

Table 1. ESAF Arrangement, 1998, and Under the First Year of the New ESAF Arrangement, 1999
(Cumulative from beginning of calendar year to end of month indicated)

	1998		1999							
	December		March		June		September		December	
	Benchmark	Actual	Benchmark		Performance criterion		Benchmark		Performance criterion	
		Prog.	Actual 1/	Prog.	Actual 1/	Prog.	Rev. Prog.	Prog.	Rev. Prog.	
(In billions of cedis)										
Government domestic primary surplus (floor) 2/	667	631	113	99	249	234	416	269	703	676
Government revenue, excluding grants and divestiture proceeds (floor) 3/	3,236	3,177	732	774	1,603	1,580	2,606	2,494	3,738	3,557
Net domestic financing (ceiling) 4/ 5/ 6/	552	831 7/	275	273	436	660	448	791	556	793
Reserve money (ceiling) 8/ 9/	1,408	1,403	1,302	1,306	1,291	1,288	1,277	1,339	1,564	1,583
(In millions of U.S. dollars, unless otherwise specified)										
Change in net foreign assets of the Bank of Ghana (floor) 5/	40	100	-10	-38	-90	-90	-48	-269	77	50
New nonconcessional external loans contracted or guaranteed by the government or the Bank of Ghana (1-15 year maturity) (ceiling) 10/	0	0	0	0	0	0	0	0	0	0
Short-term external debt outstanding contracted or guaranteed by the government or the Bank of Ghana (with an initial maturity of less than one year) (ceiling) 11/	40	0	50	0	50	25	50	50	50	50
Memorandum item:										
Net change in government payments arrears (in billion of cedis)	-48	-104	-15	-20	-30	-35	-45	-50	-60	-65
Total program support (loans and grants) assumed 3/	34	33	106	35	186	130	197	163

1/ After applying the adjusters.

2/ The domestic primary balance is defined as the difference between total revenue (excluding grants and divestiture proceeds) and noninterest domestic expenditure (excluding foreign-financed capital expenditure). The domestic primary balance will be reduced by the value of any domestic arrears outstanding at the test date.

3/ Benchmark only.

4/ The ceiling will be adjusted upward/downward to the extent that the cumulative net reduction in government payments arrears is larger/smaller than programmed (see memorandum item).

5/ The ceiling on net domestic financing will be increased (reduced) by any shortfall (excess) in foreign program support for the budget (program loans and grants). The ceiling on net domestic financing will be reduced by the amount of any new domestic arrears outstanding at the test date.

Similarly, the floor on net foreign assets of the Bank of Ghana will be reduced (increased) by any shortfall (excess) in foreign program support for the budget (program loans and grants). The floor on net domestic assets of the Bank of Ghana will be increased by the amount of any new domestic arrears outstanding at the test date.

6/ The ceiling on net domestic financing will be adjusted upward by the amount of the treasury bills issued on account of the "bank restructuring operations," but not exceeding the equivalent of US\$50 million.

7/ Net of interest adjustment, which is not included in the definition of net domestic financing for the program, and after adjustment for larger-than-expected programmed reduction in payments arrears.

8/ Stock at end of month indicated.

9/ To be adjusted downward to the extent of any reduction in, or shortfall in compliance with, the legal reserve requirement (8 percent of bank deposits).

10/ External loans contracted or guaranteed other than those with grant elements equivalent to 35 percent or more, calculated using a discount rate based on OECD commercial interest reference rates.

11/ Excluding normal import-related credits.

Table 2. Ghana: Prior Actions to Complete the First ESAF Review, Structural Performance Criteria, and Benchmarks

Action	Timing (End of month indicated)	Status
Cocoa sector		
Offer the Produce Buying Company (PBC) for sale. 1/	October	Done.
Energy Sector		
Offer the TOR for sale. 2/	December	On schedule.
Fiscal measures		
Submit to parliament an increase in the value-added tax rate 1/ Complete report on measures taken to strengthen customs, including actions to solve problems of bonded warehouses and associated remedial and punitive measures. 1/	mid-November	Pending.
Establish amount of road sector arrears and reduce them by ¢30 billion in the second half of 1999.	mid-November December	Done. Ongoing.
Divestiture		
Complete the divestiture of State Transport Co. and GHACEM 1/ Appoint sales advisor for the divestiture of Ghana Airways, Ghana Railways, and Electricity Company of Ghana. 2/	October December	Done. No progress on Ghana Airways, limited progress on Ghana Railways; divestiture advisor selected for ECG.
Divest Bank of Ghana shares in the National Investment Bank, Bank of Housing and Construction, Bank of Credit and Commerce Ghana Ltd, and the COOP.	December	No progress.
Trade reform		
Reduce the top tariff rate to 20 percent Complete comprehensive review of tariff regime.	January 1, 2000 October	Expected. Done.
Financial sector reform		
Withdraw banking licenses from banks that do not meet the capital adequacy requirements of the Banking Law of 1989 on September 30, 1999. 2/	September	Liquidator chosen for BHC and Coop; 3-month grace period given to BCC.
Submit new draft central bank and banking laws to parliament. 2/	December	Expected.
Foreign exchange markets		
Adoption by the Bank of Ghana of new procedure to calculate the market exchange rate from actual commercial bank transactions instead of from indicative rates. 1/	mid-October	Done.
Release data on gross international reserves to the public with a delay of not more than a month. 1/	mid-November	Done.
External arrears		
Eliminate all outstanding external arrears. 1/	September	Done.
Statistical issues		
Make summary information on the Ghana Living Standards Survey 4 made available to the Fund staff. 1/	October	Done.
Publish monthly trade and travel data published with a delay of not more than 60 days. 3/	From December	Ongoing.

