

**BUDGETARY PRACTICES AS INSTRUMENTS OF ECONOMIC DEVELOPMENT  
IN THE THIRD WORLD: AN EVALUATIONAL CASE STUDY OF  
GHANA'S BUDGETARY PRACTICES**

by

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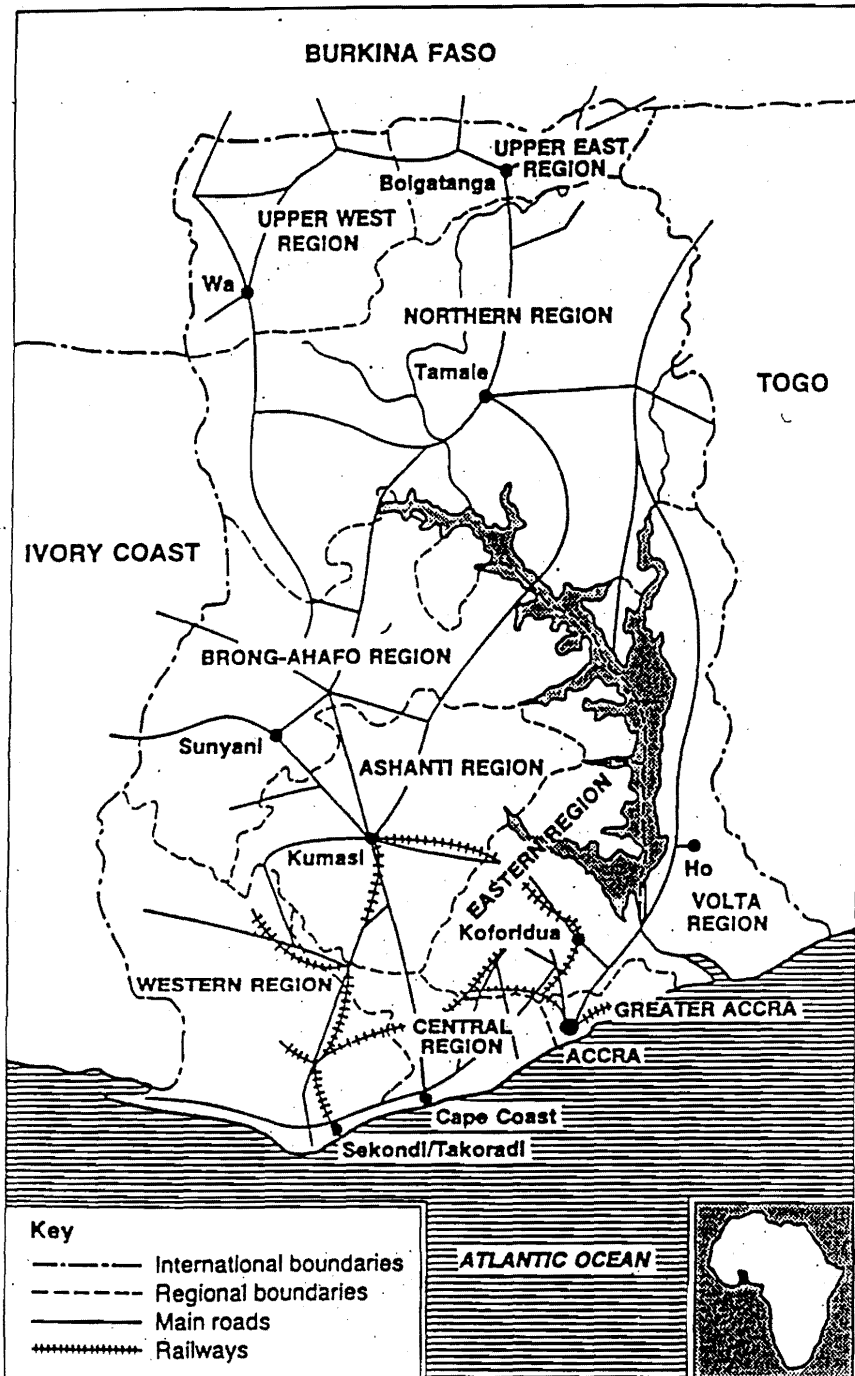
Dr. Thomas H. Roback

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Dr. James F. Wolf

March 1993  
Blacksburg, Virginia

PHYSICAL MAP OF GHANA



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**(ABSTRACT)**

Budgeting in Ghana, not unlike that in any other country in the world, could be an important instrument for effecting economic development (ED) policies. As a numerical expression of the intended distribution of national public resources, it is a multifaceted phenomenon that reflects political and administrative decisionmaking. Much evidence in the Third-World literature on budgeting and ED asserts that ED policies can be most effectively implemented when there is a systematic interrelation and coordination between budgeting and ED policies. The position taken in this dissertation goes beyond that assertion.

Specifically, this dissertation posits, in addition to the systematic interrelationship and coordination between budgeting and ED policies, that ED policies should be systematically integrated with development administration and human-resource development. The dissertation evaluates Ghana's budgetary practices and policies as they affect the country's ED programs. Because these practices and policies are not systematically coordinated and integrated with ED policies, the study highlights and examines the dilemmas facing those who attempt to stimulate effective ED in Ghana, and it recommends changes.

Budgeting is most often conceived of as a management tool that can mobilize human and material resources to accomplish planned ED. In light of that conception, public budgeting can be the means of translating economic-development objectives into programs, projects, schemes, and activities. Many Ghanaians look to the government for assistance in improving their standard of living and, thus, their life opportunities or choices.

Systems theory is a conceptual tool for analyzing complex interorganizational and human relationships for improving organizational effectiveness. A systems perspective is incorporated in this study. Specifically, the literature on several processes (e. g., economic development and development administration) is reviewed from a systems perspective with a view to identifying their interconnectedness. In light of this review, top-level public servants, statutorily charged with enhancing citizens' life opportunities, need information required to foster and solidify the interrelationships among an organization's sub-units, processes, as well as its members. The purpose is to help them to apply relevant management techniques required for public agencies to succeed in improving people's standard of living and their life opportunities.

Complying with case-study protocol, the researcher administered a written questionnaire and an interview survey to 15 of Ghana's high-ranking national and subnational budgeters and ED planners. This dissertation shows how a number of factors can and do combine to make budgeting for ED less successful. The recommendations that flow from the dissertation are purposefully addressed to the Ghanaian government, the primary beneficiaries of ED being the Ghanaian society or population.

## ACKNOWLEDGMENTS

*Deo Solo Gloria!* As far as I am concerned, the magnitude of an endeavor, such as writing a dissertation, clearly calls for one's firm belief, trust, and faith in God. To be sure, it is my relentless belief, trust, and faith in God that facilitated the writing of this dissertation. I, therefore, render all my heart-felt thanks and gratitude first to God, who can easily transform seemingly impossible and perplexing things into reality.

Parental confidence in one's scholarly activities can actually help foster, enhance, and bolster one's self-confidence in one's pursuit of those activities. In light of that, I owe my parents a deepest kind of appreciation and thanks for their earlier investment of both confidence and money in my academic pursuits. "Mama Rose, your laying a strong foundation for my education when Papa was in political detention will never be forgotten. "Requiescas In Pace" in God's mighty bosom! This hard-earned degree is solely yours, my Sweet Mother!". Papa, may God bless you also for your enormous financial contributions toward my education, especially my post-secondary education!

My warmest expressions of love and thanks go particularly to my wife, Naana. Thanks immensely for your unquantifiable and steadfast trust and confidence in my scholarly undertakings, as well as for your unflinching support of and investment in my personal well-being. Our children, Priscilla, Vanessa, Rosina, and Laretta, be reassured that you are and will always be my personal pride and joy. Do not forget that Daddy

was able to accomplish this feat as a result of God's daily guidance-cum-mercy, and also through His omnipotent power. I love you all very dearly!

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## DEDICATION

This grand endeavor is dedicated to:

My mother, **Rosina Howard** (February 28, 1929-October 7, 1987), the prime nourisher of my academic aspirations, interests and desires;

My father, **Ossei Assibey-Mensah** (Triple-Detained Defender of Democracy in Ghana, and a Political Punching Bag), who taught me to respect all people, regardless of their ethnicity, creed, religion, color, etc.;

My wife, **Naana**, who has firmly stood by me in all my ordeals, trials and tribulations; our children: **Priscilla, Vanessa, Rosina, and Laretta**;

All my brothers and sisters; my late grandparents (Nana Akua Afriyie and Emmanuel Howard); all my in-laws, particularly my late father-in-law and my late mother-in-law; my late aunt, **Akosua Nyameba**; **Dada Peter K. Grant**; all my cousins; all my relatives in the **Akwamu Royal House** in Kumasi and elsewhere; as well as

All those who truly believe in the omnipotence and omnipresence of God Almighty.



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## CHAPTER ONE

### PROBLEM AND OBJECTIVES

Public budgeting can be an important planning mechanism for spending monetary appropriations by public institutions if the connections between planning and budgeting are institutionalized, and if expenditures have been properly linked with estimated revenues. Generally, in developed countries, budgeting is an instrument for getting something accomplished privately or publicly. In developing countries, large portions of the population look to the government to improve their standard of living and enhance their life opportunities or choices. Indeed, this is a heavy responsibility. Therefore, this study reinforces the assertion that the onerous task of economic development can be most effectively pursued when it is closely linked to and coordinated with governmental budgeting.

In fact, the Third-World literature reviewed clearly asserts that there can be effective economic development in developing countries, of which Ghana is a part, when there is a systematic interrelation and coordination between budgeting and economic-development (ED) policies. However, this dissertation carries the assertion much further. Specifically, it views effective ED as resulting not only from a systematic interrelationship and coordination between budgeting and ED policies, but also from a systematic interrelationship and coordination between ED policies, development administration (DA), and human-resource development (HRD). DA refers to the public institutions, management

systems, and the like established by a government to effect public policies in order to stimulate and facilitate defined national programs (Gant 1979), of which ED programs are a part. In essence, development administration is the public administration of ED (Hope 1984). HRD, on the other hand, is the building and effective utilization of people's skills in order to achieve organizational objectives (Spiegelglas and Welsh 1970), of which improving people's human conditions (i.e., ED) is a part.

This dissertation evaluates Ghana's budgetary practices and policies and their relation to economic-development programs. Specifically, the study is undertaken to furnish an empirical picture of Ghana's budgetary practices and policies and how they systematically relate to economic development. The objective is to critically identify the constraints that militate against the effective translation of national economic-development policies into programs, projects, and activities. It is hoped that these programs, projects, etc. will improve Ghanaians' standard of living and assist in realizing their life choices. Since the study investigates the budgetary system and ED planning of a particular country, the dissertation is a case study.

Ghana, a former colony, has a bureaucracy and a management style patterned after the British. Thus, an analysis of Third-World bureaucratic and management style is relevant and included in this study. Also, the dissertation maintains that successful economic development entails the linking of both development administration and human resource development to budgeting, something notably lacking in the current literature on budgeting in developing countries.

A major assumption underpinning this study is: No single or generalized set of budgeting or economic-development theories fits the budgetary or economic-development practices of all countries. Some theories may be useful, but others may be inapplicable because of the unique socio-economic and political conditions of a particular country. In light of this fact, the socio-economic and political conditions of a country play a significant role in any successful budgeting for effective economic development (Caiden 1980). Since public organizations or institutions cannot achieve economic development via the budgetary process alone, the objective of the suggestions made is to facilitate economic development for Ghanaians. Several other assumptions provide the rationale for this investigative study.

The major means of data collection are: (1) A written survey questionnaire; (2) Interviews; and (3) Pertinent and reliable documents of the government of Ghana, the World Bank, the International Monetary Fund (IMF), and the United Nations (UN). Among the literature streams reviewed are economic development, Third-World bureaucracies, and budgeting.

The dissertation is basically the study of only one country's budgetary practices and their relation to economic development. However, the issues identified may be useful to other developing nations as well.



## Statement of the Problem

In the developed countries, the strength of the economy (e.g., high gross national product or GNP) and favorable political conditions (e.g., political stability) often facilitate ED programs. However, in the Third World, existing conditions (e.g., low GNP, and very few revenue sources), as well as some cruel dilemmas or problems, do not always facilitate effective ED. Nonetheless, despite the fact that it is a Third-World country, Ghana clearly has what it takes to have an effective ED program. Specifically, the country's current socio-economic and political conditions offer the potential for successful ED implementation. For example, the defense budget is not huge, natural resources are abundant, agricultural production has substantially improved within the last decade, the population-growth rate is 2 percent,<sup>1</sup> and there is political stability.

Indeed, and, more specifically, one factor that appears to be undercutting effective ED in Ghana is the lack of conscious coordination and integration of the respective activities of the country's ED planners and budgeters which result from some ED dilemmas confronting the government. In fact, it is in the examination of this specific lack of coordination and integration that one comes to see the broader context that contains some of the dilemmas described below.

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<sup>1</sup> In March 1969, Ghana became the first West African nation to adopt a national population policy authorizing the establishment of the National Family Planning Program (NFPP), an organic part of the country's social and economic planning, as well as development, activity. (See Pellow and Chazan 1986.)

Many governments may wish to formulate and implement ED policies, which require stable, sufficient and sustained revenues for success, but they have very few revenue sources that meet the above criteria. Under such circumstances, they increasingly find that they cannot effect their ED programs without seeking loans from international financing institutions (e.g., the World Bank). Ironically, most of these governments wish to formulate and implement ED policies which appear independent of foreign influence and engender popular support, but these policies and financial practices may not meet standards of fiscal prudence established by international lending agencies. Because external and international loans are a necessary means of implementing their ED programs, they must make agreements for these loans which eventually force them to pursue reforms required by the external lenders (Vieceli 1992). These reforms may put the country in sounder fiscal condition but preclude continuation of programs that both engender popular support and endanger the country's eleven-year political stability as well as its ED planning process that has existed since independence in March 1957.

The discussion above could be summed up in these words: popular support for ED planning is required for successful ED. But, because the standards of fiscal prudence established by international lending institutions promote long-term fiscal stability to sustain credit, it seems that Ghana's government has become fixated with sustaining credit at the expense of successful ED. Consequently, it tends to undertake ED projects and reforms that both isolate it from the people, whose support it needs in formulating ED policies, and endanger political stability and ED.

Additionally, some governments realize that effective ED is more likely if the budget process is decentralized. But, they often have highly centralized budget processes (Kindleberger and Herrick 1977), which reflect the country's unpopular fiscal policy demanded by the external international lending institutions. Paradoxically, these governments need and seek popular support for their fiscal policies, which do not seem to promote the people's demands, foremost of which is the amelioration of their standard of living. Indeed, many of the governments recognize that the above-described problems could be alleviated if and when their country's budgeting and ED processes were systematically coordinated and integrated. However, despite such recognition, institutional arrangements are not in place to lend sustained support to successful coordination between budgeting and ED. As a result, budgeters and ED planners go their separate ways: the former perceive their role as guardians of the Treasury, and, thus, often hold development expenditures down or refuse to release funds appropriated for development purposes. The latter, on the other hand, wish to see projects under way to justify their public role (Caiden and Wildavsky 1974). The situation often leads to institutional rivalry and, consequently, unsuccessful ED (Ibid.).

To compound their enduring dilemmas described above, many of these governments also realize that managerial capacity that depends on effective management of human-resource development (HRD) places an overall limit on a country's ED efforts (Bailey 1984; Thimmaiah 1984; Toye 1981). But, because they lack a clear and specific framework that supports ED, they tend to overlook the need to consciously coordinate

ED, DA, and HRD through budgeting and, thus, provide reasonable incentives to personnel who implement ED.

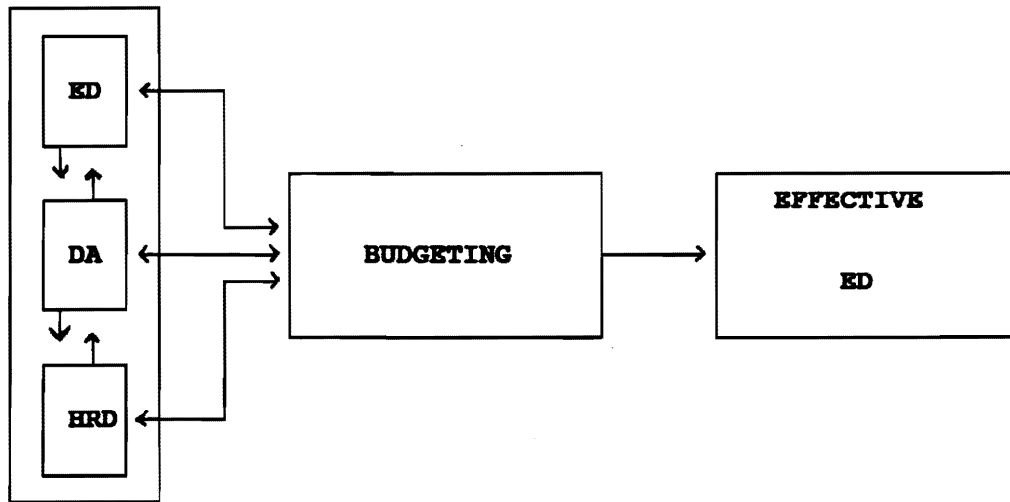
In summary, many of the governments in the developing world recognize that ED can be a means to an end (i.e., ameliorating the people's human conditions). But, despite such recognition, they find that some ongoing developmental problems place many obstacles in their path. In particular, they realize that the lack of a clear and specific framework for ED makes ED implementation difficult. But, when a particular set of goals is agreed upon or found to be appropriate by the country's leadership, achievement is not always supported by institutional or structural arrangements (Chapel 1972; Leipziger and Lewis 1977). The situation leads to a lack of morale and brain draining (Spiegelglass and Welsh 1970), that confound the conscious and systematic coordination of ED, DA, and HRD through budgeting.

The nature of the dilemmas described above engenders public servants' frustrations that impede a closer link between budgeting and ED planning. Chapter Five will focus exclusively on these ED dilemmas and will attempt to highlight the specific problems facing the Ghanaian government in its attempt to improve the human conditions of its relevant population through both ED and budgeting.

To summarize, an assumption underlying this study is that effective economic development (ED) in Ghana can best obtain when ED policies, development administration (DA), and human-resource development (HRD) are coordinated and integrated through the budget process. However, budgeting in Ghana is currently not

closely and systematically related to and coordinated with the country's ED policies. Consequently, ED in Ghana is not that effective.

The foregoing is best captured as:



### Statement of Assumptions

Specifically, the study assumes that:

1. The budgeting process is continuous, and economic-development policy formulation is dynamic, continuous and gradual;
2. Budgeting and economic-development planning are inextricably linked by the goal to improve peoples' standard of living with a view to enhancing their life opportunities;
3. Economic development can materialize only when and if budgeted resources are made available and are sustained;
4. No single or generalized set of budgeting or economic-development theories fits the budgetary or economic-development practices of all countries; and
5. Budgeting could be a very important tool for the effective execution of economic-development policies when it is consciously used to coordinate those policies, development administration, and human-resource development.

Additionally, the dissertation purports to realize certain specific objectives.

### **Statement of Objectives**

The primary objective of this dissertation is to investigate the actual budgetary practices (including budgetary policies) and their relation to economic-development programs of Ghana with a view to:

1. Developing a better understanding of the country's current budgetary and ED practices;
2. Identifying the ED problems that undermine or militate against conscious Ghanaian bureaucratic efforts to optimize budgeted appropriations for successful ED;
3. Developing effective or better strategies to enable the Ghanaian government to deal effectively with the dilemmas facing it in its ED efforts; and
4. Making students, theorists, and practitioners of budgeting more conscious of the unique circumstances surrounding public budgeting in Third-World countries.

Specifically, the study purports to:

1. Examine Ghana's budgetary practices (including budgetary policies and techniques) and their relation to the country's economic-development (ED) programs;
2. Explore those factors that facilitate ED, as well as those that do not;
3. Analyze the country's ED programs within the framework of the socio-economic and political conditions promoting and undercutting ED; and,
4. To the extent that the country's budgetary practices and ED programs are not closely coordinated, examine the constraints hampering effective budgeting and ED coordination and recommend changes.

## **Analytical Framework**

This study operates within the ethos that any effective organization has to realize the complexity of interpersonal, as well as intraorganizational and interorganizational relationships. Therefore, it uses a systems-theory idea to highlight the presence, absence, or potential connection between: (1) budgeting and economic development; (2) economic development and development administration; and (3) development administration and human-resource development, to mention just a few of these relations. For example, at the national level, there are budgeters and economic-development planners in Ghana's Ministries of Health and Education, and, at the subnational level, in the Ashanti and Greater Accra Regions. Subnational budgeters and economic-development planners also have a specific role to play within the framework of their organization's public mission. The fact still remains that the basic objective of Ghanaian budgeting and economic-development planning is to improve the human conditions of the people. This should not be interpreted or construed to mean that only budgeting and economic development are related. Indeed, each of the processes reviewed in Chapter Three (i.e., human resource development, development administration, etc.) has implications for the other processes as well. Moreover, too many relationships and connections operate at both the personal and organizational levels to be stated or counted.

At this juncture, some important terms or concepts need to be defined and understood with a view to reducing, if not completely eliminating, any ambiguity in their usage elsewhere.

## Definitions

### 1. Third World

Representing three-quarters of the world's population, the 'Third World' is a collection of extremely heterogeneous countries in Latin America, Africa, West Asia, and South and East Asia ( EUROMONITOR 1989:xviii; and Barke and O'Hare 1984:1). Characterized by poverty, it is this particular condition, rather than population size, which gives these four regional groups their unique feature. The poor nations of the Third World or the 'South' also differ economically and politically from the northern nations with developed market economies (DMEs), which are referred to as the 'First World'. The nation-states of the First World include Western Europe, the U.S., Canada, Australasia, and Japan. The Third World's collectively-shared features also include the following: (1) their accounting for the largest proportion of the world's resources, particularly raw materials; (2) a growing share of world debt; (3) a shortage of scientific and technical skills; and (4) a vulnerability to external forces often associated with large amounts of foreign debt or excessive dependence on the production of only a few foreign-exchange-earning commodities (EUROMONITOR, op. cit., p. xvii).

Even though the people of Third-World origin share many things in their outlook and way of life, Hodder cautions against generalizations about their countries. For purposes of this dissertation, Third World (or Third-World countries or nations) and developing countries or nations will be used interchangeably or synonymously.



## 2. Economic Development

ED is the improvement of people's standard of living and, thus, the enhancement of their life opportunities or choices. It is defined and conceptualized here as a dynamic, continuous, and gradual process, as well as a result or outcome, not necessarily the end of any process but a satisfactory change from or improvement in a prior state of affairs or condition. Specifically, 'economic development' (ED) used here encompasses the gamut of activities, including (but not limited to) the following: rural development, a process that enhances the productive capability and the quality of life of the majority of rural people, including the rural poor; and "infrastructural" development, that includes the construction of roads, hospitals and other health facilities, and schools and education centers. ED can be affected by planning, but it is not a plan itself.

## 3. Budgetary Practices

'Budgetary practices' will be defined and conceived here as encompassing budgetary roles, policies, principles, procedures, and the like. Because technology plays a key role in effective management decisionmaking and policy implementation, the use (or non-use) of computers in budgeting will also come under the definition of budgetary practices used here. Also, because budget categories or formats such as ZBB, PPBS, etc. are an integral part of budgeting, the definition here incorporates budgetary systems or forms (to use Verne Lewis' term) and their related concepts and themes into its meaning.

As earlier stated, it is hoped that defining these key concepts will facilitate their use and understanding within the context of this dissertation.

### Summary

This chapter endeavors to highlight the problem being addressed in the dissertation: some inescapable ED problems confront the Ghanaian government as it attempts to ameliorate the people's standard of living through public budgeting. It also states the objectives of this study. The chapter perceives governmental processes, such as economic development and budgeting, as complex. It also identifies a systems perspective as an analytical lens with which these processes ought to be perceived as interconnected and, thus, interrelated. The purpose is to improve ED planning and policy formulation, and budgeting in Ghana so that the people's standard of living and their life opportunities or choices could actually be enhanced.

## CHAPTER TWO

### **GHANA: A HISTORICAL OVERVIEW**

This dissertation is a case study of the budgetary practices and procedures and their relation to economic development in Ghana. This chapter identifies the precolonial and colonial forces that historically operated within the country's political economy to affect its contemporary efforts at economic development. The chapter will show how colonial officials manipulated both the internal politics and economics of the country to ensure their own interests, while neglecting the peoples' economic development.<sup>2</sup> This history of exploitation is a fundamental part of the dilemmas confounding ED efforts in Ghana today.

Ghana, formerly the Gold Coast, became the first sub-Saharan country to achieve its independence from a colonial power (Britain) on March 6, 1957. Lying on the Atlantic Coast of West Africa, Ghana shares its northern border with Burkina Faso (formerly the Upper Volta), its eastern boundary with Togo, and its western border with Ivory Coast. Its total land area of 92,000 square miles (260,000 square kilometers) is almost the size of the United Kingdom. The former Soviet Union is ninety-four times as large, and the U.S. is thirty-nine times larger (Ray 1986).

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<sup>2</sup> Howard described this neglect as the 'underdevelopment of the country'. (See Rhoda Howard, Colonialism and Underdevelopment in Ghana (New York: Africana Publishing Company, 1978.)

The country consists of ten regions: the Ashanti,<sup>3</sup> Brong-Ahafo, Central, Eastern, Greater Accra, Northern, Upper East, Upper West, Volta, and Western Regions. With a metropolitan population of nearly 700,000, Accra is the country's capital and the most populous city. Ranked second with a population of approximately 400,000 is Kumasi, the Ashanti capital. Ghana's population is about 15 million.

### Pre-Colonial Setting

Ghana has a long history as a gold producer. Long before Europeans became interested in the lucrative gold trade, several indigenous states, particularly the Akan states<sup>4</sup> in what is now Central Ghana, were already trading with North Africa. When the Portuguese became the first Europeans to be involved in the trade after 1470, trade in gold increasingly by-passed North Africa, directed southward to the Atlantic Coast. Along this coast, the Portuguese, Germans, French, Dutch, Danes, and British built forts, castles, and trading posts (Wilks 1976). In fact, the trade in gold, slaves, ivory, timber, and rice enhanced the military and financial capabilities of the diverse pre-colonial Ghanaian states. Consequently, these indigenous states gained access to firearms

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<sup>3</sup> "Asante" is the indigenous way of pronouncing and spelling the word, and "Ashanti" is the British way. However, the use of any of these two words in any section of this dissertation should not be interpreted as the researcher's bias for one against the other.

<sup>4</sup> The Akan clan comprises the Asantes, Fantes, Akwapims, Kwahus, Brongs, and several other groups in the Volta, Western, and Central Regions of Ghana. Thus, besides the Northern, Upper East, and Upper West Regions, the Akan people are found in large numbers in the 7 remaining Regions. Akans make up 44 percent of the Ghanaian population (Pellow and Chazan 1986).

and munitions, which were crucial in equipping wealthy states such as the Akan states. Thus, the Ashanti Empire, of which the Akan clan is a part, had a well-trained and a well-equipped army as a result of the munitions acquired through the gold trade.

In Ghana, as in Europe, the period between the sixteenth and eighteenth centuries witnessed the birth, growth, destruction, and consolidation of pre-colonial Ghanaian states (Boahen 1966). Emerging as the proto-Ghanaian state, the Ashanti Kingdom controlled the Ewe, the Ga of Accra, the Nzima, and more than twenty Fante mini-republics. The British developed close ties with these coastal mini-republics from the 1600s onwards, and this relationship benefitted the Fante mini-republics tremendously. The thirty-year rule of King Opoku Ware of Ashanti combined the administrative-economic abilities of Russia's Peter the Great with Prussia's Frederick the Great. Specifically, by 1824, the Ashanti Empire (centered in Kumasi) had expanded to cover several northern kingdoms, Togolese and Ivoirien locations, and south to the Atlantic Coast. Consequently, the Empire controlled over 100,000 square miles and two million people (Wilks, *op. cit.*) by the early 1800s.

However, despite the Ashanti victory over a British-led army in 1824, they were ultimately defeated in 1874, 1896, and 1900 by other British armies, which were backed by the British Empire (Arhin 1967; Boahen 1974). By the late 1800s, the Fante disputes with the Ashanti Empire had led to the colonization of both by the British.

The British victory of Ashanti allowed them to formalize their control over the south, known as the Gold Coast Colony, and to penetrate past the Ashanti boundary.

Indeed, the British colonial administration virtually ignored Ashanti in its socio-economic agenda. Therefore, in March 1895, a delegation from Ashanti left the Gold Coast for England to protest British policy against Ashantis. The delegation was not received in London (McFarland 1985). By 1898, most of the north was part of the British Empire, and the French and Germans had agreed on common borders with the British. The 1901 British Order in Council created three areas of British indirect rule: (1) the Colony, the coast, and the inland area south of Ashanti became a colony as a result of an influx of European settlers; (2) the Northern territories became a protectorate (i.e., protected against the onslaught of aggressor states); and (3) Ashanti became a colony following its defeat in battle by the British. In 1914, Britain quickly added parts of former German Togo to what became Ghana. In 1934, it united the three colonies into the Gold Coast. Thus, Britain created the present legal boundaries of the country of Ghana, laying the bureaucratic basis for the future nation-state.

Ghana had been drawn into the global market via the trade in slaves, gold, ivory, etc. Three groups were primary beneficiaries from the trade. These were the British firms, indigenous land controllers (usually the chiefs or nobility), and the British colonial authorities. Naturally, British rule was authoritarian and lacked the consent of Ghanaians.<sup>5</sup> The British governed and traded for their own benefit, the aspirations of Ghanaians being of secondary importance. For example, after 1945, large sums of

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<sup>5</sup> For simplicity, "Ghanaians" will be used throughout the dissertation to refer to the people of the colony before and after independence.

foreign exchange belonging to indigenous cocoa farmers were 'borrowed' by the British government to bolster the British currency rather than being left with the Ghanaians to invest or spend as they wished (Fitch and Oppenheimer 1966).

Additionally, the railway system was not extended to the North because the British could not find a crop worth exporting from there (see Hymer 1971, *op. cit.*). Thus, the North remained poorer in terms of income and services such as medical facilities and schools. (These problems were later addressed by Ghana's first indigenous leader, Kwame Nkrumah.) Nonetheless, when there was a postwar boom in cocoa produced by Ghanaians, the British did spend some of the profits on some social services.

At this juncture, it seems appropriate to link the foregoing with a discussion of pre- and post-independent Ghana. Specifically, four periods will be highlighted: (1) 1900-20; (2) 1920-30; (3) 1945-66 (and the First Republic); and (4) the aftermath of Nkrumah's government. Each section examines the colonial administrative strategies, as well as the consequences of each strategy. In effect, the main conclusion is that the British colonial administration's efforts in Ghana were unproductive to a large extent. In particular, its policies, taken as a whole, hampered ED more than they helped it. Additionally, these policies indirectly discouraged small-trading practices among Ghanaians but positively encouraged British private enterprise.

## The Political Economy of the Country: The Four Periods

### A. 1900-20: Early Colonial Period

The period between 1900 and 1920 may be referred to as the early colonial period. Colonial administrators (see Appendix 6 for British administrators of the Gold Coast) during and after 1900 did not view ED with the same sense of urgency as later came to be the case. Because the colonies were regarded as "underdeveloped estates and estates which can never be developed without imperial assistance",<sup>6</sup> the British colonial administrators' ED strategy was outward-looking with regard to capital, enterprise, and markets (Hymer, p. 133). In their view, Ghana (and Africa at large) had a plentiful supply of labor and rich natural resources, but capital and enterprise were lacking and had to be imported. This approach led the British to overstress foreign markets and foreign capital, and to neglect internal markets and indigenous enterprise. As a consequence of this neglect, the colonial administration was, by the turn of the century, faced with simultaneous demands for labor in mining, railroad construction, and cocoa production. These demands caused such a labor shortage in Ghana that the administration brought in Asian laborers. Bringing in foreign laborers when plentiful Ghanaian labor was available and could have been easily sought illustrated the administration's shortsightedness. As a result of this foreign-labor importation, Ghanaians were naturally infuriated because they were made to feel as second-class citizens in

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<sup>6</sup> Joseph Chamberlain, Secretary of State for the Colonies, in a speech to the House of Commons on August 22, 1895.



their own ancestral land. Further, the administration established a transportation department with a view to alleviating the conditions under which foreign mining agents paid exorbitant prices to indigenous carriers. The department was disbanded in 1909.

#### Transportation: Basic Needs Neglected

Cocoa has been the mainstay of the country's economy,<sup>7</sup> and the industry was developed by Ghanaians themselves. It was only when it had taken off by 1910 that the British began to pay attention to it by ploughing some of the industry's surplus back into it. Indeed, the government's revenue from the industry was completely out of proportion to its contribution to it. Nor did the early public transportation system built by the British help cocoa farmers much. In fact, the administration chose to begin its railroad from Kumasi, the Ashanti capital, to run to Sekondi in the west only to serve the gold industry. Indeed, the capital, Accra, was connected by the Kumasi railroad in 1911 only because it was (is) the seat of government. In the early years, Ghanaian cocoa farmers had to develop their own transportation system by widening roads and building bridges.

#### Cocoa Industry Hampered

The colonial administration did not provide any valuable assistance in developing the cocoa industry (Hymer, p. 144). As the industry developed, the administration was not pleased but was worried about the consequences of "irrational" development of

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<sup>7</sup> In 1984, cocoa accounted for 60 percent of Ghana's export earnings. Gold, manganese, timber, diamonds, and bauxite accounted for the remaining 40 percent (Ray 1986).

cocoa planting. In remedying alleged deficiencies in cocoa quality and production techniques, the colonial Department of Agriculture wanted to forbid planting when farms were not kept to British "standards". The British, therefore, introduced European plantations. However, according to Hymer, they were committing some fundamental errors in viewing the Ghanaian system of cocoa production as inappropriate.

First, without research, they assumed that Ghanaian techniques were inferior to European ones. Ironically, the British agricultural officers noted that the diseased farms cultivated by indigenous, and so-called inferior, techniques recovered by themselves. Also, the British plantations, which applied British agricultural techniques, failed. Second, the colonial administrators erred in their economic analysis of cocoa production. In particular, they advocated methods suitable to land-scarce European countries. Ghanaian cocoa farmers operated in a country where land is plentiful, and labor is scarce. As such, it was common practice to grow several crops on a given land, partly to provide cover to shield the cocoa trees from sunlight. Even though this technique worked reasonably well, the British administrators still felt it was not in accord with "sound" agricultural principles. They still referred to cocoa production as peasant agriculture.

To this day, no method has been found to be economically superior to the indigenous one developed by the Ghanaian cocoa farmers. Indeed, had the Ghanaian cocoa farmers followed the colonial administration's recommendations, the growth of their cocoa industry would have been tremendously retarded.

### Gold Industry

With respect to the gold industry, the best goldfields had been discovered and worked by Ghanaians. Europeans played only a small role in the discovery of goldmines. Thereafter, they acquired mineral rights very cheaply because they negotiated directly with local chiefs, who had weak bargaining skills. This would not have been possible had the Ashanti Empire remained intact. Indeed, the Empire had guarded its source of wealth so closely that, up until 1914, no foreigner had been allowed to see a goldmine, let alone exploit it.

### Land Acquisition

With regard to land, the British administration was unable to help European investors by seizing mineral rights. However, like the acquisition of goldmines, it permitted the negotiation of concessions to be a private matter to be settled between prospectors and local chiefs. Nonetheless, its neutrality was more apparent than real. The British conquest of Asante and its subsequent colonization of the country had weakened the bargaining cohesiveness of Ghanaians. Consequently, British entrepreneurs were drawn to the Gold Coast in great numbers.

In summary, the British did not help develop Ghana's cocoa and gold industries. Their efforts were unproductive. They scorned indigenous cocoa-growing techniques, branding them as inferior, but failing in their efforts to introduce viable alternatives. In

fact, the current developed state of Ghana's cocoa industry is attributable mainly to the labor of the indigenous cocoa farmers of Ghana.

### **B. 1920-30: The Guggisberg Period**

When Frederick Gordon Guggisberg, a professional military engineer, assumed office in 1919 as Governor, the colony had just experienced twenty years of extraordinary growth, only briefly interrupted by World War I. Indeed, the country was prosperous, and the government was financially sound. He espoused the view that long-run ED would require a large government expenditure on health, education, and other forms of what is now called human capital formation. Therefore, he established a Ten-Year Development Plan. Consequently, he built the Takoradi Harbor, the Korle-Bu Hospital, the first-rate Achimota Secondary School (commonly known as Achimota College), as well as a number of government schools and railway lines. He seemed to be a "good colonial administrator". But, when judged by his overall economic-development activities (including agriculture, transportation, and education, to name just a few) one recognizes his ineptitude, as well as his divisiveness, which the discussion below will show.

#### The 1925 Constitution

He gave the country the Constitution of 1925, or the 1925 Order in Council, and it provided the colony with both a Legislative and an Executive Council. The former, a thirty-member body with only 9 Ghanaians on it, was headed by the Governor, and it

formulated policies for the colonial administration. The latter, also a thirty-member body, was all-white and responsible for implementing those policies formulated by the Legislative Council. Additionally, the constitution established a Provincial Council for each of the three provinces (Central, Eastern, and Western), but only chiefs could be elected to each of them. These Provincial Councils<sup>8</sup> of Chiefs gave only the country's chiefs (excluding Ashanti chiefs) some say in government.

The arrangements under the Provincial-Council system was such that the Chiefs could not propose financial measures, except by the Governor's direction. Because the Chiefs were not chosen by the people, they were compelled to vote for British administrative policies. They were, however, delighted in their new status, and this naturally provoked the colony's nationalists, who were totally excluded from the colony's administration, further widening the cleavage between them and the Chiefs.

#### Agriculture: Diversification

Guggisberg's agricultural policy was hinged on diversification. Specifically, his decision not to encourage cocoa production was based on the feeling that the country could not continuously depend on it. This meant that the cocoa farmers' so-called inferior growing methods were too unreliable to bring about good plentiful harvests, which could earn them reasonable profits at all times. He, therefore, suggested producing alternative crops. The main reason for discouraging cocoa production was that

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<sup>8</sup> Establishing the Provincial Councils of Chiefs was part of a "divide and rule" policy on the part of the British administration.

the world demand for cocoa was unpredictable. Also, encouraging other crops was perceived to be a better policy, which would prevent the colony from having all its foreign-exchange-earning hopes based solely on one commodity, cocoa.

The basis for this concern was reasonable. However, the conclusion that Ghana should diversify into other tropical export commodities did not follow from that concern. In fact, the alternative crops faced much the same future (Ord 1965).<sup>9</sup> Moreover, the colonial administration did not research the costs involved in growing the alternative crops. Finally, the experience of Ghanaian cocoa farmers gave Ghana a special advantage in cocoa production that was not easily transferable to the crops suggested. Other alternative economic solutions were available, but they were not tried because they went beyond British political-economic policy.

In addition to its ineptness with regard to the agricultural diversification policy, the colonial administration demonstrated a decided lack of interest in the expansion of the cocoa industry. The Ghanaian cocoa farmers petitioned the administration to look at two measures. They suggested the formation of a cartel with other African producers (and perhaps Brazil) in order to control supply and thereby alleviate the problem of a declining world cocoa price. They also proposed the promotion of the demand for chocolate via advertising and other devices. To the colonial administration, however, these suggestions were instruments of market control in common use by private

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<sup>9</sup> According to Ord, the trends and cycles in the demand for various tropical agricultural products share many common causal factors. Also, these trends and cycles tend to be correlated (H.W. Ord 1965.)

corporations and, thus, did not fall within the administration's political-economic framework, and were never seriously considered.<sup>10</sup> This inaction served as yet another demonstration that the British colonial administration, in fact, had several known economic alternatives before it but chose to ignore them.

### Transportation: Railways

To Guggisberg, transportation meant railways. "With more railways we shall be safe for all time - without them our future is not only imperilled: it is doomed."<sup>11</sup> His major items of expenditure in the development program of the 1920s were the improvement and expansion of the railway, and the construction and opening of the Takoradi Harbor in 1926. There was no doubt that a deep-water harbor was badly needed in the Gold Coast. It was not until 1962, however, when Tema Harbor was opened that Ghana's eastern part was provided a modern form of unloading.

The governor clearly failed to appreciate the importance of the lorry. When the Ford truck ushered in the "age of the lorry", indigenous businessmen quickly grasped the possibilities of the technological innovation. Consequently, road transportation quickly cut into railway revenue, leading to the crucial road versus rail dispute. This conflict showed the defects and biases in colonial administrative planning.

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<sup>10</sup> See the Papers Relating to the Petition of the Delegation from the Gold Coast Colony and Ashanti, Sessional Paper no. 11 (1934).

<sup>11</sup> Guggisberg, in Legislative Council Debates, 1923-24.

In summary, the colonial administration's inability to coordinate roads and railways during and after this period illustrates the inadequacy, ineptness, and divisiveness of its ED planning. It concentrated on certain facets of the transportation problem and neglected others.

### Education

In 1920, Guggisberg stated: "For progress, there must be education...."<sup>12</sup> His educational program was heavily biased toward elitism in the British tradition. Specifically, in his view, the wise and practical path to independence was to train a small educated elite who could eventually take over the administration and run it as "efficiently" as British colonial officers. For that purpose, he built Achimota College. The education program was, therefore, designed more to this end than with any idea of improving the people's standard of living. Consequently, it failed to provide the kind of scientific and, particularly, employment-oriented education necessary for effective ED.

To be sure, the British administrators perceived education to be the tool to train a small cadre of Ghanaians to fill their shoes after their rule, which did not specify their "departure time". As many Ghanaian nationalists indicated shortly after independence, the colonial administration had no definite timetable of 'withdrawal' and consequent granting of independence to the country. Despite their educational focus, the colonial administrators neither attempted to develop and implement truly large-scale vocational-

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<sup>12</sup> Guggisberg, in Legislative Council Debates, 1920-21, p. 6.



education programs required for a new modern state, nor did they recognize that these educated Ghanaians would be the same people who would articulate the opposition to their administration. Indeed, it was these Achimota- and London-educated Ghanaians who confronted the colonial administrators over what policy should be and how it should be decided.

### Neglect of the North

Colonial policies gave Ghana's North a less-than-proportionate share of agricultural research, transportation, education, and health facilities. Additionally, the stimulation of internal North-South trade was never considered. The colonial administration's neglect of internal trade, which was, and is, so important to developing and maintaining the nation-state of Ghana, provides one of the most serious indictments and divisiveness of its economic-development policy. In particular, Northern Ghana produces cattle and cereal for the South in return for the latter's forest and sea products. Not only did the administration not plan to build a railroad to the North, but it also quickly turned down proposals to do so. Indeed, the discussions were conducted almost entirely in terms of the possibilities of promoting export crops, which the North could not produce because of its geography. Ironically, the needs of the North were the greatest, and, to this day, it remains the most impoverished part of Ghana.

In practice, the Guggisberg Ten-Year Development Plan, which has been described as the first modern-day economic-development plan (Waterston 1979), faced

several obstacles and was never fully implemented mainly because of manpower restraints. The shortages of skilled labor held up the construction of the colony's infrastructure. Ironically, British administrators' neglect of vocational and technical training in the previous decades hampered Guggisberg's ability to fully implement his plan.

### **C. 1945-66 (and the First Republic)**

#### 1946 Constitution

In 1939, World War II began. During the war, the British government was too preoccupied to attend to its colonies. After the war, the country was given the 1946 Constitution when Alan Burns became the new Governor. Framed during the war, the Constitution did not consider post-war conditions in light of the fact that the emergent Ghanaian intelligentsia wanted modern and drastic reforms and eventual independence. Indeed, the Constitution was not intended to cover the entire colony: the Northern Territories were not represented, nor were the British Trust Territory of Togoland. The country's intelligentsia were excluded and, to this time, had not been enfranchised.

This constitution, for the first time, gave Ashanti representation with 5 members on the thirty-member Legislative Council. Also, 13 other Ghanaians (excluding the intelligentsia) were members of the Council. On the thirty-member Executive Council were three Ghanaians (excluding the colony's intelligentsia). Because they were

nominated by the Governor, they and the 18 Ghanaians on the Legislative Council were perceived as serving the Governor's interests and not the people's interest. In fact, the political philosophy of the Ghanaians on the two governing Councils differed so significantly from that of the indigenous intelligentsia that the latter was alienated from them.

### Formation of the United Gold Coast Convention

In January 1947, talks between four of the colony's indigenous intelligentsia, Dr. J.B. Danquah,<sup>13</sup> Awoonor Williams, R.S. Blay, and Pa Grant, led to the formation of the United Gold Coast Convention (UGCC) at Saltpond in the Western Province. An elitist political party, it offered the position of General Secretary to Ako Adjei,<sup>14</sup> an eminent lawyer who had met Nkrumah when both were studying in the U.S. and Britain. However, Ako Adjei declined the offer and suggested Nkrumah (then in London with a few prominent Pan-Africanists), primarily because he had realized Nkrumah's passion for human equality and African freedom.

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<sup>13</sup> Danquah was a lawyer and nationalist who, on April 15, 1948, proposed changing the country's name of the Gold Coast to Ghana after independence. By the time he became a member of the all-African Coussey Committee, he and Nkrumah had gone their separate ways. He later became the leader of the United Party and opponent of Nkrumah in the 1960 Presidential election. He died in political prison on February 4, 1965.

<sup>14</sup> Ako Adjei joined the CPP in 1952 and was Foreign Minister from 1959 to 1962. He was, however, detained by Nkrumah under the Preventive Detention Act (PDA), charged with complicity to assassinate him, and was not released until Nkrumah's ouster in February 1966.

In particular, Ako Adjei suggested Nkrumah for these reasons: (1) he had perceived Nkrumah as a person revolted by the ruthless colonial exploitation and political oppression of Africa; (2) he had perceived Nkrumah as a person who had come face to face with the colonial question and had experienced, first hand, the determination of worker and student bodies in England agitating for colonial freedom in London, the very heart of the British Empire; (3) he had realized Nkrumah's zeal to emancipate the Gold Coast by working full-time as General-Secretary of the UGCC (this contrasted sharply with that of the UGCC membership of mostly lawyers, doctors, etc., which devoted less-than-full-time efforts to its desire for the colony's self-government); (4) he hoped that Nkrumah would use his powerful mass-appeal to bridge the wide gap between the UGCC and the majority of Ghanaians whom it (UGCC) sought to liberate; and (5) he hoped that Nkrumah would accept the post and return to the Gold Coast, where he would at least be actively engaged in the national struggle to end colonial rule. Pa Grant was appointed the party's first president.

Nkrumah accepted the position and returned to the Gold Coast as the UGCC's full-time General Secretary. However, because the UGCC membership was conservative, Nkrumah was to become a radical (his radicalism would find expression in his program of riots and boycotts, which would result from the 1948 disturbances) and break away to form the Convention People's Party (CPP). Nkrumah's program of riots and boycotts would prove that conservatism and radicalism do not mix.

## The 1948 Disturbances

### **Internal Influences**

In 1948, disturbances erupted in the Gold Coast. These were caused by numerous factors.

### Economic Causes

There was poverty and inflation, and consumer goods were scarce. The country's economy was controlled by the Association of West African Merchants (AWAM), a European clique, and also by Syrians, Lebanese, and Libyans. Nationalist sentiments, however, drew no distinction between British rule and the activities of these expatriate firms. The Ghanaian intelligentsia or nationalists called on these firms to scale down their prices, but their call was unheeded. The colonial administration's neutrality during the nationalists' dispute with these non-Ghanaian firms prompted the Ghanaian traders to support their nationalists' demand for self-government.

Cocoa farmers refused to sell their crop. They were, further, alienated when the administration passed a law enforcing compulsory cutting down of diseased cocoa trees. The UGCC took up the farmers' campaign against the colonial government's demand. Therefore, the farmers supported the party's demand for self-government in the shortest possible time. To appease these farmers, the administration established the Cocoa Marketing Board or CMB (now COCOBOD) with a view to helping them to avoid the fluctuation of world cocoa prices. However, the nationalists perceived the action as the

British government's plan to skim off much of the farmers' profit as Guggisberg had done earlier.

In dealing with these tensions, the British administration's postwar strategy was to expand the government sector under development planning. The use of the term "development planning" to describe the British colonial administration's ED policy during and after this period is a gross overstatement. Indeed, there was no plan in the sense that a choice was made to achieve predetermined objectives to enhance Ghanaians' standard of living. The announced Plans were merely rhetorical ones. Specifically, those Plans were entirely removed from the actual problems confronting the mineral-rich country of Ghana. (See Omaboe 1963.) In part, the colonial post-war strategy involved an expansion of some social and community services to satisfy the people's pressures for education, health and transportation facilities (e.g., feeder roads). Ultimately, however, it was political uprisings, which had erupted in several of the British-administered countries in Africa and Asia in the 1930s, that prompted London to ask its administrators to prepare a development plan for its colonies.

### Social Causes

There was the question of education, housing, and veterans' pensions. The administration had built several primary schools. However, higher-education facilities were very limited. Specifically, very few Ghanaians enjoyed secondary education, let alone university education. All the assisted secondary schools and training colleges were

administered solely by Europeans. Also, there was an acute shortage of houses for the urban dwellers, whose population had increased tremendously because of the massive search for government jobs in the big towns. Slums were rampant in the rural and urban areas of the country.

The ex-servicemen (or veterans of foreign wars) were disappointed by postwar conditions, notably poor pensions. Particularly, they felt used, abused, and neglected after fighting for the British, whom they had seen as ordinary men on the battlefield and no longer as masters.

### Political Causes

Neither the 1925 Constitution nor the 1946 Constitution enfranchised the colony's intelligentsia, nor did any of them give the indigenous intelligentsia representation on the Executive, Legislative, and Provincial Councils. As late as 1946, all senior government posts were held by Europeans. Only two Ghanaians, Dr. K.A. Busia<sup>15</sup> and A.L. Adu, held positions as Assistant District Commissioners. (Busia was a teacher and author, and a member of the Wenchi royal family in the Brong-Ahafo Region. Adu was a prominent businessman, who later became Nkrumah's Cabinet Secretary and also held several

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<sup>15</sup> In 1957, he led in organizing the United Party (UP) opposition to Nkrumah's CPP. In exile between 1959 and 1966, he returned home to be the most influential member of the Constituent Assembly, which drew up the Constitution of the Second Republic. His Progress Party ruled Ghana during that Republic (1969-72). He died of a heart attack in London in 1978.

public-service posts in Malawi, Tanganyika (Tanzania), and Kenya.) The UGCC and the Ghanaian Pan-Africanists received no British portfolios.

### **External Influences**

External forces also catalyzed the disturbances. Britain's granting of independence to India and Burma in 1947 and 1948 respectively prompted the Ghanaian intelligentsia to vent their pent-up demands for independence. The Atlantic Charter, signed in August 1941 by British Premier Churchill and U.S. President Roosevelt, had declared that the signatories "respect the rights of all peoples to choose the form of government under which they will live." The British Labor Party's statement that all people should have equal opportunities to freedom also influenced the nationalists.

The Sixth Pan-African Conference in Manchester in 1945 demanded autonomy for Black Africans. This meeting, attended by Kwame Nkrumah, Joe Appiah, K.K. Taylor, and other prominent Ghanaians, clearly whetted the nationalists' feelings. These Pan-African<sup>16</sup> Conferences presented the British administrators with a forthright challenge and signified an end to patience and tolerance on the part of the Ghanaian and other African nationalists.

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<sup>16</sup> The Pan-African movement sought to overthrow colonial rule in Africa. George Padmore (born Malcolm Nurse) of Trinidad, was one of its leaders. While studying in the U.S., he realized the oppression of blacks in that country and in Africa. After travelling to the former Soviet Union, and Germany (where he was deported for editing the Negro Worker), he moved to London, where he emerged as a leader of the movement. He met Nkrumah in 1945, and the two collaborated their intensive activities. He and W.E.B. Du Bois, the great African-American leader, are buried at the Christianborg Castle in Ghana.



In 1941, Wendell Willkie, the U.S. presidential candidate, called on the colonial powers to give colored people time-tables in training them to take over the reins of government. In short, it was a clear call for the end of colonialism. Further, President Franklin Roosevelt and Cordell Hull, the U.S. Secretary of State, had attacked colonialism. These attacks encouraged the Ghanaian nationalists. Also fanning the flames of nationalism worldwide were the activities of the West African Students Union, and the resolutions of the United Nations Organization.

#### The Boycott, and the Formation of the Coussey Committee and the CPP

The events and sentiments described above found expression in the politicians, who articulated their people's grievances. The first step of the disturbances was a boycott of expensive imported European goods on January 26, 1948. This boycott, organized by Nii Kwabena Bonnie, Chief of Osu Alata, climaxed at the end of February with countrywide riots and the looting of stores, and it did not subside until the middle of March. In the end, there were 29 deaths, 230 people were injured, and much property was damaged or destroyed. Meanwhile, six UGCC members (Dr. Nkrumah, Dr. Danquah, Ako Adjei, Akuffo Addo, William Ofori Atta, and Obetsebi Lamptey) had been arrested and detained by the British administration. Indeed, the situation in the colony was so chaotic that the alarmed British government appointed Aikin Watson to head a Commission to investigate these disturbances and make recommendations.

The Watson Commission criticized the British administration's policy of indifference to the colony's economic plight. In particular, it criticized the 1946 Burns Constitution's neglect of the colony's pressing needs such as viable economic-development programs to improve the people's standards of living, etc. Based on the Commission's recommendations, the all-Ghanaian Coussey Committee was set up with the approval of the British government in London. However, radicals like Nkrumah were excluded.

Meanwhile, after breaking away from the elitist UGCC, Nkrumah had formed the Convention People's Party (CPP) on June 12, 1949. It was a national political party which included Ghanaians from all walks of life: plumbers, carpenters, auto mechanics, tailors, farmers, school teachers, etc. Its membership contrasted sharply with that of the UGCC, which was comprised mainly of Ghanaians educated overseas in the British educational tradition. In sum, the CPP excluded no-one and wanted self-government for the colony immediately, whereas the UGCC wanted it "within the shortest possible time."

The primary purpose of the Coussey Committee was to draw a Constitution to satisfy the aspirations of the nationalists. A number of Ghanaian organizations submitted memoranda and several suggestions to the Committee, but the CPP leaders did not offer anything.

## The Coussey Report

The Coussey Report recommended, among other things, that: (1) all taxpayers, who were at least 25 years old, be enfranchised; (2) a bi-cameral legislature be created; and (3) the Executive Council become the principal instrument of policy, the Governor as its chairman. All these recommendations were stipulated in the ensuing Coussey Constitution (or the Gold Coast Constitutional Order in Council) of 1950. Thus, the 1948 disturbances, which had climaxed with riots and looting, led to: (1) the appointment of the Watson Commission; (2) the formation of the Coussey Committee; and (3) the recommendation of a constitution for the Colony. Because he was not a member of the Committee, Nkrumah was free to criticize its report. Even though he was instrumental in writing this Constitution, Nkrumah described it as 'bogus and fraudulent' because it did not give the country complete self-government. According to Nkrumah, not much power was given to the people (e.g., the franchise was limited because of age and property qualifications).

### **Aftermath of the 1950 Coussey Constitution**

#### Nkrumah: The First African Prime Minister

Nkrumah had been jailed for declaring 'Positive Action',<sup>17</sup> a sit-down strike.

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<sup>17</sup> In his document titled "What I Mean By Positive Action", Nkrumah called for non-violent methods of struggle as employed by Gandhi of India against the British when his (Gandhi's) country was struggling for independence. However, Nkrumah stated that reactionary violence must be met with revolutionary violence. (See Nkrumah 1973:87.) As he himself conceded, his campaign of Positive Action, looked at in these terms, was far from

In order to understand what Nkrumah meant by the term 'Positive Action', it is appropriate to go back to the time he launched his CPP in 1949. At that time, he used the term to describe the tactics which would be employed if the colonial administration continued to disregard the Ghanaian people's demand for independence. According to him, there were two ways to achieve self-government: (1) armed revolution and violent overthrow of the British colonial administration as used by the British to prevent the two German attempts to enslave her (see Nkrumah 1973); and (2) non-violence or moral pressure as used by Gandhi to overthrow British rule in India. When he declared this action against the British administration and was imprisoned, he insisted that he meant the latter.

While in jail, his CPP movement was active under K. A. Gbedemah,<sup>18</sup> a founding member of the party. With the enfranchisement of all Ghanaian taxpayers who were at least 25 years old, the party easily won a majority of seats in the Legislature in the 1951 general elections. The Governor was, therefore, forced to invite Nkrumah to form a government.

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being non-violent.

<sup>18</sup> He was chairman of a powerful movement, the Committee on Youth Organization, which was the progenitor of the CPP. He had first joined the UGCC but left it to become a founding member of the CPP. He was Minister of: Health and Labor (1951-52); Commerce and Industry (1952-54); and Finance (1954-61). However, in 1961, he was fired by Nkrumah for denouncing him in Parliament. He would later become the leader of the opposition to the Progress Party government during the Second Republic (1969-72).

Between 1951 and 1957, he was styled 'Leader of Government Business', and effective power was divided between the British administration and his CPP government. In 1952, he became the first African Prime Minister, and the Executive Council became the true Ghanaian cabinet. He redrew the 1950 Constitution and carried through some far-reaching proposals. Consequently, the 1954 Gold Coast Constitution (Order in Council), also known as the Nkrumah Constitution, came into being. Nkrumah won each of the successive elections in 1954 and 1956. Reluctantly, the colonial administration transferred more powers to the Legislative Assembly, which, in 1954, was elected by universal suffrage. On August 3, 1956, the Assembly passed a unanimous motion calling for independence. Having gone so far as to allow the 1956 elections, the British administration had no choice but to grant the colony its independence on March 6, 1957. The date was the 113th anniversary of the signing of the Fante Bond between the British and the Fante, leading to expansion of British administration throughout the Gold Coast. On the day of independence, Nkrumah gave the Gold Coast a new name, Ghana, which had been proposed on April 15, 1948 by Dr. Danquah, his political rival.

#### Political Opposition: The National Liberation Movement and the United Party

Meanwhile, the elitist UGCC had died and had been replaced by the Asante-oriented National Liberation Movement (NLM), which, on September 19, 1954, had been launched in Kumasi, the Asante capital, as the main opposition to Nkrumah's CPP

movement. Before continuing the discussion of political opposition to Nkrumah, it is appropriate to explain the demise of the UGCC.

It needs to be stated at the outset that, when the political atmosphere of the Gold Coast was charged with nationalism after World War II, a party with a radical political ideology such as the CPP was bound to succeed while a party with a lukewarm and conservative political ideology such as the UGCC was bound to fail. The CPP was a national organization, which appealed to all Ghanaians, but the UGCC was a middle-class-oriented organization, which appealed only to Ghanaians south of Asante (i.e., Akwapims, Gas, Ewes, etc.). Whereas the CPP wanted self-government "now", the UGCC wanted self-government "within the shortest possible time". Additionally, the CPP had no respect for legality (i.e., political order), which it felt had been exploitative and imposed by the British, while the UGCC had profound respect for it. Finally, whereas the CPP contended that political power be given to the people, the UGCC contended that political power be given only to the intelligentsia and the country's chiefs.

