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USAID/GHANA

FY 84

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FY 1984 ANNUAL BUDGET SUBMISSION - Ghana

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Summary Strategy Statement

I. Introduction

The economic decline described in the Ghana FY 83 CDSS has continued unabated. The Government of the Provisional National Defence Council (PNDC) replaced the Limann administration in a coup on December 31, 1981, but the PNDC has yet to chart a firmer program to deal with Ghana's fundamental problems than did the Limann Government.

The continued economic decline has rendered the approved Mission strategy less operable. We believe that there will be a necessary interim period of structural adjustment in the economy before a small farmer food production strategy can be successfully implemented. The purpose of the present discussion is to provide a glimpse of why an interim strategy is essential. The constraint on length of the discussion and the preliminary (and thus tentative) stage of our analysis limit this to a summary with a macroeconomic orientation. The more detailed (and microeconomic) analysis will be carried out in the FY 85 CDSS exercise.

The purpose of the analysis section is to summarize how Ghana got into its declining economic spiral. In Section III the implications of this decline on the present AID strategy, area of emphasis (food production) and target group (small farmers), is discussed. This is followed by an exposition of our proposed interim strategy.

II. Analysis of the Economic Decline

The timing and circumstances of Ghana's independence imposed political imperatives which shaped economic events and decision making. Principal was a feeling that Ghana, as the first independent sub-Saharan African state, had the responsibility and leadership role to provide a successful model

of development for the rest of Africa. To break from the colonial past and to turn Ghana into a modern state the civil service was indigenized very rapidly and many social services in health and education were launched. To catch up with the industrial North, a program of rapid industrialization, which was heavily dependent on imported technology, investment and inputs was undertaken using governmental resources preponderantly. There was a generic mistrust of the private sector and hence a reluctance to allow market forces to operate. Agriculture, while receiving lower priority, was to be mechanized under the aegis of enterprises such as the State Farms Corporation. The private agricultural sector was left to fend for itself.

This investment strategy did not consider the relative factor endowments and constraints of Ghana, such as the abundant unskilled labor supply, the small size of the domestic market, and the economy's ability to supply local raw material inputs to enterprises. The adopted technologies, since they utilized few domestic resources, were incapable of generating significant multiplier and backward linkage effects; in effect, these new industries became typical enclave operations that operated at low capacity utilization rates. (In 1967-68 the utilization level was about 35 percent or less than half that of 1960.) The lack of domestic raw materials made them continuing heavy users of foreign exchange.

To meet the rising expectations of the rapidly increasing number of school leavers, the state enterprises and civil service became engines of employment with efficiency and profitability concerns receiving lower priority. The result was predictable. Foreign exchange resources were depleted and large subventions from Government were required. Government revenues did not grow rapidly since the industrial effort did little to stimulate

growth. Combined with continued heavy social investment, the central government was forced into increasingly large-scale deficit financing, its borrowing from the banking system increasing more than ten-fold between 1960 and 1966. The Government's share of total bank borrowing rose from 6 to 57 percent and foreign exchange reserves fell from $425 million in 1960 to $17 million by the end of the Nkrumah period in 1966.

The damage to the economy had been done. Ghana had exhausted its foreign exchange reserves and was saddled with a very inefficient import-dependent industrial sector, a bloated government bureaucracy that continued to grow to meet employment objectives, and a tax structure which would increasingly penalize the productive private sector.

Successive governments after 1966 have singularly failed in turning the economy around. None has been willing to make a significant break with the basic initial post-independence policies. The lack of foreign exchange, continually increasing government deficits, and tighter controls which discouraged private investment, have resulted in very low levels of capital formation over the past fifteen years. Ghana has been eseentially depleting its once impressive infrastructure established during the colonial and early independence period.

One major new factor has emerged since the early 1960s that helps explain Ghana's plight. Increasingly, cocoa, Ghana's traditional leading foreign exchange earner (comprising 72 percent of 1980 export earnings) has been tapped as a source of government revenue. Taxes on cocoa increased from 18 percent of cocoa export proceeds in the 1961-64 period to more than 50 percent in the 1976-79 period. Not unexpectedly, cocoa production has fallen from a peak of 566,000 metric tons in 1964/65

(38 percent of the world total) to about 225,000 tons (13 percent of the world total) by 1981/82. In addition, gold production fell from about 950,000 ounces in 1960 to 340,000 ounces in 1981.

With this background we can better understand and describe the Ghanaian economy of the early 1980s.

The value of exports remained stagnant in the late 1970s at about $1 billion due to a fall in the volume of cocoa exports and in gold (arising from a lack of investment). Export earnings then fell sharply in 1981 to about $700 million. With rising oil and other import prices and net foreign exchange reserves that reached a negative level at the end of 1981, there has been a declining ability to import. The resulting lack of imported capital goods and raw materials had reduced industrial capacity utilization to the 10 to 20 percent range and insured continual deterioration of infrastructure, most notably of the transportation system. Since almost 85 percent of taxes arise directly from the foreign trade and manufacturing sectors, there has been a steady erosion of the tax base. Combined with virtually no fiscal restraints, this has led to a burgeoning government deficit estimated at eight billion cedis (about 60 percent of expenditures) for the 1981/82 year. That deficit is sixteen times the total of Government recurrent and capital expenditure ten years earlier. The ensuing rapid expansion of the money supply, inefficiency of the government sector in supplying goods and services and the declining output of the manufacturing sector have fueled the triple digit inflation of recent years (1977 and 1981). Rapid inflation has led to a situation where the market rate of the cedi is currently about one-twelfth of the official exchange rate. This destroys any incentive to export through official channels, foreign exchange earnings continue to decline and the vicious spiral continues.

This capsule summary of the economic setting, while simplified, should provide a sufficient basis to understand the rationale for the Mission strategy. Before moving to that strategy, it is necessary to see how this collapse of the economic system has affected the currently identified AID target sector and group--food production and the small farmer.

III. Impact on Food Production and the Small Farmer

As already indicated, agriculture was a low priority item within the basic industrial strategy and small farmer agriculture was a very low priority within the agricultural sector. In 1971/72 only three percent of the Government's annual budget went to agriculture (excluding cocoa) and while it has been rising, by 1977/78 it still only amounted to seven percent of the budget. This is a very small figure considering that over 50 percent of the population earn their livelihood at least in part from agriculture.

As a result of this inattention, food production is still overwhelmingly undertaken using traditional techniques. Indicative of this, it has been estimated that agricultural machinery in country in 1976, even if used at peak efficiency, could have been involved in the preparation of only seven percent of the land area planted that year. Fertilizer distribution did increase from 10,000 metric tons in 1971 to a peak of 84,000 tons in 1977, but fell to 48,000 tons in 1979 and virtually none is expected in 1982. However, during the expansionary period, yields of food crops for which fertilizer should have been used did not improve. This was most likely a result of the inefficient government controlled distribution system which often saw fertilizer being distributed too late to be effective. With relatively poor storage facilities much of the fertilizer, if carried over to the next cropping season, would have had lowered potency levels. Moreover, with very heavy fertilizer subsidies (85 percent through 1976) there would be a great incentive to engage in the smuggling of fertilizer to neighboring

countries. Thus, outside of a few large commercial farmers, it is not likely that fertilizer really achieved wide usage or effectiveness.

Recorded food production during the 1970s declined in Ghana. Cereal production went from 857,000 tons in 1970 to 716,000 tons in 1980. The starchy staples dropped from over six million tons in 1970 to 4.4 million tons in 1976 (latest available data).

Why is food production supposedly falling? One explanation of the recorded decline is inadequate prices. However, the local food terms of trade vis a vis all prices (which itself is heavily weighted with local foods) increased by 30 percent over the period 1971-1980. Recent evidence indicates that farmers are aware of market prices for foodstuffs and will refuse to sell if farmgate prices get out of line. Thus the terms of trade for food producers most assuredly improved steadily over the period. While it is difficult to calculate an internationally comparative price given the over-valued exchange rate, there is substantial evidence that farmers can get close to the import parity price at the unofficial rate of exchange and ten times that rate at the official rate at harvest time. The current government control price for maize farmgate equates to about $135 per metric ton at the unofficial rate of exchange. With rising real farmgate prices over time and a c urrent price that is comparable to international prices, the price issue does not serve as a plausible explanation for production declines.

A second type of explanation might be a deteriorating technical capacity to produce. However, as previously noted, food producers have always relied heavily on traditional techniques. With abundant land, increasing rural population and unchanged technology, an increase in production approaching the rate of growth of the rural population could be expected. That it is not occurring implies that food producers are producing at less than their

technical capacity. In this case, expanding their technical capacity through greater availability of improved inputs will not lead to increased production. It may lead to less appropriate factor proportions as scarce imported inputs may be substituted for abundant overall labor supplies.

But for a farmer not to operate at his technical capacity, it must mean that he has insufficient incentive. There are two aspects of the economic system in which the farmer operates that provide a consistent and satisfactory explanation of this behavior. One is the lack of transport. If he cannot get his produce to market, the market price is meaningless. The other aspect is the lack of incentive goods in rural Ghana. The extreme scarcity of foreign exchange and the very low operational levels of Ghana's factories ensure that the typical incentive goods, such as soap, sugar, cloth, batteries, etc., are in extremely short supply. Since the Ghanaian distribution system does not allocate on the basis of the highest bidder, large cedi incomes in rural areas do not necessarily translate into effective purchasing power. The urban, "modern" bias ensures that the rural areas get less than their fair share of whatever is available.

It is also possible that food production has not, in fact, declined. It may be that an increasing proportion of production is being missed by a statistical service which is disintegrating. Undoubtedly smaller amounts of foodstuffs are reaching Ghana's urban centers, but this seeming anomaly could be explained in four ways. First, on-farm consumption might be increasing. Second, the deteriorating transport network is becoming less capable of moving foodstuffs to urban markets. Increasing quantities of food could be left to spoil on farms, a situation which would not last long as farmers would begin retrenching. A figure as high as 30 percent has been used for on-farm losses

for lack of transport in the last crop year, but this is only a rough estimate. Third, farmers are reluctant to market goods because they have been subjected to or expect harassment by soldiers. Fourth, the amount of foodstuffs being smuggled into neighboring hard currency countries could be substantially increasing as it has for cocoa. Last year officials in the Upper Region, traditionally the largest food deficit area in Ghana, estimated that 30 to 40 percent of the Region's production was shipped out of Ghana. Trucking is less of a problem when "exporting" because the trading country's trucks may be used and/or the Ghanaian truckers have better access to spares and fuel in the countries of destination.

