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USAID/GHANA

ASSESSMENT OF PROGRAM IMPACT

FISCAL YEAR 1992

OCTOBER 31, 1992

ASSESSMENT OF PROGRAM IMPACT (API)

SECTION I

SPECIAL FACTORS AFFECTING USAID'S PROGRAM IN GHANA

Both political and economic reform continues rapidly in Ghana. A constitution was drafted, approved by a Consultative Assembly, and approved by a voter referendum. Political parties have been legalized and campaigns run. On November 3, J.J. Rawlings was elected President by a majority of the populace. Both the Commonwealth Observer Team and the Carter Center Team (which was funded, in part, by AID and USAID) declared the elections were free and fair. Americans from the U.S. Embassy and USAID/Ghana also acted as election observers, and were impressed with the openness of the election process and the widespread support it received from Ghanaians. A parliament will be elected in December and a new government under the new constitution will be installed in January, 1993.

The possible change in government after 11 years had a surprisingly small influence on the Mission's programs considering the magnitude of the change. Perhaps one reason for this is that all the major political parties agreed that the economic policy should continue the reforms made under the Economic Recovery Program and that economic policy should be both pro-private sector and pro-export. This consensus allowed many top officials to continue to press forward aggressively on reforms despite the fact that they were virtually certain to be replaced if a different Chief Executive had been elected.

Despite the broad consensus, there is some slowing of the decision-making process. Most decisions have a number of both economic and political implications, and decision-makers are looking over their shoulders, trying to anticipate how the next government will react. If nothing else, this takes time. As an example, the concept of an institute for the study of economic development and trade economics was enthusiastically supported by the GOG last Spring. However, progress on design has slowed as the administration carefully considers the implications of each design decision.

A final word of caution is justified. The parties that lost in the elections are unhappy - even shocked - and some demonstrations have occurred. To date, Mission has found no reason to be anything but optimistic that any change in government would take place peacefully: the demonstrators are likely to voice their protest and then go on about their business.

HIGHLIGHTS OF GHANA'S PROGRESS ON ECONOMIC REFORM IN 1992

The GOG has continued to build institutions and practices needed for economic development. In 1992, they established an interbank market so that borrowing and lending can take place between banks, and the central bank can intervene to smooth out fluctuations in exchange rates, money supply growth, or interest rates. Due to the tight monetary policy of the Government, the annual inflation rate has fallen and has stayed below 10% for 6 months now. That is well below the 35% average of the previous decade.

Recently, however, there have been some changes worth noting in the foreign exchange markets. The cedi has depreciated nearly 20% since last March, punctuated with an 8% drop in the month of September. There is general agreement on the causes of the rapid depreciation though their relative importance is still being debated. The major factor was probably a delay in donor contributions.[1] Mission views the rapid depreciation as a temporary difficulty. So long as inflation and the money supply remain in control, the exchange rate is unlikely to be a problem in the longer term.

The private sector continued to progress on a number of fronts.

- Politically, the private sector gained more respect and more influence. In 1992, with the help of USAID/World Bank/IMF conditionality, the private sector has gained a

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[1] - Approximately $250 million in donor funds ($150 million World Bank funds and $100 million from other countries) were due to be disbursed during the second half of 1992: to date, none of those funds have been disbursed. Roughly $100 million is tied up because of sectoral conditionality. Another $150 million is tied up because the GOG and the donors have not yet agreed that the macroeconomic conditionality has been met. While the precise cause of the difficulty is confidential, most observers believe that the disagreement stems from a growing budget deficit. The deficit has increased both because revenue has fallen (cocoa prices have declined sharply) and because expenditures have increased as the Government gave large pay increases to many government workers. Petroleum prices were increased 10% to raise government revenue, but the deficit is still too large. There are other, contributing factors to the rapid depreciation. There is probably some slowing of private capital inflows prior to the elections as people wait to see what happens before they transfer money into the country. Finally, the Central Bank was said to have told banks that traders should get foreign exchange through the interbank market. This created a panic among traders who, in desperation, all descended on the foreign exchange bureaus at the same time, thus creating a temporary foreign exchange shortage.

policy role which it never had before. USAID programs facilitated this transition by helping to create the Federation of Associations for Ghanaian Exports (FAGE), strengthening the Association of Ghana Industries (the equivalent of the National Association of Manufacturers) through the HRDA, and involving all the private sector associations and the GOG in the design of the Trade and Investment Program.

• The financial markets continued to broaden and deepen. The Government sold debt issues on a weekly basis. The number of firms traded on the Ghana Stock Exchange increased by 3 (or 25%) and the Government has plans to float shares in several state-owned banks and other companies. Several new financial instruments were offered including shares in the Home Finance Company Unit Trust (which finances home mortgages) and GIANTS (which are securities with a fixed term and security which are backed by physical assets). Ghana's version of the Resolution Trust, NPART, started to sell restructured loans that it holds. Finally, another private sector bank, the Meridien Biao, started operations in Ghana.

• The Government allowed the private sector to market cocoa for internal use, and to market internationally sheanuts, coffee and diamonds in international markets. (The US firm of Lazare Kaplan is one of the joint venture partners in the new organization that is marketing diamonds.) The Government has also allowed the private sector to establish cellular phone network in and around Accra.

• In response to the improved business climate, interest by foreign investors has increased. There have been foreign investment missions from the US, France, and the United Kingdom. The GOG has announced a long series of policy reforms which will make Ghana more attractive to visitors, and include reforms ranging from rearranging the arrival hall so that visitors find it easier to enter the country to the elimination of the need for visitors to register with the Immigration service.

