



PARLIAMENTARY MEMORANDUM

BY

HON. SETH E. TERKPER
MINISTER OF FINANCE

ON THE

FINANCING AGREEMENT

BETWEEN THE

GOVERNMENT OF GHANA

AND THE

INTERNATIONAL DEVELOPMENT ASSOCIATION

ON THE

PROPOSED GHANA STATISTICAL DEVELOPMENT PROJECT

DATED *6th Feb.*, 2014

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DECISION REQUESTED:

1. Parliament is respectfully requested to reconsider and approve a proposed **US\$30.0 million** Credit from the International Development Association (IDA) and a Grant of **US\$10.0 million** from Statistics for Results Facility Catalytic Fund (SRF-CF) to finance the proposed **Ghana Statistical Development Project (GSDP)**.

BACKGROUND INFORMATION

2. The statistical system of the Republic of Ghana consists of a large number of Government Ministries, Departments and Agencies (MDAs). At the centre of the system is the Ghana Statistical Service (GSS). The GSS was established in 1985 by PNDC Law 135, which raised the status of the then Central Bureau of Statistics from a Government Department under a Ministry to that of an autonomous, independent public service. It also established the Statistical Service Board as the governing body that reports to the presidency. The GSS is responsible for the collection, compilation, analysis, publication and dissemination of official statistics in Ghana for general and administrative purposes and for coordinating developments in statistics outside GSS.

3. In practice, the GSS is primarily responsible for compiling national accounts and price statistics and conducting large scale household based and establishment based surveys, including the decennial population and housing censuses. Line ministries are responsible for producing administrative statistics e.g. births and deaths, school and health records, land registration, agriculture production, etc.

4. In recent years there have been some notable statistical achievements, including the implementation of the 2010 Population and Housing Census and several key household-based surveys, the re-basing of the national accounts and the development of the first set of quarterly national accounts.

5. However due to poor statistical and institutional frameworks, the GSS is constrained in the production, management and dissemination of quality statistics for planning, informed decision-making and monitoring and evaluation of national and international frameworks such as the Ghana Shared Growth and Development Agenda (GSGDA) and the Millennium Development Goals (MDGs). Beyond the GSS, the National Statistical System (NSS) has found it difficult to meet the increasing demand for statistics from its many users. In some MDAs the production of statistics has decreased over time due to technical and financial constraints. In general, the NSS is widely perceived to be inadequately structured and insufficiently equipped and as such is failing to provide the quality and range of statistics essential for the efficient planning and monitoring of national development.

6. Over the past five years, several institutional and needs assessments (financed by the World Bank and other development partners, particularly DFID) have been conducted for the GSS, which identified a range of critical issues affecting its ability to fulfil its mandate. These include:

- (i) *An inadequate legal and policy framework for the coordination, collection, management and development of data in Ghana;*
- (ii) *Deterioration in the terms and conditions of service;*
- (iii) *The overstaffing of the GSS, with a permanent work force much higher than is found in National Statistical Offices in other African Countries;*
- (iv) *A low proportion of graduate staff and a high turnover rate of academically qualified personnel;*
- (v) *Inadequate performance and management systems;*
- (vi) *Limited technical capacity of staff;*
- (vii) *Dilapidated physical infrastructure;*
- (viii) *An underdeveloped data program;*
- (ix) *Limited dissemination of statistical products; and*
- (x) *Constrained financial resources.*

It is worthy to note that points v) to viii), if not others, also apply to other Statistical Units in MDAs.

7. To address these issues and to enhance the statistical system, the GSS has developed the GSS Corporate Plan and the Ghana Statistical Development Plan (GSDP), which were launched in November 2008 and approved by Cabinet in late 2009. Other motivation to develop a GSDP came from:

- (i) *Ghana's commitment to the Marrakech Action Plan for Statistics (MAPS), which envisaged development of a National Strategy for Development of Statistics (NSDS) by 2006, and implementation beginning in 2007, with the aim of having good quality data for the 2010 review of Millennium Development Goals (MDGs);*
- (ii) *The need to monitor implementation of the GPRS II and other national development programs and to support the National Development and Planning Commission in coordinating the production of monitoring and evaluation (M&E) indicators; and*
- (iii) *The Government's decentralisation policy and the corresponding need for district level data.*

8. The GSDP was developed through an interactive consultative process involving the Government, NGOs, the Private Sector and Development Partners. The preparation of the GSDP was supported by African Development Bank, and in part, by a Trust Fund for Statistical Capacity Building (TFSCB) grant from the World Bank. The GSDP combines the GSS Corporate Plan and the Sector Statistics Plans of nine (9) MDAs that combined, produce around 80% of government statistics. The GSDP adopts a system-wide approach to statistical development focusing on the strategies required to enhance the entire NSS in order to align the country's statistical system with the monitoring and evaluation requirements of national development programs and international commitments.