If food production has increased, the existence of the transport and incentive constraints provide a satisfactory explanation of the reduced marketing to urban Ghana. To the extent that under-recorded production is due to on-farm losses from lack of transport, the situation can only be a transitory one and production will fall toward a no-surplus state on farms. To the extent that foodstuffs are increasingly being smuggled to neighboring hard-currency countries, it is because the food can be "bartered" for incentive goods which are readily available in the market place.

Whatever the real trend in food production, it would seem that the major impediments to solving the food "shortages" in Ghana are the disintegrating transport network, the lack of incentive goods in the countryside, and the disincentive of low prices. This is how the collapse of the economy affects and constrains the food producer. We now turn to the implications of this situation for a revised strategy.

IV. Strategy Implications.

A. Overall Ghanaian Strategy

The increasing inability of the Ghanaian economy to provide sufficient

incentives to food producers renders the present CDSS strategy inoperable. Once the economy rebounds and the incentives system improves, a strategy that directly focuses on modernizing traditional small farmer agriculture would make sense. Analysis of any group, other than a totally subsistence one, would yield similar results as for the small farmer group. Thus this same starting point holds for any target group or productive sector that USAID strategy could focus upon.

The structure of the Ghanaian economy does not permit the transportation and incentive goods constraints to be addressed with internal resources. The manufacturing sector has been based on raw material imports. To finance its requirements in these areas Ghana will need to improve substantially its export performance.

To introduce successfully an export promotion strategy, the Government of Ghana will have to address the fundamental issues raised by the IMF in its stabilization package. The exchange rate and budget deficit issues are of greatest c oncern for present purposes. Stated most simply, the drastically overvalued cedi has destroyed any incentive to export. To stimulate the export sector, the exchange rate will have to be brought into line with market realities. The budget deficit has been the principal undermining element eroding the cedi's value. It must be sharply curtailed if the erosion is to stop.

For the Ghana government to move decisively on a stabilization exercise, it will have to overcome years of poor economic management and vestigial political considerations. It will have to focus on production and efficiency rather than on distribution and on exports rather than imports. It is likely that the process will be slower and performance somewhat less than might be expected.

The high option strategy proposed below represents a best-case

situation. USAID should be prepared to follow an intermediate position between that and the low-option strategy in recognition of the fact that performance might well be less than optimal.

B. USAID High Option Strategy

The goal of our interim high option strategy is macroeconomic in nature. It is to resuscitate the Ghanaian economy, especially the export sector. Without this revival, there is little hope that the longer term objective of increasing food production by small farmers can be achieved in an efficient manner. There are several pitfalls to elucidating an AID strategy at this time: (1) the form of any stabilization effort is still to be negotiated; (2) the response by other donors to a stabilization effort is not clear, though it will probably be substantial; and (3) this Mission is only in the early stages of analyzing the constraints of the export sector. What follows then, is an attempt to provide in broad outline the elements of an interim strategy for the next few years. It should be considered tentative at this stage and subject to revision in the FY 85 CDSS. It has a macro-economic orientation in that it does not try to pinpoint target groups to focus on and it does represent a best-case scenario.

The producers of Ghana's exports, primarily cocoa, gold and timber, face the same transport and incentive constraints as the small farmer. They have been more severely affected, however, since real prices for their output have fallen dramatically. Compared to the consumer price index cocoa prices paid to farmers have been halved between 1970/71 and 1979/80. Moreover, since they are more dependent on imported inputs than are traditional agriculturalists, their technical ability to produce has been reduced.

Under a stabilization program, devaluation would begin to solve

price problems for export producers and the IMF infusion of foreign exchange could be used to begin stimulating export production. The first element of the AID strategy is to provide direct support to this export stimulation process. It would take the form of an agricultural sector grant. The grant would be focused on the resuscitation of the transport network in the export-oriented regions. This could involve support to feeder road construction, the provision of trucks to haul commodities, etc. The advantage of this element is that it directly addresses both an export constraint and one of the fundamental constraints to our long term food production strategy since the export regions are also substantial food producing areas. Additionally, we may be able to use the Trade Development Program for assistance to the gold sector.

Element two of the strategy would be to provide industrial raw materials to increase the availability of incentive goods, which constrain both producers of exports and food producers. The PL 480 Title I mechanism is well suited to supporting this element. We would see theTitle I program heavily weighted toward cotton imports with food imports becoming less and less necessary as food production revives. Part of the counterpart funds generated from the program would be used for local cost support for element one of the strategy.

Element three of the strategy is more complicated. One key factor of a stabilization effort is a reduction in the budget deficit to hold down further debasement of the cedi and release what are currently unproductive manpower resources for more productive work. Devaluation will increase cedi revenues but there will be cedi expenditure increases that will partially offset the expected revenue effect.

Any real retrenchment will require the Government to release sizable numbers of employees from the bloated numbers that have accrued over the years. The most telling example is the Cocoa Marketing Board (CMB) which now employs over 105,000 people while handling continually decreasing amounts of cocoa.

In an optimal setting, many of the functions of these highly inefficient government operations such as CMB and State Farms Corporation could revert to the private sector, where they once were or be abandoned. The agricultural sector support grant would be partially used to help get these private initiatives started. An example might be the provision of trucks for the private sector to haul cocoa and supply inputs.

There will be productive employment opportunities for the redundant Government labor force. Wage rates for farm labor are at least four times the urban minimum wage and there is much under utilized arable land. The labor shortage is particularly acute on the cocoa farms and will grow worse as cocoa expansion/resuscitation is attempted.

Declaring government labor to be redundant will be a major step forward. In addition to the agricultural sector support grant, the Mission proposes to assist the GOG in relocating redundant labor into the agricultural areas using Title I counterpart and cedi generations from the agricultural sector support grant. We would also propose a major role for a Title II food for work program to provide support in the initial stages of resettlement, at least until a first crop could be harvested.

The last aspect of this strategy element is concerned with rationalizing and improving the revenue generation system. Some of the productive sectors of the economy are taxed at punitive rates, while other large sectors, such as trade, pay virtually no taxes. A rationalization of the tax system and its administration will reduce the inequities and by broadening the tax base, should lead to increased revenues, thereby helping to stem the deficit.

One important by-product of retrenchment by Government could be derived if it leads to a systematic reduction in Government regulation and control of the economy. The inefficient Government regulation/control system and the bureaucracy which enforces it stifle private initiative. Freed from these controls, there would be a much improved environment for domestic and foreign private investment.

Finally, element four of the strategy represents those aspects of the current strategy that should be continued. First is maternal and child health where we have three interventions which impact on health status - health care delivery, family planning services and nutrition (Title II).

The second aspect is focused on improving the production and availability of high quality seed for Ghana's food producers. This aspect is retained because the development of a viable seed production capability is central to improving food output, the focus of our long term strategy. Establishing this viability is not a short-run effort. By the time the availability of seeds is widespread, improved provision of inputs to food producers should again be the primary focus of an AID program. Moreover, the Ghana Seed Company has been making satisfactory progress in its switch to private company status. Premature withdrawal of support could lead to it being reabsorbed by the Ministry of Agriculture.

The operational implications of this strategy are: (1) it will become more heavily weighted toward fast disbursing non-project assistance; (2) it will be geared toward revitalizing and expanding the private sector of the economy; (3) it fully incorporates the PL 480 programs into the strategy and uses these resources for developmental purposes; and (4) it directly addresses the growing concern in Africa of recurrent costs and increasing budget deficits.

C. Assistance Levels

Were the Government to adopt a stabilization program, it would require substantial injections of external assistance and investment capital to restore development momentum. Our modest effort will supplement IMF, IBRD and other donor initiatives and permit consideration of the U.S. views on policy issues. Close coordination among donors will be central to the programming of additional resources. At some point in its current economic and financial crisis, Ghana may seek to have its debts rescheduled. Formation of a formal donor consultative group and co-financing of balance of payments support and and development oriented project activities merit serious consideration.

AID assistance to Ghana's stabilization effort should be highly concessional (i.e., grant) and should consist of non-project assistance in support of the agricultural sector. The AAPL levels, particularly for FYs 84 and 85, are inadequate should Ghana initiate a stabilization program and conclude a standby arrangement with the IMF during FY 83. Under such a scenario we would request additional resources to support policies conducive to structural change and economic growth.

D. Low Option Strategy

Without stabilization efforts, production and exports will not be stimulated, and efforts to directly increase production will have a marginal impact and will not be undertaken. We would limit our bilateral activities to element four of the high option strategy. The two low option activities, which would continue, would demonstrate our concern for welfare of the rural population during a period with declining living standards.

IV. Conclusion

As noted at the outset, the analysis and strategy are very tentative. Our FY 85 CDSS will provide further details. Likewise, the high option strategy is clearly dependent upon optimistic assumptions about how far, how fast, and how effectively the Government of Ghana will move toward a stabilization program. At the present, it is difficult to be sanguine about the prospects.

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TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT ($ Thousands)

Country: GHANA

DEVELOPMENT ASSISTANCE	FY 1982 EST	FY 1983 EST	FY 1984 REQUEST LOW	FY 1984 REQUEST HIGH	PLANNING PERIOD 4/ 1985	1986	1987
ARDN	-	3300	1000	6500	7500	12400	17800
GRANTS	-	3300	1000	6500	7500	12400	17800
LOANS	-	-	-	-	-	-	-
POPULATION	-	1300	-	-	1000	1100	1200
GRANTS	-	1300	-	-	1000	1100	1200
LOANS	-	-	-	-	-	-	-
(OF WHICH CENTRALLY PROCURED COMMODITIES)	-	1300	-	-	-	-	-
HEALTH	-	-	1000	-	1000	1000	1000
GRANTS	-	-	1000	-	1000	1000	1000
LOANS	-	-	-	-	-	-	-
EHR	1372	-	-	-	-	-	-
GRANTS	1372	-	-	-	-	-	-
LOANS	-	-	-	-	-	-	-
SDA	-	-	-	500	500	500	-
GRANTS	-	-	-	500	500	500	-
LOANS	-	-	-	-	-	-	-
SUB-TOTAL FUNCTIONAL ACCOUNTS	1372	4600	2000	7000 1/	10000 1/	15000 1/	20000 1/
GRANTS	1372	4600	2000	7000	10000	15000	20000
LOANS	-	-	-	-	-	-	-
PL 480 (Non-Add)							
Titles I/III	7000	7000	-	15000 1/	16500 1/	16500 1/	16500 1/
(of which Title III)	-	-	-	-	-	-	-
Title II (Vol Ag)	4900	5000	5200	5200	5500	5500	5200
Total Personnel 2/							
USDH (workyears)	18.6 3/	8.8	7.8		8.8	10.8	10.8
FNDH (workyears)	30.8	21.8	17.8		17.8	18.8	20.8

(See footnote explanations on following page)

TABLE I NOTES

1/ See Table I narrative (Adequacy of AAPL) for discussion of funding required under high track level.