SPECIAL FACTORS IMPEDING USAID'S PROGRAM PERFORMANCE

The Mission believes that most of its sectors are making good progress towards achieving their goals and only experiencing normal implementation problems which are being resolved. However, in the health sector, there are two unresolved issues. First, port clearance is a problem for contraceptive supplies imported by the public and private sectors and for other Ministry of Health

commodities. In an effort to reduce the number of blanket customs waivers, the Ghana Customs, Excise and Preventive Services (CEPS) now requires that customs waivers be obtained for each shipment, including USAID-provided contraceptive supplies. This policy has increased the amount of time required for customs clearance for the private sector from two weeks to about three months. As part of the program agreement, customs duties are to be eliminated on all contraceptives, and it is hoped that this will eliminate the requirement for waivers and speed customs clearance.

Problems with clearance of commodities for the Ministry of Health continue. The major issue is that there is no established mechanism within the government for prompt payment of a variety of port charges and demurrage fees. At the request of the GOG, the mission is exploring the possibility of "door to door" shipment of contraceptives to overcome the up-to-nine month delays in port clearance.

A second factor influencing the implementation of USAID's program is the reorganization of the Ministry of Health, and reassignment of key personnel. While we feel that the reorganization will indeed result in a Ministry that functions better, the interim period of confusion has slowed project implementation.

SECTION II

PROGRESS TOWARDS OVERALL PROGRAM GOALS

GOAL - PROMOTE SUSTAINABLE, MARKET ORIENTED ECONOMIC GROWTH

Ghana's GDP grew for the eighth consecutive year in 1991. The 5.0% growth rate brought the average growth rate for the period to 5.3%. Despite this strong showing, there is still a valid concern that the growth is not sustainable because it is dependent upon foreign aid flows (which comprise nearly 9% of GDP) and government spending (which is nearly 20% of GDP). Moreover, the supply side of the economy is still weak in that private sector generates relatively little savings (only 6.7% of GDP). In part for this reason, private investment is also small, comprising only 9.3% of GDP.

Several explanations have been offered for the "weak" supply response by the private sector, though Mission believes these explanations overlook how well Ghana has done in the context of its history. For example, since 1983, the donor community has concentrated on rebuilding government institutions rather than private sector development. This is a valid observation; one could certainly find areas in which the donor community could have been more helpful to the private sector. However, the physical and institutional infrastructure of Ghana was in such poor condition in 1983 that a long period of reconstruction and policy reform was needed before private sector development could begin in earnest.[2] There has recently been a significant shift in emphasis toward private sector development as evidenced by the private sector focus of the new USAID programs (including the Trade and Investment Program, HRDA, and Title III) and major new World Bank programs (including Structural Adjustment Credit III - whose official title is "Program to Promote Private Investment and Sustained Development" - and their new Private Enterprise and Export Development Project which is being designed to complement the USAID export project).

Another point to remember is that though private sector investment

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[2] One should also remember that a significant amount of the reform involved shrinking the size of government. Between 1987 and 1990, 47,439 government workers were laid off - roughly one fifth of the civil service. Research conducted this year shows that almost two thirds of the laid off workers moved directly from their government job to another job and have melted into the labor market. Now, both male and female laid-off workers experience the same unemployment rate as the rest of the population.

is only 9.3% of GDP, it was just 2.4% of GDP as recently as 1986. So there has been a large shift in the last few years. That shift came despite an extremely tight monetary policy which resulted in short term interest rates in excess of 35% which effectively prohibited much of the private sector from borrowing and expanding investment.

Perhaps the most important point, however, is that world economic conditions depressed economic growth. Developing economies often do well during a commodity boom only to collapse during a commodity bust. As the following table illustrates, Ghana has done well during a commodity bust.

	1986	1987	1990	1991	1992 Est. or Current
Cocoa Exports (000's of metric tons)	195	197	247	246	240E
World Price ($/ton)	2406	2278	1309	1300	1002
in 1992 US Dollars	2655	2554	1903	1345	1002
Gold Exports (000's of fine ounces)	106	140	202	300	393E
World Price ($/ounce)	364	432	383	360	340
in 1992 US Dollars	451	519	411	373	340

Cocoa and gold are Ghana's two largest exports, each accounting for approximately one third of total exports. In real terms, the world price of gold and cocoa has dropped by 25% and 62% respectively from 1986 to present. Despite these price reductions, output of gold has soared as a result of the revision of the investment code for mining in 1986. Output could increase 20% per year or more until 1995-96. For cocoa, prices have fallen dramatically but output of cocoa has still risen. The increase has been moderated by bad weather this year and in 1990.

There have been a number of positive developments during FY92 which suggest that the private sector is making progress and that private investment is expanding. An OPIC Mission to Ghana last March announced three joint ventures worth $30 million. These included ventures to: produce bricks and tiles, process pineapples for export, and explore for gold. As is often the case, these ventures are taking some time to develop. However, the results are sufficiently encouraging so that the OPIC organization is considering a second Mission in early 1993. In addition, Regimanuel-Gray - an American-Ghanaian joint venture which started in 1991 - has finished over 200 houses during 1992. It plans to more than double output in 1993. In the private non-traditional export sector, USAID/Ghana has conducted a survey and found that the private sector has approximately $150 million invested in the

sector compared to virtually none in 1983.[3] Clearly, NTE are one area where the private sector has been expanding in a major way.

One indicator of the improvement in business environment is the level of stock prices. The average price on the Ghana stock exchange has increased 55% in price from September 1991 to September 1992. Other indicators of the business environment include the rate of inflation which has dramatically improved: the rate declined from 37% in 1990 to 18% in 1991 to below 10% during 1992. Despite this impressive decline in inflation, the GOG has continued to maintain high interest rates to prevent reacceleration of inflation. The Ghanaian equivalent of the prime rate is now as high as 26% at some banks. These interest rates represent a strong defense against revival of inflation., but they also tend to squeeze out private sector borrowing.

