

**AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT**



# **COUNTRY DEVELOPMENT STRATEGY STATEMENT**

**FY 1981**

**GHANA**

BEST AVAILABLE

**DEPARTMENT  
OF  
STATE**

**January 1979**



This strategy statement has been prepared by the AID field mission. It is prepared annually and used for planning purposes in the field and in Washington but is neither officially approved nor disapproved by AID/Washington. It does not represent official Agency policy.

**COUNTRY DEVELOPMENT STRATEGY STATEMENT**

**(FYs 1981-85)**

**USAID/GHANA**

**JANUARY, 1979**

COUNTRY DEVELOPMENT STRATEGY STATEMENT  
FYs 1981-85  
USAID/Ghana

Table of Contents

PART I - ANALYSIS

	<u>Page</u>
A. Analytical Description of the Poor .. ..	1
B. Causal Identification of Poverty .. ..	7
C. Progress and Commitment .. ..	14
D. Development Plan and Budget .. ..	17
E. Absorptive Capacity .. ..	18
F. Other Donors .. ..	18

PART II - STRATEGY

A. Overview .. ..	20
B. Functional Areas -- .. ..	
1. Rural/Regional Development .. ..	21
2. Health .. ..	28
3. Population .. ..	30
4. Other Activities .. ..	
(a) Human Resources Development .. ..	36
(b) Science and Technology .. ..	39
(c) Women in Development .. ..	42

PART III - ASSISTANCE PLANNING LEVELS

A. Proposed Assistance Planning Levels	
1. Table .. ..	44
2. Narrative .. ..	46
B. P.L. 480 .. ..	47
C. Housing Investment Guarantees .. ..	50
D. Staffing Implications .. ..	50

January, 1979.

## PART I - ANALYSIS

### A. Analytical Description of the Poor

On March 6, 1957, Ghana, formerly known as the Gold Coast, became the first African colony south of the Sahara Desert to gain national independence. Ghana's 239,000 sq. km. supports a population of approximately 11 million people, 4 million of whom constitute the labor force. The economy is principally based upon agriculture, the primary agricultural crop being cocoa. Ghana is the world's largest single producer.

One half of Ghana's population lives at or near a subsistence level. Mud-wattle, adobe-brick, or packing-crate huts with thatched or sheet-metal roofs generally serve as housing. Most of the populace have little or no access to health and sanitary facilities. Only a third has access to potable water.

With respect to health, the government now estimates that at least 50% of the population suffer from preventable parasitic and water-borne diseases; and that, at present, some 130,000 Ghanaians, mostly women and children, die each year from preventable causes such as malaria, pneumonia, prematurity, birth-related injuries, dysentery, and malnutrition.

Infant mortality averages 122 per 1000 live births for the country, and 234 per 1000 in the northern regions of the country. In some parts of Ghana up to 40% of children die before they reach school age. The maternal mortality rate similarly remains high at over 14 per 1000 deliveries in the rural areas. Life expectancy is 47 for the country as a whole, 42 in the rural areas, and 56 in the urban.

Medical services are available to a limited extent but are poorly distributed in the rural areas and often require a long journey by foot or vehicle to a health facility in a major town or city. Due to such a poor distribution of health facilities, most of the rural populace patronize herbalists and native doctors (whose services are within reach) rather than seek care in an urban area. At least 70% of Ghana's population have no access to modern medical care when sickness and disability strike.

Nutritional deficiencies seriously exacerbate the poor degree of health and are themselves intensified by the spoilage of food resulting from parasitic infestation. Nutritional deficiencies include protein and caloric malnutrition, Vitamin A blindness, anemia, goiter, and malnutrition. Reported weights of rural adults are about 20 per cent less than their urban counterparts and growth curves of children are 15-20 per cent below norms after 4-6 months of age. The poorest families receive only about 75% of their caloric requirements. Children and pregnant/lactating mothers are reported to have the greatest deficiencies, receiving only 48-55% of their caloric requirements. Protein deficiencies are also high; on average, only about 60% of the minimal protein requirements for basic health are met country-wide, with shortfalls occurring most severely in the northern regions and among infants and young children.

Closely-spaced births, high levels of both parity (nearly 10 pregnancies per woman) and wastage, and resultant overcrowding are additional causes of malnutrition, poor health, and general susceptibility to several prevalent diseases. These factors, in turn, impede access to both education and employment.

With respect to food, purchases of the rural and urban poor center around what is available, affordable, or even prestigious without regard for nutritional content. The diet is based on cassava, yam, millet, and maize, which together account for 85 per cent of rural caloric intake. Beans and eggs are virtually the only high-protein foods consumed with any regularity. Beef, chicken, fish, and dairy products are generally too scarce and/or expensive in most areas to be purchased except in tiny quantities, although hunting and fishing do add some protein to the rural diet. Sea food, while relatively abundant on the coast, is hardly ever consumed in the interior due to the absence of an effective marketing system. Vegetables fall into the same pattern of almost over abundance in some areas and scarcity in others.

Degree-of-education indicators, although relatively high for Africa, are below the world-wide median of similarly developed countries. The adult literacy rate is only 25%, as compared to 63% for other middle-income countries (as categorized by the World Bank). Forty percent of children so eligible do not attend primary school; approximately 60% of the rural population have never attended school at all.

With respect to the rural poor, the majority are located in the northern savannah area. Ghana and this area in particular have experienced an insufficient and poor distribution of rainfall since 1975. This, in turn, has severely reduced the production of cereals and starchy root crops which, as stated earlier, comprise about 85 per cent of the rural diet. In particular, subsistence farmers who raise millet and sorghum have been hardest hit. A massive commercial-import program and a

substantial quantity of food aid were required to meet basic nutritional needs and prevent large-scale starvation.

Primary economic activities in the northern savannah are almost totally agricultural. Although rice and cotton are becoming major cash crops in the lower portion of the northern savannah, the major economic activities in the region as a whole are based upon subsistence farming. The soils are generally poor and consequently land is not cultivated intensively. With the exception of the upper northeastern corner, cultivation methods are based on land rotation and as the soil is depleted, the land is allowed to lie dormant for up to six or seven seasons before replanting; such a cultivation system is fostered by an abundance of land and low population. In the upper northeastern corner, the high population density has resulted in shortened fallow periods which, in turn, has reduced that area's soil fertility. The level of technology employed in the northern savannah remains low, with manual labor used in all aspects of subsistence farming.

The second area in which the rural poor are concentrated (but not to the extent of the northern savannah) is the middle, or forest area which encompasses approximately one third of the country. It enjoys relatively abundant rainfall which allows a wide variety of crops to be grown, especially cocoa, the country's major foreign exchange earner. Cocoa farmers in this region are among the oldest working occupational group in the country, their average age being approximately 59 years.

Out-migration of the young from this sector (due to the low income derived from cocoa, a point to be discussed more fully in the next section) constitutes the reason for this abnormally high average age.

The vast majority (85 per cent) of these farmers are illiterates and the few who have attended school do not complete an elementary education. The majority of them have large families, often averaging 10 persons per household.

Cocoa farmers, being largely independent entrepreneurs, rely heavily on migrant labor and a significant amount of family labor in their operations. These basic elements in the cocoa industry have remained largely unchanged since its introduction into Ghana nearly a century ago.