2/ Includes 0.8 work-years in both USDH and FNDH category for PT positions during FYs 83 - 87.

3/ USDH - includes services of one IDI for 0.5 work-years.

4/ Funding is at the high track funding level.

TABLE I NARRATIVE

1. Forward Funding

The Mission can manage with the project forward funding guidelines for FYs 83 and 84. The OICI activity (0108) will be fully funded for its two year life during FY 82.

To keep the contraceptive pipeline fully supplied until a longer term, population/health project comes on stream in FY 84/85, we propose to fund FY 83 and 84 contraceptive requirements during FY 83.

2. Program Pipeline

We have no serious pipeline problem. The pipeline has been substantially reduced over the past year as projects have been completed or restructured.

3. Program Mortgage

USAID will complete funding of activities begun in prior years in FY 83. As a result we will have a "zero" program mortgage going into FY 84.

Following on the comprehensive review of our core MIDAS II (0102) project reported in Accra 3024, we are completing a revised financial plan. We will not request the additional loan resources of $4.711 million which had been authorized but not funded when the project was authorized in August 1980. The grant component will be completely funded in FY 83 and at a lower level than the authorization.

4. Adequacy of AAPL

Should the GOG undertake significant policy changes which would allow for meaningful development activity, we consider the high track AAPL to be inadequate to make a significant impact. At such time as Ghana undertakes an effective stabilization effort, which would involve multi-donor support, AID should be prepared to consider an upward adjustment to the AAPL.

...2/

5. Staffing Levels

During the past year the Mission's full-time staff has been substantially reduced from 23 USDH and 32 FNDH in FY 81 to 13 USDH and 28 FNDH at the end of FY 82. We can sustain the additional reduction proposed for FY 83. However, if we are to be capable of undertaking new initiatives under a high track option we will require an increase from a minimal staffing level starting in FY 84. The additional workforce requirement will be identified at the time we shift from low to high program option funding levels.

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TABLE III - PROJECT OBLIGATIONS BY APPROPRIATION ACCOUNT
FY 1982 to FY 1984
($ thousands)

Country GHANA

APPROPRIATION ACCOUNT		FY 1982	FY 1983	FISCAL YEAR 1984 LOW	FISCAL YEAR 1984 HIGH
ARDN		-	3300	1000	6500
0084	DAPIT	-	1004	-	-
0102	MIDAS II (Grant)	-	2296	-	-
0104	Agric. Sector Support	-	-	-	5500
0110	Ghana Seed Company	-	-	1000	1000
POP		-	1300	-	-
0109	Contraceptive Supplies	-	1300	-	-
0082	Primary Health Care	-	-	-	-
HE		-	-	1000	-
0082	Primary Health Care	-	-	1000	-
EHR		1372	-	-	-
0108	OICI III (PVO)	1372	-	-	-
SD		-	-	-	500
0105	INC. REV. FOR DEV.	-	-	-	500
SUB-TOTAL OF FUNCTIONAL ACCOUNTS		1372	4600	2000	7000

TABLE IV PROJECT BUDGET DATA

Country: GHANA

PROJECT NUMBER	PROJECT TITLE	G/L	OBLIGATION DATE INITIAL	OBLIGATION DATE FINAL	LIFE OF PROJECT COST ($ mil) AUTH h/	LIFE OF PROJECT COST ($ mil) PLAN h/	ESTIMATED U.S. DOLLAR COST ($000) CUM PIPELINE AS OF 9/30/81	FY 1982 OBL	FY 1982 EXP	FY 1983 OBL	FY 1983 EXP	FY OBLIGATIONS 1984 AAPL	FUNDED TO MO/YR	1985	1986	1987	FUTURE YEAR	ITEM #
	ARDN																	
0067	MIDAS I	G	76	79	5.5	$.5	414	-	414	-	-	-	-	-	-	-	-	
0067	MIDAS I	L	76	76	10.0	10.0	2302	-	7 a/	-	-	-	-	-	-	-	-	
0070	AG MGT DEV	G	75	80	1.6	1.6	81	-	81	-	-	-	-	-	-	-	-	
0072	FAAD (PVO)	G	77	81	3.6	3.6	916	-	916	-	-	-	-	-	-	-	-	
0073	DIPRUD	G	77	79	.5	.5	96	-	96	-	-	-	-	-	-	-	-	
0084	DAPIT	G	79	83*	4.8	4.8	3455	-	800	1004	1000	-	-	-	-	-	-	
0102	MIDAS II	G	80	83	9.4	7.7	b/ 4843	-	1200	2296	1700	-	-	-	-	-	-	
0102	MIDAS II	L	80	80	11.7	7.0	b/ 7000	-	300	-	3300	-	-	-	-	-	-	
0104	AG SECTOR SUPPORT	G	84	87	-	40.2	-	-	-	-	-	5500	4/85	6500	11400	16800	-	
0110	GHANA SEED COMPANY	G	84	87	-	4.0	-	-	-	-	-	1000 c/	4/85	1000	1000	1000	-	
	ARDN Sub-total	G			25.4	63.8	9805	-	3507	3300	2700	6500	-	7500	12400	17800	-	
		L			21.7	17.0	9302	-	307	-	3300	-	-	-	-	-	-	
		G&L			47.1	80.8	19107	-	3814	3300	6000	6500	-	7500	12400	17800	-	
	PN																	
0064	POP PRM SUPPORT	G	71	78	3.6	2.6	147	-	147	-	-	-	-	-	-	-	-	
0068	MGT RUR HE SVS	G	76	78	1.3	1.3	9	-	d/	-	-	-	-	-	-	-	-	
0082	PRIMARY HEALTH CARE	G	85*	87	-	3.3	-	-	-	-	-	-	-	1000	1100	1200	-	
0087	POP DYNAMICS	G	77	79	.7	.6	99	-	99	-	-	-	-	-	-	-	-	
0109	CONTRACEPTIVE SUPPLIES e/	G	83	83	-	1.3	-	-	-	1300	700	-	-	-	-	-	-	
	PN Sub-total	G			5.0	9.0	255	-	246	1300	700	-	-	1000	1100	1200	-	
	HE																	
0068	MGT RUR HE SVS	G	76	79	.9	.9	6	-	6	-	-	-	-	-	-	-	-	
0082	PRIMARY HEALTH CARE	G	84*	87	-	3.0	-	-	-	-	-	(1000) f/	4/85	1000	1000	1000	-	
0088	CHETS	G	79	79	.7	.7	547	-	47	-	247	-	-	-	-	-	-	
	HE Sub-total	G			1.6	4.6	553	-	53	-	247	(1000) f/		1000	1000	1000		

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TABLE IV PROJECT BUDGET DATA

Country/ GHANA

PROJECT NUMBER	PROJECT TITLE	G/L	OBLIGATION DATE INITIAL	OBLIGATION DATE FINAL	LIFE OF PROJECT COST AUTH h/	LIFE OF PROJECT COST PLAN h/	ESTIMATED U.S. DOLLAR COST ($000) CUM PIPELINE AS OF 9/30/81	FY 1982 OBL	FY 1982 EXP	FY 1983 OBL	FY 1983 EXP	FY OBLIGATIONS 1984 AAPL	FY OBLIGATIONS FUNDED TO MO/YR	FY OBLIGATIONS 1985	FY OBLIGATIONS 1986	FY OBLIGATIONS 1987	FY OBLIGATIONS FUTURE YEAR	ITEM #
	EHRD																	
0077	ERDM	G	77	82	3.1	3.1	769	-	400	-	369	-	-	-	-	-	-	
0083	WOMEN IN GHANAIAN DEV.	G	76	78	.5	.5	31	-	4/	-		-	-	-	-	-	-	
0095	COMMUNITY DEV STAFF TRG(PVO)	G	78	81	.5	.5	1	-	1	-	-	-	-	-	-	-	-	
0101	OICI II (PVO)	G	81	81	.2	.2	118	-	118	-	-	-	-	-	-	-	-	
0108	OICI III (PVO)	G	82	82*		1.4	-	1372	250	-	950	-	-	-	-	-	-	
	EHRD Sub-total	G			4.3	5.7	919	1372	769	-	1319	-	-	-	-	-	-	
	SD																	
0105	INC REV FOR DEV e/	G	84*	86*	-	1.5	-	-	-	-	-	500	4/85	500	500	-	-	
	SD Sub-total	G			-	1.5	-	-	-	-	-	500		500	500			
	Country Total				58.6	101.6	20834	1372	4882	4600	8266	7000		10000	15000	20000	-	
		G			36.3	84.6	11532	1372	4575	4600	4966	7000		10000	15000	20000	-	
		L			21.7	17.0	9302	-	307	-	3300	-		-	-	-	-	

a/ $2.295 million deobligated in FY 82.
b/ See Table I Narrative regarding change in Planned Level.
c/ Included under both AAPL and low option.
d/ Pipeline deobligated in FY82
e/ Not included in FY83 CP.
f/ Low option only. Under AAPL will begin in FY85.
g/ Deobligated in FY 82.
h/ Figures rounded.

AGRICULTURE SECTOR SUPPORT (641-0104)

Duration of Project:	FYs 84-87	Life of Project Funding:	$40,200,000 (G)
Appropriation:	ARDN	FY 84 Funding:	$ 5,500,000 (G)
		FY 85 Funding:	$ 6,500,000 (G)

Purpose

The project purpose is to provide program assistance under a stabilization program to strengthen agricultural marketing and transportation activities.

Statement of the Problem

The economy of Ghana has suffered through a steady and pervasive decline in the last decade. See Summary Strategy Statement for details.

The shortage of spare parts for trucks and the continued deterioration of the road network make very problematic a farmer's ability to market food and crop production. It has been estimated that as much as 30 percent of surplus food production in Ghana is lost before transport can be arranged to market it.

Proposed Means of Dealing with Problem

The present project is to be considered only in the context of a broader economic stabilization effort by the Government of Ghana with the International Monetary Fund providing the bulk of the external resources needed. If successful the stabilization effort will halt the general deterioration in the economy and set the macro-economic stage for improvement of small farmer food production.

This project will supplement Ghana's financial ability to procure equipment and spare parts to improve the quality and quantity of the agricultural transportation fleet, to improve farm to market roads, particularly in areas with high potential for food and export crop activities and to provide farmers with a timely and reliable system for the delivery of inputs and evacuation of produce. The project will be directly supportive of the Mission program, particularly the Ghana Seed Company, to support food production activities.

It should be noted that the above programming is notional. The precise areas for assistance within the sector can be determined once a stabilization program is in place and the areas of the IMF and IBRD assistance are known.

Host Country Entities

Overall responsibility for the project will be with the Ministry of Finance and Economic Planning and the Ministry of Agriculture.

