A GUIDE TO
THE IMPLEMENTATION OF THE
SEVEN-YEAR DEVELOPMENT PLAN

ISSUED BY COMMAND

OFFICE OF THE PLANNING COMMISSION, ACCRA
A GUIDE TO THE IMPLEMENTATION
OF THE
SEVEN-YEAR
DEVELOPMENT PLAN
1. The Main Task

The main tasks of the Seven-Year Plan are

(i) To speed up the rate of growth of the national economy.

(ii) To embark on the socialist transformation of the economy through the development of the state and co-operative sector.

(iii) To liquidate the colonial structure of the economy by the development of modern industry.
2. THE MIXED ECONOMY

In this stage of transition to socialism it will be necessary to maintain a MIXED ECONOMY.

We must be careful to ensure that the operation of the mixed economy leads to the socialist transformation and not to the defeat of our socialist aims.

It is therefore necessary at all times:

(a) To promote to the maximum the development of the state and co-operative sector through a maximum rate of productive investment by the state and public control of strategic branches of the economy.

(b) To regulate the pattern of state investment in order to give the highest priority to productive investment.

(c) To determine the forms and conditions of foreign investment in order to safeguard our socialist policy and national independence.
3. SOME PROBLEMS AHEAD

In implementing the Seven-Year Plan we expect to face the following problems:

(i) How to achieve a high rate of economic growth and structural change, and how to apply modern science and technology in order to raise the levels of productivity.

(ii) How to accumulate the financial and physical resources and the skilled manpower needed to implement a Plan of this magnitude.

(iii) How to maintain the correct proportion between the increase in the standard of living of the masses and the expansion of the social services on the one hand and the growth of the national economy on the other hand.
4. On the Rate of Economic Growth

The target rate of economic growth of 5.5 per cent per annum which is set in the Plan must be regarded as our Minimum Target.

Our population is growing at a rate of 2.6 per cent a year. If the economy grows at 5.5 per cent a year then national wealth per head of our population will only grow at about 3 per cent per annum.

In order to turn Ghana into an advanced and economically independent country and to ensure high living standards for the whole population it is necessary during the implementation of this Plan to aim at an average growth rate of not less than 6 per cent per annum with a target of building up to 10 per cent per annum by the end of the present plan period.

All annual targets of production in agriculture and industry must be set with the higher growth rates in view so that the present Seven-Year Plan will be considerably OVER-FULFILLED by 1970.
5. The Growth of the Public Sector

(i) Public productive enterprise must play the leading role in stepping up the rate of economic development. It must also grow at such a pace as to assure the eventual dominance of the socialist sector after the transition period.

Therefore the growth rate of the public sector must always exceed the growth rate of the private sector in agriculture and industry.

This should not be done by hindering the growth of the private sector but by maximising the growth of the public sector. Private enterprise will not be killed: it will be surpassed.

(ii) The state must retain control of strategic branches of the economy: this will include all public utilities especially energy and power, raw materials, basic industry and heavy industry.

If it is impossible to organise purely state enterprises in the key branches of the economy it will be expedient to set up mixed state-private enterprises with the state holding enough shares to assure public control.

(iii) The state will also participate in light and consumer goods industry in which the rates of return on capital should be highest.

Healthy competition and emulation between state and private enterprises is necessary in the field of consumer goods production and sale, in order to assure adequate supplies and high quality at reasonable prices for the masses.

(iv) The public sector of industry and agriculture must be a major source of capital accumulation for the state.

State enterprises must earn a profit on the investment which the nation makes in them.

NORMS for the rate of profit and for the period of return of the state's investment must be set for each public enterprise.
It is necessary to make the state sector one in which the state multiplies its capital in a short period for further productive investment. The growth of the public sector and of the State's profits from public enterprise must make possible a progressive reduction of personal taxation as the source of financing for our public services.

Norms of profit and capital return period must be tough but realistic. Their observance by all managements of public enterprise must be rigidly enforced.

(v) It will be necessary to spend some time in carefully Pre-PLANNING all public enterprises in order to assure maximum success of the public sector.

In the closing years of the Plan period however a maximum volume of completion of new productive capacity must be attained in all branches.
6. The Returns on Investment

The rate of economic growth will depend not only on the amount of productive investment but on the Efficiency of Investment.

(i) The correct proportion must be maintained between productive and non-productive investment. The higher the productive investment the faster will be the rate of growth.

In the actual implementation of the Plan it will be necessary to reduce non-productive investment below the level provided in the Plan and to increase the productive investment correspondingly.