Table 2. Ghana: Prior Actions to Complete the First ESAF Review, Structural Performance Criteria, and Benchmarks (concluded)

Action	Timing (End of month indicated)	Status
Publish the Quarterly Statistical Digest of the GSS and the Bank of Ghana Quarterly Bulletin with a delay of not more than 60 days (and eliminate backlog of issues). 3/	From December	Ongoing.
Provide the Fund staff with summary information on the methodology used to compile national accounts.	mid-October	Done.
Keep lags in reporting the consumer price index and monetary results to one month, and budgetary results to six weeks.	Continuous	Ongoing.

1/ Prior actions.

2/ Performance criterion.

3/ Website publication is sufficient for this benchmark to be considered as being observed.

Table 3. Ghana: Timing and Implementation of Macroeconomic and Structural Adjustment Policies, 1999-2001

Policy Area	Strategies and Measures	Timing of Measures		Comments
		Beginning	End	
Fiscal revenue	Review tax system and make adjustments to ensure that the revenue-to-GDP ratio does not decline in the medium term.	01/01/99	12/31/01	Being done. VAT rate and petroleum taxes will be reviewed in the context of the 2000 budget.
Fiscal expenditure	Reduce road sector arrears by cedis 30 billion in the first half of 1999.		06/30/99	Road arrears were made as planned, but interest penalties have prevented the outstanding total from declining.
Fiscal expenditure	Eliminate road sector arrears.		12/31/00	Ongoing.
Budget and treasury	Provide weekly cash-flow projections of government treasury operations for public debt and liquidity management.	03/01/99	12/31/01	Provision of weekly cash flow still deficient; present efforts have proven to be of limited use for liquidity management; TA requested.
Budget and treasury	Implement Budget and Public Expenditure Management System (BPMS) system in targeted ministries and spending units.		12/31/99	Ongoing.
Financial sector	Encourage the use of repurchase agreements.	01/01/99	12/31/00	Ongoing.
Financial sector	Ensure establishment by Bank of Ghana of monitorable quarterly targets for banks not meeting capital adequacy requirements. Fully invest additions to deposits in government securities.		03/31/99	Done. Cease and desist orders sent on March 16, 1999.
Financial sector	Remove the freeze on bank licensing.		03/31/99	Done.
Financial sector	Withdraw licenses of banks that do not meet capital adequacy requirements.		09/30/99	Liquidator chosen for BHC and COOP; 3-month grace period given to BCC.
Financial sector	Sell at least 30 percent of shares of the National Investment Bank.		09/30/99	No progress.
Financial sector	Divest all Bank of Ghana shares in commercial banks, except for Agricultural Development Bank (ADB).		12/31/99	No progress.
Financial sector	Reduce government participation in Ghana Commercial Bank (GCB) to 20 percent or less of shares.		12/31/99	Financial advisor appointed.
Financial sector	Divest Bank of Ghana shares in ADB.		06/30/00	No progress.
Financial sector	Implement revised regulations for foreign currency exposure limits.		06/30/99	Done.
Financial sector	Set up an apex institution for the rural banking system; final supervision over the rural banks will remain with the central bank.		12/31/99	On schedule.
Financial sector	Submit new draft central bank law and banking law to parliament.		12/31/99	On schedule.
Financial sector	Reduce the maximum float time of checks from 5 to 3 days in Accra and from 21 to 9 days between Accra and the regions.		09/30/99	Ongoing; target achieved in Accra.

