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Concept Paper

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Executive Summary

In 1983 Ghana made an historical decision to change the structure of its economy and the way it would approach economic development. After more than a decade of economic decline brought on by the combination of inappropriate economic management and adverse external economic events, the Ghanaian economy was in a state of collapse and economic management was approaching paralysis. The direction of Ghana's economic development path was sharply changed in 1983 when the Government of Ghana, in collaboration with the International Monetary Fund and the World Bank, chose to adopt a program to stabilize the economy and set in motion a long-term program of structural adjustment. The core features of the new program, called the Economic Recovery Program (ERP), are much greater reliance on markets to direct the allocation of resources, and the assignment of a leading part to the private sector. The Government has decided that the government should relinquish its role as the dominant economic actor in Ghana's development strategy.

USAID has reexamined its program in Ghana to see how it can improve its support of the commendable Ghanaian effort. This concept paper summarizes relevant aspects of Ghanaian economic policy developments and performance in the late 1980s and presents what, why and how USAID intends to assist the GOG in its economic recovery effort from 1988 to 1990.

USAID'S goal is to contribute to an increase in Ghanaian per capita income growth. However, the most pressing problem at this stage of the Ghanaian recovery and restructuring effort is a perceived lag in growth of the private sector during the recovery period. USAID's particular concern is the slowness of growth in productive employment. Part of the intent of the proposed A.I.D. program is to help accelerate private sector employment generation. To address the population side of the income per capita ratio, USAID will continue to assist Ghana to improve management of population pressures at the national and family level.

The main thrust of the USAID program over the next three years will be to support Ghana's Economic Recovery Program (ERP). The ERP is seen as the most appropriate general framework to use in pursuing USAID's goal of increasing Ghana's per capita growth rate. The main elements of the USAID program are the following:

(1) Provide fast-disbursing program assistance through the foreign exchange auction in 1988 and 1989, and perhaps 1990. The local currency generations will provide credit to the private sector and assist in payment of costs associated with divestiture of state-owned enterprises (SOEs) and redeployment costs of government civil servants.

(2) Use local currency generations from PL 480 assistance to defray some of the costs of redeploying government employees--civil service and SOEs--to the private sector. Assistance to the GOG to fund selected redeployment costs will be carried out within the context of the ERP-related "Programme of Actions to Mitigate the Social Costs of Adjustment" (PAMSCAD) and through other channels.

(3) Improve Ghana's management of population pressures by continuing to pursue USAID's ongoing program in family planning and child survival with emphasis on private sector entities and continue an active policy dialogue on the subject with the GOG.

(4) Continue the provision of food aid, but move the program from Title I to Title III.

(5) In human resources development, continue to support training under the Africa Bureau Human Resources Development Project with an increasing emphasis on the private sector.

USAID plans to initiate activities soon to increase its knowledge and understanding of aspects of the ERP, the private sector, agriculture and human resources development by initiating a series of information gathering and analytic exercises. The activities will tend to be relatively short term and small scale. The output will be used to focus activities in late 1988 and beyond and to help in design of USAID'S longer term development strategy.

1. Economic Adjustment Prospects

1.1 The Economic Recovery Program

The Economic Recovery Program (ERP) was initiated after the Ghanaian economy had experienced a decade of persistent economic decline during which real per capita income fell by 30%. Details of the decline are described in Annex 1. By 1982, large sections of the Ghanaian economy had virtually ceased to operate. In the urban areas many public utilities were not operating, enterprises were functioning at 20 or 30% capacity, some were shut down, consumer goods were in extremely short supply, unemployment was endemic, money was being replaced by food and other goods as a means of payment and the distribution system was only partially functioning. The economic decline was caused by adverse changes in Ghana's terms of trade, two periods of severe drought, and by an economic policy framework that misdirected resources, stifled growth and severely inhibited the economy's ability to adjust to changing economic conditions.

The Stabilization Phase

In response to the increasingly critical economic deterioration, the Government of Ghana (GOG) initiated the stabilization phase, ERP I, in April 1983. The GOG entered into an agreement with the World Bank (through the International Development Association) in July 1983 and established a standby arrangement with the International Monetary Fund (IMF).

The immediate objectives of the ERP were to stabilize the economy and restore productive economic activity. The ERP contained four main elements: (1) realign relative prices in favor of directly productive activities and exports, coupled with reduction or removal of controls; (2) initiate rehabilitation of the economic and social infrastructure: (3) restore fiscal and monetary discipline; and (4) encourage private savings and investment.

Measures to effect ERP I included:

- higher official agricultural producer prices--since May 1983, cocoa prices quadrupuled, cotton and tobacco prices more than doubled;

- gradual removal of price and distribution controls--price controls have been reduced from 8,000 commodities to eight consumer items;

- prompt adjustment of controlled prices to reflect exchange rate changes;

- pursuit of a flexible interest rate policy with the goal of achieving positive real interest rates by mid-1986;

- wage increases for public sector employees to restore past wage erosion.

The centerpiece of the stabilization phase of the program was the movement toward a flexible foreign exchange rate system. (WB PFP 1987) The cedi was progressively devalued from ¢2.75 per dollar in April 1983 to ¢90 per dollar in January 1986. A short-duration dual exchange rate system was introduced in September 1986 with the second window rate determined by an auction mechanism and import licensing was liberalized. In early 1987 the official exchange rates were unified, and access to the auction continued to be expanded. By late 1987 the official exchange rate had depreciated against the dollar by 6,000%, reaching a rate of ¢176 per dollar.

The economic performance data tell the story: real GDP grew at an average of 6% per annum between 1984 and 1987; the average annual rate for per capita income was 2.4%; exports grew at 20% and imports at 14%. Improvement of the balance of payments allowed a reduction in arrears from $531 million in 1982 to $145 million in 1987. (IMF 10/87 Request)

The inflation rate declined from 122% in 1983 to 10% in 1985 (but increased to 39% in 1987); the government budget ran small surpluses in 1986 and 1987.

Part of the improvement in performance is attributable to favorable weather conditions in 1984 and 1986. However, one of the most significant signs of the response to ERP I was the increase in non-traditional exports--fish, fresh horticultural products and manufactures which increased from $2 million in 1984 to $24 by 1986.

Given the likelihood that there has been under invoicing, the official data probably understate actual exports. Although not large relative to the traditional export categories, rapid expansion of non-traditional exports is a key objective of any economic liberalization program, and it appears to be happening in Ghana.