(ii) A maximum of return must be sought on each pound’s worth of investment:

(a) Full value of output must be extracted from all industrial capital by working at the rated capacity on at least two shifts a day.

(b) Costs per ROAD-MILE must be reduced forthwith.

(c) So must Costs per STUDENT PLACE in schools and universities, and

(d) Costs per HOSPITAL BED.

(e) Every TRACTOR must cultivate the correct number of ACRES on state and co-operative farms.

(f) Norms of yield—at least ONE TON per ACRE under cereals—must be set and observed on all farms.

(iii) It is not necessary to buy the most expensive type of equipment for every purpose in Ghana. Industrial enterprises outside the key sectors or the export sectors can often satisfy Ghana’s requirements with equipment which is older in design but much cheaper in cost, thereby reducing the prices of their products to the masses. Ghana has enough labour and does not need excessive automation in most branches of staple manufacture.
Import licences for capital equipment must be scrutinised to avoid waste of foreign exchange on unnecessary equipment.

The costs of Workers’ Housing must be brought down on all farms and factories where these have to be provided: this can be done by using local materials and improving efficiency in building operations without any loss in the amenities offered.

These measures will be necessary in order to ensure that while mobilising Ghana’s capital resources to the maximum volume set out in the Plan the rate of growth that will actually be achieved will be much higher than the minimum target of 5.5 per cent per annum.

They must be vigorously implemented so as to ensure that the average growth rate of our economy should not be less than 6 per cent per annum with a maximum target of 10 per cent per annum during the present plan period.
In order to OVER-FULFILL the Plan targets for economic growth it is necessary to meet fully the industrial targets set out in the industrial programme. In order to meet the basic industrial targets large-scale industry will have to increase its output by five times during the plan period. Small-scale industry will also have to be promoted so that aggregate industrial production can grow by a total of more than 130 per cent during the plan period.

Increased output of manufactured goods in the processing sector will depend upon—

(a) the physical possibilities of further increases in mining, especially bauxite, gold, manganese and diamonds;

(b) the growth of agricultural raw materials for local processing—especially, systematic exploitation of forest resources and increased domestic production of cotton, rubber, and oil seeds are of leading importance;

(c) the rapid expansion of domestic processing facilities;

(d) increase of village handicraft production based on domestic raw materials—wood, metals, clay and ceramics.

For large-scale industry it is necessary to examine the requirements of agriculture for implements, equipment, and fertilizers. According to the results of these investigations every effort should be made to establish chemical, fertilizer, and machine-building industries in order to support the expansion of other branches of activity especially agriculture.

Building materials should be developed as an item of high priority.

Industries which contribute to the promotion of Ghana's exports and those which will replace present staple imports should be developed wherever possible far beyond the targets set out in the Plan. In this regard if necessary revised, higher, targets should be set for all branches.
Agricultural production will play a decisive role in accelerating the overall growth of the economy. Agricultural expansion should follow the lines of both increasing the acreage under cultivation and increasing productivity per acre.

The application of science and technology to improve farming should be the central role of State, Co-operative and Workers Brigade farms.

A study of the right degree of mechanization and the costs of irrigation and of the use of fertilizers is urgently needed. The results of these studies should be rapidly applied on the farms in the public sector.

It is necessary to decrease the number of separate farms in the public sector and concentrate instead on the organization of a smaller number of very large, well-equipped, specialized State farms which will promote better management and more scientific farming.

Each large State farm should concentrate on a single main crop (with, of course, the necessary degree of crop rotation and, wherever possible, the addition of livestock).

It should be run in close conjunction with the local stations for tractors and machinery, or wherever necessary it should have its own facilities for the maintenance of agricultural equipment.

Plans will have to be prepared for these large specialised State farms taking into account the best geographical region for the cultivation of each major crop and making provision for an adequate cadre of scientifically trained manpower to run the farms.

The Headquarters Organization of the State farms and the Workers Brigade and the Agricultural Co-operatives should be strengthened so that they can effectively manage big agricultural enterprises.

Farmers in the private sector should be supported with similar facilities and also with help on improved stock, pest control, better marketing and storage facilities, a correct
price policy for agricultural products and a ready supply of implements at cheap prices.

Through an increase in agricultural productivity and a smaller increase in the number of workers engaged in agriculture, total output of food and agricultural raw materials should be increased at least 50 per cent in the course of the plan period.
9. Productivity

To increase the growth target to the highest levels it will be necessary for labour productivity to be growing at a minimum of 6 per cent per annum by the end of the Plan period.

Measures must be instituted for ascertaining the level of labour productivity in all enterprises and a system for planning increases in productivity set up in each enterprise.