The majority of the urban population are located in the coastal savannah region, concentrated in the Accra-Tema metropolitan area. Although some 200 fishing villages dot the coastline, population numbers are greatest in the Accra area which, together with Kumasi in the forest region, harbor one fifth of the country's population. The poor population in the coastal savannah region is relatively mobile with more than two fifths of the total living in localities that were not their birthplace. The majority of the population living in Accra were born elsewhere. The rural population in the northern regions accounts for most of the migration to these urban areas, Accra being the recipient city for most.

Living conditions for the urban poor are as bad if not worse than those of their rural counterparts. Potable water and electricity are limited to more modern and higher-priced housing. Enclosed drainage or waste-disposal systems have not been installed, and sewage in Accra and other urban areas is usually carried in open-street ditches. Nima and Ashiaman, in the Accra-Tema corridor, are two of the worst Ghanaian slums. Most of the population (75 percent) in these areas are manual laborers with 15 to 20 percent unemployment not uncommon. As in most other slums, the majority of the streets are unpaved and the housing consists of packing cases and makeshift metal roofing. Water is usually available from standpipes or wells.

Most of the urban poor rent their dwelling units which are usually overly crowded, with several families living in a single unit. Families often cook and bathe in the same room in which they live, sharing sanitary facilities with others.

In summary, the living standards of the rural and urban poor are markedly deficient. Institutional factors and other constraints which constitute the causal reason for this deficiency are discussed in the following section.

B. Causal Identification of Poverty

From 1972 until 1978, the Ghanaian economy was increasingly mismanaged and misguided by a military government which knew or cared little about fiscal or monetary economics. Indeed, the economic performance (see Table A) and overall management of the Acheampong government were perhaps the least successful of any Ghanaian government, although two external and secular factors were outside its control:

- 1) a quadrupling of oil prices in 1974; and,
- 2) a general drought for the past several years in the upper and northern regions.

The Supreme Military Council (SMC) must, however, bear ultimate responsibility for the recurring economic crises which included: triple-digit inflation; acute shortages of imported consumer and capital goods; stagnant levels of production; and, not surprisingly, negative growth rates in real GDP.

Basically, the causes of these economic crises are rooted in the SMC's large-scale, relatively capital-intensive investment strategy with respect to both industry and agriculture. Such a policy quickly exhausted foreign-exchange reserves, seriously strained Ghanaian managerial capacity, and - since credit and inputs were directed elsewhere - induced along with inflation a general demise in the material well-being of the small-scale farmer.

TABLE A

Growth Rates in Selected Price Indices, Real GDP, and  
Real GDP per capita

(Annual % change)

<u>Year</u>	<u>National Consumer Price Index</u>	<u>Urban Consumer Price Index</u>	<u>Rural Consumer Price Index</u>	<u>Real GDP</u>	<u>Real GDP per capita</u>
1972	10.0	11.5	9.2	-2.5	-5.3
1973	17.9	19.7	17.3	5.6	2.5
1974	18.4	20.6	17.7	6.0	2.9
1975	29.7	37.5	27.3	-5.0	-7.8
1976	56.3	50.6	58.1	-5.8	-8.5
1977	116.3	111.4	117.8	1.2	-1.8
1978	115.0*	-	-	-	-

\* = AID preliminary estimate

Source: IMF Document SM/78/259 (October 19, 1978)

Note: 1977 GNP per capita = \$530

TABLE B

Minimum-Wage Structure

<u>Year</u>	<u>Index of Retail Prices</u>	<u>Nominal Minimum Wage<sup>(1)</sup></u>	<u>Index of Minimum Wage</u>	<u>Index of Real Minimum Wage</u>
1963	100.0	0.65	100.0	100.0
1964-73 <sup>(2)</sup>	183.8	0.77	117.7	65.1
1974	315.3	2.00	307.7	97.6
1975	408.9	2.00	307.7	75.3
1976	639.3	2.00	307.7	48.1
1977	1,382.5	3.00	461.5	33.4
1978	2,972.4 <sup>(3)</sup>	4.00	615.4	20.7

(1) Cedis per day

(2) Yearly Average

(3) AID preliminary estimate

Source: IMF Document SM/78/259 (October 19, 1978).

Perhaps the greatest evidence of Ghana's economic mismanagement is its rate of inflation, which has been generally estimated at over 100% for the calendar years 1977-78. The principal cause of this triple-digit inflation has been an ever-increasing budgetary deficit financed by central-bank borrowing at a time of inelastic supply. Deficit financing for the year ending June 1978, accounted for 60% of total government expenditures and represented 47.7% of the entire (broadly-defined) money supply which, as a cumulative result of such deficit financing, has quadrupled since 1974. Concomitant with the inflation that these factors produced was a redistribution of income. In general, this redistribution has been from the urban and rural poor to the traders and black marketers.

In Ghana's urban areas, a large (perhaps, majority) proportion of the people can be categorized into one of three classes: (1) fixed-income earners (primarily civil servants); (2) minimum-wage earners (broadly indicative of the poorest segment of the urban labor force); and (3) the unemployed (generally the poorest of the urban sector). In the first case, an inflation rate of over 100% for the past two years has more than halved the real value of the income earned each year (and more than quartered it on a cumulative basis). In the second case, the relative effect has been even more pronounced (see Table B, preceding page); and, in the final case, it has been particularly so.

Similarly, in Ghana's rural areas, inflation has eroded the real incomes of both the crop and cocoa farmers, particularly the latter whose output prices are artificially kept low by the Cocoa Marketing Board (CMB).

Although the prices paid to cocoa farmers were doubled last year by the CMB (the sole buyer), the living standards of the cocoa farmer have nevertheless continued to deteriorate due to more-than-offsetting rises in his input and general living costs. Resultingly, cocoa farmers have been increasingly raising basic and relatively more profitable foodstuffs and other cash crops instead of replanting cocoa; and this in large parts accounts for the reduction in cocoa production of recent years.

One individual that has probably benefited the most from Ghana's inflation is the trader. Faced with a growing demand, an inelastic supply, and prices controlled at the ex-factory but not effectively at the retail level, most middlemen have been able to realize an exorbitant increase in profit over the last several years at the expense of producers and consumers. Finally, importers buying abroad at the official exchange rate and selling in Ghana at the black market rate have also benefited enormously, as have all black marketers in Ghana over the last several years.

The second major evidence of Ghana's economic mismanagement is its over-valued exchange rate. From February of 1973 until June of 1978, this value was fixed at 1.15 cedis/dollar. Then, on June 19 of 1978, the GOG "floated" the cedi until August 25, allowing it to cumulatively devalue by 58.2% to 2.75 cedis/dollar (its value as of January, 1979). In order to maintain this artificial exchange rate (which, at 2.75 cedis/dollar, is still over-valued against a black-market rate of 10.00 cedis/dollar), the government has had to resort to exchange controls. In allocating limited foreign exchange resources in the face of a much greater demand, the government has also resorted to licensing imports, establishing import quotas, and controlling the opening of letters of credit.

These policies only served to engender a burgeoning black market (in both goods and foreign exchange), a highly corrupted import sector (in which bribers bid for import licenses and letters of credit); a declining export sector (due to the disincentives to trade); and a serious smuggling problem (due to the disparity between domestic and external prices). As a result of this, the shortage of imported raw materials and spare parts has stagnated industry well below its capacity levels; and the distortion in substitution elasticities resulting from the shortage of needed farm inputs has adversely affected the agricultural sector, as well. In general, Ghana's over-valued exchange rate is a classic case of resultant misallocation of resources and consequent reduction in aggregate welfare. Additional factors which have effected a reduction in the welfare of the poor are as follows.