The Structural Adjustment Phase

The structural adjustment phase of the Economic Recovery Program (ERP II) began in 1987 and is scheduled to run through 1989. Although the changes introduced during and beyond the stabilization phase are to be continued and results consolidated, the structural adjustment phase is intended to address shifting productive economic activities away from the public sector to the private sector and the resource allocation system away from controls and toward markets. From USAID's perspective, the centerpiece of this effort is a reduction in the size of the civil service by 45,000 between 1987 and 1989 and reform, and reduction in the size of the state-owned enterprise (SOE) sector.

Reform of the 235 enterprise SOE sector (with perhaps as many as 200,000 employees) includes divestiture of 30 SOEs by 1990, placing SOEs on a commercial footing including movement to borrowing on commercial terms, and discontinuing subventions and subsidies. Plans call for redeployment of 15,000 employees annually from the civil service and 10,000 from SOEs, starting in 1987 and continuing for the duration of the ERP. More than 8,000 civil service employees were redeployed in 1987.

If 25,000 individuals per year were to go to the private sector, this would add about one half of a percentage point to the annual labor force growth rate of 3%. Other important aspects of ERP II include rehabilitation of physical infrastructure, especially transportation links and establishment of budgetary policy to increase domestic resource mobilization and to reduce dependence on inflationary bank financing.

1.2 Implementing the Structural Adjustment Program

To date, the Ghana ERP is among the most successful ever undertaken in sub-Saharan Africa. Even opponents would admit that the accomplishments of the stabilization phase are impressive. Given Ghana's historical attachment to a statist economic policy, perhaps the most impressive aspect is the GOG's willingness to adopt such a thorough going program of reform. Some observers, however, suggest that the hard part is just beginning--as many practitioners are well aware.

By mid 1983 the Ghanaian economy had been in the process of collapsing into itself for several years. Maintaining the prevailing set of policies only offered a continuation of the spin into the vortex. Thus, the decision to undertake a stabilization program in concert with the IMF and the World Bank was not so surprising. The only question was why the GOG waited so long to make the move. But the most significant feature was that the government agreed to change its long-standing, fundamental policy of controls and state ownership in favor of a market approach and reduction in the size of the public sector.

The more difficult phase is now beginning. Even though economic indicators have been and continue to improve, Ghana must now implement the structural adjustments necessary to validate the initial stabilization and reform measures. Relative prices have been shifted in favor of tradeables and some of the policy changes which the government can implement by fiat have been made, e.g. removal of some price controls and reform of the exchange system.

But so far the SOE sector remains largely intact and even somewhat strengthened. Shifting productive capacity from public control to private hands is an extremely complex challenge. Because it involves the sale of public assets, it requires that private buyers make the decision to purchase the assets--something the government cannot directly control or mandate. Buyers have to be willing. Thus, the immediate pressure to make the next big move is not nearly as acute as it was in 1983. The challenge is large and not as subject to direct control, but the task of moving firms from the public to the private sector is critical if the ERP is to succeed and Ghana is to become a resilient, growing economy.

In the case of SOE divestiture, the GOG approach is to restructure SOEs prior to divestiture. Divestitures in Canada, the U.K. and Costa Rica have tended to follow this sequence. It is understood that restructuring involves reorganization, redeployment of redundant employees and settlement of debts, but no investment in physical capital. There will be follow up by USAID to learn more about the GOG's specific divestiture approach. The implication is that redeployment will occur some time before actual divestiture occurs.

In spite of its auspicious beginning, the ERP still has some problems areas.

- <u>The exchange rate remains overvalued by 20% to 30% in early 1988</u>. The overvaluation rate was around 15% to 20% through much of 1987.

- <u>There is inadequate credit available to the private sector</u>. This is related to interest rate policy, the depreciation of the cedi and the aggregate ceiling on credit creation combined with the amount of outstanding credit to the public sector. Demand for credit from the Agricultural Development Bank in 1983-1987 was ¢7.9 billion against a supply of ¢1.6 billion. The proportion of loans from primary and secondary banks to the agriculture sector (agriculture, forestry and fishing) declined from 39% in 1983 to 18% in 1986. Inceases in private savings have been hampered by

sluggish real interest rates. The real interest rate was increased to become positive in 1985, it was near zero in 1986 but by late 1987 the real rate to savers was approximately negative 19%. It is noteworthy, however, that interest rate ceilings were lifted in early 1988 and inflation should decline in 1988.

- The great bulk of divestiture activity is in the future. There has been some reduction in SOE employment as noted in section 1.1. Some ground rules have been established for SOE financial management and the organizational machinery has been established, but the actual shift has not yet begun. It is understood that the GOG does not have adequate financial resources on hand to effect the first phase of the transition. None of this is to say it will not occur, nevertheless a major task remains to be done.

- Corporate tax rates are still too high at 45% and the tariff, excise and sales taxes systems are not internally uniform. Tariffs on some non-luxury imports are 45%.

- Producer prices for major agricultural exports such as cocoa, coffee, cotton and tobacco remain well below world prices. This encourages smuggling to neighboring countries.

- A substantial amount of regulations and controls persist. For example, price controls on agricultural inputs and tools persist as does direct government involvement in their distribution.

- Private imports of agricultural imports under the auction and the Special Import License system (SIL) remain low. (The SIL is an arrangement that permits importers who already hold foreign exchange to obtain import licenses.) Agricultural imports under the SIL in 1987 were ¢39.8 million out of total SIL imports of ¢14 billion and 5% of imports through the auction were for agriculture.

The Liberalization Outlook

The possible future courses of Ghanaian economic liberalization can be summarized in three possible variants:

1. Go the way of Zambia in 1987 and, after a period, abandon the liberalization effort, as Ghana did in 1972;

2. Minimize strain at any given place in time by liberalizing slowly, balanced against maintaining satisfactory donor interest and support;

3. Succeed in moving as expeditiously and boldly as possible to obtain a resilient, market-oriented economy.

If the chosen course is the first one, no strategy is adequate. If the third course is followed, A.I.D. strategy is not particulary crucial because the task of economic liberalization is essentially internalized, i.e., accomplished. For USAID, the logical variant, whether it is what happens or not, is the second one, an outlook that reflects USAID's "cautious optimism."

The proper response then, is to do as much as possible to accelerate expansion of the private sector and growth in markets. Doing so addresses the core problem. In most liberalization efforts, even in a well-designed program, as is the case of Ghana, the crucial element is the lag between the time the government phases itself out of productive activities (and liberalizes enough economic policies) and the time the private sector begins to grow sufficiently rapidly to generate employment and increase incomes. In Ghana some of the economic slack has been taken up by increased activity levels in the tradeables sector, but the challenge remains of continuing to improve economic policies and expeditiously moving the private sector to occupy the space vacated by the government sector. USAID can contribute to the pace of the public-private transition by facilitating the expansion of the private

sector while encouraging the government to hasten its exit. A GOG posture favorable to enterprise contributes to growing private sector confidence and reduction in the private sector's estimate of investment risks.