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Exchange system	Assess foreign exchange operations, with a view to improving market practices.	01/01/99	12/31/01	MAE advisor visited in July; TA requested on how to increase interbank market activity.
Exchange system	Gradually reduce the share of export receipts that needs to be surrendered to the Bank of Ghana.	01/01/99	12/31/01	No progress.
External debt	Strictly limit new short-term borrowing and adhere to ceilings envisaged in the program regarding new nonconcessional public and publicly guaranteed borrowing.	01/01/99	12/31/01	Ongoing.
External debt	Publish annually list of guaranteed loans in the budget documents.	01/01/99	12/31/01	Ongoing.
Trade policy	Implement Gateway Project aimed at removing constraints to trade.	01/01/99	12/31/01	Ongoing.
Trade policy	Complete comprehensive review of tariff regime.		09/30/99	Completion expected in October.
Trade policy	Reduce the tariff top rate to 20 percent in harmony with the subregion.		01/01/00	Expected in the context of the 2000 budget.
Trade policy	Monitor exemptions and report them on a quarterly basis by the Harmonized System (HS) code.	01/01/99	12/31/01	Review of exemptions completed in October; monitoring yet to start.
Public sector	Obtain cabinet approval of a legal framework for the reform of subvented agencies		12/31/99	Done.
Public sector	Obtain cabinet approval of alternative employment program for retrenched workers of subvented agencies.		06/30/00	Expected as planned.
Public sector	Complete pilot reform of at least 17 subvented agencies.		12/31/01	Pilot program under way; World Bank loan now effective.
Public sector	Complete restructuring of central management agencies.		12/31/01	Ongoing; work on MOF, NDPC, and PSC proceeding as scheduled.
Local government	Submit to parliament draft legislation to establish local government service.		06/30/99	Cabinet is still debating the bill.
Local government	Complete study of fiscal decentralization.		12/31/00	Ongoing.
Private sector	Announce a divestiture work program, including annual targets for divestiture receipts for the period 1999-2000.		03/31/99	Done, but program seems to have lost its momentum.
Private sector	Decide on the treatment of the stock of outstanding liabilities of the State Housing Corporation, Electricity Company of Ghana, Ghana Railways, and Ghana Airways.		06/30/99	Not done yet. Study is ongoing.
Private sector	Publish revised privatization impact assessment.		06/20/99	Done in April.
Private sector	Publish annual audited accounts of the Divestiture Implementation Committee (DIC) for 1998.		09/30/99	Not done yet; latest audited accounts are for 1997.

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Private sector	Outsource for divestiture Ghana Airways, Ghana Railways, and Electricity Company of Ghana.		12/31/99	No progress on Ghana Airways; limited progress on Ghana Railways; divestiture advisor selected for ECG in October.
Electricity	Issue "Statement of Power Sector Development Policy."		03/31/99	Done.
Electricity	Complete and issue Transitional Power System Development Plan (1999-2001).		09/30/99	
Electricity	Publish and implement complete "Guidelines for Fixing Rate for Electricity Services" (Section 16 of Act 538).		09/30/99	On track. PURC hosted a well-publicized workshop in August and is presently incorporating comments.
Electricity	Enact legislation on "Electricity Regulations-Operations of National Interconnected System" (Section 546 of Act 541) and complete separation of electricity transmission utility (National Grid Company, Ltd.) from Volta River Authority (VRA).		12/31/99	Regulations are being prepared. Separation of the grid company completed.
Electricity	Offer for sale the Electricity Company of Ghana.		12/31/99	Divestiture advisor selected in October.
Petroleum	Complete financial restructuring for the Tema Oil Refinery (TOR) Ltd.		06/30/99	TOR Board approved restructuring plan in July.
Petroleum	Enact legislation on "Petroleum Regulations-Marketing of Petroleum Products" (Section 56 of Act 541) and complete phase out of practice of setting maximum margins for petroleum products.		12/31/99	Preparations ongoing; provisional licenses issued.
Petroleum	Offer TOR for sale.		12/31/99	On schedule.
Transportation	Adjust fuel levy as agreed under the Road Subsector Strategy.		12/31/01	Ongoing.
Transportation	Complete tolling of approved roads.		12/31/99	Ongoing.
Transportation	Issue invitation for bids on concession for Ghana Railways.		06/30/00	On schedule.
Transportation	Issue invitation for bids on concession port operations.		06/30/00	On schedule.
Water	Implement a program of tariff increases to recover costs.		12/31/01	Ongoing.
Water	Issue invitation for bids for lease of urban water systems.		10/31/99	Facing problems. Process may have to be restarted owing to changes in the contract being offered.
Water	Convert Ghana Water and Sewerage Corporation into Ghana Water Company and complete staff rationalization program.		01/31/00	Conversion completed. Staff rationalization plans being reviewed.
Water	Complete transfer of all small water systems and remaining sewerage systems to district assemblies.		12/31/00	Ongoing.
Agriculture	Submit Agricultural Services Sector Investment Plan (AGSSIP) to cabinet for approval.		09/30/99	Project/plan being appraised.
Agriculture	Implement AGSSIP.		06/30/00	
Agriculture	Obtain cabinet approval of the medium-term cocoa strategy, including timetable for key measures.		04/30/99	Done.