### The NLM and Federalism

The new opposition party, the NLM, was a political party organized and led by prominent Ashantis like Ossei Assibey-Mensah (the researcher's father) and Baffour Osei Akoto, and it advocated a federal form of government for the colony. It had hoped that its demand for a federal government would be approved by the British colonial administration so that, particularly, as a result of its (Asante) region's production of a

substantial portion of the country's cocoa, gold, etc., its region would be financially sound enough to avoid depending on the colonial administration. In brief, this was what a British-approved federalism would have meant to the Asante-oriented NLM, membership of which was comprised of the Ashanti Youth Association and many Ashanti-based organizations. Nkrumah, a non-Asante (Nzema) who hoped to govern a centralized nation-state after independence, naturally opposed the NLM because its advocacy of a federal government clearly undercut the existence of the unified country he hoped to govern.

The party started as, among other things, a council for higher cocoa prices and one to protest against the Cocoa Duty and Development Funds (Amendment) Bill, which pegged the price of cocoa for four years at 72 shillings per load of 60 pounds as opposed to the world-market price of 250 shillings. Additionally, the NLM wanted thirty seats for Ashanti, not the nineteen seats that Justice Van Lare had suggested in his report to the British administration.

On October 21, 1954, the Asantehene, the occupant of the Asante Golden Stool, and his Council adopted a resolution endorsing the idea of a federal form of government for the Gold Coast. On March 9, 1955, the Ashanti demand for a federation got a great boost when the Northern People's Party (a political party formed by some educated people of the Northern Territories of the colony to demand their area's share of the social programs of the British colonial administration) also endorsed federalism. Asante and the Northern Territories then submitted proposals for a federal constitution to the

British colonial administrators, but the NLM and the Asante Council refused to attend the 1956 Nkrumah-dominated Achimota Conference on constitutional matters.

It should be stated that the British colonial administrators did not favor a federal form of government for the colony because: (1) Ashanti would have gained an enormous economic advantage over the other regions because it produces a substantial portion of the colony's main exports (e.g., cocoa, gold, etc.); and (2) their government would have lost a substantial portion of financial resources had they approved the Asante demand for a federal form of government.

The NLM also opposed the Central Government's educational policy under which scholarships were awarded solely to the people of the South (e.g., Fantes, Ewes, etc.), while Asante cocoa and gold exports earned (and still earn) the funds for those scholarships. On this important issue, Krobo Edusei (an Ashanti, and a cabinet minister in Nkrumah's government) strongly defended his party's scholarship policy by asserting that scholarships went only to the deserved. Both Ashanti CPP and non-CPP members protested against the issue, but party loyalty prevented the Ashanti CPP members from defecting to the NLM.

Meanwhile, Ghana had attained its independence in 1957. To further silence the NLM and Asante, the CPP government, on September 3, 1958, announced the Asante Stool Lands Act, which gave the central authorities in Accra control of all Asante lands and left the Asantehene (the Asante King) a mere figurehead. The NLM then advocated the Ashanti Region's secession from Ghana. Eventually, the NLM failed. Nonetheless,



among its proposals for reform was its forceful but unheeded call for guaranteed fundamental human rights for all Ghanaians. In fact, most Ghanaians had no such rights during Nkrumah's government (i.e., from March 6, 1957-February 24, 1966). Led by Dr. Kofi Abrefa Busia, the Ashanti-oriented NLM later increased its membership to become the multi-ethnic United Party (UP), and was, as a consequence of its multi-ethnic composition, able to articulate the first formidable opposition to Nkrumah's CPP government.

### The First Republic: A Summary

#### 1960 Republican Constitution: Nkrumah the First President

As Prime Minister, Nkrumah paid lip service to constitutionalism. His main weapon for suppressing opposition was the Preventive Detention Act or PDA of 1958. He silenced the UP opposition whose leader, Kofi Busia, fled the country to Britain. (J. B. Danquah then assumed the leadership of the UP.) Nkrumah's government published its constitutional proposals in English and French, but, because the French version greatly outnumbered and was much more readily available than the English version, the masses could not understand the issues at stake. A presidential election and plebiscite on the proposed constitution took place. Not surprisingly, the masses voted "yes" for the proposals, and Nkrumah defeated Danquah, the UP candidate, 1,016,076 to 124,623 (McFarland 1985:1vi).

The 1960 Republican Constitution was ratified overwhelmingly, and Nkrumah became Ghana's First President. Even though the constitution was supposed to be for all Ghanaians, in practice, however, only CPP members had a say in the way Nkrumah ran the country. Indeed, Nkrumah used the new constitution to solidify his power.

#### The Amended 1960 Constitution: One-Party State and African Unity

The 1960 Constitution, which was amended in 1964, had created a one-party state to satisfy his personal power, and African Unity was a cardinal feature of it. (See Appendix 6 for Ghanaian Constitutions from 1925.) In particular, Nkrumah stated: "The independence of Ghana is meaningless unless it is linked with the total liberation of African states". In fact, a provision was made for the possibility of surrendering Ghana's sovereignty in pursuance of African Unity.

Nkrumah did several things to demonstrate his passion for African Unity (see Nkrumah 1970). These included: (1) organizing the first conference (April 15-22, 1958) of Independent African States in Ghana; (2) visiting seven African countries in May 1958 to discuss colonial-liberation strategies with their leaders; (3) meeting with Sekou Toure, the Guinean President, on November 23, 1958, to announce the formation of the Ghana-Guinea Union, which they hoped would form the nucleus of a United Africa (Mali's President, Modibo Keita, joined the union in December 1960); and (4) establishing a special office in Leopoldville (Kinshasa), Congo (Zaire), on June 30, 1960,

to oversee the birth of that new nation. The ultimate authority for the amended 1960 Constitution should have been the will of the Ghanaian people. However, that will was practically neglected in furtherance of African liberation.

### Human Rights Denied

The principle of one man, one vote, as well as presidential declaration of human rights, was stated in the amended 1960 Constitution. In practice, however, most Ghanaians could not enjoy their inalienable rights. Also addressed in the Constitution was the respect for chieftaincy. However, chiefs who did not join Nkrumah's CPP had three options: imprisonment; joblessness; and self-exile. It was because the Omanhene of Akim Abuakwa, a very important chief, did not join the CPP that he lost his throne and was jobless. However, the Asantehene, Nana Sir Osei Agyemang Prempeh II, the occupant of the Golden Stool, kept his throne by passively supporting the CPP. In essence, respect for chiefs, the repository of traditional Ghanaian power, waned tremendously. As First President, Nkrumah received special powers, which had been conferred on him by his amended 1960 Constitution.

### Nkrumah Overthrown

In the wake of the creation of a one-party state in 1964, Nkrumah's CPP, not unexpectedly, won the 1965 general elections. However, while travelling abroad on February 24, 1966, Nkrumah was overthrown by a group of right-wing military officers led by E.K. Kotoka and A.A. Afrifa. The coup, which was popularly known as the

February 24th Revolution, aimed at doing away with dictatorship and substituting for it an effective democracy. Additionally, it proclaimed its intention to make reforms by embarking on economic reconstruction and bringing about social equality. The National Liberation Council or NLC was, thus, set up, and Nkrumah-retired Lieutenant General J.A. Ankrah was appointed its Chairman.

### Causes of the Revolution

#### Political

As stipulated in the 1960 Constitution (as amended in 1964), the President was the Commander-in-Chief of Ghana's Armed Forces. However, when Nkrumah set up a private presidential army comprised mostly of Chinese and Russian personnel, the opposition challenged his action as unconstitutional, and he opened the possibility of an eventual clash with the Ghanaian military. The Ghanaian military were threatened by his "palace guard" of mercenaries. Article 20 (5) had vested the exclusive power to legislate in Parliament, which comprised the President and the National Assembly. However, Article 55 had also vested the power to legislate in the President; the National Assembly was powerful only on paper. In particular, the National Assembly could not override Nkrumah's vetoes. Nkrumah had drawn and used the 1960 Republican Constitution to solidify his power.

Despite his avowed respect for fair elections, elections were rigged. Additionally, despite his avowed policy of neutrality and non-alignment, Nkrumah showed a preference

for the Communist East and its doctrines to the discontent of most Ghanaians. For handing down unpalatable judgments, Justices were dismissed. Fundamental human rights were respected only on paper.

Nkrumah, under the 1958 Preventive Detention Act (PDA), arbitrarily detained<sup>19</sup> more than seven hundred Ghanaians without trial or any right to appeal to the nation's courts. Also, other CPP members used the PDA to have personal rivals and enemies detained, and public officers were also dismissed without cause. Because such dismissals were aired during the afternoon news broadcasts, the term "one o'clock fever" came into general use in Ghana to describe people's anxiety.

### Social

Bribery and corruption was rife, and there was widespread unemployment, with a corresponding higher rate of immorality. Also, as already stated, respect for chiefs, the repository of traditional Ghanaian power, was waning tremendously. Nkrumah and his party members professed socialism. However, very few of them had an effective grasp of Marxism-Leninism. Indeed, party members acquired a status distinct from that of the masses. They waxed fat, and swam in plenty at the expense of the toiling masses. Their famous dictum was: "Do you know me? I am a high-ranking party official". Because the CPP was supreme, party members and secretaries were the actual rulers of the districts, towns, and cities.

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<sup>19</sup> The researcher's father was twice detained by Nkrumah: 1959-61; and 1962-66.

Ghana's universities lacked academic freedom. In fact, all educational establishments were loaded with members of the Young Pioneers, which was Nkrumah's youth movement that transmitted socialist values to the masses. Civil-service appointments were made without regard to holders' expertise or qualifications. The people's health needs were inadequate, and physicians and nurses continually resigned in protest against his dictatorial government and its policies. In the name of African independence and unity, money that could have been used in building hospitals and health facilities were channelled for use by African Freedom Fighters. These were Africans who had been encouraged by Nkrumah to use guerrilla warfare in other states to seek self-government from colonial rulers.

Conditions in the Ghana Armed Forces were horrible, and the military became increasingly unhappy. In particular, there was lack of clothing, equipment, and spare parts. However, Nkrumah was able to continue building his own Presidential Guard Regiment. Military personnel who were granted the privilege to go overseas for advanced training returned to protect Nkrumah, not Ghana.

### Economic

On the world market, the cocoa price was fluctuating. Foreign exchange dwindled, and the national budget suffered major deficits. External debts soared, and the cedi, which is Ghana's currency, became unstable. Ghana's numerous overseas embassies were sapping the national economy because they were mostly run by CPP

personnel, who were extravagantly incompetent and could not effectively advertize the country so as to increase foreign investments in Ghana. Also, state-owned corporations were running at a loss because most of their managers were highly incompetent.

In his quest for prestige, Nkrumah and his CPP government embarked on expensive schemes entailing grandiose projects. These large projects were usually at the expense of developing modest industries that could have provided the people's basic needs. As a result, basic goods were in acute shortage, with a corresponding rise in prices. To the average Ghanaian worker, social and political inequalities are nothing compared to economic inequality. Public funds were literally diverted into the pockets of CPP officials.

The immediate economic cause of the Revolution was the February 1966 austerity budget. A cut-throat budget, it was presented as one that would improve the peoples' human conditions within a short time as they continued to work harder. However, to many Ghanaians, the budget clearly sought to make the masses "economic slaves" with its 'tighten your belt' plea to the people. Ossei Assibey-Mensah, the researcher's father, likened the 1966 budget to the British colonial rule of the country when he stated:

If the people of Ghana did not know the exact time when the imperial government would grant independence to the country, they, likewise, did not know when their human conditions would be improved by the budget. ("Ossei Assibey-Mensah: My Memoirs".)

Knowing that Ghanaians would not be happy with it, Nkrumah left Ghana for Hanoi, and his absence provided the opportunity for the military coup.

## **Accomplishments of Nkrumah**

### **Achieving Independence for Ghana**

Nkrumah's accomplishments were considerable. He had led the country to independence, bringing great pride to the people of this small country. Additionally, he had given the country a national flag, a national anthem ("God Bless Our Homeland Ghana", written by Philip Gbeho) and a national currency (the cedi). To make the country's numerous ethnic groups (Appendix 6) feel that they belong to one nation, he illegalized all local and ethnic organizations by declaring tribalism to be a criminal offence. As a result of his deep commitment to African unity, Ghanaians became very politicized. Few countries in Africa can boast of a population as politically informed, involved, and active as that of Ghana (Pellow and Chazan 1986:3). Nkrumah had, in short, created the political symbols and political psychology of patriotism and sovereignty in Ghana. Twenty-six years after his overthrow, the front pages of Ghanaian newspapers contain quotes from his writings and speeches.

### **Developing Genuine Economic-Development Projects**

When he became Prime Minister in March 1957, his CPP government rapidly started and expanded educational, health, transportation, and agricultural projects throughout the country. Among several other things, he instituted fee-free compul-



sory education. For the first time, the people of the North were encouraged to attend elementary and secondary schools, as well as universities, without paying tuition. It was this measure that made the country the best in education in sub-Saharan Africa and one of the best in the Third World.

He built several hospitals and health clinics, and he created the nation's shipping company, the Black Star Line. Also, he created the country's airline, the Ghana Airways. He built Tema into an industrial city and one of Ghana's two man-made, ocean-going ports. His respect for agriculture led to his instituting the Ghana Farmers' Council, which formulated policies to promote farmers' well-being. By bringing many import-substitution industries to Ghana, he helped the urban working class. The Volta Dam was constructed, providing the electricity needed to power industries, cities and towns, and neighboring countries. In fact, Ghana's supply of electric power to its neighbors is a major source of foreign exchange to its economy. On May 25, 1963, Ghana became one of the charter members of the Organization of African Unity (OAU) in Addis Ababa, Ethiopia.

Indeed, so great was the imprint of Nkrumah on Ghana's ED policy that it is all too easy to attribute the country's economic difficulties to the "unrealistic, stubborn one-man rule that mismanaged and squandered the nation's resources."<sup>20</sup>

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<sup>20</sup> New York Times, March 6, 1966.

If the colonial administration had no such thing as ED policy, it was Nkrumah<sup>21</sup> who instituted such a policy, which subsequent Ghanaian governments or leaders (see Appendix 8 for Ghanaian leaders from 1951) have endeavored to improve to enhance Ghanaians' standard of living and their life opportunities.

#### **D. The Aftermath of Nkrumah's First-Republican Government**

##### **The National Liberation Council and the 1969 Constitution**

The interim military government of the NLC ruled Ghana from February 1966 to September 1969. Within a few months after assuming power, it banned the CPP, issued several decrees preventing many former CPP members from seeking elected posts, revoked the Preventive Detention Act (PDA), and outlawed Nkrumah's Young Pioneer movement. It also severed diplomatic relations with the then Eastern-bloc countries and expelled all Soviet and Chinese personnel from Ghana.

Nkrumah's external policies had estranged Ghana from the high-income Western and European lender-nations, and from the World Bank and the IMF. Therefore, in order to rebuild the country's economy, one of the first actions taken by the NLC was to seek loans and/or grants from these countries and financial institutions. At the suggestion of the IMF, all of Ghana's almost-bankrupt state corporations were sold off, and the cedi currency was devalued.

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<sup>21</sup> Nkrumah died in Roumania, far away from his beloved Ghana, on April 27, 1972. He was first buried at his hometown but was later reburied near the Black Star Square in Accra, the Ghanaian capital.

Also, the interim government appointed a committee to prepare a new constitution for the country, and the ensuing 1969 Constitution aimed at reversing the country's politico-social and economic inequality and set up a true democratic state. The constitution was the product of the views of the general public, and it called for the appointment of a Prime Minister by the President following general election. The former, a member of parliament, was to be the leader of the party commanding a majority of parliamentary seats. Also instituted was a Council of State, which advised the President. (The Council of State appointed Edward Akuffo Addo, a prominent lawyer and founding member of the UGCC, President of the Second Republic.)

### **The Second Republic**

Ghana's short-lived Second Republic (August 1969 to January 1972) was led by the elected civilian government of Prime Minister Dr. Busia's Progress Party. (He and A. L. Adu were the only Ghanaian Assistant District Commissioners in 1946.) Busia was, however, unable to deal with the nation's growing economic problems. In 1971, he banned the Trade Union Congress, the protector of workers' rights, in response to major strikes. Cocoa prices dropped, sparking off an economic crisis reminiscent of Nkrumah's last days in power. Further, he devalued the cedi currency by 45 percent. In the dawn of January 13, 1972, the Second Republic was overthrown by the military, led by General I.K. Acheampong.

## Military Governments

From January 13, 1972 to June 4, 1979, a number of generals ruled Ghana through military juntas. These regimes were variously titled the National Redemption Council or NRC (1972-1975), led by I.K. Acheampong; the first Supreme Military Council or SMC I (1975-July 5, 1978), led again by I.K. Acheampong; and the second Supreme Military Council or SMC II (July 5, 1978-June 4, 1979), led by F.W.K. Akuffo. These governments were unfortunately marked by a devotion to personal greed (Chazan 1983, op. cit.). Their early utterances of pro-socialist and anti-imperialist phrases proved to be merely rhetorical. Therefore, on June 4, 1979, a group of junior officers, led by Flight-Lieutenant Jerry John Rawlings,<sup>22</sup> replaced the SMC II with the Armed Forces Revolutionary Council (AFRC). On June 12, 1979, the AFRC began trials of former government officials and others for corruption and crimes against Ghana. In the summer of 1979, three former Heads of State were executed for their role in the nation's deplorable economic state of affairs. They were Generals Afrifa,<sup>23</sup> Akuffo, and Acheampong.

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<sup>22</sup> Rawlings was born of a Scottish father and a Ghanaian (Ewe) mother. He was educated at Achimota and was enrolled at the Ghana Military Academy in 1968. He was commissioned a lieutenant and took flight training to become Flight Lieutenant in 1978. With a passion for justice and equality, he took part in an attempted military coup against the SMC II and had been arrested.

<sup>23</sup> General Afrifa had retired from the Ghana Army when he was executed by a firing squad. He had left his family in Britain to come to Ghana to request a meeting with the ruling military regime of Rawlings. The purpose of the meeting was to discuss the terrible state of Ghana's political economy. While in Ghana, he was arrested and executed with generals who had actually been involved with the administration of the

## The Third Republic

### The Limann Government

The corruption, anti-democratic practices, and the economic crisis of these military regimes had led initially to a new generation of Nkrumah-inspired socialists. These were the 'Robin Hood' nationalists, led by Rawlings, a man with a long-standing moral passion for social justice (Ray 1986:31). Initially called the AFRC of June 4, 1979, the Rawlings-inspired military regime brought the Third Republic Constitution into being. It handed over power to President Dr. Hilla Limann,<sup>24</sup> whose People's National Party was victorious over Victor Owusu's Popular Front Party in a run-off general election. (Victor Owusu is a prominent Ashanti politician, lawyer, and businessman. He was Ghana's Commissioner of Justice and Attorney General under the NLC administration (1966-69), and was, first, Minister of External Affairs and then Minister of Justice and Attorney General in the Second Republic.) The nation's Third Republic was, thus, instituted, and the government comprised several Nkrumah elements.

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country. It should also be stated that it was General Afrifa who, together with General Kotoka, had overthrown Nkrumah in February 1966. Questioned by a British Broadcasting Corporation or BBC correspondent about the reason behind Afrifa's execution in an interview in early 1980, Rawlings stated that Afrifa was executed because of his overambition.

<sup>24</sup> Limann paid for his education in Britain and France by earnings from hunting and by scholarships. After returning to Ghana, he was a teacher awhile before joining the diplomatic service. He was a CPP member and called himself a "Nkrumaist" before the ouster of Nkrumah. Later, he was a member of the commission which wrote the Constitution for the Second Republic.

## The Limann Administration: Reasons for Its Overthrow

Limann's government had proved ineffective in solving the country's economic crisis and, like its predecessor, was overthrown by Flight-Lieutenant Rawlings<sup>25</sup> on December 31, 1981. This was the December 31st Revolution, which inspired the formation of the current military government, the Provisional National Defence Council or PNDC. How much of the economic crisis was actually due to the Limann government is questionable.<sup>26</sup> He had inherited a chaotic economic climate from previous military regimes, most notably the Acheampong government. The internal and external economic situations resulted from the combination of many factors, which included administrative mismanagement and a declining price for cocoa production.<sup>27</sup> However, according to Donald Ray, he could have increased cocoa prices, thus, increasing both the cocoa yield and the potential for foreign-exchange earnings (Ray, p. 21). The point here is that, under the ill-advised cocoa tax policy, the government had been taxing cocoa producers so much that Ghana lost its key position in the world cocoa market.

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<sup>25</sup> Jerry Rawlings had overthrown the military regime of the Supreme Military Council II, led by General F.W.K. Akuffo. With this ouster of a government, Rawlings has twice assumed power in Ghana.

<sup>26</sup> Kraus, March-April 1982, pp. 65-6; interview with Rawlings, Accra, August 7, 1984.

<sup>27</sup> Kraus 1982, *op. cit.*, p. 65.

Foreign-exchange reserves were inadequate. Therefore, Limann's promise to greatly increase the supply of consumer goods was unrealistic at best. Also unrealistic was his action in allowing parliamentarians to grant themselves salaries grossly disproportionate to the average Ghanaian's. His Third-Republican government was soon labelled as Western/bourgeois-oriented.

As President, Limann was a cautious pragmatist (McFarland 1985:117) who deliberately attacked Ghana's economic problems. However, the problems confronting him would have overcome any leader. When one examines Limann's government, one needs to realize that, like many Third-World governments, his administration was confronted with some difficult administrative decisions, which precluded popular support for his national programs, of which ED is a part. Indeed, Ghanaian governments, particularly those whose administration spanned the period between 1974 and the present, have had to deal with certain perplexing situations that clearly hamper successful budgeting for effective ED (see Chapter One).

On December 31, 1981, Rawlings stunned President Limann by ousting his democratically-elected government. Ironically, it was Limann's administration to which Rawlings had handed over the government of the country on September 24, 1979.

## The PNDC Government: Forerunner of the Fourth Republic

### Its Revolutionary Strategy

Upon his second assumption of power in December 31, 1981, Rawlings stated that much more than a military coup was needed for Ghana. Specifically, he asserted that only a revolution would succeed in reviving the country. By the end of 1982, his revolutionary strategy combined elements of Leninism and Maoism. Politically, his stated goal was to create the groundwork to facilitate popular participation in government.<sup>28</sup> Economically, his stated goal was to stop the decline of the country's economy and to stabilize it in order to induce positive economic growth.<sup>29</sup> In essence, Rawlings' main revolutionary task was to create a socialist form of government that would better suit Ghana's economic and cultural needs.

### Its Anti-Smuggling Campaign

Widespread smuggling of a country's foreign-exchange-earning commodities, and public corruption do hurt a country's economy. In fact, considerable amounts of cocoa, gold, timber, and the Ghanaian currency were smuggled out (Oquaye 1980) to the extent that, by the end of the Limann government in December 1981, about half of Ghana's gold production had disappeared. Further, significant amounts of consumer goods and foreign currency were illegally brought into Ghana without paying

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<sup>28</sup> Donald Ray's interview with Rawlings, Accra, August 7, 1984.

<sup>29</sup> Ray's interview with Dr. Kwesi Botchwey, the PNDC Secretary for Finance and Economic Planning, at Accra on August 8, 1984.



import taxes. Additionally, for too long, corruption had prevailed in Ghana, seemingly unchecked. Therefore, upon assuming office, the PNDC immediately set up the National Investigating Committee or NIC (PNDC Law No. 2, February 2, 1982) to institute measures to halt smuggling and to investigate public-service corruption. The administration reported that the NIC collected more than C166 million of an assessed C306 million in "reparations" (i.e., repayments from public servants and others accused of having enriched themselves illegally) in the first twenty months of the revolution. (The Ghanaian currency is symbolized by C.)

In its further efforts to end the corruption that had been damaging Ghana's economy, anti-smuggling measures were tightened around Ghana's three borders and also at the Kotoka International Airport. Indeed, the PNDC's anti-smuggling and anti-corruption measures have been successful.

### Its Political Dissent

Even though the PNDC's efforts to rebuild Ghana's economy, partly through anti-smuggling and anti-corruption measures, have succeeded, the government has not treated political dissent lightly. Political opposition to the PNDC and the December 31st revolution has been expressed through plots and nine attempted coups. Mostly, these have been instigated by junior army officers while civilians played little part in this form of political opposition. Other forms of opposition have come from Ghanaians abroad, particularly from former politicians and army officers, and from the

students of the country's three universities in Kumasi, Accra, and Cape Coast.

Student protests have led to several closings of these institutions, following demonstrations against the PNDC government. In January 1992, the University of Science and Technology in Kumasi was closed. Cabinet reshuffles also indicated political opposition from within the government.

Rumors were often rife in Accra and Kumasi with reports of who had attempted what and who was executed at dawn. A disruption in the electricity supply at night was often sufficient to trigger such rumors (Ray, p. 102). Ten people were executed after they had lost their appeals against the death sentences imposed by public tribunals.<sup>30</sup> Ironically, however, Rawlings demonstrated to other soldiers that civilian lives should not be treated lightly when he had Flight-Lieutenant Robert Lee, a close friend, executed for fatally shooting an unarmed civilian, whom Lee mistakenly thought to be holding a grenade (Ibid.).

### Its External-Loan Program

The 'Socialist' countries had been unable to supply the much-needed capital to step up Ghana's economy. The only alternatives open to the PNDC administration have been IMF and World Bank loans. Indeed, for socialists, accepting loans from these institutions has long been sufficient to brand Rawlings and his government as 'heretics' or counter-revolutionaries. However, Dr. Kwesi Botchwey, the Secretary

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<sup>30</sup> Quarterly Economic Review of Ghana, Sierra Leone, Gambia, Liberia (1983-84), p. 11.

for Finance and Economic Planning (FEP) argued that such loans could be justified on several grounds. Increasing exports in cocoa, gold, and timber could result from reconstructing roads and railways, and loans from reliable sources like the IMF have a potential of realizing that infrastructural goal. Also, Ghana was a paying member of these two major lending institutions and was, therefore, entitled to draw capital loans from them whenever it needed them.

Basing its loan-approving decision on merit rather than on the PNDC's political complexion as a military regime, the World Bank and the IMF have been approving Ghana's loans. Some Ghanaians (e.g., the June Fourth Movement) consistently denounce the PNDC actions. Specifically, they have branded the PNDC government as dealing with imperialists.<sup>31</sup> However, the FEP Secretary, an avowed Marxist, has been defending his government's action on purely economic and social grounds. Specifically, he has been arguing that these loans are the only effective means of revitalizing the nation's declining economy.

Following IMF and World Bank advice, the PNDC government has devalued the currency and dismissed<sup>32</sup> more than 60,000 of the nation's public employees by

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<sup>31</sup> The June Fourth Movement (JFM) summarized its arguments in an editorial in its paper, The Workers' Banner (September 16-23, 1982). Specifically, it characterizes the IMF as '...the mercenary headquarters of imperialist companies', whose main aims are '...to ensure the continued exploitation and oppression of our people.' The World Bank is labelled a master of the IMF.

<sup>32</sup> Even though several Ghanaians lost public-service jobs, the government prefers to use the word "redeploy" to suggest that those who lost jobs would be retrained for other jobs.

the end of 1991. Moreover, the government has taken measures to reform the country's ED planning and budgeting through the World Bank's Structural Adjustment Program (SAP) and the IMF's Economic Recovery Program (ERP) of 1983. These two programs, which are discussed at length in Chapter Five, have helped improve the Ghanaian economy, especially at the macro-economic level. In particular, the programs have helped the government to increase its savings, and the nation's overall budget deficits have been declining. Additionally, Ghana's balance-of-payment (i.e., the relation between the total cost of imports and the total income derived from exports) outlook and its capacity to repay its external obligations and, thus, sustain credit have improved substantially.<sup>33</sup> However, it should be stated that, like many Third-World governments, the PNDC administration's efforts to improve the human conditions of the nation's relevant population have been plagued with some ED problems, that were highlighted in Chapter One.

### The Fourth Republic

Since the late 1980s, the PNDC government had been steering Ghana toward civilian rule under the Fourth Republic. Before presidential elections were held on November 3, 1992, Flight-Lieutenant Rawlings, the PNDC leader, officially renounced his military membership in order to contest the popular elections. His party

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<sup>33</sup> In the Ghana Broadcasting Corporation (GBC) news at 1:00 p.m. on Wednesday, October 16, 1991, it was announced that Ghana had repaid some external debts totalling C3.6 billion.

has won the elections, but, because some Ghanaians have questioned the fairness of those elections and have staged many demonstrations against his victory, no one knows if or when he would be officially sworn in as Ghana's Fourth President. Nonetheless, it is hoped that the Fourth-Republican administration will strive carefully to deal with the ED dilemmas that have been facing its predecessor administrations.

### Summary

This chapter increases the researcher's understanding of Ghana's precolonial and colonial past, particularly showing: (1) how the country's colonial administration neglected economic development (and its planning) and also budgeting to further its own interest; and (2) how the process of institutionalizing colonial rule in Ghana resulted in the progressive disintegration of the class of Ghanaian traders and entrepreneurs<sup>34</sup> which had evolved during the slave trade (Howard 1978:182). But, according to the British colonial administrators, because the regulation of private trade in the country did not fall within their political economy, they were not obliged to protect the country's indigenous traders. The colonial administration's neglect of ED planning and budgeting, as they are known today, clearly makes Ghana's present-day ED planning and budgeting relatively new phenomena; it was not until during the

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<sup>34</sup> For purposes of this discussion, the class of Ghanaian traders and entrepreneurs is the petty bourgeoisie, which is the class of small traders and small property owners.

country's First Republic under Nkrumah that both processes were genuinely addressed for the first time.

Additionally, the chapter shows how the country's ED efforts, particularly after 1973, are plagued with some inescapable development dilemmas. Despite these governmental problems, the researcher believes that ED in Ghana could actually materialize if and when economic development, development administration, and human-resource development are institutionalized and consciously coordinated through budgeting.

A discussion of the current bodies of knowledge and scholarly information about the pertinent concepts (i.e., economic development, budgeting, etc.) will help provide the vital and much-needed 'nuts and bolts' of this study. Therefore, the next chapter will be devoted exclusively to a review of the literature that is most appropriate to this endeavor.

## CHAPTER THREE

### LITERATURE REVIEW

This chapter reviews the literature pertinent to a better conceptualization and understanding of the relationship between economic development, development administration, human-resource development, and budgeting. Specifically, six (6) different streams of literature are reviewed. These are the literature on: (1) Economic Development (ED); (2) Development Administration (DA); (3) Bureaucracy; (4) Implementation; (5) Human-Resource Development (HRD); and (6) Budgeting.

#### The Economic Development Literature

ED is a concept lacking a generally accepted theory, and it is often used interchangeably with economic growth. As defined by Meier and Baldwin, it is "a process whereby an economy's real income increases over a long period of time". (See page 2.) Being a process, ED suggests the operation of certain forces prevailing over a long period of time and embodying changes in some variables. If ED is viewed as such, it becomes inadequate just to cite and classify a list of separate developments, or even to examine each development individually (p. 3).

The two authors believed that ED ought to denote a rising standard of living. Further, they saw the study of ED as practically significant in the sense that accelerated ED in the poor nations is also in the interest of the more advanced nations. Their analysis of ED theories posited three major approaches. The first is Classical analysis

exemplified by the works of Adam Smith and Ricardo, which portray ED as a dynamic and aggregate phenomenon. The second is Marxian analysis, which accentuates the exploitative nature of the international features of capitalist development. Marxian analysis is tied to dependency theory in asserting that, because of the unequal distribution of power and influence between rich and poor nations, some nations are more vulnerable, more dependent, and more subjected to greater exploitation than others (Jaffee 1990:152). As a consequence, dependency writers and Marxist scholars frequently share many dependency premises and criticize dependency ideas (Packenham 1992:4).<sup>35</sup> In light of that exploitation, the analysis depicts a view appreciated by modern economists that asserts the ED process as occurring in an uneven, sometimes discontinuous manner. In spite of its fallacies,<sup>36</sup> the Marxian perspective still remains appealing. The third approach is Neo-classical analysis. Most neo-classical ED theorists assume the existence of such conditions as political stability and adequate supply of trained personnel within and among countries (Meier and Baldwin, p. 82). However, such an approach to development is often criticized as being too narrow because it tends to minimize the significance for development of changes in non-economic phenomena (e.g., political

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<sup>35</sup> Studying the dependency movement extends earlier efforts to understand the nature and the roots of the thinking of U.S. and other First-World social scientists regarding Third-World development (see Packenham 1992:5).

<sup>36</sup> These fallacies include: (1) the prediction of the inevitable downfall of capitalism and the consequent advent of socialism; (2) the assumption that class struggle is the only means by which economic changes produce social and cultural changes; and (3) the position that each socio-economic system passes through the same general cycle (i.e., birth, progressive evolution, decline, and death). (See Meier and Baldwin 1976:46-49.)



stability). Nonetheless, because the neo-classical perspective views ED as a gradual process with a generally optimistic outlook for the future possibilities for continued ED, this dissertation endorses that approach.

In sum, Meier and Baldwin combined both general and specific views of ED. Specifically, they considered not only the general end result of the economic-developmental process but also the underlying detailed changes influencing this outcome.

Several economists had doubted the goals of ED, mainly because of governments' failure to improve citizens' human conditions. However, after several years of pronounced improvement in the ED of many nations, especially those in the Third World, some of these economists began to question their own pessimism. Consequently, their optimism has been couched in the following assumptions: (1) ED is desirable; (2) ED is the process expected to contribute immensely to the improvement of human life in developing countries via better health and education, increased leisure, and the like (p. 2).

Spiegelglas and Welsh's pragmatism led to their assertion that, "In view of the great differences that exist among these countries, innumerable combinations of goals, strategies, and approaches are certainly possible, and each combination requires a multitude of decisions on various aspects of development." (See page 3.) They saw governments as the chief decisionmaking agents in ED.

Further, they enumerated certain impediments to effective ED in developing nations. These include: (1) the limited capability of government; (2) the inability to

perform the tasks of coordinating and organizing economic activity, and of originating innovative activity; and (3) the problem of population growth. These impediments clearly fall within the scope of the cruel ED dilemmas discussed in Chapter One. They also discussed problems of transition - that is, the special problems which arise when ED is being introduced into societies which have existed for centuries at levels constituting economic stagnation. Therefore, they see the need to transform beliefs, habits, and institutions.

Much evidence exists in the ED literature that the underdevelopment of the Third World is due to colonialism. Brett added to that assertion. Specifically, he saw ED as both a process and a relation. Ironically, even though he asserted that colonial ED policies contributed to developing nations' economic underdevelopment, he perceived contact with the colonial metropolitan centers (e.g., London and Paris) as essential for the economic development of the Third World. However, such contact, his argument went, must not perpetuate the latter's state of dependency. Unfortunately, he did not adequately address the problem of how the "weak" can effectively control the "strong" in the current international economic situation.

Hodder added to the literature by stating that, even though no generally accepted theory of ED exists, all definitions imply that it involves raising people's living standards. He termed ED "a social process which results in a cumulative increase in levels of consumption". Still, other definitions include (as a necessary element in ED in this sense) involving a perceptible and cumulative rise in the material standard of

living for an increasing proportion of the entire population. He indicated that ED, however defined, can occur in all countries. According to him, certain conditions existing in developing nations hamper effective ED. These include: low life expectancy, high infant mortality rates, poor health, and illiteracy; low per capita output; and economies non-diversified and geared to primary production. He asserted that it is easy to overgeneralize about developing nations, ignoring differences between densely populated and highly populated countries at widely differing levels of ED, and economic achievement.

Three lessons can be learned here. First, because each developing nation has unique conditions in its path to ED, there is clearly no point in looking for a single ED theory for all developing nations. This point is a major assumption of this dissertation. Second, socio-cultural factors (e.g., ethnicity, and family and clan loyalties) can both promote and impede ED. Third, politics does enter ED policy formulation. Indeed, the involvement of politics in the ED process is interesting, particularly since the literature review on budgeting also brings to bear the political dimension of that process (i.e., budgeting).

Kindleberger and Herrick contributed to the literature by distinguishing between ED and economic growth. (Meier and Baldwin used the two terms interchangeably or synonymously.) Suggestive in its general use, economic growth means more output, while ED implies both more output and changes in the technical and institutional arrangements by which it is produced and distributed (p. 3). Among the relevant assets which

the authors saw as vital for ED are: (1) natural resources (e.g., land and raw materials); (2) capital; (3) strong organizations; (4) technology; (5) prudent planning; and (6) human resources.

Like Hodder, and also Meier and Baldwin, Kindleberger and Herrick also perceived ED as multifaceted and without any single definition. They indicated that ED is associated with certain socio-cultural phenomena, such as certain religious and cultural beliefs, and certain socio-economic factors. ED changes attitudes. At least, for an effective ED, changes in attitudes must be made. Moreover, ED is the outcome of changed attitudes. Specifically, "the operational question for policy is whether religious taboos, cultural institutions, and social attitudes make economic development impossible and assistance for economic development a waste of resources, or whether attention to the broader factors along with the narrowly economic can get development moving". (See page 37.)

Ranis asserted that Ghana's mediocre ED performance since independence was not attributed to poor public policies. Rather, it was engendered by forces outside the country which were mainly the delayed impact of colonialism. In other words, the real culprit continued to be the heavy hand of colonial history. To him, it is important that Third-World ED analysts distinguish between colonial and postcolonial ED goals. Specifically, the distinction ought to be drawn between these goals, and the tools of both public- and private-sector mixes and government policies toward the private sector. These tools, according to him, could be deployed to achieve ED goals. Finally, one can

rightly be critical of the colonial pattern of investment, production, and trade from the point of Ghanaians' postindependence welfare.

Finally, Hymer's work examined Ghana from 1900 to 1966. Specifically, the investigation related to British colonial strategies and their results. According to him, the British devoted most of their efforts to expanding the government sector and promoting foreign capital. However, none of these efforts contributed proportionate standard-of-living returns to Ghanaians. In fact, these approaches led the British to overemphasize foreign markets and foreign capital, and to neglect internal markets and indigenous enterprise.

The cocoa industry, the mainstay of Ghana's economy, was developed by Ghanaians with little help from the British colonial administration. The colonialists chose to construct railroads only to towns and locations where export commodities such as cocoa, gold, and timber were (are) obtainable. Consequently, the North, the most impoverished part of the country, was neglected because it does not have any exportable item.

The Papers Relating to the Petition of the Delegation from the Gold Coast Colony and Ashanti, Sessional Paper no. 11 (1934), contain the measures advocated by Ghanaians in representations to the British administrators. By ignoring Ghanaians' petition to, among other things, form a cocoa cartel, the British administration discouraged agriculture and the teaching of it as a special subject in trade and technical schools. Hymer concluded that the papers serve as yet another demonstration that the

colonial administration, in fact, had several known alternatives. However, its policies were the result of deliberate choice.

The pertinent points to note about the foregoing is: (1) there was nothing called ED policy in the colonial administration of Ghana; (2) programs purported to attract foreign capital; (3) implemented programs were not geared at improving the standard of living of all Ghanaians; (4) Ghana's ED policy implementation difficulties under Nkrumah should not be attributed to Nkrumah's one-party rule but to past colonial development strategies; and, (5) because educational programs were heavily elitist, the British failed to provide the kind of scientific and economic training needed for laying the groundwork for enhancing the people's standard of living and, thus, their life opportunities or choices.

In conclusion, the vast literature on ED, of which the foregoing is a small piece, conceptualizes ED as a process. Specifically, it is a process for improving people's standard of living and enhancing their life opportunities or choices. However, how can an organization realize that public goal when those ED programs, projects, activities, etc. are not properly managed or administered? This question is addressed by development administration (DA).

### The Development Administration Literature

A process purporting to increase individual opportunity, development is both relative and prescriptive. It is relative in the sense that it is characterized by equality in

the interaction between the developed and the developing nations (Brett, op. cit.). It is prescriptive in its implying choices about goals for achieving "the realization of human potential." (Gandhi 1968.)

Because George F. Gant and Egbert de Vries started using the term "development administration" in 1955 or 1956, a good starting point is the examination of Gant's work. The term came into use to represent aspects of public administration (hereafter called PA, unless in quotes). The concept also symbolizes the specific changes in PA required to effect national government policies, projects, and programs for the improvement of social and economic conditions. Thus, DA can be conceptualized as a tool or instrument, not unlike ED, human-resource development, and budgeting.

Gant furnished a good background to the use and significance of DA. Specifically, he indicated that the impetus for the term's use was provided by the few years following World War II, when several nations threw off the shackles of colonialism or the imperialist yoke.

The new status of the 'liberated states' provided hope for greater individual freedom and equality of treatment in society to the extent that independence created aspirations for, among other things, a rapid rise in standards of living. Pressure, therefore, mounted on new governments and their PA (i.e., their bureaucracies, or administrative agencies and processes) to realize anticipated fruits of independence and liberty. More importantly, the new nations faced the task of devising viable systems to translate citizens' hopes and aspirations into effective policies, programs, projects, etc.

The hope was to increase their standards of living and broaden their individual opportunities for personal expression and advancement (p. 5). To the degree that the problems of economic policy and ED in the new nations were enormous, PA in these countries was very wanting in its capacity to meet the numerous demands and aspirations of its people after independence had been won. Consequently, DA was given greater prominence.

The purposes of DA are to stimulate and make possible defined programs of social and economic progress. The term is specifically used to denote "the complex of agencies, management systems, and processes a government establishes to achieve its development goals." (See page 20.)

Among the barriers impinging on more effective implementation of ED programs, projects, activities, etc. via DA were (are) the following: (1) the highly centralized nature of budgeting in post-independent nations; (2) bureaucratic inefficiency, ineffectiveness, and lack of integrity; and (3) bureaucrats not acting as agents of their citizenry (see Barke and O'Hare 1984).

Gant spelled out some important aspects of DA. These are: people are both the target and instruments of ED; the public sector needs to be effectively managed; budgeting and ED planning need to be coordinated; personnel should be well-trained and properly managed to effect ED; and there should be institutions for management training and research.



Riggs' account of the problem facing a number of South-East Asian countries, particularly after independence, needs discussion. With the attainment of independence and the advent of ED planning, those countries were confronted with the problem of how to reorganize and adapt their administrative organizations and practices to the demands of new, varied tasks of a developmental character (Riggs 1967:v). One of the major difficulties for the nations' reformers and ED planners was that administrative concepts and technologies that evolved in western nations were not as fully applicable in those countries. Using a new model that he called the "Prismatic Society", Riggs called on developed nations to attempt to improve their previous conceptual framework for understanding the dynamics of administration in developing nations.

Among the main lessons to be gleaned from this particular work of Riggs are that: (1) ED goals and policies should be clear if ED is to be successful; (2) ED practices should be formalized, legitimized, and stabilized for both administrative efficiency and effective ED to occur; and (3) a growing bureaucracy, particularly in a developing nation, requires the services of trained personnel in new learning and technology (i.e, effective HRD).

According to Riggs, DA refers to: (1) a government's efforts to implement programs designed to reshape its physical, human, and cultural environment; and (2) the struggle to enlarge a government's capacity to engage in such programs (Riggs 1971:75). Therefore, the study of DA should take into account a new set of doctrines that are likely to prove helpful to countries with low levels of administrative capacity, such as

developing countries (Ibid., p. 108). Those countries' public personnel seek to enhance their managerial capacities in order to be able to successfully undertake programs intended to modify the characteristics of their physical, human, and cultural environment. In that regard, it can be implied that DA and HRD are different but interrelated by the common goal to improve administrators' skills for more effective ED.

In his (1971) work, which reflects some of the lessons described above, he stated that many of the doctrines of administrative theories were formulated just to increase the capabilities of governmental agencies. Moreover, it had been argued by some that it is only in the governments for which those doctrines were designed that successful ED programs could be carried out. In other words, because those doctrines were not purposely designed for developing nations, their bureaucracies would not be able to effectively apply the doctrines to improve their ED programs. However, Riggs believed that: (1) Western administrative doctrines and theories are relevant to non-Western governments, or even to Third-World governments as well; and, (2) to fully benefit from these doctrines and theories, governments in developing countries should first change their economic and political systems, which restrict the relevance and utility of those doctrines and theories to their ED problems.

Bryant and White surveyed the major issues with which development managers are concerned. Specifically, they brought to bear actual knowledge from their developmental experience in both the Third World and American urban centers. The premise of their work was that: Those involved in planning and executing ED are faced with organiza-

tional problems and dilemmas that demand or warrant special attention. In essence, they saw and understood DA as a process.

Several streams of economic thoughts, including "political economy", were in vogue in the late 1960s and early 1970s. The key point to note about the political-economy perspective is that economic issues can only be understood in the context of political reality. Another group of economists who took part in the debates over the meaning and nature of ED were dependency theorists. Their argument was that:

(1) Third-World countries are made dependent, often under the guise of development, upon the developed nations and the urban-centered elites in their own countries; (2) a major avenue or conduit for fostering this dependency is the transformation of Third-World nations' middle class to the compromised class; and (3) the consequences of the foregoing is that Third-World nations look outside to the West, rather than inward to their own countries, for political leadership. Thus, according to these dependency theorists, many developing nations are underdeveloped because of the "machinations" of the developed nations in concert with the elites of their own nations.

Hope defined DA as a means to an end; it is an instrument to implement public policy. Besides, its operations are goal-oriented and are for the purpose of fulfilling government policies. Additionally, administrative management of national development is a process of organizing collective efforts to achieve particular objectives which are determined by the economic and political system.

Technology has long been recognized as an important factor in development, and Hope also treated it as important. First, Hope defined it as the skills, knowledge and procedures used in providing goods and services for any given society. Second, he assumed that it is transferable from developed societies. Third, he perceived it as essential to the attainment of the basic needs in the Third World. However, the unique features of each developing economy make it imperative that technology be discussed and applied within the context of what is most appropriate in each country's socio-economic and political setting.

He, further, saw DA as "the public administration of economic development." (See page 63.) Specifically, he indicated that DA in developing countries is effected primarily by politicians and bureaucracies operating within ministerial or government agencies. It is also characterized by its purposes, loyalties, and attitudes. Its purposes are to stimulate and facilitate defined programs of social and economic progress. Beyond that, the author attributed the bad structure of DA in developing nations to colonialists during their period of imperialism. This phenomenon still persists, lingers, and remains as a product of the colonial era in the sense of its maintaining many of the features and attitudes of the former colonialist establishments. (This point will be highlighted further in the discussion of the literature on bureaucracy.)

Thurber and Graham enriched the DA literature with their case studies of Latin American countries. Specifically, they add the concept of "islands of development" to the literature as one approach to practical DA. Here, bureaucrats are seen as forging

"organizational links" between the high levels of the political system and the grassroots stratum of the social system. This perception is seen in the "Agency Perspective" underlined in both the "Blacksburg Manifesto" (1984) and its sequel, Refounding Public Administration (Wamsley et al. 1990). Indeed, this bureaucratic role is essential to development.

The authors appraised the reality of Venezuela's Public Administration Commission, a cross-cultural application of the Hoover-Commission idea. The evaluation was a major effort at a head-on confrontation with administrative reform. The main points to note here are: (1) national development must be self-generative; (2) technical knowhow via education is needed for effective DA; and (3) foreign technical assistance will be futile unless clearly matched to both the receiving country's values and its dynamic political processes.

The Guatemalan case provided insight into bureaucratic unresponsiveness to people's developmental needs. The Chilean report furnished further insight into the problem emanating from lack of bureaucratic supports for ED policies and change-oriented projects. Here, Selznick's co-optation theory is seen as a powerful concept in justifying the success of some ED plans. The Mexican example provided grounds to believe that the interaction between Mexican ruling elites and their superiors on one hand, and between these elites and their respective publics on the other, exhibited no room for political participation. (Political participation is a major key to any successful DA.) Cuba was seen as illustrating impressive bureaucratic innovations. Specifically,

the country's leadership's redistributed national resources to benefit many people, especially rural dwellers.

Thurber and Graham have proposed that development mean or signify increasing the people's capacity to influence their future. To them, development means the following: (1) paying attention to capacity, which is what needs to be done to expand the capability and energy to make changes; (2) working toward equity, meaning that uneven attention to different groups will divide people and undermine their capacity; (3) striving for empowerment, which means that it is only when people have some power that they will receive the fruits of development; and (3) taking seriously the spirit of global interdependence necessary to ensure that the future is sustainable and that humankind can deal effectively with problems of scarcity and finite resources.

In summary, the DA literature clearly assists in exposing the need for developing and developed nations alike to have a well-trained cadre of personnel or manpower to manage, and be involved in, both public budgeting and ED policy formulation and implementation. Like the literature on ED, that on DA emphasizes that a successful development administrator has to be conscious of the political environment in which he operates. Clearly, administrative capacity is in very short supply in the Third World. (Also scarce are Ghana's human and material resources for improving the people's standard of living and enhancing their life opportunities.) Therefore, the authors spelled out the range of skills, techniques, and approaches that the effective development administrator or manager needs to have in his command or arsenal. Moreover, they

uncovered a paradox in DA: Effective administration or management is essential to accomplish development and, yet, the very nature of its effectiveness can also stifle and inhibit political development.

Because the DA literature stream links the general PA capacity with the ED process to improve people's standard of living and broaden their life opportunities, addressing the literature on bureaucracy next seems appropriate or logical.

### The Bureaucracy Literature

The discussion of the processes of ED and DA will be pointless without devoting a section to address the literature on bureaucracy. Specifically, the DA literature does not sufficiently address the relevance and impact of bureaucracy on DA. To the extent that it is bureaucrats who keep the governmental apparatus grinding and running, the bureaucracy literature becomes very important. It should be stated at the outset that many administrative practices of Third-World bureaucracies are the residual effects of colonialism.

Bureaucracy here will be defined and understood as covering all servants of the State, other than holders of political or judicial offices, who are employed in a civil capacity and whose remuneration is paid wholly and directly out of monies voted by Parliament (Adu 1965:24). Because the system being discussed here derives its origin from the British pattern, its definition necessarily is the same in principle as the British definition. The researcher, in using this definition of bureaucracy for purposes of the

discussion here, is fully aware of the Weberian model, which originally conceptualized bureaucracy as characterized by, among other things, a graded hierarchy, tenure, formal rules, tenure, etc.

However, because the pattern depicted here is suited appropriately to the British tradition but is alien to the tradition of the countries it colonized, there is the need to redefine it to suit the needs of these developing nations in order to enable their public servants to perform better. In particular, Charles Goodsell's (1983) work, even though characteristically American, offers generic lessons to other countries, particularly the Third World, in: (1) referring to the term bureaucracy as a country's public administration, with its administrative agencies at all levels of government; and (2) exhorting them to perform better to avoid being "despised and disparaged". (See Goodsell, p. 1.)

The bureaucratic structure in Third-World countries was shaped primarily by the colonialists during their period of rule. Within the colonial governing framework, indigenous civil servants were given only standardized clerical functions. After achieving independence, these nation-states have made some conscious attempts at reorganizing, changing, reforming and improving their entire administrative structure in order to function effectively. Yet, this structure still remains a product of the colonial era, and Hope (op. cit.) clearly asserts this in his historic account and analysis.

The centralized colonial-state bureaucracy used the resources of the country to sponsor dependent classes committed to maintaining or safeguarding the status quo (Jones



and Mills 1976:326). This meant that indigenous groups or classes passive to colonial administration were rewarded with some socio-economic facilities (e.g., feeder roads, scholarships, etc.) while those groups opposing colonial rule were ignored. For example, in Ghana, the Asantes, who vehemently opposed British colonial rule, were virtually ignored in the colonial social agenda. However, people from some ethnic groups, such as the Fantis along the coast, who showed little or no resistance to colonial rule, were awarded scholarships to study in Britain. These British-trained scholars returned home to later hold positions in the nation's bureaucracy, and they attempted to consolidate their elite interests. It was this colonial policy of handpicking "favorite groups" over others that fomented intense resentments and animosities among several Ghanaian ethnic groups after independence. However, today, because Ghanaians do recognize that inter-ethnic rivalries are a product of the colonial era and hamper socio-economic progress, there tends to be inter-ethnic harmony, which clearly promotes effective ED.

After political independence was achieved, decisionmaking in the developing nations was transferred from the colonial administrators to local politicians and their cabinets. In Ghana, for example, decisionmaking was transferred to Dr.<sup>37</sup> Kwame Nkrumah and his Convention People's Party (CPP). In Kenya, it was transferred to Jomo Kenyatta and his Kenya African National Union (KANU); in Malawi, to Dr. Hastings Banda and his party; and, in Mali, to Modibo Keita and his party. This system

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<sup>37</sup> On June 4, 1951, Nkrumah received an honorary doctorate from his alma mater, Lincoln University.

gives elected officials the general direction and control of their respective governments.

The current bureaucratic system in developing countries is such that cabinet ministers head their respective government Ministries. The result is that they accept all the blame and praise emanating from their subordinates' work-related activities. This is the essence of the concept of ministerial responsibility, a model established by the British in the mid-nineteenth century as part of an effort to weaken the power of the King and to strengthen that of Parliament. The main reason, however, was to ensure that public administrators would change their position from that of servants of the King to that of servants of the people (Hope, p. 69). Consequently, civil servants became nonpartisan, and Parliament, the people's representative, enacted the laws while public administrators only implemented the laws and carried out the policies. It should be stated that this bureaucratic arrangement is regarded as the orthodox administrative theory in developing countries.

Even though the bureaucracy literature is the focus here, mention needs to be made here about the connection between the bureaucracy literature and the development administration (DA) literature. During and after colonial rule, DA in these countries always had some serious pitfalls. First, there was a general lack of high-level manpower necessary for policy implementation. Second, there was a strong bureaucracy, with its concomitant excessive centralization of authority and control. Third, coordination of public-service activities to facilitate a team effort was absent. Last, there was no medium

to disseminate information among public agencies or departments. Consequently, effective decisionmaking was badly needed.

To resolve these, Hope suggested the following: Third-World nations undertake reforms structurally different from the conventional organizational forms (i.e., those originated by the colonialists without any consideration given to socio-economic and political conditions); all remaining attitudes and features of the colonial civil service be eradicated through processes of reeducation and reorientation to bring Third-World bureaucracies in line with their professed governmental objectives; all objectives be well-defined with a clear-cut strategy of implementation and sustained follow-up measures; manpower planning and training be urgently instituted; the administrative machinery be decentralized to relieve the central government of work overloads; the political leadership provide the crucial morale-boosting asset of being committed to governmental programs; and governmental budgetary practices make financial resources more readily available mainly because effective ED and DA programs are facilitated by adequate and sustained budget appropriations and outlays.

Onyemelukwe presented a spectrum of interesting observations and lessons in his work. Included are: the need for bureaucrats to promote the values of community living; and the need for bureaucratic practices not to promote individualism, a concept that is, to all intents and purposes, alien to the African society. Additionally, he advised African governments to let go their policies of personnel administration borrowed from colonial times. Specifically, he emphasized that they should relinquish their colonial practice of

protecting one group of ethnic clanspeople against others. Finally, he saw PA as a cultural-bound art and science. Therefore, he asserted that it does not make sense when African countries refer constantly to, and draw comparisons with, what obtains in public management in Europe and elsewhere as standards to be adopted.

According to Francis Rourke, the bureaucracy is a force with which we must reckon (Rourke 1984). He also asserted that the American bureaucracy is often charged with usurping presidential and congressional power, or involved in governance when its personnel are not elected (Rohr 1986). It needs to be stated at the outset that, even though Rourke's work was characteristically American, it has a universal appeal in the sense that its implications transcend American territorial frontiers.

Collectively referred to as the bureaucracy, American public (or executive) agencies provide channels of "access" per which segments of the public can advance or protect their interests. Bureaucrats are also concerned with maintaining and strengthening their bureaus or agencies or services, as well as their very own positions. Therefore, it is not surprising that they seek the effective backing of clientele groups and effect strategies that are calculated to advancing the interests of these groups. This phenomenon is explained and well articulated by the bureaucratic politics model (Rourke 1978). This model is both a prominent feature of American politics and a universal feature of bureaucracies elsewhere. As Matthew Holden correctly put it, in American bureaucratic politics, "power is organized around constituency." (Holden 1966).

The major lessons to learn from Rourke's work are the following: (1) bureaucratic expertise accounts for the extraordinary influence and importance of bureaucrats; (2) bureaucrats wield political support via constituency mobilization, an act that invariably renders them "captives" of their constituencies; and, (3) because they usually share rather than monopolize power in policymaking and policy execution, they should not be distrusted or feared. As aforesaid, these lessons apply to bureaucracies elsewhere.

Abernethy's analysis of Africa's bureaucracy clearly warrants discussion. Specifically, he asserted that Africa is experiencing a "crisis of government performance". This is a result of factors such as: (1) colonial government policies and practices; (2) policies and practices (e.g., corruption) of African bureaucratic elites; and (3) the institutions, values, and behavior of the people. Since central governments are the only institutionalized instruments that Africans have to cope with their numerous problems, this crisis of government performance is particularly alarming. He contrasted the colonial "Weberian" bureaucratic structures with the stateless African society, which, nonetheless, was capable of solving societal problems.

Abernethy's work had these major points. First, there is a clear incongruence between the European bureaucratic structure and the stateless African society. Second, the powerful legacy of colonialism -the state bureaucracy- seems destined to constitute one of Africa's most serious problems as well as an enduring, indispensable key to resolving many of the continent's problems.

Washington highlighted bureaucratic corruption as a major obstacle to effective governments in Africa. Specifically, he assumed that Africa's poor economic performance is, in part, a by-product of governmental corruption (see Gould 1980). His enumerated instances of corruption included: (1) a report by the German former Director of the Zairian Central Bank that soldiers arrived at the bank at 7 p.m. one day, long after it had closed, to demand about \$30,000 for President Mobutu's father-in-law; (2) a report in a special Kenyan judicial hearing that a former Attorney General, Charles Njonjo, had siphoned off charitable contributions into his personal checking account; (3) a Ghanaian report in a governmental investigation after Nkrumah's overthrow in 1966, which stated that collection officers of the powerful COCOBOD (formerly the Cocoa Marketing Board or CMB) had taken 10 percent of farmers' crops as illegal commissions for fulfilling their duty to buy the farmers' cocoa; and (4) a Nigerian report after the military overthrow of Shehu Shagari that government officials had been embezzling billions of dollars from oil sales since the 1970s.

Finally, Ray focused his work specifically on the bureaucracy of Ghana. Ethnically, Ghana is a very diverse nation-state. Some one hundred ethnic groups (see Appendix 6) contribute to the country's rich cultural heritage. The author asserted that, given another century without British or European competition, perhaps the Ashanti would have conquered and assimilated all the remaining independent political units in what are now Ghana, Burkina Faso, Togo, and the Ivory Coast. However, the imposition of British imperialism fossilized pre-colonial political and ethnic relationships.

Specifically, he indicated that the process of forcible nation-state building, so typical of Europe and North America, was terminated by British rule. Consequently, the foundation for ethnic mistrust was laid. Indeed, once they had broken Asante control, the British were ready to manipulate ethnic tensions through their 'divide and rule' policy.

Two major results have flowed from this policy that they are relevant to contemporary Ghanaian politics and administration, hence the country's bureaucracy. First, the Ghanaian "aristocracies" (e.g., chiefs, educated class, etc.) have been able to "legitimize" their power over indigenous Ghanaians as well as land, which had been entrenched in Ghana's post-independence Constitutions. Second, there is lack of political integration. This is evidenced in the fact that, in Ghana, people debate whether they should act as members of their ethnic group (which predates the new nation) or as Ghanaians. As a result, all governments have come to be interpreted by many a Ghanaian according to the ethnic composition or membership of their (i.e., governments') cabinet.

In conclusion, the bureaucracy literature indicates this: Even though the colonial era has left several unproductive legacies to Third-World bureaucracies, the current practices and policies of the latter also contribute to ineffective ED policies. Additionally, these current practices and policies contribute to ineffective ED policies and public budget processes, which are divorced from effective ED policy implementation.

The literature on bureaucracy mainly addresses the role of public servants as policy implementers. Therefore, it seems appropriate to discuss next the body of literature on implementation to reveal or uncover what is entailed in public-policy execution.

### The Implementation Literature

Public policies and/or decisions emerge from ideas. They have to be reflected in the realization of projects, activities, and so on in order to justify their adoption. This realization of policies and/or decisions in the form of projects, activities, etc. is the process of policy execution or policy implementation.

It was not until the early 1970s that the RAND Corporation organized the first major research conference that was designed to "focus analytic efforts on the problem of implementation." (See Moore and Allison 1978.) Not many years after that, in 1973, Jeffrey Pressman and Aaron Wildavsky published their path-breaking book, Implementation. The Pressman-Wildavsky work is similar to what the researcher calls the snapshot of a scene; it was a case study. Specifically, the authors were involved in a 1965 Oakland City-University of California (at Berkeley) Project. In that endeavor, a group of graduate students and faculty at the university became involved in a program of policy research and actual action in Oakland, a neighboring city. Using their membership in the Project, the students and faculty endeavored to meet some of the city's most pressing needs and also to offer implementable proposals.



Among the lessons and admonitions to be learned from this work are the following: (1) policies should be easily understood; (2) policy designers must consider direct avenues for accomplishing their ends; (3) implementation should not be detached or divorced from policy, nor must it be conceived as a process that takes place independent of policy design; (4) the theory underlying actions must be carefully considered; (5) implementation shapes policy; and (6) one should begin one's study with clear and practical assumptions (Pressman and Wildavsky 1973). In addition to presenting a theoretical model for the process of implementation, this work has been very central to the emerging field of implementation studies (Nakamura and Smallwood 1980:13). Specifically, it presents itself as a good, logical starting point for any review of the recent literature on the important subject of policy implementation.

McLaughlin has contributed to that literature in focusing on the relationships between policy implementers and policy formulators. To be sure, understanding the importance of the relationships between these two sets of actors is a key factor in the success of any process, be it economic development, development administration, human resources development, or budgeting. McLaughlin was specifically interested in implementers' receptivity (or lack of it) to policy change. Van Meter and Van Horn's work also showed a similar interest. Their work concluded that the amount of interest and commitment shown by the principal actors in an implementation process has a major impact on policy success. Thus, implementers are crucial in the entire policy process.

Implementers' role in the policy process came into even sharper focus in Bardach's The Implementation Game. Implementation is defined here as "an assembly process ...[which involves]...putting the machine together and making it run." Hence, the author invoked a more playful machine analogy to characterize the administrative process. His analysis conceived the implementation process as being effected via bargaining, persuasion, and maneuvering under uncertain conditions. The games' metaphor led the author to focus on the conditions under which different strategies adopted by implementers can be recognized, categorized, and resolved.

Radin's work paralleled the many woes and tribulations discussed in Pressman and Wildavsky's (1973) study. Specifically, she presented a comprehensive case study of attempts by the Department of Health, Education and Welfare (HEW) to implement desegregation policy between 1964 and 1968. The work also provided ample evidence that the types of games categorized by Bardach are part of the real-life world of public-policy implementation. Moreover, both the author and Bardach continued the emerging trend of focusing on the political arena occupied by policy implementers as a realm meriting considerable analysis and research.

Nakamura and Smallwood (op. cit.) purported to create a more general conceptual framework for analyzing the process of policy implementation. Specifically, the two authors conceptualized and understood implementation as a phenomenon that cannot be detached from the processes of formulating and evaluating policies being effected. This requirement clearly called for a consideration of different standpoints of the diverse

and/or different actors and observers (e.g., policymakers, bureaucrats, and social scientists). Simply put, Nakamura and Smallwood's work investigated the politics of the process called implementation.

They defined implementation as "the process of carrying out authoritative public policy directives". They also saw this process as neither easy nor automatic (i.e., something to be taken for granted). The fundamental objective of their work was to describe and analyze "the main features of the political and bureaucratic settings" within which policy proposals are -or are not- implemented. The second objective was to classify "the kinds of relationships that can exist among different actors" within these settings. They were also concerned with the political pressures and constraints influencing or impacting the processes of policymaking, policy execution, and policy evaluation. Thus, not only were they linking policymaking with policy implementation, but they were also tying policy implementation with policy assessment.

Among the generic lessons derived from the implementation literature are:

(1) implementation is part of the public-policy system (with its interconnected elements and linkages); (2) policy design should be integrated with the implementation process; (3) implementers, too, are key actors or participants in the policy process; (4) the policy process, like the world, is very fluid (and even more circular); and (5) policies should be easily understood in order to be easily implemented.

It is interesting to note that the literature on the processes of ED, DA, and budgeting addresses the question of "who gets what, how, and when" (i.e., politics is a

key element in bringing about their success or failure). Indeed, these processes clearly identify their participants' actual involvement with politics when they perform their roles. Because the objectives of the aforesaid processes become more attainable when their actors' capacity to act effectively in support of DA (i.e., their human capital) is strengthened, the discussion will now turn to a review of the literature on human resource development or HRD.

### The Human-Resource Development Literature

Developing countries are hoping and planning for accelerated ED. In making that commitment, an effective strategy is required. It is in striving to develop such a long-range plan that they must develop a sense of priority in order to direct their manpower into the most productive avenues for public programs, including ED. The point to note here is that Ghana has a scarcity of well-trained manpower.

Spiegelglas and Welsh conceived of HRD as the building and effective utilization of the people's skills. Specifically, they saw a strategy for HRD as an essential element in any modern ED plan. In furthering that objective, both material resources and human capital need to be accumulated, and country leaders must carefully integrate the nation's material and human resources into their master plan. Developing economies are faced with several manpower problems, particularly the dearth of persons with critical skills for effective ED. In that regard, the HRD strategy is about developing skills or knowhow, as well as providing productive work for both underutilized and unutilized

manpower to meet future needs. A paradox comes into light here: a shortage of some types of human resources and a surplus of other types of human resources, two phenomena that are closely related. In ED terms, this means that the lack of human capital in planning, and formulating and implementing policies renders ED projects anything but effective.

What the authors saw as urgent is a process of acquiring and increasing the numbers of persons with the skills, education, and experience critical for the political and economic development of a nation. This is "human capital (or well-trained manpower) formation", a term that is associated with investment in people and their development as a creative and productive resource. To the degree that no two countries have the exact same manpower problems, a nation's leaders need to make a systematic evaluation of the human-resources problems in their particular country. This is what both human-resource development and manpower analysis are all about.

The objectives of this analysis or assessment are: to identify the main critical shortages of skilled manpower in each principal sector of the national economy and analyze the reasons engendering these shortages; to identify the surpluses (both of trained manpower and unskilled labor) and analyze the causes of these surpluses; and to set forward targets for the HRD that are grounded on reasonable ED expectations. The analysis must be qualitative and quantitative, and it should be based on available statistics. However, since statistics in developing nations are either unavailable or unreliable, manpower analysis may be illusive.

Gant addressed the issue of HRD in his analysis of the role of people associated or involved with DA. Specifically, he saw development as the interaction of people with the natural resources that are available to them (p. 9). By this is meant people's utilization of their endowed resources. The rationale behind this is that, because people are the beneficiaries of ED, they should also be the instrument for effecting it. In this regard, they are a vital resource. He admitted the lack of appeal in perceiving people as a resource, such as water or soil, which are non-human. Nonetheless, he asserted the utility of the perception as an important aid to understanding the ED process because the techniques and programs of manpower analysis and planning are grounded in that concept (i.e., people as a resource).

In short, people should always be considered as human resources to be utilized and as the intended beneficiaries of governmental programs, projects, and so on. Also, institutions should be seen as the channels per which people are to be motivated to bring about effective HRD. To guarantee their continual effectiveness, public organizations should be institutionalized. This means that they should have a clear mission or purpose, policy, and method for effecting their mission or purpose. Because lack of effective HRD programs in developing countries causes "brain drain" (i.e., the migration of trained personnel for better work conditions), the phenomenon needs a brief discussion.

Global migration of professionals has, in recent years, typically involved "brain drain" from less-developed countries to those that are more highly developed (Adams 1968). For example, in the 1960s, the demand for educated personnel in the U.S. and

other developed nations easily absorbed trained personnel emigrating from developing countries (Kaufman 1982:9). According to William Glaser, the greater the differential in money between home and developed nations, the more likely the trained personnel will emigrate (Glaser 1978). It is a person's perception of adequate income and living standards that governs his migration decisions (Ibid., p. xliii). In essence, professionals' dissatisfaction with the working conditions at home generally engender their emigration. The most common pulls back home are family, friends, and patriotic feelings (Ibid., p. xlii).

It is because Faqir Muhammad's work highlighted the importance of new learning and technology to HRD that it needs to be discussed. He emphasized the relevance of modern management techniques and approaches to more effective PA. Specifically, he indicated some implications of developing and using modern management techniques effectively for enhancing HRD in the interest of national goals and socio-economic development. The major premise is that: Science and technology can be harnessed effectively only when public organizations are sophisticated and management systems are purposeful. Governments can then play a meaningful role in PA in applying or utilizing an appropriate management technology. To ensure the proper use of these management approaches and techniques, there is the need to change the orientation of the PA system. Every society has standardized patterns of activity, and changing functions requires the creation of new patterns. It is, thus, incumbent on PA to accentuate creativity, innovation, and change management. Because organizations, skills, and management

techniques become obsolete over time, change management becomes important. Specifically, public organizations should be flexible and receptive to new ideas.

Among the several approaches he suggested are that: future organizations should be adaptive; problem-solving should be undertaken by multidisciplinary teams and task forces; public personnel systems should incorporate various specialists and technicians in PA. (See Bennis's "The Leader of the Future".) New managerial cadres, which understand these management approaches and techniques, must be developed to facilitate the coordination of the work of different specialists and that of other personnel. Also demanded is greater mobility within public agencies and between PA and society in general. Finally, a considerable modification of public personnel policies may have to be undertaken to encourage such mobility.

Muhammad's work was reinforced by two reports by the United Nations (UN). The first one was geared toward improving HRD. Specifically, this work, which integrated both DA and ED, called on developing nations to endeavor to use management techniques (e.g., analytical methodologies). Such techniques could increase rational and effective administration and facilitate the management of large-scale and complex organizations. One cluster of techniques focused on organizational development or OD. OD is a planned, systematic process in which applied behavioral science principles and practices are introduced into an ongoing organization for effecting improvement, greater competence and effectiveness (French and Bell 1984). Another cluster emphasized



participative (or participatory) management, which is the process of involving subordinates in decisionmaking.

The computer is seen as essential for effective management. For this and other reasons, developing nations have been acquiring computers and grappling with questions that accompany their introduction and consequent use. It is, however, noteworthy that Ghana has been very slow in introducing computer technology in public budgeting. Ironically, the government has become increasingly aware of the need to develop national HRD policies and to establish institutional arrangements to regulate the acquisition and use of computers.

The second UN report called for a strengthening of the supervisory machinery of public enterprises or agencies. It suggested that: (1) public agencies coordinate their activities to improve their overall performance; and (2) their internal organizing capacities, including personnel and financial management, be strengthened. Moreover, the world-body's report called on governments to integrate their agencies' objectives with sub-national ones. Also, it recommended to governments to motivate public managers to coordinate national planning with private enterprises.

To sum up, the HRD literature states that "the development potential of a nation depends primarily on its available human resources." (Chapel 1977:95.) HRD "consists in creating the opportunities and strengthening the capacities of human beings to carry out their work" (Ibid.) through systematic learning and the use of new technology. It calls for the effective utilization of human and material resources, using incentives,

effective training programs (Wexley and Hinrichs 1991; Walker 1992), etc. to make people perform better. It is investment in people, a productive resource.

The DA, implementation, and HRD processes are conceptualized as capable of improving ED implementation via budgeting. Because this study operates under the premise that budgeting could be a very important instrument for effecting ED policies and projects, it seems logical to review the budgeting literature last.

### The Budgeting Literature

A logical starting point is the excellent analysis of the problems of budgeting and economic-development planning in developing countries by Caiden and Wildavsky. Their work was the result of five years of research in more than eighty (80) countries. Their attention concentrated on twelve (12) nations, which offered a combination of geographic diversity and accessible information. Because the category of developing nations is problematic, the authors defined the countries as simply poor, and selected those with a per capita gross national product (GNP) of less than \$800 per annum.

The work was clearly an effort to create a theory of budget reform for developing nations with a view to bridging the gap between normative imperatives and what actually occurs. The two authors regarded the dearth of the following as the major impediments to progress in the developing countries: (1) research and data collection; (2) technical skills; (3) certainty in the environment; and (4) economic and political stability.

Few of the rubber-stamp legislative bodies in developing nations impact budgeting (except in Latin America, where legislatures are often independent). Specifically, legislative bodies exhibited an ambivalent role in the budgeting process. A summary of the budgetary process in poor nations saw the principal actors as: the Ministry of Finance, the Chief executive, and the legislative body.

The authors also found that poor countries' legislative bodies lack accountability. Consequently, a budget subject to political bodies suffers the danger of becoming illusory - "one which pays little attention to sources of revenue or practical spending policies" (p. 115). Further, agencies pad their budget requests and use political clout to maximize budget allotments. Even after allocations have been agreed upon by the Ministry of Finance, they must be justified and haggled over again before disbursements are made.

As it is in rich nations, it is considered improper for public agencies to publicly air disagreements with the Ministry of Finance regarding allocations. The most important consequence of this process is the phenomenon of repetitive (or ad hoc) budgeting throughout the fiscal year. Given the characteristics of poor nations, the authors saw the new role of planners as that of undertaking several small projects with various time frames. To them, such a tactic would maximize the possibilities for success with various ED projects and activities. Also, budgetary reform would require basing each year's budget on the following: what each governmental agency spent the previous year; what built-in increases are being allotted in the current year; and what expenditures should be eliminated.

Caiden and Wildavsky indicated that the budgeting and planning processes cannot create the environment necessary for their very own success. However, they saw both processes as the means of creating a surplus, improving government decisionmaking with regard to ED, and also efficiently directing monies to ED efforts. Moreover, they acknowledged the political aspects of budgeting.

It is because Wildavsky comprehends budgetary politics so well that his The New Politics of the Budgetary Process warrants discussion. This work is old in that the author, notably the most prolific scholar on this subject, has devoted twenty-five (25) years to describing and analyzing the federal budget process. It is also new in the sense of the current prominence of the subject matter and the extent to which our thinking about public budgeting has been impacted by this major change in American national politics. Specifically, Wildavsky asserted the following: (1) realistic budgets are an expression of practical politics, a point that reiterates what Caiden and Wildavsky saw in their joint work described above; (2) budgeting is so basic that it reveals the norms by which people live in a particular political culture; (3) the choices inherent in the limited resources of society engender consensus and generate conflict; and, in particular, (4) the new politics of the budgetary process "is much more concerned with the impact of external political forces on the budgetary process" (see p. xvi). For the purposes of this dissertation, the impact on Ghana's budgeting by external international lenders, particularly the World Bank and the IMF, is made clear by Wildavsky's work. This work of Wildavsky is fundamentally American, but, because the lessons derived from it

(and which are described above) clearly transcend the American boundaries, it has far-reaching implications for Ghana's public budgeting.

Using his experience as a practitioner, Axelrod covered several phases of the budgetary process. He primarily emphasized practices in the U.S. and a few countries. Specifically, he called for legislators' participation in the execution of the budget. According to him, their specific role should be worked out by each government within the context of its own political, legal, economic, personal, and social factors (p. 183). In confronting the need for governmental agency flexibility versus the need for control by the central budget office, he suggested shared power via advance development of "appropriate ground rules, standards, criteria, formulas, understandings, and comprehensive work programs" (p. 179). Such broad policy guidelines are capable of providing public agencies broad discretion in budget implementation. To him, managing resources, pinpointing managerial responsibility, and controlling expenditures call for segregating spending by object of expenditure (p. 39). He embraced budget reform but did not throw out control by object of expenditure.

Lessons from Axelrod's work that are important to this study are the following: (1) a government needs to adapt budgeting to its country's political, economic, and socio-cultural conditions; (2) budget formulators and implementers ought to work together so that the predetermined objectives of budgeting could be easily attained; and (3) a budget needs reform if and when it does not attain the specific objectives it is expected to attain.

Wanat's discussion of the many facets of budgeting is important to the budgeting literature in general and to Ghanaian budgeting in particular. He termed the budgeting process as "a Roshomon-like phenomenon, meaning different things to different people." Specifically, he viewed budgeting as: (1) "an allocation mechanism whereby a significant proportion of the nation's resources are channelled into efforts decided upon in the governmental sector; (2) a process that organizes the appropriation of money by elected leaders for specific purposes; (3) a stylized interaction among groups of governmental elites, all of whom have specific interests, stakes, and motivations for seeing particular budgetary outcomes; (4) a technical tool for controlling expenditures, for managing agencies, for planning programs; (5) a ritual in which many political and governmental figures go through the paces leading to a nearly foreordained conclusion; and (6) plain and simple politics, which means "who gets what, when, and how". To him, all these perspectives must be understood if one wants to understand the real nature of the budgeting process.

Among the lessons derived from Wanat's work which are also appropriate to Ghanaian budgeting are the following: (1) even though groups of government personnel who have particularistic interests in a country's budget process (e.g., Ghana's public budgeters and ED planners) may perceive budgeting differently because of their different motivations, they ought to recognize the relationship between their different activities in order to be successful in attaining the objectives that the budget process hopes to ac-

comply; and (2) the purposes of budgeting should transcend the interests of those who are statutorily charged with its formulation and eventual execution.

Finally, Omolehinwa and Roe focused on repetitive budgeting, a phenomenon that is common, particularly in the Third World. They discussed the rationale for the continuous making and remaking of the national budgets of poorer nations, using case material from Nigeria and supplemental information from Ghana and Kenya. They found out that, among the reasons why government budgets are continuously revised in poor nations are: (1) uncontrollable domestic inflation; (2) exogenous price increases [and decreases] in a country's main exports that unexpectedly lift the budget's revenue constraint (p. 45); and (3) efforts to exert expenditure control. Their work's major relevance to Ghana's budgeting can be best described by the following: Because of recent decreases in the price paid to the government, particularly by its cocoa and timber buyers, budget revenues have been diminishing to the degree that there is a need for the supply of non-public monies for successful ED activities to obtain in the country.

### Summary

The review of the literature clearly enhances the researcher's belief that examining Ghana's ED planning and budgetary practices is a proper subject for this dissertation. Also, it increases our understanding of the crucial relationship between budgeting, ED, DA, implementation, and HRD. In particular, it stimulates a critical investigation of the issues and enduring dilemmas associated with the country's

budgeting and ED programs in identifying the relevance of politics, human capital, bureaucratic expertise (or competence), and training (and constant training and education) of bureaucrats. Additionally, the chapter stresses the significance of effective communication in intra- and inter-organizational and human relationships. Indeed, these relationships could facilitate or make possible the effective formulation, adoption, implementation, and evaluation of ED policies. Because effective ED policies are crucial to this study, the relationships and connections among the above-stated processes should be reinforced. In light of this reinforcement, the reviewed literature provides a useful conceptual lens to examine Ghana's ED planning and budgetary practices.

Most importantly, the chapter identifies the key role of budgeting as a coordinating force behind any successful ED, DA, and HRD programs and, thus, contributes to budgeting and ED. To be sure, this conscious and systematic bureaucratic effort could provide the vital link between effective budgeting and successful ED in Ghana.



## CHAPTER FOUR

### RESEARCH DESIGN AND METHODS

If we want to know how people feel: what they experience and what they remember, what their emotions and motives are like, and the reasons for acting as they do - why not ask them?<sup>38</sup>

-G.W. Allport

#### Purpose of the Research

This chapter presents the research strategy and the methods used in this study. As aforesaid, this dissertation is a case study of Ghana's budgetary practices and ED projects and the degree to which they are coordinated in a way that will enable Ghanaians to improve their standards of living and, thus, their life opportunities or choices. As already made clear, lack of coordination in Ghana's budgeting and ED planning is a consequence of the ED problems plaguing the government in its ED efforts. Indeed, the average Ghanaian looks to the government to improve his standard of living, and it is assumed that he will do so for the foreseeable future.

The fifteen (15) budgeters and ED planners who participated in the research are a competent cadre of personnel in the Ghanaian government. This study began with the assumption that similarities in the experiences of Ghanaian bureaucrats result in their sharing a common meaning with regard to their respective public roles.

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<sup>38</sup> Marie Jahoda, Morton Deutsch, and Stuart W. Cook, Research Methods in Social Relations, Vol. 1 (New York: The Dryden Press, 1951), p. 152.

### Scope of the Research

The research focuses on Ghanaian budgeters and ED planners in seven government Ministries: (1) Finance and Economic Planning; (2) Agriculture; (3) Health; (4) Education; (5) Transport and Communications; (6) Works and Housing; and (7) Local Government. Several reasons influenced the selection of these seven Ministries. However, the main selection criterion is the extent of their contribution to key ED projects that clearly aim at improving Ghanaians' standards of living.

Because decentralized budgeting and ED planning is a crucial dimension of effective ED, the research also focuses on public budgeters and ED planners in the Ashanti<sup>39</sup> Region of Ghana. The criteria for selecting the region include: (1) the size of the region's District Assemblies<sup>40</sup> (18, which is the largest among the country's 110 District Assemblies); (2) the researcher's financial constraints; and (3) the availability of the region's government personnel for the research (i.e., these regional public servants cooperated with the researcher, even though, at the time of the

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<sup>39</sup> Even though the Ashanti Region was selected with the seven government Ministries for the research, the region's budgeters and ED planners represent a cross-section of the country's ethnic groups. The same thing applies to the budgeters and ED planners who work for the other nine regions of Ghana. For the sake of country unity, the government assigns budgeters and ED planners to regions based on, among other things, merit and regional needs, and not on regional affiliation.

<sup>40</sup> The institution of District Assemblies is the latest attempt by the Ghanaian government to enable the people to have a say in the government of their respective districts. So far, this type of grassroots representative bureaucracy has been successful.

research, they were concurrently defending the budgets of their respective agencies in the country's budget hearings in Accra).

The data collected from these seven Ministries and their agencies, as well as from the Ashanti Region, reflect the overall work-related experiences and views of the nation's public budgeters and ED planners. The respondents include Principal Economic-Development Planning Officers, Assistant Budget Directors, Assistant Planning Directors, Deputy Directors, Executive Secretaries, and Project Coordinators. In some cases, participants are both budgeters and ED planners. All the respondents are knowledgeable about the country's public budgeting and ED planning.

### Analytical Focus

Because the immediate concern of this dissertation is Ghana's public-budget practices and their relation with ED planning, the budget and ED-planning processes at the institutional level were the focus for analysis. The researcher collected data from persons filling prominent roles in various institutions involved in the public-budgeting and ED-planning processes.

## **Research Design**

### A Case-Study Approach

Robert K. Yin states: "A research design is the logic that links the data to be collected (and the conclusions to be drawn) to the initial questions of a study." (Yin

1991:27). This dissertation uses Yin's (1991) case-study model as its research strategy. The use of this approach goes beyond its important use as a teaching tool (Windsor and Greanias 1983). In public administration, the case is used, among other things, to train students in decisionmaking, and to generalize the situation to similar settings (Ibid.). In using Yin's approach, this study agrees with the view that case studies should assist a researcher to design and analyze a situation, and not merely to collect data. Indeed, the case approach is a useful instrument in social-science research for understanding and examining complex contemporary phenomena (e.g., a country's budgetary practices and ED programs/planning) within their real-life context (Yin, p. 23). The case-study approach does not allow one to use the normal scientific method of developing hypotheses and testing or providing evidence for or against those hypotheses.

A researcher's choice of a particular research tool or design such as case study, history, experiment, archival analysis, etc. depends on three main conditions or factors (Ibid.). The relevant situations are: (1) the type of question asked in the research; (2) the extent to which the researcher has control over the behavioral events or phenomena; and (3) the degree of focus on contemporary, as opposed to historical, events or phenomena. As a research tool or instrument, the case study is an empirical inquiry, which: (1) uses multiple sources of data to understand and explain how and why things happen; (2) investigators or researchers cannot control; and

(3) presents a contemporary set of practices such as Ghanaian budgetary practices and ED planning. This definition of a case-study strategy helps one to understand how a case research differs from other research instruments. For instance, in an experiment, the researcher has control over behavioral elements, even though the focus is on contemporary events. In historical research, the research strategy places phenomena in a context but does not explore contemporary events.

The case approach contributes uniquely to our understanding of socio-economic, political, and institutional phenomena, such as Ghana's budgetary practices and ED planning. Because how and why questions structure the case design (Ibid., p. 17), one can say that the case strategy is not limited to description. It is, thus, the product of the researcher's reflexivity with collected evidence (Ruddick 1985).

Indeed, the phenomena of budgetary practices and ED planning in Ghana lend themselves to a case approach in so many ways. For example, when the Ghanaian government, the main entity to whom the average Ghanaian looks to enhance his standard of living, defines the country's budgetary practices and ED planning, it gives meaning to these contemporary processes, using a more comprehensive analysis. It is because, the case study also uses a more comprehensive analysis to make contemporary socio-economic and political phenomena (e.g., budgetary practices and ED planning) more meaningful, particularly to the researcher, that its use in this dissertation is appropriate. Thus, in using a case study as its research design, this dissertation purports to explain governmental actions and/or contemporary phenomena

(e.g., budgetary practices and ED planning) to which a case-study strategy provides meaning.

### A Qualitative-Research Approach

The researcher, in using Yin's case-study strategy, applies a qualitative-research approach. This method suggests three standards. First, it calls for an understanding, as a whole, of the investigated phenomena, such as Ghana's budgetary and ED practices. This holistic approach means that, at the time of collecting evidence or data, a case being investigated should be treated in its totality (i.e., with its concomitant relationships, as well as the context within which it exists). Second, the research should be inductive in the sense that the investigator should attempt to make sense of the situation without imposing any preexisting expectations on the research setting (Patton 1982:40). Third, to the extent that the researcher makes no attempt to manipulate the research setting, the qualitative evaluation is naturalistic inquiry (Willems and Raush 1969:3).

It is interesting to note that this research endeavors to evaluate the entire naturally-occurring phenomena of one aspect of a country's public administration (i.e., Ghana's budgetary practices and ED programs), and the researcher made no attempt to predetermine the course of his investigation. In essence, the point in using qualitative research is to understand naturally-occurring phenomena in their naturally-occurring conditions or settings. This means that the researcher must get close to the

phenomena being studied or evaluated in order to understand the minute details of the sources of evidence. To meet this requirement, the researcher in this study uses extensive data sources in his investigation.

In short, this study uses a qualitative methodology because its purpose is to understand the experiences, etc. of other people (Patton 1982; Jahoda et al. 1951).

### **Components of the Research Design**

#### **Data Sources**

The major instruments for collecting evidence from Ghana's budgeters and ED planners were: (1) a written survey questionnaire; and (2) an interview survey.

#### **Written Survey Questionnaire**

With regard to the written survey questionnaire, open-ended questions were used because they are an elementary method of collecting qualitative data. Both open-ended responses and qualitative evidence permit the investigator to understand the respondents' world. Indeed, the open-ended questions and their respective responses enabled the Ghanaian public officials to share their personal and private experiences with the researcher. The nature of the questionnaire (i.e., the wording and order of questions) is standardized to ensure uniformity from one governmental department to another.

In constructing the questions, the researcher made sure that all the questions were relevant<sup>41</sup> to the study so that the responses were focused on the subject matter of the study. The questions are stated positively to elicit the respondents' own personal experiences without any attempt to prejudge their answers. The respondents were given six to eight days to enable them to reflect on each question, and, perhaps, give more thoughtful answers. Thus, no pressure was exerted on them to provide any immediate response.

### Interview Survey

With regard to the second major data source, in-depth, open-ended interviews were conducted to understand Ghanaian budgeters' and ED planners' perceptions, etc. Yin suggests that such interviews are one of the most important sources of case-study information. The best way to learn of the behavior of Ghanaian budgeters and ED planners, therefore, would be direct observation. However, because all budget hearings are strictly private, the direct-observation approach was not possible. The alternative was direct interviews with the relevant public officials, and these were structured around a series of questions requiring from ninety minutes to two hours to answer.

Indeed, the interviews were the real "digging tool" (Denzin 1970) of the research. Because the question is the basic unit of the interview process, the resea-

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<sup>41</sup> Dr. Lee Wolfle of Virginia Tech's Department of Education Research and Evaluation provided the most assistance in that regard.



cher made sure that the open-ended questions were clear<sup>42</sup> so as to elicit respondents' accurate responses. Some public officials were interviewed more than once for further clarification.

The interviews enabled the researcher to observe respondents as they answered the questions. In particular, the interviews revealed private and personal sentiments. This was facilitated by the researcher's request that the interviews be conducted in Asante Twi,<sup>43</sup> which all but one respondent speak. The open-ended questions also provided the investigator the opportunity to freely use non-directive probes such as "What do you mean by....?", "Could you elaborate on....?", etc. Even though no new questions are introduced or raised, the researcher used the interview survey to ask the respondents to clarify their responses whenever they seem unclear, or to elaborate further. All fifteen interviews were taped and transcribed to ensure accuracy.

### Supplementary Data Sources

Yin's model relies primarily on two tests: validity (internal and external) and reliability. Internal validity establishes causal (i.e., cause-and-effect) relationships, and external validity means that a study's findings are generalizable to other situa-

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<sup>42</sup> Ibid.

<sup>43</sup> Ashanti (or Asante) Twi is spoken by most, if not all, Ghanaians, even though it is the language of the Akan clan of Ghana, the Ivory Coast, and Togo.

tions. On the other hand, reliability suggests that the same procedures are replicable with similar results.

These two tests are applicable to this study because, in examining Ghana's budgetary practices and ED programs, the researcher: (1) assumes that, for effective ED to obtain in Ghana, the ED, DA, and HRD processes ought to be coordinated through budgeting (even though causality is not clear here, it is a fundamental assumption of a sizeable body of literature that a relationship must exist among the ED, DA, HRD, and budget processes if there is to be successful ED); and (2) identifies some budgetary and ED-planning issues that other countries should be concerned with.

In relying on qualitative data for this case study, however, reliance is placed on naturalistic inquiry, which is suggested by Lincoln and Guba's (1985) model and not by Yin's model. Their model relies on believability (or credibility), transferability, and dependability, which are appropriately applied in the study. To satisfy the test for believability, which is also called triangulation, one has to use various methods to collect data.

In satisfying that test, the researcher reviewed documents from different Ghanaian government Ministries and departments to corroborate and supplement the participants' responses. The documents included: articles from the country's mass media, as well as newsclippings; administrative documents; government memoranda; and some old and recent public-agency budgets. Also reviewed are pertinent World

Bank, IMF, and UN documents, which help in corroborating some information and verifying the correct names and spellings of some organizations mentioned in the interviews. In using different data sources to satisfy the test for believability, the researcher assumes that no single research methods or data source by itself captures all the relevant features of a reality such as Ghana's budgetary practices and ED.

Additionally, member (respondent) checks, a most crucial test for credibility, are conducted. The method enables respondents to verify their responses and to corroborate the accuracy of data analysis and interpretation. Because credibility relies on dependability, this test becomes important.

It should be stated that all the 15 government officials who answered the written questionnaire were also interviewed in their own offices. Also, all of them were promised anonymity to ensure their right to private and confidential treatment. In both the written survey questionnaire and the interview survey, reliance was placed on the respondents' verbal report for data or evidence. Because a copy of both of these survey instruments is respectively found in Appendix 1 and Appendix 2, the questions are not restated here.

It needs to be restated that the research questions were designed to find out the extent to which Ghana's budgetary practices and ED planning are closely and systematically interrelated and, from this, to gain a better understanding of the uniqueness of the country's budgeting for ED purposes. Such a relationship, this

dissertation asserts, could improve the people's standard of living and, thus, enhance their life opportunities or choices.

### Data Analysis

After data have been collected, the researcher turns his full attention to their: (1) analysis; and (2) interpretation. Both data analysis and data interpretation govern the entire research process.

### Getting Started

With regard to data analysis, the researcher orders the completed observation in such a way that they yield responses to the research questions (Jahoda et al. 1951: 252). Data analysis occurs when the qualitative database is substantially complete (Miles and Huberman 1984). Case data consist of all the information one has about the case. They include: all the interview data; the observational data; the documentary data; impressions and statements of others about the case, etc. These are the raw materials for case analysis, and they can amount to a large accumulation of information or evidence. One way to know that adequate data have been collected is when no new information is forthcoming, and once the researcher is convinced that the information for each case is complete, formal analysis can begin.

If data are the constructions offered by the sources, then analysis is the synthesis and reconstruction of the information (Lincoln and Guba, op. cit.). In analyzing research data, one addresses the problem of the study by recombining the evidence

(Yin, op. cit.). Inherent in the process is understanding (i.e., using description and explanation to address the problem).

### Functions of Data Analysis

According to Patton (1982), the purpose of case-data analysis is to facilitate the search for patterns and themes within a particular setting or across cases. The goal is to examine the problem comprehensively so that credible meaning can emerge from the collected data. For the purposes of this dissertation, this kind of qualitative analysis is directed at the following evaluational questions: "What are the respondents' attitudes towards a systematic interrelation and coordination between budgeting and ED planning?" "What is the nature of interactions among public budgeters and ED planners?" "What role does a public budgeter (or ED planner) play in improving the people's standards of living?" "What efforts are being made by the government to tackle the political and economic dilemmas confronting it in its ED efforts?"

### Content of the Case Data

Once the case data have been accumulated, the first task in case analysis is to write a case record. The case record pulls together and organizes the volumes of data into a comprehensive, primary-resource package. It includes all the pertinent information that will be used in doing the case analysis. Lawrence Stenhouse describes the purpose of a case record in these words:

A case record should make no concessions to the reader in terms of interest or communication. It is a condensation of the case data aspiring to the condition that no interpreter requires to appeal behind it to the data to sustain his interpretation...(Stenhouse 1977:19).

It is the case record that is used in constructing a case study. The case study includes the information that will be communicated in the final report. In essence, it represents the data presentation in the report.

In writing a case report for this case study, the researcher draws relevant information out of the collected data. The method involves editing and rewriting field notes, transcribing tape-recorded interviews and recording the main and pertinent ideas onto index cards. Thus, information is presented in a compressed, orderly and manageable manner. The nature of qualitative (naturalistic) research lends itself to a handcrafted form, which is created by the researcher himself. The type of display depends on how he intends to use the case data.

Once the raw case data have been organized, classified, and edited into a manageable package (i.e., constructed into a case record), the information from the recorded case is brought together to produce a readable narrative. This case-study narrative: (1) presents a picture of the relevant information drawn from the case data; (2) makes accessible all the information necessary to understand the processes being evaluated (i.e., budgeting and ED planning); (3) is presented chronologically, thematically, or both; and (4) presents a holistic portrayal of the relevant information drawn from the case data.

The researcher, in abiding by these requirements, brought all the multiple data sources to bear on the case-study narrative. The information obtained from the survey questionnaire, interview survey, government and other documents, newspaper clippings and articles, etc. was categorized by themes. In this way, data were separated by topic. Additionally, the researcher wrote the narrative in a chronological order, mainly because the nature of the problem (i.e., lack of systematic coordination between Ghanaian budgeters and ED planners) suggests a historical approach. Also influencing the researcher's decision to follow the chronological approach is the Van Meter and Van Horn (1975) model. In particular, the way the researcher conceptualizes and uses the implementation of budgetary practices and ED programs/planning in Ghana conforms to Van Meter and Van Horn's chronological approach. This approach defines policy implementation as a linkage from one reference point to another.

Two narrative themes are presented in Chapter Five. These are the primary governmental processes of ED planning and budgeting. The discussion of each narrative theme shows the interrelation between both processes. The purpose of Chapter Five is to describe, analyze, and interpret the dissertation's case-study data as factual reconstructions, and also to interpret the research data in terms of Ghana's public ED planning and budgeting reality.

For data analysis to be useful, the researcher should ensure that the case-study narrative provides relevant and pertinent information to decisionmakers and infor-

mation users to enable them to have a better understanding of the phenomena researched. In the case of this study, the researcher complied with that requirement by, among other things, communicating with respondents by telephone with a view to checking for any personal biases or unwarranted conclusions. Additionally, the researcher undertook this rigorous approach to increase reader confidence, and also to enhance the credibility of the study's conclusions and recommendations (Chapter Six).

The case-study example presented in this dissertation, in its content and the process by which it is constructed, exemplifies how qualitative case-study data can be prepared and presented. Even though individual interviews were used here, the same process applies also to case-study data at the group level.

Once a case study has been organized and written (i.e., analyzed), the interpretation of case data follows.

#### Data Interpretation

With regard to case-study data interpretation, on the other hand, one searches for the broader meaning of respondents' answers by linking these answers to available knowledge (Jahoda et al. 1951). According to Yin, this aspect of case-study reporting is explanation-building. As a research tool or strategy, case study describes and explains particular social problems. Where description is done chronologically (as in



Chapter Five), explanation becomes largely the researcher's own reflection and reconstruction of the data, as shown in that chapter.

Before continuing with this discussion of data interpretation, it is appropriate to clarify the functions of data interpretation.

### Functions of Data Interpretation

Case-data interpretation serves various functions or purposes. It establishes continuity in social-science research through linking the results of one study with those of another (Jahoda et al. 1980:258). Put differently, interpretation links the results of separate studies to theoretical considerations (Ibid., p. 339). Additionally, it leads to the establishment of explanatory concepts such as budgetary practices, and economic-development planning. Even though these concepts may not always be amenable to verification by research, they are frequently used in various contexts. It should be stated that this function of data interpretation is closely linked to the function of theory for social-science research (i.e., to explain observations in such a way as to make prediction possible and, thus, to contribute to more generally applicable theoretical knowledge). To conduct research without theoretical interpretation means to ignore the essential function of theory as an instrument for achieving economy of thought (Ibid.).

Interpretation also serves the purpose of diminishing the danger of unjustified generalizations. The course of scientific inquiry involves a gradual transition from

lower to higher levels of abstraction. For instance, if one compares the data gathered in this research with the life situation to which they refer, the loss of detail is progressive. Understandably, this is for the purpose of research to arrive at general statements of a higher order, which is applicable to both the situation in which they are obtained and other situations under specified conditions (Patton 1980).

According to Patton, the danger in this progression to higher degrees of abstraction lies in the possibility that the social scientist may inadvertently drop salient details, while generalizations are drawn from other less significant aspects of case data as they are used. To avoid this ever-present danger, the researcher must go back to the material formulated on a lower level of abstraction and examine it in the light of material formulated on a higher level of abstraction. The objective here is to see whether the salient points of the material formulated at a lower abstraction level are covered by that which is formulated at the higher abstraction level.

In avoiding this danger in this study, the researcher checked on the adequacy of the data analysis by bearing in mind that data interpretation is one's own personal understanding of meaning. Additionally, he protected himself from bias by corroborating the gathered evidence: (1) through participant-member (or respondent) checks; (2) by citing data sources; and (3) by checking with high-ranking Ghanaian

government officials, as well as with World Bank<sup>44</sup> and IMF officials, who are knowledgeable about Ghanaian budgetary practices and ED planning.

Chapter Five explains why ED projects are undertaken and budgetary actions occur as they do in Ghana. Specifically, the chapter searches for a broader meaning of the respondents' answers within the context of available knowledge (e.g., Caiden and Wildavsky 1974). In particular, the question that guides the researcher's data analysis and data interpretation is: "How is the current budgeting process an impediment to effective ED in Ghana?" A theme that emerges from the general response to this question is the government's fixation with excessive budget-expenditure control, which specifically explains the lack of coordination between budgeting and ED planning resulting from the ED problems confronting the government.

In short, case-data description and analysis, as well as data interpretation, govern the entire research process. The researcher, in making this case study more meaningful and useful to decisionmakers and information users, endeavors to undertake all the necessary steps involved in the two processes.

### Conclusions and Recommendations

The final phase of case reporting is conclusions and recommendations. This is sometimes the first section of the case report, which is put up front so that decisionmakers and information users can turn right to it (Patton 1980:342). The conclusions

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<sup>44</sup> Ernest Ako-Adjei, an advisor to the World Bank's Executive Director for Ghana, was most helpful and cooperative in this regard.

and recommendations often include: (1) the basic findings of the study; (2) the implications of the findings; and (3) the recommendations offered by: (a) respondents and others; as well as (b) the researcher.

### **Summary**

This chapter describes the research design (a case-study strategy), as well as its concomitant qualitative methods (a written survey questionnaire, and an interview survey), used for this study. Additionally, it outlines the data sources: twelve officials from seven Ghanaian Ministries (and some public agencies), and three officials from the Ashanti Regional Secretariat were surveyed.

## CHAPTER FIVE

### **ECONOMIC DEVELOPMENT AND BUDGETING: THE CONTEMPORARY GHANAIAN EXPERIENCE**

The indications of increasing national income are not meant to fool us into a false sense of satisfaction. We are still an underdeveloped country enduring widespread hardship in our struggle to build this blessed country of ours into a sovereign and truly independent nation. About 50% of our people still have no access to safe drinking water. Our roads, ports, our schools and hospitals need major improvements and rehabilitation....It is only through a determined and sustained fight against waste, inefficiency and mismanagement, only through increases in productivity that we can lessen the pain of our development experience.

-Concluding remarks by the PNDC Secretary for Finance and Economic Planning on the presentation of the 1989 Ghana National Budget on January 14, 1989.

The preceding chapter presented the research strategy (i.e., a case study), as well as the data-collection methods (i.e., a written questionnaire and interview survey) used in the study. This chapter evaluates present-day Ghana's ED planning and budgetary practices within the context of some ED problems confronting the country's leadership in its desire to ameliorate the human conditions of the relevant population. Attention in this chapter is confined to independent Ghana. For the purposes of this dissertation, budgetary practices are conceptualized as encompassing budget systems or formats (e.g., ZBB), budget procedures, budgetary techniques, guidelines, and the like.

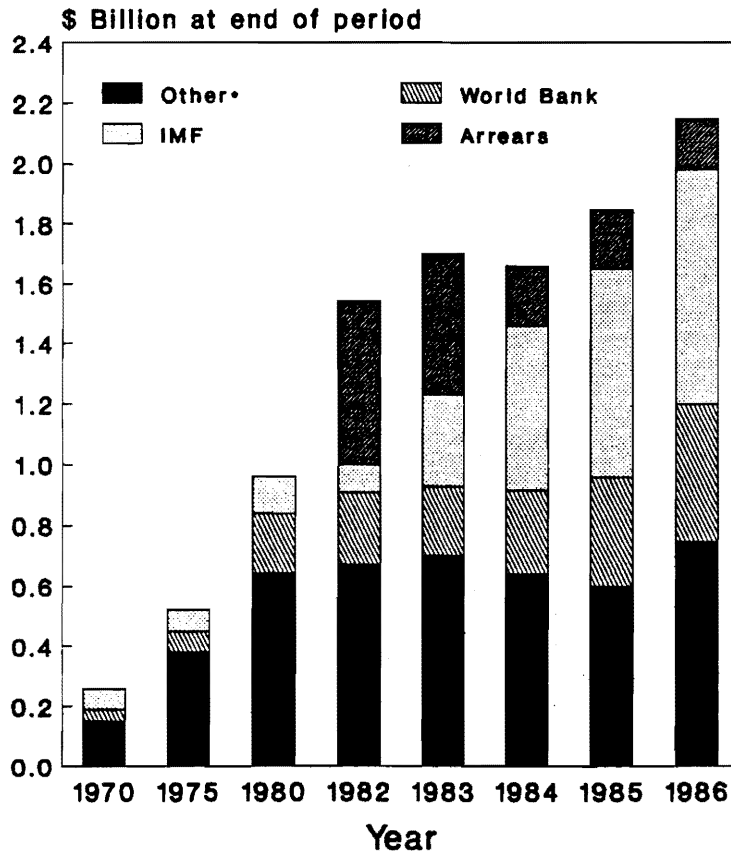
Contemporary ED is shaped not only by the need for money but for administrative capacity and fiscal soundness as well. Funds have to be borrowed and repaid, and personnel need to be competent in carrying out ED. Because money and administrative capacity, among other relevant factors, are in short supply in Ghana, and, because of pressures for fiscal soundness, successful ED has not obtained in the country. The monetary problem was exacerbated during the latter part of the Acheampong regime (1974-1978) when fiscal mismanagement and irresponsibility was rife. In particular, that military regime printed plentiful money and refused to repay several foreign loans. As a result of the government's refusal to repay some foreign debts, Ghana's creditor nations (e.g., Britain) refused to provide the much-needed monies for ED.

When the Provisional National Defence Council (PNDC) administration seized power on December 31, 1981, it needed money to restart ED, using a basic human-needs<sup>45</sup> (BHN) approach. (See PIP Main Report 1990-92:69.<sup>46</sup>) However, because Ghana's credit rating was poor, loans from the World Bank, the International Monetary Fund (IMF), and others were the only monies available for ED (see Figure 1). Since 1982, the government has been seeking loans from those institutions for public activities, of which ED is a part, and, because Ghana has been a paying member of both lending

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<sup>45</sup> Its framework was first articulated and put forth at an international forum organized by the International Labour Office (ILO) at its 1976 World Employment Conference. The framework was subsequently elaborated by others at the World Bank, the Organization for Economic Cooperation and Development (OECD), and within the U.S. Agency for International Development (AID). (See Leipziger and Lewis; Streeten 1977; and ILO 1977.)

<sup>46</sup> The PIP will be discussed in the section on Ghana's budgeting.



\*Includes Bilaterals and Multilaterals

**FIGURE 1:**  
**GHANA'S EXTERNAL DEBT**  
**TO OFFICIAL CREDITORS (1970-1986)**

Source: EUROMONITOR, Third World Economic Handbook 2nd Ed. (London, 1989), p. 163, cited from World Bank.

institutions (i.e., the World Bank and the IMF), they have been making huge loans to it for ED purposes. Loan approvals, however, are contingent on several conditions that Ghana has had to meet. For example, before approving loans to Ghana in 1983, the World Bank suggested a Structural Adjustment Program (SAP), with its Public Investment Program (PIP) of 1986, and the IMF suggested an Economic Recovery Program (ERP). One may think that, because the PNDC government has been able to obtain these loans, it will easily be able to improve the people's human conditions. However, it faces some ED problems, which were briefly described in Chapter One.

For example, on one hand, the government presents the ED activities of the Women In Development (WID) Program, the 110 District Assemblies<sup>47</sup> (DAs), and certain Ministries within the application of BHN as an indication of its commitment to ED. On the other, its necessary fixation with foreign exchange and a favorable balance of payments makes it reluctant to reappropriate funds for certain of these ED projects on an ongoing basis. This made all the survey participants conclude: "Our government is not seriously committed to ED in BHN."<sup>48</sup>

Additionally, the government realizes that successful ED can obtain in the country only if budgeters and ED planners coordinate their different roles. However, in actuality, ED planners and budgeters go their separate ways, each group perceiving its

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<sup>47</sup> The idea behind these 'grassroots bureaucracies' was conceived by the PNDC government with the collaboration of several Ghanaian civic groups.

<sup>48</sup> Interviews.



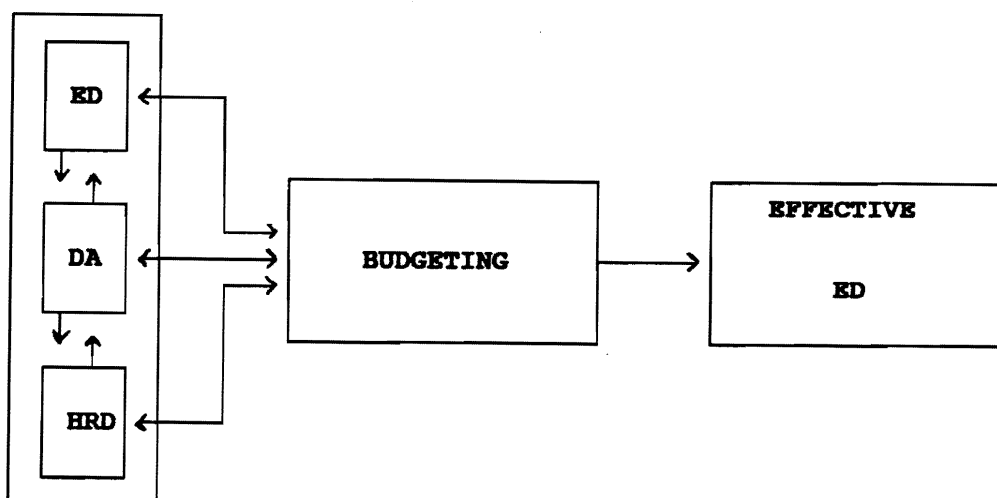
public role as detached from and independent of the other's (Caiden and Wildavsky 1974).

Also, in its desire to improve the people's standard of living through budgeting, the Ghanaian government has adopted a BHN approach to guide it in its public ED policy formulation and implementation efforts. But, institutional or structural arrangements, such as the government's selective use of one or more of the PIP's project-selection criteria, often undercut effective ED programs in that certain ED projects, which the government sees as not generating foreign exchange, are dropped from the national budget after so much money has already been sunk into them and the peoples' expectations had been raised.

The discussion in Chapter One highlighted certain ED dilemmas which confront many governments in the developing world in their ED efforts. Because those ED dilemmas are central to a better understanding of contemporary ED planning and budgeting in Ghana, it is appropriate to briefly discuss them below.

Many of those governments wish to formulate and implement ED policies, which require stable, adequate and sustained revenues, but they have very few revenues. They, therefore, increasingly seek loans from external lenders, such as the World Bank. Paradoxically, these governments wish to formulate and implement ED policies which appear independent of foreign influence and engender popular support. But, because their popularly-supported ED policies and financial practices may not meet those standards of fiscal prudence established by international lenders, they do not formulate

those policies with the collaboration of their people. Consequently, they alienate their people, some of whom are potential political opponents whose support they need for successful ED. Additionally, many of these governments recognize that the above-described problems could be alleviated if and when their country's ED and budgeting processes were systematically coordinated and integrated. But, despite such recognition, institutional arrangements are not in place to lend sustained support to successful coordination between ED planning and budgeting. As a result, ED planners and budgeters go their separate ways.



To exacerbate the enduring ED problems described above, many of the governments realize the crucial role that managerial capacity (i.e., human-resource development) plays in a nation's overall ED efforts. But, because they lack a clear and specific system to support ED planning, they seem to overlook the need to consciously coordinate and integrate ED, DA, and HRD through budgeting and, as a result, they do not provide reasonable incentives to ED implementers. The situation leads to low morale and brain

draining, which confound the conscious and systematic coordination of ED, DA, and HRD through budgeting.

At this juncture, it is appropriate to briefly discuss DA and HRD that draws on what we know of British colonial administration and bureaucracy. As shown in Chapter Two, the British colonial administrators were largely concerned with their own interests, while neglecting the kind of ED that would complement the development of an independent nation-state. As a result of that focus, they limited their governing role to a few public works (e.g., feeder roads), neglecting a program that would adequately train the people and, thus, equip them with the skills required for contemporary budgeting for ED. In particular, their political and economic interests led to their neglect of an educational program that should have been based on a strategy for both effective human resource development (HRD) and development administration (DA). This dissertation argues: Had the British administrators instituted an effective HRD and DA program, (1) contemporary Ghanaian governments (especially budgeters and ED planners) would have recognized the need to consciously and systematically coordinate their respective functions and possess more of the skills necessary to do so, and, consequently, (2) the tensions between those budgeters and ED planners would have been greatly ameliorated.

To sum up, many governments in the developing countries recognize that ED can be a means to improving the people's human conditions, but, despite such recognition, they find that the legacies of colonialism and the cruel dilemmas of ED place many obstacles in their path. Developing nations today are hoping for an effective strategy for

their accelerated ED, recognizing the need to coordinate their ED, HRD, and DA processes through budgeting. Despite such recognition, they lack a clear HRD and DA program, in part, a consequence of colonial neglect. As a result, their budgeters and ED planners fail to consciously coordinate their respective functions in order for successful ED to happen. The situation is compounded by inescapable ED dilemmas confronting their governments in their ED efforts.

### **Assumptions**

The chapter's discussion is grounded on these assumptions:

1. An effective ED strategy should operate within the context of a country's social and economic conditions;
2. Effective ED is facilitated by sustained funding through the public budget;
3. Effective public budgeting should take into consideration the basic human needs of the relevant population ( see PIP Main Report 1990-92:69), which budgeting is supposed to serve;
4. Unemployment should not be treated as a necessary by-product of any successful ED; and
5. Popular regime support for ED policies is required for successful ED.

The task of evaluating Ghana's ED planning and budgetary practices will be undertaken under three main sections. The first section will describe ED planning and budgeting under the following headings: (1) Ghana's Economic Development: Its Public Administration and Problems; (2) Ghana's Economic Development and Planning: Its Rationale; (3) Ghana's Economic Development and Budgeting: A Relationship; and

(4) Budgeting: The Case of Ghana. The second section will describe Ghana's Women In Development (WID) Program, District Assemblies, as well as the ED activities of four Ministries statutorily charged with ED planning and implementation. The section's discussion will show how ED planning and implementation clearly depends on sustained funding through the government budget. Finally, the third section will analyze the two processes. In particular, the section's discussion will highlight the tensions within the ED dilemmas shown earlier. It should be stated at the outset that, although the third and last section of the chapter exclusively analyzes Ghana's ED planning and budgetary practices, all the discussions preceding it will also do a mini-analysis so as to highlight the ED dilemmas which come up in those discussions.

Because development administration, which is the public administration of ED, is very important for any successful ED program, the description of Ghana's ED planning and budgeting will begin with a discussion of the governmental problems encountered in the attempt to implement ED policies and programs. In particular, the discussion highlights those problems within a broader context of the enduring ED dilemmas, which were discussed in Chapter One and also described above as confronting governments of the developing world, of which Ghana is a part.

#### **GHANA'S ECONOMIC DEVELOPMENT: ITS PUBLIC ADMINISTRATION AND PROBLEMS**

ED planning and budgeting are typical Ghanaian public-administration functions. At least, that seems to be the case since independence in 1957. ED in Ghana is a

continuous process in which practically all Ghanaian public agencies participate. As repeated by all the ED planners (in different words):

Economic-development planning involves formulating schemes and measures to generate and utilize resources on regular and continuous basis to address the short- and long-term needs of society at large.<sup>49</sup>

In particular, one ED planner-budgeter in the Ministry of Health stated:

Because our government's efforts to improve our people's living conditions will not end tomorrow or next year, we are obligated to formulate and execute policies on a continuous basis to make life better for our people.<sup>50</sup>

Additionally, the discussion of the ED activities (education, health, housing, etc.) of four Ghanaian Ministries attests to the continuous nature of ED in the country. As already mentioned, ameliorating the human conditions of people is the target of ED (Gant, p. 10).

Defined as the process of attaining national objectives via public agencies, public administration (PA) has become a vital element in the ED thrust. Because development administration (DA) applies to governmental activities and actions to achieve ED, it is also related with human-resource development (HRD), particularly to the extent that both processes are concerned with strengthening managerial capacity for effective governmental activities, of which ED is a part. Simply put, DA is the PA of ED (Hope, p. 63). As discussed earlier, British colonial administrators' failure to develop an education

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<sup>49</sup> Interviews.

<sup>50</sup> Ibid.

program, which encompassed an effective DA and HRD program, has clearly posed a major ED problem to the Ghanaian government. In particular, even though the government recognizes the need to coordinate ED, DA, and HRD through budgeting, its inability to do so has compounded the political and economic dilemmas confronting it in its contemporary ED efforts.

DA, which is conceptually a by-product of the comparative study of public administration (PA), emerged both as a discipline and a process through which public agencies' ED policies and programs are executed. The purpose is to accomplish the most gain for society at large and the relevant population in particular. Operationally, DA is the bureaucratic process facilitating or stimulating the achievement of socio-economic progress.<sup>51</sup> The means to that end is bureaucratic expertise, and the consequence is the economic-development process. Thus, contextually and operationally, DA calls for the efficient organization and management of a country's development programs and projects, with the objective of achieving human-development needs (e.g., improving the human conditions of the relevant population, etc.). The process is deemed to be good or bad depending on its ability to achieve predetermined results (Gant, p. 23).

As already stated, the impetus for DA's effective use arose after World War II. This was when many countries, including Ghana, achieved their independence, aspiring for, among other things, a rapid rise in their people's standard of living. The enormity

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<sup>51</sup> Jean-Claude Garcia-Zamor investigated DA, perceiving it as both a process and an end. Public servants use the process to accelerate development.

of ED problems clearly warranted vigorous policies and effective public agencies that meet the people's demands and aspirations. Therefore, today, governments have assumed greater roles in striving to meet those demands and aspirations.

DA encompasses public agencies and their personnel who are striving to improve people's quality of life. In Ghana, the Ministries of Agriculture, Health, and Works and Housing, among other public agencies, bear this public responsibility. These institutions realize the need to execute public policies and programs through loans made by external international lenders (e.g., the World Bank) in order to ameliorate the people's living conditions. Improving the people's living conditions encompasses the provision of tangible necessities of life (i.e., food, water, health, education, shelter, etc.) as well as intangible needs (e.g., self-realization), which are difficult to define and analyze. Nonetheless, these external loans force the government to pursue lender-required reforms (Vieceli, *op. cit.*), which do not engender popular support. Consequently, the people can become alienated from the government, while the latter tries to sustain its credit with these international lenders.

The DA process has been examined in temporal terms. In particular, Waldo's (1970) study needs mention. Specifically, he concluded that: (1) differing, culturally given perceptions of the temporal factor (i.e., time) are extremely relevant in administration and development; and (2) the temporal dimension is extremely relevant in large-scale efforts to transfer administrative technologies in large-scale governmental reforms. PA has several tasks to perform in the name of ED. These tasks cover the



gamut from planning to the implementation of policies and programs. Of prime importance in the public administration of ED is the organization of planning. For example, in theory, Ghana's Ministry of Local Government should have wide powers and prerogatives. This is so because it is the foremost government agency statutorily charged with formulating and implementing public policies in the much-needed area of decentralization. However, in practice, the Ministry's implementation of ED plans within its sphere is undercut as a result of the government's fixation with PIP-oriented projects (e.g., foreign-exchange-earning activities). In particular, and like the other three Ministries striving to implement ED plans within the context of the adopted BHN approach, not all of the Ministry's ED projects are funded by the government budget. Needless to say, it still endeavors to meet its socio-economic role in terms of improving Ghanaians' quality of life and enhancing their life opportunities or choices. It does this by seeking grants from foreign organizations.

It is because DA in Ghana in particular and in the Third World at large encounters several drawbacks that the next section warrants discussion. Additionally, the section makes clear what Ghanaian public budgeters and ED planners need to do in order to effectively manage the relationship between the two processes and, thus, ameliorate the human conditions of the country's relevant population. In general, the Ghanaian bureaucracy has been able to take steps toward ameliorating some of these problems and, thus, toward eventually making it possible to actually improve the standard of living of

the country's relevant population. An official of Ghana's Public Services Commission (which is statutorily charged with all public-personnel matters) said:

When compared with countries in the developing world, our country has valuable human talents working in the public sector to facilitate budgetary and development-planning efforts.<sup>52</sup>

The same official said this:

The current setting for our public efforts is enriched with leadership support. A major problem, however, is that the nation's premier budgeteers<sup>53</sup> tend to sit on those monies required by agencies to carry out works to better our people's living conditions.<sup>54</sup>

As earlier discussed, the situation has, in part, been engendered by the British colonial administrators' neglect of an educational program, which should have laid the sound basis for an ED approach that would coordinate ED, DA, and HRD through budgeting. In other words, if the country's colonial administration had developed an effective DA-HRD program, the situation in which the country's budgeters "sit on" monies appropriated for ED purposes might not be happening. Particularly if the country's budgeters had been educated to recognize the necessity of consciously coordinating their role with that of ED planners in order for successful ED to occur, that situation could have been avoided. What that official did not say, however, is that the nation's budgeters statutorily operate within the institutional framework of the financial

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<sup>52</sup> Interview.

<sup>53</sup> By "premier budgeteers", the official means budgeters working in the Finance section of the Ministry of Finance and Economic Planning (MFEP).

<sup>54</sup> Ibid.

practices established by the Public Investment Program (PIP), which will be described in the discussion of Ghana's budget process.

### **Ghana's Public Administration of Economic Development: Some Problems**

The administration of ED, particularly in developing countries, is plagued with serious problems. A number of major factors contribute to these drawbacks. The government recognizes that popular support for its ED planning is clearly required if its ED programs are to succeed. Despite this recognition, however, its lender-required reforms force it to undertake reforms that isolate the people and also foster political opposition. Thus, the government is fixated with externally-influenced reforms to sustain fiscal credibility, while internal opposition to these reforms mounts and ED is endangered. The government also recognizes that even the most prudent ED policies and programs cannot be realized without adequate human resources, hence sufficiently-trained manpower is a fundamental prerequisite or asset for its ED programs to succeed. However, despite such recognition, it is unable to provide its well-trained administrators with reasonable incentives to perform their public roles, leading to low morale, low productivity, motivation, and discipline. A top ED planner said:

The pain that goes with being underutilized, particularly in our government sector, is most pathetic, especially when the people look to one to help improve their human conditions, but one does not want to perform to one's utmost to fulfill those popular needs.<sup>55</sup>

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<sup>55</sup> Interview with a frustrated top government official.

What the official meant was that, because he did not identify with many policies and actions of the government, he had not been promoted for many years. As a result, he felt no sense of commitment to his important public office but, he, nonetheless, intended to work for the government until he decided to resign or retire.

Both the World Bank and the IMF attempt to ameliorate the situation by including, in their loan packages, their trained personnel to advise the government on ED-budget matters. According to an ED planner-budgeter,<sup>56</sup> the country's universities have vehemently opposed that measure, particularly because: (1) the practice perpetuates the country's dependence on foreign personnel and also costs substantially when some of its own public personnel are as equally competent as the World Bank and IMF staff, and those competent public personnel, too, could provide similar advice to the government on budgeting for successful ED at no extra charge to the government; (2) the practice helps our government only temporarily and, as a result, does not remedy the problem of acute lack of well-trained budgeters and development planners; (3) the practice prevents our government from institutionalizing an effective program to continually train and equip its personnel with those skills required for budgeting for successful development; and (4) the country's universities see the practice as not making the government come up with those incentives which could enable the country's trained budgeters and ED planners to perform better.

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<sup>56</sup> Interview on October 24, 1991.

Additionally, there is sometimes job frustration on the part of the few public servants who really have the required expertise to promote governmental schemes aimed at improving people's living conditions. As a result, many competent public servants flee the country to seek better-paying jobs, "brain draining" the nation's economy. Poor government recruitment policies and failure to remove incompetents also impinge on Ghana's ED, and this is a consequence of lack of proper human-resource planning and assessment. The situation results in incompetence on the part of some of those employed, as well as the continued employment of some unqualified persons.

Most bureaucracies in the developing nations are highly centralized, fostering situations in which total authority and control over ED policy decisions is exercised by only a few individuals. In essence, there is no delegation of power. Because the positions of these individuals often depend more on political connections than on job-specific competence, the situation continues. Government departments are scenes of tension between agency heads and career public servants. Paradoxically, agency heads and career personnel formulate ED policies without any public input. It should be stated that, because some careerists feel insecure, they adopt sycophantic attitude toward ministerial or agency heads (United Nations 1982:49-50). Some of these careerists, therefore, offer their agency heads only the ED policy advice these heads want.

Because some careerists offer policy advice only to please their heads, coordination of policies among public departments is lacking, and also lacking is public input into what ED projects ought to be. Additionally, there is an obvious lack of an effective

information-disseminating machinery for effective ED policy formulation, adoption, and execution. In particular, in the Ghanaian context, this point was well articulated by an official of the Ministry of Transport and Communications:

The mechanism for informing the relevant and appropriate Ghanaian public agencies about key decisions taken in Accra for the effective implementation of several development policies remains virtually in Accra...and it is sometimes felt that device does not exist at all.<sup>57</sup>

Despite the drawbacks described above, the central government in Accra still recognizes the need to improve the people's standard of living through ED and its planning. The purpose of the discussion below is to explain why the Ghanaian government is seriously involved in the ED process. The discussion also attempts to show why ED is desirable.

## **GHANA'S ECONOMIC DEVELOPMENT AND PLANNING: ITS RATIONALE**

As the literature indicates, ED is a dynamic but continuous process. Additionally, ED is conceived of as an outcome emanating from governmental programs, projects, etc., particularly nowadays when governments have become very involved in ED. In Ghana, the government has become the chief decisionmaker in ED and its planning since independence because of the magnitude and complexity of the ED process. However, because Ghanaian public budgeting has not been very supportive of ED, the government's efforts in improving the living conditions of its relevant population have not been

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<sup>57</sup> Interview with a frustrated senior public servant.

that successful. This seems to explain why the government should be minimally involved in ED.

Being an outcome does not necessarily mean that ED is the end of any particular process. All that it means is that it is a satisfactory change from a people's prior state of affairs or human condition. According to Norton Long, "the bottom line is or ought to be the condition of the individual." (Long 1992:2). In particular, ED is supposed to contribute to the improvement of human life via, among other things, better education and health, as well as increased leisure. That supposition is reinforced by Long, who, further, states that life, health, education, housing, recreation, and the like appear to be on the "commonsense list of the important dimensions of the human condition" (Ibid.). The condition of the individual was also discussed by Eugene Meehan. Specifically, he urged that maintaining and improving the condition of the relevant population ought to be the objective of social science (Meehan 1990). He termed this objective an ethical role of policymakers. The points made by Long and Meehan were also well articulated by a Ghanaian ED planner, who stated:

The test of our government's development efforts lies in its making sure that our people's standard of living gets better and better as a result of our ongoing public development plans. Indeed, improving our people's living conditions is clearly the government's obligation.<sup>58</sup>

The ED phenomenon is not limited merely to public development efforts in areas such as rural development and the construction of infrastructure (e.g., feeder roads). The

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<sup>58</sup> Interview on October 22, 1991.

purpose of ED is to facilitate the achievement of the people's basic needs. The same government official asserted:

When our government provides, say, feeder roads, fully-equipped clinics, and the like to our people, it not only improves our social conditions, but it also provides to our towns and regions very tangible facilities...for example, buildings, and so on.<sup>59</sup>

The foregoing makes clear the Ghanaian government's acknowledgment of the desirability of ED, and, consequently, its striving to construct feeder roads, and the like to ameliorate the people's living conditions. However, as we shall see, the PIP's project-selection criteria ensure that some ongoing ED projects are dropped from the national budget, while still appropriating funds for new public activities because they meet those criteria, which have been established by external international lenders.

ED planning and budgeting are interconnected by the goal to ameliorate people's human conditions, and the discussion below shows the connection between both processes, particularly as recognized by Ghana's ED planners and budgeters.

### **GHANA'S ECONOMIC DEVELOPMENT AND BUDGETING: A RELATIONSHIP**

Lack of funding has already been shown as a major ED dimension. The purpose of this section is to highlight the need for regular and continuous provision of public funds through Ghana's development (capital) budget<sup>60</sup> for the nation's human resources

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<sup>59</sup> Ibid.

<sup>60</sup> In Ghana, it is the development budget that mainly programs funds for ED.



to be successfully utilized and for ED projects to be successfully implemented. (See Table 4 for a breakdown of the respective programmed funding for Ghana's BHN-oriented Ministries.) Ghanaian ED planners and budgeters acknowledge that there should be a close connection between their respective public roles in order for successful ED to obtain, yet, in practice, they do not consciously integrate those important roles. As a consequence, the government's ED programs have been marginally successful.

A development budget (the Ghanaian government's name for its capital budget) is important in Ghana because it is a major determinant of ED projects. A Ghanaian ED planner-budgeter indicated:

Because ED projects are geared toward inducing positive changes in the overall well-being of the ordinary citizen, and public funds are the only reliable means to effecting those changes, ED plans and projects are nothing when unsupported by a public budget, especially a development budget.<sup>61</sup>

Those words would seem to indicate that there is a close relationship between ED and budgeting in Ghana, but, this is not the case. Nonetheless, the government sees a separate development budget as capable of helping it to institutionalize its ED efforts by funding ED projects through the national budget.

Debt financing is clearly a global phenomenon and not merely confined to the Third World. (See Table 2 for the World Bank Group's total commitments to Ghana by December 31, 1990.) Even though loan-seeking decisions were made pursuant to the

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<sup>61</sup> Interview remark illustrating how Ghanaian budgeters and ED planners acknowledge that successful ED in the country depends on a close budgeting-ED planning connection.

government's desire to improve the people's human conditions, the PIP's project-selection criteria dominate all subsequent public financial decisions concerning which ED activities should be funded and refunded, often losing the focus on improving human conditions until those projects are finally completed. Therefore, the separation of the development budget from the recurrent budget tends to be a mere formality, and, according to one ED planner, "meaningless, giving the impression that all ED activities are continually funded until completed."<sup>62</sup>

### **The Importance of Capital Budgeting in Ghana's Economic Development**

Governments have different names for budgets, whether capital or operating. In Ghana, as already stated, the capital budget is commonly referred to as the development budget, which is typically directed at ED projects. The recurrent budget (or the "non-debt" recurrent budget), on the other hand, usually provides for personnel and overhead costs, which include stationery, utility services, travel, and the like. A senior Ghanaian budgeter said:

Economic-development planning involves formulating schemes and measures, which have the purpose of improving the human needs of the people. It is only through readily available funds that those schemes can materialize.<sup>63</sup>

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<sup>62</sup> Interview on October 17, 1991.

<sup>63</sup> Interview remark.

But, as already shown, some ED projects do not receive regular funding and are, consequently, dropped because they do not meet the PIP's project-selection criteria (e.g., they do not generate adequate foreign exchange, etc.).

Among governments, there is no agreement with respect to what constitutes a capital budget. A government's policy concerning what a capital budget entails has important implications for capital and operating (current or recurrent) budgets. Some governments classify facilities and major equipment as capital items. Others broaden the capital-investments definition to embrace not only major equipment but also human-capital investments (i.e., education and training programs). In some instances, the value and life of equipment or a facility determine capital items.<sup>64</sup> For example, in the U.S., the General Accounting Office (GAO) qualifies an asset as capital if it has a life longer than one year, is tangible, and represents a non-recurring expenditure.<sup>65</sup> In fact, these technical distinctions make a great deal of difference, especially among local and state governments in the United States. An illustration of the current/capital budget distinction appears in Table 1. Labelling an expenditure a capital item means that it belongs in the capital budget. Consequently, it is purchased largely with borrowed money (i.e., a loan)

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<sup>64</sup> United States General Accounting Office (GAO), Pros and Cons of a Separate Capital Budget for the Federal Government (Washington, D.C., 1983), pp. 32, 33, 35.

<sup>65</sup> *Ibid.*, p. 33.

# TABLE 1

## CURRENT AND CAPITAL BUDGET: AN ILLUSTRATION

### Current (operating) Budget

#### Revenues

1. Taxes
2. Fees and fines
3. Income from public agencies

#### Expenditures

1. Current purchase of goods and services
2. Interest payments
3. Subsidies and transfer payments to public enterprises
4. Other
5. Capital consumption allowance

Revenues - Expenditures = Net Current Surplus (or Deficit)  
= Net Saving (or Dissaving)

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### Capital (investment) Budget

#### Receipts

1. From current budget capital consumption allowance net current surplus (or deficit)
2. Sales of government property
3. Net borrowing (1)
4. Grants from abroad (2)

#### Outlays

1. Physical investment (new construction & equipment)
2. Purchase of existing assets
3. Net lending (including net acquisition of equities)

Receipts - Outlays = Change in cash balances

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Source: Adapted from Richard Goode, Government Finance in Developing Countries (Washington, D.C.: The Brookings Institute, 1984); p.29, adapted from Ursula K. Hicks, Development Finance: Planning and Control (Oxford University Press, 1965), pp. 170-71.

(1) Proceeds of new borrowing less loan repayments.

(2) These may be divided between current grants (classified as Revenue) and capital grants (classified as Capital Receipts). Because the distinction is difficult to make, grants here are all treated as Capital Receipts.

that is deemed repayable at a period mutually agreed upon between the governmental unit undertaking the ED project and the financier.

#### The Ghanaian Central Government: The Relevance of a Separate Capital Budget

A number of developing nations, such as Ghana, maintain separate capital and operating budgets (Goode 1984:28). A separate capital budget is a budget whereby capital or investment-type programs are planned, budgeted for, reported and financed separately from other expenditures. When a distinctly separate capital budget is used, receipts and expenditures for capital assets are not combined with operating amounts to produce an overall surplus or deficit total (U.S. GAO, 1986). On the other hand, a unified budget is a budget in which receipts and expenditures for all activities, including both capital and current (or operating) programs, are consolidated (e.g., the budgets of the Federal Republic of Germany, Sweden, and Britain). In a unified budget, there is an overall surplus or deficit representing the combined results of the capital and operating components of the budget. There may or may not be subtotals for the capital and operating components (Ibid.).

The point of the discussion above is that the Ghanaian government acknowledges the relevance of having two separate budgets: development (capital) and recurrent. Because the country is struggling to improve the people's standard of living, the central government and its agencies maintain that it is only when revenues for capital projects are earmarked purposely for those projects that public ED policies could be an ongoing

governmental concern. The point being made here was well articulated by a Ghanaian budgeter:

The only way the government can have a clear, coherent and consistent ED policy is when the development budget is separate from the recurrent budget.<sup>66</sup>

Another Ghanaian budgeter stated:

It is only through our public development budgets that we can clearly view our efforts in budgeting and planning as purporting to improve our people's standard of living.<sup>67</sup>

However, the government's fixation with foreign-exchange-earning ED projects, etc. clearly undercuts its efforts to ameliorate the people's standard of living through budgeting.

ED planning starts with budgeting (Caiden and Wildavsky, op. cit., p. 290), and the discussion below focuses on Ghanaian budgeting within the context of ED planning.

### **BUDGETING: THE CASE OF GHANA**

Our country's budgeting, including its techniques and procedures, aims at improving the lot of the average citizen. Besides, this country of ours...when compared with most nations of the developing world...is endowed with a higher caliber of human and natural resources. But, recent assessments of our government's development efforts clearly indicate that the average Ghanaian's living conditions are far from

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<sup>66</sup> Interview on October 23, 1991.

<sup>67</sup> Interview on October 24, 1991.

improved....Some aspects of our country's budgeting are clearly to blame.

-A survey respondent<sup>68</sup>

The discussion to follow describes contemporary Ghana's budgetary practices within the context of some enduring development dilemmas and how it tries to deal with them. Its efforts are hampered by: (a) inability to adapt budgeting to the country's socio-economic conditions because the government is forced to pursue reforms required by those external lenders; and (b) increases in political opposition to those financial practices and reforms, and, consequently, to the government itself. These perplexing situations clearly fall within the scope of those problems that effective development administration (DA) and human resource development (HRD) could ameliorate and, thus, make ED more effective in Ghana. One should not construe the foregoing to mean that externally-borrowed funds are bad. All that is means is that, because those funds are repayable, it is up to the government to have the trained personnel to prudently manage those monies to improve the peoples' living conditions.

Because both budgeting and ED planning are relatively new phenomena in Ghana, and the two processes have changed considerably since independence, it is appropriate

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<sup>68</sup> Interview remark on October 17, 1991, illustrating disappointment at the way some of Ghana's budgetary practices have rendered ED less successful.

to begin the discussion in this last part of the section with the evolution of Ghanaian budgeting.<sup>69</sup>

### **GHANA'S BUDGETING: ITS DEVELOPMENT**

The purpose of public budgeting is the allocation of public funds to conduct government business, which, in post-independent Ghana, includes ED. As shown in Chapter Two, the British colonial administrators manipulated both the internal politics and economy of Ghana largely to ensure their own interests, while neglecting the kind of ED that would complement the development of a modern independent nation-state. Those administrators limited their governing role to a few public-works programs (e.g., feeder roads) that served their political and economic interests to maintain law and order. Therefore, the national budget was small. Economic-development expenditure was virtually unknown (Adu 1965:15). Budgeting for the purposes of improving the people's human conditions was not a major objective of the British colonial administration and is a novel phenomenon in post-independent Ghana.<sup>70</sup> It was not until after independence that public budgets were designed to reflect genuine ED programs/projects.

Because the colonial government neglected ED and its planning, as well as budgeting as we know them today, a very serious challenge was posed to Kwame

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<sup>69</sup> Because budgeting and ED planning are inextricably connected by the goal to ameliorate people's standard of living, the description of Ghana's budgetary practices brings ED planning into the discussion.

<sup>70</sup> ED also is a novel phenomenon.



Nkrumah, Ghana's first indigenous leader, when he became Prime Minister on March 6, 1957. To Nkrumah, the challenge meant three things: (1) the realization that ED activities depend on sustained funding through budgeting; (2) the need to lay the first meaningful<sup>71</sup> foundation for both budgeting and ED; and (3) the need to have bigger national budgets for his Convention People's Party (CPP) government, using both functional budgeting and program and performance budgeting or PPB (Waterston 1979: 238) as monetary-resource-allocation formats.

Ghanaian governments since Nkrumah have made several changes in public budgeting to reflect the country's changing needs. All of the country's post-independent governments have attempted to reflect ED activities in government budgets. In particular, all Ghanaian governments since independence see ED as dependent on sustained funding through the public budget and continue to use both functional-budgeting and PPB formats. (For Ghana's functional budget and PPB example, see Table 4.)

In discussing the development of Ghana's budget process, it is appropriate to briefly describe the country's budget cycle.

#### The Fiscal Year and Basis of Accounting

Ghana's public budget is an annual one. The fiscal year, beginning with the 1983 annual budget, runs from January 1 to December 31 (just like that of Mexico, Malaysia, and the Federal Republic of Germany). This is a change from the 1966-82 financial

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<sup>71</sup> Ironically, the failed Guggisberg Ten-Year Development Plan of 1920 is often conceived of as the first modern-day ED plan (Waterston 1969:28).

years when the fiscal year ran from July 1 to June 30. Additionally, the public budget, which includes the budgets of the 10 regions and those of the various Ministries, etc., operates on a cash-basis<sup>72</sup> and is separated into a recurrent budget and a development (capital) budget. This phenomenon of the country's recurrent budget being separated from its development budget contrasts with that of the Federal Republic of Germany, France, and Sweden, which have unified budgets (i.e., a budget in which receipts and expenditures for all activities, including both current and capital programs, are consolidated).

Ghana's budgetary practices have undergone some alterations or innovations in recent years with a view to strengthening the economy and improving ED. In particular, the current PNDC military administration under Jerry Rawlings has embarked on some budgetary, ED, and civil-service reforms under the World Bank-suggested Structural Adjustment Program (SAP) and the IMF-suggested Economic Recovery Program (ERP).

### **The Structural Adjustment and Economic Recovery Programs**

The 1980-82 global recession had severe repercussions on all countries, particularly the developing countries. In general, the recession's impact on individual nations varied considerably. However, there were broad similarities. Specifically, most countries experienced (in varied degrees): (1) shortages of funds to finance the operation and

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<sup>72</sup> A cash-basis accounting for budgeting is one in which transactions are recorded when cash is either received or paid to settle expenditures. It contrasts with accrual basis of accounting in which transactions are recorded even when money has not been received or paid to settle expenditures at the time transactions are complete.

maintenance of existing projects; (2) cutbacks in investment programs due to shortages of domestic and external funds; and (3) decreasing revenues due to declining foreign-exchange earnings. In particular, the recession exacerbated the chronic budget deficits of sub-Saharan African countries (including Ghana) which had inappropriate fiscal and ED policies (The World Bank 1981).

When the Provisional National Defence Council (PNDC) ousted the popularly-elected Limann government on December 31, 1981, ED in Ghana had come to a virtual standstill. Indeed, two years into its rule, Ghana's general economic performance had been on a serious decline for a decade (i.e., from 1974 to 1983). Needless to say, the country's fiscal arrangements did not seem to promote ED and progress. To ameliorate the declining economy, the PNDC first turned to the former Socialist countries, which could not meet the government's total financial needs. Because Ghana had been a paying member of the World Bank (see Table 2) and the IMF, the nation's leadership sought their loans to restart public projects, of which ED is a part. However, it was not until the PNDC government had agreed to implement two major programs, particularly aimed at the country's fiscal soundness, that loans were finally approved. Those programs were: (1) the World Bank's Structural Adjustment Program (SAP); and (2) the IMF's Economic Recovery Program (ERP), all of 1983.

**TABLE 2**  
**GHANA'S RELATIONS WITH THE WORLD BANK GROUP**  
**AS OF DECEMBER 31, 1990**  
**(IN MILLIONS OF U.S. DOLLARS)**

	IBRD & IDA (1)		IFC LOANS & EQUITY PARTICIPATIONS		GRAND TOTAL COMMITMENTS
	TOTAL COMMITMENTS (2)	LOANS UNDISBURSED	TOTAL COMMITMENTS (2)	LOANS UNDISBURSED	
Ten Loans & 31 Credits					
Fully Dispersed	802.9	(-)	-	(-)	802.9
Structural Adjustments & Program Lending (3)	278.1	(50.2)	-	(-)	278.1
Agriculture	187.9	(138.2)	-	(-)	187.9
Energy & Industry	190.3	(133.1)	185.6	(70.4)	375.9
Transport & Telecommunications	249.5	(165.1)	-	(-)	249.5
Urban Development, Water, Education, & Health	267.1	(204.5)	-	(-)	267.1
<b>TOTAL</b>	<b>1,945.8</b>	<b>(686.1)</b>	<b>185.6</b>	<b>(70.4)</b>	<b>2,131.4</b>
Amount Repaid or Sold					127.2
Total Outstanding (4)					2,002.0
Held by: IBRD					(80.2)
IDA					(1,744.1)
IFC					(177.7)

Source: The World Bank Group.

(1) Excluding cancellations.

(2) U.S. dollar equivalent at the date of signature.

(3) Including Technical Assistance Credits.

(4) Valued at end-of-period exchange rate; it differs from total commitments because the latter are valued at the exchange rates of the date of signature

## **The Structural Adjustment Program**

As earlier discussed, managerial capacity (i.e., HRD) clearly places an overall limit on a country's ED efforts. For example, lack of administrative expertise accounts partly for the inability of ED planners and budgeters in India (Thimmaiah 1984; Toye 1981) and Mexico (Bailey 1984; Premchand 1981) to substantially improve their people's standard of living. Specifically, Ghana's civil service was confronted with problems such as: (1) overstaffing at mid-career levels; (2) low real salaries, especially for senior public employees, leading to low morale and low productivity; (3) an imbalance between salaries paid to mid-career public personnel and wages paid to lower-level public employees; and, as a result of low real salaries paid to senior officials, (4) substantial turnover rates at higher administrative levels. All these public-service problems are a consequence of several years of economic decline that culminated in the government's agreement with the World Bank in 1983 to implement the SAP.

In order to understand reform efforts under the SAP, a brief discussion of the prior state of Ghana's civil service is appropriate. An analysis carried out by the World Bank as part of its civil-service and budgeting program indicated that the regrading and occupational structure of the country's large civil service had many weaknesses (Ghana: Progress on Adjustment 1991:29-30). These included: (1) a lack of clear job classifications and grades within those classifications; (2) an arbitrary pattern of steps within and between grades that had resulted in small, unjustifiable salary increases for promotion; and, (3) pay scales which were based more on non-work-related concerns

(e.g., family and political connections) than on actual work done, leading to low morale, low productivity, and substantial resignations, particularly because there was no system of civil-service performance evaluation.

As a result of the problems described above, the World Bank found out that the government had difficulty making progress, particularly in manpower planning and development (i.e., HRD), thus, there was no effective development-administration (DA) system. The objectives described below purport to ameliorate that situation, but, ultimately, those objectives are largely aimed at ensuring that the government repays its loans.

#### Objectives of the Structural Adjustment Program

The measures underlying the SAP are envisaged in a series of objectives, which purport to:

1. Strengthen the Office of the Head of the Civil Service by revising the Civil Service Act and, thus, improve the recruitment and professionalism of the country's public personnel;
2. Restructure salaries of public personnel, particularly budgeters and ED planners, with a view to attracting more qualified personnel and increasing productivity and employee morale, etc.;
3. Improve coordination of activities, training, and the like among public agencies;
4. Increase the mobilization of domestic resources to improve the civil service;
5. Eliminate overstaffing by reducing the civil- and teaching-service workforce by up to 5 percent annually; and

6. Institute a Public Investment Program (PIP) as an integral component of the SAP.

Before describing the SAP's Public Investment Program, it seems appropriate to briefly discuss how the SAP aimed at rectifying Ghana's problematic civil-service situation within the framework of the objectives described above. Reforms aim at: introducing incentives for performance; improving the competitiveness of public-service pay at higher levels in relation to private-sector pay at higher levels; restructuring the grading system to provide a better framework for pay determination, career development, and employee retention; and strengthening the training and management of civil-service personnel with a view to sustaining improvements to be made (Ibid.). In the area of civil-service management, the SAP called for the establishment of a Management Services Division of the Office of the Head of the Civil Service (OHCS) to assist public agencies to improve their respective performances through regular job inspections. To improve the public payroll/personnel system, the program also called for the accessibility of information in a format that would: prevent re-emergence of hiring irregularities; identify performance, training needs, and promotion requirements; install an integrated payroll/personnel system by the end of 1992; and permit analysis.

It is because the Public Investment Program (PIP) is a crucial part of the SAP and what it entails for Ghana's budgeting and ED planning that it warrants discussion below.

## The Public Investment Program (PIP): Its Main Features

The purpose of the discussion below is to describe the main features of the PIP: its objective; content; and project-selection criteria.

The three-year rolling<sup>73</sup> PIP, which was introduced in 1986 as an integral component of the World Bank-suggested Structural Adjustment Program (SAP) of 1983, is the underpinning of Ghana's ED planning and budgeting. In particular, it determines and directs ED planning and budgeting, especially developmental (capital) budgeting.

### Objective of the PIP

The PIP has been designed with the objective of providing, on the basis of well-defined economic criteria, a medium-term planning and implementation framework. This framework purports to assist in prioritizing and phasing ED projects. This primary objective is realized by ensuring that the projects in the productive sector selected for funding and implementation yield the highest return. (The productive sector comprises those activities which provide food and/or commodities capable of earning foreign exchange.) Needless to say, it is the annual development budget derived from the PIP that finances such projects.

Additionally, the PIP is designed to provide pertinent information (i.e., Data Bank) on how public agencies could mobilize external resources to implement their ED

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<sup>73</sup> "Rolling" refers to the fact that ED projects or schemes which are not completed within the specified or anticipated completion period are considered in both subsequent annual budgets and in the medium-term PIP strategic plans.



programs/projects. But, lacking in that information are specific ways whereby those public agencies could actually obtain foreign financial assistance for their developmental activities. According to the government, the selection of projects takes into consideration their intra- and inter-sectoral (or Ministerial) linkages. It is interesting to note that 'intra- and inter-sectoral linkages' is an underpinning of a systems perspective discussed in Appendix 4. As stated earlier, the government is particularly fixated with foreign-exchange earning projects because, as it claims, it does not want to see Ghana "plunged" again into any situation where national coffers will have no foreign reserves. Even though that concern is appreciated by most of the respondents, they, nonetheless, asserted: "The PIP is an institutional device that clearly undermines effective ED."<sup>74</sup>

Before continuing the discussion of the PIP, the respondents' remark about Ghana's balance of payments needs to be explained. Between 1974 and 1981, Ghana's economy encountered several problems, the most notable being the lack of foreign reserves to meet debt obligations and, thus, sustain credit. Therefore, since the current PNDC government took office in December 1981, one of its main economic objectives has been to borrow from external sources (e.g., the World Bank and IMF) so as to replenish the country's depleted foreign-reserve coffers. As earlier stated in Chapter Two, the government's use of these foreign loans has paid off to the degree that Ghana now has adequate foreign reserves, has been able to repay its debt service (i.e., principal and interest), and has, thus, been able to maintain a favorable balance-of-payments image

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<sup>74</sup> Interview.

from creditors' perspective. An official of the Ministry of Finance and Economic Planning (MFEP) summed up the government's action in these words:

The old adage, "Once bitten, twice shy", clearly captures our government's attitude toward our nation's balance of payments. In fact, because the government does not want to see the country plunged again into the economic situation of the 1970s and the early 1980s, it controls public spending at the expense of providing some essential projects to make life better for our people.<sup>75</sup>

Because of its fixation with sustained credit at the expense of effective and, particularly, popularly-accepted ED projects, popular support for its ED programs is clearly missing, and political opposition to these programs mounts continually. Additionally, political stability and continuous ED seem to be in danger of being disrupted.

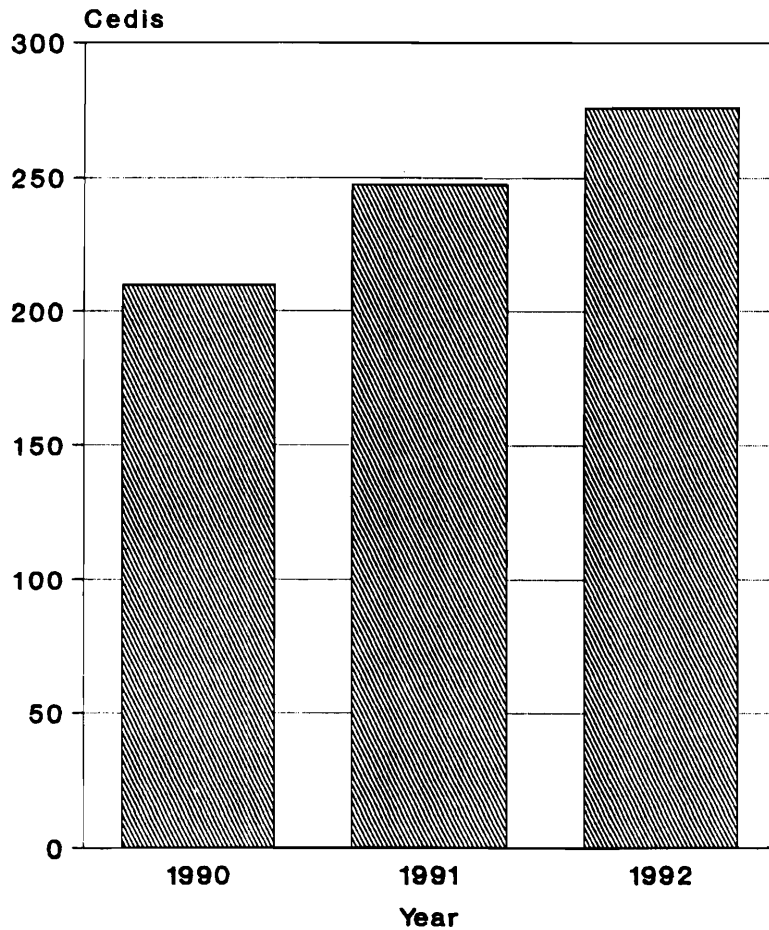
#### Content of the PIP

The PIP covers a period of three years, and determines and directs Ghana's ED planning and budgeting, particularly developmental budgeting. Since its introduction, it has provided annually a rational basis for ED-project planning, analysis, selection, implementation, monitoring, and evaluation.

The 1990-92 PIP comprises, in the main, two volumes. The first one discusses the socio-economic criteria used in selecting and prioritizing ED projects for inclusion in the PIP document. It also discusses, inter alia, the underpinning macro-economic perspective. Further, it provides analysis and highlights of the planned investment for the 1990-92 period (Figure 2), as well as the related financial profile. The second

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<sup>75</sup> Interview respondent.



**FIGURE 2:**  
**PLANNED INVESTMENT: 1990-1992**  
**(BILLIONS OF CEDIS)**

Source: Adapted from the Ministry of Finance and Economic Planning, Main Report: Public Investment Program (PIP) 1990-1992 , Vol. 1, (April 1990), p. 7.

volume contains, among other things, details on ED-project costs and implementation guidelines, as well as funding status. Indeed, the nation's project-investment profile may be described as the "pillars" of the PIP strategy (see Table 3).

#### Project-Selection Criteria of the PIP<sup>76</sup>

The criteria for selecting public projects, of which ED activities are a part, include:

1. Export-oriented and efficient import-substituting projects with relatively short gestation periods, as well as quick returns;
2. Strategic projects with assured foreign funding or capability of attracting at least 60 percent planned total investment;
3. Key projects for rehabilitating the economic infrastructure and for easing current infrastructural bottlenecks; and
4. Projects which contribute to budgetary revenue.

With respect to ED projects in the social sector, preference is given to those projects exhibiting the following features:

1. Strategic social projects with relatively minimal projected recurrent expenditure for the government budget;
2. Projects with high employment- and income-generating potential located in the rural areas;
3. Social projects capable of attracting community participation; and
4. Relatively low-cost social projects aimed at improving the quality of life or the human conditions of the nation's poor, particularly those living in the rural areas.

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<sup>76</sup> Even though Ghana's budgetary guidelines emanate from the PIP's project-selection criteria, it seems more appropriate to discuss them under "Ghana's Budgeting: Major Actors and Budgetary Guidelines".

**TABLE 3**  
**1990-1992 PLANNED INVESTMENT PROFILE:**  
**SECTORAL SHARES**

Sector	Investment (100 Millions)	% Share of Investment
<b><u>A. Productive</u></b>		
1. Agriculture	73,278	10.0
2. Industry	44,226	6.0
3. Natural Resources	45,314	6.0
<b>Sub-total</b>	<b>162,818</b>	<b>22.0</b>
<b><u>B. Economic Infra-Structural</u></b>		
1. Water	51,687	7.0
2. Transport & Communications	87,317	11.9
3. Highways	143,333	19.5
4. Energy	146,552	20.0
5. Housing & Hydrological Works	34,109	4.6
<b>Sub-total</b>	<b>462,998</b>	<b>63.0</b>
<b><u>C. Social &amp; Administrative</u></b>		
1. Education	41,147	5.6
2. Health	26,527	3.6
3. Local Government & Community Development	8,467	1.2
4. PAMSCAD	11,668	1.6
5. Information	9,682	1.3
<b>Sub-total</b>	<b>97,491</b>	<b>13.3</b>
<b>D. Other</b>	<b>11,809</b>	<b>1.7</b>
<b>GRAND TOTAL</b>	<b>735,116</b>	<b>100.0</b>

Source: Ghana's Ministry of Finance & Economic Planning, Main Report: Public Investment Program (PIP), Vol. 1, (April 1990), p. 9.

## **The Economic Recovery Program**

The four-year ERP was planned in 1982, following its suggestion by the IMF. It was directed by Dr. Botchwey, the current and only PNDC Secretary for Finance and Economic Planning, and Dr. J.S. Abbey, who is presently Ghana's Ambassador to the United States. The main objective was to undertake systematic analyses and studies that could lead to major restructuring of the country's economic institutions with a view to bringing about real improvements in the people's standard of living through prudent budgeting. The approval of IMF loans, which were supposed to help attain that objective within the framework of the ERP, was preconditioned on the government's actions, which included:

1. Devaluing the national currency, the cedi, by 1,000 percent in order to attract foreign investment;
2. Increasing the money paid to cocoa farmers by 67 percent in order to encourage them to produce more cocoa for export;
3. Reducing government spending to fight inflation;
4. Reducing mounting budget deficits by 2.6 percent of GDP; and
5. Overhauling the country's banking system by, among other things, encouraging the opening of foreign-exchange bureaus to buy and sell major foreign currencies with the view to discouraging black marketeering.

### Objectives of the Economic Recovery Program

A major objective of the ERP has been to fight Ghana's unemployment problem (but it has created unemployment also), which cannot be successfully ameliorated without adequate resources. Because the Ghanaian government had agreed to take the economic and financial measures described above, it received the "stamp of approval" of the World Bank and the IMF, and bilateral and multilateral loans and grants started flowing into Ghana. These forms of aid were pledged by the World Bank, the IMF and others at the World Bank Donors' Conferences (i.e., Paris I and II ) in France. The basis for further pledges of loans/grants was the PNDC government's agreement to both: 1) devalue the cedi by another 30 percent; and (2) abandon the Interim Management Committees.<sup>77</sup> Those committees were abolished because, among other reasons, the IMF feared that they could make demands, such as salary increases, which could not readily be met by the government and, consequently, the situation could lead to public strikes. Ironically, as indicated by all the survey participants, those participative-management Committees had previously helped to avert several major public strikes that could have paralyzed the nation's public service for months.

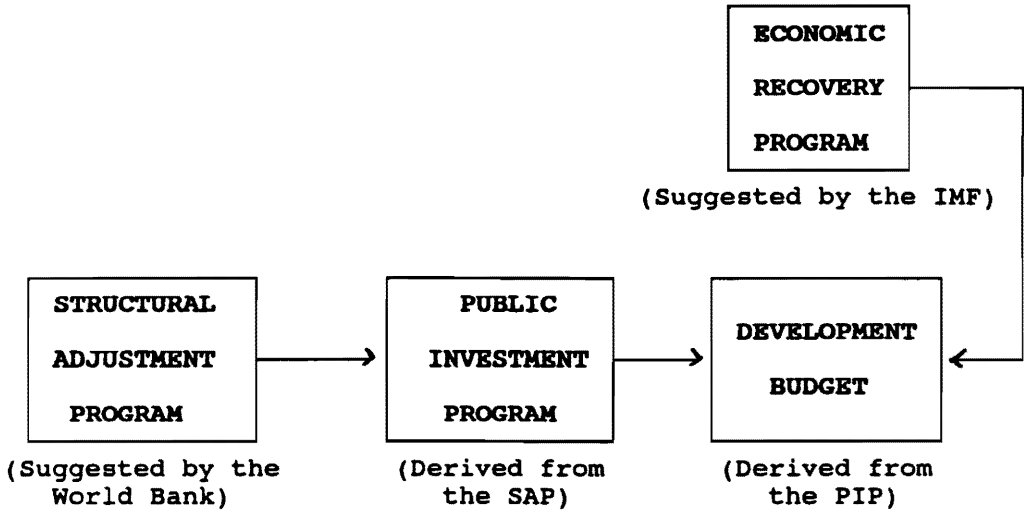
As the description above indicates, the SAP led to the PIP, which, in turn, determines the country's budget, particularly the development budget (DB). This is best captured by the following analysis concerning how the SAP and the ERP, on one hand,

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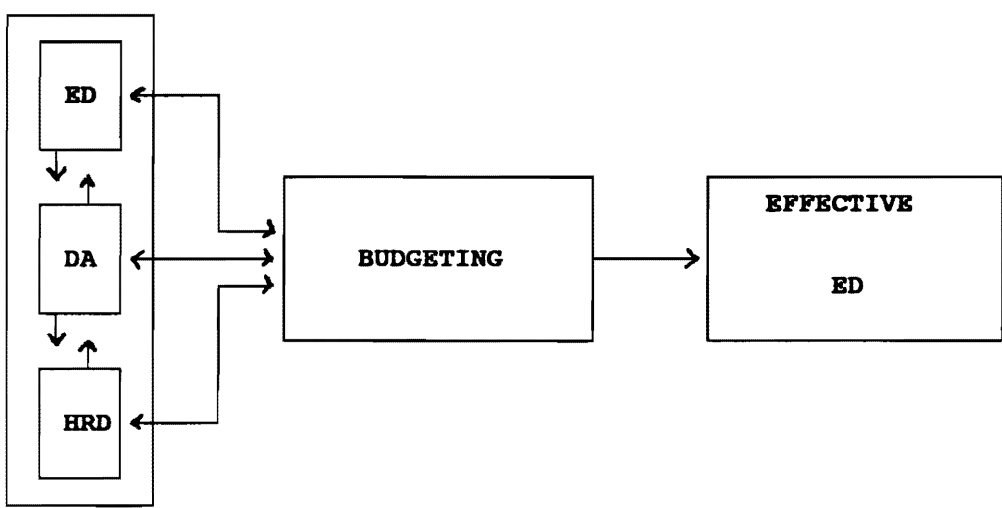
<sup>77</sup> The committees were the vehicles for giving public employees a voice in the running of various public agencies.

and the literature, on the other, view the role of administrative capacity in fostering successful ED. For the purposes of this analysis, the views of the SAP and the ERP will be labelled **SAP-ERP**, and those that the literature underemphasizes but ought to clearly express will be labelled **LITERATURE**.

**SAP-ERP**



**LITERATURE**





## **The SAP-ERP and the Literature: A Comparison**

The purpose of the brief discussion below is to: (1) compare how the World Bank's Structural Adjustment Program (SAP) and the IMF's Economic Recovery Program (ERP), on one hand, and what the literature, on the other, address the role of administrative capacity (i.e., HRD) and development administration (DA) in fostering successful ED; and (2) highlight the ED dilemma posed by the World Bank and the IMF in identifying the important role of both HRD and DA in promoting successful ED but indirectly leading to public-job losses.

The literature should clearly assert that, for ED to be effective in developing nations like Ghana, ED, DA, and HRD should be consciously and systematically coordinated and integrated through budgeting. The literature, thus, understates that effective managerial capacity (i.e., HRD), as well as a government's development and effective use of its public resources (i.e., DA) are crucial in bringing about successful ED. Even though the SAP and the ERP see effective HRD and DA as ED requirements for developing nations to which they provide much-needed loans for ED, the two programs have had the unintended consequence of creating unemployment. This is illustrated by their government-reduction measure, which was suggested to and eventually implemented by the Ghanaian government, leading to the loss of at least 60,000 jobs held by public employees.

When the World Bank and the IMF provide development loans to governments of the developing world, they are partly concerned with their eventual ability to repay those

loans. Specifically, even though they seem to be concerned about Ghana's administrative capacity (i.e., HRD) and the institutionalization of an effective program that would assist them to prudently manage those loans (i.e., DA), that concern becomes secondary. Indeed, they do not adequately address the issue of development-oriented programs, such as effective HRD and DA, that would sufficiently train the country's budgeters and ED planners and, thus, enable them to clearly see the relationship between their respective roles in government. Instead, they prefer to send their own trained staff from Washington, D.C. to Accra, the Ghanaian capital, as technical advisors. According to a Ghanaian ED planner-budgeter, these advisors work with government budgeters and ED planners for, say, three weeks, and charge exorbitant fees but do not help the government to establish programs that would establish a sound basis for training the nation's budgeters and development planners.<sup>78</sup> According to the same official, the country's universities have now vehemently opposed the practice whereby external international lenders send their own staff to temporarily assist the government, particularly in budgeting and ED planning, asserting that it: (1) perpetuates the country's dependence on foreign personnel, costing substantially, when some of the government's own public personnel are as equally competent as the World Bank and IMF staff, and those trained home personnel, too, could provide similar advice to the government on budgeting for successful ED at no extra charge to the government; (2) helps the government only temporarily, and, as a result, does not remedy the problem of lack of

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<sup>78</sup> Interview on October 24, 1991.

adequately-trained budgeters and development planners; and (3) prevents the government from institutionalizing an effective, long-term program to continually train and equip its personnel with those skills required for successful contemporary budgeting for economic development.

To sum up, the Ghanaian government has applied measures under both the Structural Adjustment Program and the Economic Recovery Program as prudent ways to improve its budgeting with a view to ameliorating the people's standard of living. However, both programs do not adequately address the importance of HRD and DA in fostering effective budgeting for successful ED, compounding the government's ED dilemmas. Even though both programs purport to assist the government to restructure its economy so as to continually ameliorate the people's living conditions, they differ in their practical approaches to assisting it. The specific, overall objective of the two programs was well articulated by a survey respondent:

Even though the ERP impacts economic development and budgeting through assisting our government to solve its unemployment problem, it is the SAP that clearly determines public budgeting and development planning.<sup>79</sup>

The same official went on to say this:

The ERP aims primarily at reducing public spending with a view to fighting the country's serious socio-economic problems, particularly unemployment, whereas the SAP directs our country's financial ad-

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<sup>79</sup> Interview.

ministration (including budgeting) to facilitate our public-development efforts or activities.<sup>80</sup>

It should be stated, however, that there is mixed popular reaction to the SAP and the ERP. On one hand, the country's budgeters, particularly those in the Ministry of Finance and Economic Planning (MFEP) support those programs, justifying their financial practices on measures under both programs, which are required by external international lending institutions (the World Bank and the IMF). On the other, the nation's regional and local ED planners, who are closer to ED, naturally perceive the two programs as undermining their well-conceived development efforts to ameliorate their people's human conditions. As a result, there is lack of cooperation between them and budgeters in the MFEP. The situation exacerbates the government's ED dilemmas, threatening the success of ED efforts at all levels of government.

Indeed, governmental activities, such as ED planning and budgeting, cannot be carried out unless there are people, who undertake these activities (Chapel 1977; Gant 1979). In Ghana, personnel in the Ministry of Finance and Economic Planning (MFEP), among others, are statutorily charged with implementing both governmental processes.

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<sup>80</sup> Ibid.

## **GHANA'S BUDGETING: MAJOR ACTORS AND BUDGETARY GUIDELINES**

### **Major Actors**

#### **The Ministry of Finance and Economic Planning**

Preeminent among Ghana's public budgetary-planning institutions is the Ministry of Finance and Economic Planning (MFEP), which has existed as one Ministry since November 1970 following the merger of two Ministries: Finance and Economic Planning. It is headed by the Minister of Finance and Economic Planning, a powerful government official. The various Ministries, departments, and agencies request funds by submitting their estimates to the Minister, who is responsible for revising or reducing these estimates. He is the legislatively authorized public officer responsible for the overall public financial administration, and he is also empowered to be the country's spokesperson on all matters pertaining to public financial and economic planning.

The MFEP guards the national Treasury, determining public agencies' budgetary allocations within the context of executive policies, which emanate from the PIP. In that regard, it is similar to the old American Bureau of the Budget (now the OMB). The Ministry is also similar to the Office of the British Treasury, which, under the Exchequer and Audit Act of 1866, controls formal budget disbursements to all public agencies within legislative intent (Beer 1957:8). In essence, Ghana's MFEP disposes of what other government Ministries, departments, and agencies propose in their respective budgets.

### Other Important Financial-Administration Offices

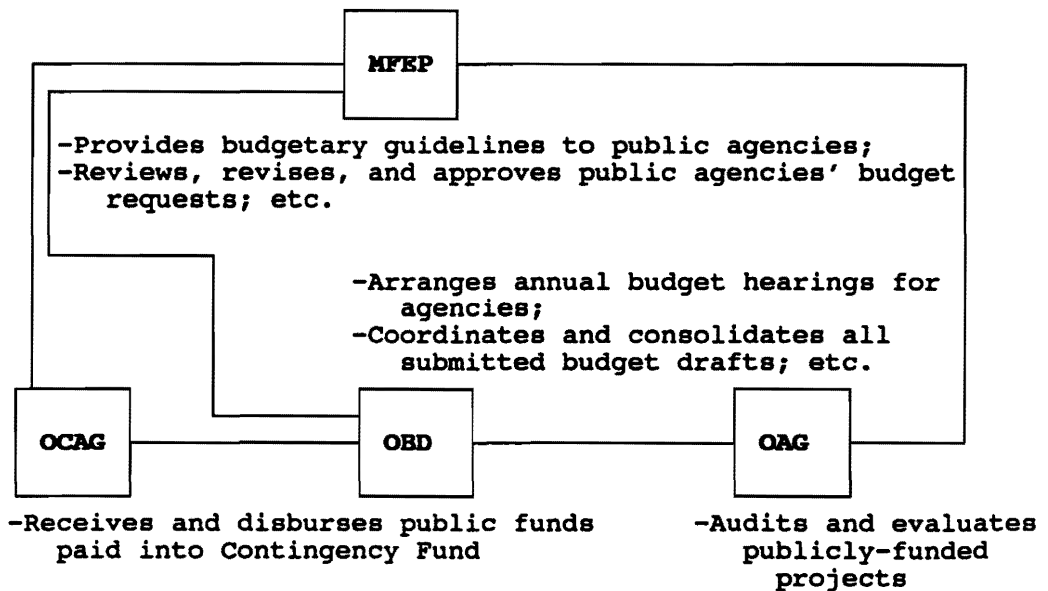
The Office of the Budget Director (OBD) and the Office of the Controller and Accountant-General (OCAG) are two offices operating under the MFEP, and they play a prominent role in Ghana's financial administration (including budgeting). The OBD reviews agencies' budget requests or estimates, and its staff planners arrange the annual budget hearings for government Ministries, departments, and agencies. Additionally, it coordinates budget draft submissions by the various government agencies and puts all submitted budget requests in proper draft form before it (draft form) is presented to the Minister of FEP. The OCAG, on the other hand, receives and disburses public funds paid into the Consolidated Fund. After the MFEP has issued directives to public agencies to spend their quarterly allotments, the OCAG issues checks to the respective accounts of all government agencies for disbursement. Additionally, it designates any major bank in the 10 Regions (or any district within each Region) as the Treasury for government agencies and their sub-agencies. The Controller and Accountant-General is the government's Chief Accountant.

The Office of the Auditor-General (OAG), another important bureau, is part of the Executive Office and is currently under the Office of the Head of State to ensure and maintain its independence. The OAG audits and evaluates publicly-funded projects and schemes. Like the U.S. General Accounting Office (GAO), Ghana's OAG is the audit agency of the country's public sector, and it considers an audit to consist of the following three elements:

1. Compliance: It determines whether government agencies comply with applicable laws and regulations;
2. Economy and Efficiency: It determines whether government agencies mobilize their resources (i.e., personnel, property, space, etc.) in an economical and efficient manner; and
3. Program Effectiveness: It determines whether publicly-funded programs/projects achieve their intended objectives.

In essence, the OAG's responsibility encompasses both financial and administrative practices of public agencies, which operate within the country's public budgetary guidelines.

The country's important financial-administration offices and their key functions described above are best captured by the following:



## Budgetary Guidelines

The purpose of the discussion of these budgetary guidelines or directives is to show the extent to which they undercut effective coordination of Ghanaian budgeting and ED and, thus, undermine successful ED. Additionally, the discussion will highlight the specific ED dilemmas confronting the government, particularly in budgeting for successful ED.

In Ghana, the initiative for public budgetary practices comes from the MFEP located in Accra, the nation's capital. Budgetary practices are adopted by regional and district administrators through government directives originating from the MFEP to create a uniform and viable process of public budgeting. Accordingly, public budgets are guided by a uniform accounting system. It should also be stated that these uniform budgetary practices attempt to accommodate the government's overall aspirations, particularly in terms of using the budget system to pursue socio-economic needs, of which ED is a crucial part.

The MFEP assists other government Ministries, departments, and agencies in budgeting and planning for their respective offices by issuing them guidelines in the form of circulars. (See Appendix 3 for a detailed description of Ghana's most current budgetary guidelines, which are contained in File No. B. 383, Circular B.3/91.)



**Guidelines for Preparing Ghana's Public Budgets:  
The Public Investment Program Framework**

Public-budget preparation instructions or guidelines constitute the government's budgetary directives, and it is clear that they are derived from the PIP.

In preparing their respective 1992 budget requests or estimates, public agencies were advised to be familiar with the following PIP directives (among other things):

1. Note that the National Budget is the only source of authority for them to incur any expenditures or to initiate any programs and projects requiring public funds;<sup>81</sup>
2. Concentrate on ongoing programs that are cost-effective or improve the efficiency of resource use, rather than on new programs;
3. Ensure that publicly-funded programs and all projects are included in draft estimates, and their funding identified;
4. Only approved ongoing projects will be included in the 1992 budget. For any suspended project to be funded by the 1992 budget, it must have been reviewed by the Public Works Department (PWD), etc.;
5. In general, for ongoing development-oriented projects, priority will be given to those whose execution has progressed beyond 70% of scheduled completion and are located in deprived Districts;
6. Expenses related to personnel training should be provided for in the recurrent budget; and
7. Undertake export- (or foreign-exchange-) oriented and efficient import-substituting projects with short gestation periods, as well as quick returns.

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<sup>81</sup> Public funds, as defined by the 1979 Financial Administration Decree, comprise: (1) all revenue or other monies raised or received for the purposes, or on behalf, of the government (i.e., Public Money); and (2) other monies raised or received in trust for, or on behalf of, the government (i.e., Trust Money).

**TABLE 4**  
**SUMMARY OF EXPENDITURE BY PROGRAMS AND OBJECTS**  
**(IN MILLIONS OF CEDIS):**  
**THE 1991 PUBLIC INVESTMENT PROGRAM**

Sector	Constructional Works	Equipment Furniture & Vehicles	Other Capital Expenditures	Total Capital Expenditures
1. Agriculture . . . . .	861.4	209.6	1,385.0	2,456.0
2. Health . . . . .	2,411.0	1,009.0	370.0	3,790.0
3. Education & Culture. . . . .	3,680.0	413.0	117.0	4,110.0
4. Works & Housing. . . . .	6,261.0	1,036.0	913.0	8,210.0
5. Transport, Communications & Roads & Highways. .	23,544.0	1,374.0	83.0	25,001.0
6. Local Govt. . . . .	1,427.0	692.0	50.0	2,169.0

Source: Adapted from Ghana's Development Expenditure Estimates: The Annual Estimates for 1991, Part 1. (Part 2 is the Annual Non-Debt Recurrent [or Operating] Estimates for 1991.)

The budgetary directives listed above are just a few of those issued by the MFEP within the framework of the PIP plan. A closer look at these budgetary guidelines clearly makes one wonder how ED could be successful, particularly when the government selects only some PIP criteria to justify the inclusion of certain developmental projects in the annual budget. Because the third section of the chapter analyzes the country's ED planning and budgeting, no attempt will be made in this section to appraise the two processes. However, it needs to be stated that those budgetary guidelines for preparing the country's public budgets fall within the scope of the PIP's project-selection criteria, which undercut successful ED as a result of the government's selection of only some standards to justify the inclusion of particular projects in its annual budget.

Besides the above-described budgetary directives, the government hopes to be assisted in its rational approach to budgeting for effective ED through budget systems or categories, which are described below.

## **GHANA'S BUDGET SYSTEMS**

Ghana uses two main budget systems or formats as a prudent way of allocating financial and material resources. They are functional budgeting and program and performance budgeting (PPB). Table 4 illustrates these budget formats.

### **Functional Budgeting**

Under functional budgeting (e.g., Canada's envelope system), the government groups expenditures by broad functions irrespective of sectoral unit or objects of

expenditure. In this way, public decisionmakers and concerned citizens know what the government is doing or expects to do with public funds in functional and key ED areas, such as agriculture, health, and education.<sup>82</sup> Thus, functional budgeting enables the government and others to know how public funds are being used, particularly for ED.

### **Program and Performance Budgeting**

Additionally, the government uses program and performance budgeting (Waterston 1979:238). Under this budget category, attention is centered on the accomplishment of the purpose. Therefore, the government presents the purposes and objectives for which funds are needed and also presents the costs associated with programs proposed to achieve some predetermined objectives. This is why this budget system is alternatively called "program" budgeting (to emphasize its concern with programs instead of objects of expenditure), or "performance" budgeting (to emphasize its concern with accomplishments instead of means). In essence, in PPB, both the government entities and the objects of expenditure are secondary (Ibid., p. 234). It needs to be stated at the outset that PPB is supposed to assist government units to better coordinate their respective functions (Babunakis 1976:18), which include key ones, such as budgeting and ED, and also to help them to cooperate in their public endeavors to enhance organizational effectiveness. How does the Ghanaian government use these two budget formats? Table 4 shows how Ghana uses these budget formats. The main question to ask, however, is:

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<sup>82</sup> The Ghanaian government has singled out the ED activities of its Ministries of Agriculture, Health, and Education as constituting its key ED activities.

To what extent does the Ghanaian government use PPB to assist it to better coordinate its public functions, of which ED planning and budgeting are a part? It is not appropriate to respond to that question here; the section on the analysis of ED planning and budgeting will provide that answer. However, let it suffice to say for now that the government does not take advantage of PPB's ability to assist with interdepartmental coordination because of its fixation with the PIP's project-selection criteria, which were described earlier.

The first section has described Ghanaian ED planning and budgetary practices within the context of some enduring ED dilemmas plaguing the government of Ghana in its well-conceived ED efforts. The second section below will use actual cases of Ghanaian ED projects to illustrate how ED planning and implementation clearly depends on sustained funding through the government budget. In particular, those illustrations will be used to describe: (a) Ghana's Women In Development (WID) Program; (b) District Assemblies, as well as (c) the ED activities of four Ministries statutorily charged with typical ED planning and implementation. Like the discussion in the preceding section, the discussion in this section will also highlight certain ED problems confronting the government in its well-conceived and meaningful ED efforts.

### **THE WOMEN IN DEVELOPMENT (WID) PROGRAM**

As earlier stated, one of the ED dilemmas facing many Third-World governments in their desire to improve the people's standard of living is that many of these

governments recognize that lack of a clear and specific framework or system for ED makes ED implementation difficult. But, when a particular framework is agreed upon by the country's leadership or found to be appropriate, it is not supported by institutional or structural arrangements (Chapel 1977; Leipziger and Lewis 1977). The government of Ghana has adopted a BHN approach for formulating and carrying out its public ED programs (PIP Main Report 1990-92:69), but institutional arrangements are not in place to support that ED strategy. The discussion of the WID Program illustrates that dilemma, showing how it compounds other ED problems, which were described earlier.

Specifically, the WID Program is used to, among other things, (1) describe the objectives of the BHN approach, and (2) show how the PIP's project-selection criteria are inconsistent with the government's apparent commitment to those exemplary projects carried out under the program.

In attempting to ensure that the human conditions of Ghanaians are improved, the Ghanaian government employs a basic human-needs approach (PIP 1990-92 Main Report:69). The BHN idea was first suggested in 1976 by the International Labour Organization (ILO). A senior Ghanaian public-health official stated:

Our public development strategies are intended to make sure that our people live full lives as individuals, and that they can enjoy some basic facilities, such as good drinking water and affordable health services.<sup>83</sup>

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<sup>83</sup> Interview on October 24, 1991.

The BHN perspective starts with the goal of providing the opportunities for the full physical, mental, and social development of the human personality (Jameson and Wilber 1979). In particular, that approach focuses on mobilizing particular resources for specific groups identified as deficient in certain resources (e.g., education, transportation, and health). Also, the approach can clearly engender popular support, which the government needs for successful ED. It purports to eradicate poverty, which, in Ghana, is characterized by lack of decent shelter, poor health, and the like. In furtherance of that goal, it attempts to secure access to minimum levels of housing, education, and health so that people have the opportunity to lead better lives. To that end, it could be said that the BHN approach prescribes minimum standards of housing, education, health, and the like that ought to be acquired by the nation's relevant population (to use Eugene Meehan's term) to enhance its human conditions.

That approach requires combined emphasis on: (1) the supply of basic-needs goods; (2) the demand for basic-needs goods; and (3) the appropriate institutional arrangements for access and delivery. This means that there must be: adequate production of the basic goods and services in question; adequate purchasing power by those in need of these goods and services; and the organizational arrangements and structures to facilitate access to and delivery of these goods and services. Failure of any of these can lead to failure of basic-needs performance.

The literature on ED contains BHN success stories from a variety of political systems. The approach has had success in political economies ranging from Cuba and

the Chinese People's Republic (planned), to South Korea and Taiwan (market-oriented), and mixed ones, such as Sri Lanka. However, there have also been common BHN problems (or failures), which will be shown in the WID Program described below.

**Management of Basic Human Needs:  
The Ghanaian Women In Development Program**

Ghana has had its problems with the BHN approach to ED, and, as in other countries, the problem has been administrative. Ghanaian policy implementation suffers from inadequate bureaucratic procedures, and lack of integration and coordination among public agencies and between national and local units. Nonetheless, this dissertation supports the literature's indication that such problems can be ameliorated and efficiency increased by allowing participation by those for whom BHN projects are organized. The Ghanaian example that follows highlights rural development, which is a major dimension of ED. In particular, the illustration that follows is appropriate because Ghanaian rural dwellers constitute about 75 percent of the population but are often neglected in public projects purporting to improve Ghanaians' human conditions. Additionally, this illustration is important because it deals with Ghanaian women, rather than Ghanaian men, who have traditionally dominated all sectors of the economy, particularly participation in all aspects of ED (i.e., policy formulation, implementation, evaluation, etc.).



Ghanaian Women: A Population Underrepresented  
in Economic-Development Programs

In rural Ghana, the typical woman shoulders more household responsibilities (e.g., assisting in farming, etc.) than the average man does. Studies conducted on Ghana indicate that many Ghanaian women provide most of the needed support for their families. Additionally, these studies indicate, more men are able to complete higher education than women because, among other reasons, they are "society's privileged children, who are favored by traditional norms, and so on."<sup>84</sup> What the foregoing illustrates is that, in the Ghanaian society as a whole, women are more dependent on men for their financial support than vice versa. The WID has laid the groundwork "to improve the lot of the average rural Ghanaian woman, who is often left out in the government's economic-development projects".<sup>85</sup>

Before continuing the discussion of the WID, it seems appropriate to familiarize one with some basic facts about Ghanaian women in the nation's public service. In Ghana, as elsewhere, families in which both husband and wife work are financially better off than those in which there is only one breadwinner. Even though women constitute about 51 percent of the population, they are outnumbered by men in the public service. It is only in self-employment that their number is significant. According to a high-ranking

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<sup>84</sup> A remark made by a woman survey participant.

<sup>85</sup> Ibid.

government statistician, "The informal sector welcomes more women than the formal sector."<sup>86</sup>

To help the Ghanaian rural woman to improve both her and her family's living conditions, the WID Secretariat of the Ministry of Local Government was established in 1990. It strongly encourages rural women in three of Ghana's four poorest regions (i.e., Brong-Ahafo, Volta, and Western Regions) to: (1) generate income for their families; and (2) make significant contributions to the financial and "psychological "nourishment"<sup>87</sup> of the family institution. One may wonder why the country's most impoverished area, the Northern Region, was not included in the list of rural areas benefiting from the WID Program. According to a WID Project Coordinator, that decision was made after many of the Secretariat's top personnel had travelled throughout the entire country to find out which regions' rural women most needed the Secretariat's assistance. That official stated:

The Northern Region, which has historically been abandoned in the public ED thrust, was excluded because of the reluctance of its women to accept group loans and undertake meaningful projects with our guidance....It

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<sup>86</sup> This high-placed government employee means that, because more Ghanaian women are self-employed than government-employed, the average Ghanaian woman finds self-employment to be a better medium through which she can influence public policy to improve the lot of all Ghanaian women.

<sup>87</sup> The remark of a top official of the WID Secretariat.

seems that they are too used to public gifts and grants to seek the Secretariat's assistance to improve their human conditions.<sup>88</sup>

Included in the bureau's list of sponsors are the United Nations Development Program (UNDP), the U.S. Agency for International Development (USAID), the United Nations Children's Emergency Fund (UNICEF), Ghana's December 31st Women's Movement, the National Council on Women and Development, and the Department of Community Involvement (formerly the Department of Mass Education).

The Secretariat staff train rural-women's groups, guaranteeing small loans to them. Also acting as consultants, the staff teach these rural women how to grow crops and fruits for both consumption and sale. In particular, the staff teach the women how to grow cassava plentifully and process 'gari'.<sup>89</sup> In their turn, the women's groups, which are the beneficiaries of the WID projects in the rural areas, organize monthly meetings at which they hold several project-related discussions for the sake of sustaining their endeavors. In particular, the women present their respective group problems at these meetings, come up with several alternative solutions, which they finally discuss with the WID bureau. As a spokesperson for the bureau stated:

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<sup>88</sup> Interview remark illustrating that, because the country's Northern Region has been receiving handouts over the years, their rural women have shown that such handouts, rather than the WID's loans, seem adequate to improve their living standards.

<sup>89</sup> Gari is a local food very high in starch.

The so-called rural illiterates, who tend to have no place in society, are able to come up with very viable alternatives, which many so-called urban literates may not be able to contemplate.<sup>90</sup>

To be sure, Ghanaian women play a key role in the Ghanaian society. There are many women professors, lawyers, judges, medical practitioners, scientists, retailers, and the like. Following the United Nation's declaration of the Decade of Women in 1975, several women's organizations (e.g., the Association of Ghana Women in Science and Technology, and the Ghana Professional Women Association) have been formed with the support of the National Council for Women and Development (NCWD). The Council, as well as these women's organizations, purports to improve the lot of Ghanaian women, a population underrepresented in public employment and in public economic-development programs.

#### The WID Program: An Appraisal

A senior official of the WID Secretariat proudly asserted:

Our projects have substantially improved the standard of living of the average woman participant, especially equipping her with life-long skills.<sup>91</sup>

Additionally, the same official said that the organization's programs have increased the participants' "pricing" skills,<sup>92</sup> which are easily transferable to pricing in many trades

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<sup>90</sup> Interview remarks.

<sup>91</sup> Interview on October 25, 1991.

<sup>92</sup> The women fix the prices of their commodities to reflect numerous operating costs so that they can eventually make reasonable profits to help sustain their endeavors.

and vocations. According to another WID official, the active participation of the women in decisionmaking affecting their group projects clearly relieves the WID Secretariat of a substantial portion of the bureau's responsibility. In particular, the women, rather than the Secretariat, determine their own problems or the constraints to the effective realization of their objective. As earlier stated, the BHN approach requires, among other conditions, that: the appropriate institutional arrangements are in place for access and delivery of basic-needs goods; and the beneficiaries of the strategies to achieve those basic needs should achieve sustainable improvements in their well-being. In essence, the direct involvement of women in the WID projects has engendered popular support, partly because it has helped to improve the lot of the country's rural women who have been selected to participate in the program. However, the projects have their basic social problems.

Specifically, the female-oriented projects have led to some conflicts with some traditional male-dominated structures in the areas where they are being undertaken, and the Secretariat has not been able to come up with ways to combat that touchy problem. Additionally, the assumed grassroots preparation of the women groups (e.g., making them aware of the group-project philosophy) is absent. In particular, because of the profitmaking rationale of the projects, individualism is very strong, and training or intervention based on the group-project philosophy seems problematic. The women prefer individual-oriented ventures for individual profits. Therefore, the Secretariat plans to train them afresh so as to both reorient them to the group-project ethos and sustain the

programs and projects. Additionally, it plans to introduce bookkeeping in the groups' training kit. Commodity pricing still does not adequately reflect all operating expenses. The Secretariat, therefore, plans to involve pricing experts in its rural ED thrust.

The description above shows that ED is an important goal, and the Ghanaian government strives to attain it through a contemporary WID Program, using a BHN approach. Additionally, that program is exemplary because it depicts meaningful and purposeful ED activities, which the government sees as capable of substantially improving the human conditions of the nation's rural women. But, as we shall find out later, the government's selective use of the PIP's project-selection criteria also reduces the success rate of the WID's apparent effective BHN approach to ED.

Recently, there has been a shift to programs like the above-described WID that aim at BHN. These programs, which are described below, are undertaken by 110 District Assemblies and also by four Ministries.

### **THE DISTRICT ASSEMBLIES AND DECENTRALIZATION**

The purpose of the discussion below is to show that: (1) besides the WID Program, the Ghanaian government has come up with another novelty in its use of the BHN strategy in ED through 110 District Assemblies (DAs), which symbolize the country's recent grassroots efforts at ED planning and budgeting; and, more importantly, (2) there are some dilemmas facing the government in its ED efforts. A brief history of these DAs seems appropriate.

Because the Ghanaian government acknowledges the importance of budgeting as a process capable of improving the living conditions of the nation's relevant population. Ghanaian heads of state have presided over ED Planning Commissions in post-independent Ghana. The Provisional National Defence Council (PNDC) administration of Jerry Rawlings established a National Development Planning Commission<sup>93</sup> (not to be confused with the PNDC), which was headed by Rawlings. Its aims included: (1) reforming the economy; (2) decentralizing the governmental budgeting and ED planning apparatus; and (3) reforming the economic-development decisionmaking system through viable local ED planning and budgeting. To be sure, the 110 District Assemblies purport to accomplish all these aims.

#### The District Assemblies: Decentralization

In 1983, the PNDC embarked on a program to decentralize the government's decisionmaking process, especially as it relates to budgeting for ED purposes. The measure purports to directly involve local communities in decisions affecting them, and, thus, improve public administration and economic management at the subnational level. Consequently, the 1987 Local Government Law (PNDC Law 207) officially came into being, and 110 District Councils and their District Assemblies or DAs were set up.<sup>94</sup> (The government's official reports indicated that 58.9 percent of registered Ghanaian

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<sup>93</sup> Like similar ones before it, the National Development Planning Commission has evolved from its predecessor economic-development planning bodies.

<sup>94</sup> The District Assemblies deliberate in the language spoken in their respective locality.

voters cast their ballots in the local elections, and the turnout is the highest of any district-level election over the past 23 years.) In order to understand the essence of the DAs' decentralization thrust, it is appropriate to briefly discuss what the literature says about decentralization.

Decentralization is a word that has been used by different people to mean many things. To some, it refers to deconcentration, which implies: (1) the sharing of power between members of the same ruling group having authority respectively in different areas of the state; and (2) units of local administration in which formal decisionmaking is exercised by centrally-appointed officials (Mawhood 1983:1; Barrington 1975?:3). For the purposes of this dissertation, decentralization is conceptualized to mean the sharing of part of governmental power by a central ruling group with other groups, each having authority within a specific area of the state. Also, in this study, the term suggests the hope of stemming inertia in central government, giving more direct access to the people to have a community-centered bureaucracy, and stimulating the entire nation to participate in national development planning (Mawhood, p. 1).

According to Vincent Ostrom, the criteria for evaluating responsive self-governing public entities, such as Ghana's DAs, include: (1) a bureaucracy that is immediately accountable to the relevant community of interest for which it is acting; and (2) public facilities that are subject to use under terms and conditions considered by the relevant community to be reasonably designed to meet their common welfare (Ostrom 1972:20-



29).<sup>95</sup> As governing public institutions, districts must have specific features. These include: (1) a separate legal existence or subsystem legitimacy<sup>96</sup> (to use Savitch and Adler's term); (2) decisions being made by representatives of the local people; (3) leadership capability; (4) effective intergovernmental relations; (5) their own budgets; and (6) the authority to allocate substantial resources, such as staff appointments, promotion, discipline, and the power to decide over development expenditures.

This dissertation supports the idea of Ghana's DAs having the power to decide over development expenditures. It also supports the idea of those DAs being administered by people with sophisticated administrative skills. But, how can those decisions be effectively carried out when the DAs find it hard to raise monies for development, and their representatives lack those sophisticated administrative skills? This is the crux of the problems confronting Ghana's DAs.

Therefore, the dissertation argues: For development to be facilitated at the grassroots level in Ghana, the national government's decision in 1987 to decentralize public budgeting and development planning is not enough. That important decision, which is a major change from the British colonial era, clearly calls for: (1) possession of sophisticated administrative skills both at the center (i.e., by personnel in the Ministry of Local Government who have direct responsibility over the DAs, but who have a short

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<sup>95</sup> Vincent Ostrom, An Alternative Approach to the Design of Public Organizational Arrangements (Bloomington, IN: Workshop in Policy Analysis, 1972).

<sup>96</sup> See H.V. Savitch and M. Adler, Decentralization at the Grass Roots: Political Innovation in New York and London (Sage Publications, 1974).

supply of these skills), as well as on the part of District Assemblypersons themselves; and (2) a prudent way of allocating financial resources, which also depends on personnel possessing sophisticated administrative skills to ensure successful development at the grassroots level. Because public administration at the local level more than that at the central level in Accra is in close contact with Ghanaians, the calls described above become crucial. Additionally, if popular support of the idea of DAs is to grow, and if the DAs' developmental thrust is to be ameliorated through popular participation to enhance development, the calls described above must be reinforced.

Unfortunately, in approving loans to Ghana, the World Bank and the IMF are largely concerned with the government's ability to repay those loans more than the development of effective HRD and DA programs that would strengthen the nation's administrative capacity. As a result, the development dilemmas at the national level trickle down to the district level as well.

#### The District Assemblies: Functions

Despite the above-described problematic situations confronting them, the DAs are empowered by law to exercise some 87 functions.<sup>97</sup> These include responsibilities in the areas of basic health, education, and maintaining public infrastructure and agriculture. As stated earlier, these are important areas included in the government's efforts to improve the human conditions of the relevant population, using the basic human-needs

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<sup>97</sup> Quarterly Economic Report of Ghana, Sierra Leone, Gambia, and Liberia, No.2, 1989, pp. 7-10.

(BHN) approach. With respect to health, for example, they are charged with promoting their respective districts' general public health by supplying adequate water, preventing the spread of disease, etc. With regard to their educational role, they are responsible for granting scholarships for study in the country or overseas. In the domain of agriculture, the DAs allocate land for farming and take measures for soil and water conservation, etc.

### The District Assemblies: Funding

Because their operation falls under the jurisdiction of the Ministry of Local Government, that Ministry has set out a detailed five-year plan to assist these district authorities, particularly in financing their development projects. In light of that, a special budget account has been established to help finance their work. However, because central-government monies appropriated into the account for funding their development projects are not adequate, each DA's development activities are determined largely by its tax receipts from businesses operating within its domain. The point of the foregoing is this: National-budget funds programmed by the central government in Accra for the DAs' developmental activities are not adequate to ensure their continued success.

### The District Assemblies: An Evaluation

Because they are statutorily charged with administering 87 functions connected with budgeting and ED planning but their financial resources are inadequate, the DAs are, in effect, strapped for funding. As a consequence, they make all efforts to find ways to raise revenues for ED. Because they tax everything in sight and, as a result, bring

citizen protests and refusals to pay, the PNDC Law 207 is being reviewed. Additionally, the problem has been serious enough that the World Bank is preparing a report for the government on fiscal decentralization to assist it in its ED-budgeting processes at the grassroots level. In particular, the study aims at finding better ways of helping these grassroots governing bodies to find reliable monetary sources outside the government budget to enhance their chances of attaining their well-conceived goals.

As earlier stated, the DAs depend largely on taxes collected from businesses operating within their districts. In light of that, DAs in relatively prosperous localities, such as those in the Ashanti Region, have a better chance of improving their people's living standards a lot faster than those existing in the poor regions like the Volta Region. It is assumed that the people served by each DA will participate in its activities by attending meetings aimed at developing ED strategies for ameliorating their human conditions. However, as one survey participant observed:

Community participation has not been as effective as earlier contemplated. Because several residents work in the large cities, they find it hard to attend and participate in their community meetings on a regular basis, particularly when the town or city in which they are employed is far from the District Council in which they are registered to vote.<sup>98</sup>

Additionally, the government fears that, because Ghanaian entrepreneurs respect their local chiefs, the latter may persuade them to move their businesses to DAs which encompass the chiefs' home districts to offer employment to people living in those communities. Should that happen, some DAs will lose their reliable tax bases and be

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<sup>98</sup> Interview.

even more seriously strapped for funding of their ED programs. One ED planner stated:

I hope that happens so that our government would realize its shortsightedness with respect to the short period of time (i.e., five years) within which it says it would help the DAs financially.<sup>99</sup>

The point of the discussion above is this: Because the government has not programmed funds for the DAs' activities through the national budget and those monies earmarked for them are inadequate, these grassroots governing bodies may not be able to successfully carry out their basic, albeit difficult, responsibility of improving their people's human conditions. It is hoped that the World Bank's study on the country's fiscal decentralization will be able to find better ways: (1) for the DAs to generate adequate monies outside the national budgetary sources to sustain their respective ED projects and (2) for increasing community participation without endangering popular support, which is vital for their successful operation.

The law establishing these representative bodies<sup>100</sup> clearly recognizes a major weakness embedded in Ghana's highly centralized administrative structure that emerged from the country's colonial past: lack of popular participation in ED activities affecting the nation's different localities when, with such participation, community leaders could involve their people in ED decisions affecting them and, thus, be able to establish a reliable tax base to ensure effective subnational ED projects. However, the government

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<sup>99</sup> Interview.

<sup>100</sup> The government prefers to call them 'representative bureaucracies', not to be confused with Weberian bureaucracies with their features of hierarchy, specialization, etc.

also needs to provide funds for their administration, at least for a reasonable period of time, if it is really committed to a policy purporting to improve the people's human conditions, particularly at the local level. A government official stated:

Ghanaians will assess their 110 District Council Assemblies by their ability to promote the development of their respective areas as a result of monetary resources they are able to collect from their respective districts, etc. In actuality, these governing bodies provide a practical example of grassroots democracy, as well as an important focus for local political energies. Therefore, it is incumbent on our central government in Accra to make sure that they succeed in their subnational tasks, especially through continued financial support for their development efforts.<sup>101</sup>

For the first time, Ghanaians are being called upon to be involved directly in decisions affecting their own lives in the hope that the new decentralization efforts will enhance local ED strategies and, thus, make BHN more viable and sustainable. Nonetheless, the DAs' ED efforts have not been completely successful because their ED projects receive neither reliable nor sustained funding, which is a major ED dimension.

The situation made one ED planner-budgeter assert:

If the District Assemblies are to be effective, they have to be adequately and continuously supported by monetary resources, which are not always easy to obtain when needed...because of the government's main focus on its Public Investment Program's guidelines and stipulations at the expense of improving people's standard of living.<sup>102</sup>

In essence, sustained funding of the ED projects of many of these grassroots bureaucracies has not been easy. A top ED planner also concluded:

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<sup>101</sup> Interview.

<sup>102</sup> Interview remark of an angry survey respondent.

The PNDC has come up with a fine plan to actively involve our local leaders in schemes to help reduce poverty in our society and also to improve our people's living conditions. However, how can these local leaders perform their noble tasks when funds are not readily available for the development activities, which they are supposed to carry out?<sup>103</sup>

The discussion above has identified some of the enduring ED dilemmas confronting many Third-World governments in their desire to ameliorate their people's human conditions, particularly at the subnational level. Specifically, the Ghanaian government has been unable to deal effectively with one dilemma: its adoption of a clear and specific framework for ED through a BHN approach, but its inability to support that well-conceived ED strategy with institutional arrangements, such as sustained funding, for the country's District Assemblies. However, as the above description of the DAs has also shown, the government has been able to take two steps to confronting certain ED dilemmas in its contemporary decentralized public-administration activities. In particular, it has been able to decentralize budgeting, and also to adapt ED to the country's unique socio-economic conditions through these DAs in the attempt to ameliorate the people's living conditions. Nonetheless, the discussion of these subnational bodies is still another clear indication of some of the problems and dilemmas plaguing the Ghanaian government's ED efforts, particularly when pursuing a BHN strategy for ED at the grassroots level.

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<sup>103</sup> Interview remark.

The discussion below also focuses on another ED case, namely, the Ghanaian government's pursuit of a BHN approach to its ED efforts as reflected in four Ministries central to ED.

### **THE CENTRAL GOVERNMENT AND THE ECONOMIC-DEVELOPMENT THRUST**

Specifically, the discussion below describes the ED activities of four Ministries by (1) highlighting their respective objectives and strategies, and, in particular, (2) showing the extent to which those ED objectives and strategies ameliorate the cruel development dilemmas plaguing the government in its attempt to improve the people's human conditions.

For the purposes of this dissertation, the four Ministries which seem to carry out the brunt of Ghana's ED programs and projects are the Ministries of Agriculture, Health, Education, and Local Government. Even though public budgeters and ED planners in seven Ministries were surveyed, the data collected from these four Ministries reflect the overall work-related experiences and views of the nation's public budgeters and ED planners. The first three Ministries have been selected because they constitute the government's key public sectors (see File No. B. 383, Circular B.3/91: 5), and the fourth one depicts the importance that the government clearly attaches to its contemporary idea of decentralization. The Ghanaian government hopes that the ED programs and projects undertaken by these public departments will help eradicate poverty and provide minimum levels of nourishment, health and education to Ghanaians. In essence,



the functions of these Ministries encompass those ED activities meeting the BHN criteria. The four public departments have a total initial investment of C161,087<sup>104</sup> million, representing 22 percent of total public investment for the 1990-92 PIP period (see Table 3 for a summary of their respective total investment for the 1990-92 PIP period).

In addition to striving to provide Ghanaians with the minimum necessities of life, these public agencies are characterized by the government as possessing the following relevant ED activities:

1. They undertake strategic social projects with relatively minimal projected recurrent expenditures for the government budget;
2. They undertake projects with high employment and income-generating potential for the rural areas;<sup>105</sup>
3. They undertake relatively low-cost, social-oriented projects aimed at improving the people's quality of life;
4. They undertake social projects capable of attracting community participation;
5. They undertake projects that consider regional distribution of projects to ensure an equitable and balanced development of all 10 regions; and
6. They espouse the objective of strengthening, via these projects, both intra- and inter-sectoral linkages.<sup>106</sup>

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<sup>104</sup> Ghana's currency is the cedi, symbolized by C.

<sup>105</sup> This is a major objective of the Women In Development (WID) Program, which was instituted in 1990 and is located in the Ministry of Local Government.

<sup>106</sup> Systems theory, which prescribes these linkages for effective organizational performance, is discussed exclusively in Appendix 4.

The policy objectives, strategies, and development-budget program of each Ministry are stated to familiarize one with the different approach taken by each public agency toward the amelioration of Ghanaians' human conditions. The order in which the Ministries are listed and examined should not be construed as their order of importance. What is important is that their joint ED efforts, which are based on the government's attempt to provide Ghanaians with minimum levels of nourishment, health services, and educational opportunities, aim at improving their standard of living so that they can live fuller lives.

### **The Ministry of Agriculture**

This public agency is responsible for the agricultural sector of the country's economy (PIP 1990-92 Main Report:11-16). Specifically, it is concerned mainly with policy formulation, planning, budgeting, and the provision of extension services to the non-cocoa subsectors. The non-cocoa subsectors encompass crops, livestock, and fisheries.

The crop subsector produces major food crops such as maize, rice, yams, plantain, and cassava. Its industrial subsector produces oil palm, cotton, tobacco, rubber, etc. The livestock subsector, on the other hand, was estimated in 1987 at 1.2 million cattle; 1.9 million goats; 2 million sheep; 8.2 million poultry; and 0.4 million pigs (PIP 1990-92 Main Report). Annual livestock and poultry production is less than half of the projected annual national meat requirement of about 200,000 tons. The fisheries subsector

provides the cheapest source of protein in the diet of the average Ghanaian. Average annual production in 1987-88 was estimated at 326 metric tons, representing about 72 percent of the annual requirement.

The agricultural sector continues to play an important role as the prime-mover of the country's economy. In particular, it employs about 55 percent of the country's labor force, accounts for about 55 percent of GDP, and close to 70 percent of merchandise exports (Ibid., p. 11).

### Policy Objectives and Strategies

#### Objectives

The government's major concern for the development of the agricultural sector during 1990-92 is to pursue a strategy the goals of which are oriented toward development and productivity, and the promotion of competitiveness. The specific objectives include:

1. Establishing and maintaining food security to provide adequate and nutritionally-balanced diet at prices affordable for all Ghanaians;
2. Creating rural-employment opportunities by raising labor productivity in production, marketing, and value-added activities to reduce the level of underemployment in the rural areas;
3. Improving the state of Ghana's balance of payments through increased production of traditional exports, and diversifying into non-traditional agricultural products, as well as increasing the production of import substitutes;
4. Promoting agriculture/industry linkages through increased production of industrial raw materials to reduce the country's dependence on imported raw materials;

5. Fostering balanced regional development by promoting regional agricultural growth based on comparative advantages and resource endowment; and
6. Strengthening intra- and inter-sectoral linkages, as well as linkages between agriculture and the other sectors, particularly industry-processing.

### Strategies

For the crop subsector, the government hopes to increase productivity by: using measures to reduce post-harvest losses; maintaining soil fertility via improved soil-conservation methods; and improving disease-control measures. Generally, investments would be concentrated on providing support for smallholders through improved extension, processing and marketing facilities.

For the livestock subsector, the government is carrying out measures to strengthen the links between this subsector and the crop subsector. Specifically, it hopes to accomplish this by: using grain surpluses for animal feed; improving productivity through better health; and, in the long haul, improving breeding. The focus on breed improvement would be on the private livestock owner rather than on the government.

A spokesperson for the Ministry stated:

The government hopes to make private Ghanaians in the breed-improvement business demonstrate their 'sense of nationalism' by contributing to the success of these national activities.<sup>107</sup>

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<sup>107</sup> Interview remarks implying that "the government cannot do it all alone".

For the fisheries subsector, the government's strategies emphasize the development of: inland fisheries both on the Volta lake and in aquaculture; and the rehabilitation of marine facilities to support tuna fisheries (Ibid.).

### Investment Program

The 1990-92 agricultural investment program is geared toward achieving the sector's above-stated objectives. To this end, a total investment of C73,278 million has been made in 71 projects. C40,427 million is in foreign currency, and C32,851 million is in local currency.

### The Ministry's Objectives and Strategies: An Analysis

The discussion below assesses the Ministry's objectives and strategies to find out the extent to which the government has been able to tackle some of the ED dilemmas facing it in its ED efforts.

Some of these objectives clearly engender popular regime support and also aim at BHN. Specifically, establishing and maintaining food security to provide adequate and nutritionally-balanced diet at affordable prices has won popular support and is also a typical BHN goal. Creating employment opportunities for rural dwellers is desirable to the people and is also a typical BHN goal. The remaining objectives either restate some of the main project-selection criteria of the PIP, such as improving the nation's balance of payments, or are presented in a way that gives the appearance of assisting other Ministries to coordinate their respective programs. However, a Ministry official said:

Our department's "connection" with other public agencies carrying out similar projects is too weak to reckon with.<sup>108</sup>

Thus, interagency coordination, which is a most important requirement for organizational success, is lacking in the government's ED efforts. For instance, because, based on many factors, each public agency within and outside the Ministry receives different budget allocations for its ED programs, those agencies do not feel any need to cooperate with one another and share vital information that could help reduce their ED costs. In essence, one ED planner stated:

After the Ministry of Finance and Economic Planning (MFEP) has notified agencies about their respective annual allotments, our public departments become too obsessed with the implementation of their development projects that there seems to be no room to cooperate with other agencies carrying out similar programs....The reason seems to be that, once budget disbursements have been authorized, our public departments are faced with the challenge to justify their programs so that they could be funded again next year.<sup>109</sup>

As a result, interagency coordination becomes secondary.

With regard to the strategies presented by the Ministry to direct its ED activities, one can say that, in the main, they can enhance popular support and aim at BHN. For instance, improving soil disease-control measures, which aim at aiding farmers, and improving animal breeding to increase soil (and, eventually, farmers') yield are all techniques aimed at increasing the production of nutritious and healthy food to feed the people. Because they are desirable and purport to provide a basic necessity (i.e., healthy

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<sup>108</sup> Interview on October 17, 1991.

<sup>109</sup> Interview.

food) to the people, one can state that they can engender popular support, which the government clearly needs to sustain its ED programs. However, those strategies are neither specifically nor clearly stated, and that is an institutional problem: lack of a clear and specific framework that could engender popular support for ED and also facilitate ED programs.

### **The Ministry of Health**

This government institution is responsible for determining national health policy, and for providing, administering, and supervising health services in the country (Ibid., 62-65). The main purpose is to maximize the total amount of healthy life of Ghanaians, and to provide ready access to basic health care. Health services are currently provided by the Ministry, quasi-government agencies, industrial and institutional establishments, non-public organizations, and private medical practitioners. Hospitals, clinics, and health stations provide the health-care facilities. Traditional medical practitioners also provide important services in the rural areas, especially where modern health facilities do not exist.

The Ministry is the single largest provider of health services. Its facilities include: 2 Teaching Hospitals; 8 Regional Hospitals; 11 Special Hospitals (psychiatric, children's, and leprosaria); 38 District Hospitals; 15 Urban Health Centers; about 300 Rural Health Stations; and 175 clinics. These public facilities are augmented by 39 mission hospitals, 48 mission clinics, and a number of private clinics run by industrial and institutional

establishments, as well as private practitioners. A surveyed ED planner-budgeter of the Ministry asserted:

Had private medical personnel and private organizations (e.g., the Seventh-Day Adventist) not come to the rescue of the government, especially in the early 1980s, many Ghanaians would have perished...with a consequent loss of public confidence in our Ministry's mission. This kind of thing should continue, and the government has to make that happen.<sup>110</sup>

("The Public-Private Connection" will be discussed in the next chapter.) The Ministry's staffing position at the end of 1989 was about 1,200 doctors and dentists; 12,000 nurses; and 17,000 supporting staff. Additionally, there were about 300 doctors in private practice throughout the country; 120 pharmacists in the public sector; and about 500 in the private sector. The training of health personnel is predominantly carried out by only two medical schools, and 37 health-training schools (including 28 nurses-training schools).

The effects of population growth and inadequate budget allocation between 1974 and 1983, among other factors, led to a deterioration of this sector. Needless to say, these factors led to poor working conditions and low morale of health staff, which, in turn, have adversely affected the standard of health and its delivery. To check this decline, the government initiated measures to resuscitate the sector. With the help of bilateral and multilateral donors, health facilities received the much-needed drugs and essential

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<sup>110</sup> Interview at the Ministry of Health on October 23, 1991.



supplies to replenish depleted stocks. Nonetheless, a lot remains to be done to completely rehabilitate Ghana's health sector.

### Policy Objectives and Strategies

#### Objectives

The main thrust of the government's objectives for 1990-92 is to improve and increase health access to basic health facilities in general, and to the rural areas in particular. Those objectives include:

1. Improving health facilities;
2. Improving coverage for poverty groups in both urban and rural areas; and
3. Improving the administrative and supervisory capacity of the Ministry to ensure efficient functioning of the nation's health-delivery system.

#### Strategies

Specifically, the Ministry hopes to achieve its objectives by:

1. Emphasizing preventive care rather than remedial medicine via the primary health-care approach;
2. Channelling substantial resources to the sector to rehabilitate and re-equip facilities basic to the delivery of Primary Health Care (PHC);
3. Rehabilitating facilities and infrastructure at the secondary and tertiary level; and
4. Reorganizing the Ministry to eliminate duplication of power and parallel professional structures, and providing the necessary logistics for efficient operations.

### Investment Program

There are 21 projects under the sector's 1990-92 PIP plan. Of these, 17 are ongoing. The remaining 4 are new, 2 of which are proposed for feasibility studies prior to implementation. The total planned investment over the 1990-92 plan period is C26,527 million.

Included in the key goals of the projects envisaged in the Ministry's investment program are: (1) Strengthening of PHC; (2) Rehabilitation of District Hospitals; and (3) Rehabilitation of Teaching Hospitals. In particular, strengthening PHC is fundamental to the government's strategy for providing health for all by the turn of the century. The PHC strategy is closely connected with basic Maternal and Child Health/Family Planning (MCH/FP) activities. All 10 regions are covered.

### The Ministry's Objectives and Strategies: An Assessment

An examination of the Ministry's objectives and strategies clearly indicates that those objectives and strategies aim at dealing with some of the dilemmas facing the government in its ED efforts. Specifically, they have a specific focus, namely, a BHN approach, which can also engender public support. Improving health facilities as well as health coverage for the nation's poor clearly falls within the BHN objective and has received the people's support. Additionally, improving the administrative capacity of officials carrying out the country's health-delivery system may seem to be indirectly related to BHN, but it can be said that the objective satisfies the BHN requirement: the

need for administrative capacity to execute ED. Improving administrative capacity (i.e., human-resource development) of ED personnel can be seen as an attempt to tackle an ED problem: lack of managerial expertise to carry out ED.

Channelling substantial resources to rehabilitate and re-equip basic health facilities to enhance the provision of minimum health care to the people is a strategy that is desirable to the people and also one with a BHN motive. Because it is desirable to the people, it has generated popular support that enhances political stability. The idea, however, is indirectly seen in the Ministry's program of strengthening administrative capacity via the provision of the required logistics for efficient health operations. In that light, it could be said that there is an ED problem: lack of a clear framework that could both engender popular support for ED and also facilitate ED programs.

Nonetheless, in recent years, the standard of services available at district hospitals has declined because of limited development-budget expenditures. In particular, maintenance and repair of buildings, plant and equipment has been neglected because of budgetary constraints. A government ED planner and Health-Program Coordinator wondered:

How can we build a strong and healthy nation if our hospitals lack some of the basic things they are supposed or expected to have in order to provide good services to our people?<sup>111</sup>

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<sup>111</sup> Interview comment and remark.

The point of the description above is that the government's attempt to deal with the development problems confronting it in its well-conceived health-delivery efforts has not been altogether successful.

### **The Ministry of Education**

At the time of independence in 1957, Ghana was probably the richest and most educated country in black Africa.<sup>112</sup> The reason is grounded on the fact that, by granting scholarships to some Ghanaians to study in Britain, the British colonial administration had educated those few Ghanaians and had also prepared a minor segment of the Ghanaian population to steer the country's administrative machinery after independence. Additionally, their educational focus was shortsighted because it did not attempt to institute programs oriented toward the acquisition of managerial skills (i.e., HRD) that would assist public servants, especially budgeters and ED planners, to recognize the interdependent nature of their different roles in government. Nor, did that educational focus ensure the institutionalization of programs, such as DA, oriented toward the establishment of effective bureaucratic strategies aimed at improving socio-economic conditions. They also failed to provide the kind of education (i.e., vocational-technical education) that would be required in a modern independent nation-state. In effect, that action was not only shortsighted but divisive; it made some Ghanaians (e.g., Fantes and Ewes), who were sent to study overseas and returned home to become public

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<sup>112</sup> Michael Roemer, "Ghana, 1950-1980: Missed Opportunities", in Arnold C. Harberger, Ed., World Economic Growth (San Francisco, CA: ICS Press, 1984), p. 201.

officials, look down on those Ghanaians, particularly the people of the North, who were not accorded that privilege.

Ghana's contemporary Ministry of Education (Ibid., 56-61) operates through various statutory bodies. These include the Ghana Education Service (GES), the Ghana Library Board, the Bureau of Ghana Languages, the Ghana Book Development Council, the Ghana Institute of Languages, the National Service Secretariat, and the Ghana National Commission for UNESCO (United Nations Educational Scientific and Cultural Organization). The GES is the largest body, and it is responsible for implementing pre-university education programs formulated by the Ministry. The thrust of the Ministry's mission clearly aims at changing the shortsighted and divisive nature of the kind of education provided by the British colonial administration. The Ministry, thus, hopes to adapt its educational curriculum to the development needs of a modern nation-state like Ghana.

The country's education system broadly falls into 3 major levels: the first cycle or basic Education, which is made up of Primary and Junior Secondary Schools; the second cycle, which includes the Secondary Schools, initial Teacher Training Colleges, Technical and Vocational Institutions; and tertiary education, comprising the Universities and Institutions of higher learning. The government provides about 90 percent of the educational infrastructure for the first- and second-cycle schools. Private organizations, individuals, and churches provide the remaining 10 percent. The government alone provides tertiary educational facilities.

The economic recession of 1974-83 severely impaired educational delivery. Specifically, basic textbooks, equipment, teaching aids, and materials were in short supply. School buildings being constructed in anticipation of increased enrollment were also suspended. An official of the Ministry of Finance and Economic Planning (MFEP) asserted: "The situation was attributed to lack of funds".<sup>113</sup> That state of affairs resulted in: restricted enrollment at all educational institutions; a sharp decline in the quality of public education; and high drop-out rates in all of the nation's educational institutions.

Nonetheless, with the help of bilateral and multilateral donors, the situation has improved quite considerably. Since 1987, the government has embarked upon educational reforms to reduce the cost of education, and to make education more relevant to the needs of the economy. In particular, a Division of Non-Formal Education has been established at the Ministry headquarters. The purpose is to administer non-formal education to Ghanaians unable or unwilling to attend the tertiary institutions, especially the universities.

Additionally, a Planning, Budgetary, Monitoring and Evaluation division has been established at the Ministry to support its programs. Nonetheless, the educational system is yet to be what the government as well as Ghanaian citizens wish.

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<sup>113</sup> Interview on October 24, 1991.

## Policy Objectives and Strategies

### Objectives

Several reforms are being pursued in the 1990-92 PIP plan. Their objectives are:

1. Providing all children of school-going age with a basic education of 9 years (6 years primary, and 3 years Junior Secondary);
2. Expanding access to education at all levels, particularly at the basic level;
3. Improving the quality of education in order to make it more relevant to the social and economic needs of the country;
4. Vocationalizing education and offering the opportunity for practical-skill acquisition by shifting emphasis from an academic orientation to a more problem-solving and technical system;
5. Rationalizing education at the tertiary level in order to ensure relevance to national development and cost effectiveness in the use of manpower and limited resources; and
6. Ensuring sustainability and education quality via waste and cost reduction of education, and strengthening the vital units of the overall management of the country's education.

### Strategies

Among the strategies and measures instituted to achieve these objectives are:

1. To increase the budgetary allocation to the sector in order to continue the rehabilitation of educational facilities and infrastructure;
2. To continue already-started curriculum reform to make education more relevant to the nation's economic-development needs;
3. To reduce cost through reduction in the reliance on foreign books;
4. To continue to implement the new Education reforms with emphasis on the Junior Secondary and Senior Secondary program;

5. To reduce the soaring education cost on the government's recurrent (operational) budget by gradually phasing out boarding-fee subsidies;
6. Greater participation in education financing by student and/or parents;
7. To improve the standard of education at the lower levels by retraining all existing untrained teachers by 1995; and
8. To strengthen the new Planning, Budgeting, Monitoring and Evaluation division of the Ministry in order to improve planning, budgeting, and evaluation capability.

Additionally, a National Commission on Culture was established in 1989 to, among other things, promote international understanding with other nations via cultural exchange programs. As a Ministry ED planner asserted:

The establishment of this Commission has provided bountiful results, including the enhancement of tourism and the advertizing of our country's rich culture,... with its accompanying artifacts, which earn Ghanaian artists and the government huge sums of cedis, dollars, and other major world currencies.<sup>114</sup>

### Investment Program

The 1990-92 investment program for the sector continues to focus on the following: institutional strengthening; rehabilitation of buildings and infrastructure; completion of ongoing and suspended building projects; development of technical and vocational education; and provision of teaching materials, buses and trucks for schools and colleges, etc. Among sectoral investments are: (1) a C300 million outlay in 1989 on institutional

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<sup>114</sup> Interview comment.



strengthening; and (2) a C3,407 million expenditure by 1987 on rehabilitating the nation's three universities at Legon, Kumasi, and Cape Coast.

### The Ministry's Objectives and Strategies: An Evaluation

When one takes a closer look at the Ministry's objectives and strategies, one realizes that they have clear BHN motives, which engender popular regime support needed to facilitate ED. With regard to the objectives, one realizes the following as purporting to deliver minimum levels of education to the nation's relevant population: providing basic education to all children of school-going age; expanding access to education; and vocationalizing education to enable the less-academically-inclined to acquire skills that could effectively contribute to their employability. The provision of vocational-technical training in the nation's educational curriculum is clearly a change from the British colonial era when only academic education was provided and only to a few people, particularly Ghanaians living in the country's south (i.e., Fantes, Gas, Ewes, etc.). That educational focus was not only shortsighted, considering that it neglected the developmental needs of a modern independent nation-state, but it was also divisive because it made the educated (who eventually became public servants) feel superior to those who were not privileged enough to study overseas.

Because, on the whole, those objectives clearly aim at improving basic education and maintaining educational quality, they have popular appeal, which is needed to enable the Ministry to attain them. Even though strengthening the managerial capacity of

personnel involved in administering the nation's education through HRD seems to be indirectly related to BHN, one can say that objective carries the eventual motive of improving basic education for the people. In essence, the government is trying to take steps to ameliorate one ED dilemma plaguing many Third-World governments: it recognizes lack of administrative capacity to effectively manage ED and is making the effort to develop the skills of its administrators, who carry out the public-education thrust. Because Ghanaians also recognize managerial capacity, particularly in the public service, as required for the success of governmental educational programs, they have endorsed the government's educational objectives, which are pursued by their Ministry of Education.

Further, an examination of the Ministry's strategies indicates that some measures are indirectly aimed at improving the people's living standards, which can naturally engender popular support. For example, the continuance of already-started educational reforms to make education more relevant to ED has a BHN motive, which is not so clearly stated. Because the government has adapted the country's education to its socio-economic needs, one would have hoped for a clearly- and specifically-stated strategy. Additionally, the reduction in the volume of books imported has an indirect benefit to the nation's economy in terms of creating foreign-exchange savings for ED programs, of which educational reforms are a part. Nonetheless, even though a Ministry official indicated that the government has saved adequate foreign exchange in the process, he doubted whether any substantial portion of the money goes toward educational reforms.

Thus, even though, as a result of pursuing progressive educational policies, the government has popular support, many of its top educational officials doubt its sincerity about public monies which it claims to allocate to public education. The situation clearly diminishes government credibility, which, in turn, could provide ample opportunities to political opponents to endanger the nation's political stability and, thus, disrupt the government's public educational programs.

### **The Ministry of Local Government**

Ghana's age-long problems of lack of citizens' participation in governance and centralization have been addressed earlier in the description of the District Assemblies. However, their discussion is again warranted, mainly because the thrust of the mission of the Ministry of Local Government is to help solve those perennial problems.

During the colonial administration (and for the greater part of the post-independence era), the government apparatus for political and economic decisionmaking was highly centralized at the national level. In particular, there was little or no involvement of the local communities, which were affected by central-government decisions. Indeed, the continued operation of that system discouraged the development of effective local-government administration. This resulted in poorly-planned and poorly-executed district and regional (i.e., subnational) projects.

Additionally, that system exacerbated the disparity in the provision of socio-economic infrastructure between urban and rural dwellers. Therefore, in 1983, Ghana's

Provisional National Defence Council (PNDC) administration initiated the process of statutorily empowering the Ministry of Local Government to embark on programs to decentralize the country's public decisionmaking process at all levels of governance (i.e., local, district, regional, and national). The Ministry's responsibilities also include the decentralization of public decisionmaking in all public agencies. (The activities of the Ministries of Defense and Foreign Affairs are among those that are still centralized.) The purpose is to improve political administration and economic management at the regional, district, and town/village levels.

The point of the foregoing was well articulated by a Ministry ED-program coordinator:

Our central government in Accra realizes that subnational governments, particularly local authorities, are the public entities that are most accessible to our people. In the light of that, our Ministry is responsible for supporting all of the country's subnational public entities by making sure that all subnational units, rather than Accra, provide some of the basic needs of our people.<sup>115</sup>

The same official summed up the rationale behind the government's action to decentralize public administration:

Ghanaians have had to travel to Accra, our nation's capital, even for things as basic as passport application forms. Realizing that many of us travel long ways for numerous basic services from the central government, the government has instituted, through our Ministry, a program of public-service decentralization.<sup>116</sup>

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<sup>115</sup> Interview comment.

<sup>116</sup> Ibid.

In essence, the thrust of the responsibility of the Ministry of Local Government is to embark on the government's decentralization program so as to improve subnational administration but within the overall framework of national governance (Ibid., 66-70). Another public official highlighted one of the important by-products of the decentralization measure by saying this:

Because people now seek basic services from their local communities, it is hoped that they will be encouraged to participate actively in decisions affecting their very lives.<sup>117</sup>

Additionally, the official stated:

A lot is to be desired by the PNDC's action of allowing our people at the local level to mold their very own respective destinies. This is, without a doubt, a major break from the colonial past.<sup>118</sup>

To be sure, the institution of the 110 District Assemblies (DAs) clearly symbolizes the Ghanaian government's serious attempt at decentralizing the key processes of budgeting and ED, particularly as they affect Ghanaians at the local level.

## Policy Objectives and Strategies

### Objectives

The government's objectives for improving the sector include:

1. Consolidating the success so far achieved under its decentralization program (e.g., enabling Ghanaians, for the first time, to become involved in planning and implementing ED projects to benefit their respective localities, etc.); and

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<sup>117</sup> Ibid.

<sup>118</sup> Ibid.

2. Intensifying grassroots participation in the political administration and economic management of the country.

Two programs are in place within the Ministry to improve the people's standard of living and to enhance their life opportunities or choices. These are the Women In Development (WID) Program, and the Program of Actions to Mitigate the Social Costs of Adjustment (PAMSCAD). As earlier stated, the former purports to assist rural women in three of the country's four<sup>119</sup> most impoverished regions, namely, the Brong-Ahafo, Volta, and Western Regions, with a view to, among other things, ameliorating their living conditions and also helping them acquire skills transferable to other employment areas.

PAMSCAD, on the other hand, was established to address the problems confronting the nation's poor and unemployed resulting from the implementation of the IMF-suggested Economic Recovery Program (ERP) of 1983. The program's primary objective is to develop and implement action plans to cushion the country's economically-vulnerable groups (e.g., small farmers, low-income groups, etc.) against the negative effects of the government's Structural Adjustment Program (PIP 1990-92 Main Report). To understand the importance of PAMSCAD, one needs to know that the nation's small farmers consume all their products and are unable to sell any of those products to acquire money with which they can pay for some basic public utilities, such as electricity and

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<sup>119</sup> According to a WID official, the women in the Northern Region, Ghana's most impoverished area, are so pleased with grants, and the like that they seem to not want to be involved in the WID Program.

water. These farmers and many low-income Ghanaians depend mainly on urban relatives with jobs in government. But, because many of those relatives were dismissed under the ERP, their above-described dependents were left with no-one to rely on for much of their means of subsistence. Additionally, the program aims at improving the human conditions of the rural and urban poor by, among other things, providing basic health facilities for that population.

The strategies to achieve its objectives involve, in part, reliance on community initiative in identifying and implementing their own ED projects. For its part, the government undertakes projects to generate employment, provide the people's basic needs, and support non-formal education and primary-school requirements. In furtherance of its BHN-oriented task, the Ministry projected total expenditures of approximately C11,668 million to finance PAMSCAD's projects during the 1990-92 PIP period.

### Strategies

In furtherance of the government's overall objectives, the Ministry is pursuing policies by:

1. Providing office and residential-accommodation facilities to subnational administrators;
2. Providing logistical assistance (e.g., reliable transportation) and governmental technical support (e.g., managerial assistance) to ensure the effective and smooth functioning of the 110 District Councils and their respective DAs;

3. Consolidating all government agencies in any given region, district or locality into one administrative unit; and
4. Accelerating the implementation of the government's program for mass education and self-help (community-initiated) projects.

As stated earlier, the government's ability to provide housing, transportation, etc. to the local administrators in the recently-instituted District Assemblies could produce many positive results. In particular, the government's ability to provide these basic facilities to the subnational administrators will: (1) ease its burden of having to plan and implement all ED policies from Accra; and, thus, (2) enable it to concentrate more on finding ways to coordinate and integrate public ED planning and budgeting for successful ED. Additionally, and, most importantly, it ought to provide continued financial resources to these grassroots institutions in order to see successful ED programs that are oriented toward a more meaningful application of a BHN strategy.

#### Investment Program

The total planned investment for the 1990-92 planned PIP period is estimated at C8,467 million. This is made up of C6,773 million from the government's budgetary resources; C1,241 million from external resources, of which C308 million has been secured. C453 million has been contributed by the two Metropolitan Authorities of Kumasi and Accra, and C933 million was still being sought from donors.<sup>120</sup> In

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<sup>120</sup> In an interview with a Ministry ED planner on October 22, 1991, the Ministry had not been able to secure any donor support for the BHN-oriented activities, which it deemed capable of ameliorating the people's living conditions.



essence, lack of funding also contributes to the Ghanaian government's inability to effectively implement its ED programs in these four Ministries and their agencies. That point was well echoed by one Chief Program Coordinator of the Ministry, who stated:

Donor support<sup>121</sup> is a *sine qua non* for the efficacy of our government's efforts to improve our people's human conditions.<sup>122</sup>

When one recognizes that public funds alone are inadequate to assist in continually providing the minimum levels of nourishment, health, housing, and education, to mention just a few, for Ghanaians, that public official's remark becomes valid. The validity of that remark is reinforced by the World Bank. Specifically, it states:

The role of donors as active partners remains critical, especially as Ghana begins to build on the economic gains from stabilization and adjustment to promote self-sustaining growth through higher levels of, and more productive, investment....The Ghanaian reform program remains at the forefront of economic adjustment in Sub-Saharan Africa. In the efforts to promote self-sustaining growth, additional issues and problems have taken center stage, providing new challenges to the Government. Ghana needs and deserves the continued support from the donor community for its endeavors (Ghana: Progress on Adjustment 1991:63).

#### The Ministry's Objectives and Strategies: An Assessment

To be sure, the government's new program of decentralization clearly depends on popular participation for its success. Even though the objective of intensifying grassroots

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<sup>121</sup> Monetary support in the form of loans, grants, etc. from both domestic and foreign sources.

<sup>122</sup> Interview.

participation in the administration of the country has gained popular appeal, popular participation is very difficult to come by. The government has to institute ways to involve the people in 'molding their very own destinies'.<sup>123</sup> Additionally, the objective of consolidating the success so far achieved under the nation's decentralization program does not directly provide any minimum levels of, say, nourishment, housing, or health, but it has engendered popular support. Nonetheless, because the intent of both objectives is to provide the people with their basic needs through their own efforts, they both meet the BHN criteria.

With respect to the strategies presented to assist in reaching the objectives described earlier, that of accelerating the implementation of the government's mass-education and community-initiated projects has received support from the people. Providing office and residential-accommodation facilities to District Assemblypersons, providing logistical support and public technical support to them, and consolidating all government agencies in any region, etc. into one unit are some of the requirements for successful BHN. In particular, they are also geared at improving the public administrative capacity with a view to effective ED through a BHN approach. However, a survey respondent indicated:

This Ministry's objective of intensifying grassroots participation in our nation's political administration and economic management is hampered by the government's reluctance to provide funds whenever needed.<sup>124</sup>

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<sup>123</sup> Ibid.

<sup>124</sup> Interview on October 17, 1991.

To him, "the government is too involved with "big activities",...such as negotiations for World Bank loans, to ponder the positive effects of funds, especially after they have been utilized to improve our people's living conditions."<sup>125</sup> The foregoing remark identifies one of the ED problems described earlier: lack of institutional arrangements (e.g., sustained funding) to facilitate ED programs, particularly after a framework for policy formulation and implementation has been agreed upon by the country's leadership, when the government recognizes that such arrangements can promote ED's success.

One needs to be familiarized with the situation in Ghana during the period of its economic decline in order to appreciate why the people support many of the objectives of the four Ministries described above, as well as their respective strategies to attain those objectives. The country was hit by a serious famine, its health facilities also experienced acute shortages of basic health equipment and medicine from 1974 to 1983. Within the same period, the nation's quality of education had sharply declined with the exodus of many university professors and high-school instructors overseas. Additionally, the institutionalization of key decentralized public-administration practices, such as budgeting and ED planning, to stimulate public participation was unheard of. However, since the government instituted its agricultural, health, educational, and local-government policies described above, the situation in the country has changed considerably and positively, facilitating some measure of popular support, particularly in the rural areas, which were the hardest hit during those years.

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<sup>125</sup> Ibid.

Because many Ghanaians recognize prudent agricultural policies and programs as capable of helping produce adequate food to feed them, they render support to their government. Because they also recognize both formal and informal education as capable of equipping them with employable skills and the government has strategies to facilitate both forms of education, there is popular support for its educational policies. Additionally, the people support Accra for its policies on health, which are gradually being implemented to improve the delivery of basic public-health services and also sanitation practices, particularly those in the rural areas. Even though popular participation in grassroots ED policy formulation has proved difficult to come by, most Ghanaians still applaud their government for its recent efforts to decentralize budgeting and ED planning through the District Assemblies. When one considers that Ghana's rural dwellers constitute 75 percent of its population, one realizes the importance that popular support plays toward the success of the government's BHN-oriented ED programs, which are administered by the four Ministries described above. However, a look at the government's development projects oriented toward BHN has shown that those projects are not fully supported by institutional arrangements, particularly the government's selective use of the Public Investment Program (PIP) criteria. To be sure, the government's preference for certain PIP criteria is partly to blame for the ineffectiveness of many of the country's BHN-oriented development projects, and that situation undermines popular appeal of present-day development projects.

The discussion in the section above has described Ghana's ED planning and budgeting within the context of some ongoing ED dilemmas plaguing the Ghanaian government in its wish to ameliorate the people's standard of living. At this juncture, it is appropriate to analyze the two processes under the main heading "Ghana's Economic-Development Planning and Budgeting: An Analysis".

## **GHANA'S ECONOMIC-DEVELOPMENT PLANNING AND BUDGETING: AN ANALYSIS**

### **Ghana's Approach to Economic-Development Planning: An Appraisal**

The purpose of case-data analysis is to facilitate the search for patterns and themes within a particular setting or across cases (Patton 1982). Inherent in analysis is using description and explanation to address the problem (Yin 1991), which, in the case of this study, is lack of coordination and integration between Ghana's ED-planning and budget processes resulting from some inescapable dilemmas. The section below reconstructs the data gathered in the research to recombine the evidence provided (Ibid.) with a view to explaining the problem addressed in this dissertation.

The reconstruction of the research data will be undertaken under the following sub-headings: (1) Ghana's Approach to Economic-Development Planning: An Appraisal; (2) The Structural Adjustment Program: An Analysis; (3) The Economic Recovery Program: An Evaluation; (4) The Public Investment Program: An Appraisal; (5) Ghana's Budget Formats: An Analysis; (6) Ghana's Budgetary Guidelines: An Evaluation; and (7) Economic Development and Budgeting: Some Favorable and Unfavorable Factors.

Clearly, the Ghanaian government has come up with a specific framework (i.e., a BHN approach), which has been illustrated by the exemplary WID projects, activities of the 110 District Assemblies (DAs), as well as the typical BHN projects undertaken by four Ministries and their agencies. But, institutional arrangements, particularly its preference for only some, and not all, PIP project-selection (and funding) criteria, hamper those efforts. An examination of these ED efforts shows, among other things, the following:

1. Contemporary Ghanaian governments have robust programs in place under the WID, the District Assemblies, and the Ministries to improve the living conditions of Ghana's relevant population by providing it with better feeder roads, basic health facilities, and the like;
2. These efforts could not only improve lives but strengthen regime support;
3. These ED programs and the government's BHN approach to ED are quite recent "inventions", particularly when one considers the fact that, before independence in 1957, the country had no meaningful ED programs or strategies;
4. The country's ED planners tend to be seriously striving to improve the people's standard of living, constantly referring to the beneficiaries of their ED efforts as "our people";
5. But, these ED planners realize that, as a result of the PIP, the government is fixated mainly with the country's balance of payments, etc. at the expense of effective ED. (See the remaining PIP project-selection standards, as well as the guidelines for preparing it, in Appendix 3).

For example, the government tends to neglect certain ongoing ED projects while appropriating funds to start new projects just because such new projects command priority in meeting some criteria based on the PIP's project-selection "norms"<sup>126</sup>. For

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<sup>126</sup> This is how one ED planner describes the laid-out guidelines of the PIP.

example, some projects that do not generate foreign exchange or are not financed through foreign grants (e.g., the major road in the Ashanti regional capital of Kumasi) are quickly dropped from the list of schemes to receive new appropriations, as stipulated by the PIP. Thus, because of the central government's fixation with some, not all, of the PIP's project-selection and project-funding criteria, it tends to limit development- (capital-) budget expenditures in favor of those projects yielding substantial foreign exchange with which it repays foreign loans;

6. The country's ED planners (and budgeters) recognize the dependence of ED and its planning on allocated and sustained financial resources from international sources. But some essential projects are unfunded for not meeting the PIP criteria, and, thus, they complain about the rigid PIP plan; and
7. Lack of financial resources, a major ED dimension, also contributes to ineffective ED in Ghana.

One merely has to browse through the comments and remarks of the surveyed participants, especially the ED planners, to realize the need for and lack of sustained funding for ED projects. As all the ED planners put it (in different words and ways):

Economic-development planning involves formulating schemes and measures to generate and utilize monies on regular and continuous basis to address the short- and long-term needs of society at large.<sup>127</sup>

Additionally, one ED planner stated:

As we come up with development plans, we are expected to "cost" these plans, and this involves financial resources made possible by budgeting.-  
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<sup>127</sup> Interview.

<sup>128</sup> Ibid.

A top Health-program Coordinator also stated:

Effective economic development consumes budgetary resources, that is...huge public funds.<sup>129</sup>

He went on to say:

In theory, the government realizes the close connection between budgeting and ED as capable of bringing about better living conditions for our people. Yet, in practice, those who control our public funds do not provide us with the funds, etc. needed to actualize our plans.<sup>130</sup>

That remark captures and synthesizes the problem addressed in this dissertation. But, it is the government, not only the PIP standards, that causes the problem of lack of funding for ED projects, as illustrated by the above-stated remarks of some ED planners.

There is also lack of coordination among public agencies, all of which are assumed to carry out their respective ED with a BHN strategy. The comment of one angry public ED planner-budgeter (which is true of almost every government agency (and academic departments) in the world) captures this lack of inter-departmental coordination:

The government's espousal of this fine and meaningful objective exists only in name....In fact, each public agency operates within its own walls, and it is only in very few cases that programs and projects, such as the Women In Development projects, cut across the frontiers of two or more Ministries or departments.<sup>131</sup>

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<sup>129</sup> Ibid.

<sup>130</sup> Ibid.

<sup>131</sup> Interview on October 24, 1991.



The government presents the respective policy objectives and strategies of the four ED-oriented Ministries in a way that gives the appearance of their operating as a "system".

However, one survey respondent stated:

Even though each of our Ministries and agencies is expected to conduct its developmental activities within the context of our national government's overall development objective, in actuality, each public unit does things with little or no consideration of this overall development objective.<sup>132</sup>

(A systems approach for more effective economic development and organizational effectiveness is exclusively discussed in Appendix 4.)

The Ghanaian government's objectives and strategies to achieve its BHN goal involve, in part, reliance on community initiative in identifying and implementing their own ED projects. But, because community participation has not been that successful in the country, the government has to come up with more effective ways to encourage that kind of local involvement in its ED thrust. A senior public-health official's remark captured the rationale behind this governmental attempt:

The government's strategy to undertake projects that have, among other things, high effective employment and income-generating potential for our people, particularly those in the rural areas,...aims at making sure that our people get out of poverty, have better roads, and so on.<sup>133</sup>

However, as the descriptions above made clear, the government is faced with some dilemmas of ED: (1) its realization of lack of institutional arrangements which undermine

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<sup>132</sup> Interview on October 22, 1991.

<sup>133</sup> Interview on October 24, 1991.

the success of its BHN approach to ED and, thus, its inability to institutionalize such arrangements; (2) its recognition of lack of incentives to encourage private and community participation in ED and, thus, its inability to provide such incentives; and (3) its recognition of lack of interagency coordination in ED planning and budgeting which undercut successful ED and, thus, its inability to discontinue using unpopular financial practices demanded by international lenders under the rubric of the Economic Recovery Program (ERP) and the Structural Adjustment Program (SAP).

### The Structural Adjustment Program: An Assessment

In assessing the SAP, its merits and demerits will be described.

#### **Merits**

A basic SAP objective has been to improve the efficiency and profitability of Ghana's state-owned enterprises (SOEs) by reducing their dependence on public monies for their operations. In furtherance of these objectives, several SOEs were privatized<sup>134</sup> between 1984 and 1990. They included the State Fishing Corporation, the Tema Shipyard and Drydock Corporation, and the Labadi Pleasure Beach Complex. Additionally, at least 25 other SOEs, including some large gold- and diamond-mining ones, were planned for privatization in 1991. One budgeter praised the government for its privatization action:

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<sup>134</sup> "Privatization" of the SOEs meant, among other things, the sale of all or part of the SOEs' shares to the Ghanaian public; the outright sale or liquidation of their assets; joint ventures; worker shareholdings; and community shareholdings.

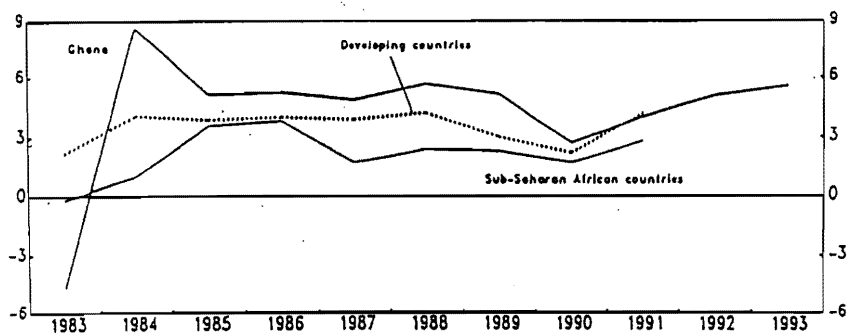
Privatizing these taxpayer-draining bodies, following the World Bank's suggestion, will definitely help improve our people's living conditions, especially because those not privatized will be forced to use their own profits to manage their respective affairs. Thus, our government will use "their funds"<sup>135</sup> for other development-related schemes.<sup>136</sup>

Additionally, to continually train the managers of the remaining SOEs to become financially self-sufficient, the government has designed a series of courses, which are part of the SAP, especially for chief executives. Providing training to public managers through these courses will also establish a competent cadre of public servants whose skills and expertise could easily be transferred to other public organizations. This is the essence of human-resource development (HRD). It is hoped that, for the foreseeable future, the country's public service will be managed by individuals who clearly know their mission in society, and will, thus, perform their services in a truly professional manner. This hope rests on the assumption that, for any national bureaucracy (including budgeters and ED personnel) to promote genuine ED, the public service should be professionalized. To encourage public managers to work hard, a performance-based incentive system was envisaged for 1991. To maintain their self-sufficiency, these public managers have been given greater autonomy in their staffing, pricing, and procurement policies.

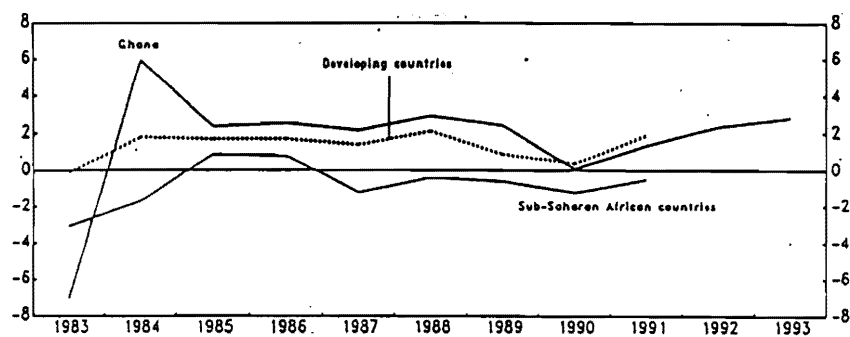
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<sup>135</sup> "Their funds" refers to funds that might have been appropriated to all SOEs, privatized and unprivatized alike, if the government had not started to reorganize its operation of these SOEs, following the suggestion of the World Bank.

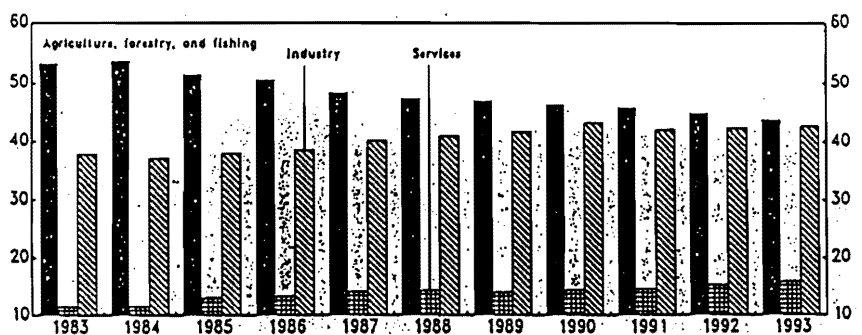
<sup>136</sup> Interview.



**FIGURE 3(a):**  
ANNUAL GROWTH IN REAL GDP (%)



**FIGURE 3(b):**  
ANNUAL GROWTH IN REAL GDP PER CAPITA (%)



**FIGURE 3(c):**  
SHARES IN REAL GDP (%)

Sources: IMF, World Economic Outlook; data provided by the Ghanaian authorities; and staff estimates and projections.

On the whole, the foregoing civil-service reforms under the SAP have benefitted Ghana. For the first time in several decades, the problem of managerial incapacity is being tackled. Clearly, the measures implemented under the program have helped to inculcate the concepts of economy, efficiency, and effectiveness (i.e., the 3Es) into the thinking of top public servants, who had been perceived as accountable to no-one. Gross domestic product (GDP)<sup>137</sup> has been averaging 6 percent annually (Figures 3). Also, the government's implementation of the SAP reform measures has enhanced public confidence in the government because those measures have put the nation on a path to fiscal soundness and credibility.

### Demerits

In furtherance of the SAP objective to use public resources efficiently, the 1991 budget provided for the discontinuation of the allocation of buses for transporting public servants to and from work. That government action prompted an angry official of the Ministry of Health to remark:

Why should the reliable means of transporting those of us who carry out the actual public mission of improving society's standard of living be terminated, while the "big shots" (i.e., top public servants who draw big salaries and owe their positions to their political connections, etc.), who don't make their hands dirty, still enjoy the privilege of driving government-owned cars to and from work?<sup>138</sup>

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<sup>137</sup> It is a measurement of the total output of goods and services produced by an economy - that is, by residents and non-residents, regardless of the allocation of domestic and foreign claims (World Development Report 1983:205).

<sup>138</sup> Interview on October 24, 1991.

**TABLE 5**  
**GHANA'S PUBLIC EMPLOYMENT**  
**(AS A PERCENTAGE OF TOTAL WORKFORCE)**

Year	% Employed
1964	64.8
1966	72.9
1968	72.6
1970	70.1
1974	72.7
1976	76.1
1978	77.8

Source: Yaw Ansu, "Comments", in Arnold C. Harberger, Ed., World Economic Growth, (San Francisco, CA: ICS Press, 1984), p. 228. Adapted from Killick (1978), p. 314 (1964-1970 data); and adapted from Central Bureau of Statistics (1981), p. 218 (1974-1978 data).

Following that government action, employee tardiness and absenteeism has been plaguing the public sector, and the government is exploring ways to arrest the situation. Clearly, the PIP, an integral component of the SAP, purports to improve public-expenditure management for rational budgeting and ED planning. But, as already shown, it undermines successful ED through the government's selective use of certain project-selection criteria (e.g., preference for foreign-exchange-earning projects over those that do not produce foreign exchange).

A key objective of the SAP is to increase the efficiency and effectiveness of the country's public-sector management through the continuation of civil-service reform. But, during 1987-90, almost 50,000 public servants, consisting mainly of personnel in the civil- and teaching-services, were dismissed (IMF Staff Report 1991:17). At least another 12,000 public employees were to be terminated in 1991. That governmental action resulting from the SAP made a budgeter-ED planner say:

As a result of the new measures undertaken in our restructured Civil Service, those public servants who have been receiving public pay for work they never do...for society will be easily exposed, terminated, and replaced.<sup>139</sup>

That measure has generally eroded popular support because it has led to the unemployment of many Ghanaians. Nonetheless, what critics of the program fail to realize is that those who were dismissed from the public sector were mainly unskilled,

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<sup>139</sup> Interview.

and they were, in effect, draining the economy. Additionally, many of them are being (and have been) trained for jobs that best fit their education.

Since the colonial era, Ghanaians have become accustomed to seeking employment mainly in the government sector. (Table 5 illustrates this phenomenon, particularly after independence.) A budgeter-ED planner asserted:

The British have left us a perennial legacy whereby working for the government has been,...and continues to be,...the obsession of virtually every Ghanaian secondary-school leaver and university graduate.<sup>140</sup>

In essence, in a country where the people are accustomed to working for the government, such dismissals clearly become problematic.

Because of the seriousness of the problem created by the dismissal of so many public servants, who could be potential political opponents, the success of the SAP seems to depend largely on monies coming from outside the government budget, particularly grants from foreign and domestic sources. With the dismissal of those public employees, overall household incomes have gone down, and the situation has negatively affected the demand for goods and services. In particular, the government's tax base has been reduced at a time it needs revenues to support ED projects. According to one ED planner-budgeter,

The Economic Recovery Program shares the blame with the SAP for that situation because it forced "our government to dismiss many public servants, who now constitute a significant portion of the nation's

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<sup>140</sup> Interview comment.



unemployed....As a result, they no longer contribute to the tax base of our government.<sup>141</sup>

What that official failed to realize is that, with the reduction in the tax base, there have been net savings in government money because those dismissed did not pay more taxes than their earnings.

The comments above imply that the government is following externally-suggested programs, such as the SAP, only to satisfy external sources and not to further the long-term development of the country. However, because previous governments had acted fiscally irresponsibly, it was obvious that external international loans, such as the World Bank's, were needed to carry out reforms. In essence, the Ghanaian government also ought to blame for the unemployment situation in the country.

Because the Public Investment Program (PIP) is an integral component of the Structural Adjustment Program (SAP) analyzed above, it would have seemed more appropriate to evaluate it next. Rather, the Economic Recovery Program is analyzed next because both it and the SAP are jointly assessed after the evaluation that follows.

### The Economic Recovery Program: An Evaluation

#### Merits

The University Teachers' Association of Ghana (UTAG) acknowledged the profound economic and social crisis that precipitated the ERP and, therefore, commended the

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<sup>141</sup> Interview.

PNDC for its courage in accepting the ERP, thus, stemming a decade of economic decline. After this molifying praise, however, it called on the government to institute programs to protect mothers and children, as well as indigenous manufacturers.<sup>142</sup>

Under the ERP, Ghana's macro-economic activities have been improved. In particular, real GDP averaged 6 percent annually during 1983-89 (Figure 3). Additionally, the program has enabled the government to adopt a three-pronged strategy to raise domestic revenues, liberalize trade policies, and restore confidence in the banking system (EUROMONITOR, p. 161). Also, it has helped to improve the country's balance of payments to the extent that Ghana is one of the few African countries whose policies are currently favored by international lending institutions (Ibid.). Figure 1 illustrates the results of the ERP in terms of funds made available to Ghana by external creditors between 1970 and 1986. By 1988, more than 30 African countries had undertaken economic programs similar to Ghana's (Ibid., p. 162), but few had succeeded.

### **Demerits**

Despite the ERP's macro-economic advantages, the PNDC government has, in the short term, found it hard to reconcile its supporters to, among other things, the high cost of living with which the ERP measures had been associated. It is because the Trades Union Congress (TUC) represents Ghanaian workers that it has provided the main

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<sup>142</sup> The association's resolution also challenged the government to actively promote the people's fundamental freedoms with due process of law.

opposition to the government's ERP strategy. It has called on the PNDC administration to abandon the program because it has caused a high cost of living for the average Ghanaian worker. Its call for a 230 percent increase in the minimum wage was, however, approached by the government's 200 percent offer. The unintended consequences of the ERP (or criticisms against the program) can best be summarized by the following:

1. Cost of living has soared (Ray 1986), but the situation had been going on under previous governments during the period of economic decline (i.e., 1974-83);<sup>143</sup>
2. 12 percent of Ghana's wage- and salary-earners paid some 80 percent of direct taxes (West Africa, March 26, 1984) because they constitute the largest group of those whose taxes can be readily audited;
3. As a result of the benefit of increased credit mainly favoring the commercial sector, (Ray, p. 131), multinational corporations continued to avoid taxation (Ibid.)<sup>144</sup> because they bring in capital, which produces employment for some Ghanaians; and
4. With the banning of the Interim Management Committees, the Ghanaian public service does not have a voice in the administration of the country.

To be sure, the ERP has yielded significant results, particularly at the macro-economic level. In particular, because of the government's ability to repay its debts, it has been able to sustain fiscal credibility. However, its critics argue that, at the micro level, where one finds the government's ED programs, serious unemployment still

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<sup>143</sup> With the cost of living going up, real growth was 6 percent and, therefore, on average, people were better off.

<sup>144</sup> This is a separate issue, which the government can change. It is not a consequence of the ERP.

plagues the Ghanaian economy, particularly with the dismissal of at least 60,000 public servants by the end of 1991. It should be stated that, as a result of those dismissals, many of the unskilled personnel who lost their public jobs have been able to receive adequate training to enable them to receive more appropriate career-oriented work in both the public and private sectors. Nonetheless, there is clearly a felt need by Ghana's public servants for their Interim Management Committees (i.e., the participative-management bodies), which had, among other things, helped improve communication between top public management and its subordinate rank. Those committees were abolished because the IMF felt that (1) they could persuade the government to undertake development projects that could consume government funds not permitted by the PIP standards, and (2) they could demand salary increases that could disrupt the government's obligation payments, which, in turn, could endanger the government's sustained-credit status. One respondent lamented:

Since our government outlawed our Interim Management Committees, we have had to somehow internalize our work-related views, which had been very effective in terms of enabling our top-level administrators to listen to us by ensuring the improvement of our working conditions, etc.<sup>145</sup>

Finally, in keeping with the ERP's measure of increasing the monies paid to cocoa farmers for selling their cocoa to the government, the government has recently stimulated cocoa production. However, revenues (particularly foreign exchange) from cocoa, the backbone of Ghana's economy, had been on the decline since the early 1980s, partly as

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<sup>145</sup> Interview remark of a disappointed respondent.

a result of a depressed world cocoa market. The decline in cocoa revenues is explained mainly by the ill-advised cocoa tax policy that made the government tax cocoa producers so much that, because many of them resented that policy, they were discouraged to produce the crop. As a consequence, Ghana, once dominating the world cocoa market, lost its large share of that market to countries levying reasonable taxes on internal cocoa production. Between independence and 1973, cocoa revenues had been used primarily to support basic facilities to improve Ghanaians' human conditions. With the decline in those revenues, and even with the sale of diamonds and other natural resources, the government has been strapped for funds to facilitate its ED programs. This explains why a Chief Program Coordinator of the Ministry of Health asserted that non-public monies are desperately needed to make Ghana's ED programs succeed:

...Because, among other revenue sources, the savings supposed to be made through our government's reduced spending to fight inflation (under the ERP) have not been made and funds generated by our public institutions are still inadequate to ameliorate the people's human conditions, donor assistance...that is, financial resources from both within and outside the country...is still needed to supplement our publicly-generated monies to enable our government to somehow improve our people's standard of living.<sup>146</sup>

#### The SAP and the ERP: A Mixed Bag of Benefits and Woes

To be sure, both the SAP and the ERP have had unintended consequences on the Ghanaian economy since being introduced in 1983. In performing their resource-allocation role, Ghanaian budgeters look to the PIP's project-selection criteria (which

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<sup>146</sup> Interview comment on October 23, 1991.

emanate from the SAP), while ED planners sometimes do not receive either monies for funding new projects or monies for refunding ongoing projects. Consequently, ED personnel become detached from their work, the success of which clearly depends on budgeters. In keeping with the ERP's measure of reducing government spending to fight inflation, the government follows certain PIP project-selection criteria and, thus, favors ED projects financed through grants or those public projects that are likely to generate foreign exchange to sustain credit. Ghanaian budgeters' and ED planners' inability to consciously coordinate their respective functions is, thus, an unintended consequence of both the SAP and ERP. But, the government, too, should be blamed for its selective use of the PIP standards. The point here is that the government ought to use all the PIP criteria instead of preferring some over others. In other words, the problem does not seem to be the PIP criteria but the fact that the government follows only one or two of those standards rather than all of them.

Another unintended consequence of the two programs is the deterioration of the living conditions of many economically-vulnerable groups, such as small farmers (who consume all of their own farm products and cannot sell any of those products to earn any money) and rural dwellers, who are mostly unemployed and depend mainly on urban relatives for their living. But those relatives were among the public servants who had been dismissed under the Economic Recovery Program.<sup>147</sup> To address that problem,

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<sup>147</sup> The government considered those dismissed as redundant and mainly unskilled. Many, excluding those pensioned, are now being retrained for jobs that best fit their previous education.

the government has instituted the Program of Actions to Mitigate the Social Costs of Adjustment (PAMSCAD), which was earlier discussed under the Ministry of Local Government. Additionally, because the government recognized its inability in 1983 to protect the average Ghanaian from the full impact of the SAP and the ERP, it increased public expenditures on ED projects, particularly health clinics, by 46 percent (Ray, p. 132). Ironically, both the SAP and the ERP are supposed to reduce government spending, not to increase it. Nonetheless, a special feature of Ghana's experience with the two programs has been its strong growth in output, which has permitted increases of over 3 percent in real per capita income (IMF Document EBS/91/18:21). In that regard, Ghana's recent experience contrasts favorably with that of many Sub-Saharan countries and developing nations in general.

Third-World nations, such as Ghana, increasingly find that they cannot secure loans from the World Bank, the IMF, and others unless: (1) they have entered into an agreement to pursue financial practices that do not often engender popular support; or (2) they pursue reforms required by these international lenders (Vieceli 1992). The Ghanaian government has had to comply with these two preconditions in order to receive loans from the World Bank, the IMF, and other financing institutions. Because loans from these institutions have assisted many governments of the developing world to improve the human conditions of their people, these governments continually seek them. But, in using these monies to improve their people's living conditions, many Third-World governments, including Ghana's, tend to overlook the need to: (1) consciously coordinate

their budgeting and ED processes; (2) adapt their budgeting and ED processes to their socio-economic conditions in order to win and sustain popular regime support; (3) continually train and develop their administrative capacity (which is the essence of human resource development) with a view to making them see the interconnection between budgeting and ED planning; and (4) have a clear and specific system or framework for their budgeting and ED processes. These are some of the ED dilemmas confronting many Third-World countries like Ghana in their striving to ameliorate the human conditions of their relevant population.

The Ghanaian government has attempted to adapt budgeting and ED to the country's socio-economic conditions through the District Assemblies, although the attempt runs counter to the Structural Adjustment and Economic Recovery Programs, and it also strives to improve its manpower. However, its key public administrators, particularly budgeters and ED personnel, do not perceive their roles as complementing one another as they should. In particular, because of the government's preference for certain PIP standards, many ED planners perceive the PIP as a rigid document. But, in light of the government's selective use of the PIP, it seems that the government, not the PIP, is the problem. In view of the government's inability to effectively tackle some of the development dilemmas that confront it in its ED efforts, a systems's perspective is incorporated in the dissertation (in Appendix 4). The objective is to enable the country's budgeters and development planners to see the interrelatedness of their respective functions and, thus, work as a team to let ED succeed.



In essence, both programs have enabled Ghana to make positive and favorable adjustments in order to promote self-sustaining growth. It should be stated that loans from the World Bank, the IMF, and other external international lenders to Ghana for its ED purposes are monies from governments whose taxpayers want to help developing nations like Ghana to improve their peoples' human conditions. Those taxpayers in countries supporting the World Bank, for example, do not want to support projects in Ghana that will waste their monies. The unintended consequences of their measures have positive, long-term gains for Ghana. For example, those public servants dismissed in Ghana following the implementation of the SAP and the ERP were mainly unskilled, and they were, in effect, draining the nation's declining economy. Following their loss of jobs, they are being (and some have been) trained to secure jobs best tailored to the skills they intend to acquire so that they could lead more meaningful lives. The situation will continually help improve the country's favorable 6 percent GDP as it improves real growth in per-capita income.

Ghana's SAP and ERP have been widely hailed as a resounding success, with remarkable improvements in per-capita income, the balance of payments, real government spending, and reduced rates of inflation (Loxley 1990). However, the eventual success of the two programs largely depends on some external and internal factors, including (but not limited to): (1) conditions in relevant world-commodity prices; (2) the adequacy of international flows for ED; (3) the generation and maintenance of a political consensus in support of such programs, etc. (Ibid.).

The Public Investment Program (PIP) has been described by many of the surveyed government officials as undermining public budgeting for successful ED. In particular, its project-selection criteria, which those officials had described as exacerbating the government's ED dilemmas and, thus, hampering a successful coordination and integration of the country's ED planning and budgeting, will be used as the point of the analysis below, which draws relevant information out of the collected case-study data.

### **The PIP: An Appraisal**

All the 15 survey respondents asserted that Ghana's social-sector ED projects have a relatively less rigid selection criteria than the macro-economic types of projects, making it appear easier for ED projects to be funded continuously. However, they stated:

In reality, our social-sector development schemes face harder problems when monies are requested for their funding (or refunding).<sup>148</sup>

The point of that statement is that, because social-sector ED projects generate little or no foreign exchange, requests for their funding (or refunding) are often turned down, while economic projects (e.g., cocoa and diamond projects) are always funded and refunded because they generate most of the nation's foreign-exchange earnings. Figure 2 illustrates planned government investment under the PIP for 1990-92.

The Ghanaian government disseminates information concerning project selection, funding, etc. to all the relevant government Ministries, departments, and the like through

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<sup>148</sup> Interview comment.

the Ministry of Finance and Economic Planning (MFEP) in the hope that they will prudently select ED projects and be funded. However, after those public agencies have presented their respective budget requests to the MFEP, the latter's fixation with particular PIP standards sometimes makes it difficult, if not impossible, for public agencies to receive funding for BHN projects, which clearly aim at ameliorating the human conditions of Ghana's relevant population.

The PIP was originally designed to provide relevant information for the external funding of agencies' development projects. But, because public agencies do not have the necessary guidance to secure external funds for their funds, they are naturally strapped for government funds, which the PIP standards do not often provide them. Also, even after funds have been provided them through the public budget and coordination of activities could assist in reducing their project costs, there are no incentives for coordination. Yet, the government tries to ensure that: (1) development projects to be funded promote intra- and inter-sectoral linkages, and (2) public agencies attempt to show that their development projects satisfy that criterion when they present their respective budget estimates for approval. An angry government ED planner-budgeter articulated:

The government's espousal of this fine and meaningful objective exists only in name....In fact, each public agency operates within its own walls, and it is only in very few cases that programs and projects, such as the Women In Development projects, cut across the frontiers of two or more Ministries or departments.<sup>149</sup>

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<sup>149</sup> Interview on October 24, 1991.

The situation described above appears to show how the World Bank's Structural Adjustment Program (SAP) and the IMF's Economic Recovery Program (ERP) are largely concerned with the government's repaying their external loans than with the need to assist the government to develop and institute programs aimed at strengthening the country's managerial capacity (i.e., HRD and DA). To be sure, the two programs are partly concerned with effective management of the country's human resources, but that concern seems to be inadequate. Therefore, this dissertation argues that an effective development-administration (DA) program would not allow budgeters to see their roles as independent of, and, thus, detached from the functions performed by development planners, and vice versa.

The following remarks by two of the surveyed officials warrant mention to illustrate some of the benefits of effective interagency coordination and cooperation, which is missing in Ghana. An ED planner-budgeter said:

Coordination of the ED and budgeting work among our public agencies could result in savings and a more effective interchange of information, problems, techniques, and the like among the ED and budgeting units of our public sector.<sup>150</sup>

Another government official indicated:

The point of view for which all public planners and budgeters stand,...that is, improving our people's living conditions and the services which we render to our people, would be greatly enhanced were closer coordination

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<sup>150</sup> Interview on October 24, 1991.

developed among our government units responsible for ED and budgeting.<sup>151</sup>

Indeed, the government does not want to see the nation "plunged" again into any situation where national coffers will have no foreign reserves, and, particularly, external international lenders want those PIP standards. Even though that concern is appreciated by most of the respondents, they, nonetheless, asserted: "The PIP is an institutional device that clearly undermines effective ED."<sup>152</sup> In particular, they see the PIP as an instrument aimed almost exclusively at maintaining a favorable balance of payments at the expense of the effective improvements in "our people's standard of living."<sup>153</sup>

One may conclude that the above-stated assertion of the surveyed public servants is valid. Those government officials see the national government speaking about a close ED-budgeting interrelationship for successful ED but not acting to facilitate that interrelationship, in part, because of the central government's fixation with a favorable balance of payments to sustain credit. The respondents' assertion may seem justified, particularly when one considers the illustration that follows.

Even though the current PIP covers a period of three years (i.e., 1990-92), the government realizes that the implementation of some ED projects may extend beyond 1992. The central government, therefore, stipulates guidelines that must be followed to

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<sup>151</sup> Ibid.

<sup>152</sup> Interview.

<sup>153</sup> Ibid.

justify the inclusion of ongoing projects in both the annual public budget and the PIP plan for subsequent years. However, because some unfinished ED projects cannot be justified using the PIP standards, they are abandoned, while public funds are appropriated for new projects, which, according to Accra, command priority in terms of their foreign-exchange-earning potential, etc. Two different episodes will be given to illustrate this point.

The rehabilitation of one of the major roads in Kumasi, the Ashanti capital, was abandoned for several years because the foreign grant promised to facilitate the project was cancelled by the promisor, a European company, following the military overthrow of the Limann government in 1981. Before its deterioration, the road facilitated the transportation of people living in the northern and eastern parts of the city, and it also facilitated the transportation of food, goods and services to many residents of the city. Because of the importance of that road, one would have thought that the government would feel obliged to repair it, even though the external international monies originally promised for its repair had been cancelled. For many years, however, the road continued to deteriorate until the government finally decided to appropriate public monies for its rehabilitation. Many ED planners believed that "the road was repaired only because the government wanted to please Ashantis, and, more importantly, to get their votes in the upcoming Fourth-Republican general elections."<sup>154</sup>

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<sup>154</sup> Interviews.

The point of the episode described above is to show: (1) how particularistic interests of a country's leaders could also undercut the success of well-conceived ED strategies, such as Ghana's BHN approach to ED; and, more importantly, (2) how projects which could engender popular regime support but do not command priority because of their inability to generate foreign exchange, etc. become secondary to international lenders' requirements, such as the PIP's project-selection criteria.

As discussed earlier, because of its potential to provide foreign exchange to the government, a new cocoa project was initiated and, consequently, funded. The reason for the government's decision was well articulated by one government official:

The appropriation of funds for that new activity was based on the fact that our government always thinks that "golden-pod"<sup>155</sup> projects will continually earn our nation enough foreign exchange to pay for the projects' costs.<sup>156</sup>

A prominent ED planner summed up the main argument against the PIP's project-selection criteria:

What good are some development projects going to serve if some of our public agencies are unable to justify the inclusion of their already-started schemes in the next year's budget, all because such projects don't command our government's priority in terms of..., say, either being financed by a foreign government or firm, or their showing the potential to generate foreign exchange?<sup>157</sup>

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<sup>155</sup> The age-long nickname for cocoa.

<sup>156</sup> Interview.

<sup>157</sup> Interview.

As a result of the 1990-92 Public Investment Program, Ghana's 1991 development (capital) budget provided for significant increases in ED expenditure. This may seem that the PIP continuously programs funds with a view to ameliorating Ghanaians' living conditions. However, as shown by the example above, its project-selection criteria undermine effective ED because some ongoing BHN projects are dropped from the national budget, while funding is provided for new projects perceived by the government as meeting the PIP's project-selection criteria. Nonetheless, it should be stated that the above-described demerits of the PIP emanate mainly from the government's selective use of the PIP standards. In particular, because of its preference for particular criteria (e.g., projects with foreign-exchange-earning potential), its surveyed officials describe the PIP's project-selection criteria as rigid. Indeed, it is a consequence of their perceived rigidity of the PIP standards that there is a lack of effective coordination of the country's ED and budgeting processes. That situation results in lack of popular support for the government's public programs, thus, endangering of the country's eleven-year political stability, as well as its ED programs.

To be sure, some of the PIP standards appear reasonable. However, it seems that the government, not those standards, is the problem. For example, when the government limits development- (capital) budget expenditures in favor of those yielding substantial foreign exchange, just because the latter command priority in meeting some of its selective criteria (e.g., those increasing foreign exchange), it clearly violates the PIP. In other words, the PIP does not specifically limit development projects to favor those



that increase foreign exchange. Additionally, it violates those standards when it refuses to fund certain ongoing projects but appropriates funds to start new ones that fall within its selective criteria. In essence, the PIP criteria call for making ongoing projects more effective before new projects are funded, but the government drops those ongoing projects, replacing them with its preferred projects because they meet its selective criteria.

#### The PIP's Project-Selection Criteria and the WID Program

As earlier stated, the PIP standards include: (1) projects contributing to budgetary revenue; (2) rural projects with high employment- and income-generating potential; (3) export-oriented and efficient import-substituting projects; (4) relatively low-cost social projects aimed at improving the human conditions of the country's poor, particularly those living in the rural areas; and (5) projects with assured foreign funding or capacity to attract at least 60 percent planned total expenditures. However, as the discussion of the WID projects has shown, those projects do not meet many of the PIP standards. Nonetheless, it needs to be stated that, clearly, the intent of the PIP was not that a project meet all of the selection criteria but only one or more of them. To be sure, the WID projects do not contribute to budgetary revenue, are not export-oriented, nor do they assure adequate foreign funding or attract a minimum of 60 percent of their estimated total investment. Because of the reasons described above, the WID program is not funded through the government budget. But, that program clearly meets the

criterion that funded projects provide employment and income for some people, particularly rural dwellers like the program's participants.

Additionally, because the projects have a specified group of participants, they do not attract the participation of other people in the communities in which they are undertaken. Indeed, because the WID projects are grounded on a group ethos and individualism is rife in Ghana, not many Ghanaians are interested in the WID projects. That point was also expressed by many survey participants when they indicated:

The idea of several people working together, on a voluntary basis, to earn money and share among themselves is not entertained by many people in our society today....It tends to be a concept whose era has already gone by.<sup>158</sup>

Nonetheless, because many Ghanaians recognize those projects as capable of helping many women participants to contribute to their respective families' income, the WID program has received popular support. Even though participants in the program dislike group efforts, those efforts are preferred over individual efforts because of the government's belief that group thinking and endeavors are more effective than individual thinking.

It has been argued by many of the nation's ED planners that standards of the PIP are to blame for the lack of coordination and integration between budgeting and ED. But, those planners fail to realize that it is the government's selective use of the PIP that engenders that problem. Those public officials also asserted that the use of a program

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<sup>158</sup> Interviews.

and performance budget (PPB) format could facilitate ED-budgeting coordination and integration. That assertion is valid, particularly when one realizes the potential of PPB in that regard. The same officials said that, because external international lenders require the government to pursue certain financial practices, the government loses sight of the benefit of coordination that PPB could offer to its ED planners and budgeters. That is an excuse, and the discussion below attempts to explain why.

### **Ghana's Budget Systems: An Analysis**

Because program and performance budgeting (PPB) is the budget system which the literature holds as being able to facilitate coordination (Babunakis 1976), only that budget format will be assessed below. Before finding out the extent to which Ghana's ED planners and budgeters coordinate their respective roles, it seems appropriate to first find out the extent to which the country's budgeters and ED planners take advantage of some inherent benefits of PPB.

The most obvious advantage of PPB is that it increases the systems information available for making decisions (Ibid., p. 11) through computer use. Without adequate and organized data through computer data processing, rational decisionmaking is difficult. But, in Ghana, government budgeters and ED planners do not use computers in their work. As a result, the organization and storage of relevant data has not been easy. In particular, man hours required to organize and retrieve information have gone up. A prime benefit of PPB is the opportunity it affords for reorganizing departments

along functional lines. By emphasizing programs and objectives, it tends to reorganize departments along lines of similar activities, thereby resulting in savings and/or more efficient operations. But, as the discussion of some of the unintended consequences of the SAP and the ERP has shown, the government has had to spend more money (particularly as periodic payments to dismissed public workers and others) because the two programs have exacerbated the nation's unemployment situation as a result of the government's dismissal of more than 60,000 public servants by 1991. Nonetheless, the ERP has led to: (1) net savings to the government as a result of those dismissals in that those dismissed did not pay more taxes than their earnings; (2) the retraining of the dismissed personnel, enabling them to gain access to meaningful jobs that best fit their training; and, as a consequence of their obtaining meaningful jobs, (3) a 6 percent annual growth rate.

Also, PPB can increase interdepartmental coordination and cooperation because each department has specific, well-defined responsibilities; also, all activities are organized along program lines (*Ibid.*, p. 18). It should also promote better coordination among different levels of government participating in joint programs, such as the WID Program. But, when one examines Ghana's government departments, as well as relations among regional and district units, one clearly sees that these units and levels of governments do not effectively coordinate their activities, as suggested by the PPB system. The implementation of the country's Women In Development (WID) Program offers a useful illustration.

The WID is located in the Ministry of Local Government, which is statutorily charged with decentralizing public activities, such as education, health, and agriculture. Because the Ministry's responsibilities connect with those of the Ministries of Education, Health, Agriculture, and the 10 Regional Secretariats, one would expect it to coordinate its activities with those Ministries and the Secretariats, but it has not been able to successfully do that. Consequently, savings which could be made as a result of interdepartmental coordination are lost when these and other Ministries, as well as the Regional Secretariats, are strapped for funds for their ED projects. That situation is best summarized by one ED planner, who asserted:

All public units in our Ministries, regions, and districts operate under the framework of the internationally-dictated PIP, with its inflexible project-selection criteria. Therefore, when our country's public agencies present and defend their respective budget requests at budget hearings, each tries to justify its existence in the hope that most, if not all, of the monies it has requested will be approved....In the process, it seems that the need to effectively coordinate our joint programs becomes secondary.<sup>159</sup>

What that official implied was that, once public agencies have received their development funds, they forget about coordination. However, what he failed to realize is that the PIP's project-selection standards are not intended to be selectively used. As long as a project seems meaningful and meets one or two or those standards, it requires funding. But the government prefers particular criteria over others. In that light, the government, not the PIP criteria, is to blame for the problem of lack of effective coordination among public agencies, as well as among budgeters and ED planners.

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<sup>159</sup> Interview.

The government's having a separate development (capital) budget is perceived by many as a clear and coherent way of having a viable ED policy. But, having a separate development budget in itself does not guarantee a successful ED program, particularly when the government is so fixated with particular PIP project-selection criteria that it loses sight of the need to coordinate ED planning and budgeting through program and performance budgeting.

To sum up, the Ghanaian government has failed to take advantage of the benefits offered by the PPB and functional budgeting formats. To many of its budgeters and development planners, that situation results from the PIP standards, which are required by international lenders and preclude the government from doing so. A closer examination of the situation, however, partly blames the situation on the World Bank's Structural Adjustment Program and the IMF's Economic Recovery Program in not helping the government to develop and institute effective long-term personnel-training (i.e., HRD and DA) programs that utilize computers. The Ghanaian government, too, is to blame for selectively using the PIP standards, which do not incorporate more effective HRD and DA programs in the training of public servants, particularly budgeters and ED planners.

Another dimension of the lack of interdepartmental and inter-governmental coordination and cooperation is the impact on administrative capacity. In particular, because the country's governmental units (i.e., Ministries, Regional Secretariats, District Assemblies, etc.) do not effectively coordinate their joint activities, some public units that

have some of the best budgeters and ED planners do not attempt or volunteer to share relevant information or knowledge with others who are either new or do not have the expertise comparable to theirs.

The situation described above was well articulated by one ED planner, who asserted:

Public agencies do not feel free to share pertinent information with other public entities with the same or similar responsibilities..., presumably because of the obvious lack of effective coordination of activities, etc.<sup>160</sup>

That situation could clearly offer reasonable grounds for those political opponents, who may be aware of this lack of coordination and integration between the country's ED planners and budgeters, and who also see the nation's ED programs as not that successful.

### Ghana's Budgetary Guidelines: An Evaluation

Ghana's National Budget, which is comprised of both the development and recurrent budgets, is known to be the only source of funding all public projects, of which ED projects are a part. Therefore, all public agencies are reminded to incur any expenditures or initiate any program and project that requires the use of public funds solely through the government budget. In particular, because ED projects often are not funded through grants from overseas or from within the country, all public agencies make sure that any development activity involving public expenditures is funded only by the National Budget. The episode surrounding the government's initial 'abandonment' of the

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<sup>160</sup> Interview remark on October 17, 1991.

major road in Kumasi is a case in point. It is, therefore, absurd that ED projects that have initially been approved for funding through the government budget should not be continually approved after they have been started, especially when the government realizes that public monies are the only source of funding these projects.

When the government concludes that a particular ED project should be undertaken to ameliorate the people's living conditions, it ought to ensure that such a project is fully completed. Before it refuses to fund ongoing projects, it should be aware of the sunken costs involved. However, it states that ongoing ED projects will be refunded only when they are: (a) beyond 70% of their scheduled completion and also (b) located in deprived areas. This means that, even though the government may seem committed to improving the human conditions of the impoverished areas of the country, ongoing projects will be dropped if they are below the required 70% completion phase. This situation made one disappointed survey respondent state:

What good are some development projects going to serve if some of our public agencies are unable to justify the inclusion of their already-started schemes in the next year's budget, all because such projects don't command our government's priority?<sup>161</sup>

The 'government's priority' refers to its selective use of the PIP's project-selection criteria, which as earlier stated, clearly violates the PIP and, consequently, undercuts successful ED.

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<sup>161</sup> Interview.



Finally, in Ghana, the government claims to improve its administrative capacity by making a provision for the training of its personnel in the budgetary guidelines, hence in the budget. Additionally, public agencies are advised that ED projects for which budget appropriations are requested should consume little recurrent-budget expenditures. Therefore, when the government requires that funding personnel training be restricted to the recurrent budget, it goes to show how little concern it has for the enhancement of its administrative capacity or expertise. The point being made refers to the importance of the development and management of human resources (i.e., DA and HRD) in ED: Because of the importance of administrative capacity in budgeting and development planning, the government should make investments in its human resources through effective DA and HRD programs by using development-budget expenditures.

Because of the situations described above, one may wonder if successful ED can obtain in Ghana. To enhance optimism about successful ED in the country, it is appropriate to:

1. State below the conditions or factors which the literature holds will promote and also undercut effective ED; and, particularly,
2. Discuss those favorable and unfavorable conditions within the Ghanaian context.

#### **Economic Development and Budgeting: Some Favorable and Unfavorable Factors**

The purpose of this section is to: (1) find out if the lack of practical coordination between ED planners and budgeters in Ghana means that effective ED in Ghana is but

an illusion; and, more importantly, (2) accentuate the importance of both HRD and DA in public budgeting and development planning.

### Conditions Promoting Effective Economic Development

The budgeting and ED literature includes the following factors among those promoting successful ED:

1. A blend of centralized and decentralized budgeting (Premchand and Burkhead 1984:ix);
2. Leadership and public awareness and recognition of the role of the government budgeting in ED;
3. Public awareness of resource realities in the government's efforts to formulate and implement ED policies, projects, etc.;
4. Popular regime support, which engenders and strengthens political stability;
5. A proper and practical alignment of ED planning with budgeting to provide budgeting with a definite and clear direction and meaning;
6. Reliable media for gathering and disseminating pertinent information to the appropriate personnel and departments involved in ED planning and budgeting;
7. Adequate and sustained resources for effecting ED;
8. Continuous budgeting to assure continuous decisions concerning claims, foresight, stability, and inflationary trends (Ibid., p. 52);
9. ED- and budgeting-oriented public agencies committed to ongoing improvements in manpower training and human-resource development;
10. Cautious translation of ED plan into specific provisions of continuous budgeting (Caiden and Wildavsky, op. cit.);
11. A better familiarity of government agencies and their key personnel with budgetary practices to assure reliability and accuracy of budgets (Ibid.);

12. Public understanding of economic, political, financial, and social implications of ED policies and projects;
13. Prudent cash management;
14. Computerized accounting systems to monitor the progress of ED projects and also to facilitate prompt reporting and preventive action;
15. Clear and specific ED objectives that are amenable to easy measurement;
16. Managerial capacity (which is the essence of human-resource development) to analyze the budget in terms of its overall economic, political, and social repercussions on ED planning;
17. The consolidation of the Ministry of Finance and that of Economic Planning into one public agency (Ibid.);
18. A clear linkage between projected expenditures and estimated revenues, and its implications for ED and its planning;<sup>162</sup>
19. Clear guidelines for budgeting as well as the management of funds for ED projects, etc.;
20. A definite and positive leadership commitment to the overall ED thrust; and
21. The institutionalization and incorporation of the above-stated conditions within the organizational culture and conventional wisdom of the ED planning and budgetary practices of the country.

The last condition captures the essence of development administration, which refers to the public institutions, management systems, and the like established by a government to effect public policies to stimulate and facilitate defined national programs (Gant 1979), which include ED programs.

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<sup>162</sup> The practice ensures that ED programs/projects receive sustained funding. Also, it enables the government to spend within, and not beyond, its means.

The budget-ED literature also addresses below those factors undercutting successful ED.

### Conditions Impeding Effective Economic Development

It needs to be stated at the outset that the unfavorable conditions described below encompass some of the cruel dilemmas confronting many Third-World governments in their wish or hope to ameliorate the living conditions of their relevant population. These factors include (but are not limited to):

1. Lack of a clear and specific framework or system to provide the required machinery for initiating ED policies, programs, and projects;
2. Lack of (or weak) institutions to articulate and aggregate the interests of various social groups (Goode 1984);
3. Widespread illiteracy;
4. Strong centralization of governmental power and functions;
5. Strong military role in central-government decisionmaking, with the attendant higher defense budget as a percentage of the overall budget expenditure;
6. Scarcity of manpower or expertise (i.e., lack of human resources) to formulate, adopt, implement, monitor, and evaluate ED policies, projects, etc.;
7. A high rate of population growth that reduces the per-capita benefits to the people;
8. Scarcity of monetary resources to implement ED policies, programs, and projects;
9. Strict adherence to and maintenance of cultural norms in formulating and executing ED policies;
10. Lack of practical coordination between ED planning and budgeting;

11. Strong rivalries among government agencies, and organizational inertia;
12. Poorly-conceived or unrealistic ED plans based on inadequate models (Caiden and Wildavsky, p. 269);
13. A high degree of uncertainty;
14. Country leaders motivated by a strong sense of affiliation with the interests of their ethnic, linguistic, cultural, or regional group;
15. Social attitudes and institutions perpetuating the colonial experience at the expense of current realities;
16. Poor, unreliable, or inadequate communication system;
17. Inadequate demographic reports;
18. Recurring budget deficits; and
19. Control, not management, as the major objective of government budgeting.

It should be stated, however, that the success of ED policies or strategies depends on a prudent blend of the factors promoting effective ED. Depending on the setting of a country, the above-stated factors can either enhance or undercut the effectiveness of the country's ED programs. In other words, the prevalence of the above-listed favorable conditions in a country does not necessarily guarantee successful ED. It is up to the national leadership to strive consciously to provide a setting that is conducive to formulating and implementing public policies to improve the human conditions of the relevant population it serves. One ED planner stated the following to illustrate the point being made:

Our government has to be first committed to its policies aimed at improving our people's living conditions even before any monies are set aside for development projects.<sup>163</sup>

It is because the relevance of the above-stated factors lies in evaluating Ghana's public efforts within the framework of these conditions that the next section is appropriate. In particular, the section that follows attempts to show the extent to which the Ghanaian government incorporates the conditions fostering successful ED and budgeting in its ED efforts and, thus, attempts to deal with some of the development problems confronting many Third-World governments in their wish to ameliorate the peoples' human conditions.

#### **Conditions Assessed Within The Ghanaian Context**

Despite the apparent absence of effective coordination between budgeting and ED in Ghana, a critical appraisal of those factors fostering and undercutting successful ED efforts in Ghana indicates that effective ED in that country is not far from realization. Even though ED planning and budgeting are centralized in the Ministry of Finance and Economic Planning (MFEP), the two processes are also decentralized to the extent that subnational units, particularly the District Assemblies (DAs) and the Regional Offices, participate actively in public ED planning and budgeting.

Another point to note about decentralized ED planning and budgeting in Ghana through the 110 DAs is that the government has recognized the need to adapt both ED

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<sup>163</sup> Interview.

planning and budgeting to the nation's social and economic conditions. As one top Ghanaian budgeter - ED planner asserted:

Even though our government does not make possible the effective interface between financial-resource allocation and development planning, Ghana has got several things in her favor to make public development plans work effectively.<sup>164</sup>

With a politically stable government, and the leaders' awareness of the National Budget's role in ED and its planning, conditions are ripe for effective coordination of ED planning and budgeting. A Ministry of Finance and Economic Planning official remarked:

The fact that our country has had a government for more than 10 years psychologically boosts our public development efforts and also enhances the confidence of donors without whom our development plans cannot be actualized.<sup>165</sup>

Despite donor confidence, the government's administrative capacity still needs improvement. This point was well articulated by an official of the Public Services Commission, which is statutorily charged with all public-personnel matters, when he stated this:

Even though our country has not been able to meet all of its administrative-capacity needs, it still has valuable human talents working in the public sector to facilitate budgetary and development-planning efforts.<sup>166</sup>

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<sup>164</sup> Interview on October 26, 1991.

<sup>165</sup> Interview remarks.

<sup>166</sup> Interview.

In essence, Ghana has a large portion of that administrative capability, which, nonetheless, needs to be harnessed into consciously coordinating and integrating ED plans and budgeting to benefit the nation's relevant population.

The consolidation of the Ministry of Finance and the Ministry of Economic Planning (MFEP) into one entity in November 1970 enhances ED's chances of success in Ghana. In particular, because some of the nation's top budgeters and ED planners work in the same Ministry (MFEP), those budgeters and ED personnel coordinate and integrate their functions, which serve as standards for sub-national governments. The point being made is that, within the MFEP, Ghana's budgeters and ED planners consciously coordinate their roles, but those public administrators do not coordinate their functions with their counterparts in other Ministries, nor with those at the regional and local levels. For ED to successfully obtain in Ghana, a system's perspective is incorporated in the dissertation to illustrate how public budgeters should conceptualize their role in governance.

It needs to be stated that, even though the current government in Ghana (the PNDC) is a military one, it is non-military personnel who administer the country's public affairs. That unique situation created under the above-described circumstances promotes realistic public decisionmaking grounded on sound administrative action and behavior. Additionally, the national leadership is now cautiously translating ED plans into action, using the basic human-needs approach. Even though the country's leadership has found a most appropriate system to guide its ED programs, those programs have not been that successful because of its fixation with unpopular financial practices required by external



international lenders. Nonetheless, the government is making serious attempts to translate ED plans into action through specific provisions of the annual National Budget, which is the name for the development (capital) budget and the recurring (non-capital) budget combined. Because that commitment appears definite, purposeful, and positive, more effective ED through close coordination with government budgeting in Ghana cannot be ruled out.

### **Contemporary Ghanaian ED Planning and Budgeting: An Overview**

The chapter's description and analysis of Ghana's ED planning and budget processes has identified those aspects of the country's budgeting that undercut successful ED as a result of tensions within the ED problems, which were described above. These include:

1. The government's desire to improve the people's living conditions using a basic human-needs (BHN) approach, which is undermined by its fixation with only one or two of the Public Investment Program's (PIP's) project-selection criteria;
2. The formulation of realistic ED plans, which are often not implemented, or, when implemented, need to be rejustified in subsequent annual budgets using the PIP's project-selection standards;
3. Strong and determined efforts of ED personnel which are undercut by the government's preference for one or two of the PIP standards, particularly foreign-exchange-generating ED activities, and the like;
4. A de jure decentralized budgeting and ED-planning processes, which, nonetheless, are de facto centrally-controlled (i.e., even though the Local Government Law of 1987 has decentralized budgeting and development planning, those processes are actually controlled by the Ministry of Finance and Economic Planning or MFEP);

5. Because of the situations described above, an environment in which the nation's competent ED personnel are detached from their budget counterparts and also alienated from their own work; thus,
6. Lack of effective coordination and integration of the respective public functions of the country's competent budgeters and ED planners when the government recognizes effective ED-budgeting coordination as a prerequisite for successful ED; and
7. Lack of popular regime support as a result of financial practices required by external international lenders and which preclude continuation of popular ED programs and, consequently, endanger political stability.

These are some of the tensions within some of the ED problems confronting many Third-World governments, such as Ghana's, in their hope to ameliorate their people's human conditions through prudent budgeting.

### Summary

This chapter has described, analyzed, and interpreted contemporary Ghana's ED planning and budget processes within the context of some ongoing ED dilemmas held by the literature as undercutting successful development. It also validates the literature's assertion that successful ED planning depends on and starts with public budgeting (Caiden and Wildavsky 1974), even when such enduring ED problems plague governments in their ED planning and budgeting efforts. That validation highlights the close link between ED planning and budgeting (which was made clear by all the 15 public servants surveyed) for any successful ED to occur.

The chapter asserts the desirability of ED and its planning, as illustrated by those ED projects carried out under the exemplary WID Program, by 110 District Assemblies, and four Ministries and their agencies. It also highlights the crucial role of human-resource development and development administration in budgeting for successful development.

Finally, the chapter's discussion enhances the field knowledge of Ghana's new PIP, which is the guiding instrument of the National Budget (comprised of both the development and operational budgets) and the public ED programs. As all of the surveyed public servants indicated, the government is so fixated with only few, rather than all, of the PIP standards that its apparent objective of maintaining the country's favorable balance of payments often gets in the way of successful ED programs.

The Ghanaian government has attempted to take steps to deal with some of those ED problems, but it has achieved only a marginal degree of success. Nonetheless, when one considers that many of the social, economic, and political conditions prevailing in the nation appear to facilitate successful ED, one realizes that all the potential for more effective Ghanaian ED programs remains. The next chapter makes recommendations to enable the government to realize that potential and, consequently, make the country's ED programs more successful.

CHAPTER SIX  
SUMMARY AND CONCLUSIONS

We have got to get over the notion that the purpose of reorganization is economy.<sup>167</sup>

-President Franklin D. Roosevelt

This chapter presents conclusions based on the research for this dissertation. The chapter recommends some changes in the Ghanaian government's budgeting and ED-planning processes, addressing the implications of the findings for public administration. Before presenting those findings, it is appropriate to first summarize each of the five preceding chapters.

**CHAPTER SUMMARIES**

This dissertation is a case study of Ghana's budgetary practices and their relation to economic-development (ED) planning. The study is undertaken to furnish a set of opinions about Ghana's budgetary practices and how they systematically relate to ED-planning. The objective is to critically identify the constraints operating within the framework of the enduring development dilemmas confronting the government, thus, undercutting successful ED in Ghana, and recommend changes.

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<sup>167</sup> R. Polenberg, Reorganizing Roosevelt's Government: The Controversy over Executive Reorganization 1936-1939 (Cambridge, MA: Harvard University Press, 1966), pp. 7-8.

Chapter One is the dissertation overview. It identified some ED dilemmas confronting the government as undercutting effective ED in Ghana by engendering lack of coordination between ED planning and budgeting. The study strongly takes the view that effective ED can obtain in Ghana when ED policies, development administration (DA), and human-resource development (HRD) are systematically coordinated and integrated through budgeting. The study, in positing that view, assumes, among other things, that budgeting and ED-planning are inextricably linked by the goal to improve people's standard of living and, thus, enhance their life choices.

Chapter Two enhances our understanding of: (1) how Ghana's British colonial administrators manipulated both the country's internal politics and economics to ensure their own interests, while neglecting the country's development needs, including ED planning and budgeting for a modern nation-state (both processes are new phenomena in contemporary Ghana); (2) how they pursued an educational program that was both shortsighted and divisive; and (3) how, as a consequence of that educational focus, development-administration (DA) and human resource development (HRD) programs were not instituted to facilitate present-day Ghana's ED planning and budgeting.

Chapter Three reviewed the six bodies of knowledge pertinent to our understanding of the relevance of the relationships between the processes of economic development (ED), development administration (DA), human resource development (HRD), and budgeting for successful ED. In general, the ED process suggests raising people's standard of living. The DA process, which is the public administration of ED, is a post-

World War II phenomenon symbolizing what are required of a country's government to engender successful developmental projects in order to ameliorate the peoples' human conditions. The Third-World bureaucracy literature attributes ineffective ED in those countries to both their colonial administrators and their post-independent governmental policies and practices. In general, the bureaucracy is perceived as a force with which we must reckon. The body of knowledge on policy implementation suggests that, because policy implementation is part of the public-policy process and system, policy implementers are key actors whose role in the policy process should not be underrated. Developing countries hope for accelerated ED, and it is in striving and planning for accelerated ED that the human-resource development (HRD) literature presents the strategies to undertake: acquiring, increasing, and developing appropriate personnel incentives to sustain the number of qualified personnel with sophisticated administrative skills. Finally, the budgeting literature identifies the process as a coordinating force between the ED, DA, and HRD processes for successful development.

Chapter Four presented the research strategy (i.e., a case study), as well as the research design (i.e., qualitative methods of written survey questionnaires and interviews), used in the dissertation. Specifically, 15 government budgeters and ED planners were surveyed through written questionnaires and interviews.

Chapter Five is the heart of the dissertation. In particular, it described, analyzed, and interpreted present-day Ghana's economic-development planning and budgetary practices within the inescapable development dilemmas plaguing the country. The

chapter identified the government as having adapted its ED projects to a basic human-needs (BHN) approach. However, because institutional arrangements, particularly the government's selective use of the Public Investment Program (PIP) standards, often do not support these development projects, ED has not been as successful as it could be. The chapter also sees the lack of coordination between the country's budgeters and ED planners as engendered partly by the failure of the country's colonial administrators' short-sightedness. No DA or HRD program was instituted to lay a basis for the kind of coordination required in budgeting and ED planning in a modern independent nation-state. Nonetheless, this dissertation posits an optimistic view: ED can be successful in Ghana if and when ED planning, development administration, and human-resource development are consciously and systematically coordinated through public budgeting.

Having attempted to summarize those chapters, the discussion below identifies the research findings.

### **RESEARCH FINDINGS**

The basic findings of this dissertation could well be labelled the major administrative obstacles to contemporary Ghanaian ED planning and budgeting. Those obstacles are the problems arising in the administration of ED planning and budgeting at the national, regional, and local levels. The findings implicate the general organizational structure of the central government, particularly the way its ED planners and budgeters work within the constraints of the development dilemmas confronting them.

Additionally, the extent of these administrative obstacles to ED planning and budgeting raises a particular concern, which cannot be disregarded if there is to be successful ED in Ghana. That concern is the need for ED planners and budgeters to consciously strive to coordinate their respective functions. To be sure, the country's governments since Kwame Nkrumah have recognized the importance of ameliorating the human conditions of the people. However, their efforts have been plagued by some ongoing development problems. Those dilemmas seem to be manageable, and the country's socio-economic and political conditions tend to favor more effective budgeting for successful ED.

The administrative obstacles to ED planning and budgeting have been grouped under three main headings: (1) Institutional (or structural) Problems; (2) Human-factor<sup>168</sup> Constraints; and (3) Financial Problems.

### **Institutional Problems**

Among the impediments undercutting successful Ghanaian ED and budgeting are the lack of a systematic coordination of the respective activities, within the overall framework of ED objectives, by budgeters and ED planners. That lack of coordination is a consequence of ED dilemmas confronting the government's development efforts.

As a result of striving for fiscal soundness through the project-selection criteria of the Public Investment Program (PIP), the country's budgeters, especially those at the

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<sup>168</sup> The term, "human factor", is borrowed from Paul C. Dinsmore to mean that the problems confronting projects are caused by people.



national level, perceive their public role as guardians of the Treasury, keeping their firm hold on the public budget. On the other hand, as a consequence of their primary public concern with implementing development activities, public ED planners naturally look for continued financial resources through the national budget for their planned ED projects. But, the national budget often does not accommodate their financial needs for those projects. This kind of situation clearly leads to friction between budgeters and ED planners (and their respective institutions) to the extent that it becomes very difficult to balance the competing claims of those public personnel (Caiden and Wildavsky 1974).

Also stemming from the description above is the lack of intra- and inter-departmental coordination of project planning and execution. Coordination in planning and budgeting is lacking within and among public agencies that must play important roles in government. Personnel within many agencies are not encouraged to coordinate their respective development and budgeting activities. Also, ED planners and budgeters in different agencies are not encouraged to integrate their similar functions to improve policy formulation and execution through shared information and knowledge. Each public agency goes its own way.

