GHANA:
EXPERIMENTING WITH POVERTY AND
SOCIAL IMPACT ASSESSMENTS

By Vitus Adaboo Azeem
with Mr. Charles Ayamdoo
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About the authors

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This study was commissioned by the European Network on Debt and Development (EURODAD) as a background study for a EURODAD briefing paper on Poverty Social Impact Analysis. Three other background studies have also been carried out in Nicaragua, Mali and Vietnam. These background papers will contribute to the overall work that EURODAD is doing on monitoring donor analytic work and raising awareness amongst civil society organisations of the potential of PSIA to lead to a more open and informed policy making process.

Eurodad welcomes comments on this report. Please email your contributions to Lucy Hayes at psia@eurodad.org
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>AfDB</td>
<td>African Development Bank</td>
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<tr>
<td>APR</td>
<td>Annual Progress Report (of the GPRS)</td>
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<tr>
<td>BBC</td>
<td>British Broadcasting Corporation</td>
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<tr>
<td>CBOs</td>
<td>Community-Based Organizations</td>
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<tr>
<td>CENCOSAD</td>
<td>Centre for Community Studies, Action and Development.</td>
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<tr>
<td>CFL</td>
<td>Compact Fluorescent Lamp</td>
</tr>
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<td>CSOs</td>
<td>Civil Society Organizations</td>
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<tr>
<td>CWIQ</td>
<td>Core Welfare Indicators Questionnaire</td>
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<td>DAs</td>
<td>District Assemblies</td>
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<tr>
<td>DACF</td>
<td>District Assemblies Common Fund</td>
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<td>DCE</td>
<td>District Chief Executive</td>
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<td>Department for International Development</td>
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<td>Electricity Company of Ghana</td>
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<td>FBOs</td>
<td>Farmer-Based Organizations</td>
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<td>GDHS</td>
<td>Ghana Demographic Health Survey</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GoG</td>
<td>Government of Ghana</td>
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<td>GPRS</td>
<td>Ghana Poverty Reduction Strategy</td>
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<tr>
<td>GTZ</td>
<td>German Technical Cooperation</td>
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<tr>
<td>HIPC</td>
<td>Highly Indebted Poor Countries (Initiative)</td>
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<tr>
<td>IEA</td>
<td>Institute of Economic Affairs</td>
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<td>IFIs</td>
<td>International Financial Institutions</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>ISODEC</td>
<td>Integrated Social Development Centre</td>
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<td>ISSER</td>
<td>Institute of Social, Statistical and Economic Affairs</td>
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<tr>
<td>KITE</td>
<td>Kumasi Institute of Technical Education</td>
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<tr>
<td>KNUST</td>
<td>Kwame Nkrumah University of Science and Technology</td>
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<tr>
<td>LFT</td>
<td>Lifeline Tariff (Scheme)</td>
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<tr>
<td>LPG</td>
<td>Liquefied Petroleum Gas</td>
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<tr>
<td>MDAs</td>
<td>Ministries, Departments and Agencies</td>
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<tr>
<td>MDBS</td>
<td>Multi-Donor Budget Support (system)</td>
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<tr>
<td>MDGs</td>
<td>Millennium Development Goals</td>
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<tr>
<td>MGE</td>
<td>Monitoring and Evaluation (system of the GPRS)</td>
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<tr>
<td>MMYE</td>
<td>Ministry of Manpower, Youth and Employment</td>
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<tr>
<td>MOE</td>
<td>Ministry of Energy</td>
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<tr>
<td>MOFA</td>
<td>Ministry of Food and Agriculture</td>
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<tr>
<td>MOPEP</td>
<td>Ministry of Finance and Economic Planning</td>
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<td>MP</td>
<td>Member of Parliament</td>
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<tr>
<td>NDPC</td>
<td>National Development Planning Commission</td>
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<td>NED</td>
<td>Northern Electricity Department</td>
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<tr>
<td>NGOs</td>
<td>Non-governmental Organization</td>
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<tr>
<td>PREM</td>
<td>Poverty Reduction and Economic Management</td>
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<td>PRGF</td>
<td>Poverty Reduction and Growth Facility</td>
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<tr>
<td>PRSC</td>
<td>Poverty Reduction Support Credit</td>
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<tr>
<td>PRSPs</td>
<td>Poverty Reduction Strategy Papers</td>
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<tr>
<td>PSIA</td>
<td>Poverty and Social Impact Assessment/Analysis</td>
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<tr>
<td>PURC</td>
<td>Public Utility Regulatory Commission</td>
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<tr>
<td>SAP</td>
<td>Structural Adjustment Programme</td>
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<tr>
<td>SAPRI</td>
<td>Structural Adjustment Programme Review Initiative</td>
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<tr>
<td>SIF</td>
<td>Social Investment Fund</td>
</tr>
<tr>
<td>TOR</td>
<td>Terms of Reference</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>VAT</td>
<td>Value-Added Tax</td>
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<tr>
<td>VRA</td>
<td>Volta River Authority</td>
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1. Executive Summary

Objective
The purpose of this study is to scrutinise the reality of donor analytic work in Ghana and to examine to what extent it is contributing to a more open and informed policy process, led by national actors. This study examines the process and content of the five Poverty Social Impact Analysis studies that have been carried out in Ghana whilst taking a more in-depth look at the PSIA funded by the World Bank on electricity reform.

Why Poverty Social Impact Analysis (PSIA)?
The record for addressing poverty in developing countries is not good. This is partly attributed to poorly designed policies which do not consider how poor people will be affected and which are not country specific. PSIA involves examining the potential impacts, especially on poor and vulnerable people, of future reform policies and has the potential to lead to a more open and informed policy process for choosing reform paths which will have the best impact on poverty reduction. This choice should be made based on an open debate about quality analysis of different policy options which considers the varying impacts of those options on poor and vulnerable groups.

Ghana has undertaken five PSIAs of different sectors under reform since 2003. The impetus for PSIA in Ghana arose from the development of the monitoring and evaluation framework for the Ghana Poverty Reduction Strategy (GPRS) which outlined a strategy for monitoring policies with a potential for worsening poverty in the country.

Main Lessons Leant
There has largely been a good ownership of the PSIA approach across government ministries and a strong commitment to using PSIAs to better understand the links between policy reforms and their likely impact on poor people. This has been facilitated by the existence of the National Development Planning Commission (NDPC) which oversaw the process of carrying out PSIAs. Nonetheless country ownership has been undermined by a domination of that process by donors, particularly those that funded the studies. This was particularly evident in the selection of topics – with the electricity study being included at the insistence of the World Bank – and in the consultant procurement process.

Participation by civil society organizations and parliamentarians has been largely unsatisfactory. Whilst some civil society organizations were involved in the NDPC committees and in carrying out the research, in general the role of civil society organizations was minimal. The lack of involvement of national civil society actors and Parliament, throughout the PSIA processes, made the process less genuine.

The PSIAs examined policy reforms, some of which were already being implemented. Thus the aim was not to examine policy options but to examine measures that are needed to ameliorate the negative impacts of such policies. The studies focused more on how to ensure that policy reforms are implemented as smoothly as possible, rather than seeking to ensure that the best policy combinations are used to tackle poverty. The electricity study for example did not look at the overall problems with the implementation of the reform and did not clearly delineate the impacts of other policy options but focused narrowly on maintaining, adjusting or scrapping the electricity lifeline tariffs.

Dissemination of the results, a stated aim of PSIA, is required to promote policy dialogue, as well as feedback from stakeholders. However none of the studies have yet been disseminated in Ghana. This has seriously hindered public debate and the opportunity for the general public to respond to the studies. In the case of the electricity study there was an initial plan to carry out a workshop to disseminate the results but this has not yet materialized. Moreover, the failure and/or overdue delay in carrying out the dissemination of the findings of the studies and policy recommendations have kept them from the public while some agencies are using them for their analysis and policy discussions.

Recommendations
This paper recommends that donors reduce as much as possible their direct control over the whole PSIA process. Due to lack of resources, it may be necessary to prioritize areas for study but it is important that multi-stakeholder working groups, comprising both government and civil society representatives, particularly representatives of poor people’s groups, identify the highest priority areas for PSIA. Donors should desist from pushing governments to undertake PSIA as a means of justifying their policy prescriptions.

In order to build local capacity donors should also desist from insisting on the use of external consultants as a precondition for their support. Lack of local capacity can be addressed through training and sharing of lessons and experiences through cross-regional networks and the development of a database of country-specific PSIA-related expertise.

PSIA should be conducted on a range of different policy options, so that the best policy for poverty reduction can be selected and not based on how effectively and smoothly prescribed policy reforms should be implemented. In the future his requires studies to be identified and initiated earlier, before policy reforms are decided upon, to ensure that bad policies do not get implemented, avoiding wastage of resources and time.

Greater participation from a broad range of stakeholders including government, parliamentarians, civil society organizations and the media would contribute to more country ownership of the studies.

The dissemination of future PSIAs needs to occur in time for inputting into the policy process and the current studies should be disseminated immediately. Efforts should also be made to ensure that information is disseminated in accessible language.
Policy makers and particularly the framers of the next phase of the GPRS need to take into consideration that proper targeting of policies to the poor is needed to avoid or reduce leakages. This will be enhanced by more education and sensitisation on government policies, especially those targeted at the poor and excluded in society such as rural, subsistence, smallholder, and peasant women farmers.

This paper is organized into four sections. The first section provides an introduction to poverty analysis and planning the Ghana. The second section examines the implementation and procedural issues of PSIA in Ghana. The third section constitutes the main part of the paper as it takes an in-depth look at the PSIA on the Energy Sector Reform – Electricity Tariffs, mainly on the lifeline tariff (LFT) system to support poor electricity consumers and the impact of this study on policy making. This is followed by an overview of the other PSIAs carried out in Ghana. The final section concludes and makes recommendations based on the findings of the research.
1. Introduction

Poverty and Social Impact Assessment (PSIA) is an analysis of the distributional impacts of a pro-poor reform agenda that addresses issues of sustainability and risks and helps in monitoring poverty and social outcomes and impacts of policy changes. The PSIA, therefore, plays an important role in the elaboration and implementation of poverty reduction strategies by examining the potential and actual impacts of policies in general but particularly policies aimed at reducing poverty with the aim of improving policy formulation. In line with the requirements of the PRSP process of country ownership, participation and public debate of policy options, some international non-governmental organizations (NGOs) and their local partners have been calling for studies to be carried out on how and to what extent PSIAs undertaken in developing countries are following these principles and broadening the debate on the distributional impacts of government reforms.