9. Furthermore, it recognizes the need to make relevant and reliable statistics easily accessible to all categories of stakeholders: Government Institutions, Businesses, Community and Civil Society Groups, and Individuals including Researchers and

Academicians. The GSDP aims at legal and institutional reform, fostering coordination, collaboration, networking and information sharing among data producers and users, and investment in data development, human capacity and physical infrastructure. It has four main components: i) Improving Policy, Regulation and Institutional Framework; ii) Statistical Infrastructure; iii) Data Development and Management and; iv) Investment in Physical Infrastructure and Equipment.

10. The cost of implementing the GSDP is estimated at \$166.6 million with a large part required for the surveys and censuses planned over the five years of the plan, including the 2010 Population and Housing Census and the Census of Agriculture. This figure excludes inflation, annual contingencies, cost of probable staff redeployment and recurrent costs (estimated at \$29m over 5 years). The Government recognizes the importance of statistics and backs the GSS reform agenda but the macro-economic situation with large fiscal and balance of payment deficits means that insufficient Government resources are available for full implementation.

11. It is therefore against this backdrop that the project; **Ghana Statistical Development Project** has been prepared. It is envisaged that the project will take forward the ongoing effort of the NSS and GSS as outlined in the Ghana Statistical Development Plan to help build Government's capacity to produce better statistics for tracking progress of the key indicators in the national development programs including the Ghana Shared Growth and Development Agenda and will provide feedback to policy makers for improving public policy and the use of resources. It will also contribute to the long term vision for the National Statistical System which is to ensure that it is effectively coordinated to deliver quality and timely statistical products and services to meet the needs of both local and international users. The IDA credit and SRF-CF grant will reduce the financing gap of implementing the statistics plan by US\$40 million.

THE PROJECT (DESCRIPTION)

12. The Ghana Statistical Development Project financed by a credit and grant of **US\$30.0 million and US\$10.0million** respectively, will strengthen the National Statistics System in the timely and robust production, analysis and dissemination of quality data relevant for policy-making and other uses.

13. The Project has four (4) parts or components. They are as follows:

Component 1: Institutional Reform and Organizational Change. (US\$ 9.36 million)

This component will finance the upgrading of GSS staff and the professional statisticians of the National Statistical System and implement a career development program for the said staff, through the provision of training. It will also assist the GSS to: (a) carry out a plan for the retrenchment or staff buy-out of up to 89 (*previously 300 as indicated in the Financing Agreement*) staff within a period of five years; and (b) implement measures to mitigate the social impact of retrenchment through the provision of social, psychological, financial and professional counseling for retrenched GSS staff, as well as the provision of retraining and other forms of assistance as may be needed.

Under the component, GSS shall ensure that the staff retrenched under the Project shall not, for a period of two (2) years from the date of retrenchment, be re-employed into the GSS by employing independent auditors to verify that the retrenched staff are not re-employed by GSS within the said period. **Additional information on the retrenchment exercise is attached as Annex1**

Component 2: Enhancing Capacity (US\$14.96 million)

Under component two the following will be financed:

- (i) Building of the capacity of the GSS at the national and regional level and strengthening the skills of the professional and non-professional staff of the statistical units, through the acquisition of goods, and provision of training in data collection, data production, data validation and data analysis, and training for trainers.
- (ii) Development of a master sampling frame from the calendar year 2010 population and housing census, central business register and agriculture census, including census post-enumeration cartographic activities, through the provision of technical advisory services and acquisition of goods.
- (iii) Investing in physical infrastructure of the MDAs' statistical units and the GSS headquarters and regional level units, including the provision of communication and technological software and equipment; improving the communication technology connectivity for data collection, data transfer and statistical information sharing; improving the management of information systems and enhancements in data collection tools; and providing communication technology training to the staff of GSS and MDA statistics units.

Component 3: Data Production and Dissemination (US\$12.00 million)

This component is in two parts:

- (i) Modernizing data collection techniques, improving the management of information systems by the MDAs and developing a national statistics databank, through a) improving quality control and assurance of the production and dissemination of national statistics; (b) developing a national databank or an information technology data center for official statistics; (c) establishing management information systems in the MDAs and linking them to the national databank; (d) introducing application of new technologies in data collections; (e) improving economic statistics through the development of and implementing an integrated business enterprise survey; and (f) improving socio-demographic statistics
- (ii) Enhancing the communication of official statistics by:(a) creating a data dissemination and resource hub within the GSS; (b) strengthening the GSS public relations and communication functions through the provision of training to respective MDAs' communication and public relations units on the

communication and dissemination of statistics; (c) conducting outreach activities to key stakeholders such as media, politicians, policy makers, and academia; (d) developing an official national statistics website; (e) developing a release calendar for national statistics; (f) developing publications and dissemination policy; (g) re-establishing a national advisory committee for producers and users of statistics as a technical committee; (h) developing performance agreements between MDAs and the GSS on the sharing of data and clarification of roles and responsibilities; and (i) establishing a society of official statisticians, all through the provision of technical advisory services and training.

