out pre- and post-audits of personnel and payroll data. The biometric registration of all public-sector staff and pensioners, which began in 2012, was completed in 2013 (PEFA 2013). Internal controls for non-payroll expenditures are much weaker and expenditure commitments are regularly violated. Other internal controls, such as expenditure management controls and procedures, have been clearly developed and officials are familiar with them. Irregularities still occur in all MDAs even though the rules and procedures are known. This is due to insufficient efforts to strengthen compliance and protect public property (PEFA 2013).

The response to and implementation of audit findings is low

Internal auditing is currently not focused on systems' audits. Instead, pre- and post-compliance audits are conducted by internal audit units. These are similar to the audits on payroll. Audit findings are captured in quarterly and annual audit reports that are shared with key stakeholders. While the response to and implementation of audit findings has improved, it is still insufficient and averages only 53 per cent.

The financial statements ignore statutory funds, internally generated funds, and development partner programs

A significant concern in Ghana's PFM system is the poor reconciliation of bank accounts. The consolidated fund is reconciled monthly with a lag of approximately three months. Other funds, such as internally generated funds and development partner funds, stay outside the reconciliation process. Financial statements of the Controller and Accountant General cover the consolidated fund, but do ignore statutory funds, internally generated funds, and development partner programs. Hence, financial statements cannot be considered as a complete overview of the government's financial position.

ENABLING ENVIRONMENT

Economic context

Indicator	Source	Score	Year
GDP per capita (USD PPP)	World Development Indicators	4 200	2015
		4 100	2014
		3 970	2013
		3 730	2012
		3 430	2011
GDP growth	World Development Indicators	7.70%	2011-2015 average
		3.90%	2015
		4.00%	2014
		7.30%	2013
		9.30%	2012
14.00%	2011		
Shadow economy to GDP	Estimate Prof. Schneider	27.70%	2000-2015
Land locked	No		
Driving sectors	Major export commodities: gold, crude oil and cocoa. Agriculture: 21.10%; Industry: 26.30%; Services 52.60% (2015, WDI).		

Sustained periods of economic growth have not solved regional disparities or income inequality

Ghana has experienced a decade of robust economic growth and recently acquired lower middle-income status. Despite the long growth period, GDP per capita only stands at 4200 USD. While economic growth has begun to slow, projections show a recovery in the medium-term. The country is well integrated in terms of international trade, but lacks economic diversification with exports highly dependent on cocoa, crude oil, and gold. Most the country's workforce is in the agricultural sector, with 80 per cent of these in the informal sector. Matters of concern are the disparity between the well-developed south and the less-developed northern regions of Ghana, as well as an overall increase in income inequality.

Ghana remains politically stable despite instability in neighbouring countries

Ghana is considered a politically stable country. The democratic structures have grown since 1992 and changes of government between the National Democratic Congress (NDC) and New Patriotic Party (NPP) in 2000 and 2008 were predominantly peaceful.



Ethnic rivalries exist, but only occur regionally and do not affect the stability of the country. Conflicts and instability in neighbouring Togo, Côte d'Ivoire, and Burkina Faso do not affect domestic stability. Disputes with Côte d'Ivoire over the maritime border were addressed politically by calling the International Tribunal for the Law of the Sea.

Political economy

Indicator	Source	Score	Year
Statehood	BTI	7.75	2016
Steering capability	BTI	6.67	2016
Consensus building	BTI	7.75	2016
Conflict intensity	BTI	4.00	2016

Ghana is a well-established state and citizens generally trust public institutions. Although election results in 2012 were questioned by the opposition and brought to court, this did not lead to unrest in the country. The national police lack capacity but are still capable of fulfilling their basic duties. Compared with other countries in the region, crime is not a serious issue. In general, the government is able to enforce the monopoly of force in the entire country at any time.

Ghanaian citizens generally trust public institutions and the government is able to enforce law and order

Ghana is a multi-ethnic state, which makes the government keen to avoid any marginalisation of specific ethnic groups. Ethnicity does still play a role in politics though, and this becomes most evident during election years when boundaries between political and ethnic rivalries become blurred. Some regions in Ghana are strongly biased to one of the major political parties, with the Volta Region aligned to the NDC and the Central Region aligned to the NPP. Despite these challenges, all parties and elected governments have committed themselves to development and poverty alleviation. The implementation of this commitment, however, has proven challenging given the difficulties in setting policy priorities, the need to react to dynamic external conditions, and the government's limited power in rural areas where traditional authorities have greater influence.