These rules should apply specially to State farms and State industrial enterprises which should aim at the highest level of productivity per man in order to reduce costs and increase their profitability.

In order to increase the commodity production of the labour force inducements must also be given to workers now engaged in petty trading and other small service enterprises to move into small-scale and village industry. This type of industry will involve small quantities of capital investment per worker, but as long as power is supplied labour productivity can be increased enormously. Such a shift in the labour force can be encouraged through the system of taxation which should favour craftsmen and cottage industry as against non-productive work.

In order to promote the maximum increase of labour productivity in productive enterprises the piece rate system will be a useful devise.

But the institution of the piece rate system will call for the setting up of accurate norms of work and for the introduction of book-keeping to register output and to control quality.
10. **Manpower and Wages**

If wages grow quicker than productivity this will give rise to disproportions. The growth of wages should in general not be higher than 50 per cent of the increase in labour productivity. Therefore, in order to allow a reasonable rate of increase in wages and in the standards of living of the masses it will be necessary to increase the rate of improvement of labour productivity to the highest levels.

The exact requirements of all enterprises for skilled manpower should be determined in both the State and the Private sectors. The development of technical education should be closely related to such requirements.

All education in Ghana should be given a new orientation emphasising the practical and scientific aspects to fit the citizen for productive employment.

Scientific and practical education in the primary schools, especially in the two-year Continuing Schools, is of the greatest importance. It is through these that modern technology and improved methods of production should flow into the productive economy. A net-work of Evening and Correspondence schools should be made available for workers willing to undertake further technical and scientific training.
11. THE PUBLIC HEALTH SYSTEM

Public Health should show great advance limited only by the resources that can be allocated to it. All capital allocated to health services must be used with the greatest efficiency by concentrating on disease control and by reducing the cost per head of medical facilities.

Greater use of Medium-Level Medical Personnel should be made. These should be trained in such numbers as to ensure that for every doctor employed there shall be at least three medium-level medical personnel to administer the simpler forms of medical service.

Enterprises of any size in agriculture, industry, construction and mining should provide basic medical facilities at the place of work. These dispensaries should take care of ordinary sicknesses and first-aid and also participate in the control of endemic diseases.
12. FINANCING

1. The domestic sources of savings should be developed to provide the finance for investment. These should include the banking system and the institutions for savings and insurance. Since the financial organizations also control the development of the economy it will be necessary to maintain the proper degree of public control over all financial institutions. This should also facilitate the mobilization of domestic savings for public investment.

Amortization funds of state enterprises collected under the norms of capital return which are set for such enterprises should be paid into special accounts and used to augment the capital funds of the state.

2. In using foreign capital we must observe rules which safeguard our independence and our social policy:

(a) Care must be taken to ensure that the State’s own borrowing of foreign capital is used for productive enterprises and is obtained on terms which the nation's budget and balance of payments can support.

(b) Private foreign capital must be channelled into the sectors desired by the country and should be accepted under conditions which will not over-burden the national economy.

In order to obtain foreign currency to purchase capital equipment from abroad a vigorous campaign of export promotion and a more rational allocation of foreign exchange for imports should be instituted.

3. To maintain overall financial stability the rules regarding movements in the level of wages in relation to movements in labour productivity must be closely observed.
13. The Preparation of Projects

The Annual Plan should always contain projects for which detailed planning has been completed. Such plans should specify the output capacity, costs, location, construction programme and labour requirements in the case of industrial and agricultural enterprises.

Planning Officers should be responsible for ensuring that the most economical proposals have been obtained for the state.

In those cases—roads, schools, hospitals—where reductions in unit cost have been requested the State Planning Committee should ascertain that such reductions have been made.

The Annual Plan should also specify all the necessary indicators for the development of production trade and employment for the year.
14. THE PLANNING AGENCIES

Centralised control and co-ordination are essential for the successful implementation of the Plan.

The National Planning Commission will have full authority over the implementation of the Plan and will control and co-ordinate all activities for that purpose.

The powers of the National Planning Commission will be exercised on a day to day basis by the State Planning Committee.

No investment of public funds should be sanctioned without the scrutiny and approval of the State Planning Committee.

All departments and corporations will have to prepare their projects in such a way as to meet the scrutiny of the National Planning Commission and especially of the State Planning Committee.

Proper co-ordination is essential for the achievement of our ambitions. Such co-ordination should be carried out through the centralised State Planning Committee properly serviced by its technical staff. All departments and corporations should co-operate with the Committee for the success of the Plan.

The Planning Commission should also advise Government on all aspects of economic policy.