Target Group

The immediate beneficiaries will be farmers and the rural population who will have more reliable transport system to evacuate agricultural production and to deliver inputs and consumer goods and services.

Major Issues During Project Development

- The Government of Ghana's policy regarding subsidization of inputs and price controls are major issues which will need resolution during project development.

- The Government of Ghana's farm-gate pricing policy for agricultural production (including cocoa and other export crops) will be crucial to the farmer's incentive to produce. How this and other stabilization efforts affect pricing of crops will need to be reviewed during project development.

INCREASED REVENUES FOR DEVELOPMENT
641-0105

Duration of Project: FY 84-87
Appropriation: SD

Life of Project Cost: $1,900,000 (G)
FY 84 Funding: $500,000 (G)
FY 85 Funding: $500,000 (G)

Purpose

To upgrade the tax administration capacity of the Government of Ghana (GOG) in order to facilitate the collection of additional tax revenues for development.

Improvement in revenue collection is a key element in stabilization effort by providing resources for development.

Statement of the Problems

In the early years of independence, Ghana's tax effort was adequate with collections reaching a peak of 20 percent of GDP in 1964/65, according to IBRD reports. The country's tax performance declined through the 1970s and the tax ratio averaged 14.2 percent in 1972/76. The sharp downward slide in Ghana's tax effort really began in 1977 and by 1978-79 the tax ratio stood at 10 percent. Tax evasion is the key to the country's declining tax performance; other important underlying factors have been the subsidies on imports (implicit in an overvalued exchange rate) and lower collections as imports and production declined. It is significant that the slide in revenue collection coincides with the jump in inflation, the growing cedi over-valuation and economic distortions, malpractices which arose in response to these distortions, and the expanding size of Ghana's submerged economy.

Proposed Means of Dealing with Problem

According to a recent IBRD Report, "spearheading the decline in tax effort in recent years has been the falling revenue performance in the non-agricultural sector. Tax administration in this sector is an area that deserves immediate attention. Effective administration of existing taxes would be the obvious instrument of raising more revenue, and would minimize the need to continually revise upwards rates of taxation which would only aggravate the burdens of honest taxpayers. Institutions involved in tax administration, mainly the Central Revenue and Customs and Excise Departments need to be strengthened. A more systematic effort must be made to bring an increasing number of self-employed persons and owners of small household-type business under the tax net. Better enforcement procedures and increased penalties for non-compliance must also be adopted. If income from self-employed and small businessmen was taxed at the same effective rate as wage and salary income, total income tax collection could more than quadruple. Improved tax administration would also turn rent and property income into an important source of revenue. Improved tax administration would also increase the yield of indirect taxes. If under-declaration of imported merchandise was eliminated, customs duty collections could easily double".

The proposed project will involve the modernization of regulations and procedures which were designed for a period when the scale and complexity of public finances was much less and which have proven to be ineffective in the present day environment. The project will assist in establishing modern systems for collections, auditing and taxpayer registration through technical assistance, training and limited commodities.

Host Country Entities

The Ministry of Finance and Economic Planning is the primary counterpart agency.

Target Group

The immediate beneficiaries will be Ghanaian tax administrators and other MFEP personnel. The country will also benefit as tax revenues increase and the GOG is able to carry out development projects.

Major Issues During Project Development

(1) The IBRD is considering a broad public administration project. The relationship of this activity to the World Bank project will need to be reviewed.

(2) The proposed orientation is toward tax administration rather than tax policy, what mix makes sense?

(3) Staff development is to be stressed rather than the acquisition of automatic data processing. Is this realistic?

CONTRACEPTIVE SUPPLIES (641-0109)

Duration of Project: FY 83-84 Life of Project Funding: $1.3 million (G)
Appropriation: PN FY 83 Funding: $1.3 million (G)

Purpose

The project purpose is to provide a continuous supply of safe, reliable and acceptable contraceptives through a sytem of existing country-wide Ministry of Health and PVO clinics. It is expected that there will also be the eventual inclusion of a private sector retail commercial sales distribution program outside of this project.

Statement of the Problem

In spite of the issuance in 1969 of one of the first and most comprehensive population policy statements in Africa, Ghana's population growth rate has continued to rise until it is now estimated to be approximately 3.3 percent a year. A primary reason for this excessive growth rate, after more than a decade of substantial inputs to the family planning program, has been unresolved bureaucratic disputes between the Ghana National Family Planning Secretariat (GNFPPS), as the FP coordinator and policy making agency for the GOG, and the various ministries of the government, such as Health, Education, and Information which are charged with implementing government approved family planning programs in the public sector. These disputes have revolved around the issue of program control, with the ministries reacting adversely to perceived dictation and the alleged desire of the GNFPPS to control not only policy but also the day-to-day administrative side of all family planning programs in Ghana. Such an on-going bureaucratic debate has been most deleterious to adequately distributing contraceptives in the urban and rural areas of Ghana.

In spite of these problems, the past decade of family planning efforts has produced certain tangible results. Large numbers of personnel have been trained for the delivery of family planning services and a large scale IE&C program has been promoted country-wide. As a result, trained staff are available in Ghana to promote family planning and there is a much higher level of public awareness toward family planning than in most other sub-Saharan African countries.

On December 31, 1981 Ghana's civilian government was replaced. The longer term directions and level of effort in population which the new PNDC administration will support are unclear and will require time to sort out.

Proposed Means of Dealing with Problem

The Ministry of Finance and Economic Planning is the overall coordinating Ministry of the Government. As such, a decision was made in March 1982 to resolve the administrative issues between the GNFPPS and

various ministries. The USAID has been advised that all future commodity shipments are to be directed to the Director of Medical Services, Ministry of Health, who will integrate these supplies directly into the MOH's own logistic drug distribution network in accordance with GOG policy guidelines previously agreed to by all parties.

It is the Mission's view that the clarification of role responsibility should eliminate many of the past bureaucratic problems that inhibited the successful movement of commodities to the rural areas. Given the already existing cadre of trained FP personnel, it is the Mission's view that for FYs 83 and 84, at both the high and low program levels, the Mission will require $1.3 million to procure adequate family planning commodities, such as oral contraceptives, condoms, and foaming tablets for the 250 MOH clinics throughout Ghana. We would expect that other donor assistance to PVO's such as the YMCA, Christian Council, Police Hospital and Planned Parenthood Association of Ghana, would be a part of these projected levels through FPIA/IFRP/IPPF/JHPIEGO auspices. The necessary volume of contraceptives would be based on the requirements cited in a recent CDC logistic report dated April 8, 1982 and presented to S&T/POP/FPSD April 26, 1982. In addition, outside the scope of this project, the Mission will require additional logistic management training and contraceptive prevalence survey work with the MOH by CDC, preferably in late 1982 or early 1983, to ensure that the contraceptives, which will be added to the logistic system, flow smoothly and quickly to rural based clinics.

The Mission believes that by FY 85 a more expanded and diverse bilateral family planning program phase could be developed as an integral component of the Primary Health Care project (641-0082). The Mission would also continue to encourage the development of a viable retail commercial sale program solely administered and operated by the private commercial sector and separate from the MOH and PVO sectors.

Host Country Entities

Overall responsibility for the project will be with the Ministry of Finance and Economic Planning (MFEP). General policy guidance will remain with the GNFPPS (entity within MFEP) with actual programs being specifically administered by the Ministry of Health.

Target Group

The principal direct beneficiaries of this project will be those Ghanaian couples, particularly in rural areas, who have been frustrated in their attempts to regulate family size due to the lack of adequate family planning supplies. Approximately 70,000 couple years of protection will be achieved. By permitting Ghanaians to better space births, both maternal and child mortality and morbidity should be reduced.

Major Issues During Project Development

(1) The level of AID support to family planning must be tied to an improvement in the distribution of family planning contraceptives through public health clinics. If any additional bureaucratic jurisdictional disputes between GNFPPS and the Ministries cannot be resolved in favor of the Mission's expressed views for promoting a more efficient supply system, it may be necessary to reduce AID's level of effort accordingly;
(2) The capacity of the Ministry of Health to assume the administrative and program responsibilities for the distribution and integration of family planning supplies to the MOH public clinics. Continuing use of CDC logistic support will be critical; and
(3) Mission staffing implications.

GHANA SEED COMPANY (641-0110)

Duration of Project: FYs 84-87	Life of Project Funding:	$4,000,000 (G)
Appropriation: ARDN	FY 84 Funding:	$1,000,000 (G)
	FY 85 Funding:	$1,000,000 (G)

Purpose

The purpose of the project is to provide a domestic source of high quality improved seeds that can be sold and distributed to small farmers in Ghana.

Statement of the Problem

One of the major constraints facing small farmers in Ghana is the lack of a reliable source of high quality improved seeds. The Ghana Seed Company (GSC) is a parastatal company organized along commercial lines, mandated to produce certified, improved seed for distribution and sale at prices which will cover all production, processing, storage, distribution and marketing costs, plus a profit factor not to exceed 20 percent.

Under the MIDAS I and II projects the GSC developed its institutional capacity and physical plant to make available high quality seed adequate to increase food production capabilities in Ghana over the long term. Conservative estimates indicate that the use of improved seeds may increase yields by 30 to 50 percent and that use of proper storage facilities (such as are used by the GSC) in lieu of the traditional storage methods could increase yields from 100 to 200 percent.

This project will assure that the GSC completes the development of a solid infrastructure that will enable it to be financially and institutionally viable, independent and profit-making, while contributing to the rural and economic development of Ghana.

Proposed Means of Dealing with the Problem

The proposed project is being developed with two basic assumptions in mind: (1) that the on-going MIDAS II project will be successful in assisting the GSC to become and remain an independent entity capable of making business decisions without direct involvement or intervention by the government; and (2) that while considerable progress will have been made under MIDAS II, the process of institutional development of the GSC to meet Ghana's seed requirements will not have been completed during the life of the MIDAS II project. The goals of the GSC during the remainder of MIDAS II are to become a viable commercial company by improving key areas of management, production, processing, distribution and quality control.

During FYs 84-87 the company will begin to expand into new areas of production, including legume crops such as cowpeas, beans and soybeans; and vegetable seeds, for which there is a large, unsatisfied demand in Ghana, both among commercial producers and for home gardening. The

company will also develop commercially any new varieties of field crop which may have been introduced to Ghana by various indigenous or international research institutions.

The major emphasis of the GSC during the FY 84-87 period will be the further refinement and improvement of its sales and distribution activities. The company will continue to register sales agents in towns, villages and farming communities to make available improved seeds at the primary production level. By the end of 1985 the major portion of the company's seed should be sold through registered seed agents, thus reducing the GSC's current budget for marketing seed directly to the farmers. The company also plans to involve national commercial distribution outlets throughout the country in the sale and distribution of their seeds. A major publicity program using existing channels of communication (Extension Services, District Agriculture officers, radio and newspapers) will be launched to make the rural and farming population aware of the advantages of improved seeds.