Implementation of development and poverty alleviation policies is a challenge

The government has compromised fiscal discipline to meet key stakeholder expectations, especially in election years. The situation worsened in 2015 when fiscal instability coincided with unfavourable macroeconomic developments and forced Ghana to seek support from the IMF under the ECF.

Fiscal discipline has been compromised to meet stakeholder expectations

Weak public administration is a major obstacle to development. Ghana's public entities are chronically understaffed and many of the public servants lack the necessary skills and tools to fulfil their regular tasks adequately. Administrative structures are limited to urban areas and almost invisible in rural settlements. The government is therefore dependent on external expertise, which is either provided by donors or bought at the taxpayer's expense. Ghana is currently unable to develop a sufficiently educated workforce due to shortcomings and entry barriers to the higher education system.

Public administration faces critical bottlenecks and is dependent on external expertise

Weaknesses in priority-setting, scarce financial and physical resources, and limited human capacity affect the efficiency of policy planning and implementation.

Weaknesses affect policy planning and implementation

Anti-corruption

Indicator	Source	Score	Year
Most/all government officials are corrupt	Afrobarometer	52.70%	2014/15
Most /all tax officers are corrupt	Afrobarometer	51.30%	2014/15
Investigation against senior level officials	Global Integrity	All 12: 50.00%	2016
Effectiveness of investigation	Global Integrity	All 13: 50.00%	2016

GOOD FINANCIAL GOVERNANCE HEAT MAP

Indicator	Source	Score	Year
Staff appointment anti-corruption agency	Global Integrity	All 14: 75.00%	2016
Corruption Perception Index	Transparency International	CPI 47 (Rank 56/168)	2015

Citizens perceive a high level of corruption amongst government officials and tax officers

Ghana ranks among the least corrupt (bottom third) countries as measured by Transparency International's (TI) Corruption Perception Index. According to the Afrobarometer, however, more than half of Ghanaians consider their government officials and tax officers as highly corrupt. Besides the judicial system and the police, the tax authority is also seen as particularly affected by corruption. On average, every Ghanaian pays 181 USD annually in bribes (PÖK 2015). Appointments to management positions within parastatals and procurement contracts are often based on personal loyalties and ties, rather than on capacity and qualifications.

Allegations of office abuse and political interference have been made against the institution tasked with tackling corruption in the civil service

Weaknesses also exist in the institutional setup to fight corruption. The Commission on Human Rights and Administrative Justice (CHRAJ) is tasked with investigating allegations of corruption in the civil service. It is an independent state organisation whose mandate is given by the Constitution. Citizens can report complaints directly to officers, or via telephone, email or on the CHRAJ website. Global Integrity notes that the effectiveness of investigations on corruption are undermined by the fact that this is not the Commission's core business. Allegations of office abuse against the Commissioner led to the freezing of donor support, which weakened the operations of the CHRAJ. Personnel and resource constraints lead to delays, meaning it often takes years to complete investigations. So far, the entity has not conducted any high-profile investigations. Finally, the CHRAJ is neither fully autonomous in its operations, nor are appointments of the CHRAJ Commissioner and deputies publicly advertised and decided by an independent body.



Governance

Indicator	Source	Score	Year
Public access to information	PEFA	10: B	2012
Right to request information	Global Integrity	All 41: No	2016
Effectiveness of information requests	Global Integrity	All 42: 0%	2016
Access to legislative processes and documents	Global Integrity	All 43: 100%	2016
Government censoring of media	Global Integrity	All 55: 100%	2016
Rule of law	Bertelsmann	BTI: 6.75	2016
Political participation	Bertelsmann	BTI: 8.50	2016
Freedom of the press	Freedom House Reporters without borders	Partly free 17.95 Rank 26/180	2016
Gender equality	Gender Inequality Index (UNDP)	0,55 (Rank 138 of 187)	2013

Legislative information is widely available and government initiatives have increased transparency and political participation

Ghana has a good reputation when it comes to governance. There are government initiatives to increase transparency and political participation. The Constitution acknowledges that citizens should have access to information as needed in a democratic society. In practice, however, the government is hesitant in giving out information due to a missing implementation law. The Right to Information Bill has been in the legislative process since 2007. Access to information is vastly dependent on personal relationships, in terms of both access to information itself and the time it takes to get responses to information requests. On the other hand, the government provides information to citizens via websites, even if such information is not regularly updated. With regard to legislative information, Ghana is performing very well and received the top rating from Global Integrity. There is a gallery where the public can witness proceedings. Minutes of meetings, bills, and voting records are also made



available. Some information is even available online and is free of charge. In addition, the media generally covers parliamentary proceedings.