First, with general respect to the small farmer, there exists an acute shortage of necessary farm inputs. Tools, pesticides, improved seeds, credit, etc., are all in very short supply and - when available - are often prohibitively costly. This is particularly detrimental to the cocoa farmer, who must sell his output to the CMB at an artificially low price, currently equal to less than a quarter of the world price. (The rest accrues to the government as operating expenses and, mostly, tax revenues for the budget.) Not surprisingly, the younger farmers in cocoa areas seek gainful employment elsewhere (usually in the cities, where they quite often join the ranks of the unemployed), and the older cocoa farmers are not replanting cocoa trees, preferring instead to raise their own basic foodstuffs and other, more profitable cash crops. Finally, those farmers who do continue to raise cocoa are monetarily enticed to sell to smugglers who in turn sell their contraband (estimated at up to 50,000 MT annually) in the neighboring countries of Togo and the Ivory Coast where cocoa prices are higher, and the proceeds are payable in convertible CFAs which can be used to

purchase consumer goods not available in Ghana.

A second factor which has been detrimental to both the crop and the cocoa farmer is the government's policy with respect to education. In the 1960's, Ghana established an education policy making it possible and mandatory for every Ghanaian child to attend and complete primary school. This seemingly constructive move has resulted in removing much of the labor force previously used for agricultural production from the field to the classroom. Furthermore, upon completing school, many young people - mainly males - migrate to the cities in search of a better life, only to find that their lack of skills generally forces them into the ranks of the unemployed. Meanwhile, the labor supply becomes scarce back in the rural areas and few young men go into farming - especially, cocoa farming. The result has been that Ghana's agricultural production has become increasingly dependent upon the elderly and upon women. In addition, this rural labor shortage reinforces pro-natalist values at the same time as the cities suffer from overcrowding and high unemployment.

Another factor which limits agricultural production is the low level of technology. Manual labor is used in all aspects of subsistence farming; and this factor when coupled with the general lack of farm inputs keeps agricultural productivity low by limiting the number of acres under cultivation. These small-scale farms account for 80-85% of Ghana's food production yet, individually, they average only 3-6 acres per holding. Moreover, the lack of an adequate farm-to-market road system precludes market accessibility for them, which, in turn, further reduces incentive for agricultural productivity.

Not surprisingly, the index of 1974-76 per capita food production (where 1965-67 = 100) has fallen to 93; and, in all probability, this figure is even lower today in light of both the drought that northern Ghana experienced for the past several years and the growth in population.

In addition to the low level of agricultural productivity, there exists also a low level of livestock productivity. Livestock, especially in the northern savannah where it is most common, is limited by seasonal water shortages and lack of suitable pasture. Productivity is low due to: 1) tsetse-fly infestations which are especially detrimental to the poor-yielding, disease-prone, West-African breeds of cattle; and, 2) the traditional prestige of owning cattle per se rather than breeding them for meat and milk.

Another factor to be considered in the northern savannah is that its lower portion is undergoing a shift to large mechanized farms for rice (not for local consumption) and cotton. This is drawing labor from the subsistence farms to these commercial farms, and in turn, is reducing the amount of millet and sorghum produced and consumed by small-family units.

A final (although, certainly not exhaustive) detriment to Ghana's rural poor is a vicious-cycle syndrome generally characteristic of all LDCs: poor health is both a cause and effect of poverty. Although difficult to quantify, studies almost irrefutably conclude that the agricultural productivity of Ghana's rural worker has been significantly impaired by poor health and nutritional deficiency. Additional factors mostly exogenous to the rural setting but which nevertheless have effected a reduction in the welfare of the general poor are as follows.

First, government agencies - those involved in development not excluded - are generally characterized by a lack of skills in both organization of management. The publication of the government's 1976-1980 Five-Year Development Plan two years late in 1977 is a good indication of the state of planning in Ghana.

Secondly, with further respect to the government, the public sector plays an overly dominant role in the economy. Not only does the government induce a misallocation of resources through its (attempted) control of exchange rates, imports, prices, distribution, etc., but it also dominates domestic production and public services in the monetized sector (via its public corporations) to such an extent that entrepreneurial incentive is significantly squelched and/or forced into the black market.

Finally, Ghana's rate of population growth has constituted a considerable constraint to its economic development. The negative (or, at best, meager) growth rate in real GDP in recent years has been more than offset by the population growth rate. A significant decline (28.6% between 1960 and 1975) in the crude death rate coupled with a <sup>nearly</sup> constant crude birth rate have produced an annual growth rate in population of approximately 3%, well above the median value of similarly developed countries. Moreover, this figure has even worse implications when one considers that it breaks down into an (estimated) rural population growth rate of 1.4% and an urban population growth rate of 6.0%.

### C. Progress and Commitment

The progress and commitment of the Ghanaian government prior to the removal of General Acheampong by his military colleagues on July 5, 1978, can be charitably described as "poor." The Acheampong government (1972-1978)

grossly mismanaged the economy for personal and political reasons to such an extent that growth with equity - and, finally, growth itself - was economically precluded. As discussed above, Ghana's economy was increasingly impaired by a host of interrelated problems: triple-digit inflation; a highly over-valued currency; severe shortages of food, industrial materials, spare parts, and other sorely needed commodities; hoarding and a general lack of economic confidence; ineffectual controls coupled with uneconomic subsidies; excess liquidity; rising unemployment; acute shortages of foreign exchange; an incentive structure which created an incentive to trade rather than to produce, and to smuggle both domestic and imported goods out of the country; and - the residual result of all these problems - an economy growing at a near-zero rate.

Not surprisingly, the redistribution of income which occurred during the 1972-78 period was not one of growth with equity. Instead, inflation eroded the income of wage earners, cocoa farmers, and the rural/urban poor in favor of traders, import-license holders, and individuals able to arbitrage between the controlled and black markets. Finally, everyone lost at the expense of each other in terms of a 3% growth rate in population which, together with the above, prevented any real growth in per capita income in almost two decades.

In a no-growth environment, it was virtually impossible for the Acheampong government to show progress towards a goal such as growth with equity. Moreover, as the 1976-1980 Five-Year Development Plan frankly admits, Ghana is not advanced enough to improve income distribution through "redistributive mechanisms." Nevertheless, the Acheampong government can be credited with achieving certain results for the rural and urban poor.

The Acheampong government's policies included: a strong priority for agriculture; a well-articulated plan for reducing population growth; a primary health-care system for rural areas; and an increased emphasis on both women and the utilization of technology in development. To partially finance these goals, the Acheampong government typically devoted about 40 per cent of recurrent expenditures and about 20 per cent of capital expenditures to social services - mainly for health, education, and social security. As a result, the following factors constituted some degree of improvement in the material well-being of the poor: a general improvement in health-related indicators (life expectancy at birth, mortality rates, etc.); a general improvement in education-related indicators, especially with respect to women; the establishment in 1975 of the National Council on Women in Development; and a rhetorical campaign for the utilization of technology in development. Even after taking these factors into account, however, the net conclusion must remain the same; growth with equity just did not occur during the Acheampong regime.