PROGRESS ON THE MISSION SUBGOAL OF INCREASING GDP PER CAPITA

The macroeconomic picture shows significant progress. Real GDP and real GDP per capita have consistently increased during the Economic Recovery Program. Debt service has declined rapidly as a percentage of exports despite the decline in the sale price of Ghana's two major exports. Due to Ghana's sound economic policies, it is no longer behind in its payments to the IMF or other international lenders and debt service as a percent of exports continues to decline.

	1986	1987	1990	1991	1992 Est. or Current
	Percent Change				
Real GDP	5.2	4.8	3.3	5.1	5.0
Real GDP per capita	2.5	2.1	0.6	2.4	2.3
	Percent of Exports				
External Debt Service					
Including the IMF	48	58	38	30	25
Excluding the IMF	37	32	23	20	17

The 5% growth translates into a growth in per capita real GDP of 2.4% if one uses the official population figures, and 1.6% if one uses a more rapid estimate of population growth which the Mission

[3] While the precise investment levels are not known, they must have been very small compared to current levels. Total NTE - including the relatively small number of parastatals - totaled $62 million last year. For comparison, in 1983, only $1 million in NTE were exported.

feels is more realistic. The difference between those two numbers is numerically small but they have much different implications. If 2.4% growth in real per capita income continues for about 30 years, real income will double. If one assumes a real growth of 1.6%, it will take nearly 50% longer, or close to 45 years, for per capita income to double.

There are two aspects of this mathematical fact worth mentioning. First, it points out the importance of reducing the rate of growth in population and its potential effect on economic welfare. Second, Mission believes that a more rapid rate of progress will have important implications for the way that people react and whether they will be willing to depart from their traditional way of doing things. From the point of view of the typical Ghanaian, it is not worth saving and investing or financing your children's education if you are convinced that they will end up farming at subsistence levels anyway. With a rapid rate of economic progress, people will find it easier to see the potential payoff for economic development and of personal changes in behavior.

The World Bank and Government of Ghana explored this theme in their report "Ghana 2000 and Beyond: Setting the Stage for Accelerated and Equitable Growth". The conclusion of that report was that a complex network of factors had to be improved simultaneously if Ghana wanted to accelerate its rate of economic growth. However, certain key sectors stood out. These sectors mirror the USAID/Ghana portfolio: human resource development and export development. Moreover, under export development, the World Bank adopts a private sector-led approach which emphasizes the need to improve infrastructure, the enabling environment, and the capacity of firms to export.

The potential change in government has caused several groups of government employees to demonstrate for higher salaries and benefits. There have been large pay increases approved for civil servants, university professors, and other government employees. Nonetheless, the Government remains committed to the principle of a balanced budget, so increases in expenditures must be backed by increases in taxes. The GOG has raised fuel taxes by 10% and is working on other plans to raise revenue.

PROGRESS ON IMPROVING THE QUALITY OF THE HUMAN RESOURCES BASE

Two strategic objectives fall under this subgoal - reducing the fertility rate and improving the quality of the primary education system. These two objectives are mutually reinforcing. Reducing the growth in population requires a complex set of conditions and attitudes. One important contributor is that a literate population is more receptive to family planning options. Conversely, families with fewer children often have more money and are more able financially to provide educational opportunities for their

children.[4] In rural areas, for example, less than 70% of children have been enrolled in primary school, and only 50% of those who start complete grade 6.

The GOG has taken a multi-faceted approach to increasing literacy in Ghana. The Mission is supporting primary education through its PREP project, but the GOG, with the support of other donors, is improving virtually every other aspect of the educational system. With World Bank support, the GOG has restructured the education system so that students move to the college level in 12 years rather than 17. Enrollment at the new junior secondary schools has been increasing 6-7% per year for the last two years. In the 1990-93 period, the GOG will emphasize improving the management and effectiveness of the senior secondary schools. Finally, a major program has been launched to teach adult Ghanaians to read and write. The goal is to teach over 250,000 adults to read each year, 1992-94.

The number of students at the university level is limited by physical facilities. Indeed, during the past year, there have been disruptions at the University of Cape Coast because the number of entering students has increased while the number of dorm rooms has remained unchanged. Despite the apparent need, donors have not focussed their resources on increasing the supply of college graduates. Of a recent $82 million World Bank loan, only $2 million is destined for the universities.[5] Graduates can easily get jobs if they have a vocational background or have studied economics or business; jobs are harder to come by if students have specialized in law, journalism or the liberal arts.

The health status of Ghanaians continues to improve from a very low base. Infant mortality has steadily decreased from over 140 per thousand in 1960 to less than 100 in 1990. Unfortunately, infant mortality is 30% higher in rural areas than in urban areas. Mortality in the most disadvantaged parts of the country - Upper West, Upper East, and Northern regions - are twice that of Greater Accra. Adult Ghanaians are also ill more often than adults in other countries. Indeed, the typical adult is sick about four times as much as the typical adult worker in the United States.

Part of the Family Planning and Health Program is to promote the

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[4] Although education is nominally free, Ghanaian families pay for their own food, supplies, and a portion of the cost of their textbooks. For the poorest 20% of families in Ghana, these modest costs comprise 12% of per capita consumption expenditures for grades 1-6, 17% for grades 7-9, and 41% for grades 10-12.

[5] A new, $20 million loan is being negotiated with the GOG, it will focus on technical education, polytechnic institutions, and enhancing the status of the Winneba Teacher Training College.

use of Oral Rehydration Salts (ORS). Studies held in March 1992 showed that awareness of ORS increased from 56% of mothers in 1989 to 80% of mothers in 1992. This was accompanied by an increase in appropriately treated diarrhea from 19% in 1989 to 31% in 1992.