Host Country Entities

Overall responsibility will be with the Ministry of Agriculture and the Ghana Seed Company, a limited company owned by the Government which has policy oversight.

Target Group

The direct beneficiaries will be the Ghanaian small farmers and rural population who will have a reliable source of high quality seed through which they can increase their food crop production capacities.

Major Issues During Project Implementation

-- The Government of Ghana's current pricing policies as they affect the commercial viability of the GSC.

-- The Government of Ghana's propensity to impose strict controls on or otherwise interfere in commercial operating decisions of private enterprises could be an impediment to the company's commercial effectiveness.

-- The impact of the use of People's Defense Committees in private and public institutions could hinder the company's ability to manage itself.

-- Ghana Government's ability to meet capital costs for spares and expansion of facilities through domestic resources and the import program.

TABLE V - FY 1984 PROPOSED PROGRAM RANKING					Country GHANA	
RANK	PROGRAM ACTIVITY DESCRIPTION	ONGOING/ NEW	LOAN/ GRANT	APPROP. ACCT.	PROGRAM FUNDING ($000) INCR	CUM
	Low Program Option					
	New and Continuing Projects					
1.	641-0110 Ghana Seed Company	N	G	ARDN	1000	1000
2.	641-0082 Primary Health Care	N	G	HE	1000	2000
3.	PL 480 Title II MCH, SF, FFW, PSF, OCF[a/]	O	G		(5200)	2000
	High Program Option					
	New and Continuing Projects					
1.	641-0104 Agricultural Sector Support	N	G	ARDN	5500	5500
2.	PL 480 Title I Rice, Cotton [b/]	N			(15000)	5500
3.	641-0110 Ghana Seed Company	N	G	ARDN	1000	6500
4.	641-0105 Increasing Revenue for Development	N	G	SD	500	7000
5.	PL 480 Title II MCH, SF, FFW, PSF, OCF[a/]	O	G		(5200)	7000

a) Program types presented in declining order of priority, see Table XIII for details.
b) Program types presented in declining order of priority, see Table XI for details.

TABLE V NARRATIVE

The ranking of development assistance and PL 480 projects and programs in Table V is done for both the low and high track program options. Both options are discussed in the Summary Strategy Statement section of this ABS. With the exception of PL 480 Title II, which appears under both options, all other activities represent new starts as all currently ongoing activities will be fully funded in FY 83.

The low option package investment areas are designed to:

-- provide technical assistance to the Ghana Seed Company, building on efforts undertaken under MIDAS;

-- support maternal and child health activities through a modest primary health care program, family planning commodities (funded in FY 83) and PL 480 Title II.

In the high option package the dominant emphasis is on meeting stabilization needs to stimulate economic recovery. It assumes satisfactory performance under an IMF stabilization program and standby agreement. Our support is to be through non-project assistance in the agriculture sector and PL 480 Title I commodities and counterpart. The activities included under the low program option would complement support to stabilization objectives. Unless we obtain an increase in the AAPL, the primary health care project will have to be deferred to FY 85.

To properly manage pipeline and continuing activities, plan, initiate and implement new activities, and support both the bilateral program and regional/centrally funded activities at the high program option level will require a modest increase in staffing over the FY 83 assigned workforce level (see Table I).

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE VIII

	FY 1982				FY 1983			
	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS
U.S. DIRECT HIRE *	1291		1043	18.6	740		450	8.8
F.N. DIRECT HIRE *	297			30.8	217			21.8
CONTRACT PERSONNEL	8			XXXXX				XXXXX
HOUSING EXPENSES	815			22	553			12
OFFICE OPERATIONS	1704		82	XXXXX	1324		85	XXXXX
TOTAL	4115		1125	XXXXX	2834		535	XXXXX
RECONCILIATION	1125			XXXXX	535			XXXXX
MISSION ALLOWANCE	2990			XXXXX	2299			XXXXX

*FY 82 totals for USDH and FNDH are on workyear basis; those for FYs 83 and 84 are on an end-of-year ceiling basis. See footnore on Table I.

1) The FY 83 and 84 budgets were calculated assuming the present rate of exchange (USD 1 = cedi 2.75) for local currency costs and used inflation factors which are consistent with recent Ghana experience.

2) In FY 81 local currency expenditures totalled the equivalent of $1.637 million. During the same period the Mission disposed of property totaling $154 thousand equivalent. During the first six months of FY 82 cedi expenditures amounted to $869 thousand equivalent and Mission property sales to $122 thousand equivalent. The property sales proceeds which flow to the U.S. Treasury are significant and would offset the dollar outlay required for Mission operating expenses were they to be credited to the Mission.

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE VIII

	FY 1984 MINIMUM				FY 1984 CURRENT			
	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS
U.S. DIRECT HIRE *					607		395	7.8
F.N. DIRECT HIRE					209			17.8
CONTRACT PERSONNEL				XXXXX				XXXXX
HOUSING EXPENSES					520			10
OFFICE OPERATIONS				XXXXX	1272		90	XXXXX
TOTAL				XXXXX	2608		485	XXXXX
RECONCILIATION				XXXXX	485			XXXXX
MISSION ALLOWANCE				XXXXX	2123			XXXXX

AUTOMATIC DATA PROCESSING (ADP)/WORD PROCESSING (WP) REPORT

USAID/Ghana does not currently utilize ADP or WP processing equipment, services or systems nor do we envisage acquiring such resources in FYs 83 and 84.

PL 480 NARRATIVE

1. Title I

The PL 480 Title I program has been a useful form of budgetary support in the Mission's strategy of assisting Ghana to address its numerous economic problems exacerbated by a weak balance of payments position, very high inflation, low productivity in both agriculture and industry, external debts and severe foreign exchange constraints. A detailed justification for programming Title I, including proposals for self-help measures, may be found in our FY 83 CDSS, the strategy section of this ABS and in ACCRA 5207 (LOU).

Even though the total dollar value for Title I commodities to Ghana for FYs 79 through 81 amounted to $35.4 million, with counterpart generations amounting to approximately ¢95.7 million, the inability of past Ghanaian administrations to program counterpart funds in support of self-help measures or to make any meaningful economic policy reforms has made the attainment of the above-stated goals very difficult. The Mission has recently reviewed in draft the present government's proposals to promptly draw down on counterpart funds from the FYs 79-81 agreements for developmental purposes as soon as the suspension of the 1981/82 budget, which was imposed in January of this year, is lifted.

The Mission (as noted in ACCRA 5207) is still waiting for the Government of Ghana to reaffirm the request of the previous administration, including details of commodity mix, for an FY 82 program. Rice and cotton are a most likely combination, but reliable data on current supply and distribution of these commodities is unavailable. Also, the present administration has yet to articulate the specific macroeconomic policies or agricultural policies it will pursue.

Since both rice and cotton are in short supply in Ghana, their importation under the Title I program will not have any substantial disincentive effect on the production of these commodities. Indeed, with reference to cotton, Ghana has traditionally been an importer as climatic and environmental conditions make it impossible for domestic production to meet total textile plant requirements. Facilities exist at the ports and in the regions for adequately receiving, storing and distributing these commodities.

2. Title II

While Ghana's population grows at approximately 3.2 percent annually, food production has declined at the rate of 3.9 percent per year over the past decade. The resultant dietery defficiencies and related diseases make the PL 480 Title II program an important component of the U.S. aid effort in Ghana, on both humanitarian and developmental grounds.

Title II is probably the most significant nutrition intervention in Ghana addressing the problem of malnutrition in rural areas. The Title II program will continue to play an important role in support of CDSS objectives in the near to medium term (see the strategy section of the ABS for details). Title II foods improve food availability and distribution within the country and the family.

For FYs 83-87, USAID, in collaboration with Catholic Relief Services, will continue to program Title II foods with special emphasis on the most vulnerable category -- maternal and child health (147,000 recipients) -- with the following objectives:

1) To improve the nutritional status of pre-school children (under five years of age) who are below 80 percent of the standard weight for age;

2) To educate mothers on nutrition and child health; and

3) To strengthen the impact of the primary health delivery system through informing the recipients as to the availability of preventive health, immunization and population planning programs.

The school feeding program will gradually be reduced. Starting in FY 83 the number of recipients will be reduced by 18,000 to 50,000 recipients. This will enable the program to focus more sharply on those of greatest nutritional risk. It will be aimed at improving the nutritional status and the learning capability of these children and to encourage their regular school attendance, especially in the Northern and Upper Regions. Provision will also be made for 10,000 and 1,000 needy children, respectively, under the pre-school and other child feeding categories in order to improve their nutritional status.

The food-for-work category will include 5,000 recipients in support of the government's effort to attract unemployed youths from the cities to the rural areas for agricultural purposes. The possibility of Title I counterpart support for these activities may be proposed by CRS to the Ghanaian authorities.

Over the past 12-month period there has been a comprehensive evaluation of the Title II program in Ghana followed by an audit by the AID Regional Inspector General. All audit recommendations have been closed by the RIG. Both exercises have been useful in guiding improvements in the management and directions of the Title II program. For the past year the USAID Mission, in collaboration with CRS, has been targeting the program on the most nutritionally needy so as to achieve greater developmental impact with limited resources. For this purpose data gathered under the AID-funded Growth Surveillance System are currently being used to establish a priority of need for all categories.

A collaborative effort by USAID, CRS/Ghana and the Government of Ghana has resulted in substantial improvements in logistics over the past year. Determined management by CRS has also helped to resolve the perennial problems posed by Ghana's debilitated transportation infrastructure.

The amount of commodities requested under Title II for FY 83 totals 11,300 metric tons. The wide distribution of the commodities throughout Ghana and the small amount they represent within the total country requirements suggests that Title II causes no substantial disincentive to agricultural production. Likewise, we do not anticipate serious problems for CRS to receive, store and distribute Title II commodities.

Mission monitoring of Title II activities is accomplished through the Program Office, which has one FNDH assigned to oversee Title II. The individual has over eight years experience on Title II activities with CRS and USAID, respectively.

3. Comments on FY 83 AER/Operational Plan

As a result of close collaboration between CRS and USAID over the past year in defining program goals and targeting activities to meet the needs of those most at risk nutritionally, we are able to endorse both the direction and dimension of activities and levels proposed in the FY 83 AER and Operational Plan.