1.3 The Program of Actions to Mitigate the Social Costs of Adjustment

Another major aspect of the decline and nascent economic recovery and restructuring of the Ghanaian economy is the effect on income distribution and broad socioeconomic effects. As a supplement to the Economic Recovery Program II, the GOG introduced a concept in mid 1987 titled "Program of Actions to Mitigate the Social Costs of Adjustment." Commonly referred to as PAMSCAD, the program was developed following collaborative discussions among the GOG, the World Bank and several international development agencies. The total size of the three-year program is $83.9 million, of which $37.5 is required in foreign exchange. PAMSCAD consists of 24 specific project proposals under four major headings: community initiatives; employment generation; redeployment; and projects to meet basic needs such as safe water, health, nutrition and education. Project activities in PAMSCAD that fall within the general area of interest to USAID are (1) assistance in financing redeployment of civil servants (not including SOE employees); (2) credit for small-scale interprises, (3) agricultural rehabilitation credit for peasant farmers; and (4) labor intensive feeder roads. It is noted that the redeployment component under PAMSCAD covers an estimated 20% of anticipated costs for the overall three-year civil service redeployment program.

Although the title of PAMSCAD implies that its purpose is to offset the adverse socioeconomic effects of adjustment, the program is much broader. Thus, in presenting PAMSCAD, the GOG notes that "since [the present Governments'] accession to office [in December 1981], the Provisional National Defence Council of Ghana has been concerned with finding ways to reverse [the] severe economic decline of the 1970s." The government further recognized that it was the poorer groups, urban and

rural, ". . . who were least able to protect their position during the period of economic decline." It is further observed that "the adjustment program has hit hardest those--not generally the poorest--who were making a living from trade and rents in a restrictive, protected regime."

The view of the GOG is that, although the greater proportion of the population is likely to gain from the ERP in the medium to long term, there is an acute need to address some current social and employment issues. The Government also reasoned that the sustainability of the ERP could be endangered unless attention were given to ameliorate some of the existing socioeconomic problems and those arising from the structural adjustments. PAMSCAD also decreases the chances for adjustment fatigue. This approach parallels the basic idea that USAID should address problems associated with the transition period such as employment generation and acceleration of private sector expansion to contribute to the success of the ERP.

The idea behind PAMSCAD has much to commend it. It is innovative and directly addresses one of the major problems that have plagued adjustment programs: addressing the concerns of those displaced in the short term before the private sector can generate sufficient growth ~~inertia~~ momentum. At the same time several project activities may not be self-sustaining. Some may generate pressure for additional support to survive beyond the near term. Also it is not clear that the anticipated PAMSCAM needs are necessarily of short term duration.

2. USAID Strategy for 1988-1990

2.1 Problem Statement

The main problem USAID has elected to address is the perceived lag in employment growth in the economic restructuring process. Efforts to shorten this lag will directly contribute to the success of the ERP and increase incomes. Because Ghana is a less developed economy, a second problem addressed is low labor productivity.

2.2 The Proposed Program

The basic elements of the strategy are presented within the following general framework:

The goal is to contribute to an increase in Ghanaian per capita income growth.

The means are, on the income side, to support ERP II; and on the population side, to expand the availability of family planning and health services and to support human resource development.

The objectives are

(1) contribute to acceleration in the creation of productive employment in the private sector with an emphasis on agriculture;

(2) help finance some of the costs of the structural adjustment program, specifically the costs of redeploying government employees and costs associated with divestiture of SOEs;

(3) improve management of population pressures at the national and family levels;

(4) increase the Mission's knowledge and understanding of the private sector and of aspects of the ERP.

2.2.1 Means

USAID will support implementation of ERP II by participating with other donors in policy dialogue with the Government and by funding selected aspects of the program. Principal areas of assistance will include support for the auction using a CIP-like program or cash transfers when feasible; the development budget through the Public Investment Program; repayment of the SOE debt to the financial system; redeployment costs of redundant civil servants and SOE personnel, and

activities to mitigate the social costs of the recovery program (food assistance, credit for enterprise development, and budgetary support for Ministries of Health and Agriculture, and rural works programs).

The evidence strongly suggests that the Government is committed to restructuring the economy. The World Bank, the IMF and the GOG already have a well developed economic reform plan and it is important at this time for the United States to maintain a strong positive approach in the policy dialogue with Ghana. Therefore, USAID does not feel it is either necessary or prudent to attach substantive macro policy conditionality to the program assistance provided in 1988 or 1989. This approach will be under constant review and will be adjusted if conditions warrant. It is anticipated that policy dialogue over the next two to three years will be at the sector level, concentrating on specific issues where USAID is prepared to discuss details and offer solutions.

The denominator in the per capita income equation is population growth. USAID will assist the Government in helping to manage population pressures at the national and family level as a second major means of attaining the goal.

2.2.2 Objectives

Within the context of the ERP and through activities in the population and health sectors, USAID will attain the goal of increased per capita income by concentrating on the following priority objectives:

Ease the Credit Constraint to Accelerate Private Sector Employment Generation:

The cedi generations from the fast-disbursing program assistance will be placed in the commercial banking system, available exclusively for credit to private sector enterprises. The reason that credit is chosen is that the supply of credit is not sufficient to meet private sector demand, therefore impeding private sector expansion and its ability to generate employment. The easing of the credit constraint directly addresses the overall problem of the tendency for the rate of

private sector job generation to lag behind the growth in the supply of labor. The recent increase in interest rates will lessen the demand for credit and eventually increase mobilization of savings, however, the objective is to increase credit availability in the short run and that can only be done by directly increasing the amount of the resources available to the financial system.

Support the Government's Redeployment and Divestiture Effort: Another aspect of the USAID effort to encourage private sector growth will be provision of budget support to the GOG's redeployment and divestiture efforts. It is not clear at this time whether the funds should be initially targeted to cover severance costs of civil service employees or of SOE employees. More information is needed on the GOG's views, timing of redeployment, constraints on divestiture and on the socioeconomic aspects of redeployment of the two groups. Because the two groups tend to be different in terms of skills, working locations and other characteristics, it is likely that their release into the private sector will have different effects.

Assisting the GOG to redeploy redundant workers will tend to increase unemployment in the short term, but redeployment is necessary if the private sector (and employment) is to expand rapidly in the medium term. First, redeployment of government workers is a clear signal to the private sector of government intentions, thereby increasing private sector confidence. Second, decreasing government payrolls means government can borrow or afford to tax less, leaving more financial resources available for private sector use. Third, the redeployed workers themselves will bring needed job skills to the private sector and the entrepreneurs among this group will also contribute to the dynamism of the private sector.

