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MAPS: GHANA

Private Sector Strategy: Phase V

Final Report

Bureau for Private Enterprise
U.S. Agency for International Development

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PRIVATE SECTOR ASSESSMENT: GHANA

EXECUTIVE SUMMARY

BACKGROUND AND OBJECTIVES OF STUDY

USAID Ghana and Africa-MDI representatives agreed at the September 1988 Scheduling Conference to conduct a private sector assessment in Ghana utilizing approaches and methodology described in the Bureau for Private Enterprise Publication, Manual for Action in the Private Sector (MAPS).

J.E. Austin Associates, conducted the assessment assisted by REDSO/WCA Private Sector Advisor Arnold Lessard and under overall Mission direction and guidance provided by USAID Director Gary Towery, Program Officer Ed Birgells, and Project Officer Andy Sisson. The objectives were to create an enlarged database for the Mission, identify the most serious constraints to growth, and recommend an overall private enterprise strategy for the Mission.

OUTPUTS

The assessment produced the following outputs:

- The Ghana Country Reference Binder
- Private Sector Description Report
- Private Sector Survey
- Report on Dialogue Sessions and Focus Groups
- Private Sector Strategy (this report)

FINDINGS AND CONCLUSIONS

- USAID-Ghana Strategy is Focusing on Close Donor Coordination on Private Sector as It Builds Up A New Program Review of current project budget reveals that as USAID-Ghana's authorization grows, a private sector approach has become central to its strategy. This is evidenced by the rerouting of funds from the now de-obligated MIDAS II Project (which supported the Ghana Seed Company) to the private sector foreign exchange auction, as well as the Health Program's use of both PVO and commercial channels. The latter has on several occasions convinced the GOG to do the same. This approach fits with the GOG's economic strategy to encourage market liberalization and private enterprise. It is also squarely in line with the other donor programs.

- USAID Bureau Guidance regarding private enterprise is consistent with the Government of Ghana's current policies The GOG has demonstrated its commitment to establishing market-oriented, outward looking, pro-private enterprise policies over a period of 5 years. Since their implementation, these policies have shown results: GDP has grown at 5% per year; export earnings have increased; inflation has been brought down from 45% per year to levels of between 10-25%; the private sector now has access to foreign exchange via a Friday auction in which the market allocates scarce foreign currency. Agricultural producer prices more closely reflect market realities and production has responded significantly. Tax rates have been reduced, infrastructure has been improved and the GOG has begun to move towards rationalization, liquidation, and divestiture of state owned enterprises (SOEs).

- The "Private Sector" in Ghana is almost exclusively micro-enterprise and informal Prior to 1983, medium and large scale private enterprise was discouraged and large firms were almost exclusively parastatal. Therefore the private entrepreneurs and managers have little experience mobilizing large levels of investment capital or managing larger scale operations. These individuals are more disposed to highly leveraged operations as they remain reluctant to risk personal capital. The result: despite reforms, private investment has grown slowly and remains low, even by African standards. Private investment must increase from US $200 million per year to US $500 million per year over the next 3-4 years.

- The institutional enabling environment is still weak and is considered to be the major impediment to private investment mobilization These weaknesses were highlighted in a recent SRI/TSG study which also found that the investment code was not competitive. Business establishment procedures are complex. The banking system is weak and capital markets are limited. Continued bureaucratic and administrative interference is reported by private companies at the operational level and there is a perception that procedures remain somewhat arbitrary, or at best unclear.

- Reforming the banking sector is critical to further private sector-led growth and the World Bank is taking the lead on this. In addition, the World Bank has been dealing with macro-economic reform.

- Agro-processing and agro-commercialization represent targets of opportunity Agricultural production has responded well to price incentives. However, the country is now experiencing surplus production in some crop areas and there is a need to facilitate a timely response by the private sector in establishing processing plants and in overcoming the marketing constraints.

- Tourism represents an attractive opportunity for private sector led growth, employment generation and foreign exchange generation An opportunity to renovate the castle at Cape Coast and establish Ghana's first international class tourist destination is generating considerable interest. As a coastal operation targeted at the European (probably German and British) market, including side trips to the Game Reserve and Ghana's cultural centers, this project could spearhead Ghana's entry into the international tourism market.

RECOMMENDATIONS FOR USAID STRATEGY

- <u>Criteria Were Agreed Upon for Assessing Strategic Options</u> Potential USAID intervention options were generated at each stage of the assessment. These were evaluated according to a set of agreed-upon criteria including the following:

  * Improves Institutional Enabling Environment
  * Will Obtain Government Approval and Support
  * Complements Donors Without Duplication
  * Enjoys Private Sector Support
  * Promotes Microenterprise Development
  * Generates Productive Employment
  * Generates Foreign Exchange
  * Mobilizes Private Savings, Investment
  * Promotes Value-Added Production
  * Involves Implementing Agents
  * Is Consistent With USAID Human and Financial Resources

- <u>The Major Priority is Improving the Institutional Environment for Private Enterprise</u> While the World Bank has been playing a leading role in helping the GOG implement their Economic Recovery Program (ERP), USAID could play a constructive role in providing technical assistance and training for implementing an improved institutional environment. This could include assistance in revising the investment code, implementing banking reforms, strengthening business associations, streamlining business registration procedures, improving the legal environment for private enterprise and expediting customs procedures. This approach will require great flexibility and responsiveness to take advantage of targets of opportunity as they appear. A program approach is recommended.

- <u>Specifically Target Private Sector Agro-Processing, Agricultural Commercialization and Supporting Infrastructure and Services</u> The success of the Government's economic plan may rest largely on its impact on the agricultural and rural sector, which account for nearly 70% of Ghanaian employment. Agricultural producers have responded to market liberalization. Surpluses have begun to appear. Bottlenecks in processing, transport, storage and marketing have now begun to appear. Assistance could be directed at developing rural infrastructure, mobilizing investment in processing, and training personnel in required business management skills.

- Focus on Agro-Processing Sectors with Great Potential for Multiplier Effects While the bulk of economic activity will originate from the informal and small enterprise sectors (both rural and urban), pioneering investments which industrialize corn surpluses, tubers (yams and cassava), oilseeds and other production can have important ripple effects.

- Strengthen Investment and Export Promotion Capabilities USAID can provide technical assistance and training to help the GOG create a competitive business environment, including a revised investment code, and utilize MDI for identifying potential joint venture partners and markets. USAID can support particular agro-industry and tourism joint ventures by using supporting offices of AID in Washington, OPIC and the IFC.

- Keep Free Trade Zone in Mind for Later The possibility of promoting a free trade, or export processing zone, was analyzed. Given the efforts underway in Cameroon and Togo, and remaining obstacles to developing such a zone, it is recommended that USAID postpone any major involvement in this area. The Mission can continue to generate interest in this area and respond by providing training visits and information.

- Stay Away from SOE Divestiture Program The World Bank is taking the lead here. USAID lacks the financial resources and manpower to make an impact.

- Target Business Management and Entrepreneurial Training USAID should develop a carefully targeted training program through existing private sector organizations.

- Target the Informal/Small Enterprise Sector As documented in the following reports, Ghana's private sector is largely informal or small scale. The bulk of growth in investment and modern sector employment will come from this sector over the next five years. These people need a legal, administrative, regulatory and institutional environment which permits them to function. Technical assistance and small business credit could be an add-on which allows the Mission important contact with this sector.

- Continue the Dialogue USAID-Accra has established an important dialogue with the GOG. The Private Sector Description and Private Sector Survey results presented to Government officials in focus groups during this assessment, have revealed that GOG officials are eager to continue the dialogue and receive information and technical assistance to more effectively implement their reforms. USAID can continue this dialogue while strengthening local private sector capability to dialogue with the government.

STUDY OVERVIEW

The study presents the Private Sector Strategy with Appendices including the Private Sector Description, the Private Sector Diagnostic Survey, the Private Sector Dialogue and the Survey Questionnaire.

I. OBJECTIVES AND ACTIVITIES OF MAPS TEAM

USAID Ghana and AFR/MDI representatives reached agreement at the September 1988 Abidjan Regional Scheduling Conference on the organization of a Private Sector Strategy Development exercise, utilizing approaches and methodology described in the Bureau For Private Enterprise draft publication, Manual For Action in the Private Sector (MAPS).

Arnold Lessard, the REDSO/WCA Private Sector Advisor, visited Ghana in December, presented the MAPS methodology, and began the planning and scheduling activities.

The MAPS team subsequently carried out MAPS in Ghana over a period of several months, beginning in February 1989. The team consisted of Kevin Murphy, Roger Jantio and Michael Borish of J.E. Austin Associates, and REDSO/WCA Private Sector Advisor Arnold Lessard. Overall Mission direction and guidance was provided by the USAID Mission Director, Gary Towery, and Project Officers Ed Birgells and Andy Sisson.

A. MAPS Had Four Major Objectives:

- To assist the Mission in developing an effective and implementable private sector strategy
- To prepare a usable and comprehensive information data base on the local private sector in a format which could be easily updated
- To conduct a survey of private enterprises enabling the Mission to identify opportunities and constraints to growth and to assess the business climate
- To facilitate dialogue between USAID and private sector leaders, other donors and GOG officials by organizing dialogue sessions and focus groups, and by preparing presentations

B. The MAPS Team Worked Closely With Senior Mission Management At All Stages Of The Planning Process

-- Lessard directed a MAPS methodology workshop for Mission staff in December, 1988

-- The Team reviewed and analyzed background strategic, economic, planning and program/project documents

-- The Team held discussions with Mission, World Bank, IMF and public and private sector senior officials

-- The Team developed its conclusions and recommendations based on an analysis of current Mission strategy, AID-Washington and African Bureau policy guidance, the Mission's portfolio of programs and projects, Government of Ghana and World Bank structural adjustment priorities, donor development assistance to Ghana, and conversations with Ghanaian business leaders

-- The team held working sessions with the Mission Director and Project Officers to develop and agree on a series of recommended actions including the Private Sector Description; Country Reference Binder; Private Sector Diagnostic Survey; and Private Sector Dialogue as well as focus group scheduling

C. MAPS Produced Six Outputs

The Private Sector Assessment has provided the Mission with the following:

-- Strategy Assessment and Recommendations

-- Country Reference Binder

-- Private Sector Survey Report

-- Private Sector Description

-- Report on Results of Private Sector Dialogue

-- Articulation of Current Mission Strategy

II. GOVERNMENT OF GHANA: CURRENT ECONOMIC STRATEGY

A. Key Elements

The following constitute the key elements of the GOG's Economic Recovery Program (ERP):

- -- Liberalization of foreign exchange markets and trade policy to eliminate distortions in capital and trade flows
- -- Simplification of the tax system and reduction in tax rates to increase savings, investment and productivity
- -- Improvement in export production incentives to generate increased foreign exchange
- -- Eventual reduction in external debt to improve international credit rating, lessen financial drain of debt service and encourage investment
- -- Control of monetary expansion to reduce inflation rates and public sector waste
- -- Generation of fiscal surpluses to cover public expenditure and outstanding debt to the domestic banking system
- -- Improvement in the provision of Government services and public sector management to encourage public confidence in the Government
- -- Increase in Government capital expenditure from 8.0% to 10.6% of GDP to modernize the national infrastructure
- -- Rationalization of SOEs via liquidation, divestiture, restructuring and mergers to promote economic efficiency, cut parastatal losses and reduce Government expenditures
- -- Improvement in the performance of key sectors to revive the economy, generate jobs, increase incomes, and promote food self-sufficiency, proper health care and education

On the basis of the aforementioned structural reforms, the GOG has pursued a policy of reducing inflation rates, expanding fiscal revenue via improved tax collection, promoting consistent GDP growth and initiating a program to relieve the public of its SOE burden.

B. GOG Economic Goals

The GOG believes it can achieve the following during the 1988-1990 period:

- -- Real GDP growth of 5% per year
- -- Reduction of the inflation rate from 25% to 8%
- -- Generation of a US$110 million BOP surplus
- -- Cushioning the adjustment costs imposed on vulnerable groups during the economic restructuring

C. Results To Date Have Been Encouraging

The GOG has taken numerous steps to promote private sector development since 1983. Producer prices for cocoa farmers have been greatly increased. The GOG has increased earnings retention provisions to promote non-traditional and manufacturing exports. Investment in the national infrastructure is designed to facilitate distribution and marketing as well as improve the health and education levels of the work force. The Government has modified the Investment Code to promote private investment and joint ventures.

