

Report on a Roundtable Discussion On

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**Parliament's Role in  
Macroeconomic Policy Formulation  
in Ghana**

**October 31, 2005**

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## List of acronyms

IDEG	Institute for Democratic Governance
GPRS-I (2002-2005)	Ghana Poverty Reduction Strategy
GPRS-II (2006-2009)	Growth and Poverty Reduction Strategy
MPs	Members of Parliament
DPs	Development Partners
CSOs	Civil Society Organisations
IMF	International Monetary Fund
MDAs	Ministries, Departments and Agencies
MDBS	Multi-Donor Budget Support System
SSA	Sub-Saharan Africa
MDGs	Millennium Development Goals
NDC	National Democratic Congress
NPP	New Patriotic Party

## 1.0 Preface

**O**n the eve of the submission of the Growth and Poverty Reduction Strategy II (2006-2009) to Parliament, the Institute for Democratic Governance (IDEG) felt it was timely to open for public debate what could be considered as the role of Parliament in the formulation and implementation of national policies. After 12 years of parliamentary democracy the role of Parliament in policy formulation and implementation was still unclear. In the view of IDEG this ambiguity raised serious implications for democratic governance, and the direction as well as legitimacy of national development policy.

Significantly in the processing of the GPRS-I (2002-2005) for implementation, a number of Members of Parliament (MPs) had complained about the marginalization of Parliament in the preparation of a document that would require, among other things, the deployment of large amounts of public funds over a three year period, and would above all have significant impact on the lives of Ghanaians. It was argued that as the custodian of the public purse, Parliament deserved a more prominent role in policy formulation than simply being asked to approve a policy document after it has been finalized by the government and vetted by the development partners (DPS).

It is for these reasons that IDEG found it necessary to raise a platform to reflect on the processes that produced the GPRS I in order to draw from it lessons that will not only inform future poverty reduction strategies but, more especially, clearly define and strengthen Parliament's involvement in national economic policy making. This exercise is important for another reason: If the nation should own the GPRS and any other development frameworks, it is important to determine the extent to which Parliament must engage the processes that produce them. The roundtable provided the platform for MPs, the government, DPs, as well as Civil Society Organisations (CSOs) to discuss such important national issues.

The roundtable discussion sought to first raise awareness among MPs and the public at large about the importance of Parliament in national economic policy making and its implications for democratic governance and national development. Second, it was to contribute to capacity building in policy making in terms of awareness creation, knowledge building, and skills development for policy makers and the public alike. The third aim was to foster a long-term interface between state and non-state actors in national economic policy making.

### **1.1 Introductory remarks**

*Dr. Emmanuel Akwetey, Executive Director of IDEG*

The timing of this event poses a paradox. The country is faced with great opportunities albeit within a risky policy environment. On the one hand, there are looming prospects of debt cancellation and increased aid from the country's DPs. These should make additional resources available for national development. What is required is for the nation to make the right decisions, and seize the opportunity to tap into these resources for national development and poverty reduction. However, opportunities do not by themselves translate into results; they could be translated into beneficial results only through purposeful and rational decision making. If these rare opportunities of additional resources would benefit the nation government and other stakeholders are obliged to make the right choices.

On the other hand is the factor which lies in the up-scaling of aid to support the implementation of GPRS II. There is the temptation to rush in with bad policy choices which could affect donor confidence, and derail the nation's development. We must scrutinize the GPRS II to determine whether or not the right policy choices were made to guarantee its success.

The involvement of Parliament in the policy process is one crucial way of ensuring that the right policy choices are made. Parliament is the most important national forum where debate ought to take place on policy issues such as the GPRS II, so that we will establish the basis for national ownership, and for national consensus based on broad-based political support. It is through this process that a national policy document such as the GPRS II can enjoy the necessary legitimacy and consensus to guarantee sustainability.

## 2.0 Roundtable Presentations

There was a 6-member panel that included Prof. George Gyan-Baffour, Deputy Minister for Finance and Economic Planning (and former Director General of the National Development Planning Commission), Hon. Felix Owusu-Adjapong, Majority Leader of Parliament, Hon. Alban Bagbin, Minority Leader of Parliament, Ms. Alphecca Muttardy, IMF Country Director, Mr. Mats Karlson, World Bank Country Director, and Mrs. Hanna Tetteh-Kpodar, former MP. Panellists made brief presentations after which the floor was opened for discussion.

### 2.1 Prof. George Gyan - Baffour

*Deputy Minister for Finance and Economic Planning*

It is important to know and appreciate the variables that go into macroeconomic policy formulation. The variables include inflation, interest rates, exchange rates, employment, and economic growth rates. These variables have to be managed to ensure macroeconomic stability. For Parliament to play its oversight role in macro-economic policy formulation effectively, MPs must understand the behaviour of each of the variables, what causes them to change, how their behaviour can affect economic trends, and how they can be managed to ensure macro-economic stability.