Improve Management of Population Pressure: USAID will be able to contribute to improving management of population pressures by continuing to pursue its ongoing program in family planning and child survival through both public and private sectors. Working with the Ministry of Health (MOH), USAID will continue to provide assistance to those areas of

the public program still requiring assistance and which are not supported by other donors. USAID will also carry on policy dialogue with the MOH and Ministry of Finance and Planning directed at changing the procedures for provision of local currencies to the MOH to support public sector activities in family planning and child survival. In its work with the private sector USAID will continue ongoing and initiate new private sector ("for profit" and NGO) activities in family planning and child survival. An evaluation planned for early March 1988 will focus on the most effective way to expand the USAID population effort.

Information and Analysis: USAID will initiate and maintain a series of information gathering and analytic exercises designed to increase the Mission's knowledge and understanding in such areas as

- the factors that influence Ghana's private sector performance and growth;
- the socioeconomic characteristics of redundant government workers, both civil service and SOE employees;
- the financial sector, with an emphasis on financial entities (including credit unions and cooperatives) serving small- and medium-size enterprises and the rural sector;
- agriculture, including non-traditional agricultural exports;
- the scope for development of secondary cities and small towns in employment creation.

Three specific activities under consideration for initiation in the first half of 1988 are a diagnostic survey of the availability of inputs for small farmers, a diagnostic survey of small to medium size rural enterprises and an assessment of the private sector.

The timing and composition of survey or research work has not yet been determined but it is proposed that most of the work in 1988 and into

1989 be relatively short term and small scale, such as surveys to construct profiles of the private sector and collection of existing data and information. This preliminary information will then be used to identify and design more direct and systematic analysis and thereby help in designing USAID's longer term strategy in Ghana. It is anticipated that, in March, a USAID staff member will participate as a team member in the conduct of World Bank studies of the banking system and of the rural credit system.

3. Elements of the USAID Program

3.1 Support for the ERP

3.1.1 Channel Program Assistance Through the Auction

With regard to the USAID programs in 1988 and 1989, the process starts with the acquisition of local currency through the auction as the CIP is drawn down. The CIP-like program will be directed to the import of goods from the United States by private sector importers in Ghana. This provides needed imports to the Ghanaian private sector and the program should permit fast disbursement of the dollar resources. Local currency generated from the CIP-like activity will be programmed to support the objectives discussed in section 2.2.2. The ERP is thereby directly supported by providing the resources through the auction and by the fast-disbursing nature of the assistance. We see the same general approach being employed in 1990, but modified as more information is gathered and USAID's understanding of the situation increases.

3.1.2 Food Aid

In the last few years, the USAID development assistance program to Ghana has used PL 480 food assistance programs, including Title I and Title II programs. Both the GOG and USAID increasingly perceive the PL 480 programs as a developmental resource in addition to merely providing food aid. It is USAID's intention to use PL 480 local currency generation to support selected activities in PAMSCAD as well as other activities discussed in section 2.2.2.

Traditionally, Title II has been viewed primarily as a humanitarian program concerned with the immediate need to alleviate hunger and malnutrition. In recent years, however, the developmental benefits of Title II programs in Ghana have been emphasized, and the program is undergoing a fundamental redirection in an effort to enhance its developmental role. Maternal-Child Health and Feeding Programs (MCH) contribute to development through integration with the following services: nutrition/health education, growth monitoring, immunization, ante-natal care, and family planning. Food-for-Work programs support increased agricultural production; better management of the natural resource base; water development; improved sanitation; and, other community development activities.

Under Title I, negotiation of self-help measures have included, inter alia, improvement in grain storage and marketing; improvement in policies affecting production and marketing; restructuring/privatization of agricultural-related parastatals; removal of constraints to a more effective participation of the private sector in food and agricultural production and distribution; and primary health care.

USAID is proposing to shift from a Title I to Title III food aid in 1988. USAID believes a Title III program is more appropriate than Title I as it provides debt relief and because the GOG is committed to implementing reforms under its structural adjustment program. Under Title III, the local currency generated and disbursed for agreed upon activities is used to offset the GOG's repayment obligations of Title III and/or ongoing and future Title I repayment obligations by the same amount. This program would also provide USAID with additional leverage in promoting growth of the private sector through programming of local currencies.

USAID will not actively pursue the negotiation of a Section 108 program under PL 480 Title I with the Government during 1988. We are concerned about the management burden such a program will impose, and by the fact that there is only one totally private bank in Ghana. USAID will leave the option open for a possible 108 program in 1989.

3.2 Population and Health

USAID's $10 million population program (including bilateral, central and regional funding) directly addresses the two African Bureau priorities in population: expanded availability of family planning services; and use of the private sector to provide services. Especially significant has been USAID's success in expanding the availability of services through the private "for-profit" sector. At the present time the distribution of family planning services by source is estimated to be 20% for the MOH; 50% commercial; and 30% NGO.

The 50% share of family planning services delivered by the commercial sector is attributable almost entirely to USAID's contraceptive social marketing program. With GOG backing, USAID is providing assistance to private midwives, market women and traditional birth attendants. Successful implementation of this program should increase the private sector's role in service delivery to as high as 90%, one of the highest in the developing world.

The main project component of the population program is the $7 million Contraceptives Supplies Project. It is scheduled to end in September, 1989. The project includes a public sector component with a number of interrelated activities, and the highly successful Contraceptive Social Marketing Program. In the period February-May 1988, USAID will be evaluating the Contraceptive Supplies Project and conducting a nationwide demographic health survey. The latter will provide baseline information on current contraceptive prevalence, and data for evaluating the impact of the program.

The combined results of the evaluation and survey will be used to design a follow-on project to continue the successful aspects of the current program and expand into those private sector areas (e.g., commercial and church-based hospitals) that so far have minimal involvement with family planning. USAID estimates that its program through 1989 will lead to prevalence levels in excess of 15%, while the

continuation of its current efforts and the expansion of services to other private sector entities could conceivably push prevalence rates as high as 30% by 1994. The results should lead to a measurable reduction in the yearly population growth rate, currently estimated at over 3%.

The channels being developed for family planning service delivery will also serve as the principal channels for the expansion of other child survival services as well as for the implementation of the national HIV/AIDS prevention program. Much of the support needed for continuation of USAID current initiatives in family planning and child survival after 1989, as well as the expansion of the program and the inclusion of HIV/AIDS prevention activities, could be provided through targetted use of U.S.-owned local currencies. (See Annex 3 for further details of the program).