SOE reform has been slow. The costs of divestiture are high, primarily end-of-service benefits to redeployed personnel. The public sector is unable to assume the burden, nor is the private sector willing to do so. Financial records have not been kept up to date, complicating the valuation and bidding process inherent in any divestiture program. Furthermore, the GOG is reluctant to assume Government guaranteed loans made to these companies.

D. Significant Constraints Still Impede Private Sector Growth

Macro-economic growth has been driven largely by donor funding and government investment. Private investment remains low at around 4% per year. These constraints will be dealt with below. This slow response could jeopardize the GOG economic strategy.

E. GOG Economic Policy is Consistent with USAID Bureau Guidance

Published Africa Bureau Policy guidance documents were reviewed and summarized to provide a reference base against which Mission strategies, objectives and local GOG policy could be compared. The most recent Bureau-Mission guidance stresses a strategic outlook for sustainable economic growth which is broad based and market oriented. The five objectives include:

-- Improve private sector effectiveness and efficiency by reforming fiscal and monetary policies, reducing public sector interventions in the private sector, and divesting parastatal enterprises.

-- Promote market-oriented pricing and allocation policies by liberalizing financial markets and delivery systems for agricultural inputs.

-- Increase potential for long-term productivity growth via technology transfers and the development of natural and human resources.

-- Increase efficiency and equity of social services delivery in health care, education and basic infrastructure such as roads, water and electricity.

-- Improve food security by increasing production levels and labor productivity, ensuring famine preparedness and making essential imports available.

There is a very close correlation between Bureau Guidance and the objectives and program of the Government of Ghana. Furthermore, the GOG has demonstrated its commitment to its current policy for over five years by maintaining a relatively steady course.

III. DONOR STRATEGIES AND USAID

A. Donor Community Is Providing Increased Funding to Ghana

As a result of the growing confidence in the macroeconomic policy being pursued by the GOG, the donor community is increasing levels of assistance. Net disbursements of foreign assistance tripled from US$110 million in 1983 to $371 million in 1986. Both disbursements and commitments are running at much higher levels in 1989.

B. World Bank's Programs Have Had Most Significant Impact

World Bank programs have helped the GOG to establish the macroeconomic conditions for private sector-led growth in a free market economy. The new policy direction has been sustained since 1983. IBRD has sought to assist the GOG in cushioning the impact of structural adjustment. The following are the major thrusts of the IBRD's activities in Ghana.

- -- S.A.L.: Structural Adjustment Lending provided US$115 million to the foreign exchange auction in the first phase. Another US$120 million is contemplated for the second phase tied to divestiture.

- -- Financial Sector Credit: US$100 million in foreign exchange is available with counterpart funding used to strengthen the commercial and development banks.

- -- Small and Medium Enterprise Credit: Small and medium sized enterprises have found it difficult to get credit. Approximately US$30 million has been channeled through the Bank of Ghana to the development and commercial banks for both long-term (up to 12 years) and working capital needs at market-determined interest rates.

- -- Rural Finance Credit: Agricultural production-related activities, including farming, transport and processing, have received US$20 million at market-determined interest rates.

- -- Other Activities: The World Bank also supports the Ghana Investment Center which approves private sector investment projects. The Bank feels the center should have a promotional role rather than an approval and regulatory role. IBRD has also promoted dialogue between private sector associations and the Government.

C. USAID Is A Relatively Small Player

As can be seen in Table 2, the USAID (non food-aid) portfolio of US$8-15 million/year represents a relatively small percentage of total multilateral and bilateral aid to Ghana. Estimates on funding levels differ. According to recent World Bank estimates, USAID's contribution is estimated to be 3-4% of the total donor community's 1988 disbursements. USAID must be realistic in terms of its goals and its influence. Its strategy must be consistent with the foreseeable levels of economic and human resources at its disposal.

Table 2

Bilateral and Multilateral Assistance Disbursements to Ghana

	1988
Bilateral	304M
Multilateral	418M
Total	$722M
USAID	26.4M
USAID % OF TOTAL	(3.6%)

D. IBRD's Assessment of USAID Role

IBRD officials believe USAID can play a significant role in strengthening Ghana's private sector associations which are viewed as weak relative to similar institutions in other countries. In addition, the IBRD mentioned a USAID role in promoting investment. Bank officials also suggested assistance in private sector training at the managerial level in such areas as preparation of financial projections, feasibility studies and credit applications.

E. Implications for Strategy

The fundamental economic environment has changed dramatically since 1983 in favor of private sector development. Based on recent performance indicators and continued GOG commitment to private sector development, there is a substantial convergence between USAID objectives and strategies and those of the GOG. The policy environment is most appropriate for private sector-led growth in a free market context. USAID can assist in helping the GOG extend its macroeconomic policy reforms to the institutional level for more effective implementation.

IV. FINDINGS AND CONCLUSIONS FROM MAPS

The following are findings and conclusions from the MAPS study in Ghana.

A. Ghana Is One Of The Few Countries in Africa With A Solid Macro-Economic Environment For Private Sector Development

-- Foreign exchange controls have been replaced by the Friday foreign exchange auction system allowing the market to allocate scarce foreign exchange to the private sector.

-- Price controls have been lifted for all but a fewcommodities (e.g., petroleum, maize, tobacco, cocoa).

-- The GOG's huge budget deficit has turned to surplus and outstanding debt to the Central Bank is being repaid. Private sector borrowing is now higher than that of the public sector in the domestic banking system.

-- Incentives to agricultural producers, especially cocoa producers, have improved. Producer prices for cocoa have been raised dramatically from ¢12,000/ton (1983) to ¢165,000/ton (1987). Smuggling has been reduced, and farmers are demonstrating better field maintenance and using more inputs to enhance yields.

-- The GOG is attempting to reform the SOE sector, demonstrated by its advertising of the sale of cocoa plantations, as well as manufacturing and distribution enterprises. However, progress to date has been slow.

-- The civil service is being reduced beginning with the elimination of ghost workers. Some 24,000 public sector employees have been redeployed in the last two years and efforts are continuing. On the SOE side, the Cocoa Board is redeploying 30,000 employees. However, redeployment may be too ambitious, requiring local currency from donors for large severance and pension payouts. A less expensive alternative would be to allow natural attrition to take its toll over a slightly longer period.

B. The Ghanaian Economy Has Turned Around

The Economic Recovery Program, assisted by large injections of donor funding, has successfully turned around Sub-Saharan Africa's eighth largest economy. Ghana's economy shrank on average 1.6% per year between the mid-60s and the mid-80s. It has grown 5% per year since 1983 and has now reached a level of over US$5 billion.

Food production is rising. The mining, timber and non-traditional export sectors are showing significant improvements and are generating increased levels of foreign exchange. Attempts are being made to promote major investment in the tourism sector.

The inflation rate has declined since 1983 (despite fluctuations), and the GOG has registered a fiscal surplus for three consecutive years, while repaying substantial debt to the formal financial sector. The following leading indicators from 1987 demonstrate the Ghanaian economy is growing and showing higher than anticipated balance of payments surpluses, but that inflation remains a nagging problem.

Table 1
Results of G.O.G. Economic Strategy 1987

Indicator	Target	Results
GDP Growth	4.0%	4.8%
Inflation Rate	35%	40%
Balance of Payments Surplus	$108 Million	$139 Million

C. Ghanaian Investors and Entrepreneurs Are Basically Optimistic

The MAPS Private Sector Survey revealed that Ghanaian entrepreneurs were optimistic regarding the business climate. Some 64% believed that sales would increase next year compared with only 38% reporting increases from last year. Significantly, many reported being attracted to productive sectors (manufacturing and agriculture) and the export sector. They see opportunities in European and in West African markets.

D. But Private Investment Remains Low

Much of Ghana's recent growth has been fueled by donor activity. Donor contributions have far outpaced private sector investment. Levels of private sector savings and investment remain low. The Ghanaian private sector investment rate (4% of GDP) ranks it well

below average for African countries. The GOG has been disappointed by the slowness of private sector response. Private investment is currently averaging about US$200 million per year, a level which is too low to achieve GOG goals over the medium to long term.

E. The Institutional Environment Still Discourages Private Investment

While existing business people interviewed have an optimistic outlook, the prospects for increased levels of investment are dimmed by continued dissatisfaction with the institutional enabling environment. Examples include the following:

1. Taxes are perceived to be high. Some 54% of firms surveyed complained about tax rates. While overall rates have been reduced (corporate tax is 45-55% and dividends tax is currently 30%), collection has become aggressive.

2. Some 45% of businesses surveyed reported insecure access to premises. This indicates a weak legal environment or cumbersome or costly registration procedure.

3. The banking system is not meeting the needs of most businesses. Capital markets and other institutional mechanisms for capital formation are limited.

4. The Investment Code is not competitive, and the Ghana Investment Center is more regulatory than promotional.

5. A controlling and regulating mindset in the Ghanaian Civil Service was widely reported by both private and public sector officials interviewed. Some retraining may be required.

F. The Private Sector Is Mostly Informal or Small-Scale

Prior to 1983, medium and large scale private sector activity was actively discouraged. Most firms of any size were owned, at least in part, by the government. Approximately 85% of the private sector is rural, informal and micro-enterprise. Even registered industrial enterprises are small-scale, with about 85% employing less than 10 people. The vast majority of the private sector is self-employed or uses family labor with limited means of generating surplus that could be invested for economic growth and productive employment. Many firms do not have large pools of capital to tap. Individuals who may have significant capital to invest are still reluctant to do so because of previous history. As a result, Ghanaian entrepreneurs need or want large levels of credit.

G. Credit Is Scarce

GOG monetary policy is restrictive in an attempt to restrain the inflation rate that has still not returned to the 1985 low of 10.4%. The Bank of Ghana has placed credit ceilings on the banking system. Banks have little incentive to increase their deposit base. When the banks provide loans, they are often

to commercial enterprises rather than to the productive agricultural and industrial sectors. A policy of 100% cash-up-front for letters of credit reduces access to inputs. Banks argue that they have limited funds for lending, are unable to provide medium- and long-term loans in the current economic environment, and have suffered from customer delinquencies and arrears. Some 65% of firms surveyed reported that most of their start-up and working capital came from personal and family savings.

H. Savings Are Inadequate

Confidence in the banking system has still not been fully restored, impeding deposit mobilization and levels of financial intermediation. Peoples' savings have often been quickly converted to physical assets to protect against inflation. The result has been an economy characterized by a high marginal propensity to consume.

I. Major Export Diversification Effort is Needed

World cocoa prices have been declining. While returns on gold and timber have been good, 55% of Ghana's export earnings are from cocoa. Cocoa prices are not expected to increase in the near term, reducing original BOP surplus forecasts and making economic recovery more difficult.

J. Organizational and Financial Management Skills Need Improvement

As noted above, the Ghanaian private sector is almost entirely informal or small scale. Medium and large private enterprise was discouraged for many years. Larger enterprises were almost exclusively parastatal. As a result, the private sector lacks the technical and managerial skills needed to mobilize large quantities of capital and direct large operations. Lack of both technical and managerial training has been documented in recent USAID studies.

K. Ghanaian Private Sector is Dynamic But Is Also Cautious With New Investment

Ghanaian business and industry leaders are reluctant to invest large sums in productive assets as they fear visibility and are still cautious due to historically anti-entrepreneurial sentiment. Bankers complain that many borrowers have little equity and attempt to leverage it with extremely large debt. Assembling groups of investors to pool funds for a particular enterprise is also uncommon.

L. Ghana's Private Sector Lacks An Established Forum to Dialogue with the Government

Historically, the dialogue between the private and public sector in Ghana has been weak. Interviews with Ghanaian business leaders and associations such as the Chamber of Commerce (1,000 members), Association of Ghana Industries (1,500 members) and Ghana Employers Association (350 members) and review of written materials revealed weakness in their ability to represent member interests before the Government.

M. Ghanaian Business Associations Are Currently Calling For Protectionism

Some associations are resisting free market policies, saying "industry's position is being seriously undercut by open, unfair, and uncontrolled competition from cheap imports."

