HISTORY OF DEVELOPMENT PLANNING IN GHANA

The First Development 'Programme'

Ghana has a history of development planning that dates back almost 100 years. In 1920, the then Governor of the Gold Coast, Sir Gordon Guggisberg, unveiled a Ten-Year Programme (1920-1930) that in effect aimed to transform the mono-crop economy into a diversified and resilient one. The Programme covered everything from political and industrial maps to "hydro-electric works" to harbours, railways, water supply, and "town improvements."

In presenting the Programme to the Legislative Assembly in 1921, Guggisberg warned against the boom-and-bust character of the commodity trade and the need to insulate the Gold Coast against it. With the end of World War I in 1918 and the resumption of global trade, the Colony's exports more than doubled from about £4.5 million in 1918 to £10.8 million in 1919, before rising to a record £12.4 million in 1920; imports, mostly of consumption goods, increased from £3.3 million in 1918 to £7.9 million in 1919 and then to a staggering £15.2 million in 1920 – another record.

Most of the money that financed the import binge, however, was from the boom in cocoa prices in 1919. In 1920, the bottom fell out: From £98 per ton in January 1920, cocoa prices quickly reached a record of £122 in February and then began a precipitous decline. By December of 1920, the price was £39 per ton – a near 70.0 percent fall from the record February price.

In what appeared to be an early case of "Dutch disease", the arrival of cocoa in the Colony had attracted farmers (and thus investment) away from previously dominant crops such as kola nuts, palm kernels, and rubber, which had provided a certain degree of insulation against a fall in the price of any one of them. By 1920, according to Guggisberg, 83.0 percent of the Colony's exports consisted of cocoa, leading him to observe: "Again and again, we have talked of 'all the eggs in one basket'. Verily, the truth of this has come home at last!"

He continued: "Undoubtedly, the next best product – if not a better one than cocoa – is that of our oil palm. Neglected by everyone except that far-seeing and capable Chief Mate Kole and his Krobo farmers, our palm oil and kernel exports had dwindled down to a few miserable thousand tons a year." He then proposed a number of measures to revive palm cultivation and exports.

The implementation of Guggisberg's Programme, however, came to an abrupt end in 1927, when he was suddenly re-assigned to British Guyana. Of the £24 million budgeted for the Programme, only £12.4 million was spent and yet it appeared to have achieved generally positive results, as indicated by the following:

- Link Akim Tafo to Kumasi by rail (completed)
- Takoradi Harbour (completed)
- Link Kumasi to Tamale by rail (not done)
- Pra River Hydro Electric Project (not done)
- Korle Bu Hospital (completed)

- Prince of Wales (Achimota School) (completed)
- 3,380 miles of new road built between 1920 and 1927, in addition to 260 miles then in existence.

The departure of Guggisberg coincided with the onset of a decline in world cocoa prices, a risk he had said would require a reduction in development spending (should it materialise). In 1928, the index of cocoa prices slipped from a high of 23.00 the previous year to 21.00 and thereafter declined steadily to 7.00 in 1934. Over the period, the value of cocoa exports fell from £11.7 million (in 1927) to £4.0 million (1934).

The volatility in cocoa prices would recur the subsequent years and have a particularly disruptive effect on the post-independence Seven-Year Development Plan prepared by the CPP government in the early 1960s.

A Plan for 'Economic and Social Development'

The next major attempt at long-term development planning in Ghana was the "10-year Plan for the Economic and Social Development of the Gold Coast" (1950-1960), which provided an "outline of what it is hoped will be achieved in all fields of development during the ten-year period beginning April 1, 1950." In an allusion to what economists call "perspective" (or long-term) planning, the document referred to the 10-year period as "merely one phase in the development of the country which has been going on steadily for many years and will continue beyond the decade with which the plan is concerned." The Plan had a budget of £75.0 million.

In 1951, however, following it assumption of office, the Convention People's Party (CPP), seized by the urgency of the moment, collapsed the 10-year Plan into a 5-year plan (1951/52-1956/57) with a price tag of £117.6 million. Actual expenditure, however, came in at £93.7 million as the government cut back spending to offset falls in cocoa prices (and by extension revenue) over the period.

The Plan was "substantially completed" (as described by Kwame Nkrumah in his autobiography) by June 1957 and included such achievements as the "Volta Valley Scheme" and "aluminium smelter" as well as the Industrial Development Corporation, which was formed to provide loans to "small industrial concerns" and establish industrial estates.

Consolidation and Amplification

The period 1957-1958 was devoted to a "consolidation plan", which drew lessons from the previous plan in anticipation of another medium-term plan. In March 1958, the ***Second Five-Year Plan (1959-1964)*** was presented to Parliament. Its total cost was £350 million, with £100 million of that amount going into "hydro-electric development". "Direct government participation in industry and for the pioneering of various industries directly by government" was advocated and the Investment Promotion Board was set up to seek foreign capital to complement the country's efforts.

In presenting the Plan to Parliament, Prime Minister Nkrumah, stated, among other things: "The water shortage in Accra only highlights the urgent need for improving water supplies throughout the country, particularly in the rural areas."

In 1961, however, the ***Second Five-Year Plan*** was terminated in favour of a ***Seven-Year Development Plan for National Reconstruction and Developmen***t ***(1963/64-1969/70)*** at a cost of £1,016 million. It was the most comprehensive national development plan yet. Rather than what the Plan called "a public investment programme as had been done hitherto in this and other developing countries", emphasis was placed on "the growth of the productive economy in all its aspects." The Plan thus represented the first-ever attempt at quantifying economic growth and its relationship to improving the living standards of Ghanaians.

In the foreword to the Plan, President Nkrumah stated:

The Plan…lays its greatest emphasis on the modernisation of agriculture and the most rapid expansion of industrial activity in Ghana. The essential aim of the Plan is to provide for all the people of Ghana who are able and willing to work, the opportunity for employment at a high level of productivity. Only in this way can the standard of living of the masses of the African people be raised to the level consistent with the human dignity of the man of the twentieth century. It must be the cardinal duty of all of us in Government, in productive enterprise and in our private lives to ensure at all times that everything is done to promote the highest level of activity in agriculture and industry.

In the introduction to the Plan, the Executive Secretary to the National Planning Commission, J. H. Mensah (who was to become Minister of Finance and Economic Planning in the Busia government and more recently Senior Minister in the Kufuor government), stated that "…the real value of a plan is to give to the nation a sense of direction and to institute a system of purposive discipline".

The ***Seven-Year Development Plan***, which was situated within a long-term vision of the country, was innovative in another respect: it came with a ***National Physical Development Plan*** containing detailed and costed projects for translating Ghana's social and economic aspirations into tangible results and lived experiences across the country.

The ***National Physical Development Plan*** included, for example, forecasts of "expected demand of electricity" for every major city and town in the country; the location of various factories and the number of jobs each was expected to create; the emerging pattern of urbanisation and how to manage it; resource endowments around the country and how they were to be used for economic and social transformation; as well as the outlines of a "perspective" plan that envisioned the state of development in the country by 1985.

The following were some of the proposed industries/factories and their suggested locations:

- Jute factory (Kumasi);
- Textile mill (Tamale);

- Meat factory (Bolgatanga);
- Mango and tomato processing factory (Wenchi);
- Pineapple processing factory (Nsawam);
- Hard fibre plant (Yeji);
- Cocoa processing (Takoradi);
- Hydroelectricity plant (Akosombo);
- Leather factory (Aveyime);
- Shea butter oil factory (Tumu);
- Sugar factory (Akuse);
- Rice mills (Atebubu);
- Iron factory (Aboso);
- Gold refinery (Tarkwa);
- Explosives and gun powder factory (Takoradi);
- Shoe factory (Kumasi).

Era of Short-term Plans

Following the 1966 coup d'état, the ***Seven-Year Development Plan*** was terminated. However, it was already facing major implementation challenges as the world market price of cocoa, the mainstay of the economy and the major source of financing the Plan, had begun to fall in the early 1960s. In his book, *Dark Days in Ghana,* written after the coup, Dr. Nkrumah observed:

[T]he very year the Seven-Year Development Plan was launched, cocoa prices began to fall steeply. At the same time, the prices of capital and manufactured goods needed for industrial and agricultural projects under the Plan were rapidly rising. Between 1950 and 1961, they had risen by over 25 per cent".

By 1965, the price of cocoa had fallen to £87.10 per ton, substantially lower than the £200 assumed for the Seven-Year Development Plan. The resulting drop in foreign exchange earnings translated into serious economic problems, including shortages in certain basic commodities which could neither be produced locally nor imported because of a shortage of raw materials or foreign exchange.

The succeeding years were characterised by short-term plans, whose implementation was often undermined by the frequent changes in government and the attendant political turmoil that the country experienced from the latter half of the 1960s to the early 1980s. A notable exception was ***Operation Feed Yourself*** and ***Operation Feed Your Industries,*** an ambitious medium-term programme of self-reliance (including the partial nationalisation of several multinationals under a strategy of "seizing the commanding heights of the economy") in the mid-1970s that saw a rapid expansion in agricultural output.

Political instability and a deterioration in general economic conditions, however, reduced the impact of this strategy, although the spirit of self-reliance (*walatu-walasa*) that it fostered remains a major milestone in the history of public policy and political mobilisation for national development in Ghana. By the early 1980s, the economy had all but collapsed, with idle industrial capacity, runaway inflation (123.0% in 1983), as well as a pervasive shortage of essential commodities such as milk and soap. The government of the Provisional National Defence Council (PNDC) launched an Economic Recovery Programme (ERP) with the short-term aim of stabilising the macro-economy and laying the groundwork for later economic revival. Short-term planning found further expression in the Structural Adjustment Programmes (SAPs) that were subsequently initiated to consolidate the gains of the ERP through public sector reforms, particularly of state-owned enterprises, as well as financial sector reforms, as part of a broader strategy to restore the economy to good health.

Vision 2020

In 1984, as a result of the ERP and SAP, economic growth turned positive for the first time in four years, but policy makers felt the need for long-term development planning to anticipate future challenges and prepare for them accordingly. Discussions and studies for the establishment of a state organisation to facilitate planning began in the late 1980s, alongside plans to return the country to constitutional rule.

The 1992 Constitution laid the groundwork for that return in 1993, followed in 1994 with the establishment of the National Development Planning Commission (NDPC) under Act 479. An associated law, Act 480, prescribed the structure of a decentralised national development planning system, with NDPC as the apex coordinating and facilitating body.

In 1995, the President presented to Parliament the first long-term national development plan under constitutional rule called, ***Ghana – Vision 2020 (The First Step: 1996-2000),*** which aimed to transform the country into a middle-income one in 25 years. The Plan also represented the first *Coordinated Programme of Economic and Social Development Policies*, which the Directive Principles of State Policy requires every president to submit to Parliament within two years of assuming office.

A medium-term plan, along with a "Programme of Action for the First Medium-Term Plan (1997-2000)", was subsequently produced. Both, however, faced delays in production, with the Programme of Action being released in June 1998. With the change in government in 2001, the overall long-term plan, ***Vision 2020,*** was set aside. The new government cited persistent and wide disparities between plan targets and actual performance as among the reasons for the cancellation.

Beyond Vision 2020

Vision 2020 was replaced with the ***Ghana Poverty Reduction Strategy*** (GPRS I; 2002-2005) and later the ***Growth and Poverty Reduction Strategy*** (GPRS II, 2006-2009). The replacement of "Ghana" with "Growth" in GPRS II was informed by what the government saw as the need to shift focus from poverty-related spending and redistributive policies to growth as a primary path to poverty reduction and ultimately eradication.

With the change in government in 2009, GPRS II was succeeded by the ***Ghana Shared Growth and Development Agenda: 2010-2013*** (GSGDA I), which was followed by the ***Ghana Shared Growth and Development Agenda: 2014-***

2017 (GSGDA II). Both documents were based on the *Coordinated Programme of Economic and Social Development Policies*.

The emphasis on "shared growth" was based on the new government's belief that high growth by itself would not reduce or end poverty unless it is accompanied by policies to make that growth inclusive, or "shared". In effect, the GSGDAs represented a combination of the principles of equity and the ideals of high rates of economic growth that informed GPRS I and GPRS II, respectively.

The public, however, has taken note of the ease and frequency with which successive governments set aside existing plans and replaced them with their own, without due regard for the implications of their actions for continuity in the national development process. It is these concerns that largely drove public calls, during the hearings of the Constitution Review Commission in 2010-2011, for the preparation of a long-term national development plan that would be binding on all successive governments. These calls formed Chapter 3 of the Commission's report, which was titled, ***From a Political to a Developmental Constitution,*** and submitted to the government in 2011.

The National Development Planning Commission, as required by the National Development Planning (System) Act (Act 480), has been leading efforts to provide the platform for Ghanaians to prepare such a plan. *(*See the companion piece*, 'The Case for a Long-term National Development Plan for Ghana'* under Downloads*).*

Source: National Development Planning Commission, Ghana.