3.3 Training

During the period 1985-87, 55 participants received training in the various short term courses in the U.S. under the African Manpower Development Project (AMDP).

The Human Resource Development Assistance Project (HRDA) was established in 1988, succeeding the Africa Manpower Development Project (AMDP). The AMDP places greater emphasis on private sector participation and in-country training. HRDA training programs and activities for the near term were identified jointly by USAID and the GOG, with some inputs from the private sector. Planned AMDP activities in FY 88 include: US training (17 participants, including 7 from the private sector), in-country workshops and seminars, and third country training focusing on technical and agricultural training.

USAID plans to prepare a longer term strategy for human resources development to improve the fit with the overall program. The strategy will include:

- Choosing promising candidates for long term training through improved criteria for selection and intense evalution;

- For short term training increasing concentration on private sector participation in determining training and selection of candidates;

- Continuous current emphasis on Health and Population sector training needs; and

- Identification of targets of opportunity in support of strategy objectives.

To assist in preparing the longer term strategy for human resources development in the near term USAID plans:

- an assessment of private sector training needs;

- an assessment of selected Ghanaian training institutions for in-country training; and,

- a participant training impact evaluation to be carried out with support from REDSO/WCA.

Population and Health training activity is also an important component of the portfolio. USAID has provided more short term training to health personnel of both the Ministry of Health (MOH) and the private sector than any other donor. Since 1985 much of this training has been done utilizing central funds, although a number have also been trained using African Manpower Development Project (AMDP) II Health Training Funds and just recently, bilateral project funds.

3.4 Closing Out Projects

Uncommitted funds in the terminated (12/86) Development Applications of Intermediate Technology project (DAPIT) will be deobligated and

reobligated into the Human Resource Development Project for additional training. An audit of unexpended DAPIT funds will be carried out to determine if any additional funds can be deobligated from DAPIT.

A similar audit of unexpended funds in the Managed Input Delivery of Agricultural Services (MIDAS II) project will also be carried out for the same purpose. The unexpended loan funds will be deobligated and reobligated as a grant for private sector activities.

3.5 Proposed Additional Elements in FY 90

Prior to preparation of the CDSS, we will consider support to two additional areas in addition to selective continuation of the activities described above. Both of these areas have high promise for accelerating employment creation and income growth in the private sector.

3.5.1 Agriculture

One option is assistance to accelerate agricultural growth. Possible activities might include: improved agricultural policies, marketing (including cooperative development), and extension.

3.5.2 Secondary Cities and Market Towns

A second option requiring more elaboration is development of secondary cities and market towns. As the spatial focus in the long term relationship between urbanization and agriculture development, towns and markets play a critical role in supporting rapid employment creation and broad-based economic growth. They are also well-suited to help in managing population pressures. Several barriers to urban-rural linkages include some areas we are already addressing in the near term, and others of importance to our overall strategy:

- lack of intra- and inter-city transportation networks;

- lack of other types of physical and social infrastructure; and,

- o insufficient local institutional strength and ability to generate local revenues.

The case of Kumasi illustrates the need to consider secondary towns in Ghana. A thriving center of economic activity with exceptionally high potential, the Kumasi has a devastated infrastructure (seriously deteriorated roads, power supply, water, building construction and local administration). The town local authority lacks the resources to maintain infrastructure, let alone improve it. In spite of debilitating problems, however, Kumasi is growing rapidly as a major center of private sector economic activity.

This problem area would require substantial effort to explore adequately. A starting point would be the strategy paper prepared for A.I.D. entitled "Urbanization in Africa: Issues and Opportunities" by ABT Associates (in draft, Jan 1988), which singles out Kumasi's needs for special emphasis (pg. 29 - 30). USAID will request assistance from REDSO/WCA in exploring the possibilities for assistance to Ghanaian cities and towns as an extension of the current strategy.

4. Donor Assistance and Coordination

Total disbursements of donor assistance was $358 million in 1986 and increased to around $480 in 1987. Bilateral disbursements increased as a share of the total from 28% in 1986 to 36% in 1987. Non-project, fast-disbursing assistance accounted for 38 and 42 percent of total commitments in 1986 and 1987 respectively. The increase in program-type assistance was due to a large increase by multilateral donors such as the World Bank. (Bilateral donors actually reduced their share of program-type assistance in their portfolio, see Tables in Annex 2.)

Donor coordination is an essential part of the ERP, and of USAID activities in family planning and health. The scope of major donor coordination efforts in Ghana is described in detail in a paper recently prepared by USAID entitled, "Official Development Assistance to the Economic Recovery Program Ghana" (January, 1988).

USAID is an active member in the Local Aid Group (LAG), which meets monthly under the leadership of the World Bank Resident Representative. The supportive role USAID has taken in implementing the ERP, including PAMSCAD has already been described above. A key ingredient in coordination is the involvement of the GOG, under the leadership of the Ministry of Finance. Recently an Economic Liason Unit (ELU) has been established within the inner cabinet. The ELU will serve the Secretariats of the PNDC to expedite economic policy decision-making as well as to process and implement aid agreements and other public agreements.

The U.S. is a relatively small donor in Ghana. In the 1984 - 1987 period, it ranked fourth in disbursements among bilateral donors (after Canada, West Germany and U.K.), and disbursed less than four multilateral donors (World Bank EEC, ADB/ADF, and WFP). Current U.S. assistance represents only 3% of overall commitments and 6% of bilateral assistance. Reflecting the level of U.S. resources, USAID priority objectives in donor coordination are catalytic and limited: increase the capacity of the GOG to absorb resources productively, and encourage donors and multilateral organizations to concentrate resources on GOG priorities and speed up rates of disbursement. As the U.S. has a concentrated program and is second only to Germany in ratio of disbursements to total commitments in 1984 - 1987 (with ratios of 119 and 101 respectively), it is well placed to encourage other donors in these areas.

At the sectoral level, although the World Bank has overall responsibility, progress will only come from the efforts of individual donors in individuals sectors. USAID has taken the lead in the health and family planning sector. Some success has been achieved working with the MOH, UNFPA and UNICEF, for example, in organizing the national Demographic Health Survey, and the major successful private sector activity in child survival - marketing of oral rehydration salts.

5. Performance Monitoring

USAID's plan for monitoring evaluation and reporting is proposed within the context of the President's End Hunger Initiative and the Development Fund for Africa (DFA), and takes into account, among others, the following requirements:

- focus on the goal of ending hunger though market-based growth, emphasizing the potential of economic policy reform and private sector development;

- emphasize close consultation and coordination with other donors and private and voluntary organizations on problems of priority interest;

- consolidate major elements of the overall program within a coherent framework permitting flexible use of both project and non-project resources;

- concentrate resources on specific problem areas within key sectors thereby enabling systematic monitoring, evaluation, and reporting of performance within a given sector over time;

- develop programs which are equitable, participatory, environmentally sustainable, and institutionally self-reliant.