Country: GHANA

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE XI

P.L. 480 TITLE I/III REQUIREMENTS
(Dollars in Millions, Tonnage in Thousands)

COMMODITIES	FY 1982 Agreement $	FY 1982 Agreement MT / Bales	FY 1982 Shipments $	FY 1982 Shipments MT	FY 1982 Carry into FY 1983 $	FY 1982 Carry into FY 1983 MT	Estimated FY 1983 Agreement $	Estimated FY 1983 Agreement MT / Bales	Estimated FY 1983 Shipments $	Estimated FY 1983 Shipments MT	Estimated FY 1983 Carry into FY 1984 $	Estimated FY 1983 Carry into FY 1984 MT	Projected FY 1984 1/ Agreement $	Projected FY 1984 1/ Agreement MT / Bales	Projected FY 1984 1/ Shipments $	Projected FY 1984 1/ Shipments MT	Projected FY 1984 1/ Carry into FY 1985 $	Projected FY 1984 1/ Carry into FY 1985 MT
Title I																		
Rice	5.0	17500	All		None		4.7	10700	All		None		5.0	12700	All		None	
Cotton	2.0	5600					2.3	5600					10.0	26000				
Total	7.0						7.0						15.0					
Of which Title III																		
None							None						None					
Total																		

COMMENT: 1/ These levels are proposed only for the high option program track. At the low option no program is being requested.

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II - FY83[a/]

I. Country GHANA

Sponsor's Name CATHOLIC RELIEF SERVICES

A. Maternal and Child Health[b/].....Total Recipients 147,000

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
147,000	SFSG	4296.0	1,280.2
147,000	WSB	4296.0	1,868.8
147,000	VEGOIL	882.0	791.2
Total MCH		9474.0	3,940.2

B. School Feeding.....Total Recipients 50,000

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
50,000	SFSG	1035.0	308.4
50,000	VEGOIL	103.5	92.8
Total School Feeding		1138.5	401.2

C. Other Child Feeding.....Total Recipients 3,000

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
1,000	SFSG	27.6	8.2
1,000	VEGOIL	2.8	2.5
Total Other Child Feeding		30.4	10.7

D. Food for Work.....Total Recipients 8,000

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
5,000	SFSG	436.8	130.7
5,000	VEGOIL	30.0	26.9
Total Food for Work		466.8	157.6

E. Pre-School .....Total Recipients 10,000

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
10,000	SFSG	207.0	61.7
10,000	VEGOIL	20.7	18.6
Total Pre-School		227.7	80.3

a/ Program totals are taken from proposed FY83 AER as received from CRS/Ghana and is exclusive of 5% operating reserve.

b/ Includes 32,000 children who will receive double rations of SFSG and WSB.

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE XIII

PL 480 TITLE II - FYs 84 - 85

I. Country: GHANA

Sponsor's Name: CATHOLIC RELIEF SERVICES

A. Maternal and Child Health[a/].....Total Recipients 150,000

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
150,000	SFSG	4,560.0	1,263.1
150,000	WSB	4,560.0	1,919.8
150,000	VEGOIL	900.0	742.5
Total MCH		10,020.0	3,925.4

B. School Feeding.....Total Recipients 50,000

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
50,000	SFSG	1,035.0	286.7
50,000	VEGOIL	103.5	85.4
Total School Feeding		1,138.5	372.1

C. Other Child Feeding.....Total Recipients 1,000

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
1,000	SFSG	27.6	7.6
1,000	VEGOIL	2.8	2.3
Total Other Child Feeding		30.4	9.9

D. Food for Work.....Total Recipients 5,000

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
5,000	SFSG	436.8	121.0
5,000	VEGOIL	30.0	24.8
Total Food for Work		466.8	145.8

E. Pre-School.....Total Recipients 10,000

No. of Recipients by Commodity	Name of Commodity	(Thousands) KGS	Dollars
10,000	SFSG	207.0	57.3
10,000	VEGOIL	20.7	17.1
Total Pre-School		227.7	74.4

a/ Includes 40,000 children who will receive double rations of SFSG and WSB.

OPERATIONAL PLAN FY'83

CATHOLIC RELIEF SERVICES - USCC

GHANA PROGRAM

Elements of Operation:

A. Identification

1. Name of Cooperating Sponsor: Catholic Relief Services - USCC

   Country: Ghana

   Date submitted: 24th May, 1982

   Name and address of Counterpart: N/A

2. Name and Address of American Representative:

Palmari H. de Lucena Program Director Catholic Relief Services - USCC P. O. Box 6333 Accra-North	Nancy Wills Program Assistant Catholic Relief Services - USCC P. O. Box 6333 Accra-North

The Program Director and Program Assistant's time is devoted largely to Title II Activities.

Supervisory Staff:

Assistant Director Food and Nutrition	Mrs. Hannah Evans-Latterodt
Assistant Director Program Operations	Mr. Sylvester Y. Coch
Field Supervisors	Mrs. Annie Bani Miss Joana Addo Mrs. Mauricia Tanadaga Mrs. Odette Minyilah Miss Charity Ocloo Mrs. Janet Maieh Mrs. Martha Quaigraine Miss Bibiana Lawra
Accountant	Mr. John Zuh
Takoradi Port Representative	Mr. Isaac Maner

B. Area - Scope - Conditions of Operation

1. Describe for each program category the problem that the program addresses, and outline the program's proposed response to this problem:

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a) Maternal Child Health (MCH): Customary Ghanaian diets are inadequate in quantity, quality and variety; in addition to this, the availability of most foods fluctuates seasonally, creating particular hardship and nutritional deficiencies during the lean season. In the southern sector of the country, the diet emphasises starches to the detriment of proteins, with resultant imbalances. In the north, the diet is more balanced, due to greater utilisation of legumes and leafy vegetables, but is inadequate in overall quantities, as agricultural production levels are very low, particularly in proportion to the high population density of the Upper East Region.

A further problem is the distribution of food from the family pot: fathers and older children receive the lion's share of what little protein is available, with mothers and particularly young growing children receiving shares disproportionate to their need. Few adult dishes are easily adapted to the needs of the weanling toddler, and thus these youngsters are not given the opportunity to establish good eating habits unless someone makes the effort to prepare special foods for them.

In response to these problems, CRS proposes to supplement the diet of young children with a take-home food aid package that provides both protein and caloric value. The three foods provided are: Wheat Soy Blend, a Vitaminised cereal which provides a high proportion of protein and is highly suitable as a weaning food; Soy-Fortified Sorghum Grits, a protein-enriched cereal suitable for adaptation to any number of Ghanaian dishes; and Vegetable Cooking Oil, which provides calories and enhances the appeal of otherwise unappetizing foods.

MCH recipients are targeted in a number of ways. First, selection of MCH centers is based on socio-economic levels and farming practices in the surrounding areas. For instance, one farming locality may be producing sufficiently diversified crops to provide a minimally adequate diet, whereas a neighbouring community may concentrate on a cash crop such as cocoa and consequently neglect to provide sufficient food for its own consumption. Recipients are further targeted by age: GSS data has shown that babies below six months of age, the vast majority of whom are breast-fed, are growing well and do not demonstrate a need for food supplements. Children above 3½ years also appear to be growing well, there being a far lower overall incidence of retarded growth among this group. For these reasons, CRS has discontinued providing the supplemental food package to children in these age groups as part of the MCH program, except of course in cases where individual children's weight-for-age falls below the 80th percentile on the Master Chart, which corresponds to the 3rd percentile of the Harvard Standard. All children under five years of age who fall below the 80th percentile and have not gained adequately in 3 consecutive months are classified as 'specials' and are enrolled in a more intensive surveillance program which concentrates attention on alleviating the problems that may be contributing to their retarded growth.

In early 1982, CRS established a priority system that ensures that children whose need is greatest receive food first. Under this system, MCH centers recording more than 45% of their attendees' weight-for-age below the 80th percentile are given first priority in food distribution. Attention to the special needs of attendees falling into this category is further focused by the provision of double rations for all children in this group of centers. Second priority in distribution is given to centers in which 35-44% of children fall below the 80th percentile, and third priority to remaining centers. Assignment of priorities to centers is updated in March and September, enabling a center experiencing successful nutrition intervention to 'graduate' into a lower need category, and ensuring that those centers whose situation has worsened, due to factors such as drought or epidemic, will receive the attention they need. It is impossible to

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underestimate the far-reaching value of the Growth Surveillance System in targeting recipients and focusing food aid on the truely neediest recipeints.

AID/W recommends in its guidance cable the redirecting of MCH services to reflect the greater overall need of children in the northern half of the country. CRS initiated this process in 1981 by restricting eligibility for MCH food rations in southern cities and large towns to 'specials' only. MCH enrollees in rural areas continue to be eligible for normal rations. The expansion of MCH programs in Northern Ghana could take three potential forms. First, the Government, or the Missions, could build more health facilities where such programs could be based. Given the Government's current economic position, a major effort of this sort is not likely. Although health posts are occasionally build through local initiative in the more developed South, such enterprise is not often observed in the North. A second possibility is CRS sponsorship of mobile clinics. With substantial grant assistance, CRS could purchase suitable vehicles, secure warehouses, and employ drivers and public health nurses to operate such a program. The third and most economically viable option is to encourage the expansion on enrollments in existing centers, through concentrated outreach efforts and increase in the number of clinic days held by any one center. CRS continues to support such efforts among Northern centers.

Another important strategy of the MCH program is the involvement of mothers in the overall nutrition and health education context. When a mother brings her child to the MCH clinics, she not only receives a food supplement, but also an opportunity to learn about proper nutrition, the preparation of weaning foods for babies, and preventive health measures that will enable her child to grow and thrive. A private conference with a health worker and a schedule of inoculations is an integral part of the MCH clinic day.

b) <u>School Feeding (SF)</u>: The CRS School Feeding program focuses on schools in the rural areas of each region of Ghana, where the major problems lie in the distances between a student's home and school, and the inaccessibility of a hot midday meal. Children are not customarily provided with a lunch to carry to school, nor with money with which to purchase whatever a vendor may offer for sale in the schoolyard. Their parents are not accustomed to carrying their own lunch to their farms, but are more likely to roast a starchy vegetable and snack on this throughout the day.

The CRS response to this problem is to provide a daily hot lunch, prepared on the school grounds, with the belief that the consequent improvement in nutrition will heighten a student's attentiveness and energy level, and lead to better overall school performance. Attendance figures for SF programs clearly indicate that the availability of a regular hot lunch is an incentive to better school attendance, a worthy goal in and of itself. Schools are targeted geographically, and programs are located only in rural areas whose socio-economic status is lower than that of the nation as a whole. Students contribute canteen fees, condiments, firewood, etc. towards food preparation and the establishment of suitable facilities; they also help in actual preparation and thus are exposed to the elements of a balanced diet.

A recent and encouraging development in this program is the inauguration of a school gardens program which holds considerable potential for the development of a source of independent contributions to the existing program. Although the establishment and maintenance of large gardens is no easy task, schools are being encouraged in this undertaking, in order to promote the concept of self-sufficiency in feeding.

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c) Other Child Feeding (OCF): This small but important program seeks to address the needs of institutionalised children who 'fall through the cracks' of other CRS Title II feeding programs such as MCH, Preschool, and SF. Children who are permanent residents of orphanages and homes for the disabled and mentally retarded have been rejected by their families and by society, which lack the means to provide adequate care for them. This category of children is thus at the greatest risk, as they are without champions of their cause, or caretakers who take pride in bringing them up to be productive members of society.

CRS proposes to address this problem by providing a supplemental ration that will ensure a regular, daily source of adequate nutritional intake. Although this only partially answers the need of these rejected children, it does provide diet stabilization, greater balance and increased protein. In targeting OCF recipients, the evidence is that virtually all children in this category are at greater risk than other children, and therefore selection of centers to be provided with food aid is based on overall community need.

d) Preschool: Children enrolled in day care centers, like primary-school pupils, are unable to go home for lunch, yet are not provided with any lunch by their parents, who go off to work and leave them from morning till late afternoon. These children are not enrolled in MCH programs because their mothers are not available to take them to clinic; thus Preschool feeding is seen as a substitute for MCH participation.

CRS has responded to this problem by supplementing the diet of day care enrollees with one hot, balanced meal daily. As in SF programs, attendance figures indicate that the provision of such a meal provides a great incentive to attendance. In selecting programs for participation in the Preschool program, emphasis is given to rural areas of greatest need and lowest standard of living.

In 1981, CRS began implementation of a policy of redirecting preschool feeding from urban to rural daycare centers, in an effort to reinforce an embryonic movement toward the establishment of day care facilities by local councils. As these changes have substantially altered the character of the preschool program, CRS plans to spend 1982 and the beginning of 1983 in consolidating such changes before embarking on a program of redirecting a major portion of this program to the Northern and Upper Regions or expanding recipient levels.

e) Food For Work (FFW): Food production levels are inadequate to feed Ghana's population. Dependence on imports is not feasible due to balance-of-payment problems. There is an obvious need to increase both acreage under cultivation and crop yields in order for the country to attain self-sufficiency in production of basic foodstuffs. In order to increase production, urban and town dwellers need incentives to relocate in farming areas, and existing farmers need motivation to expand their activities.

CRS sees a partial solution to this problem in focusing agricultural development activities in various forms. We propose that FFW be used in conjunction with Title I counterpart funds in agricultural projects involving the voluntary resettlement of urbanites willing to take up farming. FFW would be used in assisting these individuals or groups during their transitional periods, and also to provide an incentive to greater effort.

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2. Describe for each program category (a) the overall objectives and purpose of each program, (b) the benchmark indicators that will be used by the cooperating sponsor to objectively measure progress toward achievement of these purposes, and (c) the important assumptions related to achieving the purposes that were made while planning the program.

a) MCH: The objectives of the MCH program are to improve the nutritional status and growth rates of children under five years of age, by providing greater dietary variety and improving the quality of the diet, particularly through increased protein intake. A further objective is to identify children and areas of greatest need, to develop the flexibility of distribution necessary to reach those areas, and to focus program activities in such a way as to concentrate on such categories. The MCH program aims to teach mothers the value of good nutritional habits in the overall context of health education, with particular emphasis on teaching mothers such skills as the preparation of appropriate weaning foods. Another goal is to graduate 'special' enrollees as quickly as possible by enabling them to assume normal growth patterns through extra attention and the provision of food supplements.

In the MCH program, the benchmark indicator of objective success is the GSS, the significance of which cannot be understated. In determining progress toward the above goals, the placement of a weight-for-age dot above the 80th percentile line on an individual or Master Chart is the indicator of success.

Several assumptions underlie the establishment of the MCH program. The most basic of these is that all children in rural areas of an underdeveloped country such as Ghana can be assumed to be at risk. This is because of prevailing conditions: lack of water and basic sanitation, the indiscriminate disposal of refuse, and the lack of health facilities all contribute to a higher incidence of infectious disease, which combined with endemic malnutrition, leads to mortality and morbidity far in excess of acceptable norms. The dietary factors discussed in section B.1.a. above also stand as important assumptions leading to the development of such programs. The attendance of high-risk children at MCH centers, in excess of their incidence in the general population, is due to the Ministry of Health's policy of referring outpatients with such diseases as measles and tuberculosis to MCH programs and to the natural tendency of parents to bring their children to a health facility only when they show signs of illness.

b) SF: The overall objective of this program is to stabilise children's lives at the formative stages through the establishment of proper dietary habits and the direct advantages of a daily hot lunch. It has been seen that the availability of a school lunch program increases attendance, and motivates parents to send their children to school. Furthermore, CRS aims to assist schools to engage in meaningful and relevant food production activities through the establishment of school gardens and small husbandry (e.g., rabbitry) projects.

CRS has begun to integrate SF programs into the GSS, and plans to utilise the data thus elicited in much the same way as in the MCH program: targeting individuals and areas where need is greatest, prioritising distribution, and assessing and responding to emergency situations.

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The benchmark indicators used in the SF program revolve around increased and more regular attendance. The accountability of individual programs is thus very important, and CRS has during the past year evolved a number of mechanisms that enable such programs to be monitored more closely. During the coming years, the successful establishment of school gardens will serve as indicators of progress toward independent school feeding programs.

A basic assumption underlying the establishment of SF programs is the Government's inability, despite the best of intentions, to develop a successful school lunch program of its own. Whereas the Government's input into and participation in the MCH program approaches 100%, in school lunch programs it is virtually nonexistent. This reality makes it necessary for local initiative to gradually take over from private agencies if children are to continue receiving a midday meal of any substance. It is an unfortunate truth that parents need some form of incentive to send their children to school, rather than employ their free labour in farming, and that children need encouragement to remain in school, or to attend regularly.

c) OCF: The goal comments each of the various OCF programs is to provide stability for the children involved. Without the stability of a guaranteed daily meal, these children would continue to fall further behind their peers; the provision of food aid also contributes to the continuation of programs that are perpetually short of resources. Children who have no families would be forced to live a hand-to-mouth existence on the streets if it were not for these institutions, and CRS is committed to their continued support.

As these OCF programs are disparate and small, it is difficult to establish applicable indicators of objective success. CRS is now beginning to enroll OCF programs in the GSS system, and considers the establishment of a stable program which gives rejected children the opportunities they deserve as human beings an adequate factor in measuring progress.

The assumptions upon which the establishment of OCF programs are based are cultural and social: orphans and disabled or mentally retarded children constitute the front line of societal rejects. The Government is not in a position to provide adequate care for these needy individuals, leaving the responsibility to private initiative. CRS seeks to partially fill such gaps with the OCF program.

d) Preschool: The objective of the Preschool program, which caters to children enrolled in day-care centers while their parents are working, is to organise and educate children who would otherwise be without supervision during the day. In addition, the availability of day care encourages mothers to join the permanent work force engaging in activities more constructive than petty trading. Daycare in an underdeveloped country such as Ghana serves a purpose similar to that of Headstart programs in the United States, in that it gives young children an opportunity to be exposed to the patterns of formal education.

As the Preschool program joins in the GSS, it is very valuable to compare the growth rates of these children with their home-based counterparts enrolled in MCH programs. During the coming year, such comparisons will play an increasing role indetermining future policies vis-a-vis the Preschool program. As with the OCF programs, there are no benchmark indicators perse, pointing to objective sucdess or failure to meet the program's stated goals. CRS sees as significant, albeit largely unmeasurable, indicators such factors as the firm and continued establishment of worthy programs with steady enrollments and regular attendance, and the establishment of a demand for higher standards of nutrition among the children attending such programs.

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The assumptions leading to the establishment of the Preschool program are the obvious need to reinforce the valuable contribution made by day care to both the family and the economy, the need of small children to have a balanced meal at midday, and the need to provide for children who cannot be enrolled in MCH programs which would provide them with similar food.

e) FFW: As outlined in a previous section, the objectives of the FFW program are to assist in the resettlement of potential farmers from the urban areas, in keeping with the Government's stated policy of providing incentives for increased agricultural production. CRS' goal is, through the provision of FFW, to ensure the retention of a regular workforce by the availability of food on the site, and to increase the country's overall acreage under cultivation and hence its level of agricultural production.

Indicators of success in this program will be the retention of a stable workforce, the numerical increase of cultivated acreage, and the noticeable increase of Government resources being made available to workers in the rural areas.

The assumptions underlying this program are clear: agricultural production in Ghana is intolerably low, and unless increased through every available means, the country's already faltering economy could be doomed to failure and even greater dependence on foreign aid. The intervention of programs such as FFW seeks to motivate workers to remain in the rural areas and resist the drift to the cities. An adjunct assumption is the continuous supply of high-protein supplements serves as an incentive to increase work output.

3. All CRS title II feeding programs are country-wide, with emphasis given to the needs of rural areas. As noted above, special consideration, in the form of double rations, is given to MCH centers falling into the 'first priority' category.

4. Describe the normal distribution method at the project level in making food available to each category of recipients.

a) MCH: Mothers are expected to bring their under-five children to the clinic once a month. A comprehensive program that begins with a health or nutrition lecture and includes administration of scheduled inoculations, an individual conference with a nurse, and usually a cooking demonstration precedes the distribution of food rations to enrolled participants. Each child is weighed, and his weight entered on his individual chart as well at the Master Chart; the significance of the child's relative weight for age, as well as of any gains or losses, is explained to the mother.

b) SF, Preschool, and OCF: Food is prepared on site by an assigned supervisor, usually a teacher, with the children contributing condiments and firewood. All children enrolled at such institutions are eligible to receive food, which is consumed on the premises.

c) FFW: This can be distributed in one of two ways: either as a meal prepared on the worksite and consumed by participants, or as a take-home ration distributed daily to individual participants. In each case, the ration per worker is the same.

5. Describe the participation by the cooperating country government and any special conditions relative to admission, storage, transportation, distribution, or utilisation or losses of commodities.

The Government of Ghana, under agreement with CRS, allows duty-free entry for all Title II commodities. Provision is made in a separate line item of the Government's annual budget for the expenses involved in the clearing, warehousing, and inland transportation of Title II foods. Specifically, the agreement pledges the Government to,

> "ensure that all costs of discharge, handling, port charges, transport, insurance after discharge and storage of the above-mentioned goods upon arrival at the port of entry be financed by the Government; make provision in the Annual Budget for financing the above; absorb the tax duties and levies elements of any of the above-mentioned goods....."

In 1982, the Government's annual support for the Title II program approached the value of the commodities themselves.

The Government in no way utilises or controls the distribution of commodities or the selection of recipients. It further cooperates with the on-going feeding programs through the establishment and support of MCH centers, seventy percent of which are Government operated.

CRS controls reimbursement for commodity losses in that the agency is directly reimbursed for such losses by the transporter involved, prior to payment for services rendered.

6. Explan arrangements to avoid possible duplication of distribution among the several programs.

As noted in the text above, duplication is avoided by the definition of each category of recipient. MCH and SF programs are mutually exclusive, separated by age. Preschool enrollees are not eligible to attend MCH centers because their mothers are not available to bring them to clinic. OCF recipients are institutionalised, and therefore unable to participate in any other programs. FFW is the only program in which adults can be recipients. Care is taken not to open new MCH centers in close contiguity with existing centers, in order to avoid cross-registration; georgraphical distribution thus serves as a deterrent to duplication in this case.

C. Control and Receipting - Records, Procedures, and Audits

Describe records used to control commodity distribution to provide accountability from the time the commodity arrives in country until it reaches the eligible recipient.

Accountability for a consignment begins ex-ship's tackle. The records used, in order of their applicability, are as follows:

1. Duty-free clearance: obtained from Ministry of Foreign Affairs.

2. Customs clearance: arranged by Ghana Supply Commission.

3. Daily tally: This card is used to record quantities offloaded from each hold of discharging ship. It is signed by representatives of the ship, the Ghana Cargo Handling Corporation, and the Surveyor.

4. Delivery tally sheet: This is prepared by the GCHC, and records quantities loaded onto waiting trucks, ex-tackle. It is also signed by the three representatives listed above.

5. Survey Report: This report is submitted by an independent firm which records commodity discharges ex-tackle, specifying damaged, slack, and broken bags as well as unfit foods. The Surveyor's responsibility extends to the CRS warehouse, where inspection of unfit and broken bags takes place during the Port Health Authority's examination of each cargo.

6. Waybill: This document covers the two-mile journey of a consignment from the dock to the CRS warehouse. It is prepared by the Ghana Supply Commission. Upon arrival at the warehouse, CRS takes delivery of the consignment, accepting the GSC waybill and noting any discrepancies.

7. Warehouse ledgers: These books record incoming and outgoing commodities.

8. Physical inventory records: Physical inventories are conducted at the end of each calendar quarter, with appropriate reports and reconciliations following.

9. Waybill: Each outgoing consignment is documented by a waybill, which is issued in triplicate. Distribution of commodities to participating centers is made according to a distribution list drawn up to reflect the system of priorities based on the GSS, as described earlier in this plan.

   Copies of the waybill are delivered as follows:

   a) To the consignee, via the transporter. The consignee signs the waybill upon receipt of the commodities, noting any discrepancies, and returns it to CRS by mail, thus providing independent confirmation of delivery;

   b) To the transporter, who must present his copy, signed by the consignee with discrepancies duly noted, to CRS before payment can be made;

   c) To CRS, for purposes of reference and comparison to the outgoing control ledger.

10. Shipping notice: This is sent to each consignee, and provides a second instance of independent confirmation of a consignment.

11. Center tally cards: Each center maintains inventory tally cards for each commodity, on which both incoming and outgoing supplies are recorded.

12. Monthly reports: Each center is required to submit a monthly report to CRS, in which attendance, issuance of rations, and beginning and ending inventories are recorded.

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D. Port Facilities - Practices

1. Are offloading facilities at ports adequate to handle the foods?
Port facilities are adequate to handle the amounts of commodities requested in the current AER.

2. Are independent cargo surveys permitted?
The Government of Ghana does not interfere with independent cargo surveys.

3. Do port charges other than duty present a problem?

As noted in reference to the country agreement cited above, all port charges are absorbed or paid by the Government of Ghana.

E. In-Country Storage and Transportation

1. Provide a statement describing available port, central, and outlying storage facilities including location and capacity. State specifically if available storage facilities are adequate to prevent commodity spoilage and waste or will the facilities available create special problems.

CRS has been granted the use of a secure warehouse owned by a government organisation (the Ghana National Trading Corporation) and located two miles from the Port of Takoradi. It has a capacity for 200,000 bags, and can hold as many as 250,000 if necessary. This warehouse is well constructed, and provides security, ventilation, and off-floor pallet storage, and is considered more than adequate for current needs.

CRS maintains no interim storage facilities. All consignments are taken directly from the ship to the CRS warehouse to the individual centers. Each participating center signs an annual agreement with CRS, undertaking to provide storage facilities up to the standard directed. This includes protection from insect and rodent infestation as well as weather, ventilation, and off-floor stacking. CRS field personnel routinely conduct inspection of storage facilities to ensure that they are well-maintained.

2. What, if any, are the main problems related to inland transportation?

The main problems encountered in this area of operations are deplorable road conditions, lack of spare parts and tyres, and shortages of fuel. These factors fluctuate throughout the year, but are beyond CRS' means to resolve.

3. Will the distributing agency retain control of foods during transportation and storage?

CRS retains full control over foods during transportation and storage.

F. Processing - Reprocessing - Repackaging

N/A

G. Financing

1. How will costs of administration, storage, transportation, processing, repackaging, special labels, issuance of informative materials, the cost of food preparation and serving, etc., be financed?

Administrative costs are supported by a combination of CRS Funds, Household Contributions and the proceeds from Empty Container Sales. Central storage facilities are provided in kind by the Government of Ghana through its subsidiary the Ghana National Trading Corporation. Storage at individual centers is provided by the operating agency having jurisdiction. Inland transportation is supported by a direct government grant to CRS, which in turn pays the transporters directly. Costs of food preparation at school feeding facilities (cooks' salaries, fuel, supplemental foods, etc.) are paid by the individual center, using funds collected in the form of fees and deducted from the amount submitted to CRS at the end of each month.

2. If commodity containers are to be sold, explain plan for sale, and method of control and utilization of the salvage fund.

Empty containers are sold at the centers, for fees set by CRS. The proceeds are remitted in full to CRS, which controls its expenditure according to its budget for Fund 507.

H. Acceptability of Available Foods

1. N/A

2. Comment as to the expected acceptability by each category of recipient of each available food.

a) Vegetable Cooking Oil is utilized in all recipient categories. Its acceptability is unquestioned by recipients, due to its wide range of applications in virtually every dish in the Ghanaian diet. Its availability further provides incentives for clinic attendance, as its value to mothers as a substitute for prohibitively expensive cooking oil on the market makes it very attractive.

b) Wheat Soy Blend, used in MCH programs, is an ideal weaning food. It is very much favoured by mothers, who are familiar with its local cornmeal counterpart, which lacks the protein and vitamin enrichment of WSB. It is used not only in making porridge, but is also adaptable to other local dishes as a more nutritious substitute for cornmeal.

c) Soy-Fortified Sorghum Grits is the cereal distributed in all program categories. Its attractiveness lies in its familiarity in parts of the country where small amounts of sorghum are grown, and its use in preparing any number of grain-based meals. Beyond the obvious use as a breakfast cereal, it is also popular as a substitute for grains such as rice, corn, and millet in grain-based dishes, which form a large portion of the Ghanaian diet.

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The selection of the above commodities was made in the course of several years' experience that brought CRS to the conclusion that they were the most appropriate to the needs of the nutrition intervention program administered by this agency. Consideration of other available commodities has been eliminated for several reasons, among which we would like to discuss two of the more commonly-selected commodities used in Title II programs:

The distribution of Nonfat Dry Milk is most inappropriate to the Ghanaian situation. The unsupervised preparation of a take-home milk ration can result in diarrhea and other bacterial infections; mothers do not follow storage instructions, resulting in a higher incidence of spoilage and waste, and hence under-utilisation. The use of NFDM in World Food and EEC programs in Ghana has shown that a greater proportion of this commodity appears in the local market, where it enjoys a high commercial value that can only encourage diversion from intended recipients and present accountability problems to CRS in tracing its own commodities and differentiating them from those of other food aid programs.

CSM has been proposed as a possible alternative to WSB currently used by CRS. Experience with this commodity in past years demonstrated its unacceptability to mothers: they did not like the taste of the product, they found that it caked and spoiled more quickly, and they were unable to adapt it to Ghanaian dishes, due to the milk component, which limited its use to an unpalatable porridge.

I. Program Publicity

1. Explain methods of educating recipients on source of foods, program requirements, and preparation and use of foods.

As an integral part of the MCH program, mothers enter into a contractual agreement with CRS, in which they are informed that their participation in the program requires regular attendance and a commitment to upgrade the food intake of their children. This agreement takes the form of a child's weight chart, with compliance indicated by satisfactory growth curves.

All recipients are informed that the source of the three Title II commodities is the United States. Recipients purchase the empty containers and are familiar with the handclasp emblem of U.S. aid programs. Educational posters for distribution to all participating centers, regardless of category, are currently in preparation and will be contribute significantly to the dissemination of knowledge of the basis of the Title II four programs.

Cooking demonstrations using Title II foods as integrated into the local diet are regularly conducted at MCH centers. Schools and day-care centers often expose their enrollees in various aspects of food preparation, which is a form of education in itself.

2. Explain plans for program publicity including any factors that may adversely affect publicity.

Informal word-of-mouth publicity produces potential enrollments far in excess of the programs' capacity to meet the demand. The attractiveness of the food package is a major factor in the spread of this form of publicity. There are no known factors that may adversely affect publicity.

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II. Contributions to Program

Source	Value of Contribution in 1982	Role Played
Financial		
Household Contributions	$523,636	Supports salaries and travel expenses of CRS field staff, and related program activities.
CRS/New York: Micro Fund	$4,000	Small community projects emphasising crop expansion and dietary and health improvement.
Administrative Support	$39,000	Supports varied office functions.
Government of Ghana	$3,421,090	Cost of clearing and inland transport of commodities.
Empty Containers	$390,909	Supports salaries and travel expenses of CRS field staff, and related program activities.
Human Resource		
CRS acknowledges the contribution of hundreds of health professionals involved in administering the programs. Their number and the value of their contributions are incalculable, but their role is invaluable to the success of each program.		
Commodity		
EEC: Supplemental Foods	$250,000	Complements the foods provided under Title II with emphasis on attention to special needs recipients.
Used Clothing: Thanksgiving Clothing Collection, USA	$362,035	Reinforces mother's commitment to clinic attendance.
Medicines and Medical Equipment: Catholic Medical Mission Board, USA	$300,000	Enables clinics to provide more comprehensive health services.
Project Support Various sources	$300,000	Supports a wide range of development projects.
In-Kind		
Formerly the Government of Ghana was providing the bulk of its obligation as an in-kind donation; since mid-1980, however, this contribution has taken the form of an imprest fund as described in the body of this report.		