Component 4: Project Management and Monitoring and Evaluation (US\$1.30 million)

This component will finance goods, consultants' services and project management training and incremental operating costs for managing, monitoring and evaluating activities of the project.

14. The **GSDP** will be implemented over a five (5) year period. The Ghana Statistical Service is the key Implementing Agency in collaboration with nine (9) other participating MDAs namely:

- Ministry of Food and Agriculture;
- Ministry of Women and Children Affairs;
- Ministry of Communication;
- Ministry of Health (MOH);
- Ministry of Education;
- Ministry of Trade and Industry;
- Births & Deaths Registry;
- Ministry of Lands and Natural Resources; and
- Ministry of Employment and Social Welfare.

INSTITUTIONAL AND IMPLEMENTATION ARRANGEMENT

15. The project is providing support for the implementation of the Ghana Statistics Development Plan. The Plan covers the Ghana Statistical Service (GSS) and nine (9) other MDAs as mentioned in paragraph 14 above with the GSS being the main focal point for coordination, monitoring and reporting. Therefore the project implementation and monitoring and evaluation arrangements will be the same for the project as for the overall Statistical Development Plan. The Program Development and Management Group, (PDMG) which already exists within the GSS, will oversee the implementation of the project. Funds under the project will be provided to the nine (9) other MDAs for implementation of project activities on a grant basis.

16. A Technical Committee comprising technical personnel from the implementing MDAs will be established. The committee will review progress and address any critical issues affecting implementation, prepare and review the project work programs, budgets,

procurement plans, financial reports and monitoring and evaluation reports. It will also provide a forum for sharing experiences and resolving technical issues.

17. A National Statistical System Steering Committee (NSS Steering Committee) will be established and maintained throughout the implementation of the project. The Steering Committee will oversee the implementation of the project by providing policy direction, approving annual work programs and budgets, procurement plans and financial reports, promoting and publicizing the implementation progress of the project, advocating and lobbying for additional funding and promoting interagency collaboration, coordination and cooperation.

ECONOMIC IMPACT

18. The project is expected to bring about the following:

- (i) Improvements in the efficiency of Statistical Operations and Agencies;*
- (ii) Broader coverage of statistical information and higher quality data;*
- (iii) Enhance better data for evidence-based decision making, at policy, program and Project levels;*
- (iv) Address the significant costs of poor decisions made on the basis of missing or inaccurate data; and*
- (v) The development of a demand driven, sustainable & professional National Statistical System able to produce and increase the quality and accessibility of official statistics which will contribute to the achievement of the MDGs and the GSGDA objectives.*

JUSTIFICATION FOR GOVERNMENT ACTION

19. The project is consistent with the Ghana Shared Growth and Development Agenda (GSGDA) and the Country Assistance Strategy (CAS) prepared by both the Government of Ghana and the World Bank.

20. In the GSGDA, it is recognized that evidence, information and data are required to ensure accountability and transparency of Government's decisions and to empower the citizenry of Ghana. The project will contribute to this agenda by improving the quantity and quality of statistics and ensuring that they are analysed and disseminated widely.

21. The GSGDA clearly states that better data are required for policy formulation, analysis and decision making through the roll out of the Ghana Statistical Development Plan including the development of a database for the proper management of data, rationalizing the production of data within the statistical system, defining the roles and mandates of various data producing institutions, adopting common definitions, methods and classification, reviewing the Statistical Service law, adopting international standards and good practices, supporting MDAs to generate data for effective planning and budgeting and building the capacity of MDAs in electronic data analysis and management. It also stresses the need to increase the demand and use of statistics by putting in place an effective feedback mechanism

that makes statistical information available in useable form to government, private sector and civil society.

FINANCIAL IMPLICATIONS

22. The financing of US\$30.0 million would be provided as a Credit on Standard IDA terms as follows:

- Commitment charge on unwithdrawn balance - 0.5% per annum;
- Service charge on withdrawn credit balance - 0.75% per annum;
- Maturity Period - 40 years;
- Repayment Period - 30 years; and
- Grace Period - 10 years.

INTER-MINISTERIAL CONSULTATIONS

23. The Ghana Statistical Development Plan which informed the the design of the Project was developed through an interactive consultative process involving the Government, NGOs, the Private Sector and Development Partners.