The plan will be organized to generate information - including impact data and lessons learned - on performance at three general levels: 1) overall strategy, 2) sectoral activities, and 3) specific projectized interventions. In order to ensure a close fit between the country requirements and our needs in addressing the three levels, (and other information needs such as evaluation of cross-cutting concerns like women in development), USAID will request AFR/W support to assist in developing details for implementing levels 1 and 2 (Overall Strategy and Sectoral Activities), briefly outlined below.

5.1 Overall Strategy

Proposed USAID indicators to measure overall program performance are: 1) increased per capita incomes, 2) increased employment in the private sector, 3) decreased employment in the civil services and state-owned enterprises, and, 4) increased contraceptive prevalence. We will look to the work carried out by the World Bank, IMF and the GOG for data to establish benchmarks for the first three indicators. We will use the demographic and health survey starting this month to establish a basis for setting benchmarks to monitor the fourth indicator.

Concerning the first three indicators, we feel it is unrealistic to make particular claims as to specific differences attributable to the A.I.D. program. We will, however, explore the distributional consequence of these changes in terms of gender (effect of women), rural and urban-based, and effects by region. Performance measured under the fourth indicator, however, will be directly attributable to A.I.D., given our initiatives in family planning service delivery in a wide range of "for profit" and non-governmental organizations, and support for Ministry of Health activities. Information at this level will be useful in our dialogue with AID/W, in preparation of the Ghana CDSS, Action Plan, as well as discussions with the GOG and the other donors.

5.2 Sectoral Activities

At the Sectoral level, indicators for performance monitoring in activities to address USAID's priority problems will be identified and included as an integral part of the "program" (or "non-project") activity under design. Our major development activities utilize a blend of project and "non-project" mechanisms and concentrate an array of resources (dollars, local currency, food aid, studies, consultancies) to address a particular problem, for example, accelerating employment generation as part of our support to implementation of the ERP or carrying out interrelated activities promoting family planning service delivery in the private sector.

In designing upcoming program activities (for example, the main FY '88 and FY '89 Sectoral Programs and a possible AEPRP), it will be USAID policy to utilize the analytical tools of a logical framework. This will include setting of specific goals, purposes, outputs and inputs, identification of indicators and the means to monitor progress and measure impact, and clarification of key assumptions necessary for successful implementation of the activity. Information will be useful for dialogue with GOG, other donors, and AID/W as well as for USAID monitoring and implementation purposes.

5.3 Projects

At the project level, USAID will follow standard design procedures including use of logical frameworks for project monitoring, evaluating, and reporting. It is possible that indicators and benchmarks established at the project level will also be utilized at the sectoral and strategy level, such as contraceptive prevalence.

6. Special Concerns

USAID recognizes that the Development Fund for Africa calls attention to a number of special concerns; several are addressed briefly below.

6.1 Environment

A key need in Ghana, given the extend of tropical forests and the role timber exports play in the economy, is better monitoring of the expansion of the timber industry and its effects on the environment. Legislation calls for analysis of the action necessary in a country to conserve biological diversity and tropical forests, and discussion of the extent to which current or proposed A.I.D. actions (if any exist in that country) meet those needs. Recognizing Ghana's difficult environmental problems, USAID will monitor efforts undertaken by other donors (including the World Bank and FAO) to study environmental issues,

especially those related to forestry. It will also consider support through PAMSCAD for activities to improve management of natural resources.

USAID has already taken steps to address the problems of environmental degradation by joining with Peace Corps, NGOs, and the GOG in developing a strategy to identify a collaborative natural resource initiative to be implemented in selected areas country wide. Such an effort would be supported within the context of PAMSCAD, undertaken with minimum management inputs from USAID, with reliance on Peace Corps and PVOs to operate field-based programs. See Annex 4 for details of the proposal.

6.2 Women in Development

USAID program priorities of employment creation, alleviation of poverty and improved management of population pressures in the family all provide for significant involvement of women. Studies of the dynamics of employment creation in the rural and urban areas on and off the farm will provide an important means for monitoring gender issues. In the family planning and health area, women are not only prime beneficiaries, but also the key agents to expand community based delivery of family planning and oral rehydration salts through traditional birth attendants, midwives, and market women.

6.3 Consultation with PVOs

Expanding consultations and participation of PVOs in the planning, implementation and evaluation of development activities is called for under the DFA. PVOs will be brought into the design of the program as more detailed planning work is conducted. USAID is working with PVOs involved in natural resource management and family planning and health. Technoserve was consulted concerning possible approaches to involvement of PVOs in small and medium enterprises. The Concept Paper design team consulted with the Christian Council of Ghana and the Christian Church Hospital Association of Ghana to discuss the potential for activities regarding private sector family planning, child survival and HIV/AIDS

prevention. In working out an approach to PAMSCAD, the team relied on previous consultations with the Adventist Development and Relief Agency (ADRA). USAID will be initiating more systematic consultations with the PVO community in the future as the program progresses.

ANNEX 1

Economic Overview

A.1 The Economic Endowment and Structure of Ghana

Although it is largely an agrarian economy, Ghana has a diverse natural resource endowment that includes an agricultural sector with abundant arable land; mineral deposits including gold, diamonds, bauxite, manganese and crude oil; hydroelectric power; forests and ocean resources. In 1970, Ghana had one of the most highly developed economic and social infrastructures in Sub-Saharan Africa.

In 1987 Ghana's per capita income was estimated to be $550 and total population was 12.6 million. Today, agriculture accounts for more than 50% of GDP. Cocoa production and exports alone account for over 60% of Ghana's export earnings, about one fourth of government tax revenue and approximately one third of government employment. The manufacturing sector constitutes about 10% of GDP. Although in a state of disrepair, it is diverse and well developed relative to the rest of sub-Saharan Africa. (IMF 10/87)

A.2 Economic Decline

Policy

The policy seeds for the protracted economic decline through the 1970s were sown in the 1950s and '60s. When Ghana gained its political independence in 1957, cocoa-generated foreign exchange reserves were equivalent to 17 months of imports ($252 million). (Akoto 1987)

In the late 1950s Ghana, like many developing economies, initiated an import substitution policy. Nevertheless, Ghana maintained a liberal trade and exchange regime with virtually no

controls on international trade, payments or on domestic prices. The average tariff was 17% of cif price and there was a 40% export tax on cocoa. During the late 1950s cocoa prices and export earnings fell while the exchange rate remained fixed, culminating in a balance of payments crisis in 1961. The response was introduction of import licenses, a ban on some luxury goods, higher tariffs and price controls on some imported goods including farm machinery and fertilizers.