A major health threat in Africa as a whole as well as in Ghana is AIDS. While reliable figures for the whole population are not available, currently about 2% of the adult population of Ghana is probably infected with AIDS. While this appears to be small in comparison with other African countries where the adult prevalence can reach 25% or more, the disease can spread in a matter of two or three years to the point where it becomes the major cause of death in the adult population. This has occurred in Côte d'Ivoire over the past five years, and the Mission is concerned that a similar rise in prevalence will also occur in Ghana.

One encouraging sign comes as the result of Mission activities supporting the control of HIV/AIDS. A nationwide educational campaign targeted at youth (ages 15 to 30) was carried out in FY92. The mission carried out carefully controlled pre- (1991) and post-campaign (1992) studies to serve as a baseline for 1991-1996 activities as well as to measure the impact of the one year campaign. The study found a change in reported sexual behavior. The proportion of 15 year olds who reported being sexually active decreased from 44% to 27% (which will not only slow the spread of AIDS but will also support the Mission's strategic objective in reducing fertility). Additionally, it found that for men there was an 18% decrease in the average number of sexual partners in the previous three months. The Mission recognizes the difficulties in interpreting the reality behind reported sexual behavior, but is encouraged by these findings.

SECTION III

PROGRESS TOWARDS STRATEGIC OBJECTIVES

Strategic Objective 1: Increase Private Sector-led Export Production and Investment

Overall performance under this objective will be measured by indicators of new employment opportunities generated and increases in real per capita income of workers in the non-traditional export sector. Neither of these measures are reported this year since they will change as a result of the Trade and Investment Program which was just obligated on September 30, 1992.

Target 1.1: Improve Infrastructure Needed for Export Expansion

There are several indicators which measure the extent to which feeder road rehabilitation has succeeded and has contributed to export potential. There are over 22,000 km of feeder roads, and USAID helped to improve maintenance on the network and to rehabilitate 974 km of road under the APPP (PACD 9/30/91). The World Bank also supported the feeder road rehabilitation effort, but even with that support the percentage of feeder roads in good condition increased only 2% in calendar 1991 from 14% to 16% of all roads.

Under the follow-on National Feeder Roads Rehabilitation and Maintenance Program (NFRRMP), which is 20% funded by USAID, steps are being taken to accelerate feeder road rehabilitation and maintain more rural roads. A training school, largely funded by USAID, is being constructed for private sector contractors so that more firms can be taught how to care for feeder roads, and the increased funding can be put to use. This year, an additional fourteen contractors have been trained, which increased the total number of trained contractors by one third from 41 to 55. Increased emphasis on maintenance has resulted in almost twice as many km of feeder roads being maintained now as were being maintained in 1989 (2000 km vs. 1070 km in 1989). With an increased level of resources and increased maintenance effort, the percentage of feeder roads in good conditions rose from 16% in 1991 to an estimated 20% in 1992.

According to a study by the Department of Feeder Roads of the socioeconomic impact of feeder roads, a large number of benefits going to the neediest population groups. Typically, the people who live near these roads obtain the majority of their income from traditional, subsistence agriculture. Less than 10% of them use irrigation or mechanized farming methods. Improving feeder roads increases farmers income by 53% by reducing crop losses due to lack of storage facilities from 12% to 4%, allowing the farmer to profitably increase the size of his farm, and reducing

transportation costs of bringing product to market. According to a socio-economic impact study of the USAID feeder road program, rehabilitation has some startling results.

- In the Brong-Ahafo region on roads near Berekum, 120 motor vehicles use rehabilitated roads on a normal day compared to 4 on unrehabilitated roads. Maize crop losses declined from 35% of production to 15%; cassava crop losses declined from 32% to 0%.

- In the poorer Upper East Region, 2 motor vehicles use the rehabilitated roads on a normal day compared to no use of unrehabilitated roads. Sorghum and Millet crop losses are 6% of production when roads are improved, compared to 12% and 20% for sorghum and millet, respectively, when the roads are unimproved.

- In the Northern region, rehabilitation of feeder roads resulted in a 25% increase in output and a 61% decline in transportation cost. It was estimated that the total benefits per household served would reach 126,000 cedis per year once the households had rearranged their lifestyle and production to take advantage of the feeder road. (In this area, casual labor makes 700 cedis per day.)

In 1992, the Mission conducted a baseline study to determine the impact of feeder road rehabilitation on the domestic resource cost coefficient (DRC) for selected export crops. DRC is defined as the ratio of the cost of producing a good domestically compared to the cost of importing an equivalent good. Hence, for yams, our study found that yams can be produced and brought to a wholesale market for 60% of the cost of buying a yam on the world market. Though not reported in the attached table, the study also found that one could buy a yam at the farm gate for 32% of the international price. The difference between 32% and 60% represents the transportation costs and other marketing costs of getting the yam to the wholesale market. Mission believes that feeder roads will lower the cost of getting yams and other products to the wholesale markets. Lower priced agricultural goods are more likely to be exported. And, in the case of cassava where the DRC is above 1, it will not be possible to export substantial quantities since the high DRC indicates that competitors will be able to sell cassava for less than Ghanaian exporters.

From 1992 onward, USAID will only fund feeder road rehabilitation in areas which have export potential.

Target 1.2: <u>Improved Enabling Environment for Export Firms</u>

The Mission has taken a number of steps to help export firms. As part of the design for the Trade and Investment Project, the

Mission conducted a number of studies of industry conditions, world competition, and appropriate policies which must be implemented in order to make Ghana a world class exporter. Based on these studies, the Mission has carried out substantial policy dialogue with policy makers, both informally through hosting dinners and events with key individuals, and more formally with the help of the Implementing Policy Change project. It has publicized the importance of exports through public speeches by the Mission Director, articles in newspapers and journals, and conferences on how other countries have been able to develop rapidly by emphasizing exports. It has helped develop an association of exporters to facilitate exports. It has attempted to increase the amount of economic information available to the public by supporting publication of studies of current economic conditions and by financing seminars at which economic policy is discussed.