V. RECOMMENDATIONS FOR PRIVATE SECTOR STRATEGY

A. The Recommended Strategic Objective for USAID Private Sector Strategy is Raising Private Investment

This is the acid test by which success can be measured. While the Mission will decide on an appropriate strategic target and the level to be sought, this report maintains that private investment must increase from US$200 Million to US$500 Million (or from 4% to 10% of GDP) for GOG growth targets to be achieved. This level of investment is not out of the ordinary for countries at this level of development. It may, however, require that some donor programs begin channelling more assistance to this sector through credit and other programs.

B. While Donors Help GOG with Macro Policy, USAID Can Play a Unique Role At The Sectoral and Institutional Level

While the Government's ERP seems to be "getting the macroeconomics right", USAID can play a role at the sectoral level focusing on the macro-micro linkages in key productive sectors. Working with leading Ghanaian business associations, rural intermediaries and other implementing agents, USAID can assist in easing some of the constraints to growth for Ghanaian-owned small and medium enterprises. USAID can also work with the Government to improve the institutional enabling environment for private enterprise growth and development.

C. Agreement Was Reached on Criteria for Evaluating USAID Strategy Options

The following constitute key criteria on which strategy recommendations were based:

1. Improves the institutional enabling environment for new and growing private enterprises

2. Strengthens and institutionalizes the legitimacy of the private sector, with focus on enhancing the spirit of cooperation between the Government and private sector

3. Receives the necessary approval and support of the Government

4. Complements broader donor efforts without duplication

5. Enjoys private sector support, with focus on existing initiatives originated by the private sector

6. Promotes microenterprise development

7. Generates productive employment

8. Generates foreign exchange, with focus on Ghana's natural resource base

9. Mobilizes local private savings and investment, with focus on linkages between Ghana's informal and formal sectors

10. Adds value to current production, with focus on agriculture, agro-processing and agro-exports

11. Involves existing implementing agents to enhance the feasibility of the option

12. Constitutes program/project for which USAID has the necessary manpower, financial resources and experience to be effective

13. Is consistent with Congressional, Agency and Bureau Guidance

D. Analysis of Strategic Options

The MAPS process generated a number of strategic options. While a fairly exhaustive menu of options was generated, the following is an analysis of those which received the most discussion and analysis.

1. Policy Reform and Improvements in the Institutional Enabling Environment

- Strengths: Government has already demonstrated willingness to reform policy, adhere to IMF conditions; Government most interested in results, therefore pragmatic about GDP, employment, FX, savings; USAID has established good relations with Government; overlap between Government and USAID objectives is substantial

- Weaknesses: Government feels frustrated, not entirely convinced results of ERP are beneficial; state-oriented approach still part of overall mindset; continuing skepticism of private sector, private sector not clear or unified on recommendations (e.g., AGI wants protection, rural and informal are market-oriented). It is much more difficult to effect changes in attitudes, bureaucracy, administration, lack of due process, selective harassment remains a problem

- Recommendation: World Bank has provided technical assistance and financing for implementing reform. USAID should now focus on a few "targets of opportunity" in the enabling environment. Providing training and technical assistance to those who would implement change in the enabling environment is critical. Areas could include creating a competitive investment code, retraining key administrative units

2. Investment Promotion

- Strengths: Would reduce dependence on foreign assistance; would provide needed capital for productive investment, employment, value added; addresses key weakness to date of ERP

- Weaknesses: Enabling environment still weak, uncompetitive; improvements in business environment (e.g., lower taxes, less regulation) might undermine more stable macroeconomic environment (e.g., higher inflation); limited local private capital willing/able to invest; apparent Government

resistance to foreign investment due to bad history; effective investment promotion would take time

- Recommendations: USAID should encourage all efforts to mobilize private savings and investment; the Government has reasons to be wary of marginal investors, but needs to understand how improved enabling environment can weed out marginal investors; USAID approach should be multi-faceted, assisting with infrastructure (PIP) and institutional (GIC) development, improving the enabling environment while respecting required regulation/enforcement

3. Export Promotion

- Strengths: High level of interest from private sector and Government; could have major impact on FX, GDP, employment, investment; potential for backward linkages to agriculture; responds to need (market information); would not be costly; USAID could manage; offers additional opportunities for US-Ghana private sector links

- Weaknesses: Institutional/enabling environment weak (except mining sector); assistance would initially have only indirect impact; business associations would be logical conduits, but their development might take time, irk the Government (e.g., why not assist GEPC?); implementing agents would have to come from offshore

- Recommendations: USAID should make export promotion a key component of business association development; Mission needs to be careful that these efforts would not appear to undermine positive Government efforts with GEPC; ability of private sector to generate increased FX would assist Government objectives

4. SOE Divestiture

- Strengths: Reduces drain on Government subsidies to losing operations (6.7% GDP); promotes private investment, rationalization of inefficient industries/sectors; institutionalizes private sector approach;

- Weaknesses: Politically contentious issue; World Bank already involved; turnaround would require assistance greater than resources available to USAID; local private sector initiatives muted due to limited capital

- Recommendation: Leave to World Bank; USAID should assist with promoting better environment for entry into private sector

5. Rural Infrastructure and Agricultural Marketing

- Strengths: Broad-based impact; would provide amenities, incentives for investment; supports top Government priorities; addresses major needs of economy (e.g., employment, productivity); USAID has experience, resources, personnel to coordinate; promotes exports, efficient import-substitution

- Weaknesses: World Bank leading agricultural sector reform effort; agricultural producers are largely unorganized, complicating marketing

- Recommendation: Improved rural infrastructure, more efficient agricultural marketing and strengthened institutional intermediaries (e.g., cooperatives, credit unions) will be essential to economic development; USAID should identify its areas of strengths and expertise and work with the World Bank in accelerating basic infrastructure development, training of personnel

6. Credit Unions

- Strengths: Broad-based; semi-formal link between informal savings and formal banks; provides organized bond (e.g., occupational, residential, religious) for microenterprise rural development and training; USAID has experience, personnel, ability to monitor and evaluate; implementing agents available; complements donor assistance without duplicating; Government likely to support, offering potential for improved spirit between Government and private sector; infrastructure, private sector inclined apex organization in place; demonstrated initiative from Ghana Cooperative Credit Union Association

- Weaknesses: Would take long-term commitment; no immediate direct impact on employment, FX, etc.

- Recommendation: USAID should place credit union development among its top priorities; credit unions are a field of demonstrated USAID competence with links to rural development, increased savings and

investment, Government goodwill; pilots, with rural cooperatives, would be useful as precursor to long-term commitment; would likely involve sustained funding, training over several years

7. Cooperatives

- Strengths: Broad-based; represent community-based organizational framework for microenteprise development, credit allocation and collection, training/extension, input distribution, storage, output marketing, agro-processing (therefore employment, value added, savings and investment, and potentially, FX); could become strong formal private sector force in rural economy; USAID has resources/experience; would be unique donor contribution; implementing agents exist in Ghana for design and management; represents vehicle for assistance to women

- Weaknesses: Bad history/reputation due to Government intervention and bad management, resulting in limited private initiative; movement virtually dormant; could require substantial sums; would require long-term approach given training needs, reputation from past problems

- Recommendations: Could be key component to any microenterprise rural development program; needs careful study of both opportunities and constraints; likely to be costly and difficult; pilots would be useful particularly with credit union activity; commitments should be contingent on Government's willingness to make improvements in the enabling environment, including privatization of the cooperative movement

8. Agro-Processing

- Strengths: Makes efficient use of raw agricultural production; promotes employment, value added, possibly FX; encourages use of appropriate technology; Government would support initiatives; broad-based, rural development

- Weaknesses: Limited capital; agricultural sector unrepresented, therefore difficult to identify initiatives

- Recommendation: USAID should look at agro-processing as a key component to a larger approach; agro-processing assumes raw materials, intermediaries, infrastructure, technology, marketing capabilities

9. Business Management and Entrepreneurial Training

- Strengths: Local support exists; initiative demonstrated by financial sector; implementing agents are available; responds to private sector weaknesses, including ar the microenterprise level; USAID has experience and resources; Government would support this assistance

- Weaknesses: Indirect impact on employment, FX, value added, etc.; difficult to implement in rural areas, with microenterprises, therefore may not be broad-based

- Recommendation: USAID should develop a carefully targeted training program (e.g., finance/accounting, export promotion); developing institutions (e.g., associations) to implement in the long run would take time; current implementing agents may be limited (unless brought from offshore); training keeps USAID involved with private sector, maintains communication links (good for long-term goodwill); would not be costly

10. Microenterprise Development

- Strengths: Addresses vast majority of functioning enterprises in Ghana; broad-based, productive employment creation; top priority of GOG, donor community; implementing agents available for targeted training

- Weaknesses: Credit allocation and technical assistance to microenterprise difficult to manage/administer; microenterprise generally informal, rural, not organized; microenterprise assistance may appear to compete with, or undermine, efforts of National Board for Small-Scale Industries; offshore implementing agents may be required; non-credit assistance may show delays in impact

- Recommendation: USAID should incorporate microenterprise development assistance as a key component, but in which ways wich also satisfy other criteria set by USAID to ensure greater impact; examples include credit and training targeted to credit unions, as a source of small business working capital, inventory management, storage, rural input distributors

11. Strengthening Private Sector Associations

- Strengths: Institutionalizes legitimacy of private sector and complements other donor efforts without duplication; USAID has distinctive competency (US has strong tradition); potential implementing agents for targeted training (finance/accounting, export promotion); responds to demonstrated needs (dissemination of market information); implementing agents for assisting private sector associations exist; associations have expressed interest (bankers have demonstrated initiative); would not be major cost

- Weaknesses: Associations represent larger, modern enterprises, not mainstream (rural, informal, micro-enterprise); some associations are protectionist; impact would be indirect on employment generation, FX earnings, value added, etc.

- Recommendations: USAID should pursue targeted approach; assistance would be relatively inexpensive, would promote continuing dialogue with private sector leadership, and would help establish the organized private sector as a legitimate institution in policy dialogue for an improved enabling environment; downside is that it may take time

12. Free Trade Zones

- Strengths: Creates employment, generates foreign exchange; attracts private investment; land available and set aside in Tema; two port facilities; local textile tradition; raw materials to feed FTZ industries; cheap labor; proximity to European and North American markets; English-speaking

- Weaknesses: Enabling environment uncompetitive

(SRI/TSG study); private sector interested but not leading initiative; GOG to date has shown limited commitment, and none to spending on infrastructure; USAID in no position to manage FTZ development without additional inputs; start-ups in Togo and Cameroon soon

Recommendations: Good idea; time is not right yet; USAID should stay close to the idea, monitor and even stimulate private sector interest, assess feasibility after Togo and Cameroon implement

VI. PRIVATE SECTOR STRATEGY: SUMMARY OF RECOMMENDATIONS

A. THE CRITICAL BENCHMARK FOR PRIVATE SECTOR STRATEGY IS RAISING PRIVATE INVESTMENT FROM US$200 MILLION TO US$400-500 MILLION OVER THE NEXT 3-4 YEARS.

As donor funding recedes to more normal historical levels, the current high levels of public investment must be replaced by private sector investment if the targeted 5% growth rate is to be achieved. If private investment of 10% of GDP can be achieved, a healthy GDP growth rate will be maintained in such a way as to strengthen and institutionalize private enterprise within the Ghanaian economy.

B. USAID STRATEGY IS BEGINNING TO FOCUS ON SIX MAJOR AREAS OF INITIATIVE.

Several areas of USAID initiative can assist the Government of Ghana in maintaining the momentum for private sector led growth. These are:

- Informal/small business sector
- Improve institutional enabling environment
- Financial sector reform
- Agro-processing
- Joint venture investments
- Continued dialogue

1. Target the Informal/Small Enterprise Sector

As documented in the findings section and in the description and survey phases of the assessment, Ghana's private sector is mostly informal and almost entirely small scale. The bulk of growth in investment and employment over the next five years will come from the large masses of very small entrepreneurs whose cumulative annual investment will account for up to 8-10 times current levels of foreign investment. These people need a legal, administrative, regulatory and institutional environment which permits them to function, to obtain secure access to premises, to obtain access to credit, and to grow. The institutional reform mentioned in point two below should include the legal, administrative, financial and

regulatory enabling environment affecting small enterprise.