The control system became increasingly complex and arbitrary until a liberalization attempt was introduced in 1966 in an effort to deal with inflation and growing excess demand for imports. The 1966 liberalization effort addressed the policy framework by reducing price controls, introducing a flexible exchange rate and reducing the SOE sector. The objective was to improve efficiency and increase utilization of installed capacity. After a four-year struggle the liberal economic policy was abandoned and controls reinstated. The effort failed because the liberalization effort was partial: excessive growth in aggregate demand was not brought under control.

Over the post-independence period fiscal expenditure shifted away from social infrastructure--88% in 1950-60 to 63% by 1970--and toward industry and agriculture--from 6.2% to 23% for industry and 5% to 14% for agriculture. In agriculture, there was a concerted effort to mechanize and expand large-scale farming (first tried in 1950) and to introduce a system of state farms.

The Government's dominating position in industry started in the first half of the 1960s when many of Ghana's SOEs were created. Between 1966 and 1972 the Government emphasized the private sector, but in 1972 the government reverted to an SOE strategy when it took a majority interest in all large mining and timber companies. In 1975, all foreign enterprises were required to become joint ventures

with either private Ghanaians or the Government. In 1979 and afterwards a large number of small enterprises were confiscated. By the early 1980s the government controlled virtually all industrial and distribution activity. All of Ghana's major exports were being produced and/or marketed by SOEs. By mid-1987 the government owned 93 enterprises and had a majority interest in 83. The government also has a minority interest in 54 firms. The SOE sector had a total employment of approximately 160,000, of whom about 50,000 work for the Cocoa Marketing Board.

Performance

In spite of Ghana's inherent growth potential, it experienced marked and persistent economic decline from 1970 through 1982. During that period real per capita income fell by 30%; domestic savings and investment decreased from 12% and 14% of GDP, respectively, to less than 4% each. Inflation averaged 44% per annum. (Given the pervasive system of price controls, real inflation was probably much higher.) In contrast, the cedi appreciated relative to its 1972 level for a five-year period, then depreciated, yielding an average annual depreciation rate of 10.7%. The balance of payments registered large overall deficits. This led to depletion of foreign exchange reserves and accumulation of external payments arrears equivalent to $577 million--more than 90% of export earnings--by the end of 1982. (IMF 10/87) This virtual economic disaster was partially caused by adverse changes in Ghana's terms of trade and two periods of severe drought. However, the failure to adjust to these adverse changes is directly attributable to prevailing economic and financial policies and to an economy sapped of dynamism by a policy framework that systematically undermined incentives to produce, export, save and invest.

The data below summarize the performance of aggregate indicators in the Ghanaian economy, its protracted decline starting in the 1960s and continuation through the 1970s.

By 1982, large sections of the Ghanaian economy had reverted to subsistence. Relative to 1970, import volume had dropped 65% and real export earnings were down 52% by 1982. During the drought years of 1982 and '83 agriculture production fell by 6.7 and 1.5% respectively. (Sines, 1988)

Table A-1
Aggregate Economic Indicators
Percentage Average Annual Growth Rates
(from constant prices)

	1950-60		1960-70		1970-81	
	Growth	p/c*	Growth	p/c	Growth	p/c
G D P**	4.1	-0.4	2.2	-1.3	-0.3	-3.2
Imports	8.9		-2.0		-5.4	
Exports	3.2		0.1		-9.2	
Private C	4.5	0.0		1.7	-0.6	-0.4 -3.4
Government C	12.9			7.2		7.4
GDI	8.9		-3.1		-4.3	

* p/c = per capita

** GDP = gross domestic product; Imports and Exports of goods and non-factor services; C = consumption; I = investment, GDI = Gross Domestic Investment.

Source: World Bank, World Tables, Vol. 1, Economic Data

Trends in some socioeconomic indicators are illustrated in table A-2.

Table A-2
Socioeconomic Indicators

	1970	1980	1982	1983/84	% Change
Index of Monthly Earnings	183.4		38		-79.3
Infant Mortality Rate per 1000	80	101		107-120	41.9
% Below Poverty Line:					
Urban	30-35			40-50	38.5
Rural	60-65			68-73	12.8

Source: Republic of Ghana, PAMSCAD document, p. 3., 1987.

ANNEX 2

Disbursements of Donor Assistance

Table I
AID Disbursement, 1984 - 1987
(US$ million)

Bilateral Donors	1984	1985	1986	Est 1987	Total 1988
Canada	45	15	14	23	97
France	1	0	0	14	16
Germany	27	18	22	32	99
Italy	1	2	1	8	12
Netherlands	0	7	5	12	24
Japan	6	17	16	21	60
Switzerland	6	4	9	8	27
UK	10	12	21	31	74
USA	23	17	13	18	71
Denmark	0	0	0	2	2
Saudi Fund	0	0	0	4	4
Sub Total	119	92	10	173	485
Multilateral Donors					
ADB/ADF	14	22	20	35	91
BADEA	0	0	0	1	1
EEC	47	13	33	49	142
CFTF	1	1	1	1	4
EIB	6	2	3	5	16
IFAD	0	2	2	5	9
UNDP/UNICEF	3	6	7	9	25
WFP	14	14	25	20	73
World Bank	54	72	166	186	478
Sub Total	258	224	257	311	839
Grand Total	258	224	358	484	1324

Source: World Bank (1987)

Table II

Rate of Disbursement, 1984 - 1987

(US$ million)

	1984	1985	1986	1987
Total Pipeline	760	1,001	1,160	1,604
Total Disbursement	258	224	357	480
Disbursement Rate (%)	34	22	31	30

Source: World Bank (1987)

Table III

Ratio of Total Disbursement to Total Commitments,

1984 - 1987

(Percentages)

Germany	119
USA	101
UK	0
World Bank	74
EEC/DIB	72
Canada	66
WFP	63
ADB/ADF	56
Japan	36
Italy	18

Source: Vordzorgbe 1988

There existed an inverse relationship between the ranking of bilateral donors according to the size of commitments (Table 2) and that based on disbursements; UK, Germany and the USA which committed smaller amounts in 1984 - 1987 than Japan and Canada, disbursed their commitments faster.

Table IV
Donor Commitments by Modality

1986 ODA COMMITMENTS

	% of bilateral	% of multilateral	% of Total
Program/Sector	38	37	38
Project	40	56	49
Food/Commodity	12	5	8
Technical Assistance	10	2	5
Debt relief	-	-	-

1987 ODA COMMITMENTS

	% of Bilateral	% of Multilateral	% of Total
Program/Sector	24	60	42
Project	54	24	39
Food/Commodity	15	7	11
Technical Assistance	4	9	7
Debt relief	3	-	2

While percentage of multilateral commitments to program/sector assistance increased in 1987, bilateral percentages decreased.