These efforts have borne tangible results. A Private Sector Working Group developed as a result of a Mission-funded MAPS study. The Private Sector Working Group reviewed Ghanaian laws and recommended a number of revisions which will encourage both domestic and foreign businesses by clearing unenforced laws on the statue books, simplifying forms, and reducing restrictions on businesses. Some of those changes have already been made, and the remainder are awaiting final approval by the ruling body of the GOG. Also, following extensive policy discussions between USAID representatives and a variety of levels of Government officials, the foreign exchange retention restrictions on exporters have been eased so that exporters can now get their export earnings converted into cedis at a market-based exchange rate. In addition, the Ghana Export Promotion Council has just agreed to stop setting minimum prices for exports.

If the Ghanaian economy was still controlled the way it was in 1983, none of these efforts would have had any impact. However, due to the widespread reforms in Ghana's economy and regulatory structure, the Ghanaian business community is responding. One indicator of the response is that the number of exporters of non-traditional goods increased 63% from 1990 to 1991. The MAPS survey found that only 7% of the firms that export are owned by women. To increase this percentage, the Mission is supporting initiatives by two NGO's, Aid to Artisans and Women's World Banking, which will have the effect of increasing opportunities for women.

Target 1.3: <u>Improved Capacity of Firms to Export</u>

It is ironic that the indicator for target 1.3, total value of non-traditional exports, was virtually unchanged between 1990 and 1991 at the same time that the number of exporters increased so dramatically. However, the lack of growth in the aggregate number masks significant development in a number of critical areas. Handicraft exports, for example, increased 93%, in part due to the assistance provided by Aid to Artisans which was funded by the

Mission. Exports of furniture and furniture parts increased 42% from $2.5 million to $3.6 million. The Mission has identified furniture manufacturing as an industry full of both problems and potential. Other processed products (which includes a wide variety of products ranging from iron rods to dry cell batteries) grew 46% from $2.7 million to $4.0 million due to rapid growth in a large number of different products. Finally, pineapple exports grew 32% from $3.8 million to $5.1 million. Offsetting these increases were a 49% decline in sales of aluminum sheets from $9.6 million to $4.9 million and a 43% decline in sales of salt from $7.0 million to $3.9 million. In essence, Ghanaian exports are highly concentrated, and problems in one industry or failure of one major customer will cause dramatic fluctuations in export sales. Nonetheless, as our indicator suggests, the non-traditional export sector is still developing rapidly and further increases in exports are highly likely. In the past month, Mission has helped an American firm to contact a Ghanaian timber producer. They have agreed in principle to purchase teak which the Ghanaian firm considered to be waste wood. If the deal closes, Ghanaian exports will increase approximately $15 million the first year and is projected to expand to $50 million over three years.

PROGRAM LOGFRAME: USAID/ACCRA API

REPORTING YEAR FY 1992

OBJECTIVES	INDICATORS	BASELINE No. (Yr)	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
STRATEGIC OBJECTIVE 1									
Increase Private Sector-led Export Production and Investment	a) New employment opportunities (No. of new jobs created)	1992 (Prog. start)							
	b) Real per Capita income of NTE workers increases 5%/year								
TARGET 1.1 Improve Infrastructure needed for export expansion	a) GOG improves _ km of roads selected on basis of export potential	300 (1989)	300 (A)	250 (A)	240 (E)	480	480	480	
	b) DRC at wholesale level for: Yam, Pepper, Pineapples, Cassava, Plantain declines __ % where feeder roads are improved. (% decline)	.60 .70 .75 1.51 .80 (1992)							
	c) Feeder roads maintained (number of km of roads maintained)	1070 (1989)	1200 (A)	1400 (A)	2000 (E)	3100	4300	5400	6500
	d) Trained, private contractors operating using labor intensive construction techniques. (no. of contractors operating)	7 (1988)	35 (A)	41 (A)	55 (A)	95	135	175	215
TARGET 1.2 Improved Enabling Environment for Export firms	a) Number of NTE exporters	1729 (1990)		2822 (A)					3200
TARGET 1.3 Improved Capacity of Firms to Export	a) Non-traditional Exports (millions of $/year)		62.3 (A)	62.6 (A)					

"A" indicates actual, "E" indicates estimates.
All baseline numbers are actuals

Strategic Objective 2: Reduce Fertility Rate to 6.1 by 1996

The Mission does not have any way of accurately measuring fertility until the Demographic and Health Survey is completed in 1993. This will be used as a baseline for future studies to enable annual estimation of fertility to meet people-level impact reporting requirements.

Target 2.1: Increase the use of modern family planning methods to 15% by 1996

Policy Dialogue: FY92 was the first year of population policy dialogue linked with non-project assistance. Because the Ministry of Health was unfamiliar with the implications of policy initiatives, the first tranche release was delayed by three months until all conditionalities were met. As a result, the following achievements were accomplished:

1. A wider distribution of contraceptives, oral rehydration salts (ORS) and malaria treatment throughout the private and public health service chain.

   - Condoms, foaming tablets, chloroquine and ORS were put on the 'exempt' list, removing them from all pharmaceutical distribution restrictions.

   - Public Health service providers with appropriate training, including traditional birth attendants, were authorized to distribute oral contraceptives.

2. Increased contraceptive and related products marketing by private firms and greater public accessibility to family planning, ORS and malaria treatment commodities.

   - The market women project was expanded from Accra to Kumasi, making these products more available.

   - A pilot project using hairdressers as distributors of contraceptives was begun.

   - Distribution of condoms through gas stations was begun.

3. Greater public awareness of population and family planning as a national priority with the support of national and community leadership.

- The constituent assembly included language in the Constitution of the 4th Republic of Ghana requiring the government to create and maintain a population plan.