24. The memorandum is sponsored by the Ministry of Finance and the Ghana Statistical Service.

25. All stakeholder agencies including Development Partners have been involved in the inception, preparation through to negotiation of the proposed project and documented in the relevant Aide Memoires. The ministries and agencies that were consulted include the Ministries of Finance and Economic Planning, Justice and Attorney General's Department, the GSS and the other 9 MDAs also implementing the project as mentioned in paragraph 14.

CONCLUSION

25. Considering the benefits to be derived from the project in developing the country's statistical framework and the concessionary terms of the credit, Parliament is respectfully requested to approve the credit for implementation of the Project.



HON. SETH E. TERKPER
MINISTER OF FINANCE

DATE: 6th Feb. 2014

ANNEX 1

ADDITIONAL INFORMATION ON THE RETRENCHMENT EXERCISE

Background

The Ghana Statistical Service (GSS) requires staff with specific qualifications and a range of skills to fulfill its mandate of producing, analyzing and disseminating statistics in the country. Of critical relevance is the responsibility to coordinate the National Statistical System to ensure that basic data are routinely available and emerging needs promptly addressed. However, recent reviews and assessments conducted on GSS have revealed that the distribution of staff is skewed towards low levels of technical knowledge and skills. This situation does not lend itself to advancement in the production of statistics. As a result, the Service is undertaking institutional reform with a view to increasing efficiency and effectiveness in the management and coordination of the National Statistical System. With the substantial inflow of resources for the implementation of the Ghana Statistical Development Plan (GSDP), the Service now has a unique opportunity to rectify these anomalies and enhance both performance and efficiency in the delivery of statistical products and services.

Justification of the Retrenchment Exercise

A new organizational structure has been developed which places greater emphasis on stronger co-ordination and capacity development, dissemination and utilization of data and more effective deployment of ICT in the administrative and programme management processes. With the development of the new organogram, the number of staff required to deliver the core functions of the Service and support regional statistical activities was estimated as 318 compared to the current staff strength of 481. The assumption here is that the district statistical staff will be absorbed into the district assemblies by the Ministry of Local Government and Rural Development as part of the decentralization process.

The retrenchment exercise is also expected to result in a balanced mix of professionals, sub-professionals and support staff and help maintain well qualified professionals for the production of statistics and the management of the National Statistical System.)

Criteria for the retrenchment Exercise

The retrenchment exercise will be based on a number of criteria. These include:

- Surplus to requirement;
- Qualification (s) of staff; and
- Age of staff.

Surplus to requirement

The new organogram requires 318 staff but the current staff strength is almost 500. There is, therefore, the need to select those with the requisite qualities to help the Service to meet its mandate of delivering statistical services to users. This will be based on an examination of the qualifications of the staff, the type of work expected to be done and the experience and age of the staff. All those found unsuitable will be retrenched.

Qualifications of staff

In order to deliver on its mandate, the Service would require staff with advanced knowledge and specialized skills in core subject areas such as statistics, demography, economics, sociology, geography, geographic information systems and information technology. To be able to acquire the knowledge and skills to perform adequately in these specialized areas, a staff member would require a minimum of a Master's degree in a given field and some years of practical experience. In general, however, staff with a minimum qualification of Higher National Diploma (HND) will be considered for placement in the new organizational structure. All staff with lower qualifications whose retention would not be a viable option in the short to medium term would be separated from the Service.

There are tradeoffs in considering which category of staff to retain and which of them might be bought out. Staff with lower qualifications than the new minimum requirement (that is, bachelor's degree and higher national diploma (HND) holders) who have acquired significant years of experience and demonstrated the potential to contribute towards the work of the Service could be considered for retention. They would, however, require an outlay of investment into their training. On the other hand, buying out those without the required degrees and replacing them with newly recruited master's degree holders will be costly since these newly recruited staff will need to be given some time to acquire on-the-job training. Again, the experience acquired by the bachelor and HND holders over the years would be lost to the Service if they are bought out against the alternative of retaining such experienced staff and giving them further specialized training to prepare them for their statistical responsibilities within the National Statistical System.

There would also be significant social, psychological and, perhaps, political cost of retrenching most of the staff. As it stands, even without the inclusion of the bachelor's degree and HND holders, about 40 per cent of the current staff strength does not fit within the new structure being proposed for the Service. The decision now is to retain and upgrade bachelor's degree and HND holders. The retained staff will be given an orientation and submitted to a competency test after which they will receive specific training in the areas to which they are to be posted.

Age of staff

Staff above 55 years will not be eligible for retrenchment. In other words, any staff with less than five years to retire will not be retrenched. These people may have considerable experience and would be given further orientation to work in the new areas they would be assigned to until they retire. This is part of measures to limit the high cost of the buyout.

Number of staff to be retrenched

Based on the criteria mentioned above, the number of staff that do not fit into the new GSS structure and have to be retrenched is eighty nine (89). This figure is far lower than the