While strengthening the institutional environment for emerging businesses is the most important single factor for business growth, USAID should also provide some technical assistance, training and credit to this sector and encourage other donors to do the same. Programs of direct assistance will not only help eliminate credit and training constraints but will give USAID a window on the small enterprise sector which will be essential to effective policy dialogue.

2. Improve the Institutional Enabling Environment for Private Enterprise

USAID has made the case to senior GOG officials that current macroeconomic reforms are a necessary, but not sufficient, condition for development. The upcoming World Bank study on the private sector will probably reinforce this conclusion. USAID efforts should be combined with World Bank efforts so as to improve the investment code, the business code, the financial system and the legal environment for private enterprise. While the macro-economic playing field has been leveled, institutional impediments remain.

3. Address Financial Sector Reform and Credit Needs of Ghanaian Enterprise

Ghanaian business is largely small or informal. It is difficult to address the needs of this sector through the existing troubled financial system. It is recommended that USAID begin by directing resources to non-bank financial institutions, specifically credit unions. Credit was ranked as the leading constraint to growth in a survey of both formal and informal businesses. Credit unions can respond to the credit needs of smaller enterprises. Cooperatives can be another vehicle but only if these come into the private sector and significant reforms are introduced. USAID should set its sights on the ultimate goal of a modern, competitive, and market oriented banking system in Ghana while at the same time helping credit unions which can better respond to the needs of the smaller scale enterprise at a more grassroots level.

The level of credit required by Ghanaian enterprise surpasses USAID resources. But USAID can also play a constructive role by encouraging other donors (British, Japanese, Dutch, Germans, etc.) to channel more resources in this direction.

The financial sector is not functioning adequately and the World Bank is engaged in a major effort at financial sector reform. USAID participation in assisting with this reform, should take the form of technical assistance or training in implementing these reforms. The recapitalization of the banking industry will require

resources more consistent with World Bank funding levels. A decision to assist with financial sector reform will await further dialogue with the World Bank and the Government of Ghana regarding their desire for this kind of help and the extent to which the ultimate goal is a vibrant and competitive banking sector with substantial private sector participation.

4. Focus on Agro-Processing and Agricultural Commercialization

Over 70% of Ghanaians derive their livelihood directly or indirectly from the agricultural production or the resulting processing and trade. Much of Ghanaian small enterprise is rural or agriculturally related. On the production side, farmers have responded to market prices and a more liberalized economy. Production surpluses have begun to appear. The bottleneck is now on the processing and commercialization areas. Current corn surpluses would indicate the need for assistance from a corn processing company such as CPC to explore possibilities for adding value, industrializing and creating a market for processed corn products. Potential surpluses in tubers (cassavas and yams) where the value of production exceeds cocoa would indicate similar assistance and investment in agro-processing. Investments in higher value forest product exports is another strategically important area. Ghana also has great potential in the area of high value agro-exports.

5. Promote Joint Venture Investments Which Have Critical Strategic Importance and Positive Ripple Effects for Ghanaian Enterprise

USAID-Ghana, in conjunction with Africa-MDI, should respond to current interest in promoting a few well chosen larger scale strategic investments. The question is what are the kinds of investment which will support this strategy rather than creating a dualistic economy. The focus of strategy should be on expanding the large base of small grassroots Ghanaian enterprise. Certain larger scale joint venture investments could contribute importantly to this goal. This would indicate priority for investments which stimulate wide participation through contract farming or through demand pull. Africa-MDI's success in promoting investments in Botswana, Swaziland and Lesotho in recent months would indicate a potential to facilitate such investment. Critical areas would include corn processing where U.S. firms such as CPC could help resolve the problem of surpluses which are now emerging in Ghana. The possibility for processing and improving commercialization for tubers (cassava and yams) is also important as this is the largest agricultural segment, even surpassing, in value and volume, cocoa. Such investments will have backward linkages to agriculture, will help create a competitive manufacturing industry based on local raw materials, and will have forward linkages to commerce and other service sectors. Outside of agro-processing, certain targets of

opportunity could also be explored in tourism and manufacturing. Attracting the first large, world class tourism operation to Ghana could have large ripple effects in employment and foreign exchange generation.

6. Continue the Dialogue

Focus group presentations to government officials of the findings of recently completed private sector studies have revealed that government officials generally recognize that while macro-economic reforms have been implemented, the institutional enabling environment still is not adequate to mobilize the levels of private investment that are needed to reach sustainable levels of economic growth. There is a need for training and technical assistance to government officials in reforming the institutional enabling environment. USAID could provide immediate assistance in those areas of opportunity where government officials are themselves seeking reform. USAID should pursue GOG interest in a study of effective Investment Codes among high growth countries with an eye to introducing specific reforms in Ghana. Another area of immediate priority is that of current surpluses in agriculture which are depressing prices in certain commodities. Here, USAID could respond by providing short term technical assistance by U.S. agro-processors to see how these surpluses can be turned into processed goods. The upcoming agricultural marketing study should be helpful in delineating priority areas for assistance.

USAID should continue to dialogue with the private sector associations although major programs of assistance should not take place as long as they are pushing a return to protectionism and import substitution. Some training in basic skills such as accounting could be part of this program.

MAPS: GHANA

Private Sector Strategy: Phase V

Annexes

Final Report

Bureau for Private Enterprise
U.S. Agency for International Development

Prepared for: *Bureau for Africa/MDI and USAID/Ghana*

Prepared by: *J.E. Austin Associates, Inc.*

Sponsored by: *Private Enterprise Development Support Project II*
Project Number 940-2028.03
Prime Contractor: Ernst & Young

December 1989

Ernst & Young

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LIST OF ANNEXES

A. MAPS Phase I - Private Sector Strategy

B. MAPS Phase II - Private Sector Description

C. MAPS Phase III - Private Sector Diagnostic Survey

D. MAPS Phase IV - Private Sector Dialogue

ANNEX A

MAPS PHASE I

Private Sector Strategy

I. OBJECTIVES AND ACTIVITIES OF MAPS TEAM

USAID Ghana and AFR/MDI representatives reached agreement at the September 1988 Abidjan Regional Scheduling Conference on the organization of a Private Sector Strategy Development exercise utilizing approaches and methodology described in the draft Bureau For Private Enterprise publication, Manual For Action in the Private Sector (MAPS).

Arnold Lessard, the REDSO/WCA Private Sector Advisor, visited Ghana in December and presented the MAPS methodology and began the planning and scheduling activities.

The MAPS team subsequently carried out MAPS-Phase I in Ghana over the period January 30 through February 9, 1989. The team consisted of J.E. Austin Associates consultants Kevin Murphy and Roger Jantio, REDSO/WCA Private Sector Advisor Arnold Lessard and Technoserve consultant Michael Borish. Overall Mission direction and guidance were provided by the AID Representative, Gary Towery, and Project Director (and acting Program Officer), Andy Sisson.

A. MAPS Phase I Had Four Major Objectives:

- -- Articulate current Mission strategy
- -- Launch local sub-contracting for Private Sector Description and Private Sector Diagnosis Survey
- -- Make initial contact with private sector associations, government officials and other donor agencies
- -- Tailor the MAPS exercise to fit with the objectives and priorities of USAID-Ghana.

B. The MAPS Team Worked Closely With Senior Mission Management At All Stages Of The Planning Process

- -- Lessard directed a MAPS methodology workshop for Mission staff in December, 1988
- -- The team reviewed and analyzed background strategic, economic, planning and program/project documents
- -- The team held discussions with Mission, World Bank, IMF and public and private sector senior officials

-- The team developed its conclusions and recommendations based on analysis of current Mission strategy, AID and Africa Bureau policy guidance, the Mission's portfolio of programs and projects, World Bank structural adjustment priorities, donor development assistance to Ghana, and conversations with Ghanaian business leaders

-- The team prepared scopes of work for the Private Sector Description and Private Sector Survey to be carried out by local consulting firms

-- Working sessions were held with the Mission Director and Senior Program Officer to develop and agree on a series of recommended actions: Private Sector Description; Private Sector Diagnosis Survey; and Private Sector Dialogue and focus group scheduling.

C. <u>The Team Completed MAPS Phase I and Programmed Phase II-IV With the Mission</u>

-- Current Mission strategy was articulated, and a project inventory, strategy matrix and budget analysis were presented (Exhibit 1-5).

-- Overall donor commitments and strategies were reviewed (Exhibit 6).

-- The GOG economic strategy was reviewed (Exhibit 7) and found to parallel USAID priorities.

-- A timetable was presented for MAPS implementation (Exhibit 8)

-- A revised survey questionnaire was drafted, tailored to the Ghanaian environment (see Appendix 1).

-- An RFP was let, two consulting firms bid, the proposals were reviewed, and recommendations for subcontracting were made by the team to the Mission

-- Five candidates for the FSN position of private sector advisor were interviewed and recommendations were provided to the Mission

II. ARTICULATION OF CURRENT USAID GHANA STRATEGY

A. Mission Goals, Objectives and Strategies:

The survey team's objective during the first phase of the MAPS process was to identify the local Mission's goals, objectives and strategies as derived from official Government documents and conversations with senior Mission staff. The survey team made no effort at this stage of work to provide opinions but merely to articulate existing Mission strategy.

USAID Ghana's overall Mission Goal, as stated in the FY 1989-90 Action Plan, can be summarized as follows:

> **To increase the quality of life for Ghanaians by promoting per capita income growth and employment opportunities.**

The Action Plan articulates four general objectives to support Mission goals. Strategies and activities to achieve these objectives are summarized below.

Objective #1: Accelerate Productive Private Sector Employment Creation With Focus On the Agricultural Sector

- Provide fast-disbursing program assistance via foreign exchange auction.
- Promote privatization of and strengthen agricultural input distribution.
- Improve rural infrastructure.
- Strengthen Ministry of Agriculture extension services.
- Provide short-term training for public and private sector officials.

Objective #2: Assist The Structural Adjustment Program

- Support PAMSCAD (The GOG program to provide a safety net for the poorest of the poor and those most affected by structural adjustment).
- Provide assistance in public sector and parastatal redeployment and SOE divestiture programs.

Objective #3: Improve Management of Population Pressures

- Supply contraceptives.
- Develop social marketing programs.
- Strengthen Ministry of Health delivery network for family planning.
- Provide training.

Objective #4: Increase Mission Knowledge and Understanding of Local Private Sector and Economic Recovery Program

- Engage Cornell University to conduct study on structural adjustment and poverty.
- Engage consulting team to carry out MAPS.
- Conduct a wide range of sector studies and training needs assessments.

Exhibits 1 and 2 provide a graphic and descriptive presentation of the above.

B. Mission Project Inventory Review:

The MAPS team reviewed the Mission's current program and project inventory to provide insights into Mission goals and objectives, determine delivery mechanisms employed and assess actual/potential private sector initiatives that would promote Mission goals and objectives. Implementing agents for most programs and projects are GOG Ministries, although PVOs, universities, private associations and retailers also play a role. Exhibit 3 presents the Project Inventory for USAID-Ghana.

C. Budget Analysis:

An analysis of USAID Ghana's budget for its current project portfolio reveals the following dollar allocations by major project category:

Project Category	US$ Millions	% Of Total
Agriculture	20.0	63.7
Health	8.5	27.6
Training	2.4	7.6
Other	0.5	1.1
Total	31.4	100.0

Exhibit 4 graphically presents project allocations. Key priorities are supporting government extension services and feeder road maintenance to improve food crop production, and distribution of contraceptives for health and family planning purposes. The Mission also provides significant program funding, including $12.2 million last year in PL 480 program assistance with proceeds channeled through the official foreign exchange auction (Exhibit 5). The resulting local currency is then programmed for USAID activities such as PAMSCAD projects, rural credit schemes, and preparation of a National Environmental Action Plan.

III. GOVERNMENT OF GHANA: CURRENT ECONOMIC STRATEGY

A. Key Elements

The following constitute the key elements of the GOG's structural adjustment program:

- Liberalization of foreign exchange markets and trade policy to eliminate distortions in capital and trade flows.