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		Beginning	End	
Agriculture	Offer for sale the Produce Buying Company (PBC).		06/30/99	Expected.
Agriculture	Accelerate the increase in farmers' share in f.o.b. price of cocoa starting in 1999/2000 crop season to at least 60 percent in 1999/2000.		06/30/99	Done.
Agriculture	Accelerate the increase in farmers' share in f.o.b. price of cocoa starting in 1999/2000 crop season to at least 62 percent in 2000/2001.		12/31/01	Expected.
Agriculture	Ensure equal access to Cocoa Marketing Board (Cocobod) crop financing and warehousing by licensed buying companies.	06/30/99	02/28/00	Ongoing.
Agriculture	Allow qualified Licensed Buying Companies (LBCs) to export at least 30 percent of their cocoa purchases.	06/30/00	02/28/01	Preparations underway; consultant to advise on modalities is being selected.
Fisheries	Submit to parliament the Fisheries Management and Development Bill.		12/31/99	Expected.
Environment	Periodically increase forest fees to reflect the stumpage value of trees, with rates ranging from 5 percent to 20 percent of f.o.b. timber prices, depending on the demand and inventory levels of the species.		12/31/01	Ongoing. First increases already introduced.
Environment	Implement the provisions of the Timber Resource Management Act, 1998, and its regulations.		12/31/99	Done.
Environment	Initiate pilot scheme on community collaboration in resources management.		12/31/00	Preparations underway
Environment	Submit to parliament revised wildlife regulations.		12/31/00	Expected.
Environment	Ensure Energy Commission enforcement of standards for gasoline stations.		06/30/00	Regulations being prepared. Provisional licenses being issued.
Land	Obtain cabinet approval of the draft national land policy.		12/31/99	Done. Land policy launched in June 1999
Education	Formulate intermediate targets, monitoring indicators, and financing plan for free compulsory universal basic education.		07/31/99	Ongoing.
Education	Formulate a revised policy framework for tertiary education with sustainable financing.		10/31/99	Not done yet.
Education	Formulate a phased implementation plan for basic education.		12/31/99	No progress yet.
Education	Formulate an implementation plan for decentralization of school management responsibilities to districts.		12/31/99	Not done yet.
Education	Adopt measure to improve learning outcomes, as evidenced by improving student test results.		12/31/01	Ongoing, but with inadequate progress.
Education	Design and implement an education strategy that will increase national girls' net enrollment in primary schools to 48.5 percent.		12/31/01	Ongoing, but with inadequate progress.
Education	Target expenditure on new classroom construction to the deprived areas.	06/30/99	06/30/00	Ongoing.
Education	Design a self-sustaining student loan scheme.		10/31/00	Ongoing.

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Policy Area	Strategies and Measures	Timing of Measures		Comments
		Beginning	End	
Health	Increase health expenditure as a percent of domestic primary expenditure and maintain a reasonable balance between capital and recurrent expenditure.		12/31/01	Ongoing.
Health	Increase the number of budget management centers (BMCs) that are able to provide quarterly expenditure returns.		12/31/01	Ongoing. Review of BMC certificates under way.
Health	Elaborate a hospital development policy.		12/31/99	Delayed. Expected in mid-2000.
Health	Develop three-year rolling procurement plans for BMCs.		12/01/99	Expected; procurement plan for entire health sector is being prepared.
Health	Increase the number of contracts between district hospitals, both with nongovernment organizations and with private providers of health services.		12/31/01	Ongoing.
Poverty	Design small-scale pilot poverty-reduction programs in the urban and rural areas.		12/31/99	Done.
Poverty	Complete the fourth Ghana Living Standards Survey.		06/30/99	Delayed; expected to be finalized in October
Poverty	Prepare a national poverty-reduction program in collaboration with donors.		09/30/99	Delayed. Should be ready for presentation to the November 1999 CG meeting.
Statistics	Set up weekly indicators of market conditions (exchange rates, reserve money, net foreign assets of the central bank, net placement of government securities outside the central bank, interest rates), to be prepared with no more than one week lag.		04/30/99	
Statistics	Assess and explain discrepancies between import data reported by Automated System for Customs Data (ASYCUDA) and manually compiled data set prepared by Customs, Excise, and Preventive Services (CEPS).		06/30/99	Done.
Statistics	Reduce lags in reporting consumer price indices and monetary accounts to one month and in reporting budgetary data to six weeks		06/30/99	Done.
Statistics	Continue the quarterly publication of updated national accounts (sources and uses) with a lag of at most six months.		12/31/01	Not done.
Statistics	Conduct a housing and population census.		12/31/00	Expected in April 2000.