Multilateral and bilateral donors, particularly the IMF, the World Bank and Department for International Development (DFID), have encouraged and promoted ex-ante PSIAs of key reforms in several countries including Ghana. The World Bank has also provided guidelines on the conduct of such PSIAs.

Ghana carried out five PSIAs on key economic areas that were anticipated to have distributional impacts on various sectors of the society covering the following policy areas:

- Electricity Tariffs and the Poor;
- Petroleum Pricing and the Poor;
- Enhancing Pro-poor decentralization;
- Agriculture sector and the Poor;
- Tackling Vulnerability and Exclusion.

This study was commissioned by the European Network on Debt and Development (Eurodad) to assess the PSIA process in Ghana with specific focus on the "Energy Sector Reforms - Electricity Tariffs". This is part of its "Monitoring Poverty and Social Impact Analysis: towards ownership and empowerment" project. Eurodad is concerned about the extent to which these analyses are contributing to opening up the policy process, greater participation, ownership and empowerment of the citizens of the beneficiary countries. It is noteworthy that Ghana is the first country to have a country level approach to PSIA. Nonetheless a number of challenges have been encountered in the design and execution of the PSIAs in Ghana, which are discussed in this paper.

1.2 The PRSP Process in Ghana

In 2000 the government of Ghana initiated the process of formulating a Poverty Reduction Strategy Paper facilitated by a special Task Force established within the National Development Planning Commission (NDPC). This body broke its work into three phases: an initial situation analysis, the preparation of a strategic policy framework and development of programmes based upon the framework. An Inter-Ministerial Committee provided political-level oversight. Five Core Teams were established for each of five thematic areas to provide inputs into the crucial policy framework phase. These were to deal with:

- The macro-economy;
- Gainful employment/production;
- Human resource development/basic services;
- Vulnerability and exclusion; and
- Governance.

The teams, which included a mixture of government officials, civil society organizations (CSOs) representatives and donors with the services of a Ghanaian consultant, were tasked with producing frameworks and action programmes in their respective fields for inclusion in the PRSP. Stakeholder participation comprised information dissemination, collaboration, coordination, and consultation at both national and local level. The completed full PRSP, called the Ghana Poverty Reduction Strategy (GPRS), which was approved by the international financial institutions (IFIs) in 2003 for the period from 2003 to 2005, is in the last year of its implementation and a second phase, the GFRS Update, is in its final stages of completion.

1.3 Policy Analysis in Ghana 1985 – 2005

Ghana’s effort to address Ghana’s poverty dates back to its introduction of safety-net provisions called Programme of Action to Mitigate the Social Costs of Adjustment (PAMSCAD) to address the hardships of the structural adjustment reforms of the 1980s. PAMSCAD led to the creation of a Technical Committee on Poverty that published a White Paper in 1996 termed “a Policy Focus for Poverty Reduction”. Subsequently, “an Accelerated Poverty Reduction Programme” presented a costed set of poverty-focussed activities for 1999-2001. In the same year, the government submitted a proposal entitled “Reducing Poverty through Improved Agriculture” to a meeting of the Consultative Group for Ghana for consideration. These programmes were never implemented although there were isolated and uncoordinated programmes to address poverty in selected deprived areas. The experiences gathered from the PAMSCAD informed the evolution of subsequent poverty alleviation programmes, including the current GPRS.

A concerted effort to review the impacts of the structural adjustments of the 1980s was conducted in Ghana together with eight other countries under the Structural Adjustment Review Initiative (SAPRI). This involved a joint investigation into the impact of structural adjustment policies in developing countries that had implemented structural adjustment policies. SAPRI in Ghana, which was led by the Integrated Social Development Centre (ISODEC), aimed to address the problem of national economic policy-making and promote and develop a more transparent, inclusive and participatory process of decision-making. It made a strong case for a more people-oriented and grassroots driven and
participatory review of the impact of policies on the majority of the population in a country.

The Ghana Statistical Service (GSS), the national statistical agency, collects and publishes various demographic and key economic data such as the Ghana Living Standards Survey (GLSS), the Core Welfare Indicators Questionnaire (CWIQ) and the Ghana Demographic and Health Survey (GDHS), which, among others, provide a picture of the impacts of policies in the country. The information is enhanced by some qualitative data derived from the 2000 Participatory Poverty Assessment (PPA), conducted in thirty-six communities through local community workshops to better understand poverty from the perspective of poor people. Some NGOs have also conducted PPA and Community Surveys in the country aimed at assessing the impacts of policy reforms.

1.4 The Emergence of the PSIA Process in Ghana

The World Bank and the IMF have implicitly recognized that many of their policies may have a significant impact on income distribution. The IMF agreed that its PRGF should provide policy flexibility and PSIA of key reforms to ensure it is focused on poverty reduction. Under pressure from NGOs and some governments, the World Bank and the IMF agreed to introduce more systematic analysis of the likely poverty impact of policies they propose in their programmes with developing countries. DFID also responded to demands from country programme offices and some governments to undertake pilot studies. DFID and the World Bank, therefore, piloted the first wave of PSIA pilot studies in 2002. The IMF has also produced a working paper on some early experiences of PSIA from its PRGF supported programmes, which illustrated that many staff country reports have taken a first step toward PSIA by making more explicit the links between poverty and policies.
2. Implementation of Poverty and Social Impact Assessments (PSIAs) in Ghana

2.0 Introduction
The Ghana Poverty Reduction Strategy (GPRS) seeks to increase economic growth and reduce poverty and is the operational Medium Term Development Policy Framework for the country. As a poverty reduction policy document, it is important to ensure that implementation of the policies, programmes and projects in the GPRS do not negatively impact the poor and the vulnerable. As such, the government and its development partners, particularly Department for International Development (DFID) and the World Bank, decided to conduct PSIA on selected policies of the GPRS and assess the ex-ante and/or ex-post effects of such policies on the poor and the vulnerable to enable government to:

1. Formulate alternative policies to ameliorate the negative effects of current policies on the poor and vulnerable, if any.
2. Reformulate existing policies, if need be, to ensure that they do not adversely affect the poor and the vulnerable.

The National Development Planning Commission (NDPC), the agency in Ghana responsible for planning, monitoring, evaluating and coordinating policies and programmes undertook five PSIAs funded by development partners. The results of the current PSIA ideally should inform the second phase of the GPRS.

Although PSIAs are a recent phenomenon in Ghana, the process of conducting the current PSIAs in Ghana has proceeded quite well. The impetus for PSIA arose from the development of the monitoring and evaluation (M&E) framework for the GPRS, which outlined a strategy for monitoring the implementation of the GPRS and related policies with a potential of worsening the poverty situation. These studies will be carried out periodically and the information generated used to evaluate the effectiveness of government policies, programs and projects resulting from the GPRS and where necessary, support the process of policy redesign. The initial plan was to widely disseminate the findings to all stakeholders including development partners and the general public, informing them of the government’s performance and making recommendations for future policies.

2.1 How were PSIA topics selected?
In order for PSIAs to be country-led it is important that national actors are the key players in selecting topics for PSIA. According to the World Bank User’s guide "If PSIA is to be an effective tool for policy, it needs to be country owned. Ideally, countries should be responsible for the choice of the reforms and for the analysis" (40). Ghana has a institutional structure in place which enabled selection of the reform areas. Nonetheless this process was not without controversy, as the World Bank was perceived by some to be overly influential in the selection process.

In early 2003 DFID in collaboration with the Government of Ghana (GoG) organized national workshops to discuss the possibility of having PSIAs in Ghana. The NDPC and the stakeholder Ministries, Departments and Agencies (MDAs) represented the GoG at these workshops with DFID and the World Bank in attendance. The NDPC managed the process. The workshops examined research studies and got the thematic groups of the GPRS to discuss and determine the appropriate areas and priorities for study.

The selection started with an examination of the five thematic areas of the GPRS to identify critical areas that were likely to have some impact on poverty for study. Thus, the areas selected were part of the Medium Term priorities of the GPRS and in line with the development agenda of the government. The key stakeholders, mainly government ministries, then extracted a prioritised list of sixteen possible PSIAs from the first list of critical areas identified. The final selection of five was made in consultation with stakeholders, mainly the NDPC, donors and local and international consultants. Some civil society organizations took part in the consultation workshop and “expressed their views” on which issues should be studied. Factors taken into consideration included the potential magnitude of the impact of the reform and the sensitivity of the reform. The criteria for selection included the urgency of the policy reform, level of debate regarding the reform, the role of the area in economic development and its potential direct impact on poverty and the Government’s policy agenda although donors’ areas of interest were prominent. Fiscal decentralization, the impacts of vulnerability and agricultural modernization on the poor, came out clearly as priorities for the PSIA studies. Initially, energy sector reforms were not among the priority areas.

There appears to be some controversy selection of the electricity sector for a PSIA. The World Bank asserts that it was among a number of topics selected at the multi-stakeholder consultations promoted by DFID. Moreover, the Poverty Reduction Support Credit (PRSC) document and the GPRS both recommended an energy sector policy reform that required the automatic adjustment of electricity tariffs based on inflation and other costing factors but also providing adequate protection for the poor. The Bank also indicated that the Minister of Energy (MOE) requested it to fund this particular study.

However, a number of other respondents alleged that the Bank requested its inclusion because electricity pricing was a priority area. From the interviews of the various key players, it was clear that the World Bank had the ultimate say in the selection of the sector for study but the government accepted the choice. The Bank could have good reasons for insisting on this study such as showing that it is concerned about the impacts of its policy prescriptions on the poor and that some evidence-based work would convince citizens about the
necessity of the reform and that adequate mitigating measures have been put in place. A number of other reasons have also been advanced for the selection of the electricity sector for a PSIA study such as its being a key sector of the economy and a major indicator of the socio-economic development of the people. Moreover, the government has been implementing the donor prescription of adjusting utility tariffs for some time and there have been complaints about the negative effects of such adjustments on the people, especially the poor in society in an era when the government is also implementing a poverty reduction strategy. However, it cannot be denied that donors played a dominant role. In fact, the government complained that the study on electricity tariffs was donor-led and only accepted its inclusion when DFID Ghana stepped in and struck a compromise by getting the government to treat this PSIA as the Bank’s own study.

2.2 Who commissioned and researched the PSIAs?
Technical committees and steering committees were set up for each PSIA selected, in consultation with NDPC, DFID, German Technical Cooperation (GTZ) and sector ministries, to oversee the process. The Technical Committee, which comprised experts and technocrats from government departments, universities, donors and civil society organizations (CSOs), was responsible for reviewing all stages of the process and providing support to the researchers carrying out the studies. The Steering Committees were set up to give policy direction to the researchers and to ensure that policy makers are fully involved right from the onset to ensure ownership, effective commitment and more importantly, to eventually ensure that results influence policy. The Steering Committee members were Ministers and Heads of the Departments and CSOs. The government ultimately decided who would sit on these committees although the donors made recommendations.