- Simplification of the tax system and reduction in tax rates to increase savings, investment and productivity.

- Improvement in export production incentives to generate increased foreign exchange.

- Reduction in external debt to improve international credit rating, lessen financial drain of debt service and encourage investment.

- Control of monetary expansion to reduce inflation rates and public sector waste.

- Generation of fiscal surpluses to cover public expenditure and debt outstanding to the domestic banking system.

- Improvement in the provision of Government services and public sector management to encourage public confidence in the Government.

- Increase in Government capital expenditure from 8.0% to 10.6% of GDP to modernize the national infrastructure.

- Rationalization of SOEs via liquidation, divestiture, restructuring, and merger to promote economic efficiency and reduce public expenditures.

- Improvement in the performance of key sectors to revive the economy, generate jobs and incomes, and promote food self-sufficiency, proper health care and education.

On the basis of the aforementioned structural reforms, the GOG has pursued a policy of reducing inflation rates, expanding fiscal revenue via improved tax collection, promoting consistent GDP growth and initiating a program to relieve the public of its SOE burden.

B. Results of GOG Strategy

By most accounts, the GOG's performance under the ERP has been rated a success. Multilateral and bilateral assistance are increasing. Food production is rising. The mining, timber and non-traditional export sectors are showing improvements and generating increased levels of foreign exchange. The inflation rate has declined since 1983 (despite fluctuations), and the GOG has registered a fiscal surplus for three consecutive years while repaying substantial debt to the formal financial sector. The following leading indicators from 1987 demonstrate the Ghanaian economy is outperforming most targets established to measure performance:

Table 1
Results of G.O.G. Economic Strategy

Indicator	Target	Results
GDP Growth	4.0%	4.8%
Inflation Rate	35%	40%
Balance of Payments Surplus	$108 Million	$139 Million

The GOG believes it can achieve the following during the 1988-1990 period:

- Real GDP growth of 5% per year
- Reduction in the inflation rate from 25% to 8%
- Generation of a US$110 Million BOP surplus
- Easing of adjustment costs imposed on vulnerable groups during the economic restructuring.

The GOG has taken numerous steps to promote private sector development since 1983, although progress has been slow. Producer prices for cocoa farmers have been greatly increased. The GOG has increased earnings retention provisions to promote non-traditional and manufacturing exports. Investment in the national infrastructure is designed to facilitate distribution and marketing and improve the health and education levels of the work force. The Government has modified the Investment Code to promote capital formation and joint ventures.

C. Constraints to Private Sector Growth

Despite these initiatives to promote a revived private sector, a multitude of constraints impedes dynamic private sector development:

- Credit is scarce. GOG monetary policy is restrictive to contain the inflation rate that has still not reached the 1985 low of 10.4%. The Bank of Ghana has placed credit ceilings on the banking system. Banks have little incentive to increase their deposit base. When the banks provide loans, they are often to commercial enterprises rather than to the productive agricultural and industrial sectors. A policy of 100% cash up front for letters of credit reduces key imports and lessens output and trade volume. Banks argue that they have limited liquidity, are unable to provide medium- and long-term loans in the current economic environment, and have suffered from customer delinquencies and arrears.

- Savings and investment are inadequate. Confidence in the banking system has still not been fully restored, impeding deposit mobilization and levels of financial intermediation. People's savings have often been quickly converted to physical assets to protect against inflation. Investment has been slow to materialize due to uncertainty. The result has been an economy characterized by a high marginal propensity to consume and limit value-added production.

- SOE reform has been slow. The costs of divestiture, primarily end-of-service benefits to redundant employees are high. The public sector is unable to assume the burden, and the private sector does not want to. Financial records have also not been kept up to date, complicating the valuation and bidding process inherent in any privatization program. The GOG is reluctant to assume government guaranteed loans made to these companies.

- World cocoa prices have been declining. While returns on gold and timber have been good, 60% of Ghana's export earnings are from cocoa. Cocoa prices are not expected to increase in the near term, reducing original BOP surplus forecasts and making economic recovery more difficult.

- The private sector has reacted conservatively. While private sector generally applauds the ERP and structural adjustment, limited access to credit and periodic uncertainty about long-term investment have slowed private sector investment.

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- Organizational and financial management skills need improvement. Lack of both technical and managerial training is evident in the private sector as documented in recent USAID studies.

D. Conclusion

While the constraints to private sector growth are many, the fundamental economic environment has changed dramatically since 1983 in favor of private sector development. Structural adjustment is by definition a long-term process, and the GOG has focused on stabilizing the economy since 1983. Based on recent performance indicators and continued GOG commitment to private sector development, there is a substantial convergence between USAID objectives and strategies and those of the GOG. The policy environment is most appropriate for private sector-led growth in a free market context.

IV. DONOR STRATEGIES AND USAID

A. Donor Community Is Increasingly Confident

As a result of the growing confidence in the macroeconomic stability of Ghana, the donor community is increasing levels of assistance. This has largely been due to GOG policy reforms, and the donor community, and satisfaction with the GOG's ability to implement its programs.

B. USAID Is A Relatively Small Player

As can be seen in Table 2, the USAID (non food-aid) portfolio of US$8-15 million/year represents, a relatively small percentage of total multilateral and bilateral aid to Ghana. USAID's contribution is estimated to be 3% of the total donor community's portfolio.

Table 2

Bilateral and Multilateral Assistance Disbursements to Ghana

	1986	1987	1988
Bilateral	168M	279M	304M
Multilateral	185M	334M	418M
Total	$353M	$613M	$722M
USAID		17.9M (2.9%)	26.4M (3.6%)

C. World Bank's Programs Have Had Most Significant Impact

World Bank programs have helped the GOG to establish the macroeconomic conditions for private sector-led growth in a free market economy. This has been sustained over a period of three years. While there is considerable hardship, IBRD has sought to assist the GOG in cushioning the impact of structural adjustment. The following are the major thrusts of the IBRD's activities in Ghana.

S.A.L.

Structural Adjustment lending provided US$115M to the foreign exchange auction in the first phase. Another US$120M is contemplated for the second phase, tied to divestiture.

Financial Sector Credit

US$100M in foreign exchange is available with counterpart funding used to strengthen the financial sector.

P.S.M.E.

Private Small and Medium Enterprises have found it difficult to get credit. Some US$30M has been channeled through the Central Bank to the Development and Commercial Banks for both long-term (up to 12 years) and working capital needs for processing activities at market-determined interest rates.

Rural Finance Credit

Agricultural production-related activities, including farming, transport and processing, have received US$20M at market-determined interest rates.

Other Activities

The World Bank also supported the Ghana Investment Center which approves private sector investment projects. The Bank feels the center should have a promotional role rather than an approval and regulatory role. IBRD has also promoted dialogue between private sector associations and the government.

D. IBRD's Assessment of USAID Role

IBRD officials believe USAID can play a significant role in strengthening Ghana's private sector associations which are viewed as weak relative to similar institutions in other countries. The IBRD also mentioned a role in promoting investment. Bank officials also suggested assistance in private sector training at the managerial level in such areas as preparation of financial projections, feasibility studies and credit applications.

E. USAID Bureau Guidance is Consistent with GOG Priorities

Published Africa Bureau Policy guidance documents were reviewed and summarized to provide a reference base against which Mission strategies, objectives and local GOG policy could be compared.

The most recent Bureau mission guidance stresses a strategic outlook for SUSTAINABLE ECONOMIC GROWTH WHICH IS BROAD BASED AND MARKET ORIENTED. At least five objectives emerge from the review of Bureau Guidance, each with representative subsidiary targets.

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Objective #1: Improve Private Sector Effectiveness and Efficiency

- Reform debt, fiscal and monetary policies.
- Reduce public sector interventions in the private sectors.
- Privatize or liquidate public sector enterprises.

Objective #2: Promote Market-Oriented Pricing and Allocation Policies

- Liberalize financial markets.
- Liberalize delivery systems for agricultural inputs.

Objective #3: Increase Potential for Long-Term Productivity Growth

- Technology transfer
- Natural resource development
- Human resources development

Objective #4: Increase Efficiency and Equity of Social Services Delivery

- Health
- Education
- Basic infrastructure: roads, water, electricity.

Objective #5: Improve Food Security

- Production and productivity.
- Famine preparedness.
- Availability of essential imports.

Analysis of Bureau Guidance shows the essential harmony between the effort of the Ghanian government and the priorities of USAID (See Exhibit 7). The GOG has established a macro-environment which can lead to rapid and sustained private sector-led growth.

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V. FINDINGS AND CONCLUSIONS

The following are findings and conclusions from the MAPS - Phase I study in Ghana.

A. Structural Adjustment Is Working:

Ghana Is One Of The Few Countries in Africa With A Solid Macro-Economic Environment For Private Sector Development

-- Foreign exchange controls have been replaced by the Friday foreign exchange auction system allowing the market to allocate scarce foreign exchange to the private sector.

-- Price controls have been lifted for all but a few commodities (e.g., petroleum, maize, tobacco, cocoa).

-- The huge budgetary deficit of the government to the Central Bank is being repaid resulting in greater financial resources available to the private sector.

-- Incentives to agricultural producers, especially cocoa producers, have been raised dramatically from ¢12,000/ton (1983) to ¢165,000/ton (1987). Smuggling has been reduced, and farmers are demonstrating better field maintenance and using more inputs to enhance yields.

-- The GOG is taking seriously its commitment on reforming the SOE sector demonstrated by its advertising for sale of 52 cocoa plantations and manufacturing enterprises. However, progress has been slow which is to be expected.

-- The civil service is being reduced beginning with the elimination of ghost workers. Some 24,000 public sector employees have been redeployed in the last two years and efforts are continuing. On the SOE side, the Cocoa Board has been eliminating 30,000 employees. Redeployment may be too ambitious requiring lots of local currency from donors for large severance and pension payouts. A less expensive alternative would be to allow natural attrition to take its toll over a slightly longer period.

B. USAID-Ghana Strategy is Focusing on Private Sector and Close Donor Coordination as It Builds Up A New Program

Review of current project and budget reveals that as USAID-Ghana's authorization grows, a private sector approach is becoming central to its strategy. The rerouting of funds from the now de-obligated MIDAS II Project (which supported the Ghana Seed Company) to the private sector foreign exchange auction is evidence of this. The Health Program uses both PVO and commercial channels and has on several occasions convinced the GOG to do the same. This approach fits with the GOG's economic strategy to encourage market liberalization and private enterprise. It is also squarely in line with the other donor programs.

C. While Donors Help GOG with Macro Policy, USAID Can Play a Unique Role At The Sectoral Level

While the GOG and ERP Programs, supported by the IMF and ISN seem to be "getting the macro-economics right" (foreign exchange liberalization, dismantling of tariff barriers and licensing, fiscal and monetary policy,etc.), USAID can play a role at the sectoral level focusing on the macro-micro linkages in key productive sectors. Working with leading Ghanaian business associations, USAID can assist in easing some of the constraints to growth for small and medium Ghanaian-owned enterprises. These will be identified in the private sector description. The most severe bottlenecks to growth will be identified in the private sector survey.

D. Ghanaian Private Sector is Dynamic But Is Also Cautious With New Investment

Ghanaian business and industry leaders are reluctant to invest large sums in productive assets as they fear visibility and are still cautious. Ghana Commercial Banks report that many borrowers have little equity and attempt to leverage it with extremely large debt. Assembling groups of investors to pool funds for a particular enterprise is also uncommon. However, they are more than willing to use credit to set up, rehabilitate and run enterprises when such credit is available. The education and entrepreneurial interest are high.

E. Ghana Business Associations Have Very Limited Ability To Represent Private Sector Before Government

Interviews with Ghanaian business leaders and business associations such as the Chamber of Commerce (1,000 members), Association of Ghana Industries (1,500 members) and Ghana Employers Association (350 members) and review of written materials revealed weakness in

their ability to represent member interests before the government. The Associations support the GOG's Economic recovery Program objectives of increasing employment and productive activity based on using local raw materials and developing local skills.