On the other hand, the progress and especially the commitment of the Ghanaian government since the July, 1978, change of government can be described as quite good. The Akuffo regime has launched a bold stabilization program designed to lay the basis for a return to real economic development. Included in this politically-difficult austerity package are: a sharply reduced budgetary deficit, portending a significant decline in the inflation rate; a devaluation of the cedi, portending an increase in export revenues and a decrease in smuggling; and a fiscal policy designed to create a surplus on the current account. In addition, Akuffo's 1978-79 budget proposals call for: an increase in excise taxes, which will sensibly capture part of the

scarcity premium; a 5-10% wage increase for government employees, intended as a guideline for wage and price restraint; and the elimination of many economic controls, portending a better allocation of resources.

D. Host Country Development Plan and Budget

All of these ambitious goals have resulted in a 1978-79 budget of \$1.62 billion of total outlays (of which \$1.06 billion represents recurrent expenditures), to be financed by \$1.44 billion in tax and capital receipts, leaving a nominal deficit of \$180 million which is to be financed primarily by central-bank borrowing. The strategy adopted this year is "basically to limit the development budget to relatively few projects which can be completed during the year and then proceed in similar fashion to complete others in succeeding years." The new budget earmarks \$327 million for development projects; and, within this amount, the agricultural sector remains the top priority of the government, a total of \$27.7 million having been allocated to this sector. Other major allocations within the development budget include: infrastructure, \$103 million; health and sanitation, \$14.0 million; and education, \$17.4 million.

Finally, a tight monetary policy is being pursued as a complement to the fiscal package, and the government even receives high marks for human rights, having released over 200 political prisoners, lifted the ban on political parties, and restored the heretofore constrained freedom of the press.

In summary, the commitment of the new government has been quite good and in the few short months since July, it has made significant progress in adhering to its politically-difficult budget proposals and thereby laying the basis for future growth with equity.

E. Absorptive Capacity

On the positive side, a number of factors have contributed, and should continue to contribute, to Ghana's economic development. One, Ghana is generally credited with having a good human-resource base. The people are socially very cohesive (relative to other African countries) and the highest levels of civil service are technically well-qualified. Two, the country is endowed with a substantial natural-resource base, including: gold, manganese, bauxite, diamonds, timber, and arable land. Three, Ghana has a relatively well-developed infrastructure, this developmental base consisting of: a road system covering 31,000 km; a railway system covering nearly 1,000 km; a national shipping line; two (relatively) well-developed ports; three regional airports plus two international, the one at Accra being served by over a dozen foreign airlines; an abundance of water for (potential) irrigation; and hydro-electric power plentiful enough to export to adjacent countries.

Not surprisingly, then, Ghana has a good degree of absorptive capacity as implied by the combination of several factors: an excess of industrial capacity; an endowment of both natural resources and arable land; the basics of a good infrastructure; low debt-service ratios; and the catalyst of a good human-resource base.

F. Other Donors

In addition to the U.S., other major donors in Ghana include the U.K., Canada, West Germany, IBRD, EEC, AFDB, and the U.N. - all of whose programs are generally increasing in size. Over one third of official development assistance is channeled to the agricultural sector in the form of technical assistance and rural infrastructure. Health and human-resource development

are second only to agriculture in terms of total assistance received from donors.

In the short-term, the stabilization program described above will induce depressive and unpopular effects, especially on the poor. In weathering this difficult period, the GOG has requested an immediate infusion of aid and capital; and, accordingly, several major donors have quickly responded. The IMF has approved a \$68 million standby request, to be complemented by a \$30 million Trust Fund loan. The U.K. has granted a \$40 million export-credit package. West Germany has provided \$10 million in program aid. And, finally, the U.S. has approved a \$10 million P.L. 480 Title I agreement which is currently being negotiated.

Part II - Strategy

A. Overview

Our overall development strategy in Ghana is: (1) to assure the continuation and expansion of social-equity programs which provide to the poorest of Ghanaians the basic human rights of access to health facilities and a means of legitimate livelihood; and (2) to directly advance AID's institutional mandate of growth with equity. The strategy is aimed at attacking the causes for rural and urban poverty. It is an expression of U.S. commitment to the fuller integration and effective participation of marginal urban and rural people in the economy and society. Project initiatives in rural/regional development, health, population, human-resource development and intermediate technology will be at the cutting edge of Ghana's social-equity efforts. They will be the socio-economic base upon which future GOG programs can be built. These initiatives are expected to expand and intensify efforts by the Ghanaians in rural areas of their country. The strategy seeks to (1) provide the services and opportunities needed by the poor and (2) improve rural conditions to reduce incentives for migration to the cities.

The framework for AID investments (barring major changes in the GOG's priorities and programs) should remain valid through the planning period. Central to the Mission's strategy is continued GOG adherence to the stabilization program which is being supported by the IMF. The strategy encompasses specific priorities for

upgrading essential services for and stimulating the equitable participation of the poor in the development process. It selectively directs AID's efforts at specific problems and to experimental new approaches.

The strategy dovetails with Ghanaian development priorities and meets AID criteria. This adds up to a constructive role for AID as a contributor to Ghana's development, among many international and bilateral donors. Ghana, however, will continue to require substantial injections of external technical and capital assistance to reverse its economic downturn and restore its development momentum.

B. Functional Areas

1. Rural/Regional Development

Integrated Rural Development (IRD) activities will provide the government with resources to undertake a coordinated effort to alleviate the causes of rural underdevelopment in selected areas where both extensive poverty and the potential for a viable agricultural economy exist. The IRD strategy will seek to raise living standards in rural areas by: (1) increasing the income of small-farm families; (2) improving both social services and facilities in rural communities; and, (3) motivating small farmers and rural people to actively participate and share in the development process. The strategy will also seek to effect a better coordination of government programs at the regional and district levels. Its

implementation will require: (1) technical assistance to small farmers in order to stimulate the production of major crops for the domestic market; (2) essential infrastructure, such as farm access roads, small irrigation systems, and improved environmental sanitation; and, (3) development activities in onchocerciasis-free areas. The extension of primary health care including family planning and other social services will be coordinated to coincide with economic efforts and infrastructure investment.

Paralleling the IRD strategy will be a program to develop service centers at the regional and district levels. This program will target developing, viable economic centers in rural areas in order to promote: (1) essential production, credit, marketing, and institutional services to the target groups; (2) off-farm employment; (3) health and other services for the target area; and, (4) stimulus for decentralized planning and action to meet local needs.

#### Constraints

The following constitute the constraints in the agricultural sector:

1. non-availability of necessary inputs and/or the lack of such on a timely basis;
2. lack of reliable credit which in turn prevents farmers from purchasing available inputs when needed;
3. lack of an efficient delivery system capable of getting inputs and services to farmers, and produce and products from producers to consumers;
4. government pricing policies that prevent the farmer from realizing a reasonable price for his produce;

5. government pricing policies that subsidize farm inputs and make it extremely profitable to smuggle inputs purchased at subsidized prices across the border for resale;
6. low level of commitment and management skills by civil servants who provide inputs and services to the farmer;
7. labor shortages due to high demands during the peak planting and harvesting seasons and the rural/urban migration;
8. government emphasis on large-scale mechanization, state farms, and tractor services rather than on providing and developing small, intermediate technology that farmers can afford and profitably use;
9. lack of rural infrastructure which in turn tends to preclude transport, efficient marketing practices and a reasonable access to potable water;
10. lack of sufficient water for crop production in certain areas of Ghana;
11. land-tenure systems that make permanent improvements by the farmer non-profitable; and,
12. lack of availability of consumer items desired by the farmer limiting his incentive to produce.