Project Activities: In addition to policy dialogue, project activities in the population field have continued. In this reporting period, A.I.D.-supported programs showed a 6% increase in couple year protection (CYP) delivered by the Ghana Social Marketing Program (GSMP) and a 13% increase in CYP delivered by the Ministry of Health. Unfortunately, the International Planned Parenthood Federation (IPPF)-supported program suffered a marked drop in CYP which offset the rise delivered by the GSMP and the MOH and resulted in no net gain in contraceptive distribution. Hence modern family planning methods are probably used by approximately the same percentage of the population as last year which is between 8% and 9%. Total contraceptive prevalence is estimated to be 18%.

The performance of these indicators is disappointing after the strong growth experienced earlier in the program. For example, between 1989 and 1990 GSMP CYP increased by 17.5% and the Ministry of Health by 41%. While these growth rates may not have been sustainable under any circumstances, the immediate cause of the slow-down appears to be a hiatus in advertising, which was brought about by a delay in the follow-on project implementation caused by a slow contracting process. Almost nine months passed between the issuance of the RFP and the award of the contract. In addition, the Mission attempted to implement a bridging buy-in to a centrally funded project to prevent the gap, but AID/W contracting was unable to complete the process in time to make the needed inputs available.

Comparing distribution of contraceptives in the first half of 1992 (the last period for which data are available) with the same period of 1991, the Ghana Social Marketing Program (private sector) showed the following results: Condom sales were up 8.5%, oral contraceptive sales were up 7% and foaming tablets were up 1%. After two years of stagnation, the Ministry of Health began to improve its performance, with condom distribution up 110%, oral contraceptives up 18%, foaming tablets up 11%, and Depo-Provera (not supported by A.I.D. but important to the overall contraceptive picture) up 26%. Unfortunately, IUD distribution fell (-3%) and there were fewer voluntary tubal ligations performed. The reasons for this remains unclear. Part of the reason for the marked increase in condom sales by the Ministry may have been the year-long AIDS awareness campaign that was supported by the Mission. This may have had an effect on decreasing demand for other contraceptives.

The Mission has continued to expand the number of providers of

family planning information, goods and services. As mentioned above in the policy dialogue section, a remarkable number of new channels of supply have opened up as the result of a more liberal policy environment. Because of the newness of the program, we are unable to determine the precise impact of these, but we expect to be able to report next year. Support has continued to flow to the Ghana Registered Midwives Association and the National Traditional Birth Attendant Program (NTBA). The former is an important provider of services in that its members are able to reach an otherwise unreached population of less well educated women living largely in the urban fringe. The NTBA program helps to bring improved maternal and child health and family planning services to the rural areas. An evaluation of this program's impact showed a marked increase in clinical knowledge and application. It is particularly important that 80% of women delivered by trained TBAs had been referred to receive tetanus immunizations. If this can be sustained, it will mean the virtual elimination of neonatal tetanus. Despite good results in both of these programs, deficiencies were identified that are being remedied in the ongoing project. These largely have to do with establishing competency based training, improved supervision, effective logistical supply, and functioning referral networks.

CDIE Evaluation:

During 1992, the Center for Development Information and Evaluation conducted an evaluation of the thirty years of A.I.D. population assistance to Ghana. As is true of most countries in Africa, the results are mixed. Because of the collapse of the Ghanaian economy in the early eighties, the team found that the gains made in the 1970's were lost, and from 1968 to 1991, there had been negligible impact on total fertility rate and the population growth rate. However, A.I.D. assistance has contributed to improved understanding of population dynamics in Ghana, and A.I.D. supported Information, Education and Communication activities have contributed to widespread knowledge of modern contraceptive methods, a necessary precursor to any future increase in contraceptive use. The CDIE team identified three major reasons why population programs have not been as successful as they might have been: (1) Not all of the national leadership and senior decision makers felt that the goals and objectives of family planning were a national priority, (2) Family planning counselling and a wide range of contraceptive methods have not been regularly accessible in both urban and rural areas in a form acceptable to consumers, and (3) the dominant role of men in Ghanaian society.

The evaluation team found significant progress since 1987:

* the number of family planning service delivery points has expanded dramatically,

* nearly all of the clinics distributing contraceptives

are reporting regularly, and

* the Ghana Social Marketing Program has made significant progress in expanding the number of delivery points for contraceptives provided by the commercial sector.

The Mission agrees with essentially all the findings of the CDIE team. The new project has been designed to address (1) national policy commitment to population control, (2) ever widening availability of information, goods and services, and (3) through education, an increasing role for women in determining their own fertility.

With the beginning of implementation of the new Family Planning and Health Program, the Mission expects that 1993 will show marked improvement in progress towards this strategic objective.

PROGRAM LOGFRAME: USAID/ACCRA API

REPORTING YEAR FY 1992

OBJECTIVES	INDICATORS	BASELINE No. (Yr)	FY 90	FY 91	FY 92	FY 93	FY 94	FY 95	FY 96
STRATEGIC OBJECTIVE 2									
Reduce fertility rate to 6.1 by 1996	Fertility rate	6.4 (1988/89)							6.1
TARGET 2.1									
Increase the use of modern family planning methods to 15% by 1996	% use of modern family planning methods	5% (1988/89)	7% (E)	8-9% (E)	8-9% (E)	10%			15%
	Total contraceptive prevalence (% use)	12.8% (1988/89)			18% (E)	19%			25%
	National Population Secretariat established and functional (yes/no)	No (1991)			No	Yes			

"A" indicates actual, "E" indicates estimates.
All baseline numbers are actuals

Strategic Objective 3: Improve the Quality of Primary Education

The Primary Education Program (PREP) is in its second full year of implementation. It has $32 million in sector cash grant funds and a $3 million projectized component. The indicator of overall performance of the strategic objective will not be available until 1994.

Target 3.1: Improve the qualifications of primary school teachers

The GOG has developed and implemented a policy to train approximately 30,000 untrained teachers and provide professional development opportunities to all 63,000 primary school teachers. During the past year, the percentage of primary school teachers trained to minimum standards increased from 56% to 66% of total teachers. The project originally had a target of 70% by FY 93; it now appears that PREP will be able to exceed that target.

Target 3.2: Improve access in the North, Upper East, and Upper West

The GOG has developed and implemented a policy related to equal access to education in all regions of the country and has encouraged female participation by initiating eight Equity Improvement Program (EIP) pilot projects in 74 districts. The percentage of eligible children attending school in disadvantaged regions increased from roughly one third of eligible children last year to nearly two thirds of eligible children this year (source: Ministry of Education.) The Mission is working with the Ministry to confirm the accuracy of these data. However, there is some confirming data in that the Ministry of Education's Statistics Bureau also provided data showing a dramatic increase in enrollment at schools having EIP pilot projects. Furthermore, some schools with scholarship programs for female students have reported significant increases in access rates. The breakdown between males and females is not yet available for the schools with EIP projects for the current year. However, between the 1989-90 and 1991-92 school years, females as a percentage of total attendees throughout the country increased from 33% to 34% in the Northern district, from 35% to 38% in the Upper East, and from 39% to 41% in the Upper West.

Target 3.3: Increase the availability of educational material

The percentage of children having received primary education textbooks more than doubled over the academic year, from 21% in 1991 to 50% in 1992. This is, again, ahead of target, in part because the Mission was able to convince the Government of the importance of rapidly moving textbooks from warehouses to school

rooms.

Target 3.4: Rationalize school administration system

There are still 31 empty slots for district education officers in the system. However, though no one has been formally hired, 31 officers have been vetted and selected, and will soon be officially hired.

Target 3.5: Develop and implement criterion reference testing program

A criterion reference test was developed and used to test 12,000 children for literacy. The test was administered one year ahead of the schedule contained in the project paper because the Mission wanted to start using it to track the effectiveness of PREP.

Target 3.6: Rationalize education budget

The GOG appears to have met all of the conditions precedent (Cps) to the FY 1992 tranche disbursement. These include:

- the budgetary commitment to instructional materials was increased to 4% (from 3% in 1991). The GOG has developed and implemented an action plan for increasing this amount to 6% in 1993,

- the financial commitment to primary education was honored, with 3.5% of the total GNP allocated to education and a 42% share of the MOE budget designated for basic education,

- the MOE has developed a formula to disaggregate budget and expenditure data for primary education.

ANNEX A

REVISION OF INDICATORS

Target 3.4: Rationalize school administration system

The Mission originally proposed that the Ministry of Education hire 700 sector supervisors to perform regular school inspections. The Ministry of Education had difficulty hiring 700 people with appropriate skills. They suggested an alternative in which 250 circuit monitoring assistants would be hired to travel to each school, observe operations, and collect data. The circuit monitoring assistant would report to 250 newly hired circuit supervisors who would perform program reviews. It appears that this arrangement will be less expensive than the original proposal, and more consistent with the decentralization reform which the Ministry is undertaking. Therefore, the Mission concurred in this change. The Mission proposes changing the indicator from "700 sector supervisors hired and trained" to two indicators: "250 circuit supervisors hired and trained" and "250 circuit monitoring assistants hired and trained".

PROGRAM LOGFRAME: USAID/ACCRA API

REPORTING YEAR FY 1992

OBJECTIVES	INDICATORS	BASELINE No. (Yr)	FY 90 (89/90)	FY 91 (90/91)	FY 92 (91/92)	FY 93	FY 94	FY 95
STRATEGIC OBJECTIVE 3								
Improve the quality of primary education	% of children completing P6 who are literate and numerate	11% (1988/89)				45%		80%
TARGET 3.1								
Improve the qualifications of primary school teachers	% of primary school teachers who are trained to minimum standards	51% (1988/89)		56% (A)	68% (A)	70%		85%
TARGET 3.2 Improve access in the North, Upper East, and Upper West	% of eligible children attending school in:							
	Northern Region	30%	32%	34%	57%	40%		50%
	Upper East	31%	33%	28%	63%	40%		50%
	Upper West	32% (1988/89)	34% (A)	35% (A)	68% (A)	40%		50%
TARGET 3.3 Increase the availability of education material	90% of primary students have texts	10% (1988/89)		21% (A)	50% (A)	55%		90%
	95% of teachers have instructional materials	10% (A)		21% (A)	50% (A)	60%		95%

"A" indicates actual, "E" indicates estimates.
All baseline numbers are actuals

PROGRAM LOGFRAME: USAID/ACCRA API

REPORTING YEAR FY 1992

OBJECTIVES	INDICATORS	BASELINE No. (Yr)	FY 90 (89/90)	FY 91 (90/91)	FY 92 (91/92)	FY 93	FY 94	FY 95
STRATEGIC OBJECTIVE 3								
Improve the quality of primary education	% of children completing P6 who are literate and numerate	11% (1988/89)				45%		80%
TARGET 3.1								
Improve the qualifications of primary school teachers	% of primary school teachers who are trained to minimum standards	51% (1988/89)		56% (A)	66%	70%		85%
TARGET 3.2 Improve access in the North, Upper East, and Upper West	% of eligible children attending school in:							
	Northern Region	30%	32%	34%	57%	40%		50%
	Upper East	31%	33%	28%	63%	40%		50%
	Upper West	32% (1988/89)	34% (A)	35% (A)	66% (A)	40%		50%
TARGET 3.3 Increase the availability of education material	90% of primary students have texts	10% (1988/89)		21% (A)	50% (A)	55%		90%
	95% of teachers have instructional materials	10% (A)		21% (A)	50%	80%		95%