Business associations reported that their members face the following constraints to growth:

- availability and high costs of credit,
- lack of managerial skills,
- lack of skilled manpower,
- lack of information, contact and experience in export marketing,
- lack of training in procurement, quality control, and financial and corporate planning, and
- limited dialogue with the Government

F. Ghanaian Business Associations Are Currently Calling For Protectionism

The three business associations visited could be more effective in both representing their members' interests and in channeling assistance. One worrisome trend, however, is that they are currently fighting IMF, IBRD and GOG reforms saying that "industry's position is being seriously undercut by open, unfair, and uncontrolled competition from cheap imports."[1] An educational effort is needed so that Ghanaian business will focus on the new opportunities in a free market environment rather than on pursuing the inefficient and uncompetitive approaches of previous years. USAID can help in redirecting these energies.

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[1]Association of Ghana Industries newsletter, January, 1989, p. 2.

VI. RECOMMENDATIONS

A. What Do We Think We Know As of Now?

1. Structural adjustment is working. A good report card except for parastatals (which is to be expected).

2. It is too early to tell how successful GOG will be in selling off parastatals. Bank officials believe that a number of deals will be concluded in 1989. But they predicted the same in 1988.

3. There is progress on reduction of redundant employees but there will be need for lots of local currency for personnel buyouts if current GOG/IBRD objectives are to be met.

4. Banking sector reforms are proceeding well.

5. While much remains to be done, economic liberalization permitting greater private sector participation in the economy seems to be working.

6. So far, private sector being perceived as "make it easy for us" regarding taxes, tariffs, credit, etc., and not coming through with either investment or balanced and grounded recommendations. Private sector organization is weak and underfinanced.

7. Banking system says there is plenty of foreign exchange to go around and that a convergence of parallel and auction rates is taking or will take place. Providing 100% up front local currency for import LCs is a problem. General impression is that government commercial banks (Ghana Commercial Bank) is on its knees, while Standard Charter is approving even relatively small loans from London. Fee - non risk/off balance sheet - business is a very high percentage of income (about 50%). There are no indications that agricultural banks is solvent. Informal sector goes on as always.

8. There is constant refrain of poor and inadequate managers.

9. Many "social" constraints impede private sector growth

- Entrepreneurs will not bring in outsiders thus limiting growth
- Little record of group ventures - several businessmen getting together to finance ventures
- Market women study concludes that, once limit in sales reached beyond which the individual can handle, earnings do not go into further business expansion

- There is the typical desire to remain "hidden" from the authorities and taxes, hence not put up much equity nor invest in fixed assets, especiallyo visible manufacturing plants.

10. Little indication of any success with encouraging foreign investors. Some tentative feelers have been made regarding a few listed parastatals. It is highly doubtful sales of parastatals will have any real impact on expansion or new jobs (probably initially negative in both cases).

11. Development banks are probably in bad shape and will need major reshaping/retraining even with new credit lines from multilateral lenders. Both commercial and develop banks appear to have few experienced lending officers.

12. AID's Health and Population efforts are having success with private sector deliverers of health care.

13. Co-operative development does not seem to be going anywhere fast.

14. Status of credit unions is unclear, but should present an opportunity for Cameroon type AID assistance.

15. Local private sector/GOG dialogue is in very early stages, but GOG seems receptive.

16. IBRD feels things are moving; that the major reform deliverables have been identified and are being implemented; and that banking reforms will get moving soon. They also believe that parastatal restructuring plan is going ahead - slowly - but there is GOG agreement on the plan. Major consultancy efforts (Price Waterhouse) are underway.

17. United Nations seems to have moved in (as in Cameroon) on cranking up a National Industrial Development Plan. Consultants are at work.

18. The Mission will lose its two key direct hires this year. Two new locals - training and private sector - will not be aboard before summer. Capabilities are thus very low in the short term.

19. Regional/Washington support of Mission in training, health/population and private sector planning is warranted.

B. What Does All This Mean To Private Sector Options - Remembering We Haven't Started the Survey Yet?

1. We may want to think of low-funding/high funding scenarios. In both cases projects/programs need not require massive PID/PD/PRED exercises.

2. Play to strengths available from outside mission: WID, training, private sector.

3. Stay out of IBRD/UNIDO ball games. They are probably doing about as much as GOG can absorb.

4. Stay out of complex banking reform.

5. Focus on training and development.

6. Strengthen private sector health/population initiatives.

7. Have a real, innovative go at private sector association support: technical assistance, materials, grants, studies, seminars.

8. Consider ways to mobilize equity capital.

9. Forget commodity import program for the medium term.

10. Continue some level of activity in cooperative development.

11. Seriously consider a major credit union initiative.

C. Private Sector Description Should Be Completed by Late March

Depending on contract approvals, local contractor should be able to complete the private sector description section by late March. The team has recommended Price Waterhouse based on an evaluation of competing proposals. They can be accessed through an existing I.Q.C. Previous experience has demonstrated that close supervision should be provided including benchmarks and weekly meeting. USAID should have reserve funds available for quick contracting of a "second opinion" on particular data questions.

D. Target Role of Women Via PRE/WID Buy-In

An effort should be made to target Ghanian women in the private sector and to pay special attention to sectors where women have traditionally played a predominant role. Their access to training, credit and information may require completely different approaches and access channels. A PRE/WID buy-in might be obtained for this component.

E. Final Remarks

The MAPS Private Sector Survey and Description exercises, followed by the dialogue sessions, should make a substantial contribution to USAID's knowledge of Ghana's emerging private sector. Other donors are very interested in the results as are private sector associations. Limited involvement to date with the local private sector makes it difficult to make assumptions regarding survey results. These should make an important contribution to USAID, GOG and other donor activities.

EXHIBIT 1

USAID - GHANA: ARTICULATION OF CURRENT MISSION GOAL AND OBJECTIVES

GOAL: Increase Ghanaian Income Per Capita Growth

OBJECTIVES:

- Productive Employment Creation
- Financing Structural Adjustment Costs
- Improve Management Of Population Pressures
- Increase Mission Knowledge / Understanding Of Private Sector And Economic Reform Program

STRATEGIES / ACTIVITIES:

- Agriculture Productivity Promotion Program (APP)
- Redeploye Training & Credit
- Contraceptive Suppliers Project
- MAPS
- Private Sector Training Need Assessment
- Health Sector Studies
- Investment Climate Assessment
- Rural Finance
- Agriculture Sector Analysis
- Overall Economic Reform Study
- Human Resources Development Assistance Project (HRDA)
- PVO Food Aid
- Health & Population Program

Source: FY 1989 - 90 Action Plan, USAID - GHANA, 1/30/89 P 2 - 7

EXHIBIT 2

SUMMARY OVERVIEW OF USAID-GHANA MISSION STRATEGY

OBJECTIVES	STRATEGIES
1. Contribute to acceleration in creation of productive employment in Private Sector with emphasis on agriculture	· Provide fast-disbursing program assistance through foreign-exchange auction. · Privatization / Strengthening of agricultural inputs, industry, especially seeds, fertilizer. · Improve rural infrastructure. · Strengthen Ministry Extension Services. · Short-term training: Public Sector (policy reform) and Private Sector (management)
2. Assist Structural Adjustment Program	· Support PAMSCAD: Assist poorest of poor during structural adjustment. · Support costs of SOE divestiture and reduction / redeployment of civil services and SOE employees.
3. Improve management of population resources	· Contraceptive Supply · Develop Social Marketing programs · Strengthen Ministry clinics delivery network for family planning · Provide training
4. Increase mission knowledge Aid understanding of Ghanaian Private Sector and Economic Reform.	· MAPS · Cornell Study (Structural Adjustment and Poverty) · Agri / Food Studies · Other pre - CDSS Studies / Exercises

Source: USAID / Ghana FY 1989 - 90 Action Plan and Discussions with USAID / Ghana Personnel.

EXHIBIT 3

PROJECT INVENTORY -- USAID / GHANA

PROJECT	DESCRIPTION	LIFE OF PROJECT AUTHORIZATION U.S. $ MILLIONS	IMPLEMENTING AGENT
Contraceptive Supplies	Population / Health	7.0	MOH Retailers
Family Health Initiatives II	Family Planning / Health	1.0	Ghana Midwives Assoc. MOH American College Of Nurse Midwives
AIDS Tech (Start FY '89)	AIDS Prevention	0.5	John Hopkins University
Agricultural Productivity Promotion Program (DFA)	Food Crop Productivity	20.0	Ministry Of Finance Ministry Of Agriculture Dept. of Feeder Roads Centre For Development Strategies
Human Resources Development HRDA (DFA)	Training	2.4	Ministry Of Finance Business Associations
Project Development & Support	Studies	0.5	
P.L. 480 Title I	Structural Adjustment (Safety Net)	FY '89 6.0 6.0 = FY '89	Ministry Of Finance
P.L. 480 Title II		4.5 = FY '88	Catholic Relief Services
		1.7 = FY '88 [1]	Adventist Development Relief Agency

[1] Annual Programs. Figures are not camparable with life of project authorizations but indicate relative importance of PL 480 programs.

Note: Family Health & Child Survival will begin health & family planning activities in FY '89. LOP of 5 years and U.S. $10.0m planned.

EXHIBIT 4

BUDGET ANALYSIS: USAID / GHANA

LIFE OF PROJECT AUTHORIZATIONS:

Active Portfolio as of 02/01/89

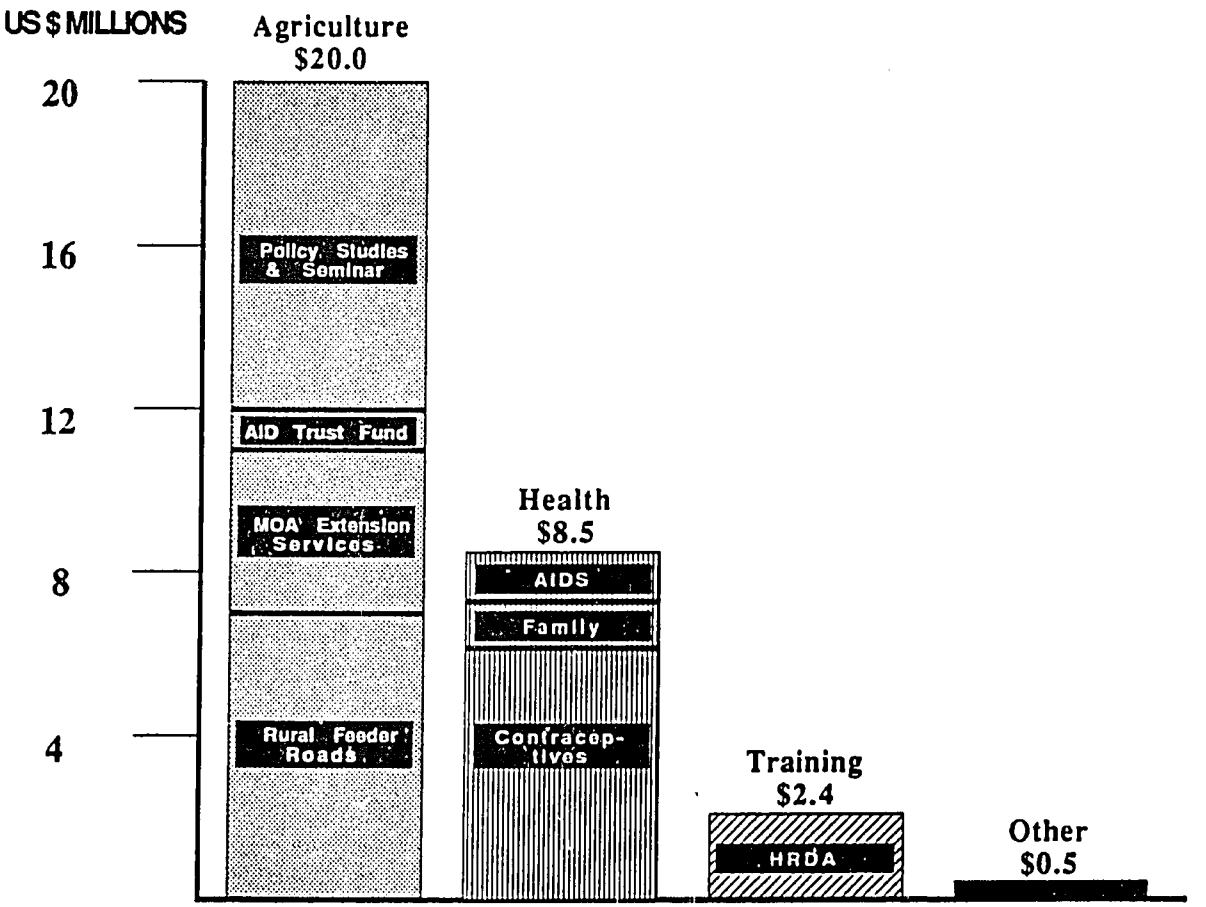
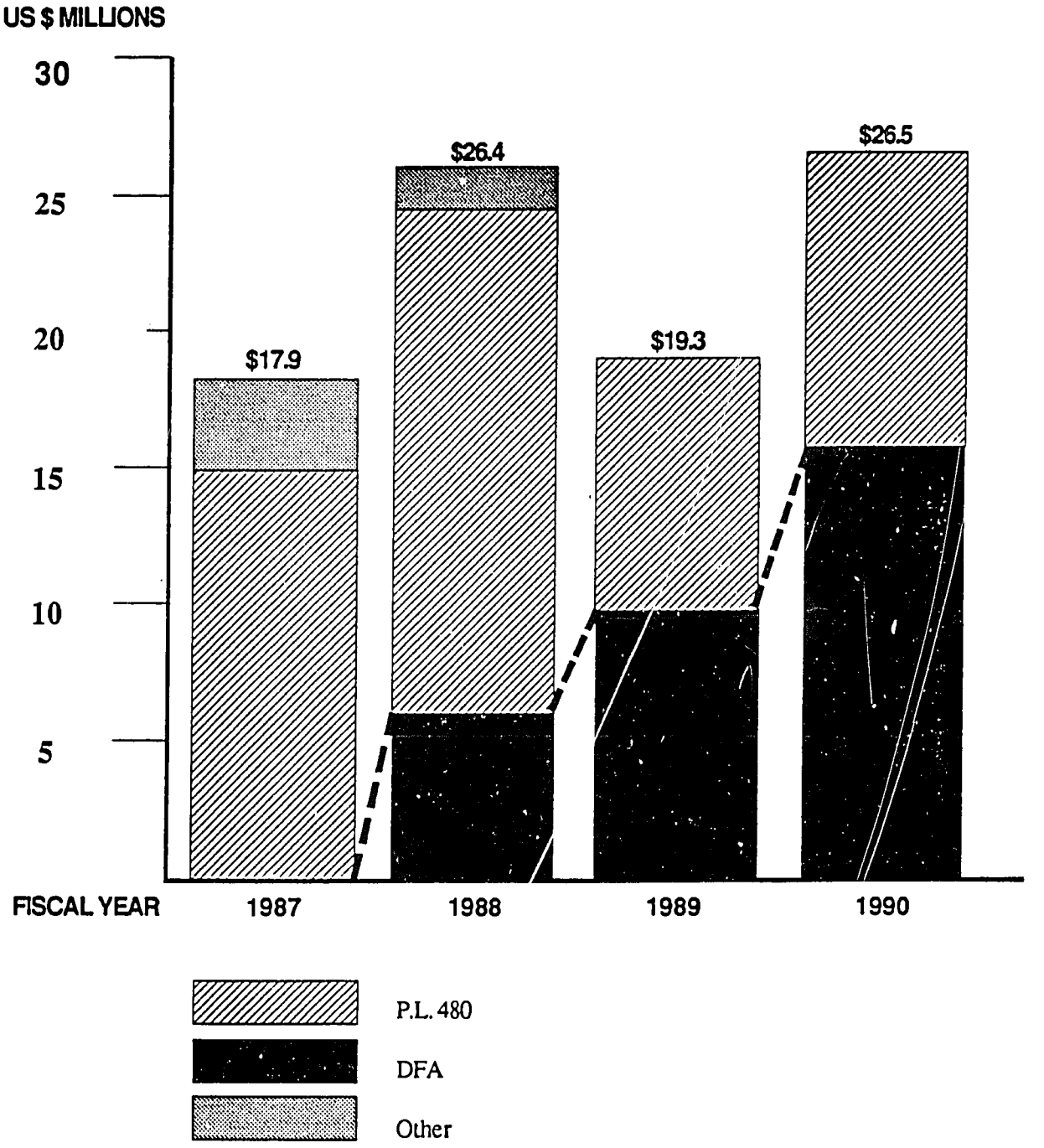


EXHIBIT 5

USAID OBLIGATIONS TO GHANA

FISCAL YEAR 1986 - 1990



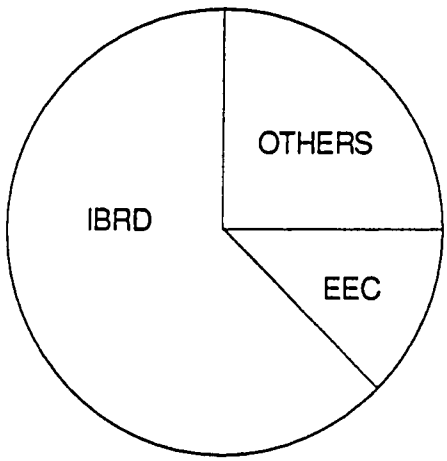
Recent Commitments reflect growing levels of DFA assistance as well as significant P.L. 480 Program Support.

EXHIBIT 6

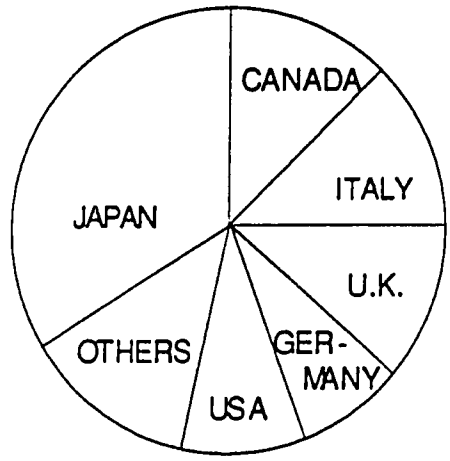
DONORS COMMITMENTS IN 1987

USAID represented only 6% of Bilateral AID and only 3% of Total Assistance to Ghana in 1987.

USAID should focus resources on areas where it has complementary role and comparative advantage.



Multilateral AID To Ghana, 1987
US$376.4M (50.4%)



Bilateral AID To Ghana, 1987
US$370.9M (49.6%)

Source: Economic Developments in 1987, A Status Report, IBRD.

EXHIBIT 7

USAID REGIONAL BUREAU GUIDANCE	RESULTS OF GOG ECONOMIC STRATEGY
1. Improve Private Sector Effectiveness and Efficiency	GOG's servicing foreign debt, improving credit worthiness and repaying borrowings in arrears to the banking system. Fiscal policy reform is resulting in improved tax collection, budget surplus, and lower corporate tax rates that should promote investment and capital formation. Restrictive monetary policy is contributing to containment of inflation, but placing ceiling on credit that limit both working capital and needed capital expenditures. Public sector interventions in the Private Sector are declining, Public Sector enterprises are being granted increased managerial autonomy, and GOG and parastatal workers are being redeployed. GOG has initiated a privatization campaign for parastatals, but end - of - service benefits and financial record keeping arrears are slowing the process.
2. Promote Market - Oriented Pricing and Allocation Policies	GOG is liberalizing the formal financial sector by eliminating ceilings on interest rates (except agricultural loans) and dismantling sectoral credit allocations (except agriculture). GOG is phasing out subsidies on transport and distribution of agricultural inputs with goal of full privatization by 1990. GOG has steadily increased cocoa producer prices to approximate 60% of world market prices.
3. Increase Potential for Long - Term Productivity Growth	GOG is promoting human resource development and eliminating import licensing to promote the free flow of goods and services.
4. Increase Efficiency and Equity of Social Service Delivery	GOG is investing heavily in infrastructure development/rehabilitation, improving health care delivery and revamping educational system.
5. Improve Food Security	GOG is focusing on agriculture and food security as key priority to increase cereal and other food productivity.

EXHIBIT 8

MAPS: GHANA

WEEKS: JANUARY - JUNE

	February					March				April				May					June			
	1/30	2/6	2/13	2/20	2/27	3/6	3/13	3/20	3/27	4/3	4/10	4/17	4/24	5/1	5/8	5/15	5/22	5/29	6/5	6/12	6/19	6/26
1. DEFINITION	→																					
· Team Visit	•	•																				
· Draft		•																				
· Final				•																		
2. DESCRIPTION						→																
· Work Begins						•	•	•	•													
· Draft										•												
· Technical Review											•											
· Final												•	•									
3. DIAGNOSIS SURVEY																						
· Plan Drafted & Team Assigned							•	•	•													
· Tech. Asst. Visit										•	•											
· Survey Visits											•	•	•	•								
· Tabulations													•	•	•							
· Data Entry															•	•						
· Report Draft																•	•					
· Final																•	•					
4. DIALOGUE																			•	•		
5. STRATEGY DEVELOPMENT																			→			
Staffing:																						
A. Lessard	•	•								•									•	•		
K. Murphy	•	•																	•	•		
T. SanMartin										•					•	•	•	•				
R. Jantio		•															•	•	•			
M. Borish (In Ghana)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•						

EXHIBIT 9

USAID - GHANA

TRAINING PLAN FOR HUMAN RESOURCE DEVELOPMENT ASSISTANCE

FY 1988-92

OBJECTIVES	ACTIVITIES	FISCAL YE AR				
		88	89	90	91	92
1. Strengthen Local Training Institutes	• Management Development & Productivity Institute and U.S. Counterpart Institution. $345,000	Site Visit	Three In-Country Programs plus Materials	Three In-Country Programs	Staff Training	Staff Training
	• University Of Science & Technology - Kumasi and Selected U.S. Institutions. $100,000	Two Internships in U.S. for Agri-Business Management Program	Two Internships	Two Internships	Two Internships	Materials
2. Strengthen Government Of Ghana Management And Technical Skills	• Short Term Training in the United States • Ministry of Finance and Economic Planning; Ministry Of Agriculture. (10) • Ghana Investment Center, National Bureau For SME, and Entrepreneur Development Commission. (5) • As Required (5) $1,215,000	20	20	20	20	20

EXHIBIT 9: USAID - GHANA

TRAINING PLAN FOR HUMAN RESOURCE DEVELOPMENT ASSISTANCE
FY 1988 - 92
(Continued)

OBJECTIVES	ACTIVITIES	FISCAL YEAR				
		88	89	90	91	92
3. Strengthen Business Associations	• Short Term In-Country, Regional, and U.S. Study Tours for Association of Ghanaian Industries, Ghanaian Employers Association, Association of Furniture Producers, Fisheries Association and others Association of Ghanaian Industries and Selected U.S. Industrial Associations $145,000	U.S. Tours for selected representatives	Short Term Study Tours	Short Term Study Tours	Short Term Study Tours	Short Term Study Tours
4. Strengthen Businessmen and Bank Officer Technical Skills	• U.S. Study Tour Organized by Entrepreneurs International, with local coordination by Association of Ghanaian Industries. • IBRD Recommended Bank Operations and Loan Officer Training $252,000	Four Interns ------	Four Interns Four Interns	Four Interns Four Interns	Four Interns Four Interns	Four Interns Four Interns
5. Support Ghanaian Participation in Regional Training Conferences	• To Be Selected	Five Participants	Five Participants	Five Participants	Five Participants	Five Participants
Total Actual and Budgeted Costs ($2,400,000)		$400,000	$500,000	$500,000	$500,000	$500,000

Note: Budgets shown in five project categories above do not include training support, HRDA officer & inflation / (?)

APPENDIX I

SCOPE OF WORK/REQUEST FOR PROPOSAL

PRIVATE SECTOR DESCRIPTION

INTRODUCTION

The basic objective of a Private Sector Strategy Assessment is to work closely with the USAID Mission to develop a strategy for assisting private sector development in a given country. USAID worldwide has placed high priority on such private sector initiatives.