The literature on implementation (discussed in Chapter Three) teaches us that policy implementers, too, are key policy actors and their role in administration should not be underrated. Despite what the literature says, the Ministry of Finance and Economic Planning (MFEP) excludes regional and district personnel, who must implement public plans, from participating in the development of policies that would affect their respective

roles. Also, the MFEP becomes so involved in short-term policy matters, which could well be delegated to subnational personnel to ensure efficiency. As a result, its working relations with those subnational personnel who are excluded is not cordial, and also, because it receives massive detailed transactions from subnational offices for review, there are consequent delays in implementing crucial decisions. Additionally, the headquarters of Ministries and other departments in Accra resist the delegation of responsibilities and duties to subnational units, making practical decentralization (statutorily decided by the Local Government Law of 1987) more difficult. Consequently, their working relation with those subnational personnel is not that cordial.

There is also lack of transportation for high-ranking administrative personnel, particularly ED planners and implementers, who need transportation to check on projects to monitor not only compliance with government directives but also to ensure funding effectiveness.<sup>169</sup> The telecommunications system is unreliable, further exacerbating the problem of lack of coordination and integration within and among agencies, and causing delays in public decisionmaking. It is ironic that, even though many of Ghana's high-level public decisionmakers have no means of transportation (i.e., a bus system) for work-related purposes, the nation's roads and highways are well maintained.

Ghana's government institutions have serious problems, which affect the successful planning and consequent implementation of ED.

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<sup>169</sup> In the interview with eight ED planners, those public officials sadly noted that budgeters have priority over them in the government's provision of agency vehicles, although budgeters do not inspect projects but they (planners) do.

### **Human-Factor Constraints**

Four premises make up the cornerstone of this "human side" aspect of the problems confronting Ghana's ED planning and budgeting:

1. People are often the cause of the problems facing an ED project as well as budgeting;
2. An ED project is a unique process with a beginning and an end, and conducted by people to meet established objectives within the parameters of appropriated public expenditures;
3. The management of an ED project encompasses people, techniques, etc. required to successfully complete the project; and
4. A development project's budgeting problems can be solved only by people.

'Human factor', as conceptualized here, includes the behavioral side of ED planning, formulation, implementation, evaluation, and feedback, as well as budget formulation and execution. It is aimed at achieving ED project and budgeting objectives through effective management by people, a project's most valuable resource (Dinsmore 1984:8). The most important reason for emphasizing the human side of ED (and its planning) and budgeting is that it is simply a more effective way for getting those e job done.

Among the hindrances to effective Ghanaian ED are personnel problems resulting from the lack of both monetary and other incentives to motivate individuals statutorily charged with ED and budgeting. A top ED planner, who had not been promoted for a long time because he had not identified with the certain government policies, said this:

The pain that goes with being underutilized, particularly in the public sector, is most pathetic, especially when the people look to one to improve their human conditions, but one does not want to perform to one's utmost to fulfill those popular needs.<sup>170</sup>

The particular government official had not been promoted for years because he did not identify with certain government policies. Consequently, he felt no sense of commitment to his important public office. Despite his grievances, however, he intended to continue working for the government until he reached the mandatory retirement age of 65. When asked why he did not want to resign, he replied: "Mainly because there is no comparable work anywhere else in our country."<sup>171</sup>

The foregoing suggests two things: (1) Ghana's public sector is the largest employer of its workforce; and (2) the country's public-service incentives are weak. Much evidence in the Third-World literature on bureaucracy, human-resource development (HRD), and development administration (DA) holds that the lack of work incentives in government employment partly accounts for the developing countries' proneness to "brain-drain".<sup>172</sup> Because the development of managerial skills through HRD consists in creating the opportunities and strengthening the capacities of humans to carry out their work, but those opportunities are weak in Ghana's public service, HRD is in short supply in Ghana's public sector.

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<sup>170</sup>Interview with a frustrated public servant on October 16, 1991.

<sup>171</sup> Ibid.

<sup>172</sup> It suggests that public employees leave both their jobs and their home countries to seek higher-rewarding jobs or careers in countries where they hope to be paid more.

The objectives of DA include the stimulation and facilitation of defined programs for social and economic progress (i.e., the amelioration of the people's human conditions) through effective bureaucratic activities. Clearly, the attitude of the important public servant described above (and also that of similar others in Ghana) does little to advance DA. Instead, it is translated only into bureaucratic inefficiency and ineffectiveness.

### **Financial Problems**

To be sure, ED requires appropriate and prudent financial management. Financial policies to be chosen, and budgetary practices to be applied, clearly affect ED's effectiveness. In light of that, the budgetary aspects of development justify special attention in the government's overall national planning. According to the literature, the increasingly close link between budgeting and ED for effective ED is what has transformed budgeting into a basic instrument of ED.

Chapter Five presented contemporary Ghana's ED and budgeting experience through some basic human-needs (BHN) projects attempted by four key Ministries and their subagencies, which are oriented toward ED. In particular, those public activities purport to improve the human conditions of the country's relevant population. But, as already stated, the lack of sustained funding undercuts the government's ability to carry out its ED programs. The government has achieved only marginal success in its ED efforts.

The problem of inadequate funding facing two Ghanaian Ministries will be used for illustrative purposes.

The 1990-92 Public Investment Program (PIP) of the Ministry of Health envisages strengthening the country's public health care and rehabilitating District Hospitals. Through these projects, the government hopes to be able to provide basic health care for all Ghanaians by the turn of the century. However, that important health-oriented objective seems far-fetched because of limited funding through the national budget. In particular, the maintenance and repair of the nation's district-hospital infrastructure, especially buildings, plants, and equipment, has been neglected because of inadequate funding. Additionally, the Ministry of Local Government, in ensuring the smooth running of the 110 District Assemblies (established by the 1987 Local Government Act) and in accelerating self-help (community-initiated) projects, seeks C1,241 million from external sources. However, only C308 million was secured, leaving a financial gap of C933 million. All the 15 survey participants mentioned the lack of funding, particularly as it emanates from the PIP (derived from the World Bank's Structural Adjustment Program) as a major constraint to effective ED.

To sum up, the discussion above illustrates that, in addition to institutional (structural) and human-factor problems undercutting effective ED in Ghana, inadequate funding also contributes to the government's failure to improve the people's standard of living.

## **RECOMMENDATIONS: ADMINISTRATIVE REFORM**

Our problems are man-made, therefore they can be solved by man.<sup>173</sup>

-President John F. Kennedy

The situations described above as constituting the findings of this dissertation indicate that economic development in Ghana is obstructed by some known and fairly obvious institutional, personnel, and financial deficiencies. The changes recommended for effective ED in Ghana are addressed under three main headings: (1) Institutional Changes; (2) Human-factor Changes; and (3) Financial Changes. If the findings of this study are termed administrative obstacles to effective ED, this section could well be called "Suggestions To Remove The Administrative Obstacles or Constraints to Effective Budgeting and ED", or "Improving Budgeting for Successful ED With a View To Effective Public Administration".

### **Institutional Changes**

The strategy underlying the institutional changes recommended in this dissertation is known as institution-building or IB (Richter 1976:51). It includes centrally-directed attempts to develop patterns and norms of interactions which can maximize flexibility, innovation, and responsiveness. In particular, the attempts purport to measure institutional quality through adaptability, persistence, and effectiveness.

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<sup>173</sup> Tyron Edwards, ed., The New Dictionary of Thoughts (Cincinnati, OH: Standard Book Company, 1977), p. 477.

The discussion that follows endeavors to suggest specific ways of institution-building directing Ghana's public budgeting and ED processes for the foreseeable future. In particular, it is an attempt to describe how the governmental processes of budgeting and ED planning could be improved so as to facilitate the government's ED efforts.

### Organization of Planning

Planning and organization are an integral part of the administrative process. Henri Fayol, among the leading authorities in the orthodox school of PA, identified planning and organizing as the first and second respectively of the five elements of administrative forecasting and planning. (The other three are commanding, coordinating, and controlling.) Additionally, Gulick listed planning and organizing as the first and second respectively of the seven administrative processes.<sup>174</sup> Therefore, it is important to have organized planning if Ghanaian budgeting is to be effective in terms of being able to improve the human conditions of the country's relevant population.

Public administration (PA), defined as the process of achieving national goals and objectives through public agencies or institutions, has become a critical element in the Ghanaian national ED process. This results from the greater role of modern nation-states in guiding and managing ED, and from the increasing development tasks, which have to be assumed by Governments (United Nations 1975). Third-World countries like Ghana show increasing concern about the adequacy of their PA systems in relation to their

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<sup>174</sup> POSDCORB stands for Planning, Organizing, Staffing, Directing, Coordinating, Reporting, and Budgeting.



national goals and objectives. By and large, however, their PA systems tend to lag behind overall ED objectives. For example, the officials of Ghana's Ministry of Finance and Economic Planning or MFEP do not seem to understand the overall purpose of planning when they fail to involve subnational organizations in the overall development-planning process. As a consequence, they arouse the antagonism of subnational planners.

### Reducing Friction: Collaboration

Friction between headquarters' planners and subnational planners can be minimized by bringing the latter into the process. Indeed, the smaller the burden placed on the MFEP in terms of the antagonism and friction between it and the subnational officials, the better its chances of operating efficiently. In particular, that Ministry would do well to leave to other Ministries, departments, and agencies as much work as possible. Currently, the Ministry undertakes projects, which should be delegated to other public agencies for implementation. By farming out these projects to other government units, it will: (1) free itself from the details of these projects to concentrate on planning per se; (2) draw into the planning process public agencies whose collaboration is essential to overall successful planning; and (3) avoid a common cause of conflict between it and the operating subnational and national units. It should include in the ED planning process those who must implement plans at the subnational level.

### Improving Communication: Coordination

Additionally, the MFEP ought to improve its channels of communication with other Ministries, departments, and agencies, as well as with subnational units throughout the country. The objective is to:

(1) continually keep these public agencies informed of planning objectives; and, thus, (2) enable them to be able to obtain the information needed for overall national plan preparation, implementation, evaluation, feedback, and reporting of progress.

Effective planning also requires that there be continual contact and close cooperation among operating Ministries and other relevant public agencies. A high-ranking official of the Ministry of Local Government asserted:

National planning will be more effective and efficient if the Ministry of Finance and Economic Planning is able to let all public agencies know the government's objectives for all socio-economic activities. Once these agencies are informed about these central-government objectives, I feel that our agencies, in turn, could contribute more to national planning and development by offering ideas and views aimed at improving our people's living conditions.<sup>175</sup>

To enhance contact and inter-agency cooperation, the Parliamentarians of the forthcoming Republic should be adequately informed about national ED objectives by being brought into the national planning process as early as possible. Coordination<sup>176</sup> in these cases

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<sup>175</sup> Interview on October 18, 1991.

<sup>176</sup> Coordination is cited as one of the seminal concepts in the management literature of the 1930s, and it is applicable even today. Urwick described Henri Fayol's characterization of it as truly an executive function to be exercised intra-organizationally to correlate individual activities. It is also one of the essential "POSDCORB" administrative processes defined by Gulick.

can be enhanced through Inter-Ministry Working Parties, whose members should be drawn from the MFEP and the various government agencies concerned.

#### Encouraging the Private Sector's Role: Public Participation

To enhance the private sector's role in ED, the MFEP should facilitate public participation in the discussion and formulation of ED plans. A plan's success depends on public acceptance of its objectives (Waterston 1965). (The private sector's role in ED will be discussed at length under "The Public-Private Connection".)

A close interrelation and interdependence between ED planning and implementation is essential. Indeed, planning and organization, which are important elements affecting ED-policy implementation, are also essential to effective administration. A good ED plan is one that is organized and has an implementation component.

#### Improvement of Decentralization

Institution-building requires more effective PA, and, thus, ED, at all levels of government. This means both regional and local administration be improved. This usually means decentralization. Locality and region are of fundamental importance to effective ED and budgeting, and there are many ways of maintaining and improving those processes at the grassroots level. But, defining the importance of the role that local and regional governments can play in ED is one thing; bringing them to the level where they can effectively play that role is another.

It is PA at the subnational level, particularly at the local level, that is directly in contact with the people (Heseltine 1967). Therefore, it is this grassroots contact (i.e., Ghana's 110 District Assemblies) that will be the primary means of assuring the effective participation of the local population in its overall ED efforts. The extent and quality of such participation depends on the social and administrative structures available. Because the decentralization thrust of those District Assemblies or DAs, not to be confused with development administration or DA, is huge, the central government in Accra should lessen their burden by: (1) providing them with sustained funding; (2) assisting them to find reliable funding sources; and, because they cannot be expected to spontaneously improve the human conditions of their relevant populations without being equipped with sophisticated managerial skills; (3) helping train (and retrain) their personnel to make them more effective in their public efforts, and, thus, make decentralized development planning and budgeting succeed. It is only through continued central-government guidance, direction, and support that subnational administrators, particularly ED planners and budgeters, could depend less on the MFEP's development planners and budgeters in Accra, the capital.

#### Strengthening Subnational Units: Autonomy

The Ministry of Local Government, the statutory guardian of Ghana's local and regional governments, should continually support and strengthen local and regional decisionmaking institutions, and coordinate their activities through the ten Regional

Secretariats. In the United States, it has been found necessary to establish a federal Department of Housing and Urban Development (HUD) to coordinate central assistance to local governments. In furtherance of that objective, HUD lobbies on behalf of local governments in obtaining their share of the needed scarce resources (Faltas 1967).

In Ghana, a good deal of assistance to district authorities is provided by their respective District Assembly, helping minimize dependence on Accra. The District Assemblies should be allowed to formulate and implement their ED plans and budgets, without undue central-government interference.

#### Establishing Subnational Personnel-Related Units

Presently, in Ghana, the Public Services Commission (PSC) is statutorily charged with advertizing all available positions in the country's public sector (i.e., national, regional, district, and local). It recruits personnel at all levels of government, and sets the salary scale. If the government expects decentralization to be effectively carried out, it should also develop autonomous Local and Regional Services Commissions, which would take over some grassroots personnel functions of the PSC. In particular, because these local and regional offices best know the kind of personnel they need, they should be given the responsibility to recruit their personnel below a certain grade.

Once established, these autonomous local and regional authorities would find it difficult and competitive with the central government unless they offer a career based on

merit, security of tenure, and benefits comparable to those enjoyed by other public servants. The PSC should, however, monitor the personnel activities of these Local and Regional Services Commissions to ensure that such activities are carried out within the overall context of the central government's requirements. In particular, the PSC should endeavor to carry out its duties within the true spirit and meaning of impartiality by being above politics, and, thus, develop a more effective manpower program for the nation. Because of the diversity of the Ghanaian population, the country's leadership should first take the PSC out of politics at all costs if the PSC is to be effective in performing its difficult tasks as an independent public body.

#### Inculcating a Sense of Accountability: Participation

Local and regional governments can be a good training ground for future civil servants by educating their personnel to have a sense of accountability, a virtue often in short supply in public services worldwide. Additionally, new heads of local and regional governments should be better able to bridge the gap between themselves and the people by allying themselves with community leaders. This will enable the new local- and regional-government leadership to: mobilize the people (through their community leaders) to active participation; enable these community leaders to accept new values; and enable the grassroots leadership to persuade their people to conform to new norms for effective ED. One official of the Ministry of Local Government stated:

Our new District Assemblies have a lot to cheer about....Because our society makes and respects community leaders,...communities will

naturally agree with their leaders, whose public wishes are often congruent with those of their own people.<sup>177</sup>

### Drawing Clear Lines of Authority

In Ghana, local and regional governments have similar ED functions, and it is sometimes difficult for them to know the limits of their respective duties and responsibilities. Therefore, to avoid any jurisdictional conflicts and, thus, be able to promote intergovernmental harmony, the central government in Accra should draw clear lines of authority for these subnational units.

In order to facilitate their activities, the central government should be committed to the mission of local and regional governments by providing monies and well-trained manpower whenever they request them. Finally, to encourage and maintain grassroots participation in government, the values and needs of the people should be congruent with the objectives of their respective subnational authorities. As a top Ministry of Local Government official noted:

Our District Assemblies will not succeed unless, among other things, they are able...to find out what their people want, and, thus, make compromises to iron out any differences which might impede the implementation of already-planned local projects.<sup>178</sup>

It is because the success or failure of any organization depends on practices affecting the people working for that organization that the section that follows is important.

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<sup>177</sup> Interview.

<sup>178</sup> Interview comment.

## **Human-Factor Changes**

Nothing is more important in administration, particularly in the public realm, than the quality of the personnel in terms of the work to be done and organizational effectiveness.

Three premises make up the cornerstone of this "human-factor" aspect of the changes suggested here:

1. People are often the cause of the problems facing an ED project and a budgetary practice;
2. The problems confronting an ED project and budgeting can be solved only by the organizational members, who are people; and
3. The most important reason for emphasizing the human side of ED and budgeting is that it is simply an effective way of getting the job done.

Because many development planners and budgeters lack governmental incentives to perform well, ED project objectives are thwarted. More effective management of human resources can significantly contribute to the objectives of ED and budgeting.

### Updating Personnel Skills: Human-Resource Development and Development Administration

Under the Structural Adjustment Program (SAP) of 1983, at least 50,000 underskilled public servants were dismissed (the government prefers the word "redeployed" to reflect the fact that those dismissed would be retrained for other careers) by the end of 1991. However, this does not mean that the remaining public servants are perfectly fit for their work. All the survey participants complained that they had not



received any form of retraining for some time to update their work-related skills. In particular, a statement of an ED planner in the Ministry of Health warrants mention:

Because of the changes always taking place in the administration of our public service, our government realizes the need to update our public-work skills. However, many of my counterparts in other Ministries complain that, in so many years, they have not attended seminars or taken any courses in our country or overseas to update their work skills.<sup>179</sup>

Guidelines number 17 and 18 for preparing the 1992 National Budget and the PIP (Appendix 3) imply the importance that the government attaches to training and retraining programs. However, the survey participants stated that, because of budgetary constraints, they had not been able to update their skills through seminars, workshops, etc.

The concept of development administration (DA) involves not only the establishment of planned programs for personnel development and organizational effectiveness but also the development of an overall administrative capacity (i.e., HRD) for organizational effectiveness. The development of this administrative capacity depends, in turn, on the adequacy of the institutions and mechanisms on which the bureaucracy must rely for updating budgeting and ED-planning skills.

The Ghana Institute of Management and Public Administration (GIMPA) is endowed with a faculty of diverse skills to help update the skills of Ghanaian government personnel, particularly budgeters and ED planners. Because of budgetary constraints in every country in Sub-Saharan Africa, governments in that region have been sending their

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<sup>179</sup> Interview on October 24, 1991.

high-level officials to the institute, rather than overseas, to update their work-related skills. GIMPA is, therefore, a good training place for Ghana's high-level public officials for whom it was established several years ago.

Also, because of inadequate funding for overseas studies, GIMPA and the country's three universities should, in close coordination with the Public Services Commission (PSC), establish periodic comprehensive training (and retraining) programs for all public officials, particularly budgeters and ED planners. By encouraging the nation's public statisticians, etc., the government should be able to make meaningful forecasts of the country's future manpower needs, which should be reflected in a comprehensive training program. Besides being encouraged by the government to develop a continuous cadre of skilled national and subnational development planners and budgeters, the country's academic and research institutions (e.g., the three universities and GIMPA) should also advise the government periodically on any aspects of financial management (including budgeting) and national planning for which personnel may have to be sponsored for study overseas. Caution should, however, be taken in personnel selection, which should be based solely on the country's appropriate manpower needs. (In some countries of the Third-World, public servants are selected to study overseas as a token of the country leaders' appreciation of their support for them in an election. Consequently, these publicly-funded "scholars" go overseas only to shop.)

### Recruiting and Promoting Personnel: Merit

The PSC and the Local and Regional Services Commissions (when established) should base personnel selection on merit, and personnel promotion on ability and performance, rather than on political influence or family connections. Included in these personnel practices should be some provision for security of tenure for good performers, as well as reasonable bases for dismissing those who are not.

### Introducing Non-Monetary Rewards

To give more meaning to merit-based recruitment and performance-based promotion, the government ought to develop and implement a just and adequate salary scale and fringe benefits. "In-house" employee assistance programs (EAPs) should be instituted to help employees to resolve their family- and work-related problems. Such problems ought to include (but should not be limited to) emotional disturbance, alcohol/drug use and abuse, financial mismanagement, bereavement, etc.

Obviously lacking in the Ghanaian public service are symbolic (non-monetary) rewards, such as letters of appreciation. Because non-monetary rewards have been found to increase employee morale and enhance employee loyalty and commitment in many countries (Matzer 1988:122), the Ghanaian government needs to introduce them in its agencies. Incentives and awards do not need to be expensive to be effective (Ibid.).

### Publicizing Work Rules and Regulations

An effective organization is one in which all members know the rules and regulations guiding behavior, etc. In Ghana, public agencies do not have explicit work rules or regulations to guide what they do. Therefore, the government needs to state and post all pertinent work rules and regulations at conspicuous places in all Ministries, departments, and agencies for all its employees to know them.

### Exercising Impartiality: Performance Appraisal

Performance appraisal (or performance evaluation), the managerial process whereby public managers periodically assess their subordinates' work and, consequently, provide those subordinates with monetary rewards, etc., tends to have been written off in the United States. In order to develop some feeling for those views expressed about the practice, one merely has to browse through the voluminous literature on the subject. Deming termed it a "deadly disease"; Clement stated that "non-verbal influences" in the practice impact the rating process; Scholtes called it "an exercise in futility"; and Thayer argued eloquently that "the disasters multiply" when one views the practice within the context of the merit system, on which it is supposed to be grounded. These comments range from dissatisfaction with performance appraisal to concern about the reliability and validity of what it is supposed to measure. Like race, the literature asserts, the gender of supervisors and subordinates may also affect the accuracy and fairness of employees' work assessments.

Performance-appraisal practices in Ghana's public sector have been a new phenomenon, just like contemporary budgeting and ED planning. With the critical viewpoints on this managerial tool in mind, Ghana's public managers should try to carry out the underlying objectives of the practice and, as a result, prove to the process's theorists (and practitioners alike) that its problems are culture-specific; its seeming failure in the U.S. does not mean its doomed failure in Ghana. In particular, the country's public managers should try to evaluate their subordinates impartially and, thus, eradicate all traces of biases and favoritism from the newly-instituted public performance-appraisal system. This is important, especially when one considers that Ghana's numerous ethnic groups are represented in all public agencies, where the process is carried out. In essence, the call here is for the exercise of impartiality within the true meaning and spirit of performance appraisal. In striving for impartiality when assessing subordinates' performance, public managers ought to have an effective dialogue with those subordinates to enable them and their subordinates to discuss performance face to face, rather than through letters or memoranda, as the practice is currently carried out in the country's public sector.

The Ghanaian public service needs lower turnover, improved employee morale, and increased public productivity as a result of a more stable public workforce, particularly at the lower and middle levels where personnel usually are expected to provide the bulk of public services to the people. An effective employee performance-appraisal system

could engender the provision of more efficient services to Ghana's relevant population.

### Encouraging Participative Management: A Reintroduction

Participative (or participatory) management or PM is a practice whereby organizational members participate in decisionmaking affecting the organization, hence themselves. It is important to discuss some of the research on the subject in order to illustrate the relevance of the practice, particularly in Ghana's public service.

Rensis Likert, a widely-recognized organizational researcher and practitioner, described PM as a comprehensive system of organization and management based on the use of group methods in every feasible operation and on thinking of the organization as a series of overlapping groups (Likert 1967). In general, PM involves workers in the planning and control of their own work activities. This involvement takes various forms, which include: participation in setting organizational goals; participation in making decisions; participation in solving problems; and participation in developing and implementing change (Sashkin 1982:16). Today, PM has become something of a fad with American public managers. Like the literature on performance appraisal, that on PM is also replete with evidence that the practice does not work in the public sector (see Anthony 1978). Nonetheless, it had worked successfully in Ghana before 1985.

The PM literature holds that the practice enables workers to participate actively in work decisions that are meaningful to them, leading to the formation of cohesive work teams (Katz and Kahn 1966). It can also reduce worker alienation from work (and even

the self), as well as worker feelings of powerlessness, meaninglessness, and isolation (Likert, op. cit.) and, thus, provide rewards<sup>180</sup> to society in general. Additionally, it is a model that ensures worker interactions and relationships with the organization, enabling the worker to build and maintain his sense of personal worth and importance (Likert 1961). The success of the Women In Development (WID) Program of the Ministry of Local Government, which is oriented toward improving the human conditions of Ghana's rural women, is clearly indicative of the effectiveness of PM in Ghana.

Positive views on PM were articulated in so many words by the surveyed Ghanaian budgeters and ED planners. For example, those officials asserted that, before 1985, there were many participative-management bodies known as Interim Management Committees (IMCs), which were effective vehicles for giving public employees a voice in the running of their agencies. One high-ranking government official put it like this:

Those Committees worked very well in terms of engaging our country's public-agency supervisors and their subordinates in dialogues on very serious work-related problems and issues to the extent that the process averted several public strikes.<sup>181</sup>

Unfortunately, because the World Bank and the IMF made the dissolution of these bodies one of the conditions for approving \$750 million for the PNDC government (the other condition was the devaluation of the cedi currency by another 30 percent), that

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<sup>180</sup> Among such rewards is increased productivity as a result of increased employee morale, low rate of absenteeism, etc.

<sup>181</sup> Interview.

government was forced to disband those effective bodies in 1985.<sup>182</sup> It is ironic that, in 1985, the government abandoned the practice through the Interim Management Committees but allowed it in the WID Program, which was started in 1990.

Because those participative-management bodies had previously played many positive roles in the government, the Fourth-Republican government should lift the ban on them and, thus, encourage their reestablishment for the sake of the Ghanaian population. Like contemporary Ghanaian ED planning and budgeting, worker participation is an eminently political phenomenon. PM is about politics and power at the level of the workplace, and, within the larger context, about social, political, and economic power and organization (Sirianni 1987:vii). Even though PM is no panacea for all organizational deficiencies, both research and practice clearly indicate that participative approaches do yield improved performance and productivity.

### Encouraging Women To Be Public Managers

In a male-dominated society like Ghana, females should be encouraged to seek public managerial positions. While great strides have been made in Ghana in terms of encouraging women to assume higher public positions, it is evident that female managers are, for the most part, stuck; discrimination against them persists. In particular, the public service should make it possible for them to obtain as good a chance as men to

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<sup>182</sup> With the disbanding of the IMCs, many agencies have gone on strike over poor work conditions (e.g., low wages and salaries). The strikes could well be termed some of the unintended consequences of the World Bank-IMF measures aimed at civil-service reforms.



reach the top echelons of public management. A WID Program Coordinator complained:

Compared to the public sector in many other countries, our country's governmental sector has provided opportunities to many women to assist them to compete with their male counterparts. However, the government still has a long way to go to actually accept female supervisors as equals.<sup>183</sup>

### Using "Variety Showcases": Enhancing the WID's Success

Chapter Five indicated that, despite the apparent success of the WID program, there have been some conflicts with traditional male-oriented structures in the areas where rural projects are undertaken. In ameliorating this problem, the WID Secretariat could use educative episodes on the national radio and television networks during the twice-weekly "variety showcases". The episodes on these showcases depict true social events, ridiculing certain cultural, traditional, and societal values undercutting technological advancement in the country. As a result of these showcases, many cultural, traditional, and societal values undercutting effective ED have either been modified or eradicated.

Because inadequate funding for ED projects partly accounts for ineffective ED in Ghana, the discussion of financial changes that follows is appropriate.

### **Financial Changes**

The purpose of the discussion that follows is to suggest ways of ameliorating the lack of financial resources for implementing Ghana's development projects. The discussion also dwells on the importance of the computer in the country's public

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<sup>183</sup> Interview.

budgeting and ED-planning processes. This section could appropriately have been discussed under "Institutional Changes" described earlier, but is undertaken under "Financial Changes" to show that financial resources occupy a very important locus in the Ghanaian government's ability to carry out a successful ED program.

### Computer Use in Budgeting and Economic-Development Processes

The potential impact of computers on budgeting and ED planning is enormous. To appreciate this potential, one needs to familiarize oneself with an argument made in the debate in the 1930s on the feasibility of central planning in the former Soviet Union (Cave 1980). It was asserted then that simulation of the allocation of resources in a centrally-planned economy was inconceivable because it would require the solution of 'millions of equations'. However, because the situation is quite different today with the invention of computers, that objection to computer use would probably have been overruled.

The use of the computer contributes to successful use of program and performance budgeting or PPB. Ghana uses that budget system but does not use computers in ED planning and budgeting, missing the full benefits of PPB. Only one ED planner-budgeter uses the computer, appreciating its ability to facilitate his difficult work. Eleven (11) of the remaining fourteen (14) survey participants attributed lack of effective coordination between ED planning and budgeting primarily to the rigid standards of the Public Investment Program or PIP. That problem, however, is primarily attributable to the

shortsightedness of the country's external international lenders, who do not make effective human-resource development (HRD) and development administration (DA) a high priority.

In Ghana, the use of computers is linked to perceptions of unemployment. Also, the people's idea of employment relates mainly to employment in the public service. This perception is a product of the British colonial era when government employment carried with it self-esteem, family honor and respect, as well as a divisive sense of superiority over those not employed by the government. The Provisional National Defence Council's (PNDC's) implementation of the Structural Adjustment Program (SAP) has led to the dismissal of more than 50,000 people by the end of 1991. A high-ranking government official stated:

The fear of more dismissals in our government...that is, our public sector,...accounts, in part, for our government's reluctance to use the computer on a large scale, particularly in complex activities, such as budgeting and ED planning.<sup>184</sup>

That remark identifies a dilemma facing the government: on one hand, the Ghanaian government has political reasons for not encouraging computer use in the budgeting and ED-planning processes; on the other, it is aware of the merits of extensive computer use in the two processes.<sup>185</sup> In particular, it acknowledges that, as a result of using

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<sup>184</sup> Interview.

<sup>185</sup> On October 23, 1991, a high-ranking government official at the MFEP told the researcher about the government's apprehensiveness about extensive computer use in budgeting and the ED processes, even though it realizes the numerous benefits from this use.

computers, the tasks of some personnel could be diverted to more important and meaningful activities associated with budget data analysis, as well as ED planning, implementation, monitoring, evaluation, and feedbacking.

Therefore, the government should: (1) begin to systematically educate the people on the benefits of using computers in budgeting and ED planning; (2) show them that computer use would not create unemployment; and (3) introduce computers in the two processes. In light of this recommendation, the government should also educate the people to make them more aware of the dependence of improved economic development on substantial revenues from their paid taxes.

#### Facilitating Revenue-Forecasting

One of the most difficult tasks in preparing a budget is forecasting available revenues. An overly optimistic forecast may subsequently require unpopular budget cuts, tax increases, or both (Shkurti 1990). On the other hand, a pessimistic forecast may trigger a political controversy over the size of the budget surplus, or it may encourage additional spending that cannot be sustained in the future (Ibid.).

When revenues fall short of expectations, elected officials are faced with their worst nightmares. The political firestorm that enveloped Governor Michael Dukakis of Massachusetts illustrates how distasteful this could be. After a revenue shortfall of \$308

million, Dukakis found himself with a \$471 million projected budget deficit and in an ugly confrontation with legislators of his own (Democratic) party.<sup>186</sup>

A revenue forecast cannot and should not be expected to be completely precise. Errors do occur in information, technique, or in interpretation even in the most carefully designed systems. In today's uncertain economic environment, prepared forecasts are far from perfect. For many years, Ghanaian revenue forecasters assumed that it was better to be wrong by underforecasting rather than overforecasting revenues. A good forecast has an equal probability of being wrong in either direction, and a forecast is not a very good substitute for political decisions. Misusing a forecast for political purposes clearly weakens credibility, which is hard to restore once undermined. Even though the forecast itself should not be a political document, forecasters must always be sensitive to its political implications (Shkurti, *op. cit.*).

It is because revenue-forecasting is an important dimension of budgeting that some revenue-forecasting practices are discussed in Appendix 5 to illustrate their potential for successful budgeting in Ghana. The point of that discussion is to show that Ghana's lack of funding for ED could be ameliorated if public budgeters use those practices, which are essential for successful revenue forecasting. Also implicit in that discussion is the need for ED planners to use computers to do long-range forecasts to determine: (1) the sustainability of development projects; and (2) some of the hidden costs in certain

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<sup>186</sup> Allen R. Gold, "Dukakis Is Forced To Revise Budget", New York Times, December 8, 1988, A-32.

development projects. In particular, because of the large volume of data involved in forecasting, using computers is essential to producing meaningful results for both budgeting and ED planning, as well as for users of revenue forecasts.

For the purposes of this discussion, users of revenue forecasts in Ghana include elected officials of the Fourth Republic, ED program managers, as well as concerned citizens involved in the public-budgeting process. Hopefully, elected public officials of Ghana's Fourth Republic would be held accountable for the National Budget,<sup>187</sup> and, thus, there is the need for objectivity in revenue forecasting. It is assumed here that they will use a prepared forecast to make or influence public policy decisions about national taxes, as well as levels of public-expenditure spending. It is, further, assumed that, even though users' objectives may vary, they all share one common need: A sound forecast which should provide them the information they require in order to actively participate in the public-budgeting and ED-planning processes.

An attempt is made in the discussion that follows to strongly suggest that Ghana's budgeters and planners change some of the ways they perform their respective public responsibilities so that more effective ED can occur.

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<sup>187</sup> The National Budget has two separate parts: a development- (capital) budget component and also a recurrent-budget component.

## **ECONOMIC DEVELOPMENT AND BUDGETING: A RECONCEPTUALIZATION**

### **Modifying the PIP's Project Selection-Criteria**

As already discussed, the Public Investment Program (PIP) is the instrument that guides Ghana's budgeting and ED planning. In particular, its linkage with the public-budgeting and ED-planning processes ensures that selected projects (e.g., ED activities) are funded through the annual national budget. Clearly, the PIP presents a reasonable framework within which Ghanaian budgeters and ED planners are supposed to carry out their respective responsibilities within the overall context of ED objectives. In practice, however, because of the government's selective use of the PIP standards, Ghanaian budgeters and ED planners perceive the PIP as too rigid, even though they know that the selective use of those criteria should be blamed on the government, rather than on the PIP.

The government perceives the PIP as being a precise administrative tool, as well as an economic panacea, which should not be tampered with, mainly because it was a component of the World Bank-suggested Structural Adjustment Program (SAP). However, the PIP becomes too rigid, particularly if only one or two, rather than all of its criteria, are used in the selection and financing of ED projects. Particular reference is made to the government's budgetary practice of neglecting certain projects, while, at the same time, appropriating funds to start new ones, simply because such new projects command priority in terms of meeting one or two of the PIP standards (e.g., the projects' foreign-exchange-earning potential). According to many of the surveyed officials, the

government does that, mainly because: (1) it does not wish to be plunged again into the situation where the national coffers will be empty and, as a consequence, projects cannot be undertaken to continually improve the peoples' living conditions; and (2) it does not wish to endanger its eleven-year political stability that clearly fosters sustained financial credibility.

Each country is unique in terms of possessing a different set of socio-economic conditions, which should be used as guides for budgeting and ED planning. It is, therefore, suggested that the PIP's project-selection criteria be modified to lay heavy emphasis on Ghana's socio-economic needs, which ED projects strive to satisfy within the basic human-needs (BHN) approach. The PIP should be flexible enough for review and revision in light of Ghana's current and future socio-economic conditions. Specifically, it should not (and need not) be viewed as an unalterable set of guidelines for public budgeting and ED planning, particularly when the government is aware that: (1) the 6 percent growth rate engendered by the ERP and the SAP is not bad; and (2) ED has been less than successful, partly as a result of its selective use of some of the PIP criteria, making those standards appear very rigid. One may think that, because the PIP was derived from the World Bank's Structural Adjustment Program (SAP), Ghana's government should renegotiate the PIP's project-selection criteria with the World Bank. According to a high-ranking government official in Washington, D.C.,

That may not be necessary, mainly because our country has been able to sustain its credit to the point that we now have a leeway to do things our own way....that is, we can now decide the specific yardsticks determining



how to select development projects to be funded by our yearly National Budget.<sup>188</sup>

What that official did not say was that the government ought to stop its selective use of the PIP standards in order for successful projects to be undertaken to continually improve the peoples' human conditions. To be sure, most of those criteria seem reasonable.

It is hoped that, once governmental efforts have been made to review and revise the PIP's project-selection criteria, then the situation whereby effective development is undercut by the lack of coordination and integration of budgeting and ED planning could be changed. Hopefully, it will follow that MFEP officials will become more development-oriented.

A closer link between budgeting and ED planning could be a major stimulus for improvement in the human conditions of people, particularly in the Third World (Gant, op. cit.). Public budgeting is crucial as a means of allocating human and material resources to improve the people's standard of living, but, to perform this important role effectively, Ghanaian budgeting needs to be more closely related to national ED planning. When budgeting is viewed in this light, the Ghanaian government must continually review its budget structures, techniques, etc. within the country's social-economic conditions in order to make these structures and techniques more workable and effective.

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<sup>188</sup> A comment on February 8, 1993.

### Awareness of Conditions for Effective Budgeting-ED Planning Coordination

A most important condition for successful budget-ED plan coordination and integration is that the relevant national objectives and policies be established and articulated (Gant, p. 214). The establishment of such objectives and policies should give consistent direction to both budgeting and ED planning. Additionally, in order to become more conscious of these ED objectives and policies, public budgeters and ED planners should be well informed about the rationale behind those objectives and policies. To facilitate systematic coordination and integration of the two processes, budgeters and ED planners should be systematically trained in a system's approach to their public functions. Such training would hopefully make them more aware of the importance of the intra- and inter-relationships among processes and public agencies, the channels through which they perform their statutorily-charged roles.

Also, increased awareness of these relationships can enhance familiarity with the objectives of both budgeting and national ED planning, particularly as they relate to the amelioration of the people's human conditions. A top ED planner indicated:

It seems to me that, even though my colleagues in budgeting are well-trained and experienced, they don't really know the objectives of ED, which are obviously known by all my colleagues in ED planning.<sup>189</sup>

A high-ranking budgeter also asserted:

Our nation's ED planners and experts are so obsessed with money, money, and money that they don't make the effort to appreciate what we

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<sup>189</sup> Interview on October 25, 1991.

budgeters have to do to obtain the funds required for executing development activities.<sup>190</sup>

Clearly, the statements of those two officials indicate how they differently perceive their respective public roles. It is, therefore, hoped that periodically co-training these public administrators can make them realize that a system's approach to government is essential. Such an approach would make them conscious of the different but interdependent roles each plays in public administration, development administration, and economic development.

Additionally, there should be standardized and effective channels of communication to support and expedite the systems of coordination and integration. An important by-product of an effective coordination and integration of budgeting and ED planning is the enhancement of inter-governmental relations or IGR. (The subject of IGR is addressed in Appendix 4 in the discussion of a system's approach to more effective ED.) In attempting to make Ghanaian budgeters and ED planners reconceptualize their respective roles in governance to make ED succeed, the discussion that follows illustrates some of the directions that budgeting ought to take. In particular, the discussion will highlight how the budget process in Ghana could be more meaningful so as to improve ED, and hence the human conditions of the country's relevant population.

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<sup>190</sup> Interview remark.

## **ED Planning and Budgeting: Addressing Some Key Aspects**

Among the important ED planning and budgetary aspects that the Ghanaian government needs to address are: (1) ED Plan-Budget Formulation; (2) ED Plan-Budget Flexibility; (3) ED Planning-Budgeting Procedures; and (4) Data requirements for ED plan and budget implementation.

### **ED Plan-Budget Formulation**

Budgeting is a complex, iterative process in which the country's political decisionmakers, including budgeters and ED planners at the center and at the subnational level, should participate. Because budget formulation is an iterative process, continuous backward and forward feedback from all public budgeters and ED planners is vital to ensure a proper molding of personnel expertise and capacities into an effective whole. The MFEP should make known the total volume of resources to be mobilized and allocated based on accurate revenue forecasts, list the policy changes to be made during the budget year, and transmit these to operating Ministries, departments, and agencies.

In formulating the budget, priorities should be related to ED objectives, particularly the amelioration of the human conditions of the country's relevant population. The budget must reflect realistic or attainable ED objectives and stipulate anticipated constraints. When the budgetary changes described above are implemented, the MFEP could be transformed from an expenditure-control-centered agency into an ED-oriented

one.<sup>191</sup> Because budget formulation is crucial to the success of ED, the MFEP ought to play a more active role in systematically training subnational personnel in effective budgeting and ED planning.

The budgeting literature does not explicitly acknowledge the use of strategic planning/management, which has proved to be an effective decisionmaking tool (McCaffery 1984). However, a relationship between the two processes can be effective, and strategic planning/management should be adopted for Ghanaian development planning and budgeting. In particular, because both processes are highly politicized, particularly at the national level, strategic planning/management could be effectively used in both processes. This suggestion is also based on the fact that human resources can be strategically planned and managed (Odiome 1984), and part of the problem identified in the study is a human-resource development/management one. More importantly, the suggestion for the use of strategic planning/management in Ghana's ED planning and budgeting is based on this premise: Both strategic planning/management and budgeting interface with the external environment and, in the Ghanaian context, financial conditions set by external international lenders, notably the World Bank and the IMF.

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<sup>191</sup> With the establishment in 1987 of the 110 District Assemblies (DAs), the groundwork has been laid for perceiving public budgeting as an ED-oriented process. In particular, ED is now thought of as an objective worth pursuing, particularly because of ED's potential to improve the human conditions of the country's relevant population.

### ED Plan-Budget Flexibility

Another important aspect of the two processes worth discussing is the need to make budget and ED plans continually reflect the country's socio-economic changes, as well as attainable objectives. In particular, the annual budget ought to be viewed as an alterable or amendable set of plans and proposals. A government ED planner said this:

If our annual budget is to be meaningful in terms of addressing our peoples' basic needs, its preparation should consider our country's changing needs, which are reflected in the specific projects undertaken at any point in time to improve the peoples' living conditions.<sup>192</sup>

During the budget cycle, certain constraints (e.g., possible reductions in levels of exportable cocoa and gold production leading to reduced foreign exchange) may occur. In some instances, too, it may not be prudent to have across-the-board cuts; it might be better to temporarily suspend certain projects, which have been initially planned and budgeted for but not yet launched.

### ED Planning-Budgeting Procedures

Of crucial importance are Ghana's budgetary procedures, which constitute an integral part of the country's budgetary practices. In particular, ED plans and budgetary procedures should be clear, specific, and tailored to ED objectives and policies.

Additionally, they need to be workable in light of Ghana's socio-economic realities and the people's aspirations. This calls for an educational effort to explain the purposes of a development plan to encourage public participation and input. To sustain public

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<sup>192</sup> Interview on October 23, 1991.

participation, the government should be able to assure the intended beneficiaries of its ED projects that their plan-formulation input would be respected and incorporated into the final plan. It is at this stage in the ED planning process that a people-government dialogue is essential in order to enhance popular acceptability of the final plan.

In Ghana, the government has become the chief decisionmaker in ED since independence, mainly because of the magnitude and complexity of the ED process. Even though this involvement is understandable, it is suggested that a dialogue be able to let the government, the District Assemblies, private entrepreneurs, and others know the particular projects that they should undertake. It is hoped that would decrease conflict and enhance the smooth process of ED at all levels of government. Because adopted plans have to be implemented, effective ED planning and budgeting also has to take into account the country's managerial capacity at those levels of government.

#### Data Requirements for ED Plan-Budget Implementation<sup>193</sup>

Finally, because the budget and ED-planning processes consume so much data, the use of the computer, as earlier discussed, becomes important. Budget implementation requires prompt and regular flow of data on the amount of resources used and the results achieved. ED planning requires organized data to achieve meaningful results.

The test of data is whether they permit prompt and a reasonably accurate assessment of what is happening with regard to resource mobilization and allocation, and ED

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<sup>193</sup> Because the budget process starts with budget formulation, the use of computers applies also to budget formulation.

planning. Therefore, the role of the computer in budget implementation, ED monitoring and evaluation is crucial. It is at this point in the budget process that governmental decisionmakers, particularly budgeters and ED planners, should be able to make adjustments in light of unfavorable trends in the budget period.

The processes by which decisions are made are important for organizational effectiveness, and both strategic planning/management and computer technology have proved capable of facilitating decisionmaking processes, which encompass budgeting and ED planning. Because this form of technology and strategic planning/management will affect the way governments (and also businesses) perform their work for the foreseeable future, their extensive use in Ghana's public sector, particularly in budgeting and ED planning, should be seriously encouraged.

The discussion in Chapter Five makes one realize, among other things, the magnitude of the ED process. The Ghanaian government alone cannot carry out the ED thrust. It requires assistance from the private sector. In light of that need, the discussion that follows is important.

### **THE PUBLIC-PRIVATE CONNECTION**

An area which remains rather neglected is the interface between PA (i.e., the public sector) and private enterprise (i.e., the private sector). The private sector is defined as encompassing domestic and foreign loans and grants, as well as domestic and foreign



expertise. Because ED is, in effect, investment (public and private), it is important to emphasize the role of private investment in the national ED endeavor.

### Public Investment: The Five Main Sources

Public investment has five main sources of money (Hodder 1968):

(1) Budget Surpluses; (2) Profits from public enterprises; (3) Public Borrowing; (4) Deficit Financing (e.g., the Mexican experience, particularly between 1958 and 1982); and (5) Foreign Assistance.

Ghana has had a budget surplus since 1986, and the government has been using the surpluses mainly to repay its debts. It was because the country's public enterprises had not been able to make profits from their operations for a long time that the Structural Adjustment Program of 1983 has been implemented to restructure the country's public enterprises (i.e., state-owned enterprises or SOEs). It is the hope that, since public managers have been provided with incentives, SOEs will begin to contribute a greater portion of their profits to ED.

For a long time, particularly since the PNDC took over Ghana's administration in December 1981, public borrowing has been the cornerstone of the country's investments. As earlier stated, these borrowed funds have been instrumental in enabling the government to have a favorable balance of payments, hence sustained financial credibility. Deficit financing was the main source of project-funding in Ghana, particularly during the Acheampong administration (January 1972-July 1978), when

money was plentifully printed, creating a serious inflation that coincided with the global recession.

In several countries, ED plans stress the value of public investments as a means of preventing any further concentration of economic power in the hands of a few (Ibid.). In others, too, the role of public investments is mainly to support and facilitate private investment. Whether public or private, the form which ED investments take may be critical. A certain portion of the available financial resources needs to be in foreign exchange, which is normally accumulated through exports, foreign aid, or foreign private investment (Ibid.). To be sure, foreign exchange is needed to import ED materials not available in Ghana for ED purposes.

#### **The Ghanaian Government: Counting on the Private Sector**

The discussion of Ghana's Ministry of Agriculture's role in ED in Chapter Five indicated that, in formulating strategies for developing the livestock subsector, the government counts mainly on private livestock owners. Additionally, in the country's health sector, the government's health facilities are supplemented by 39 Mission Hospitals, 48 Mission Clinics, and 300 physicians with their own facilities (PIP 1990-92 Main Report: 62). In the country's educational sector, the government provides about

90 percent of the sector's infrastructure for the first- and second-cycle schools,<sup>194</sup> while private organizations provide the remaining 10 percent (Ibid., p. 56).

With rapid population growth, inadequate housing has become one of the most critical social problems facing the government. However, because the private sector delivers 85 percent of the country's housing stock (Ibid., p. 50), the government has been tremendously relieved of its responsibility of providing housing to its relevant population. Additionally, the private sector delivers about 90 percent of all road-transport business activities (Ibid., p. 37). Because most Ghanaians travel by road, the government's role in providing basic transportation to the people has been drastically reduced.

The point being made is that the Ghanaian government acknowledges that it cannot "do it" all alone. In particular, in some of the key ED activities undertaken in the country, the private sector has assumed an obviously substantial role. Thus, the private sector's role in Ghana's ED is a major force with which the central government clearly reckons.

#### Creating Incentives for Private Entrepreneurs

Because the government realizes the major contribution to ED by the private sector, it needs to continually review and revise its policies and regulations concerning that

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<sup>194</sup> First-cycle (or basic-education) schools encompass the Primary and Junior Secondary Schools, whereas second-cycle schools include the Secondary Schools, initial Teacher Training Colleges, and Technical and Vocational Institutions (PIP 1990-92 Main Report:56). Tertiary education is offered at the universities and other higher-educational institutions.

sector with a view sustaining the sector's role in ED. It ought to introduce programs and measures aimed at (among other things): enabling private entrepreneurs to recover previous investments locked up in their development projects; encouraging private entrepreneurs to assist in educating the people, particularly at the first- and second-cycle levels; and sustaining private medical practitioners' efforts to help them to resuscitate the nation's health sector.

In light of the important role that foreign aid plays in Ghana's economy, particularly in ED, it is appropriate to end this discussion of the interface between the Ghanaian government and private enterprises (and organizations) with a few words about foreign aid.

### **Foreign Aid: Caution in Seeking It**

Whether foreign aid takes the form of grants, loans, technical assistance, etc., a great deal of controversy exists over the extent, and even the desirability, of such aid for the Third World. To many recipient countries of Africa, all foreign aid is interpreted as a form of neo-colonialism. (See the Ghana June Fourth Movement's critique of the PNDC's external loans, particularly those from the World Bank and the IMF, in Chapter Two.)

### **Exports and Unemployment**

To be sure, external capital is vital to Ghana's ED, and the government should continue to seek it. However, in seeking such assistance, the country's leadership should

be cautious not to surrender the nation's sovereignty. The discussion below illustrates the situations created in Ghana through the government's fixation with external capital, particularly foreign exchange.

The government has recently realized the ill effects of its cocoa tax policy that made it pay cocoa farmers less than the world-market price, yet selling cocoa for more on the world market. Because those farmers could not cover their cost of production, they grew less cocoa, and it eventually reduced government revenues, costing Ghana its one-time dominant role in the world cocoa market. Now, the government's priority lies in maintaining its favorable balance-of-payments status. Consequently, and upon the advice of the IMF, it has continually increased payments to cocoa farmers with a view to encouraging them to plentifully produce cocoa and other major exportable commodities.<sup>195</sup> Mainly because of that incentive, cocoa production has continually increased.-

However, cocoa is exported in its raw form (i.e., cocoa beans), rather than in manufactured form, to earn some of the nation's much-needed foreign exchange. This practice clearly hampers industrialization to the extent that the government does not have a coherent industrialization policy, which could lay a meaningful foundation for offering some form of employment to some of the country's unemployed. Additionally, with the exportation of raw cocoa (beans) mainly to the developed countries, employment is continually provided to people of these developed countries, while Ghanaians receive no such employment in their country.

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<sup>195</sup> The discussion also applies to timber, which is also exported in its raw form.

The Ghanaian government's receipt of external capital does not automatically stimulate improvement in the people's standard of living. A dramatic increase in foreign aid, this dissertation asserts, should be accompanied particularly by importer nations' encouragement of Ghanaian industrial exports. As long as the structural imbalance of industrialization exists and persists, the gap between the rich and poor countries will continually widen, particularly as the poor nations' demand for foreign assistance continually increases.

### Enlisting Multi-Party Support

Even though most well-meaning Ghanaians would agree with the suggestions described above, some Ghanaian policymakers, particularly those who stand to lose when these suggestions are being carried out, would naturally resist the implementation of those suggestions. Therefore, special attention should be given to enlisting multi-party support (Katz 1965:12) for a truly professional government personnel system. The development of well-trained public manpower consists in creating, with multi-party support, opportunities for strengthening the capacities of public personnel supposed to implement the public thrust, of which ED is a crucial part.

Besides multi-party support, support from civic groups (e.g., youth organizations) needs to be solicited if these suggestions are to be successfully implemented. Because public support is essential to the successful establishment and maintenance of the public

system, efforts should also be made to inform and educate the general public. As one survey respondent indicated:

It is only when the people we serve give us the green light in terms of what they want us to do for them that we in government will be able to formulate and execute more appropriate and realistic plans and policies, which our public appreciates.<sup>196</sup>

It is because Ghanaian budgeters and ED planners occupy a very important niche in public governance that the discussion below is appropriate. In particular, the discussion addresses the agential roles of budgeters and ED planners, hence the need for them to realize that relationship and act accordingly.

#### **BUDGETING AND ECONOMIC DEVELOPMENT: THE ETHICAL DIMENSION**

Public concern is increasing for ethics in government because of, among other things, day-to-day revelations about public-fund embezzlement, conflict-of-interest cases, etc. involving public administrators. According to Richard Green,<sup>197</sup> ethics in PA can be said to consist of two basic dimensions. The first dimension, which is negative and technical, stresses ethical boundaries defined by positive law. In particular, it asserts that there are limits to the range of acceptable actions by public administrators. Dilemmas

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<sup>196</sup> Interview remark.

<sup>197</sup> Richard Green is an Assistant Professor at the Department of Political Science, the University of Wyoming, who, as a Visiting Professor, taught "Normative Foundations of Public Administration" at the Center for Public Administration and Policy (CPAP) at Virginia Polytechnic Institute and State University during the Second Summer Session of 1990.

arising from this dimension often involve conflict-of-interest questions, which require technical and legal consultation. The second dimension, which deals with positive uses of administrative discretion, emphasizes dilemmas arising from the substantive decisions by public administrators. In particular, it raises questions such as: "How do I make the 'right' decision?" "Can I legitimately deceive others in the public interest?" The questions go on and on, and most of them cannot be answered definitely. Nonetheless, they must be dealt with if public servants, such as budgeters and ED planners, are to perform their duties effectively and appropriately.

Ghanaian high-ranking bureaucrats, particularly budgeters, seem to have a limited set of ethical concerns. Ethics deals with the moral character of voluntary (i.e., conscious) actions, which refer to the concept of being right and wrong (Menson 1990). Reinhold Niebuhr wrote: "Politics will, to the end of history, be an area where conscience and power meet...." This meeting, it has long been recognized, is special and raises ethical issues for public servants. To be sure, these issues are very different from those of private citizens. There is no agreement on how this meeting of "conscience and power" should take place. For years, a prominent issue has been whether it is possible to hold public office and be ethical at the same time. Machiavelli, in the early 1500s, began the modern debate on political ethics when he advised rulers to focus on effectiveness (i.e., end results) as the ultimate political good.<sup>198</sup> Additionally, Michael Walzer noted that "(n)o one succeeds in politics without getting

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<sup>198</sup> Niccolo Machiavelli, The Prince (New York: Random House, 1950).



his hands dirty", and then went on to reconcile the guilt of having dirty hands rather than resolving the challenge of keeping them clean (Walzer 1973).

Ghanaian budgeters and ED planners seem to be concerned about process, not policymaking. Issues such as honesty (i.e., accurate and comprehensive presentation of information) and fairness (i.e., ensuring that all deprived areas get a fair share of budgetary appropriations) deal with how the decision about monetary appropriation and ED plans are made rather than the decision itself. In this sense, Ghanaian budgeters and ED planners are almost like referees; they want to make sure that the game is played fairly and according to the rules, but they take no responsibility for the final decision. To them, the final decision or score is the responsibility of the politicians, who are the players. However, as Stuart Hampshire stated, "public policies are judged by consequence, not by innate qualities." (Hampshire 1978:50).

To act ethically, therefore, Ghanaian budgeters and ED planners need to have a set of moral principles and values and then reflect them in both actions and decisions. Reflecting principles and values requires both actual consideration of ethical concerns and conscious choice of alternatives on ethical considerations. They should first realize their privileged position: Only a few Ghanaians are budgeters and ED planners. As the people's representatives in governance, they ought to realize their agential relations (Wamsley et al. 1990) with the Ghanaian polity and act accordingly. "Governance" is purposely used here: it depicts budgeters and ED planners' role as that of governing, rather than merely managing or administering the public sector. To enhance popular

acceptance of ED objectives, they need to strive to involve the people in a meaningful dialogue over what these objectives ought to be.

According to John Rohr, the founding of the American Republic is grounded on the three regime values of equality, freedom, and property (Rohr 1978, 1986). In the Ghanaian context, the Republic is grounded on freedom and justice. Comprising various highly organized and technically-trained personnel, the Ghanaian bureaucracy, particularly budgeters and ED planners, tend to support policies it perceives as enhancing its own standing or effectiveness as an institution. Additionally, it is generally perceived as exacerbating inequalities of power within the society's private sector by, in some cases, simply echoing the views of major private interests. Consequently, the advantages and stakes of the already powerful clientele are continually augmented. Paradoxically, the governmental bureaucracy, of which budgeters and ED planners are an integral part, is supposed to carry out policies purporting to redistribute income from the Ghanaian haves to the have-nots.

As public agents, budgeters and ED planners should realize that they are supposed to act on behalf of the citizenry and in a conscientious manner. In striving to improve the human conditions of the relevant population, budgeters and ED planners ought to coordinate and integrate their respective activities in harmony with established and articulated national ED objectives and policies. Because they are the people's agents,

their role in governance should assume that of a vocation, rather than a job or career<sup>199</sup> (Wamsley et al., p. 163), when their performance is supposed to provide consistent direction and coherence to national ED objectives and policies. In essence, having a vocation calls for commitment to a set of ideals, of which ameliorating the people's standard of living is a major part.

To be accountable to the people, Ghanaian budgeters and ED planners should:

1. Recognize that they should not realize undue personal gains from their work;
2. Eliminate all forms of discrimination, mismanagement of public funds, etc.;
3. Exercise discretionary authority to promote the public interest;
4. Avoid any interest or activity which may conflict with the conduct of their agential duties;
5. Work within the constraints or structures provided them;
6. Be willing to test their ideas against challenge; and
7. Accept others into their organizations in an atmosphere of bipartisanship.

Specifically, the nation's budgeters and ED planners should strive to obtain the country's "regime values" of freedom and justice for all Ghanaians through the "honest" use of discretion within the framework of self-restraint, the essence of professionalism (Rohr, op. cit.).

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<sup>199</sup> For vocation, the essence is a sense of "calling" to a particular role; for jobs, the essence is simply labor for money; and for career, the essence is personal development and fulfillment.

Additionally, they should try to educate the nation's future leaders and bureaucrats (the students, particularly those pursuing studies in Public Administration) to familiarize them with the entailments of public responsibilities. It is only when these public servants inform the future national leaders about what they do that these future leaders will begin to view the Public Administration as requiring: (1) using authority defined in constitutional terms; (2) contributing to the general welfare; (3) conducting the public mission in an atmosphere that is above suspicion and the self; and, beyond their call of duty, (4) sharing one's satisfactions, experiences, pleasures (and even disappointments) with these future country leaders (see Assibey-Mensah 1991).<sup>200</sup>

### CONCLUSION

Ghana's public budgets have grown in size over the years, particularly since independence on March 6, 1957, and have also become less useful in steering government. These phenomena (i.e., budget growth and budget unsteerability) lead to the big dilemma confronting modern public budgeting, which has nowhere been resolved: the rapid expansion of national budgets accelerates inflation, while budget cuts cause several political conflicts and growing unemployment (Korff 1984).

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<sup>200</sup> In Heroes of American Public Administration, the researcher compiled a biographical list of 16 eminent American public servants for the Center for Public Administration and Policy (CPAP), the home of the "Blacksburg Manifesto". In this document, he attempted to enumerate the numerous purposes of biography, including one's ability to "see how the illustrious and eminent found happiness and inner satisfaction, or why contentment was but an illusion to them".

Today, Ghanaian ED planners are unable to realize their well-meant intentions, partly because of the changing and unforeseen realities pervading the country's budgeting. Therefore, both budgeting and ED planning need to be flexible enough to adapt to ever-changing situations if they are to realistically improve the people's standard of living and, thus, enhance their life opportunities.

Organizational change refers to any significant alteration of the behavioral pattern of a large number of the individuals who constitute an organization (Heffron 1989). However, in order to understand the nature of organizational change being suggested in this dissertation, public administrators need to look beyond the human factor alone (Daft 1983; Perrow 1986). In particular, the structure, organizational climate and culture, etc. need to be seriously and carefully examined if change is to occur.

Theory and research on organization-environment relations from a population-ecology perspective have been based on the assumption that inertial pressures on structure are strong. Michael Hannan and John Freeman asserted that the death rate of organizations attempting structural change rises with duration, size, and the complexity of the reorganization (Hannan and Freeman 1984). This suggests that inertial pressures increase with age, organizational size, as well as with the complexity of processes, such as budgeting and ED planning. Therefore, because Ghanaian budgeters and ED planners are accustomed to their routine ways of doing things and the size of their work is both enormous and complex, it is expected that resistance to the measures and strategies suggested in this dissertation will mount.

The problem that this dissertation addresses (i.e., the lack of a closer budgeting-ED planning relationship and the resulting ineffectiveness of ED in Ghana) is mainly a structural one, with its concomitant human-factor and financial bottlenecks. The study has, accordingly, endeavored to identify the critical elements of this structural-human-financial interface and recommended changes, which the Ghanaian leadership should employ so as to improve both budgeting and ED planning. It is worth noting that, for the past 30 years or so, neither the problems of economic development nor the prescriptions for successful economic development have changed that much. Therefore, contemporary public administrators need to take a very serious and hard look at the way they have been looking at such problems and their recommendations.

It is hoped that, in effecting these institution-building changes, the leadership will realize that: (1) its efforts will ameliorate the living conditions of Ghanaians today; and (2) its efforts will lay a better foundation for better governance, particularly budgeting and ED planning, for the foreseeable future.

### **IMPLICATIONS FOR PUBLIC ADMINISTRATION**

Budgeting and planning are cited as two of the seminal concepts in the management literature of the 1930s, and, according to Gulick, are two of the essential "POSDCORB" administrative processes. The budgeting and ED-planning processes are never complete, and a few thoughts are in order on the crucial or vital role of PA in stimulating and achieving ED.

Allen Schick wrote that the purpose of public organization is "the reduction of economic, social and psychic suffering and the enhancement of life's opportunities for those inside and outside the organization." (Schick 1975). It is hoped that substantial revenues could be generated by the Ghanaian government through systematic education of the people (who ought to be the major beneficiaries of ED) to make them more aware of the dependence of improved economic development on large expenditures, which come from their paid taxes. In light of this hope, the government should first show them the consequences of paying taxes. Given the Ghanaian public's antipathy toward taxes, this dissertation represents a major invitation to public servants to take a hard look at their fiscal environments to determine if there are any other revenue sources outside their over-burdened taxpayers. A formidable challenge is, thus, posed to the Ghanaian public administrators in their search for answers to puzzling questions such as: "How could we levy taxes on the people when they are disenchanted with public ED programs?" However, these public administrators are aware that their institution will be in jeopardy should they fail to be the protector of disadvantaged Ghanaian interests.

Nowadays, (and, particularly because of the complexity and enormity of the ED thrust), in almost all countries of the world, public authorities have come to play a major role in ED. Even though the extent of their involvement in the ED endeavor varies from country to country, nobody will think of disputing the national government's role in improving the people's standard of living. Ways and means for improving the administrative apparatus are replete in the development administration (DA) literature:

continual training of public personnel; the need for public bureaucracies to involve their polity in governance through participation; the need for public bureaucracies to operate within their structural constraints, etc.

Each nation-state has its unique peculiarities.<sup>201</sup> Therefore, the actions of Ghanaian budgeters and ED planners must be guided by the conditions of constraints, uncertainty, etc. that pervade their respective processes and activities. The illustration that follows attempts to clarify the point being made here.

Naomi Caiden and Aaron Wildavsky set out, in 1974, to examine planning and budgeting in poor countries, and their basic assumption was that people, whether in rich or poor countries, did things for good reasons (Caiden 1990). They concluded that the practices that they and their researchers consistently observed were directly related to the conditions of constraint and uncertainty pervading the planning and budgeting processes. The two authors additionally observed that such practices, which were consistently condemned by others, "did not emanate from ignorance, stupidity, or cultural backwardness." (Ibid.).

Conversely, they stated that successful planning and budgeting in rich countries might be attributed less to superior wisdom, better knowhow, or modern outlook than to the prevalence of complex, functional redundancy offsetting uncertainties. For Third-World nations to improve their ED planning and budgeting, Caiden and Wildavsky felt

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<sup>201</sup> "Peculiarities" here simply refers to the social, economic, and political circumstances that constitute a country's realities.



that it would be necessary either to change the underlying conditions, or to devise "appropriate technology" to diminish the effects of uncertainties and the lack of resources. This is why the dissertation's suggestion of the use of computer technology by the Ghanaian government, particularly for revenue forecasting, becomes valid.

Clearly, ED is a complex and huge undertaking, and the government cannot implement it all alone. That is why private investments (including foreign assistance) are crucial. However, such non-public assistance, particularly foreign aid in the form of grants or loans, should not be obtained at the expense of surrendering the country's sovereignty. To be sure, the reorganization or reform of Ghana's PA structures, including budgetary and ED-planning processes and procedures, requires creative initiative on the part of the country's leadership. Citizen participation should be encouraged more if successful ED is to obtain. Because press freedom is effected through citizen participation in governance, among other things, the government should encourage the people to express themselves freely through the available media.

To expand and solidify its tax base, the government needs to continually assist exporters, who pay substantial taxes to it, with credit facilities to enable them to: import required materials for manufacturing purposes; and export their commodities without any financial constraints.

The suggestions for effective budgeting and ED offered in this study fall within the context of administrative reform. Clearly, administrative reform, not unlike budgeting, ED planning, and some other vital processes, is part of politics (Hammergren 1983).

That is why vested interests manipulate vital public processes, such as budgeting and ED planning, to their own advantage. Because the recommendations articulated in the study are strong, the dissertation assumes that inertial pressures will mount to attempt to forestall the realization of the positive things expected to occur when these changes are implemented by the government.

Therefore, this study suggests the following: If the potential failures of the changes suggested in this dissertation are perceived to be due to vested interests, as well as the political obstructions of those who will lose from successful budgeting and ED, the government needs to show how these forces can be kept in check. In essence, for successful ED to obtain in Ghana, the country's leadership ought to specify how constraints are to be removed. In other words, the administrative, institutional, cultural, traditional, and societal obstacles ought to be first identified before governmental attempts are made to check them. The identification of these obstacles could be achieved through strategic planning/management.

### **FURTHER RESEARCH**

Thought Is the Blossom; Language the Bud; Action the  
Fruit Behind It.

-Ralph Waldo Emerson

Researchers have a tendency to dwell on external factors, such as politics, institutional (structural) requirements, etc. when they discuss the constraints on national economic-development programs/projects. Deviating from this practice, this dissertation

has focused mainly on the internal dynamics of Ghana's budgeting and ED planning with a view to identifying the internal factors undercutting effective ED. Even though the study has uncovered, discussed, and analyzed several conditions or situations undercutting successful Ghanaian ED, it is suggested that more research be undertaken on this important subject of budgeting-economic development interface. Additionally suggested is more research on strategic planning/management of public budgeting.

The constraints to effective ED in Ghana do, indeed, have an external component (e.g., requirements of lenders, and inadequate financial resources), but it is necessary to point out that all hindrances are not caused by external factors alone. Most of them, as the dissertation has uncovered, are attributed partly to situations or conditions that are unique to the Ghanaian public administration.

It is the hope that further research on the relationship between budgeting and ED planning, as well as on strategic planning/management for both processes, will enhance our understanding and knowledge of the internal-external dynamics of worldwide ED programs/projects as they relate to public budgeting, particularly in developing countries.

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## **APPENDIX 1**

### **QUESTIONNAIRE**

#### **TO: MINISTRY OF FINANCE AND ECONOMIC PLANNING OFFICIALS**

1. In what section of the Ministry do you work - Finance or Economic Planning?
2. What is your work title? How long have you been in this position?
  - (a) Briefly describe your work; and
  - (b) The work of others in your section.
3. In what law was British colonial budgeting grounded?
  - (a) Could you briefly describe that colonial budgeting process?
  - (b) To what extent did that process improve the people's standard of living?
4. In what law was British colonial economic-development policy grounded?
  - (a) Could you briefly describe that policy?
  - (b) How effective was that policy?
5. To what extent is British colonial budgeting different from present-day budgeting?
6. To what extent are British colonial economic-development policy and programs different from those of today?
7. In what public laws are the nation's budgeting and economic-development planning grounded?
  - (a) What specifically do these laws say about public budgeting or economic-development planning?
  - (b) To what extent do the people participate in the budgeting process?
  - (c) To what extent do the people participate in the economic-development planning process?
8. Can you describe briefly how budgeters and economic-development planners coordinate their different public functions?
  - (a) On what specific matters do they coordinate their activities?

- (b) How frequently do they coordinate their activities?
9. When does the fiscal year begin and end?
  10. What budget system(s) directs the nation's public budgeting?
    - (a) When and why was this budget system adopted?
    - (b) To what extent does this budget system assist government budgeting?
  11. To what extent do you as a budgeter or economic-development planner interact with your counterparts in other Ministries, departments, regions, etc.?
    - (a) Briefly describe these interactions.
    - (b) How regular are these interactions?
  12. How prominent is economic development in government departments' expenditure estimation for any given fiscal year?
    - (a) When do you send budget information to government Ministries, departments, agencies, etc.?
    - (b) How far into the future do government Ministries, departments, agencies, etc. budget?
    - (c) What procedures or guidelines are followed by agencies when they submit their economic-development project proposals?
    - (d) How do you review their estimates?
    - (e) How often do you receive these estimates?
  13. How is the current budgeting process an impediment to effective economic development?
    - (a) What measures do you take to improve the situation?
    - (b) To what extent have those measures been effective?
  14. Does your agency have sufficient personnel, as well as time, to facilitate your work as a budgeter or economic-development planner?
  15. What programs are in place to update your budgeting or economic-development planning skills?
    - (a) How often do you attend seminars, and the like with a view to updating your work skills?
  16. Could you briefly state and describe typical current economic-development programs and projects?



17. To what extent has the current economic-development process been less successful?
18. How do agencies determine their respective economic-development projects?
  - (a) What part do the people play in determining economic-development policies, projects, etc.?
19. To what extent can regional and district governments adopt a budgetary policy or practice which they see as appropriate to their unique circumstances?
20. To what extent are the regions and districts dependent on government revenue for their economic-development projects?
21. How did you get this position?
22. Do you have another work besides this one?
  - (a) Why, or why not?
23. Do you have a clear understanding of your work and what it involves?
24. What makes your public work enjoyable?
25. Is there anything else you wish to add?

**TO: ALL GOVERNMENT OFFICIALS**

1. Which government Ministry, department, or agency do you work for?
  - (a) How long have you been with this government department or agency?
2. What is your work title?
  - (a) Briefly describe your work; and
  - (b) The work of others in your section.
3. In what public laws are the nation's budgeting and economic-development planning grounded?
  - (a) What specifically do these laws say about public budgeting and economic-development planning?

4. Can you briefly describe how budgeters and economic-development planners coordinate their functions?
  - (a) On what specific matters do they coordinate their activities?
  - (b) How frequently do they coordinate their activities?
5. When does the fiscal year begin and end?
6. What budget system(s) directs the nation's public budgeting?
  - (a) When and why was this budget system adopted?
  - (b) How has this budget system assisted the governmental budgeting process?
7. Describe briefly the extent to which you as a budgeter or economic-development planner interact with your counterparts in other Ministries, departments, regions, etc.?
8. How prominent is economic development in your department's expenditure estimation for any given fiscal year?
  - (a) How are economic-development projects determined?
  - (b) To what extent do the people participate in the economic-development planning process?
9. How far into the future does your agency or department budget?
10. To whom does your agency or department send its expenditure estimates?
  - (a) Do you usually obtain what you request?
  - (b) Why, or why not?
11. How is the current budgeting process an impediment to effective economic development?
  - (a) What measures do you take to ameliorate the problems?
  - (b) To what extent have these measures been effective?
12. To what extent has the current economic-development process been less successful?
13. Does your department have sufficient personnel, as well as time, to facilitate your work as a budgeter or economic-development planner?
14. What programs are in place to update your budgeting or economic-development planning skills?

(a) How often do you attend seminars, and the like with a view to updating your work skills?

15. Could you briefly state and describe economic-development programs and projects currently undertaken by your agency or department?
16. How did you get this position?
17. Do you have a clear understanding of what your work entails?
18. Do you have another work besides this one?  
(a) Why, or why not?
19. What makes you enjoy working for the government?
20. Is there anything else you wish to add?

**APPENDIX 2**

**INTERVIEW**

**TO: ALL GOVERNMENT OFFICIALS**

PERSON INTERVIEWED:

POSITION OR TITLE:

PLACE OF INTERVIEW:

TIME INTERVIEW STARTED:

TIME INTERVIEW ENDED:

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1. In what public laws are the nation's budgeting and economic-development planning processes grounded?
  - (a) What specifically do these laws say about public budgeting and economic-development planning?
  
2. In what laws were British colonial economic-development policy and budgeting process grounded?
  - (a) Could you briefly describe those laws?
  - (b) How effective were colonial economic-development plan(s) and budgeting?
  
3. How do colonial economic-development projects and budgeting differ from those of today?
  
4. When does the fiscal year begin and end?
  
5. What budget system(s) directs the nation's public budgeting?
  
6. When and why was this budget system adopted?
  - (a) To what extent has this budget system proved useful?

7. To what extent does your department encourage you as a budgeter or economic-development planner to share ideas and information with budgeters or economic-development planners in other Ministries, departments, regions, etc.?
  - (a) On what specific matters do you share ideas and information with these public officials?
  - (b) How frequently do you share ideas and information with these public servants?
8. Can you describe briefly how budgeters and economic-development planners coordinate their different public roles?
  - (a) On what specific matters do budgeters and economic-development planners coordinate their activities?
  - (b) How frequently do these public servants coordinate their activities?
9. How important is economic development in the government's national policy?
  - (a) How do you know?
  - (b) Give some illustrations.
10. How is present-day budgeting an impediment to effective economic development?
  - (a) State the measures in place to ameliorate such problems?
  - (b) To what extent have these measures been effective?
11. Does your department have sufficient personnel, as well as time, to facilitate your work as a budgeter or economic-development planner?
12. What measures are in place to update your budgeting or economic-development planning skills?
  - (a) How often are these measures undertaken with a view to updating your work skills?
13. Could you briefly state and describe current economic-development programs, projects, and activities?
14. How are economic-development projects determined?
  - (a) What role do the people play in the formulation of the government's economic-development policies, programs, projects, etc.?
15. How are budgetary appropriations determined?
  - (a) What role do the people play in the formulation of the government's budget policies?

16. Could you briefly describe the national budgeting and economic-development planning processes (i.e., standardized procedures, etc.)?
17. How did you get this position?
18. Do you have another work besides your current government position?  
(a) Why, or why not?
19. What makes you enjoy working for the government?
20. Is there anything else you wish to add?

## APPENDIX 3

### **GUIDELINES FOR PREPARING THE 1992 BUDGET AND THE 1992-94 PUBLIC INVESTMENT PROGRAM (PIP)**

Ghana's budget-preparation instructions or guidelines are contained in circulars issued by the MFEP. These instructions constitute the government's budgeting directives. To enhance familiarity with the Ghanaian budget process, the most current budgeting directives (contained in File No. B. 383, Circular No. B. 3/91) are described below in greater detail.

In preparing their 1992 budget requests or estimates, public agencies were advised to (among other things):

1. Concentrate on ongoing programs that are cost-effective or improve the efficiency of resource use, rather than on new programs;
2. Note that the National Budget is the only source of authority for them to incur any expenditures, or to initiate any programs and projects requiring public funds;<sup>202</sup>
3. Ensure that publicly-funded programs and all projects are included in draft estimates, and their funding identified;
4. Note that all resources available to the government for spending in any FY are always reflected in the financial section of the National Budget; and
5. Remember to undertake export-oriented and efficient import-substituting projects with relatively short gestation periods, as well as quick returns.

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<sup>202</sup> Public funds, as defined by the 1979 Financial Administration Decree, comprise: (1) all revenue or other monies raised or received for the purposes, or on behalf, of the government (i.e., Public Money); and (2) other monies raised or received in trust for, or on behalf of, the government (i.e., Trust Money).

## **ITEM 1: PERSONAL EMOLUMENTS**

6. Remember that the implementation of job inspection reports and revised recruitment procedures set out in paragraph 5 of the 1991 Budget Guidelines are still in force; (Therefore, public agencies are expected to clear their nominal and establishment schedules with the Office of the Head of the Civil Service (OHCS) before the 1992 budget hearings are held.);
7. Base their Personal Emoluments estimates for 1992 on personnel expected to be at post as from January 1, 1992; where vacancies are to be filled during the year, this should be indicated to the OHCS at the manpower hearings and budgeted for separately; and
8. Submit their nominal rolls and extracts from payroll on a monthly basis with effect from the third quarter of the 1991 FY.<sup>203</sup>

## **ITEMS 2-5: NON-WAGE RECURRENT EXPENDITURES**<sup>204</sup>

9. Properly program their activities on quarterly bases to ensure strict operation within the approved expenditure ceilings.

### **ITEM 2**

10. Set out in detail the cost of running and maintaining vehicles used to support their programs.

### **ITEM 3**

11. Submit certified expenditure returns for the 1990 fiscal year and for January-June 1991.

### **ITEM 4**

12. Prepare realistic estimates by:
  - (a) Formulating comprehensive programs covering a specified time frame for consideration;
  - (b) Indicating what was achieved with the previous year's allocation; and

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<sup>203</sup> The purpose is to: (1) assist in building up a realistic manpower database; (2) maintain appropriate manpower levels; and (3) ensure that quarterly personal-emoluments expenditures are properly monitored.

<sup>204</sup> Item 2 covers travelling and transport expenditures; Item 3 covers general expenditures; Item 4 covers maintenance, repairs, and renewals; and Item 5 covers other current expenditures.



- (c) Identifying obsolete and unserviceable equipment and machinery, seeking permission to board (salvage) them.

#### **ITEM 5**

13. Properly estimate all requirements in quantities and value;
14. Provide performance and targets achieved with 1991 budgetary resources to enable the Ministry of Finance and Economic Planning to determine the appropriate provision level to make for 1992; and
15. Use existing expenditure norms in estimating requirements for the three key sectors of Agriculture, Health, and Education.

#### **ITEM 6**

16. Use the Ministry of Finance and Economic Planning's Circular no. B.3/90, dated April 19, 1990, titled 'GUIDELINES FOR RELEASE OF FUNDS TO SUBVENTED ORGANIZATIONS<sup>205</sup> TO COVER RECURRENT EXPENDITURES' in:
  - (a) Submitting their programs with all details showing the costs for fiscal year 1992;
  - (b) Indicating separately professional staff as well as ancillary or supporting staff currently at post and working on each program; and
  - (c) Stating the number of persons to be laid off and new ones to be employed, and indicating their professional background and areas of assignment.

#### **INTERNATIONAL SUBSCRIPTION PAYMENTS**

17. Note that provision will be allowed only for the membership of government-approved organizations.

#### **CONFERENCES, SEMINARS, EXHIBITIONS AND TRAINING PROGRAMS**

18. Submit returns on local and overseas seminars, conferences, symposia, workshops, fairs, exhibits, etc. participated in during 1991 to the Acting Chief Director (General Administration), with a copy to the Budget Director of the Ministry of Finance and Economic Planning; for the 1992 fiscal year, they should refer to the Ministry's Circular No. B.11/85, dated November 29, 1985, paragraph 18 of the 1991 Budget Guidelines for guidance.

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<sup>205</sup> Subvented organizations are non-profit, public-research-oriented institutions such as the country's universities and the Animal Research Institute.

### **CUSTOM DUTIES, ETC. AND GUARANTEES ON IMPORTS**

19. Provide for import duties, sales taxes, and other charges on imports based on the Controller and Accountant-General's Circular No. G.11/91, and dated July 16, 1991, on "Treasury Credit Note".

### **COUNTERPART FUNDS**

20. Budget for both the foreign-funding component, as well as the government's own commitment; justify all such programs and projects to the International Economic Relations Division of the Ministry of Finance and Economic Planning; and forward their submissions to the Division's Director, with copies to its Budget Section.

### **IMPLEMENTATION OF THE GHANA SUPPLY COMMISSION (GSC) LAW, 1990**

21. Furnish the GSC with information concerning any orders for procurement of any supplies or stores, remembering that such orders will be accepted only if there is sufficient budgetary cover.

### **DECENTRALIZATION OF PAYMENTS**

22. Refer to the guidelines relating to the newly-evolved system of decentralized payments on development projects at the district, regional, and national levels.<sup>206</sup>

### **1989 DEVELOPMENT BUDGET: IMPLEMENTATION OF PIP AND NON-PIP PROJECTS**

23. Be guided by the terms of the Circular concerning the 1989 Development budget by noting that:
  - (a) Only the approved ongoing projects for 1991 will be included in the 1992 Budget, and for any suspended project (see Appendix 10 for the standard format for reviewing ongoing projects);
  - (b) Only that which has been technically reviewed by the Public Works Department, among others, will be funded by the 1992 Budget;
24. Note that, for reactivated projects, priority will be given to those whose execution has progressed beyond 70 percent of scheduled completion works and are located in deprived Districts.

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<sup>206</sup> The new system states that: (1) payment for contracts valued at C250 million and less will be made at the district level; and (2) that for contracts valued between C250 million and C500 million will be made at the regional level.

**POLICY OBJECTIVES AND STRATEGIES FOR THE  
1992-94 PERIOD**

25. Review first the sector policy objective and strategies for the 1991-93 period embodied in Volume 1 of the 1991-93 PIP document;
26. Note that, for agencies submitting new projects under exceptional circumstances, the PIP Information Questionnaire Form PIP/TF/Q.2 should be completed and the project-investment approach applied. (See Appendix 11 for the standard format for presenting new development projects.)

**PLANNED EXPENDITURE LEVELS FOR THE 1992 DEVELOPMENT  
BUDGET**

27. Provide a prioritized draft budget for the fiscal year 1992, noting the following:
  - (a) Budgetary resources are limited;
  - (b) Government matching-fund requirement for donor-assisted projects are accorded priority over other projects, and evidence of the need to meet such a requirement must be provided at the forthcoming budget hearing;
  - (c) The draft Recurrent Estimates prepared within the national policy framework should be forwarded to the Ministry of Finance and Economic Planning not later than September 30, 1991;
  - (d) The deadline for submitting the draft 1992-94 PIP and 1992 development estimates is September 20, 1991; and
  - (e) Development Estimates must be coordinated by the sector Ministry and approved by the sector PNDC Secretary before they will be accepted by the Ministry of Finance and Economic Planning for processing.

The national-government directives or guidelines described above are unique to the Ghanaian budgetary process in that they reflect the conditions prevailing in the Ghanaian society. They are issued to reflect, among other things, the following:

1. The country's financial resources are limited;
2. The country's managerial capacity is inadequate; and

3. The country's National Budget (comprised of both the development and recurrent budgets) is the only source of funding ED projects.

Additionally, the budgeting guidelines described above imply that the public ED thrust is a most difficult undertaking, which cannot be realized without sustained funds.

## APPENDIX 4

### **A SYSTEMS APPROACH TO MORE EFFECTIVE ECONOMIC DEVELOPMENT: A CASE FOR GHANA**

The purpose of this section is to present and apply a conceptual framework, namely, a systems approach, which could facilitate or foster Ghana's budgeting for ED. Systems theory is basically concerned with problems of relationships, of structure, and of interdependence rather than with the constant attributes of objectives (Katz and Kahn, op. cit.). In light of that, the discussion below aims at making one more cognizant of the potential for an organization, such as Ghana's public service, to be more effective if and when its members perceive it as one with complex relationships and interdependent parts.

The Oxford English Dictionary defines 'system' as a set or assemblage of things connected to form a complete unity: a whole composed of parts in orderly arrangement'. (Cummings 1980:5). The concept has a long history, and the word seems to have entered the English language in the early 1600s to mean 'an organized whole, as with a body of men'. It derives from the Greek word *systema*, which means 'to bring, stand or combine together in an organized whole' (Ibid.). Thus, one reads in Hobbes Leviathan (1651) - surely one of the great treatises of human organization - the following: 'by systemes I understand any number of men joined in one common interest or business'.<sup>207</sup>

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<sup>207</sup> Thomas Hobbes (original 1651), Leviathan 2, p. 115, as cited in The Oxford English Dictionary.

Von Bertalanffy became the primary articulator for the 'general systems theory' viewpoint, principally perhaps because he appreciated, more than most, the limitations of traditional science and saw the need to generate a revised science. Initially, he defined a 'system' simply as an organized, cohesive complex of elements standing in interaction. Subsequently, greater emphasis came to be placed on 'interdependences' and 'environmental interactions'. The Ghanaian public bureaucracy and its environment are conceptualized here in holistic terms (i.e., as a complex of interrelating, mutually interdependent parts).

National governmental processes, such as ED policymaking and budgeting, should be viewed as operating in a complex system. No public agency operates in a vacuum. Therefore, it is incumbent on all public organizations to establish good working relationships among their personnel and their many functions. This is so, especially if public organizations hope to succeed after public funds have been allocated for ED projects to improve the standard of living of the relevant population.

It is because the Ghanaian government acknowledges the benefits of a systems approach to effective development planning and budgeting in particular and to successful public administration in general that the discussion of the application of a systems perspective in this dissertation becomes more valid. For example, in striving to improve public-agency activities in order to improve the people's standard of living, the Ministry of Agriculture vigorously pursues a policy aimed at "strengthening intra-sectoral linkages, as well as linkages between agriculture and the other sectors, particularly

Industrial Processing".<sup>208</sup> Because a systems approach suggests intra- and inter-sectoral linkages (i.e., interdependence), among other important features which the Ministry clearly tries to pursue as a policy, it can be stated that the Ghanaian government thinks "systemically".

### Assumptions

In undertaking this discussion of a systems approach to engender successful budgeting for ED in Ghana, it is assumed that:

1. National (or public) bureaucracies are complex systems or entities, and systems-theory concepts provide useful tools for understanding and analyzing them;
2. The public bureaucracy, like interactive systems, is a constantly-changing phenomenon confronting both its internal relations and its external environment;
3. Being an open system, the Ghanaian public bureaucracy, which is controlled by the Office of the Head of State (OHS), is responsive to implementable suggestions, such as those made in this dissertation, aimed at improving the people's standard of living; and
4. Ghana's public administration (PA) is a system comprising interlocking human and non-human resources organized to accomplish desirable outcomes.

It is in accepting the assumptions described above that the researcher chose to incorporate a systems approach into this study, which could hopefully help foster and solidify meaningful organizational changes in the country's budgetary and ED practices. Organizational changes, as used in this study, refer to any revision or alteration in

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<sup>208</sup> See Ghana's Ministry of Finance and Economic Planning, Main Report, p. 13.

Ghana's budgetary and ED practices aimed at ameliorating the human conditions of the country's relevant population.

The Ghanaian public bureaucracy is characterized by an assemblage of parts with relationships among them such that these subsystems or integral parts are interdependent (see Scott 1981). The country's bureaucracy is referred to in this dissertation as a system.<sup>209</sup> Its ability to attain any level of effectiveness is conceptualized as being dependent on, among other things, its ability to achieve coordination among those integral parts (see Lawrence and Lorsch 1967). For the purposes of this study, those subsystems constitute the country's public sector, which includes 18 Ministries and their related agencies. Additionally, for a better understanding of the discussion in this section, the Office of the Head of State (OHS) must be perceived as the managerial subsystem because it is the preeminent controller and coordinator of all the financial-budgetary and development-planning activities of the subsystems within that public bureaucracy, the system.

The OHS should, thus, be conceived of as: (1) consisting of cycles of activities cutting across the bureaucracy horizontally to deal with the coordination of the numerous daily activities of the subsystems; and (2) adjusting the total system to its environment, as well as to the external environment (see Katz and Kahn, *op. cit.*). Even though the

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<sup>209</sup> Because Ghana is part of a supersystem (i.e., the world of nation-states), "system", as used in this dissertation, could well be conceptualized at the micro level (i.e., as a subsystem), while the rest of the world could appropriately be conceptualized at the macro level (i.e., the system itself).



OHS is perceived here as the preeminent controller and coordinator of all the financial-budgetary and planning activities of the country's public sector, the role of the Ministry of Finance and Economic Planning (MFEP) should also be perceived as such; it is the main financial-budgetary and ED-planning agency of the people's government.

The remaining subsystems should, in turn, be conceptualized as both maintenance and supportive to the extent that: (1) they operate to maintain the fabric of interdependent activities vital to the attainment of the overall ED objectives; and (2) they support the overall mission of the MFEP in their respective institutional activities.

Systems may be open or close (Ibid.; Maxson and Sistrunk 1973). Because Ghana's bureaucracy is assumed to be receptive to suggestions for ameliorating the people's standard of living, it is symbolized by the OHS as an open-system institution. Additionally, it is assumed to maintain a steady state (or homeostasis), which occurs when a constant ratio is maintained among its subsystems (Milstein and Belasco 1973). It is, further, assumed to be self-regulating, maintaining its steady state, in part, through the volatile interaction of its active subsystems. Moreover, it is assumed that its steady state is maintained through feedback processes.

### Definitions

To enable one to narrow the scope of the discussion to the purpose of this dissertation, some concepts need to be defined. These terms constitute some of the major

or common features of an open system, which the Ghanaian bureaucracy is perceived to be.

1. Interdependence is the degree to which the desired purpose of the institution of the OHS requires its subsystems to work with one another (Mohr 1971; Thompson 1967).
2. Coordination is cited as one of the seminal concepts in the management literature of the 1930s and is described by Henri Fayol as truly an executive function to be exercised intra-organizationally to correlate individual activities. Additionally, it is one of the essential "POSDCORB" (Planning, Organizing, Staffing, Directing, Coordinating, Reporting, Budgeting) administrative processes defined by Gulick. In this study, coordination is delineated as the extent to which the work activities of Ghana's public subsystems are logically consistent and coherent (see Georgopoulos and Mann 1962; Lawrence and Lorsch, op. cit.).
3. Environment, which is composed of many public organizations, groups, people, etc. from the system's surroundings that are meaningful to the system's maintenance, includes (but is not limited to) those organizations, groups, people, etc. providing the pertinent or appropriate resources to the Ghanaian public service. It is assumed that the environment both provides the pertinent or appropriate resources to keep the system alive and makes demands on it.
4. Inputs is defined as the resources, both human and material, which supply the energy constituting the core of incoming environmental resources essential to the system's survival (see Milstein and Belasco, op. cit.). Human resources include: public

employees; ED beneficiaries; private personnel (domestic and foreign), etc. Though not easily quantifiable, these resources constitute a major energy source or input to the system. Material resources include: monies; buildings; supplies; equipment, etc. Unlike human resources, material resources are easily quantifiable. Nonetheless, like human resources, they also are essential to the survival of the system of the Ghanaian public bureaucracy.

5. Outputs refers to the products, commodities, tangible and intangible ED benefits, etc. resulting from the transformation of the inputs (i.e., human and material resources) to the system. To be meaningful, outputs must be at least minimally acceptable<sup>210</sup> to their intended beneficiaries.

6. As an open system, the Ghanaian public service transforms the energy available to it by creating new products, training personnel, providing services, etc. These activities, which entail some reorganization of input (Katz and Kahn, op. cit.), are referred to as through-put processes. The problem being addressed in this dissertation is the lack of coordination and integration in the respective activities of Ghanaian budgeters and ED planners which results from some cruel development dilemmas facing the government in its ED efforts. The study posits the view that economic development (ED), development administration (DA), and human-resource development (HRD) ought to be coordinated

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<sup>210</sup> Minimal acceptance refers to the basic human-needs (BHN) approach, which is the framework within which operates ED conceptualized in this study. Specifically, the approach seeks a minimal consumption of basic human needs, such as food, clothing, health, and shelter, for a relevant population. (See Chapter Five.)

through budgeting in order for effective ED to occur in Ghana. Therefore, to understand the nature of the relations between budgeting, ED, DA, and HRD, one should conceive of budgeting as the major through-put process, and ED, DA, and HRD as the other through-put processes, which act to transform and reorganize the inputs into outputs.

7. Finally, feedback refers to the phenomenon whereby the subsystems channel information about the effects of their various operations or activities to some central mechanism, which then acts on such information to keep the system on target. It is assumed that the feedback enables the system in general and the subsystems in particular to correct deviations from proper course (i.e., correcting deviations undercutting successful attainment of predetermined budgetary and development objectives).

#### Theoretical Analysis Using Hypotheses

From a role-system perspective, one component of an open-system organization, such as Ghana's public service, comprises human organizations contrived in nature and existing only as sets of work roles (Katz and Kahn 1978). Those work roles, each carrying certain information or qualifications, supplement and/or complement one another and together form a meaningful configuration.<sup>211</sup> In other words, for an organization to exist and remain viable, its members must not act in whatever ways they choose; they must perform in accordance with their respective roles in the system. This means that

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<sup>211</sup> See Cheng 1983.

an organization, such as Ghana's public service, must achieve coordination among its members if it is to function as a system at some level of effectiveness.

More specifically, an organization must attain a certain requisite level of coordination in order to function (Lawrence and Lorsch, *op. cit.*). Thus, high-interdependence organizations will not be able to function unless all or most organizational members perform according to their roles in the system. Hence, the higher the level of interdependence, the higher the level of coordination that an organization needs to attain in order to function. Accordingly, the first hypothesis (H1) is: A positive relationship exists between level of interdependence and level of coordination. It is, therefore, suggested that, in performing their respective functions, budgeters and development planners share knowledge and information. Practices such as these could actually prevent unnecessary duplications and, thus, reduce public expenditures.

Although it may be piecemeal, change, nonetheless, does occur in organizations, such as Ghana's public bureaucracy, which has been described as an open-system type of institution. Many such organizations often respond to the demands or requirements of their own environment (e.g., ED beneficiaries, etc.) to revise or alter habitual activities. Organizations regard such demands as more "honorable" than those originating from outside their own environment. Accordingly, the second hypothesis (H2) is: When a system's own environment demands a change, change will tend to occur. The independent variable is environmental demands or requirements, and the dependent variable is change. The call here is for budgeters and ED planners to engage

in constant dialogue with the people to bring about appropriate changes in public budgeting and economic-development planning to improve human conditions as a result of meaningful budgetary and development-planning practices.

Some changes may affect only the operations of a subsystem (or subsystems) without requiring drastic ways for the system to function effectively while pursuing its objectives. Because open-system organizations prefer a steady state to conflict, which can be costly, it is presumed that, when such a change occurs, it will not lead to so much deviation from the system's general course or primary objective. To be sure, ED purports to improve the people's standard of living, an objective which is congruent with a system's wish to avoid negative conflicts. Accordingly, it is hypothesized (H3) that: Change in an organization is more likely and also acceptable when it tends to affect only a subsystem's operations without engendering drastic ways which may be totally new to a system. Here, the independent variable is the tendency that change will affect only a component of the system (i.e., budgetary and ED practices), and the dependent variable is the likelihood of change. The call here is to make the government realize that changing budgetary and economic-development practices does not require revamping its entire ways of conducting public business, of which budgeting and development planning are a part.

What happens to an institution, such as Ghana's Ministry of Finance and Economic Planning, confronted with an impending change? It is presumed that its personnel, whose routine ways of performing their duties will be affected by that change, will

naturally respond to it unfavorably. However, when those relevant personnel are convinced that the change is positive and appears to benefit them also, those persons will tend to accept the change without too much resistance. Indeed, changing budgetary and development-planning practices has positive benefits not only to Ghana's relevant population but also to public budgeters and planners. In light of that scenario, the fourth hypothesis (H4) is: The more people are convinced that a positive change will benefit them also, the less likely that they will resist that change, particularly when the demand for that change comes from superiors, in this instance, Ghana's Office of the Head of State (OHS).

#### Discussion

The discussion above has presented some hypotheses, which also could be regarded as some conditions with the potential to foster changes in Ghanaian budgeting for successful ED. Using a systems approach to organizational change, an attempt has been made to develop a set of hypotheses concerning the Ghanaian government's need to change some of its budgetary and development-planning practices (including procedures, techniques, etc.). The hierarchy level plays a major role in bringing about change. It is, therefore, assumed that the OHS is the place whence any change decision will come.

Indeed, organizations do come into being with a great deal of built-in stability, which tends to be so enormous as to constitute a powerful resistance to change (i.e.,

structural inertia). The link between interdependence and coordination should be strong to promote organizational effectiveness.

Interdependence not only relates significantly to coordination, but it also moderates the relationship between coordination and output quality and quantity (Cheng 1983:160). This provides new and additional support to Thompson (1967) and others' propositions that the higher the level of interdependence, the greater the demand for coordination in institutions. Also, these propositions reinforce Karl Weick's important call to "treat interdependence as a variable rather than a constant" (Weick 1974:357).

When activities are carefully coordinated, several benefits can be expected. Coordination, it would seem, equals efficiency (Caiden and Wildavsky, p. 277). Specifically, it means avoiding bad things, such as overlapping, duplication, and redundancy, resulting in unnecessary effort and outlay of resources that might be used more effectively for other purposes (Ibid.).

As earlier stated, Ghana uses program and performance budgeting (PPB). Michael Babunakis eloquently asserted that this budgetary system can increase interdepartmental and intergovernmental relations (Babunakis 1976:18). He explained by saying that this is possible because: each department has specific, well-defined responsibilities; and all activities are organized along program lines. As a consequence, it is expected that there will be less opportunity for departments and the three levels of government (national, regional, and district) to overstep or shirk these duties.



Additionally, PPB should promote better coordination among the different levels of governments participating in joint programs (Ibid.). Because the Ministries of Local Government and Agriculture have joint programs in the rural areas under the Women In Development (WID) Program, the point being made here becomes valid and important. Babunakis also asserted that, because both capital improvements and operational expenditures are incorporated in a program budget, data could be provided for identifying facilities to be constructed, the priorities among projects, as well as the level of funding necessary. Moreover, PPB allows easier review of capital projects because of its emphasis on programs that accomplish a government's stated objectives.

Finally, Ghana's use of a PPB system could sharpen budgeters' and development planners' judgment, providing the government with more systems information, allowing more objective decisions, making evaluations easier, and providing understandable data as they are coordinated among departments and the different levels of government (Ibid., p. 20). To foster more effective systems thinking, the Ghanaian government needs to first develop and manage a strong human-resource development (HRD) and development-administration (DA) program, which could increase its public budgeters and development planners' awareness of the closer link between their respective functions. A major prerequisite will be the government's avoiding the practice of selectively using only one or two of the PIP's project-selection criteria rather than using all of those standards, most of which seem reasonable.

## Conclusion

Coordination, as an important subject, clearly requires and deserves fuller discussion. Policies should be mutually supportive rather than contradictory (Caiden and Wildavsky, *op. cit.*); they should be coordinated and integrated to avoid duplication, redundancy, etc. People with the same mission, particularly in government, should not work at cross purposes. It is in working concertedly that the overall objectives of governmental institutions (*i.e.*, ameliorating human conditions) could be realized for the good of those people they are expected to serve.

To be sure, systems thinking clearly offers a real prospect for understanding and managing changes in important public-administration practices, such as Ghana's budgeting and ED planning. Therefore, a systems approach has been incorporated into this dissertation to enable Ghanaian budgeters and ED planners (and their counterparts elsewhere) to realize the need to incorporate systems thinking in their respective public actions and decisions. The call in this dissertation is to make Ghana's budgeters and ED planners realize this: Structure consists of people like themselves, as well as non-human resources (*e.g.*, managerial capacity), as they are all organized into various subsystems with certain kinds of internal relationships among them. To be effective, they need to coordinate and integrate their respective activities within the overall framework of the nation's objectives oriented toward improving the people's human conditions.

Underpinning the call in this study is the need for Ghana's budgeters and ED planners to convert obstacles into opportunities<sup>212</sup> while striving to think and act systemically.

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<sup>212</sup> Caiden and Wildavsky (1974) called on poor countries to, among other things, learn from their mistakes, concentrate on budget reforms, and operate within the constraints that their systems provide them by working with what they have.

## APPENDIX 5

This section addresses the need for Ghana's government to ameliorate its problem, particularly that of lack of funding, through the use of some successful practices which the literature holds as essential for successful revenue-forecasting and ED planning. Because of the large volume of data involved in forecasting, using computers is essential to produce meaningful results for both budgeting and ED planning and needs to be reinforced. In light of that, computer use in the two processes should be reinforced.

William Klay defined a forecast as follows:

A projection is essentially a statement, expressed either verbally or quantitatively, as to what is likely to happen if a given combination of assumed events should occur. A forecast, in turn, is a single projection, chosen from a series of possible projections, which the forecasters identify as being the most likely to occur because the forecast is based on the set of assumptions which seems most plausible at the time the series was made. The term prediction is less preferable because it implies to many persons a statement of certainty about future events that obscures the conditional basis on which each of the projections, including the forecast, are based.<sup>213</sup>

The available research suggests a number of practices, facilitated through computer technology, that are essential to good revenue forecasts. They are:

- (1) Well-defined economic assumptions;
- (2) Estimates based on more than one statistical technique;
- (3) A good working relationship between forecasting agencies;

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<sup>213</sup> William E. Klay, "Revenue Forecasting: An Administration Perspective", in Jack Rabin and Thomas Lynch, eds., Handbook of Public Budgeting and Financial Management (New York: Marcel Dekker, Inc., 1983), p. 289.

- (4) A system of close monitoring, revision, and evaluation; and
- (5) A clear and complete presentation.

### Economic Assumptions

Underlying economic conditions, such as inflation and unemployment, have a significant impact on public revenues. Additionally, because higher ED expenditures usually mean more revenues, the expected performance of the national economy is the appropriate starting point for public revenue forecasts.

National estimates make it possible to compare the assumptions about the national economy by Ghanaian government forecasters, who should be able to present strong evidence explaining what they see in the economy that many do not see. These forecasters should be continually trained in the state-of-the-art computer practices related to revenue forecasting. Such training could not only help the government to increase its revenues for ED purposes, but it could also help it to: (1) have a competent cadre of public-revenue forecasters in its establishments for the foreseeable future; and (2) reduce its frequent use of consultants who charge large fees. Researchers have found that experts and outside advisors do not necessarily lead to more accurate forecasts (Bretschneider and Gorr 1987:132). However, these outside experts may still be useful as a resource to interpret existing data and also to increase user acceptance. The key to the successful use of consultants is to ensure that government revenue forecasters are free from bias, intentional or otherwise.

## Statistical Techniques

Once economic assumptions have been defined, estimating procedures for collecting revenues needs to be developed from each revenue source (e.g., income tax). A good database is the first step to these revenue-source estimates. At a minimum, this means annual totals of collections for each major revenue source, going back eight to ten years and preferably longer.

Once the data have been collected, they need to be put into usable form. Although information collection is an important first step, care needs to be taken so that information collection does not become an end in itself. Scott Armstrong, in his review of business forecasting practices, pointed out that forecasters often fall into the trap of chasing the elusive goal of perfect information at the expense of devoting time and resources to analysis and presentation of information already available (Armstrong 1985: 319). To be sure, a good database is valuable only insofar as it is useful in forecasting.

Researchers are not in agreement as to which statistical techniques are best under all circumstances. Armstrong summarized the available research on technique as follows:

1. More complicated techniques are not necessarily more accurate and, in fact, may have significant disadvantages regarding cost and acceptance;
2. All other things being equal, objective techniques, such as simple equations, tend to be more accurate than purely judgmental measures, such as intuition; and
3. Estimates based on more than one statistical technique are more likely to be accurate than those which are not (Ibid., p. 317).

### Alternative Forecasts

Bretschneider and Gorr found that the existence of an alternative forecast improved the accuracy of revenue-forecast, and that a formal consensus process improved accuracy the more. This is consistent with Armstrong's findings that combined forecasts were more likely to be accurate than forecasts which were not combined. Put differently, two heads are better than one.

The key to the productive use of alternative forecasts is, however, a good working relationship between forecasting agencies. Such a relationship facilitates comparison without compromising the independence of either forecast. Nonetheless, cooperation should not be allowed to become a substitute for independent analysis.

### Monitoring, Revision, and Evaluation

Because of the uncertainty that is inherent in economic behavior, a systematic approach to monitoring, revision, and evaluation is essential to any revenue forecasting. In particular, because Ghanaian public agencies receive their appropriations on a quarterly basis, monitoring (a comparison of actual receipts to receipts that have been forecast) should be done at most on a quarterly basis. In general, revisions should be done only if a clear trend has developed through two or three months of data collection. Additionally, because the Ghanaian budget is prepared annually, a mid-year revision should be planned.

Evaluation (a comparison of the original forecast with actual results by component) will help to determine which portions of the revenues forecast should be able to produce a comparison, by revenue source, of the initial forecast.

### Clear and Complete Presentation

Finally, a revenue forecast should be clear and complete, laying out the underlying assumptions about the national economy. In particular, it should show how the revenue sources were derived, and explain the methodology behind the revenue estimates for each revenue source. Additionally, the forecast should be presented in a format designed to encourage comparison with alternative forecasts, and plans for monitoring, revision, and evaluation should also be laid out in advance.

To sum up, Ghana's lack of funding for ED could be ameliorated if public budgeters use some successful practices essential for revenue-forecasting. In particular, the country's ED planners should use computers to do long-range forecasts to determine: (1) the sustainability of development projects; and (2) some of the hidden costs in certain development projects. Because of the large volume of data involved in forecasting, using computers is essential to produce meaningful results for both budgeting and ED planning.



## APPENDIX 6

### GHANAIAI PEOPLES

#### ADANGBE (ADANGME, DANGME)

Ada  
Krobo (Kloli)  
Prampram (Gbugbla)  
Shai

#### AKAN

Adansi  
Agona  
Ahafo  
Akuapem (Akwapim)  
Akwamu  
Akyem Abuakwa (Akim)  
Akyem Bosome  
Akyem Kotoku  
Aowin  
Asante (Ashanti)  
Assin (Asen)  
Banda  
Bawle (Baoule, Baule)  
Brong (Abrong, Bono, Boron)  
Chokosi (Chakossi, Kyokosi)  
Denkyira (Dankyira, Denkera,  
Denkyera, Kankyira)  
Evalue  
Fante (Fanti)  
Gomoa  
Gyaman (Gyaaman)  
Kwahu (Akwahu, Kwawu)  
Nzema (Nzima)  
Sefwi (Sahwi, Sehwi)  
Twifu  
Wassa (Wasa, Wassaw)

#### EWE (AWONA)

Anlo  
Krepe (Peki)

#### GA

#### GRUSI

Kasena  
Mo  
Nunuma  
Sisala (Isala, Sissala)  
Tampolense  
Vagala (Vagele)

#### GUAN (GUANG)

Anum-Bosso  
Atwode (Achode, Atyoti)  
Awutu  
Bole  
Efutu  
Gonja (Gongya, Gonya)  
Krakye (Krachi)  
Kyerepon (Cherepong)  
Larte (Larteh, Late)  
Nkonya  
Ntwumuru (Nchumuru)  
Salaga  
Senya (Senya Bereku)

#### GURMA

Basare (Bassari)  
Bimoba (Bimawba, Bmoba, Moab,  
Moba)  
Konkomba (Komba)  
Kyamba (Tchamba)  
Pilapila

### MOLE-DAGBANI-GURENSE

Builsa (Kangyaga, Kanjaga)  
Kagaba (Dagari, Dagarte, Dagati)  
Dagomba (Dagbani)  
Frafra  
Gurense (Grunshi, Gurinse, Gurunsi)  
Kusasi (Kusae)  
Lobi (Birifor, Lober, Miwo, Yangala)  
Mamprusi (Mampruli, Mampruse, Mamprussi)  
Mossi (Mole, Moshi)  
Namnam (Nabdam)  
Nankansi (Nankanse)  
Nanumba (Nanune)  
Talensi (Talene, Talense, Tallensi)  
Wala (Walba, Wile)

### VOLTA-TOGO

Adele  
Akpafu  
Akposo  
Avatime  
Bowli  
Buem (Boem)  
Likpe  
Logba  
Lolobi  
Ntrubu (Ntruber)  
Nyangbo  
Santrokofi

### OTHERS

Busansi (Busanga, Bussansi)  
Fulani (Fula)  
Hausa  
Igbo (Ibo)  
Mande (Bambara, Diula, Dyula, Juula, Mandingo, Wangara)  
Songhai  
Tem (Kotokoli, Temba, Timu)  
Yoruba  
Zabrama (Djerma, Zaberma, Zerma)

Source: Adapted from Daniel Miles McFarland, Historical Dictionary of Ghana (The Scarecrow Press, Inc., 1985), pp. 290-1.

## APPENDIX 7

### BRITISH ADMINISTRATORS OF THE GOLD COAST

<u>GOVERNOR</u>	<u>PERIOD OF ADMINISTRATION</u>
George C. Strahan	1874-1876
Stanford Freeling	1876-1879
Herbert T. Ussher	1879-1880
Samuel Rowe	1881-1884
William A.G. Young	1884-1885
William Brandford Griffith	1885-1895
William Edward Maxwell	1895-1897
Frederic M. Hodgson	1897-1900
Matthew Nathan	1900-1904
John P. Rodger	1904-1910
James J. Thorburn	1910-1912
Hugh Clifford	1912-1919
Frederick Gordon Guggisberg	1919-1927
Alexander R. Slater	1927-1932
Thomas S.W. Thomas	1932-1934

GOVERNOR

PERIOD OF  
ADMINISTRATION

Arnold W. Hodson

1934-1941

Alan C.M. Burns

1941-1948

Gerald H. Creasy

1948-1949

Charles N. Arden-Clarke

1949-1957

GOVERNOR-GENERAL

Charles N. Arden-Clarke

1957

William Francis Hare

1957-1960

Source: Adapted from Daniel Miles McFarland, Historical Dictionary of Ghana (The Scarecrow Press, Inc., 1985), pp. 293-4. Adapted from David P. Henige, Colonial Governors from the Fifteenth Century to the Present (Madison: University of Wisconsin Press, 1970), pp. 120-1.

## APPENDIX 8

### GHANAIAN CONSTITUTIONS

1. 1850 Constitution
2. 1916 Clifford Constitution
3. 1925 Guggisberg Constitution
4. 1946 Burns Constitution
5. 1951 Coussey Constitution
6. 1954 (first Nkrumah) Constitution
7. 1957 Independence (second Nkrumah) Constitution
8. 1960 First-Republican (third Nkrumah) Constitution\*
9. 1969 Second-Republican Constitution
10. 1979 Third-Republican Constitution
11. 1992 Fourth-Republican Constitution

\* It was amended in 1964.

## APPENDIX 9

### GHANAIAI LEADERS FROM 1957

1. DR. KWAME NKRUMAH: \*Prime Minister (1957-1960); President (1960-1966).
2. JOSEPH A. ANKRAH: Chairman, National Liberation Council (1966-1969).
3. AKWASI A. AFRIFA: Chairman, National Liberation Council (1969); Head of Presidential Commission (1969-1970)
4. DR. KOFI A. BUSIA: Prime Minister (1969-1972).
5. EDWARD AKUFO-ADDO: President (1970-1972).
6. IGNATIUS K. ACHEAMPONG: Chairman, National Redemption Council (1972-1975); Chairman, Supreme Military Council (1975-1978).
7. FREDERICK W.K. AKUFFO: Chairman, Supreme Military Council (1978-1979).
8. JERRY JOHN RAWLINGS: Chairman, Armed Forces Revolutionary Council (1979).
9. DR. HILLA LIMANN: President (1979-1981).
10. JERRY JOHN RAWLINGS: Chairman, Provisional National Defense Council (1981-present).

\*Nkrumah was Leader of Government Business from 1951-1957 when his CPP government shared power with the British colonial administration before he helped Ghana to attain its independence on March 6, 1957. It is because he shared administrative power with the British colonialists that the period (1951-1957) is not included in his periods of administering the country's national affairs, even though he was instrumental in deciding the affairs of the State.

Source: Adapted from Daniel Miles McFarland, Historical Dictionary of Ghana (The Scarecrow Press, Inc., 1985), p. 295.

**APPENDIX 10**

**STANDARD FORMAT FOR REVIEWING  
ONGOING DEVELOPMENT PROJECTS**

**PIP/TF/Q.1**

**PIP 1992-94**

**PROJECT CODE:**

**PROJECT TITLE (IN CAPITALS)**

Executing Agency:

Project Status:

Implementation Period:

Project Location:

- a. Town(s).....
- b. District(s).....
- c. Region(s).....

**COST SUMMARY**

<u>Foreign</u>	<u>Cost</u>	<u>Local Cost</u>	<u>Total</u>
US\$m	Cm	Cm	Cm

Project Cost From 1992  
Pre-1992 Expenditure  
US\$1 = C360

**Background Information** (including constraints/justification for project; project objectives; scope/components of project, etc.). Reasons must be provided for increase in project cost estimated to be more than 35% in nominal terms.

.....  
 .....  
 .....



**-ACTUAL WORK TO BE DONE TO JUNE 1991:** (and the additional work expected to be done between July-December 1991).

.....  
 .....  
 .....

**-WORK PROGRAM FOR 1992-PCD\*:**

.....  
 .....  
 .....

N.B.: In using this format, additional sheets should be used to provide the necessary detailed and comprehensive information required.

\* PCD is Project Completion Date.  
 It is important to give the details of the Work Program for the period 1992 to PCD.

**INVESTMENT SCHEDULE**

**PLANNED EXPENDITURES (C MILLION)**

ACTIVITY	1992	1993	1994	BAL. TO COMP	TOTAL
	FC:LC	FC:LC	FC:LC	FC:LC	FC:LC
1.					
2.					
3.					
4.					
..					
..etc.					
<b>TOTAL</b>					

FC is Foreign Currency; LC is Local Currency; and BAL. TO COMP is Balance to Complete project.

### **PROJECT FINANCING:**

Give estimate of the total project cost, broken down into foreign- and local-currency components, and show the phasing of expenditure and the proposed financing over implementation period by completing a financing plan. Indicate the names of financiers and the amounts to be provided.

### **ECONOMIC BENEFITS/COSTS:**

Provide information on the following:

- (a) Estimate of economic rate of return or cost effectiveness as appropriate;
- (b) Project's annual incremental recurrent cost on government budget when the project is completed and it becomes operational. Estimate of the projected annual incremental recurrent cost should be made using PIP form PIP/TF/Q.4;
- (c) Incremental Revenue to be generated (if any) annually for the first 3 years on completion of the project;
- (d) Incremental Employment (if any) during the construction period;
- (e) Incremental foreign-exchange savings or earnings (if any); and
- (f) Incremental effect on Government Tax Revenue (if any).

**APPENDIX 11**

**STANDARD FORMAT FOR PRESENTING  
NEW DEVELOPMENT PROJECTS**

**PIP/TF/Q.2**

**PIP 1992-94**

**PROJECT CODE:**

**PROJECT TITLE (IN CAPITALS)**

Executing Agency:

Project Status:

Implementation Period:

Project Location:

- a. Town(s).....
- b. District(s).....
- c. Region(s).....

<b>COST SUMMARY</b>				
	<u>Foreign</u>	<u>Cost</u>	<u>Local Cost</u>	<u>Total</u>
	US\$m	Cm	Cm	Cm
Project Cost From 1992				
Pre-1992 Expenditure				
US\$1 = C360				

**PROJECT DESCRIPTION:** (Background Information)

1. Describe the main features and components of the project item by item, including any social services/infrastructure to be provided as an integral part of the project (e.g., housing, schools, water supply, electricity supply, access roads). Description should be exact and accurate so as to establish the nature, scope, and cost of the various activities and components.

2. Is the proposed capital investment a replacement of major equipment or buildings/facility?
3. Is it an expansion program (i.e., addition of new facility?)
4. (a) Is it an investment to correct existing operational bottlenecks?  
(b) What is the nature of existing bottlenecks?
5. Is it the rehabilitation of an abandoned project?
6. Briefly describe the production/operational processes wherever applicable.

7. **WORK PROGRAM FOR 1992-PCD\*:**

(a) Provide the necessary work program indicating the major activities to be accomplished and the target dates; and

(b) Provide the necessary investment schedule by completing table below.

**INVESTMENT SCHEDULE**

**PLANNED EXPENDITURES (C MILLION)**

<b>ACTIVITY</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>BAL. TO COMP</b>	<b>TOTAL</b>
	<b>FC:LC</b>	<b>FC:LC</b>	<b>FC:LC</b>	<b>FC:LC</b>	<b>FC:LC</b>
1.					
2.					
3.					
4.					
..					
..etc.					
<b>TOTAL</b>					

**Note:** The "Balance to Complete" (i.e., BAL. TO COMP) column" should be completed only if the project implementation period extends beyond 1994.

\* PCD is Project Completion Date

**8. PROJECT FINANCING:**

Give estimate of the total project cost, broken down into foreign- and local-currency components, and show the phasing of expenditure and the proposed financing over implementation period by completing a financing plan. Indicate the names of financiers and the amounts to be provided.

**9. ECONOMIC BENEFITS/COSTS:**

Provide information on the following:

- (a) Estimate of economic rate of return or cost effectiveness as appropriate. (Provide a copy of the necessary feasibility report.);
- (b) Project's annual incremental recurrent cost on government's budget when the project is completed and it becomes operational. Estimates of the projected incremental recurrent cost should be made using PIP/TF/Q.4;
- (c) Incremental Revenue (if any) to be generated annually for the first 3 years on the completion of project;
- (d) Incremental Employment (if any) during the constructional period;
- (e) Incremental foreign-exchange savings or earnings (if any); and
- (f) Incremental effect on Government Tax Revenue (if any).

**APPENDIX 12**

**\*RECURRENT COSTS ARISING FROM COMPLETED DEVELOPMENT  
PROJECTS**

**PIP/TF/Q.4**

**PROJECT TITLE:**

**PIP PROJECT CODE:**

<b>Item No.</b>	<b>Description of Item</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>Remarks</b>
1. (a)	No. of New Established Posts							
(b)	Personal Emoluments (including allowances)							
2.	Travelling and Transport							
3.	General Expenditure							
4.	Maintenance, Repair & Renewals							
5.	Other Recurrent Expenditure							
	<b>Total Recurrent Cost (1.(b) to 5)</b>							

\* This format may be modified to suit individual agency requirement.

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