BTI scored Ghana well for the rule of law. This is because the judiciary acts without political interference, and instances when it overrules government decisions are generally accepted by government. Shortcomings in these systems relate to corruption and administrative capacity, which both lead to long delays in legal procedures. Access to justice, such as courts, is not affordable to the average Ghanaian. Moreover, the legal system has failed to investigate allegations of crimes committed by certain senior public office holders and executives from the private sector.

The judiciary acts without political interference but legal procedures are delayed by corruption and administrative capacity

Freedom House (FH) downgraded Ghana's press to 'partly free' in 2016. Ghana was also downgraded in the Reporters without Borders (RSF)'s Freedom of Press ranking from 22 in 2015 to 26 in 2016. Ghana has always been considered a top-performer in press freedom in sub-Saharan Africa, but in 2014 and 2015 several physical attacks against journalists were reported. Some of these attacks were committed by state officials. FH also reported cases where journalists and media outlets were exposed to legal and financial pressures. In this context, RSF criticised Ghana's media legislation. The flaws within legislation allow officials to abuse the criminal code and to intimidate journalists. This limits the press's ability to fulfil its function in Ghana's accountability chain.

Press freedom and media legislation have been called into question following recent incidents

DEVELOPMENTAL IMPACT

Indicator	Source	Score	Year
Human Development Index	BTI	0.04 0.57 (138/187) 0,56 (135/187) 0.53 (152/182)	2010 – 2016 change 2016 2014 2010
Millenium Development Goals (MDGs)	Ghana MDG Report	MDG 1: achieved MDG 2: achieved MDG 3: not achieved, but progress MDG 4: achieved MDG 5: not achieved MDG 6: not achieved, but progress MDG 7: not achieved	2015
Extreme poverty (below 1.90 USD PPP 2011)	World Development Indicators	25.20% 47.10%	2005 1991
Primary school enrolment	World Development Indicators	88.60% 86.80% 81.60% 83.50% 66.50%	2014 2013 2012 2011 2005
Primary school completion	World Development Indicators	101.00% 96.50% 98.40% 98.20% 92.90% 74.50%	2015 2014 2013 2012 2011 2005
Infant mortality (per 1 000)	World Development Indicators	42.80 44.20 45.50 47.00 48.60 56.80	2015 2014 2013 2012 2011 2005

GOOD FINANCIAL GOVERNANCE HEAT MAP

Maternal mortality (per 100 000)	World Development Indicators	319.00 322.00 321.00 324.00 320.00 376.00	2015 2014 2013 2012 2011 2005
Income inequality - GINI index	World Development Indicators	42.80	2005
Life expectancy	BTI	61.10 60.80 56.00	2016 2014 2010
UN education index	BTI	0.55 0.60 0.62	2016 2014 2010
Environmental performance	Yale EPI	58.89 (Rank 130/180)	2016
Environmental policy	BTI	5.00	2016

There has been a marked improvement in poverty reduction, education, child mortality, development, gender equality, and the fight against HIV/AIDS and malaria

Despite several weaknesses in Ghana's PFM system, the government could achieve many of its envisaged development goals. The Human Development Index scores for the country increased during the last period and Ghana improved from 152 out of 187 countries in 2010 to 138 in 2016. Life expectancy increased from 56 years in 2010 to 61.1 years in 2016. Ghana also reduced the level of poverty from 47.1 per cent in 1991 to 25.2 per cent in 2005. The country achieved other indicators under MDG 1, and overall the goal can be considered as achieved. The set goals for MDG 2 were largely achieved, with the United Nation's education index showing a constant improvement in the country's rating. Ghana also achieved MDG 4 (reduction of child mortality) and MDG 8 (development). MDG 3 (gender equality) and MDG 6 (fight on HIV/AIDS and malaria) were not achieved, but significant progress was made towards both goals. Ghana failed to show progress on MDG 5 (reduction of maternal mortality) and MDG 7 (ensuring environmental sustainability).

The government has not yet managed to ensure inclusive growth and current pressures on the PFM system will hinder service delivery efforts

One of the biggest challenges facing Ghana is that despite robust economic growth over the past 15 years, the government has not managed to ensure inclusive growth. Although extreme poverty decreased sharply, there are still concerns about a narrowing middle class and widening income inequality. Furthermore, in a climate of economic stagnation the above cited weaknesses and inefficiencies in the PFM system place additional constraints on the government's ability to deliver services.