ANNEX 3

USAID/Ghana's Population and Health Program

The goal of USAID's population program is to make the full range of contraceptive methods as widely available as possible, and to educate the Ghanaian public as to their importance and proper use. In achieving this goal it has taken a two pronged approach to service delivery - upgrading of the Ministry of Health (MOH) clinic and hospital-based serv ce delivery, and developing new channels for service delivery and contraceptive distribution through the private sector. In the public sector USAID is working with the MOH to:

- improve MOH contraceptive logistics and management information systems.
- train personnel in management and family planning, with emphasis on technical information, education and communication (IEC), for all service providers.
- strengthen MOH capability to conduct health education activities, including a three year nationwide family planning IEC program.
- develop in-country capability for training physicians, nurses and midwives in the full range of contraception methods.
- add family planning to the pre-service curricula of all Ghanaian medical, nursing and midwifery schools.
- conduct operations research to develop delivery of systems for family planning and other primary health care (PHC) services to rural villages.
- conduct a nationwide demographic-health survey to establish current status of population and provide baseline data for future program development and evaluation.
- work with the MOH and the National Catholic Secretariat to train nurses in the public and private sectors in natural family planning.

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USAID's efforts in the public sector, however, will not appreciably increase the overall availability of family planning services due to the limited capacity of the MOH to expand its services or to extend its network of service outlets. This situation is well recognized by the Government and MOH, which have actually fostered much greater private sector participation in the delivery of all PHC services, including planning. As a consequence, major program expansion has been directed towards private sector channels. USAID has been quite successful in this area, especially with regard to extending service delivery in the "for profit" commercial sector. In particular, the USAID program has:

- developed a self-sustaining nationwide contraceptive social marketing (CSM) program which is currently distributing and selling contraceptives throughout the country.
- trained 2,700 pharmacists and chemical sellers in modern contraceptive technology to serve as sources of family planning information.
- developed a program for commercial advertising of contraceptives nationwide.
- developed a program for adding market women throughout Ghana to the contraceptive retail sales network, so as to provide contraceptives and advice to the public as part of their normal marketing activities.
- developed a comprehensive and innovative research program which includes retail audits, panel surveys, anthropological research, and some specific marketing research techniques to continually assess and strengthen the CSM program.
- developed a program for providing family planning training to 200 private midwives who own and operate their own maternity homes.

While the list of discrete activities is long, each activity is designed to relate to other family planning and health activities in a mutually supportive way. For example, midwives being trained in family planning will be linked with: (1) the CSM program, which will sell them contraceptive supplies; (2) the USAID-developed nurse training centers, which will provide IUCD training; (3) the MOH supply system, which will provide essential drugs and vaccines, as well as USAID-supported family planning IEC supplies and support; and, (4) the USAID-developed surgical contraception centers which will receive clients referred by midwives.

In addition to these activities, USAID is investigating provision of family planning services to the health schemes of private companies and is currently developing a program for training 6000 traditional birth attendants (TBAs) to deliver PHC services, including family planning, to the 70% of the population residing in rural areas. This latter program is actually a direct private sector extension of the public sector health system. The TBAs, who are private practitioners, will receive training and their supplies of contraceptives through the public health system.

The expansion of family planning services through the "for profit" private sector has had dramatic results. It is estimated from contraceptive distribution figures that already half of the contraceptives being distributed in Ghana move through the CSM program, while the private sector in general (including NGO's) accounts for over 3/4 of all the family planning services currently being provided in-country. USAID anticipates that once private sector channels being developed become fully operational, the percentage of family planning services provided to the public through the private sector will reach as high as 90%.

The role of private sector involvement in the delivery of family planning services in Ghana is equally applicable to the provision of other child survival services, as well as HIV/AIDS prevention activities. This is well illustrated by the Oral Rehydration Therapy (ORT) program developed by USAID in conjunction with its private sector family planning activities. Through negotiations with UNICEF, the MOH, a private pharmaceutical firm, and using only centrally funded resources, USAID has developed a local production and commercial distribution facility for oral rehydration salts (ORS), which will increase the availability of ORS by up to 1000% within a year through the retail network already developed for the CSM program. The local production will also provide the public sector with its requirements.

USAID's population and health program is structured in such a way that all of the current activities, including those regionally and centrally funded, are fully integrated and mutually supporting. With the exception of only three activities (private midwives, ORT and family planning IEC) all will cease with the bilateral project in 1989. At this juncture, the foundations for a sustainable and comprehensive program will be set, and the management burden which was assumed by the Mission in the development of the current program will be substantially decreased. As a consequence the follow-on project would be more compact and streamlined, concentrating on continuing some basic support for the public sector in those areas not covered by other donors (such as UNFPA), providing primary commodity support to the social marketing program, and developing new initiatives in the private sector, such as with private physicians, commercial hospitals and other retail outlets.

ANNEX 4

Environment

USAID is cooperating with the Peace Corps, Adventist Development and Relief Agency (ADRA), Catholic Relief Service (CRS), Ghana's Forestry Department and National Service and an indigenous PVO to develop and implement a plan for natural resources initiatives in Northern Ghana.

This proposed project is a collaborative effort of the Forestry Department's community forestry projects in the Northern, Upper East and Upper West Regions. Communities will be assessed to determine their suitability for developing community nurseries. Once the communities are identified they will be organized by the collaborators and work will be initiated to develop a water source and construct a living/storage building. One of the 10 Peace Corps Volunteers (PCVs) assigned to the program will arrive on site and initiate nursery activities and the training of nursery workers. Five permanent workers will be paid cash with funds from monitization of P.L. 480 Title II and five temporary workers will be paid with food. PCVs will also initiate and take part in extension activities and in giving technical assistance during planting of seedlings. The nursery site will serve as a demonstration plot for agroforestry. Several of the PCVs will be assigned to work in existing forestry department nurseries (supplying seedlings to communities) for the first year or until the new community forestry nursery sites are ready for them.

Detailed agreements were made by the organizations collaborating on the initiative. ADRA will take the lead in coordination and will administer the collaborative efforts of the agreements. ADRA will also take an active part in assisting in organizing the communities and assuming responsibility for managing and disbursing funds received from the the donors. PCVs working

with an indigenous PVO will help develop community nurseries. The Forestry Department will supply technical inputs, and will, through the chief forestry conservator, ensure that the program conforms to National Planning Natural Resource Objectives.

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