Table 1: Features of PSIAs undertaken in Ghana

<table>
<thead>
<tr>
<th>PSIA</th>
<th>Sponsor</th>
<th>Membership of Technical Committee</th>
<th>Consultants</th>
<th>Status</th>
<th>Dissemination</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Sector Reform in Ghana: Electricity Tariffs</td>
<td>World Bank</td>
<td>MOE, EC, PURC, MOFEP, Consumers Association, VRA, ECG, NED, NDPC &amp; World Bank</td>
<td>KITE &amp; RAMBOLL (external consultant)</td>
<td>Completed April 2004</td>
<td>Not done</td>
</tr>
<tr>
<td>Tackling Vulnerability And Exclusion In Ghana</td>
<td>DFID</td>
<td>MMYIE, Dept of Social Welfare; MOWAC, MOFEP, NADMO; MOFA, DFID &amp; NDPC</td>
<td>Sync Consult Consortium, CSPS &amp; CENCOSAD</td>
<td>Completed August 2004</td>
<td>Not done</td>
</tr>
<tr>
<td>Ghana’s Petroleum Pricing Policy</td>
<td>UNDP</td>
<td>MOE, EC, MOES, CSIR, Office Of The President, TOR, PURC, Consumers Association, UNDP, NDPC.</td>
<td>Armah &amp; Associates (tended externally)</td>
<td>Completed February 2005</td>
<td>Not done</td>
</tr>
<tr>
<td>Transformation of the Agricultural Sector</td>
<td>DFID</td>
<td>MOFA, GEPC; MOFEP; NADMO; CSIR; NDPC, DFID</td>
<td>Depts. Of Agric. &amp; Econ (UG), IDL (UK)</td>
<td>Completed June 2004</td>
<td>Not done</td>
</tr>
<tr>
<td>Enhancing Capacity for Pro-Poor Decentralisation</td>
<td>GTZ / KFW</td>
<td>MLGRD; MOFEP; Management Services Division, Head of Civil Service; NALAG; GTZ/KFW</td>
<td>CLAYDORD Consult &amp; Dr. Walter Aschmoneit</td>
<td>Completed August 2004</td>
<td>Not done</td>
</tr>
</tbody>
</table>

Source: Author-generated.

The composition of the Committees for the electricity PSIA is shown in the table below.

Table 2: Members of the Committees

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<thead>
<tr>
<th>PSIA</th>
<th>Technical Committee</th>
<th>Steering Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity tariffs</td>
<td>Representatives of the MOE, the Energy Commission, the GSS, the PURC, the MOFEP, the VRA, the ECG, the NED, NDPC, the World Bank, the Consumers Association of Ghana &amp; the Energy Foundation.</td>
<td>Minister of Energy, Minister of State (Economic Planning), the Director General (NDPC), Executive Director (PURC) &amp; Chief Executive (VRA)</td>
</tr>
</tbody>
</table>

1 See acronyms for the full meanings of these agencies.
In the selection of research teams the bidding firms were required upfront to include at least one external researcher in their proposals. These were supposed to be experts that would provide adequate technical support. The government used one uniform process of selection of consultants for four of the five PSIAs. This was open to the general public and advertised in the newspapers although DFID helped in assessing the consultants for selection. DFID brought in an expert in PSIA, who took part in some of the studies, for example, the PSIA on Enhancing Pro-poor Decentralization and the PSIA on Vulnerability and Exclusion, when they had already included external consultants in their teams. According to one respondent, "she came in after the study had started with some ideas which created problems for us". However, the DFID respondent denied the inclusion of an external consultant being a requirement, explaining that the local consultants were only invited to include a budget for international support if they needed external support.

In the case of the PSIA on electricity tariffs, the World Bank used its own procurement procedures and consultants, wrote the Terms of Reference (TOR) and managed the study. RAMBOLL, an external consultant, was hired to be in charge of the PSIA with the Kumasi Institute of Technology and Environment (KITE), an NGO in the energy sector in Ghana, as the local research partner. RAMBOLL was chosen based on a recommendation from the Danish Embassy due to the company’s detailed knowledge of the energy sector in Ghana. KITE, therefore, did the groundwork while RAMBOLL, the external consultant, worked to determine the approach and structure of the study. Bank staff and consultants provided guidance, direction and assisted in the preparation and execution of fieldwork, data collection and analysis.

On the method of selection of the consultants, some respondents alleged that the World Bank wanted KITE as the local consultant because it felt KITE was the only institution in Ghana with the experience of working on electricity and capacity to conduct the PSIA and, therefore, did not subject the selection to the bidding process. However, the Bank insists that the selection went through a bidding process, stating that, numerous firms were interviewed, references taken, and written examples of similar work reviewed. The Bank also explained that it had to use its own rules of competitive bidding and its own staff to manage the work because using the local procurement procedures would have conflicted with the Bank’s global procurement rules. The Bank also had concerns about leaving the selection process to the NDPC known to have its own small group of consultants whose perspective outsiders might question as they are seen as loyal to the government.

2.3 Who participated?
The government was involved in drawing up the terms of reference and commissioning all but one of the studies. This was viewed by some respondents, particularly DFID, as a positive trend within government ministries in their willingness to use more poverty and impact analysis in their policy processes. There were also discussions of private sector views. Civil society groups were also represented in the Steering Committees for the PSIAs, particularly looking at quality control issues. However, from the interviews, it was clear that the role of civil society was minimal with civil society consultation at the district level being their participation in the completion of the surveys.

Ghana’s Parliament was not directly involved in the PSIA studies although the subcommittee on Poverty was informed of the studies through briefings and the Annual Progress Report of the GPRS. The Members of Parliament (MPs) were not interviewed for most of the studies although some were interviewed/consulted in the decentralization study because of one MP being viewed as a major player in Ghana’s decentralization system. However, the World Bank was satisfied with the participation process because of the use of the stakeholder group and the fact that there were meetings throughout the research process, in preparing the TORs, on feedback from fieldwork and on the draft report. In the Electricity study, the multi-stakeholder group reviewed and gave comments on the TORs, which were then adopted. Also, there were discussions of the policy options in the multi-stakeholder group. It must, therefore, be acknowledged that the TOR for the study was acceptable to the government and the implementing agencies.

Two CSOs were on the multi-stakeholder committee, with KITE also a CSO contracted to carry out the study. The Bank’s PRSC Task Manager holds the view that the important thing is for the appropriate Ministry to own the work and that the MOE owned the PSIA and had no problems with the study and the way it was conducted. However, despite the involvement of the key stakeholders throughout the PSIA process, some respondents, including DFID, hold the view that participation and consultation was generally not satisfactory. One respondent even felt that the findings of the study are liable to distortions because the World Bank took the report away and substantially edited it before returning it. According to another respondent, “it would have been better if consumer representatives participated in the study or at least were consulted”. A key stakeholder stated that, “even though participation of selected stakeholders in the study was high, comprising mainly the key stakeholders and utility providers, consultation and involvement of the Press, NGOs, community-based organizations (CBOs) and others was low”.

DFID, in particular, provided “guidance to the government on the PSIA approach”, which included policy briefings, strengthening capacity in government ministries, discussions with government on how to feed the study’s recommendations into planning and GPRS processes as well as providing technical support on the terms of reference and bidding process. DFID played a very dominant role in guiding and advising government, which could be seen to undermine ownership. DFID itself admits, in its briefing notes that advisors in its Ghana office were able to substantively review the inception and final studies, but at the same time expresses concern
about the possibility of CSOs pursuing their own agenda during the process and the need to guide against it. Presumably DFID does not have its own agenda that could contradict that of the sovereign state, Ghana.

2.4 Timing
The studies were initiated after Ghana had started implementing the GPRS and other policy reforms. As such, the studies appear to be ex post assessments, and may only serve as a basis for GPRS II.

The timeline for the electricity study was initially about four months – subsequently found to be inadequate – was determined by the required scope of work, the cost containment and particularly to provide an input for the World Bank policy review. The study, therefore, had to be scaled down to cover only the first phase of the work. Initially, the first phase involved examining the targeting of the lifeline tariff (LLT) through stakeholder analysis and the qualitative part as well as analysing existing material. The second phase, which was not carried out, involved a much broader scope of the electricity sector reforms and was to include a larger quantitative survey and an analysis of alternatives for protecting poor consumers.

The time-pressure to meet the PRSP matrix-based requirements also compromised sufficient stakeholder participation and consultation, and hence the reliability of the outcome of the studies. In addition the policy reform was already being implemented so there was no need to rush the study.

It is important to note that the DFID TOR for PSIAs requires doing PSIA in ”real policy time” which means conducting the study in time to feed into policy processes being implemented. In the case of the lifeline subsidy for electricity the policy was already in place before this study. The time constraints also led to limited opportunities for primary data collection.

2.5 Dissemination and Publication of Studies
The dissemination of the PSIAs was part of the contractual obligations of the various consultants but was to be co-ordinated by the NDPC and embedded in the GPRS revision process. The NDPC has also submitted policy briefs to the appropriate ministries for the necessary action but nothing has been heard from these ministries. Also, a DFID planned dissemination workshop for all the PSIAs appears to have been cancelled. The DFID respondent did not allude to this except to say that it was normal for government to decide not to disseminate research findings. So, though all the PSIAs have been completed and are allegedly being used by certain stakeholder agencies, the findings are yet to be disseminated. The debriefing has not been done and no feedback has been given to the stakeholders. In fact, the reports are still described as drafts though said to be in the public domain.

Dissemination of the results is required to promote policy dialogue, a stated aim of PSIA, as well as feedback from stakeholders. It is, therefore, unfortunate that the results of the studies have still not been disseminated and no reasons have been advanced for this. The media has not been involved in the general PSIA process although with the decentralization study there was some media event involving interviews on BBC television and the print media with the consultant, Prof. Dordunoo, being quoted as saying that poverty had decreased in Ghana. The NDPC has assured that when the dissemination actually takes place, anticipated in August 2005, the media would be fully involved.

There has been no dissemination of the study on “the energy sector reforms – electricity tariffs”. There was an initial plan to carry out a workshop to disseminate the results but this has not yet materialized. In fact, the final report is yet to be issued and the recommendations are yet to be finalized. There has not been any public forum or press event on the subject and no media coverage of the study. This means that there has not been an opportunity for the general public to respond to the findings of the study. The government has not offered any reason for not disseminating the research findings. Donors too have not given any reason for the failure to disseminate the report although they admitted that this has been the situation with most studies in Ghana, adding that governments in general do not want to disseminate research findings although they may still make use of the findings. However, some of the respondents hold the view that the study has not been disseminated because the findings were not favourable to the government. For instance, the study found that poverty levels in the country were not going down and that the lifeline system of electricity tariffs was not a good mechanism for protecting the poor and that the LFT was not benefiting the poor.