"A" indicates actual, "E" indicates estimates.
All baseline numbers are actuals

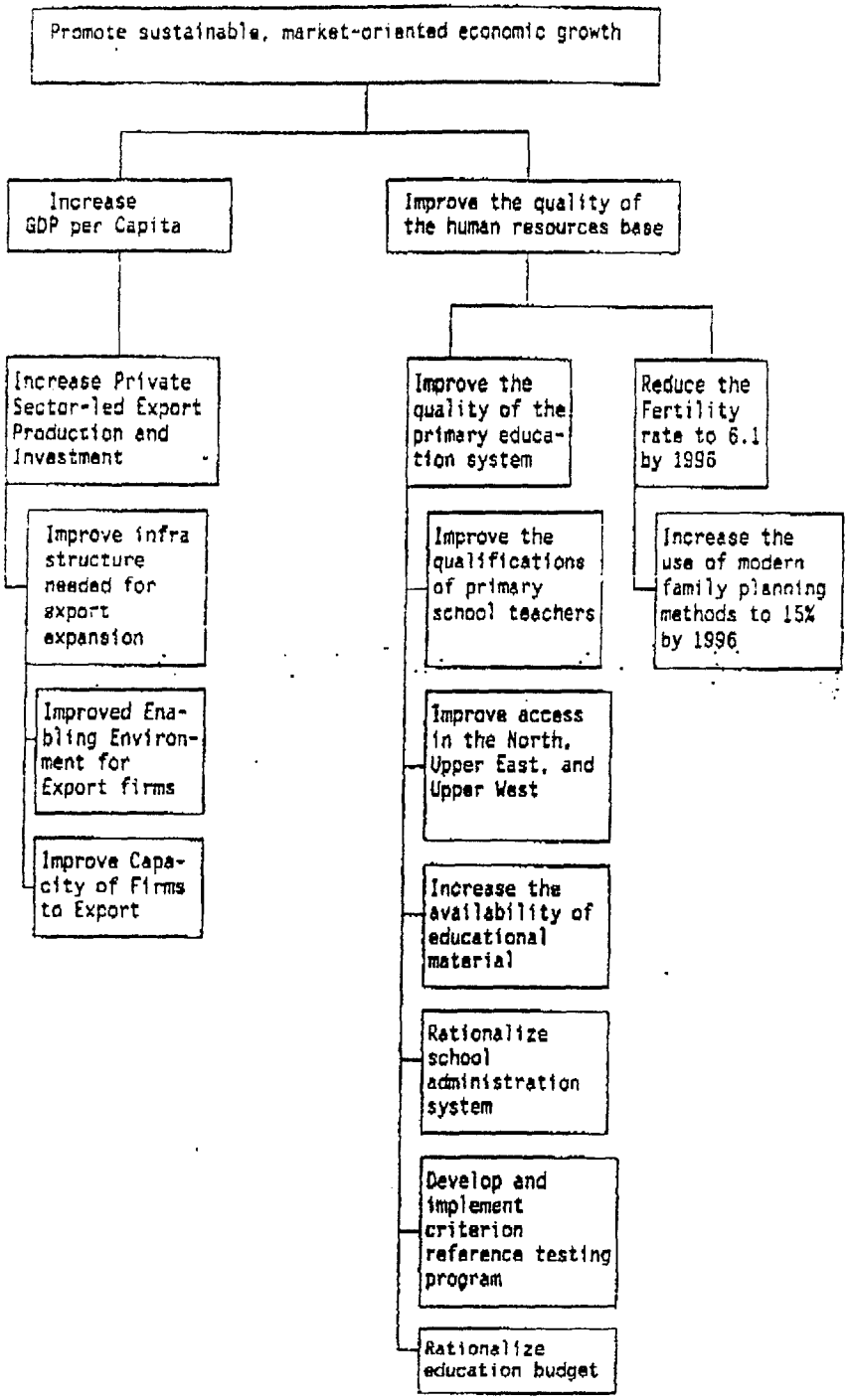
PROGRAM LOGFRAME: USAID/ACCRA API

REPORTING YEAR FY 1992

OBJECTIVES	INDICATORS	BASELINE No. (Yr)	FY 90	FY 91	FY 92 (1991-92)	FY 93	FY 94	FY 95
STRATEGIC OBJECTIVE 3		1988/89						
TARGET 3.4 Rationalize school administration system	110 district education officers hired and trained to manage the schools at the district level	11	38 (A)	79 (A)	79 (A)			110
	250 Circuit Supervisors hired and trained to manage schools at the district level in rural areas (professional grade positions)	0			235 (A)			
	250 Circuit Monitoring Assistants (National Service Members) trained and placed in rural areas at the district level to assist in schools monitoring activities	0			250 (A)			
TARGET 3.5 Develop and implement criterion reference testing program	Tests developed and conducted each year starting in 1993 (P6 pupils). Minimum 80% of P6 children tested	No Program		Test dev. under-way (A)	Nat'l pilot test of 12,000 P6 pupils (A)	Pilot continues	P6 Testing nation-wide	
TARGET 3.6 Rationalize education budget	38% of MOE budget goes to basic education	39%	38% (A)	42% (A)	42% (A)	38%		38%
	6% of basic education budget spent on instructural material	1.5%	2% (A)	3% (A)	4% (A)	4.5%		6%
	Gap between budget and spending reduced by 80% by 1995	30%	18% (A)	2% (A)	Not yet determined	12%		6%
	Budget data are disaggregated so that primary education is a separate category	Not Disagg.		Not Disagg.	Disagg.	Disagg.		Disagg.

"A" indicates actual, "E" indicates estimates.
All baseline numbers are actuals

A.I. D.'S LOGFRAME/OBJECTIVE TREE



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