### Strategy

The basic strategy is to increase rural productivity and employment opportunities. The IRD strategy designed to overcome the constraints enumerated above embodies the following components:

1. Agricultural Credit: Credit will be decentralized and made readily available to small farmers in their immediate locality for purchasing necessary inputs.
2. Agricultural Inputs: Where necessary, fertilizer will be imported, mixed, and distributed to small farmers by the newly-established Ghana Fertilizer Company. Improved seeds will be imported, reproduced, certified, and tested for distribution to farmers in conjunction with the on-going breeding selection program of the Crops Research Institute. Cocoa seedlings will also be incorporated into the program.

3. Small Farms Research: Extension research will be conducted to establish specific needs of small farmers and the rural population. Existing production methods and living patterns will be examined to develop a strategy best suited for implementation of program objectives.
4. Marketing: An assessment has been made of the structure and functioning of the traditional, food-crop marketing system. The findings will be utilized to reduce marketing costs, improve transportation, and increase competition within traditional marketing channels.
5. Non-formal Education: By means of programs based on extension services, the appropriate use of agricultural inputs and cultivating practices will be extended to small farmers. The Home Extension Unit will provide a program to serve more women in their roles as farmers, farm laborers, and home managers.

The IRD strategy will focus on integrating the above components in order to provide timely and efficient delivery of services and inputs that are supportive of agricultural activities. Programs to assist small entrepreneurs to fabricate tools and equipment, and provide processing and storage services are also being introduced to improve small farmer efficiency. Programs designed to assist in the development of small-scale enterprise and rural infrastructure such as gari processing, honey and sheanut production, feeder-road and water-catchment development will bring additional vitality to the rural economy. The use of private voluntary organizations to expand farmer cooperatives is being field-tested to determine if the broad goals of increased production and income equity can be effected.

Development of irrigation facilities throughout Ghana would definitely increase Ghana's agricultural potential. These schemes are currently being supported by the World Bank, the U.N., and CIDA. The Mission will continue to analyze the constraints surrounding irrigation schemes with the objective of designing and planning a program which will have a high probability of success. Once a feasible approach has been determined, USAID will become actively involved in developing irrigation potentials in Ghana.

The economic production of livestock to increase protein intake in Ghana is another strategy that could be followed. USAID is attempting to encourage the production of small animals which can subsist on grass and water, such as guinea pigs and rabbits. There is also a potential for goat and sheep production. Suitable areas for grazing are available and the development of a range-management program is a possibility for the future.

Another potential source of protein is a plant-improvement program for edible beans. Soybeans improvement in West Africa has proven promising and expansion of this crop in Ghana could efficiently provide a portion of Ghana's protein and cooking oil needs.

Any effort to change the traditional land-tenure systems within Ghana will be met with great resistance for many years to come. The basic problem with the traditional land-tenure system is that a farmer often is not guaranteed continual use of the same parcel of land, which in turn discourages any permanent improvements for increasing production.

Other Donors

In the northern regions, West Germany has for several years been sponsoring an agricultural extension program (geared to the supply of basic farm inputs) and the introduction of new farming practices and intermediate technologies. As USAID efforts progress, certain strategies used and developed by the Germans will be applied by USAID in the Atebubu district. USAID will also review the water-development programs being sponsored by Canada and France as well as with rural development efforts sponsored by the Catholic Relief Services in the Brong-Ahafo region.

Anticipated Progress

Credit procedures will be streamlined and expanded to small farmers. By 1985, 39 new field loan offices will be established in order to increase capacity and provide greater accessibility. Fertilizer will be procured, processed, packaged, and distributed throughout Ghana at the lowest possible price and on a timely basis. Regional warehouses will be established to provide more outlets which are readily accessible to farmers. Extension of seed production and processing will be accomplished by establishing three regional foundation seed facilities and two certified seed facilities. This will insure that high quality seed is available to farmers when required.

In establishing the research component, greater understanding of the interactions of technology with physical socio-cultural and economic factors, levels of institutional development, availability of trained manpower, and existing physical infrastructure will be gained. As more knowledge is gained about the marketing system and its functioning in the traditional food-crop system, the design and execution of more effective marketing interventions to the private sector will take place.

Assistance to non-formal education will benefit small farmers and extension personnel. Small farmers will receive the latest information on cultivation practices. Extension workers' educational techniques and management capabilities will be improved by greater access to information and through the agricultural management programs sponsored by USAID and CIDA.

Establishment of an appropriate technology program will provide the coordination of information among public and private institutions and make devices and ideas for increasing production available to industrial firms, small-shop owners, and entrepreneurs.

2. HEALTH

Constraints

Key constraints to strengthening the GOG's primary health care delivery system both at the national and community levels are:

(a) lack of qualified personnel to train; (b) lack of commitment and understanding in key district health personnel; (c) lack of resources at the village and district levels; (d) lack of cooperation from rural leaders; and, (e) a population growth rate of about 3%.

Strategy

The GOG's recently prepared health-care strategy recognizes that significant improvements in the health and well-being of the rural majority can be realized by reorienting and redistributing national health resources to the district, village, and community levels. Included in the GOG's strategy are: (1) appropriate training and retraining of personnel (including traditional practitioners); (2) the provision of basic medical services, including referrals; (3) improvement of nutrition; (4) disease control and surveillance; (5) basic education with respect to health, sanitation, and nutrition; (6) provision of potable water; (7) maternal/child health (MCH) and family planning services; and, (8) strengthening of the management and administrative components of the system.

This last element of the GOG's plan is composed of several parts. Supply and transportation systems must be upgraded and in some cases put in place where none exists. Lines of authority and responsibility must be clarified and strengthened. Consideration must also be given to compensation to supervisors for working under sometimes harsh conditions.

In support of the GOG's program, AID intends to provide support both at the national and district/village/community levels. At the national level, AID's strategy is to provide support for the training of senior and middle-level administrators, planners, managers, and supervisors such as medical doctors and public health nurses. AID also plans to support the Ministry of Health's efforts to upgrade health-education services and to develop and/or improve the implementation of policies in: (a) nutrition, including the use of P.L. 480 ; (b) MCH and family planning integration; (c) basic sanitation; and, (d) disease control.

Moreover, since the development of an effective supply chain, including transportation, is essential to the success of the primary health care system, AID will consider supporting both the procurement of the necessary commodities and the training of the personnel needed in their distribution. Large-scale commodity support for other than family planning, however, will be on a loan basis. Finally, since the Ministry recognizes the importance of involving traditional practitioners and healers in their system, AID will also

favorably consider requests to strengthen research and training in this area and, in particular, in the use of herbal medicines.

At the grass-roots level, AID plans to provide support to the district, village, and community levels of government responsible for the implementation of primary health care with such programs as basic sanitation, MCH care, family planning, disease control, and nutrition. AID also intends to increase its involvement with PVOs in support of their efforts to extend health care services and facilities to the poor.

The MOH's health-care strategy for the rural populace is ambitious. Moreover, the MOH has made a strong commitment to implementing this plan. With AID and other donor assistance it is felt that the constraints enumerated above can be overcome and the expected result of a comprehensive health-care system for the rural poor thereby effected.

### 3. POPULATION

AID assistance with respect to population is to integrate both overall population concerns and specific family planning activities into all development policies and programs. The objectives of USAID activity in this area are: (a) to build commitment within all sectors of Ghanaian government and society to the implementation of Ghana's excellent stated population policy; and, (b) to provide resources for the implementation of the policy.

Constraints

The three major constraints to achieving these objectives are as follows:

One, the current commitment to take active measures to induce a reduction in the fertility rate is still weak. Ghana is a strongly pro-natalist society with the average family desiring seven children. A population strategy must address changes in cultural values.

Two, the socio-economic conditions frequently associated with fertility decline are still largely absent in Ghana. Infant mortality remains high; educational levels are low; the standard of living is low; and female employment other than in farming and marketing is low.

Three, the majority of the population have limited access to family planning information and services. In the clinic system, the commitment of the MOH and the allocation of personnel and facilities to family planning is growing, but still weak. The organizational structure of the National Family Planning Program with a coordinating Secretariat in the Ministry of Economic Planning and operating roles assigned to other ministries has led to bureaucratic rivalries and overlapping mandates that have hindered effective action.

Ghana's high fertility and a population growth rate of 3.0% per year will, if not reduced, result in a near doubling of the current population to over 20 million by the year 2000. The pressure such increases will place on feeding and providing social services

to all Ghanaians underscores the importance of effective action about the population problem if the quality of life is to be enhanced.

Ghana's population policy emphasizes integration and provides an excellent foundation and rationale for AID's interest in assisting Ghana to incorporate the realities of a very high population growth rate and other demographic factors into realistic development policies and programs. In the decade since the policy was published the country has made limited progress in implementing the policy. The National Family Planning Program was established in 1970. A modest beginning has been made in setting up the infrastructure for delivering family planning information and services through both clinic and commercial channels.

In comparison with other African countries, a good demographic data base exists and some population research has been done. However, this knowledge has not yet been incorporated satisfactorily into the overall development planning of the Ministry of Economic Planning or the sector planning of other ministries. The current five-year plan, for example, barely mentioned population.

#### Strategy

The USAID strategy for fully integrating population into overall GOG development policies and programs includes the following elements: (1) continuation of a high-level dialogue between the USAID/Embassy and the GOG concerning the implications of population growth to food and overall development prospects; (2) a joint USAID/GOG evaluation of the population program to identify weaknesses

and recommend improvements; (3) based upon evaluation findings, development jointly with the GOG of a population assistance strategy that would focus both on expansion of family planning and on integration of population and development; (4) a comprehensive effort with the GOG and the private sector to find ways to incorporate a concern for population into policies and programs in all sectors and to design them to encourage smaller families; (5) encouragement and support for public and private institutions at the national, regional and local level to integrate population education and family planning into their programs; (6) encouragement of GOG integration of population and development by integrating population into AID assisted development projects. USAID will examine on-going and new projects, particularly integrated-rural-development activities, to add appropriate population and/or family planning dimensions; and, (7) encouragement and resources to the MOH (see Health Strategy) to give greater priority to family planning in its mix of services. USAID will also assist in integrating family planning into other social service programs, both public and private, and support the expansion of commercial means of providing contraceptives.

The expected benefits of this integration strategy would be: (1) the indirect benefit to the entire country from more efficient exploitation of resources and better distribution of the benefits of development resulting from policies and programs that take population factors into account; (2) the benefit to the entire country ensuing from a lower population growth rate achieved by designing policies and programs that encourage smaller families; and,

(3) the direct benefit to an increasing number of families of more ready access to family planning information and services.

It is hoped that by 1985 integration efforts will have resulted in: the teaching of population dynamics and family planning in schools; the systematic analysis of population variables in general and sectoral development policies and programs; integration of family planning into various services such as primary health care, agriculture extension, social welfare, nutrition and information; and a higher level of awareness among leaders and the general public about the value to the family and the nation of a lower birth rate. Fertility decline has not yet been observed in most of sub-Saharan Africa. With national commitment and adequate donor assistance, it is very possible that Ghana within the next five years could show a downturn in fertility and become a model for Africa in achieving more manageable levels of population growth.

The specific kinds of assistance to be provided by AID will be clarified in the context of the joint USAID/GOG evaluation and strategy development mentioned above. Possible components include: data gathering; research; education of leaders and the general public about population; social development and family planning; operations research to find more effective and efficient means of delivering population and family planning information and services to the public; help in integrating population into general and sectoral development policies and projects; and support to Ghanaian PVOs for additions of population education and

family planning to their programs. Family planning support will also be provided under the health sector.

Centrally funded population projects will be used particularly for technical consultants to assist in research and design of specific population components to be integrated into AID project and GOG development programs.

## H. OTHER ACTIVITIES

### (a) HUMAN RESOURCES DEVELOPMENT

#### 1. Education

##### Constraints

Ghana requires an educational system which efficiently and economically meets the varying needs of its school children and develops their potential regardless of their social or economic status. The country's economic future depends to a considerable extent on: a reorientation of the present education system; a decentralization of the administrative structure; and the upgrading of curricula, supervision, and teacher training. The GOG needs to develop policies and a program framework addressing the following developmental factors: (1) rural/urban imbalances in educational opportunities; (2) relevance of education to manpower needs; and, (3) quality and efficiency of education.

Ghanaian education has been basically geared towards satisfying the needs of the urban sector. Rural general-education schools are often small-scale, provide inferior services, and offer curricula which are not specifically geared toward rural life. Education programs need to be redirected away from the traditional academically-oriented approach and toward a practical approach more relevant to the needs of rural areas. This will involve shifting curriculum emphasis towards vocational education.

Meeting basic education needs is a sensitive area. It will require not only construction of facilities, but also overcoming the more difficult problems of institutional and administrative arrangements.

##### Strategy

The A.I.D. strategy does not contemplate major direct involvement in the education sector.

Currently, A.I.D. is supporting the addition of family-life education to Ghana's school curriculum. In addition to continuing this activity, support of general participant training and other African Bureau regional initiatives in non-formal education will also be given. It is most likely that Mission assistance in education and human resources will be limited to managerial development and planning support to Ghanaian institutions where such would support realization of broader Ghanaian and A.I.D. sectoral goals. While it is unlikely that the Ministry of Education will request broad A.I.D. support during the planning period, given political sensitivities in education reform, it is possible that we may be approached for assistance in management and/or planning, paralleling earlier efforts in the agricultural and health sectors. The strategy would have to be supportive of initiatives in overall educational management and/or vocational training which would target the needs of the rural and urban poor.

## 2. Development Administration

### Constraints

Ghana possesses a reservoir of trained manpower in many of the key technical and professional disciplines that are required to implement a successful development program that is targeted at the rural poor. Yet this valuable resource is unable to function effectively and utilize skills for which training was provided. Indeed, the vast majority are functioning at a level far below their trained competence. A primary reason for this failure is a systemic lack of managerial competence. The idea that there is a managerial function in the public sector is relatively recent.

Most managers in Ghana today are people who have grown up in a particular profession or discipline and have been thrust into leadership positions that require the ability to assess organizational and clientele needs, set priorities, determine objectives, program realistically, and manage people effectively. There is only the beginning of an awareness that the achievement of goals and the responsible exercise of authority in an organization require the application of skills separate and apart from those required to become a competent agriculturalist, health practitioner, or educator. Until this is fully appreciated, it is impossible to expect a holistic approach to the development problems of the country.

### Strategy

Ghana, with USAID assistance, is addressing this problem through the establishment of organization-wide management training efforts in agriculture and health as well as in the regions for district-level teams of officials and elected councillors.

USAID plans to continue technical and logistical assistance to programs aimed at improving the managerial capability of those organizations that open opportunities and provide services for the rural poor. At the same time, USAID will ensure that assistance activities in all sectors include a managerial development component.

The strategy includes the following:

(1) One-organization training: This involves the concentration of training of all managers from top to bottom, within one organization. It provides opportunity for co-managers that work within the same framework to learn together in a way which focuses on their work plans, implementation problems, managerial behavior, work limits, and other key concerns.

(2) Training by and for the Organization: If training is done by a Ministry or organization itself, it is at least implied that what is taught is expected to be used. Training then becomes a direct catalyst of change.

(3) Top-to-Bottom Training: If top management does not experience what their subordinates are being trained to do, they probably will not delegate them the responsibility which they are being trained to assume.

(4) Experiential Training: The only way that in-service training can aim at immediate change is to maximize participation of trainees by giving them opportunities to practice what is being learned as a part of a seminar. This strategy has been tested in Ghana and proven to produce results. It is the most effective and efficient means of producing rapid organizational change necessary to the management of development activities.

(b) SCIENCE AND TECHNOLOGY

Constraints

A.I.D.'s strategy with respect to science and technology is to foster the utilization of appropriate technology in such a manner as to raise the material well-being of the urban and, primarily, the rural poor. One of the greatest single constraints to achieving this objective is the contemporary void in Ghana between advanced technological research and simple applied technology (hand tools, simple farm machinery, etc.). Other major constraints to achieving this objective are:

- (1) Ghanaian institutions capable of developing appropriate technology are not adequately financed by the GOG;

..... the rural and urban poor. More specifically, A.I.D.'s strategy is to assist Ghanaian institutions

- (2) Grass-roots expertise in appropriate technology (extension agents, managers, etc.) is scarce and/or non-existent;
- (3) The existing institutional structure relating to technology suffers from a general lack of priorities, coordination, and communication; and,
- (4) The development process in Ghana is handicapped by the lack of an integrated national policy with respect to science and technology.

The GOG, in recognizing these constraints, devoted an entire section of its 1975-80 Five-Year Development Plan to the need to utilize appropriate technology in all sectors of the economy, including the rural. Accordingly, the Council for Scientific and Industrial Research (CSIR), the advisory arm of the Ministry of Economic Planning for matters relating to technology, directed its constituent institutes to shelve all academic projects and, instead, concentrate on the application and transfer of appropriate technology. Other science-and-technology institutes, including the Technology Consultancy Center (TCC) at the University of Science and Technology, have similarly re-oriented their objectives.

#### Strategy

A.I.D. intends to support Ghana's objective of utilizing appropriate technology as a means to raise the material well-being of the poor.

In general, A.I.D. will assist those efforts of existing science-and-technology institutions, such as CSIR and TCC, which target as their beneficiaries the rural and urban poor. More specifically, A.I.D.'s strategy is to assist Ghanaian institutions to develop and implement a wide range of technologies appropriate to the needs of the small farmer and, in the case of alternative energy resources, the urban poor. This strategy will address the following critical areas: (1) establishment of a functioning, effective research system capable of developing and/or adapting technology systems which increase the productivity of the small farmer; (2) inclusion of new technologies into existing agricultural extension services; (3) training of rural craftsmen in the fabrication, repair, and maintenance of small-farm equipment; and, (4) the researching, developing, and implementing of alternative-energy resources. The underlying hypothesis of A.I.D.'s appropriate-technology strategy is that a careful and deliberate coordination of all of these components will lead to a significant increase in small farmer productivity, thereby improving his material well-being.

C. WOMEN IN DEVELOPMENT

AID's objective with respect to women in development is to raise the socio-economic status of women by actively involving them in the development process. The major constraint to achieving this objective is the pervasive philosophy that men are the ultimate decision-makers within the social unit (however broadly defined) and, accordingly, women should always defer to them in this process--at least publicly. Three other constraints in achieving this objective are as follows: (1) The colonial period fostered white-collar urban jobs almost exclusively for men, leaving women to farm, process, market, and--in general--attend to basic family duties. Changing this traditional role of women without disrupting the social structure of which it is a part is a significant constraint to AID's objective. (2) An unfortunate spinoff from this traditional role of women is that, since the woman's place is "in the home," young girls are quite often encouraged not to attend school. This lack of education constitutes yet another constraint to greater progress in raising the socio-economic status of women in Ghana. (3) Early marriage and high fertility reduces opportunities for both education and employment.

The Ghana Government, in addition to sharing AID's objectives, recognizes these constraints and has exerted positive efforts to overcome them. The vanguard of these efforts was the establishment in 1975 of the National Council for Women in Development (NCWD).

Composed of fifteen women and five men drawn from the highest levels of various government agencies, the NCWD sponsors research and actively advises the government on how to involve women in development; and-- what is more important--the government not only listens but also heeds the Council's advice. In addition to the NCWD, the Ghana Assembly of Women (GAW), a voluntary women's body which serves as an umbrella to twenty-five women's organizations throughout Ghana, also endeavors to raise the status of women primarily through organizing and coordinating various self-help projects.

AID intends to continue to support the objective of raising the socio-economic status of women by working with the NCWD and GAW. The Mission will selectively support activities of both of these organizations. Specifically, AID will help finance research efforts of the NCWD and the self-help projects of the GAW. The support of these two efforts should significantly induce an improvement in the socio-economic status of Ghanaian women by actively involving them in the development process.

PART III - ASSISTANCE PLANNING LEVELS

A.1. PROPOSED ASSISTANCE PLANNING LEVELS FYs 81-85  
(\$ Thousands)

I. <u>Functional Accounts</u>	<u>FY</u>	<u>81</u>	<u>82</u>	<u>83</u>	<u>84</u>	<u>85</u>
A. <u>Agriculture</u>		4350	21050	16150	21450	5825
<u>Integrated Rural Dev.</u>						
<u>Loan</u>			15000	10000	15000	
Agric. Inputs			15000		15000	
Rural Infrastructure				10000		
<u>Grant</u>		4350	6050	6150	6450	5825
Inst.Dev./Trng.		2800	3400	3900	3950	3650
Agric. Inputs		250	1400	800	750	750
Infrastructure Dev.		150		100	100	100
Appropriate Tech.		200	300	300	500	275
Enterprise Dev.		100	100	200	300	200
PVO Support		850	850	850	850	850
B. <u>Health</u>		8800	2400	2325	2025	6980
<u>Primary Health Care</u>						
<u>Loan</u>		7000				5000
Commodity Inputs		7000				5000
<u>Grant</u>		1800	2400	2325	2025	1980
MCH/FP		300	350	400	450	600
Inst. Dev./Trng.		500	300	275	225	200
Nutrition		400	400	400	400	400
Disease Control		200	200	200	200	200
Herbal Med. Research		400	400	300	250	80
PVO Support			750	750	500	500
C. <u>Population</u>		1000	1000	1000	1000	1000
<u>Population Planning</u>						
<u>Grant</u>		1000	1000	1000	1000	1000
Research		250	250	250	200	150
FP Services		400	350	350	350	350
Communications		150	200	200	200	200
PVO Support		200	200	200	250	300