A complete private sector strategy assessment program consists of the following seven steps:

1. Define current Mission strategy.

2. Describe the local private sector and the environment in which it operates (Private Sector Diagnosis Survey).

3. Carry out a private sector survey to diagnose constraints to growth (Private Sector Diagnosis Survey.)

4. Conduct informal sessions and focus groups with the private sector leaders and others to test and refine Private Sector Survey findings, to identify existing initiatives, and to explore the feasibility of potential projects and programs, to test AID assumptions and to assess the level of support for potential USAID interventions (Private Sector Dialogue).

5. Design a long-term Mission Private Sector Strategy and develop action options.

6. Develop new private sector development projects and programs.

7. Debrief and evaluate.

The current scope of work is concerned with Step 2 above, referred to as Private Sector Description. For further background consult the Bureau For Private Enterprise draft report, MAPS: Manual for Action In The Private Sector.

PRIVATE SECTOR DESCRIPTION

The objective of the Private Sector Description is to gather and present relevant data about the private sector which will permit a USAID Mission to understand clearly what and how significant the private sector is and where it is located. Key questions include:

16

- Who is the private sector?
- How important is it in the economy?
- Where is it located?
- How strong are the capital markets?
- What is the role and size of the public sector in the productive sectors?
- What is the private sector impact of public policies and the regulatory environment?
- How has the private sector performed over time?
- What are the leading and lagging sectors?

The specific output of the description phase includes a data set, graphics and a written report. The following data sets and graphics among others will be assembled by the contractor.

1. Private Sector as % of:

   - GDP
   - Employment
   - Credit Utilization
   - Investment
   - Exports
   - Imports

2. Public vs Private Share of GDP in the following sectors (Private Sector MAPS):

   - Agriculture
   - Mining
   - Industry and Manufacturing
   - Services

3. Government Spending as % of:

   - GDP (20-year time series)
   - Credit utilization

4. SOE Financial Performance (10-year time series:)

   - Losses as % of GDP
   - Employment

5. Review of Relevant Government Policies and Results Impacting Private Sector Growth

   - Fiscal
   - Monetary
   - Structural
   - Trade
   - Banking regulations
   - Foreign investment
   - Other

6. Data on Leading-Lagging Sectors

   - Agriculture
   - Mining
   - Manufacturing
   - Construction
   - Transport
   - Commerce
   - Services

7. Top 20 businesses and their holdings.

8. Key business associations.

9. Key Business Leaders in Industry, Agriculture/Agribusiness, Commerce, and Finance.

10. Definition of Private Sector Business Universe Recommended for Private Sector Survey.

11. Sources of Tax Revenues.

12. Agricultural Overview: Plantation vs. Smallholder; Role of Producer and Marketing Cooperatives.

13. Sources of Export Revenues and Foreign Exchange (10-year time series).

14. Net Foreign Investment (20-year time series).

15. Business Establishments and Average Investment by Size of Business.

16. Private vs. Public Supply of Education and Health Services.

17. List of PVO's Operating in Ghana and Their Capabilities.

18. Estimate of Formal and Informal Credit Supply Sources.

19. Other to be specified:

- Verification of current Mission assumptions
- Data helpful for USAID private sector initiatives
- Information illustrating environmental changes which have impacted recent private sector growth
- Other

The consultant is referred to the Manual For Action In The Private Sector, and to Private Sector strategy Assessment: Dominican Republic, on file with USAID-Ghana for further details in preparing his proposal.

SURVEY TEAM QUALIFICATION REQUIREMENTS

- Training in statistical analysis and economics;

- Ability to access in-country sources of data: Ministries, World Bank, IMF, thinktanks, universities, etc.;

- Experience in assessing validity of data in this developed countries.

- English and local language(s) capability.

- Familiarity into local macro-economic history and current environment.

- Capability with graphics and Word Perfect software.

APPENDIX II

SCOPE OF WORK

PRIVATE SECTOR DIAGNOSIS SURVEY

PRIVATE SECTOR DIAGNOSIS SURVEY
REQUEST FOR PROPOSAL/PRIVATE SECTOR SURVEY

GENERAL BACKGROUND AND OBJECTIVES OF THE SURVEY

The Private Sector Survey is an integral part of a seven-step process designed to assist USAID develop a long-term strategy for assisting private sector development in Ghana. These steps include:

1. Define current Mission strategy.

2. Describe the local private sector growth (Private Sector Description).

3. Diagnose constraints to private sector growth (Private Sector Survey).

4. Carry out informal dialogue sessions and organize focus groups involving public and private sector leaders.

5. Design a private sector development strategy.

6. Identify and assess project and program options for implementing the agreed strategy.

7. Debrief and evaluate.

This Request For Proposal concerns step 3: conducting of the Private Sector Survey. This survey has several objectives:

1. Obtain the private sector's perceptions of growth opportunities and constraints and its feedback on survey findings and private sector description.

2. Identify major private sector growth and development areas.

3. Broaden USAID's contacts with and understanding of the Ghanian private sector.

4. Identify potential implementing agents and funding channels with whom USAID could work in implementing private sector development programs and projects.

5. Test critical USAID assumptions regarding private sector development needs and priorities.

Consultants are referred to the Bureau for Private Enterprise draft publication, MAPS: Manual for Action in the Private Sector, for further details.

THE PRIVATE SECTOR SURVEY

The survey will be based on information developed from a nationwide survey of private and public sector companies utilizing a standard interview questionnaire. A representative sample of between 299-300 companies will be interviewed in the country's major business locations. Answers to a number of key questions such as those listed below will be obtained in addition to specific information on the individual business activity.

1. What are the private sector's perceptions of opportunities and constraints?

2. What are the most critical resource constraints?

3. What is the impact of public policy on the private sector?

4. What private sector initiatives will receive greatest support from local leadership?

5. What is the impact of the competitive environment?

6. What are the capabilities of local capital markets, both formal and informal?

Consultants are encouraged to review the previously cited MAPS publication, and final USAID report, Private Sector Strategy Assessment: Dominican Republic, October 1988, both available at the local USAID office in Accra or at USAID Washington, D.C., c/o AFR/MDI, Mr. Warren Weinstein.

THE PRIVATE SECTOR INTERVIEW QUESTIONNAIRE

A draft interview questionnaire has been prepared by USAID Ghana. A copy is attached in Appendix 3. The consultant is encouraged to suggest additions or modifications which he believes will better respond to survey objectives and local conditions in Ghana.

The revised questionnaire will field tested with 10 firms and appropriate modifications made prior to survey launch.

The consultants will ensure quality control over the course of the interview process. Results will be tabulated at macro, sector, industry, size-of-firm and other appropriate levels. The consultant will organize the working paper files and data sets including individual questionnaire responses for submission to USAID with the final report.

CONSULTANT DELIVERABLES AND SCHEDULE

The consultant will prepare a final report of survey findings, conclusions and recommendations. The previously cited report, Private Sector Strategy Assessment: Dominican Republic, may be consulted as a general guideline but should in no way constrain or limit the consultant in report content or format.

The consultant will begin the survey within five working days of USAID official authorization to proceed. He will complete the trial questionnaire field test within five working days, and will submit a final recommendation on the questionnaire format and interview schedule to USAID for approval. An intermediate progress report will be presented in a working session with USAID one month after program start. The final draft report in English will be submitted within two months of authorization to proceed. Following presentation, review and agreement of the draft report, the consultants will submit the final report and organized files within two weeks of such final approval.

QUALIFICATIONS OF THE CONSULTING FIRM

The consultant will name an experienced senior member of the firm as project manager. The individual must be fluent in English, have a record of successful consulting experience in Ghana and have outstanding analytical, writing and presentation skills. Private sector experience is essential. Public sector experience is highly desirable.

The team proposed should demonstrate how they will do the following:

- Define the "universe" of private sector enterprises to be surveyed.
- Describe how the sample will be taken.
- Train the surveyors.
- Field test the sample
- Gain access to decision makers in the companies.
- Provide quality control of surveys.
- Tabulate and present results (i.e., which software packages to be used).
- Assure on-time completion.

Team members proposed for this assignment should have appropriate educational qualifications in surveys, statistics, business and graphics. Experience with the public and private sector is essential. All team members should be linguistically qualified to be able to conduct interviews in the appropriate languages.

SUBMISSION OF PROPOSALS

Consultants will submit formal and final proposals in English to the USAID Contracts Office, Accra not later than the close of business within ten days of receipt of a Request For Proposal. The USAID Senior Contracts Officer, Accra is available for consultation as required. The Senior Project Officer in charge of the program, Mr. Andy Sisson, may also be consulted for copies of the above cited reports.

APPENDIX III

DRAFT SURVEY QUESTIONNAIRE

USAID - GHANA

PRIVATE SECTOR STRATEGY DEVELOPMENT SURVEY
PRIVATE SECTOR SURVEY QUESTIONNAIRE

The purpose of the Private Sector Strategy Development Survey is to obtain the views and perceptions of Ghanaian Business executives on different aspects of the economy and the general investment climate. This study is financed by the U.S. Agency for International Develpement. AID will use this information in designing its Private Sector development projects. The information obtained will be treated as private and privileged. Questions deemed inappropriate do not have to be answered.

PRIVATE SECTOR SURVEY

QUESTIONNAIRE #: ____

1. Date: ____/____/____
   mo. day yr.

2. Name of Interviewer: _____

3. Name and Title of Interviewee: _____
   _____

4. Name of company: _____

I. COMPANY CHARACTERISTICS

1 Location of company:

a. Accra _____
b. Tema _____
c. Kumasi _____
d. Takoradi - Sekondi _____
e. Other (specify) _____

2. Specify the production area in which the company is involved:

a. Agriculture _____
b. Livestock _____
c. Forestry _____
d. Fisheries _____
e. Agro-Industry (specify) _____
f. Textile _____
g. Fertilizers, Seeds, Agricultural Machinery _____
h. Leather and Shoes _____
i. Pharmaceutical _____
j. Finance (Banks) _____
k. Construction _____
l. Commerce _____
m. Transport _____
n. Other (specify) _____

PRIVATE SECTOR SURVEY
I. Company Characteristics, Cont.

3. Number of employees:

   a. Full Time _____
   b. Part Time _____

4. Number of Employees:

   a. Male _____
   b. Female _____

5. Approximately how many are:

   a. Unskilled _____
   b. Skilled / Technical _____
   c. Professional / Managerial / Supervisory _____

6. Markets for our products or services are:

   a. Local _____
   b. Regional _____
   c. National _____
   d. Export _____
   e. Over 50% Exported _____

7. Use of foreign capital:

   a. Yes _____
   b. No _____
   c. Unsure _____

8. Does production depend on imported raw materials?

   a. Yes _____
   b. No _____
   c. Unsure _____
   d. Not Applicable _____

If yes, answer following question. If no, proceed to question # 10.

9. What percentage of inputs is imported?

   a. 25% or less _____
   b. Between 26% and 50% _____
   c. More than 50% _____

II. General Assessment Of Business Climate

1. Indicate the extent to which you agree with the following statement:

   The environment within which my firm operates is better today than it was a year ago.

   a. Strongly agree _____
   b. Agree _____
   c. Unsure _____
   d. Disagree _____
   e. Strongly disagree _____

2. What facts most contributed to your growth?

   _____
   _____
   _____
   _____
   _____

3. Please rank the factors which have *constrained* the growth of your firm according to the following ranking:

   1 = Worst constraint
   5 = Least important

   1. _____
   2. _____
   3. _____
   4. _____
   5. _____

4. Do you believe that Public Sector policies and procedures are seriously hampering your growth?

   a. Yes _____
   b. No _____

   If yes, which in particular? _____

5. Specify the three factors which have most affected sales during the last year:

   a. _____
   b. _____
   c. _____

6. What do you predict will happen to sales during this next year?

   a. Large increase _____
   b. Small increase _____
   c. No change _____
   d. Small decrease _____
   e. Large decrease _____

7. Specify the three factors you believe will have the most effect on sales in the next two years:

   a. _____

   b. _____

   c. _____

8. My organization is operating at _____% capacity.

Specify the extent to which you agree with the following statements:

9. My firm can produce more than it can sell.

   a. Strongly agree _____
   b. Agree _____
   c. Unsure _____
   d. Disagree _____
   e. Strongly disagree _____

10. My firm can sell more than it can produce.

   a. Strongly agree _____
   b. Agree _____
   c. Unsure _____
   d. Disagree _____
   e. