

29 SEP 1982

Determination that Continuation of Assistance  
to the  
Opportunities Industrialization Centers International  
Project in Ghana is in the National Interest under  
Section 123(e) of the Foreign Assistance Act.

Section 620(q) of the Foreign Assistance Act of 1961, as amended (the "Act"), prohibits the use of any funds appropriated thereunder to furnish assistance to any country which is in default during a period in excess of six calendar months in payment to the United States of principal or interest on any loan made to such country by A.I.D. The Government of Ghana (GOG) currently is in default for a period in excess of six months in payment of interest and principal on several loans made by A.I.D. However, Section 123(e) permits the continuation of assistance in support of PVO programs already being supported prior to the effective date of a prohibition on assistance. Before such support may continue, the President must consider whether continuation of this support is in the national interest of the United States.

The Opportunities Industrialization Centers International (OICI) is a private voluntary organization (PVO) and has been carrying out the subject project for 12 years, since 1970. The purpose of the project is to develop an indigenous vocational training program to demonstrate to the GOG, industry and other vocational institutions an alternative to traditional vocational education approaches. During the 12-year period, OICI has received \$4,164,000 from A.I.D. and has helped set-up three vocational training centers, which teach such things as carpentry, plumbing, motor mechanics, textiles, graphic arts, etc. Several thousand people have been trained under the project over these 12 years. Phase II of the project is ending, and if it is not extended, there is a risk that the project will be discontinued for lack of sufficient funding and A.I.D.'s long-term investment largely wasted. The success of this project in achieving training objectives and demonstrating alternative training approaches has led to a final Phase III proposal totalling \$1,372,000, which OICI submitted in May 1982. This third and final two-year phase is intended to complete the process of institutionalization of the Ghanaian organization implementing the project -- OIC Ghana (Organization Industrialization Centers Ghana) -- as well as train some 864 school leavers and dropouts. Special attention will be directed towards (1) strengthening and upgrading OIC Ghana and (2) developing and implementing innovative strategies for achieving financial viability which will make further A.I.D. assistance unnecessary.

We believe it is in the best interest of the U.S. Government to continue assistance to this PVO activity because it is important that the U.S. demonstrate a continued interest in the country, notwithstanding the current political/economic situation and loan repayment problems. It is important because presently, radicals and moderates are struggling to gain control of the direction of Ghanaian policy. While radicals still appear to have the upper-hand, moderates, who have argued that Ghana's hopes for economic

revitalization lie with cooperation with the West, have made some gains. Talks with the IMF have begun, and criticism of U.S. policies in the Ghanaian media has abated. Failure to proceed with the project would weaken the standing of moderates who are arguing for the western option and economic reform. Because of the current political, economic and management situation in Ghana, the Mission has taken a low profile approach and has tabled any new programs in FY 1982. However, this proposed final extension of the OICI activity, which has been relatively successful, is not a direct assistance project to the GOG but a means to help a U.S. PVO complete a long-term project. In addition it would be a waste of U.S. money to stop the project just as it is entering a third winding-down phase.

Section 123(e) of the Act permits the continuation of support of programs of PVOs which were already being supported prior to the date that the Section 620(q) prohibition became applicable. Before such support may continue, it must be taken into consideration whether continuation of this support is in the national interest of the United States. Based on the reasons herein stated, we believe that it is in the national interest of the United States to continue the assistance described above.



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M. Peter McPherson  
Administrator  
Agency for International  
Development

SEP 14 1982

ACTION MEMORANDUM FOR THE ADMINISTRATOR

THRU: ES

FROM: AA/AFR, F. S. Ruddy

SUBJECT: Support of the Ghana Opportunities Industrialization Center International Project (OICI), Phase III (641-0108)

Problem: To determine under Section 123(e) of the Foreign Assistance Act of 1961, as amended (the "Act"), to continue assistance in support of Phase III of the Opportunities Industrialization Centers International (OICI) project in Ghana (641-0108).

Discussion: Section 620(q) of the Act prohibits the furnishing of assistance to any country which is in default during a period in excess of six calendar months in payment to the United States of principal or interest on any loan made to such country under the Act unless the country meets its obligations under the loan or unless the President determines that assistance to such country is in the national interest. The Government of Ghana (the "GOG") currently is in default for a period in excess of six months in payment of interest and principal on several A.I.D. loans. As of late April 1982, the amount of the default was more than \$1.3 million. By July, the GOG had reduced this to less than \$425,000.

Section 123(e) permits the continuation of assistance in support of programs of private and voluntary organizations (PVOs) already being supported prior to the effective date of a prohibition on assistance. Before such support may continue, the President must consider whether continuation of this support is in the national interest of the United States. If he continues such support after the effective date, he must submit within thirty days after the effective date, to the Speaker of the House of Representatives and to the Chairman of the Committee on Foreign Relations, a report setting forth the reasons for the continuation. You have been delegated the authority to make this judgment pursuant to Executive Order 12163 of September 29, 1979, as amended, and IDCA Delegation of Authority No. 1.

OICI is a PVO and has been carrying out the subject project for 12 years. The purpose of the project is to develop an indigenous vocational training program to demonstrate to the GOG, industry and other vocational institutions an alternative to traditional vocational education approaches. The success of the project has led to a final Phase III proposal totalling \$1,372,000. This third and final two-year phase is intended to complete the process of institutionalization of the Ghanaian organization implementing the project as well as train some 864 school leavers and dropouts. Special attention will be directed toward developing and implementing innovative strategies for



Clearances:

AFR/CWA: JJohnson \_\_\_\_\_

AFR/DX/CCWAP: RAnderson \_\_\_\_\_

AFR/DP: GCauvin \_\_\_\_\_

AFR/DR: NCohen \_\_\_\_\_

DAA/AFR: FCorrel \_\_\_\_\_

GC/AFR: TBork \_\_\_\_\_

LEG/CLS: MO'Sullivan \_\_\_\_\_

LEG: KKannerer KEK 9/19/82

AA/PPC: JBolton FW

AF/W: RPardon \_\_\_\_\_

GC: CvanOrman item for CLVD 9/24/82

GC/AFR: ANewton: as: 9/8/82

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D C 20523

THE ADMINISTRATOR

29 SEP 1982

Dear Mr. Chairman:

A.I.D. is currently prohibited from providing assistance to Ghana under Section 620(q) of the Foreign Assistance Act of 1961, as amended (the "Act"), because of defaults in repayment of loans to A.I.D. Section 123(e) of the Act permits continuation of assistance in support of programs of private voluntary organizations (PVOs) already being supported prior to the effective date of a prohibition under the Act if it is determined that continuation of support is in the national interest. Please be advised, in accordance with the reporting requirement of Section 123(e) of the Act, that I have determined that it is in the national interest to continue assistance in support of the Opportunities Industrialization Centers International Project in Ghana in Fiscal Year 1982.

If the assistance in question were destined for the Government of Ghana, we would not continue such support. However, the recipient is a private sector organization, independent of the Government of Ghana. Its continued survival is crucial in demonstrating to the new government that the U.S. has a continuing interest in Ghana's future, as well as avoiding a waste of U.S. tax dollars previously spent on the project. The project merits our continued assistance.

Sincerely,

  
M. Peter McPherson

The Honorable Charles Percy, Chairman  
Committee on Foreign Relations  
United States Senate  
Washington, D. C. 20515

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

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29 SEP 1982

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Sincerely,



M. Peter McPherson

The Honorable Thomas P. O'Neill, Jr.  
Speaker of the House of Representatives  
Washington, D. C. 20515