	FY	81	82	83	84	85
D. <u>Education &amp; Human Resources</u>		1510	4850	1250	1150	7000
<u>Educ. Planning &amp; Mgt.</u>						
<u>Loan</u>						
Voc. Education Inputs			3500			6000
<u>Grant</u>						
Instit. Dev.		250	400	550	550	500
Dev. Management						
<u>Grant</u>						
Instit. Dev.		360	100			
PVO Support						
<u>Grant</u>		400	350	200	100	
Dev. Training						
<u>Grant</u>						
Instit. Dev.		500	500	500	500	500
E. <u>Selected Developmental Problems</u>		4285	2350	1950	3700	1400
<u>Appropriate Technology</u>						
<u>Loan</u>		2000			2000	
<u>Grant</u>		1000	1200	1100	1000	900
Shelter						
<u>Grant</u>						
Instit. Dev.		300	250	100		
Women in Development						
<u>Grant</u>						
Instit. Dev. & Inputs		485	400	250	200	
Non-Conv. Energy						
<u>Grant</u>						
Instit. Dev. & Inputs		500	500	500	500	500
	<u>Totals</u>	<u>19945</u>	<u>31650</u>	<u>22675</u>	<u>29325</u>	<u>22205</u>
	<u>Loan</u>	<u>9000</u>	<u>18500</u>	<u>10000</u>	<u>17000</u>	<u>11000</u>
	<u>Grant</u>	<u>10945</u>	<u>13150</u>	<u>12675</u>	<u>12325</u>	<u>11205</u>

II. Other (Non-Add)

P.L. 480

<u>Title I</u>	15-20000	15-20000	10-15000		
Title II	5700	5900	6100	6300	6500
Title III				5000	5000

HIG 5000 5000

2. Narrative

As can be seen from the Proposed Assistance Planning Level (PAPL) table, the projected level of U.S. assistance is fairly constant throughout the planning period. Technical assistance will vary between \$10.9 - 13.1 million, peaking in FY 82 and declining modestly thereafter as work is completed under many of USAID's present technical-assistance projects. The recommended level of dollar lending varies as well. Beginning in FY 82, the level of dollar financing may rise to \$18.5 million as projects with mixed grant/loan components come on stream. P.L. 480 and HIG resource levels are discussed elsewhere in this document.

During the next several years USAID proposes to allocate most of its technical and loan assistance to integrated rural development activities. Significant resources will be also programmed to primary health care, population, education, and selected development activities. It is extremely difficult to predict, pending the outcome and evaluation of projects underway or under consideration, the financial and technical assistance requirements which will require levels of assistance reaching the IPA of \$27 million for FY 85. It is expected that, given GOG and USAID staffing constraints and absorptive capacity, we will be hard-pressed to effectively design and manage projects meeting basic human needs beyond that contemplated. The Ghana program, it is expected, will continue to benefit from AID regional activities. The level of participation and resource requirements in regional programs are beyond our ability to quantify.

3. P.L. 480

Title I

The Mission continues to believe that a P.L. 480 Title I program of about \$15 - 20 million annually through FY 82 should be part of the U.S. assistance effort. The program will ease Ghana's weak balance-of-payments situation as the government undertakes meaningful reforms under a stabilization program which will establish the framework for economic development.

Ghana's stabilization program requires a minimum of three, and possibly five years, to bring the economy into balance and establish the pre-conditions for sustained economic growth. Critical to the success of the stabilization program, particularly for the near term, is an attack on inflation from the supply side. Demand management, in the form of reduced budget deficits and strict credit controls, cannot by itself bring the inflation rate down. An increase in the supply of consumer goods and industrial raw materials is essential to the success of the stabilization effort.

Ghana is highly dependent on imported raw materials and basic foodstuffs. Food and industrial raw materials under Title I can contribute directly to the successful implementation of the stabilization program by increasing supplies of manufactured consumer goods, generating employment and increasing production/productivity and generate government revenues. Title I inputs will complement at the same time the project-type donor assistance which is slow in disbursing.

Counterpart funds can assure the continuation and expansion of social equity programs which provide the poorest Ghanaians the basic human rights of access to means of legitimate livelihood, access to primary health care and potable water and feeder roads.

## Title II

Malnutrition and widespread dietary deficiencies make Title II food an important part of our assistance strategy. Highest priority is assigned to meeting the nutritional needs of the maternal and child group. Title II activities are programmed and implemented by Catholic Relief Services (CRS) in maternal/child health, school feeding and food for work activities. Significant short-term increases to nutritionally vulnerable groups are barred by the lack of CRS administrative capacity. The Mission is therefore not proposing increases in Title II activity beyond the current 250,000 - 275,000 recipient level until in our judgment, CRS has the managerial capacity to administer a larger program, though the need for such assistance is confirmed by findings of the AID funded Growth Surveillance System project.

An expanded Food for Work program, either through CRS or the World Food Program in the northern regions can generate significant employment opportunities and make more food available to nutritionally vulnerable groups during the lean season. FFW could support developmental activities such as reforestation, earthwork dams and small irrigation schemes. The Title II program cannot solve, although it can ameliorate,

deficiencies in current nutritional standards. The Mission's approach toward resolving the nutrition problem is described elsewhere in this document and relies on programs aimed at improving agricultural production, reducing the birth rate, and improving incomes and equity in Ghanaian society.

### Title III

Once we see more clearly how the GOG's economic performance is developing under the stabilization program, we will consider recommending the availability of Title III resources to meet policy and problem areas not otherwise provided for the GOG development programs. The program would also directly complement other AID activities in agriculture and health.

We expect to discuss with the government over the next year, their interest in establishing a strategic grain reserve. The system would focus attention on grains management which would lessen Ghana's vulnerability to the vagaries of weather, particularly in drought-prone areas of the country. The program, either under Title II or III, should have three-fold effects:

- 1) Stabilizing grain prices while maintaining an incentive to agriculture;
- 2) Strengthen Ghana's efforts to achieve agricultural self-sufficiency; and
- 3) Increase the availability of food.

C. Housing Investment Guarantees

The GOG has been emphasizing low and middle class housing in public sector shelter programs. While its intentions have been good, performance has been less than satisfactory and the greatest shortfall remains in developing housing solutions for the lowest income groups.

The World Bank is considering major lending for low-cost housing. The Mission expects that limited technical assistance and Housing Investment Guarantees from AID would complement World Bank activities in planning and developing sites and services in slum areas of Accra, Tema and Takoradi.

D. Staffing Implications

The end of FY 79 staff requirements for the Mission is projected as USDH 33, PASA 7, CONTRACT 24 and FSN 60. The USDH category includes one IDI.

We believe that staffing at these levels, for USDH and PASA only, through the planning period will allow the Mission to implement its current and projected portfolio of grant, loan and P.L. 480 activities.

The proposed strategy will involve a heavy program/project design workload and management responsibility. During the latter part of the planning period, specific project staffing needs and changes in the present staffing composition will become known as critical problems and proposed project responses are identified in discussions with Ghanaian counterparts.

AID regional and centrally funded activities will continue to require substantial Mission staff time and support. We are unable to predict the level of effort which will be required in the out years of the planning period. During FY 78 we estimated that 3.6 work years of professional time were utilized to support 44 such activities.

We plan to make maximum use of our program and technical staff in project design and evaluation. The increase in our foreign national ceiling to 60 will allow us to add Ghanaian professionals to our staff. Staff resources will be augmented by increased use of technical expertise from Ghanaian individuals and institutions, supplemented by assistance from AID/W. We would expect to continue to draw on REDSO/W for specialized contracting, engineering and legal services.

Finally, the projected levels of contractor and FN personnel staff needs is very tentative. We would expect, given the rolling nature of the CDSS, to provide a more precise estimate in ABS and PP submissions.