The recent changes in ministerial portfolios and political considerations by politicians could account for the failure to disseminate the research findings to the general public. Nonetheless, various stakeholders, including the World Bank, are using the outputs and the stakeholder group continues to discuss the findings as some of these findings involve actions on the part of the utility provider.
3. **The Energy Sector Reforms - Electricity tariffs**

Following the implementation of a tariff adjustment formula aimed at ensuring that electricity tariffs take inflation into consideration and achieve full cost recovery, there have been public outcry about the resulting increases in these tariffs. Yet, in compliance with agreements with Ghana’s development partners, mainly the IMF and the World Bank, government continued to implement these policies, generating social unrest. However, the government introduced the LFT system to reduce the negative impacts of the tariff increases. To justify these policies and hopefully to reduce the tension and public outcry, the government agreed to undertake, with the encouragement and support of the World Bank, this PSIA to assess the effectiveness of the policies put in place to ameliorate the hardship of the tariff increases on the poor.

The objective of the "PSIA on the Energy Sector Reform - Electricity Tariffs" was to investigate the effectiveness and sustainability of the lifeline tariff (LFT) in protecting the poor from recent tariff increases and to partially evaluate the impact of recent tariff increases on poor electricity consumers. In the light of these objectives, the study sought to answer the following questions:

- How well is the lifeline tariff targeted to the poor?
- Are the poor currently connected to the electricity grid?
- Are lifeline consumers poor?
- Do the non-poor benefit?

The study did not outline the different policy options of reforming the general electricity supply system and pricing in the country but only concentrated on ways of approaching the lifeline tariff scheme.

**3.1 Methodology**

The guiding principle for conducting PSIAs in Ghana was the World Bank PSIA User Guide and Good Practice note and it was supported by primary data collection, literature reviews and stakeholder analysis. The methodology was new, difficult and challenging to most of the researchers although it was useful because it was comprehensive and evidence-based and went beyond the literature review and desk studies that have been conducted in the past by including views of beneficiaries of service provision. The PSIA on electricity tariffs started with a training of the consultants on research on utility tariffs facilitated by experts including a World Bank consultant and officials from the ECG who explained their enumeration system to enable them select the households for interviews. The researchers tested the draft questionnaires for validity, accuracy, clarity and timing and carried out a pilot survey. The figuring out of what analysis to do within the limited timeframe and budget was done through a consultative process with stakeholders in the sector and the Steering Committee, the Technical Committee, the World Bank and the consultants of the study.

The actual study involved an analysis of existing national data, mainly from the GLSS 4, preliminary results from the 2003 Core Welfare Indicators Questionnaire (CWIQ) and time series analysis of utility records mainly customer data from the ECG and the NED of the VRA. The qualitative approach involved stakeholder analysis and small-scale household surveys as well as focus group discussions with consumers selected from households using the utility’s list of customers in Kumasi, Accra and Tamale. From the focus groups the researchers then picked the households who consumed up to 50 kilowatts of electricity for key informant interviews. The total sample, which comprised consumers from VRA, those from the NED and those from the ECG, totaled 318. The groups were also divided into high income, middle level income and low-income groups for analysis. Qualitative and limited quantitative field data were also from small-scale household surveys of compound houses and individual houses likely to fall in the lifeline (low-income) category.

**3.2 Main findings**

**3.2.1 The Lifeline Tariff (LFT) Scheme**

The PSIA found that the lifeline could protect lower-income electricity consumers but that it was not benefiting the poor, especially those using shared household meters and pre-paid meters. In fact, many consumers are not taking advantage of the lifeline because of lack of knowledge about the lifeline. They, therefore, need consumer education. Moreover, only many poor people do not have access to electricity and, therefore, cannot benefit from the LFT system. This calls for a consideration of the price and access of other fuels such as kerosene. This conflicts with the findings and recommendations of the PSIA on fuel pricing. The study also found that consumers are not necessarily better off with additional or individual meters although landlords exploited shared meter users, making ineffective the lifeline program aimed at helping the poor. The study also showed that a minimum of half the lifeline ‘leaks’ to the non-poor and that compound house dwellers are not poorer than those in non-compound houses. The PSIA also showed that there was little correlation between income indicators and the lifeline.

On the fairness of the LFT, the finding was that the benefits of the lifeline are greatest for those consuming from 25 kilowatts to 50 kilowatts but the average consumption of those in the lifeline may be lower in Northern Ghana, that is, the NED areas, which shows less benefit of the lifeline tariff. It was also found that the majority of compound house dwellers were unlikely to fall below the poverty line. Although there was no consensus among stakeholders as to how to reform the lifeline policy to make it beneficial to the poor, the study concluded that targeting would be more administratively costly than it was worth, given the relatively low cost of the lifeline.
It was discovered that the incidence of compound house dwelling is more prevalent in the urban areas. So, the "compound house effect" is likely to be more felt among non-poor households. Contrary to the general impression that it is the poor who share meters. The assumption that "compound house dwellers would almost always be better off with their own meter" was contradicted by the finding that if consumption levels per household are particularly low then compound house dwellers are worse off with their own meter. Besides, the use of shared meters results in a lot of dynamics between landlords and tenants and adds to the arbitrariness of the distributional impacts of tariffs, which leads to the conclusion that the lifeline tariffs do not target the poor.

3.2.2 Willingness and Ability to Pay
The PSIA stressed the importance of carrying out a full-scale "ability and willingness to pay" study, together with a financial analysis of the utility providers, particularly if the sector is deregulated. The current study showed that 27% of respondents are willing to pay more for specific service improvements such as no power outages, 23% are willing to pay more but with the same level of service when given a choice between 'Keep the price the same but lower quality' and 'keep the same level of service but increase the price', and 23% of respondents rank 'lower electricity tariffs' as top priority for improving electricity service followed by 'uninterrupted supply'.

On the "Ability to Pay", the study concluded that what is considered an "affordable" level was subjective but is often used in the range of 5% of income. However, in some cases, the average percentage of income devoted to electricity in 2003 could be as high as 17% if incomes grew only by the amount of inflation, using GLSS data projected forward and average electricity bills. Other recent surveys found that consumers do not spend more than 3% of incomes on electricity.

3.2.3 Reactions to Tariff Increases and Coping Strategies
The analysis of utility data over the period of tariff increases did not show any significant or generalized reaction in terms of reduced consumption. Only 50% of the respondents recalled significant price increases in the last year but those who recalled, 88% learnt of the increases by looking at the bill as against hearing from the radio or friends. On whether consumers were happy or not about the tariff increases and what they did in reaction, the report on the study listed the following reactions:

Table 3: Consumers’ reaction to utility tariffs and coping strategies

<table>
<thead>
<tr>
<th>Consumers’ reaction</th>
<th>Coping strategy</th>
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</thead>
<tbody>
<tr>
<td>Unhappy with price rise</td>
<td>Substituted for other sources of power supply</td>
</tr>
<tr>
<td>Unhappy with price rise</td>
<td>Reduction in use of electrical appliances</td>
</tr>
<tr>
<td>Unhappy with price rise</td>
<td>Reduced wastage because aware of tariff bands</td>
</tr>
<tr>
<td>Unaware of price increase and impacts</td>
<td>Did nothing about consumption</td>
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</tbody>
</table>

On coping strategies the PSIA found that some consumers paid only part of the bill to avoid disconnection. Others got disconnected although some of them also embarked on illegal "re-connections". This reduced the negative impact of tariff increases on the low-income citizens although it also resulted in losses to the utility company. Some consumers changed their behaviour (43%) through reduced use of lighting (16%), reduced number of appliances (6%), or replaced bulbs with compact fluorescent lamp (CFL) bulbs (10%) and/or reduced use of fan and other electric devices (3%). Some consumers adopted drastic coping strategies such as sending family members away (3%), taking children out of school (2%), reducing food consumption (4%) and selling assets (3%).

3.2.4 Subsidies and Financial Implications for Utility Providers
On the situation of the utility providers, the study found that there was a gap between electricity tariffs and the cost of production, which the government had to fill with subsidies through transition to full cost-recovery. However, government was not up to date on paying the subsidies. Moreover, the inefficiencies in the electricity sector and low collection rates render ineffective the objective of increasing revenues. Also, customers were actually paying for the inefficiencies of the electricity supply system. On the quality of electricity supply and consumers satisfaction with it, the study concluded that, on average, households are satisfied with service quality and that the burden of tariffs can be compensated for by better service delivery.

3.3: Policy Recommendations of PSIA
The PSIA recommended the following actions:

- The retention of the LFT because of its potential to support the poor as well as its insignificant level which makes little difference to the financial situation of the utility providers and the government.
- The education of consumers on basic energy conservation techniques
- The adoption of better mechanisms and better targeting for protecting the poor against high electricity tariffs as the poor do not have access to electricity and/or do not understand their bills and how to reduce it.
- The education of consumers on why tariffs are increasing to reduce the resistance to tariff increases.
- The provision by utility providers to compound house consumers with information on when it would be beneficial for them to have their own meters and make more meters available to consumers.
- The provision of guidelines on how compound house dwellers can equitably share bills to avoid manipulation by house owners.

The PSIA also recommended further analysis in the following areas:
• The consideration of broader issues of how to sustainably improve access to clean energy for the rural poor as a pro-poor energy policy in the long term.
• The establishment of a close link of the findings to the PURC tariff reviews and a link of the PSIA with the discussion of general cross-subsidisation from large customers to small ones.
• The conduct of further analysis of nationally representative data on incomes and electricity consumption patterns of different consumer groups to identify the informal cross-subsidization within the electricity sector and to determine at what point electricity tariffs will become unaffordable to new customers.
• The consideration of alternatives to full-scale electricity access for the poorer, less densely populated northern Ghana as they receive a low percentage of new investments in the sector through the Self-Help Electrification Project (SHEP).

3.3.1 Assessment of recommendations
The need to consider how to sustainably improve access to clean energy for the rural poor in the long term cannot be disputed and should be considered holistically with other recommendations. Interestingly, the PSIA on electricity tariff increases recommended a review of the prices of and access to petroleum products such as kerosene and liquefied petroleum gas (LPG) as a measure to reduce hardships resulting from high electricity tariffs. These recommendations are not beyond the power of government to implement and would require attention if poverty reduction is to be achieved. In the absence of such an approach, our forests will be depleted.

A broad analysis of how to protect the poorest of the electricity customers, and how to reach the poor, is also necessary just as there is a need for a close link of the findings to the PURC tariff review and a link of the PSIA with the discussion of general cross-subsidisation from large customers to small ones. Further investigation on the "willingness to pay" and "ability to pay" is not only necessary but also possible as there could be other reasons why people are willing to sacrifice other basic needs for electricity supply and not just income levels such as the quality and the efficiency of supply of electricity. There can be different approaches for different categories of citizens.

Public education on electricity consumption and how to monitor the electricity services in the communities may be necessary but education alone may not eliminate the leakages. This education should include providing compound house consumers with information on when it would be beneficial for them to have their own meters but should also include making more meters available to consumers. Providing guidelines on how compound house dwellers can equitably share their bills among themselves would reduce the opportunities for landlords and ladies to determine how much compound house dwellers should pay in respect of electricity bills. The electricity providers can even design a formula for sharing of bills and educate consumers on how to take advantage of it and avoid exploitation by landlords and landladies. Monitoring could be facilitated by the development of indicators to monitor the energy reform process such as average processing time for new connections, number of new connections, etc., and arrears for the different tariff bands to determine the impacts of tariff increases on the different categories of consumers. This would not only improve the performance of the service providers but would also facilitate better targeting, especially if specific groups, which are more affected by tariff increases, are selected for further studies.

Educating consumers on why electricity tariffs are increasing may not necessarily reduce public outcry. The main reason could be inability to pay in the face of low incomes and a perception of inefficiencies in the supply system and not lack of understanding. This is probably why the study recommends that the energy sector reforms should address factors other than income level in assessing the ability and willingness of consumers to pay higher bills for electricity. These factors need to be considered in policy decisions on appropriateness of existing tariffs for each hand of consumers.

Finally, an analysis of nationally representative data on incomes and electricity consumption patterns of different consumer groups would enable government to identify the informal cross-subsidization within the electricity sector and at what point electricity tariffs will become unaffordable to new customers. Moreover, the recommendation to evaluate fully the cost of alternatives to full-scale electricity access for the poorer, less densely populated northern Ghana, especially off-grid sources of energy as their level of income and low density as they receive a low percentage of new investments in the sector through the SHEP, is in line with the GPRS requirements and should be implementable. This is possible, as the World Bank has already set aside funds to explore options for off-grid electricity, for poorer regions, as a follow-up to the PSIA on electricity tariffs.

3.4 Did the PSIA examine policy options
The study did not really examine different policy options for the reform of the sector. The issue was not whether electricity tariffs or the method of determining them was harmful to consumers or not but rather what to do in the light of high electricity tariffs. The policy issue was the introduction of the lifeline tariff system, which provided a subsidy for electricity, that is, the poor, as if this is the only problem with the electricity supply system in Ghana. An electricity consumer would want a PSIA conducted in this area because tariff increases have been extreme, have not led to improved service, and that he/she could be paying for the inefficiencies in the sector. Unfortunately, from our interviews, the study did not address this and avoided looking at the overall problems with the implementation of the
reform. It did not clearly delineate the impacts of other policy options.

The PSIA was limited mainly to testing the adequacy of the protection lifeline afforded by the policy reform and whether there were indications that the adjusting tariff was having an undue impact on consumers. The study, therefore, limited the policy options to maintaining or curtailing or scrapping the lifeline tariffs.

3.5 Impact on reform process

Although the study is being quoted in Bank documents, the findings do not appear to have informed government in the taking of decisions in the sector. According to the NDPC respondent, "although the government values the findings of the study because the LFT policy in terms of cost to the utility is minimal while the benefits to the poor are enormous, the government has not yet used the findings in policy decisions". Apart from the World Bank, neither the GoG nor other donors have indicated they will use the findings and conclusions of the study. In fact, the general feeling is that there is insufficient information to make conclusions about the impact of electricity tariffs on the poor because the sample household surveys cannot fully capture the lives of the (low income) poor.

Positive outcomes of the study include the generation of a wealth of information from GSS and ECG and the success in working with these institutions and with KITE. However, a weakness of this study was that a lot of the data from ECG was made available under huge time constraints and without proper assessment of its relevance. As a result, a lot of the information that was gathered was not analysed. Too much emphasis was put on the quantitative survey which "high jacked" the focus a bit. It should be noted, however, that the World Bank, which funded the study, is satisfied with the quality of the study and finds the findings and conclusions acceptable for informing policy in a timely manner although admitting that it would be useful to continue the analysis once the next national level household survey is available with panel data. The Bank, therefore, recommends the use of the findings in policy making even though it admits that a national level household "willingness to pay" study would be more appropriate for setting detailed tariffs.

The study on electricity tariffs showed that poor people sometimes adopt strategies to cope with difficult situations, which make them even poorer. This needs to be addressed in poverty reduction efforts.

The lessons learned from the PSIA on electricity tariffs include the fact that a thorough analysis and discussion of the approach and objectives of any PSIA are crucial for a targeted research work such as this. Moreover, the researchers who conducted the electricity learnt that there was a need to exercise some caution in using ECG/NED data for such an analysis from the difficulties they encountered during the study. They even felt and recommended that the ECG staff who compiled this information and are familiar with it should be deeply involved in the interpretation and analysis of the data and what is possible to conclude from it. Finally, the failure to carry out the second phase shows that thorough analysis take time and involves political discussions. Moreover, the study has some contentious issues that are yet to be addressed as it was viewed as being donor driven, reducing interest in the findings by the relevant government ministry.

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<th>PSIA on Electricity Reform</th>
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<tbody>
<tr>
<td><strong>Participation</strong></td>
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<tr>
<td>MDA &amp; Donors; Others weak.</td>
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4. Other PSIAs in Ghana

4.1 Petroleum Pricing and the Poor

Increases in the prices of petroleum products in Ghana are an annually occurrence. The government has now even adopted a policy of automatic adjustment of fuel prices based on the price of crude oil, which always means price hikes. This negatively affects virtually every citizen but more seriously the poor. Due to public outcry, the Fuel Prices PSIA was initiated to assess the distributional impacts of Ghana’s petroleum pricing reforms on the welfare of different stakeholder groups, particularly the poor as well as the effectiveness of the targeting mechanism under the prevailing pricing regime.

The study reviewed literature on the petroleum industry and relevant international studies, conducted focus group discussions with stakeholders and analysed the estimates of the sensitivity of various income groups to petroleum price changes and the possible direct and indirect effects of changes in petroleum tax revenue on various household groups. The study analysed the importance of petroleum product expenditures in the budgets of different groups of citizens, evaluated the new pricing regime and explored the challenges to its effective implementation. The study also carried out an analysis of the petroleum industry to assess its effectiveness in providing petroleum products at the most efficient prices.

This PSIA confirmed that, “government has had little choice but to underwrite the Tema Oil Refinery’s inefficiencies” and that “a portion of the refinery’s debt was passed on to consumers in the form of a debt recovery levy”. The study also confirmed that petroleum price increases are inflationary, that low-income groups are very sensitive to changes in the prices of petrol, kerosene and transport services and are more likely to reduce their consumption of petroleum products than high-income groups. Rural people may switch to other energy sources, such as charcoal. The study also revealed that Ghana’s new petroleum pricing policy, which enables the oil marketing companies to adjust prices in line with world crude oil prices on their own, is not a pro-poor policy except where increased revenues and/or savings from removal of subsidies are used to increase social expenditures. The household survey showed that there was a growing concern about the possibility of rising fuel prices. Furthermore, the survey showed that petroleum price increases lead to increases in costs of health and education and, therefore, spending of households on them.

The petroleum PSIA, therefore, recommended:

- Putting in place measures to improve the Tema Oil Refinery and remove its inefficiencies.
- Implementing the automatic price adjustment formula,
- Maintain the debt recovery levy and use the price build-up to set up a petroleum price stabilization fund.
- Using the petroleum tax revenues to deepen existing social protection measures.

The issue was not whether fuel prices should be increased or not. The President had already used it in negotiations with the IMF on fuel policy reforms. The government raised fuel prices, probably guided by the findings of the study but carefully timed to come after the general elections. The government made proposals to address the negative impacts of the price increases, such as increasing buses for the Mass Transport System and providing capitation grants to basic school children. These are yet to happen although the increase in fuel prices took immediate effect, even before Parliament approved the petroleum taxes. The hike in petroleum prices sparked a number of demonstrations throughout the country calling for a reduction of the prices.

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<tr>
<th>Participation</th>
<th>Policy options</th>
<th>Impact on reform</th>
<th>Policy dialogue</th>
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<tbody>
<tr>
<td>MDAs &amp; Donors; Others weak.</td>
<td>Improve delivery &amp; remove inefficiencies. Implement automatic price adjustment formula, Maintain debt recovery levy. Mitigate negative impacts of price hikes.</td>
<td>Policy already in place. Mitigating measures proposed in Annual Budget but not yet implemented.</td>
<td>PSIA used to negotiate with the IMF. Fuel prices increased by 50% in spite of negative impacts on the poor. However, mitigating measures proposed but not yet implemented.</td>
</tr>
</tbody>
</table>
4.2 Vulnerability and Exclusion

Although "Vulnerability and Exclusion" was one of the thematic areas of the GPRS there has not been a clear understanding and agreement on what they mean and whom they apply to, making policy design and targeting difficult. The PSIA on vulnerability and exclusion, therefore, sought to find out the nature and extent of vulnerability and social exclusion in Ghana, the factors that aggravate vulnerability, and the risks posed to individuals, groups or households and exclude them from effective participation in mainstream economic, social and political activities. The study also sought to raise the understanding of how the vulnerable cope with risks and how their strategies could be strengthened and enhanced.

The PSIA found that ‘poverty’ goes beyond lack of basic needs to include the lack of access to education, health and information, the denial of rights, inability to exact accountability, lack of opportunity to participate, lack of access to resources and other institutional barriers that result in poverty, vulnerability, and social exclusion. It identified small-scale farmers as the leading vulnerable group in the country and established that rural farmers were mainly women and among the poorest in society. It also revealed that the 5.2% growth of the economy in 2003 did not have any ‘trickle-down effect’ on the majority of citizens, indicating that the growth benefited only a few people and definitely not the poor. Finally, poor people adopted coping strategies, such as disposal of assets, reducing food intake and increasing child labour, which made them even more vulnerable.

The study called for a clear definition of vulnerability and exclusion for better targeting, monitoring and measurement of policy decisions and interventions. Secondly, the study recommended that the GPRS review should emphasize sectoral linkages to help reach consensus on a set of indicators on vulnerability and policies and programmes to insulate the poor against the harsh economic conditions in the country. Some of the findings of the study are being implemented by government through a set of crosscutting measures and to update the Vulnerability and Exclusion section of the GPRS, which is now merged with the Governance section.

The PSIA has helped the government to deepen its analysis of vulnerability and generated an improved understanding of the key issues and provides a good basis for future policy innovation. The Ministry of Manpower, Youth and Employment (MMYE) and NDPC are now working on formulating a National Social Protection Strategy and other related recommendations on vulnerability to feed into the GPRS revision process and a vulnerability framework more suited to the country, which will most likely consider improved pensions and transfers to children.

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<th>Participation</th>
<th>Policy options</th>
<th>Impact on policy</th>
<th>Policy dialogue</th>
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</thead>
<tbody>
<tr>
<td>MDAs &amp; Donors; Others weak.</td>
<td>Provide clear understanding and definition of vulnerability and exclusion for better targeting, etc</td>
<td>Social Protection strategy being worked on. Considered in GPRS update.</td>
<td>Findings used in GPRS update. DFID and other donors discussing possible support for a social protection policy.</td>
</tr>
</tbody>
</table>
4.3 Enhancing Capacity for Pro-Poor Decentralization

Many Ghanaians see decentralization as purely administrative and political without adequate power and resources for the Assemblies to execute their responsibilities. Many ordinary citizens do not even understand the decentralization process, do not participate in the process and do not benefit from improved service delivery by decentralized agencies. The aim of using decentralization to reduce poverty seems to be failing. This PSIA, therefore, sought to provide an in-depth understanding of the impact of policy reforms and public actions for enhancing pro-poor decentralization such as resource mobilization, management and allocation at the district level and addressing capacity constraints in delivering pro-poor services on social and poverty outcomes. It also tried to determine the impacts of increased resource availability at the district level on the local economy and social development and all decentralization measures designed to improve poverty reduction strategies. Finally, the study sought to determine the extent to which the proposed and implemented schemes for building capacity within local government are appropriate to respond to possible capacity constraints.

The PSIA on decentralization revealed that District Assemblies (DAs) did not have adequate capacities for various roles and that poor people were not even aware of their DAs and have a negative perception of decentralization. Moreover, there are no local organizations that can give impetus to participation of local people in development planning or choices and poor people do not have adequate income resulting in the adoption of coping mechanisms to provide for basic needs.

The study recommended that education programmes on decentralization and its benefits be carried out and that poor people and local groups and associations be encouraged to participate in decision-making. This PSIA recommended a concerted action to address the lack of capacity and inadequate resources at the local government level, which, together with the lack of accountability, coordination, and institutional rivalry, hamper the delivery of services to the poor by decentralized agencies. This included ensuring better coordination and cooperation among sectors at the district level, the election of District Chief Executives (DCEs), the political heads of the local authorities, and an increase in the District Assemblies Common Fund (DACF), the mechanism for transferring central government funds to local authorities, and a strengthening of the accountability mechanisms at the DAs. However, the study was not linked to on-going work within the government, leading to a lack of government ownership, which has severely diminished the impact of the study. It was negatively affected by the weak capacity of the lead consultant and, thus, has more or less been ignored.

<table>
<thead>
<tr>
<th>PSIA on Decentralization</th>
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<tbody>
<tr>
<td>Participation</td>
</tr>
<tr>
<td>MDAs &amp; Donors; Others weak.</td>
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</table>
4.4 Economic Transformation of the Agriculture Sector and the Poor

Ghana is mainly an agricultural country and yet economic policies do not focus much on the sector. The GPRS outlined a number of policies to address this neglect in the past, especially policies targeted at smallholder and subsistence farmers. The PSIA, therefore, investigated the potential impact of the economic transformation of the Agricultural Sector on smallholder and subsistence farmers. It also investigated whether the trade-offs between production-oriented and poverty-oriented agricultural policies allow for poor farmers to access and benefit from mechanisms to increase production and how food policies impact on food security and vulnerability.

The study found that agriculture modernization policies targeting smallholder peasant farmers have widespread coverage. Also, agriculture transformation policies needed to focus on areas that have multiple impacts, such as using technologies that would increase both employment and output. However, the study indicated that policies that brought small increases in output by the smallholder farmers benefited them more than those that targeted large increases in output for large commercial farmers. Moreover, pro-poor agriculture modernization policies are better at reducing poverty and more beneficial to poor farmers than pro-growth policies. Finally, the study showed that agriculture modernization policies have indirect positive impacts like creating employment opportunities and price stability for the poor.

The study recommended the formation of farmer-based organizations (FBOs) to ensure easy access to services and incentive packages and participation in policy formulation. It also recommended that smallholder farmers be equipped with the knowledge and tools to benefit from the environments that are conducive to agriculture. Finally, the Agriculture modernization policy framework should be made more pro-poor, expand participation of small farmers, improve access to goods and services and other incentive packages meant for their benefit, and therefore, enhance poverty reduction policies.

The findings of the study on agriculture, which showed that the right policies were being implemented in a flawed way due to improper targeting of the poor, are being used to update the policy document of the Ministry of Food and Agriculture (MOFA) on how best to target the poor. The study has led to changes in the way the MOFA addresses agricultural modernization, particularly in terms of poverty and pro-poor growth. The study’s findings and recommendations are also being used for the revision of the GPRS. Some donors have shown interest and are tracking the Ministry’s progress in implementing the recommendations. The livelihoods analyses used in this particular PSIA worked well and are now being used by research teams in the university. If this is maintained, then it is a capacity building benefit of the

<table>
<thead>
<tr>
<th>PSIA on agriculture reform</th>
<th>Policy options</th>
<th>Impact on reform</th>
<th>Policy dialogue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation: MDAs &amp; Donors; Others</td>
<td>Trade-offs between production-oriented and poverty-oriented agricultural policies on poor farmers.</td>
<td>MOFA using policy recommendations to input in the GPRS update.</td>
<td>Findings being used to update the MOFA’s policy document on how to target the poor. Revision of the GPRS. Some donors have shown interest and are tracking progress in implementing the recommendations.</td>
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<tr>
<td></td>
<td>The impact of food policies on food security and vulnerability.</td>
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<td></td>
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</table>
5. Conclusion and recommendations

5.1 Conclusions

5.1.1 Ownership

Whilst there is largely a good ownership of the PSIA approach across government ministries and a strong commitment to using PSIAS to better understand the links between policy reforms and their likely impact on poor people, in general there has been a domination of the process by donors, particularly those that funded the studies. The selection of the areas for study, the terms of reference, the selection of consultants (and even making it a requirement to include external consultants), were largely controlled by donors although officially the NDPC led the whole process. This raises concerns with country ownership and participation, which were supposed to guide the process.

That said the government’s involvement in the selection of topics for PSIA studies and its general acceptance of the results will make it more likely that the recommendations become integrated into policy-making as well there being an increased acceptance in the government of the need for evidence in policy-making. This will also depend on the political commitment of the government to target poor people in policy making.

Moreover, it is clear from Ghana’s PSIA process that participation by civil society has been very minimal. Even though some civil society groups attended the workshops where the priority areas were identified the number of areas finally chosen was drastically reduced and determined by government in consultation with development partners. Even Ghana’s Parliament was largely left out of the process. The rest of the involvement of civil society was the use of experts and academics as consultants. Added to this weakness is the failure to disseminate the studies to solicit civil society and other stakeholders’ views on the findings for incorporation into the study before implementing the recommendations.

Moreover, there were concerns about the need to ensure a balance between the need for national ownership and the interest of the funding partner as some funding agencies insisted on choosing their own areas of study, using their own procurement practices and consultants. This was the main criticism of civil society advocates, who saw this as interference in the whole process, thereby eroding the essence of country ownership.

5.1.2 Policy options

Secondly, the PSIAs have examined policy reforms some of which were already being implemented and, thus, the aim was not to examine policy options but to examine measures that are needed to ameliorate the negative impacts of such policies. The studies focused more on how to ensure that policy reforms are implemented as smoothly as possible, rather than seeking to ensure that the best policy combinations are used to tackle poverty.

The government, at the highest level, is taking forward the recommendations from the first studies although, in most cases, the issue was not whether to adopt a policy or not or what policy options to consider but what to do to mitigate the negative impacts of the policy.

5.1.3 Use of findings

From the interviews conducted, the quality of the studies was above average and the findings are recommended for policy making although there is room for improvement. The Government could use the findings in the implementation of the GPRS. In general, the PSIAs have helped to improve understanding of the potential linkages between policies and their impact on poverty as well as the need for pro poor targeting. The importance of identifying specific poor groups and their needs, opportunities, risks, strengths and weaknesses has become clearer.

Despite PSIAs in Ghana being limited by the lack of disaggregated household information and intra-household behaviour analysis and data and the information gaps for building and use of tools for ex-ante PSIA, Ghana needs to make use of some of the generally acceptable PSIA findings. The commissioning agency felt that “the findings are based on evidence, which were generated from the grassroots level and have been taken on board on policy making”. The exception was with the PSIA on decentralization, which some respondents viewed as not up to standard and was, therefore, somehow ignored. Although, there are concerns about the electricity PSIA, some stakeholders, especially the World Bank, have already started using it for its analysis.

However, the Bank and other stakeholders view the government as having some concerns about using PSIAs in general for policy making and does not want it viewed as the only analytical feed into policy dialogue. In fact, the government tends to see it as being limited in its ability to inform policy choice, given the number of PSIAs that were conducted. It is important to note that, in spite of donors’ comments about the PSIA findings being taken on board, this is not the general feeling in the country.

5.1.3 Follow-up

DFID has pledged to continue supporting the M&E system of the GPRS and the use of Annual Progress Reports (APRs) to monitor progress and long-term institutional change within the government by strengthening the links between budget spending and outcomes as well as harmonizing policies and government agencies. It is even working on getting other donors on board to support the government’s monitoring framework. The World Bank too has set aside funds to explore options for off-grid electricity, for poorer regions, as a follow-up to the PSIA on electricity tariffs. These are all welcome support to Ghana’s poverty reduction process and the PSIAs and the GoG should be able to take advantage of it and make progress.
DFID has indicated that the level of commitment of donors towards contributing to the implementation of some of the policy recommendations of the PSIA studies will depend on how well the GPRS process goes and the budget gaps that will be determined. The activities being taken forward by the government to implement the PSIA findings are included in Multi-Donor Budget Support (MDBS) and the World Bank’s PRSC performance assessment frameworks.

5.2 Recommendations

The recommendations made here are not difficult to implement, provided donors are committed to supporting the PSIA in the country not just to justify their policy prescriptions but in search for policies that would better address poverty in Ghana and its own principles of country ownership and participation.

5.2.1 Ownership and Participation

This paper recommends that donors reduce as much as possible their direct control over the whole process, no matter what name they give to the involvement. While admitting that Ghana does not have its own resources to undertake PSIA as part of the GPRS process and that, as a result, there is the need to prioritize the areas for study, it is important that multi-stakeholder working groups, comprising both government and civil society representatives, particularly representatives of poor people’s groups, identify the highest priority areas for PSIA.

It should only be after the priority areas have been identified that the government can make requests for external support where appropriate and donors should respect the choice of the national stakeholders. Happily, the NDPC has promised that cross sectoral planning and poverty monitoring groups will be involved in the identification and selection of the critical areas for future studies. Donors need to yield to poor country governments and allow them to identify their own areas for study and not insist on having their way. A challenge for donors will be to remain flexible in order for them to be able to support a changing agenda.

5.2.2 Policy options

PSIA should be conducted on a range of different policy options, so that the best policy for poverty reduction can be selected, and not based on how effective and smooth already prescribed policy reforms should be implemented, as was the Ghanaian case. As a country implementing a poverty reduction strategy, the PSIAs must acknowledge the centrality of risk to poverty, and consequent policies must remain flexible to adapt to changing circumstances, especially as we are updating the GPRS. In the future, efforts should be made to carry out PSIA before policy reforms are implemented to ensure that bad policies do not get implemented, avoiding waste of resources and time.

5.2.3 Capacity development

One of the objectives of the PSIA process is to build local capacity and donor insistence on the use of external consultants does not help this. Obviously, there could be capacity problems with using local consultants just as Ghana’s procurement procedures could raise concerns, for example, using only consultants who are loyal to the government, but these can be dealt with without directly interfering with the entire process.

Some achievements in local capacity have been made through these first PSIAs and where there are still gaps, such as in the ex ante costing of policy choices, it should be possible to fill these. Lack of local capacity can be addressed through training and sharing of lessons and experiences from other developing countries. The World Bank suggests cross-regional networks to get consultants to share PSIA-related experiences across a region. DFID also recommends the development of a database of country-specific PSIA-related expertise to enable donors to fund call-down contracts with consultants to provide governments with support. These are welcome proposals to improve the capacity of Ghanaian consultants, who should take advantage of the benefits of such arrangements.

5.2.4 Implementing findings

The five PSIAs conducted so far have come out with some common critical issues that need to be addressed by policy makers. One important finding was that pro-poor policies are better at reducing poverty than mere pro-growth policies and that proper targeting of policies to the poor is needed to avoid or reduce leakages. Policy makers and, particularly the framers of the next phase of the GPRS need to take this into consideration if government is really serious about poverty reduction. The PSIAs also identified the definitions of some critical terms and concepts, such as poverty, vulnerability, and exclusion, which could be controversial and lead to targeting problems for policy makers.

There is the need for more education and sensitisation on government policies, especially those targeted at the poor and excluded in society. The majority of poor people are mainly rural, subsistence, smallholder, and peasant women farmers who lack access to basic needs, including information and knowledge and, therefore, are unable to take advantage of opportunities and policies meant for their benefit.

5.2.5 Dissemination

Dissemination of results of studies is required to promote policy dialogue, a stated aim of PSIA, as well as feedback from stakeholders. The dissemination of future PSIAs needs to occur in time for inputting into the policy process and the current studies should be disseminated immediately. Efforts should also be made to ensure that information is disseminated in accessible language.

Furthermore, the government, through the NDPC, is going through updating the GPRS. One of the objectives of the PSIAs was to inform the second phase of the GPRS, being the medium term
development framework for the country. However, while government has access to the draft reports of the PSIA other stakeholders, who are expected to make inputs into the GPRS process, do not have such a privilege. It is, therefore, difficult for such stakeholders to make any constructive contributions to the GPRS process. This needs to be addressed before the GPRS update is completed.
REFERENCES


APPENDIX I
Methodology of study

This study started with a review of currently available literature on PSIAs, including the World Bank toolkits and other donors’ documentation on PSIA as well as relevant government policy documents and policy reports, especially in the last decade, including the GPRS. An instrument was also developed for the fieldwork comprising key informant interviews. The actual fieldwork was undertaken mainly in Accra, although a few people outside Accra were also interviewed. This fieldwork enabled us to assess the methods and processes used in conducting the PSIAs in Ghana and the extent of country involvement.

It is important to note here that we encountered several frustrations in carrying out the key informant interviews with some potential respondents either not being available in the country or too busy to respond to the questionnaire. In some cases, the respondents offered to answer the questionnaire on their own. This resulted in significant difficulties in getting questionnaires returned. At the Energy Commission, the Head flatly refused, stating that we were worrying them. The Public Utilities Regulatory Commission (PURC) schedule officer, after several postponements, finally refused to complete our questionnaire. These frustrations not only unduly delayed the study but also drastically limited the study, as these were key players in the PSIA process. These responses are perhaps indicative of these officials attitudes to civil society organisations in general.

APPENDIX II
List of People Who were Interviewed or Responded to the Questionnaire

1. Ms Kirsty Mason, Programme Manager, DFID Ghana, Accra.
2. Mr. Emmanuel Antwi-Dankwa, Director (Power), Ministry of Energy.
3. Mr. Jerry E.O. Odotei, Deputy Director, National Development Planning Commission, Flagstaff House, Accra.
6. Dr. Rudith King, KNUST, Kumasi. Consultant.
8. Dr. William Ahadzie, Centre for Social Policy Studies, University of Ghana, Legon.
9. Prof. Cletus Dordunoo, CLAYDORD Consult, Consultant on Decentralization.
11. Mr. Charles Abbey, GAPVOD, Accra – Ghana.
12. Mr. Samuel Zan, Programme Director, SEND Foundation, Tamale.
13. Mr. Mohammed Mubarak, Muslim Relief Association of Ghana, Tamale.
16. Ms. Lucy Hayes, Eurodad Programme Officer (comments).
17. Ms. Olivia MacDonald, Christian Aid Programme Officer (comments).
18. Mr. Carlos Cavalcanti, Ghana PRSC Task Manager (comments).

List of People Contacted (some by e-mail) but did not respond by the time study was concluded.

1. Mr. Simmons Akorley, Schedule Officer, PURC, Accra.
2. Dr. Kamal Kumaladdeen, Economists, UNDP, Accra/Monrovia.
3. Mrs. Domakyeri, VRA, Accra.
5. Dr. Albert Tenga, African Development Foundation.
7. Mr. Ishmael Edjekumahene, KITE, Accra/Kumasi.
8. Mr. I.K. Yarney, Trades Union Congress (TUC), Accra.
**APPENDIX III**

Institutional Coordination and Steps taken to conduct PSIA

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<table>
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<tbody>
<tr>
<td>1.</td>
<td>Sixteen Impact / thematic research areas were initially listed.</td>
</tr>
<tr>
<td>2.</td>
<td>Workshops held to prioritise PSIA research areas.</td>
</tr>
<tr>
<td>3.</td>
<td>Funding for selected PSIA sought from individual donors through the MDBS group.</td>
</tr>
<tr>
<td>4.</td>
<td>Technical Committees (TC) set up for each PSIA and chaired by NDPC.</td>
</tr>
<tr>
<td>5.</td>
<td>Terms of References developed by TC from draft drawn up at the workshop.</td>
</tr>
<tr>
<td>6.</td>
<td>Selection process for Researchers through a general open bidding process. Short-listing according to criteria agreed between NDPC and development partners. Comments from TC members collated and circulated by NDPC. Comments from Individual TC members collated and circulated by NDPC. Selection using agreed criteria set by NDPC and development partners. Contracts drawn-up by donors and NDPC.</td>
</tr>
<tr>
<td>7.</td>
<td>Different timeframes for each of the PSIAs. Some had longer research time. Satisfying HIPC triggers over-rode some consideration of quality.</td>
</tr>
<tr>
<td>8.</td>
<td>Reporting Milestones for PSIA agreed between NDPC and Researcher.</td>
</tr>
<tr>
<td>9.</td>
<td>Dissemination process identified by the researchers as part of contractual obligations but to be co-coordinated by NDPC and embedded in process for revising the GPRS.</td>
</tr>
<tr>
<td>10.</td>
<td>Policy briefs prepared by PSIA teams in part using agreed template. Introduced as reporting requirement as an addition to the TOR.</td>
</tr>
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Appendix IV
Summary of the key features of the PSIAs that were conducted and discussed here:

Table 4: Key Features of the PSIAs

<table>
<thead>
<tr>
<th>PSIA</th>
<th>Participation</th>
<th>Policy options</th>
<th>Impact on policy</th>
<th>Policy dialogue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity</td>
<td>MDAs &amp; Donors; Others weak.</td>
<td>Lifeline tariff scheme: retain, abolish or better target.</td>
<td>Policy reform already implemented. Policy reforms not based on the findings of PSIA.</td>
<td>The World Bank recommends the findings be used for policy reforms and has set aside funds to explore options for off-grid electricity, for poorer regions, as a follow-up to the PSIA on electricity tariffs.</td>
</tr>
<tr>
<td>Decentralization</td>
<td>MDAs &amp; Donors; Others weak.</td>
<td>How to address constraints to ensure better service delivery aimed at reducing poverty at local level.</td>
<td>Not used but there are existing interventions to address issues</td>
<td>Study not linked to on-going work within the government so lack of government ownership. Has more or less been ignored.</td>
</tr>
<tr>
<td>Fuel prices</td>
<td>MDAs &amp; Donors; Others weak.</td>
<td>Improve delivery &amp; remove inefficiencies. Implement automatic price adjustment formula. Maintain the debt recovery levy. Mitigate negative impacts of price hikes.</td>
<td>Policy already in place. Mitigating measures proposed in Annual Budget but not yet implemented.</td>
<td>PSIA used to negotiate with the IMF. Fuel prices increased by 50% in spite of negative impacts on the poor. However, mitigating measures proposed but not yet implemented.</td>
</tr>
<tr>
<td>Vulnerability &amp; Exclusion</td>
<td>MDAs &amp; Donors; Others weak.</td>
<td>Provide clear understanding and definition of vulnerability and exclusion for better targeting, etc.</td>
<td>Social Protection strategy being worked on. Considered in GPRS update.</td>
<td>Findings used in GPRS update. DFID and other donors discussion possible support for a social protection policy.</td>
</tr>
<tr>
<td>Modernized agriculture</td>
<td>MDAs &amp; Donors; Others weak.</td>
<td>Potential impact of the economic reforms on smallholder and subsistence farmers. Trade-offs between production-oriented and poverty-oriented agricultural policies on poor farmers. The impact of food policies on food security and vulnerability.</td>
<td>MOFA using policy recommendations to input in the GPRS update.</td>
<td>Findings are being used to update the MOFA’s policy document on how to target the poor. revision of the GPRS and some donors have shown interest and are tracking the Ministry’s progress in implementing the recommendations.</td>
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Appendix V
Roundtable Discussion Of The Report Of The Study On The Psia Process In Ghana

Held at the SSNIT Guest House, Accra (29th July, 2005)

Attendance
Key stakeholders
2. Mr. Kofi Ellis, Volta River Authority, Accra.
3. Mr. A. O. Addy, Volta River Authority, Accra.
7. Mr. Steve Manteau, ISODEC, Accra.
8. Dr. Rudith King, KNUST, Kumasi.

The Media Houses
11. Mr. George Domfe, Public Agenda, Accra.

Researchers
12. Mr. Vitus A. Azeem, CBA/ISODEC, Accra (Principal Researcher)
13. Mr. Charles Ayamdoo, CHRAJ, Accra. (Supporter)

The Roundtable Discussion of the Report on the PSIA Process in Ghana came off successfully at the SSNIT Guest House, in Accra on Friday the 29th July 2005. Several institutions and individuals, comprising all the donors who funded the studies, government stakeholders, some civil society representatives and the media, were invited for the Roundtable discussion. The invitations, which were accompanied by copies of the report, were sent out one full week before the day of the event and most of them were hand-delivered. In some cases, electronic invitations were sent to some institutions in addition to the hard copies. The draft report was sent out to a few other organizations who could not attend for their comments. In spite of all these efforts at bringing in as many people as possible for the Roundtable, the attendance was still very low.

The chairperson then opened the floor for the participants to provide feedback on the report. This started with complaints about one participant not receiving the report and another having only seen it earlier that morning, with yet another participant having read it only lightly. However, after assurances from the researcher that reports were sent to all invitees it was agreed that the problem was with communication within those institutions that did not receive the invitations/reports.

When the World Bank took the floor, she asked Mr. Azeem to clarify the process of conducting a PSIA in order that a layperson could better understand the report. She wondered why the Researcher focused on the PSIA on electricity and whether the Researcher was “in love” with the World Bank. She asked that Mr. Azeem present his report in a more objective manner, pointing out that there were a few instances within the report where Mr. Azeem’s bias showed and asked that Mr. Azeem be more objective in reporting his findings. For example, the participant felt that the nature of donor domination that Mr. Azeem discussed in his UNDF and DFID, gave excuses for their inability to attend.

Dr. Rudith King, a lecturer at the Kumasi University of Science and Technology who was one of the consultants of the PSIA on electricity tariffs, facilitated the discussion. The discussion began with a presentation from the Principal Researcher, Mr. Vitus Adaboo Azeem, who briefed the group on the findings of the study. According to Mr. Azeem, the main objective of the study was to examine to what extent donor analytic work in Ghana was broadening the content of and participation in the debate on distributional impacts of government reforms and is contributing to different policy options, using the five PSIAs that Ghana carried out recently as part of the Monitoring and Evaluation system of the Ghana Poverty Reduction Strategy (GPRS). He highlighted the findings of the study as follows:

- The PSIA studies focused more on how to ensure that policy reforms are implemented as smoothly as possible, rather than seeking to ensure that the best policy combinations are used to tackle poverty.
- There has been a domination of the PSIA process by the donors.
- Civil society participation in the PSIA process has been largely unsatisfactory.
- The failure and/or overdue delay in carrying out the dissemination of the findings of the studies and policy recommendations have kept them from the public.

When the World Bank took the floor, she asked Mr. Azeem to clarify the process of conducting a PSIA in order that a layperson could better understand the report. She wondered why the Researcher focused on the PSIA on electricity and whether the Researcher was “in love” with the World Bank. She asked that Mr. Azeem present his report in a more objective manner, pointing out that there were a few instances within the report where Mr. Azeem’s bias showed and asked that Mr. Azeem be more objective in reporting his findings. For example, the participant felt that the nature of donor domination that Mr. Azeem discussed in his
report was not identified and the term donor domination was used broadly throughout the report yet not clearly defined and delineated. On the Researcher’s comment that the FSIA study was not done on planned policy reforms but rather on ongoing policy reforms, the participant stated that there was nothing wrong with conducting FSIAs on policies already implemented although they could also be done on policies not yet implemented in order to obtain a much more comprehensive report on the way policies may affect a country’s poverty situation. The World Bank representative explained that the issues of participation arose due to time constraints imposed on the researchers and the whole process. The participant, who admitted not having read the report thoroughly, asked that Mr. Azeem incorporate the World Bank’s statements and findings into his report.

Dr. King, in reaction to the participant’s comments, agreed that Mr. Azeem would more effectively critique the World Bank’s involvement in the study if he places his findings against the backdrop of the World Bank report. She stated that the time limit within which the study was to be completed was a serious issue, as the researchers spent long hours in order to meet the deadline, and even then, there was much left to be done. Dr. King added that the time limitation prevented sufficient stakeholder participation.

Mr. Azeem explained that the sponsors selected the electricity PSIA for special focus and that the researcher had no special motive for focusing on that area. He added that electricity sector was not among the first sixteen priority areas selected for the FSIA studies. According to Mr. Azeem, the evidence of donor domination is clearly demonstrated in the study and further reading would show what he meant by donor domination. He added that the time limit is not acceptable as an excuse if the study is to be conducted effectively as the time limitation put pressure on the researchers to work faster and compromised the reliability of the outcome of the studies. Besides, the policy reform was already being implemented so there was no need to rush the study.

Mr. Ayamdoo added that even though time has its own definition by the donor, there should be enough time to do what needs to be done. He added that the study needed more feedback from the energy sector on the specific issues coming out of the PSIA study that concerns the energy sector. He invited the participants, especially those from the energy sector to raise any questions they may have concerning Mr. Azeem’s study at the table, so that their questions and concerns could be addressed.

An issue was raised about undue pressures put on government and its agencies in the design and implementation of certain policies that may bring about undue hardships. On this participants agreed that there is the need for donors to prescribe policies that are suitable to each country. It was also agreed that the Ghanaian authorities needed to raise concerns at meetings with donors when they see that policy reforms have potential dangers on the citizens and the economy.

Members were then asked if their groups were part of the study conducted on the energy PSIA. The participant from the Volta River Authority did not know whether or not his organization participated in the PSIA study, adding that even the questionnaire for Mr. Azeem’s study went to a wrong schedule officer who should have referred it to the appropriate person. He promised to get back to the Researcher by Monday of the coming week with his comments. However, a participant referred to page 11 of the report, which showed that his organization participated in the study. However, another participant interjected that there was no guarantee that a group listed on that table necessarily provided an input in the study.

Another participant asked about the absence of the NDPC. Mr. Azeem explained that the NDPC had a Commissioners’ meeting that morning where the Deputy Director (who managed the FSIA process) had to present a report. He could, therefore, not honour the invitation. He lamented that the NDPC’s presence would have benefited the discussion, as that organization led the PSIA process. He, however, stated that he had asked them for their comments on the report.

The representative of the Electricity Company of Ghana (ECG) commented that he liked Mr. Azeem’s report and after the day’s discussion he wished to read it again for clarity. He, however, urged Mr. Azeem to clarify his points by backing them with statistics. The participant also commented that he would have loved to see a response from the Public Utilities Regulatory Commission (PURC). Mr. Azeem explained that statistics were contained in the FSIA reports and not in his report. On PURC, he explained that the PURC did not respond to their questionnaire after several calls at their office and promises from the officer who was asked to complete the questionnaire. Another participant defended the PURC by stating that lack of response does not mean lack of interest and that there could be valid reasons for not responding. The chairperson responded to that comment by noting that a refusal to respond sends a negative message, especially with the nature of Mr. Azeem’s study. According to the chairperson, lack of information creates a gap in the report and that lack of
information allows for an inaccurate representation of the studied area.

Another participant asked for clarification on the purpose of Mr. Azeem’s report. The researcher stated that the report was an assessment of the PSIA process in Ghana with particular focus on the implementation of problematic recommendations that are not good for a country, but these agencies were dragging their feet. According to her, the proposals included the following:

- A Roundtable discussion of the report on the PSIA on electricity;
- Radio discussions
- Television discussions
- Development of brochures on findings and recommendations of the report.

She said that the onus laid with the Ministry of Energy and the National Development Planning Commission. The chairperson then interjected that the NDPC did not get that far with the process. However, Mr. Ayamdoo informed the participants that the NDPC has been given the “green light” to disseminate the PSIA studies. Participants endorsed her proposals but added the need for simplified versions of the report.

One participant then asked how much access the citizenry has to policies that affect them. The participant was concerned that many of the terms used in the reports are unfamiliar to the general public and what measures are taken to bridge the information gap that keeps the citizenry from understanding policies that affect their well being. The participant also wanted to know how results from similar studies can be disseminated. The Chairperson responded that this is one of the issues that need to be addressed if we want the citizenry to become more proactive in the country’s political process.

There was general consensus around the table that the Mr. Azeem’s report was insightful and well done, but several participants asked for more clarity throughout the report in the way the study
was critiqued and the way that the PSIAs’ findings were reported.

The chairperson concluded the discussion by stating that we needed much more understanding of the impacts of policies that affect us and that Ghana’s education system should include imparting on students the importance of civic duty and should prepare students to be able to actively participate in the policy making process. Dr. King believes that even though we may call the outcome of donor analytic work donor prescriptions, we need to be more proactive in disseminating information critical to the public’s understanding of policies that affect us. She invited participants to submit any further comments to the researcher as soon as possible to enable him incorporate them in the report.

Institutions invited for the Roundtable Discussion

1. The Volta River Authority, Accra.
2. The Electricity Company of Ghana, Accra.
3. Northern Electricity Department, Tamale.
10. The SEND Foundation, Tamale.
12. The Energy Foundation, Accra.
14. The Integrated Social Development Centre (ISODEC), Accra.
15. The German Technical Cooperation (GTZ), Accra.
17. The Kumasi Institute of Science and Environment (KITTE), Kumasi/Accra.
19. Dr. Rudith King, KNUST, Kumasi.
21. Dr. Albert Tenga, Accra.
22. Dr. Samuel Brempong, Department of Agricultural Economics and Agribusiness, Legon.
23. Mr. I.K. Yanney, TUC, Accra.
24. Mr. Charles Abbey, GAPVOD, Accra.
29. Public Agenda, Accra.

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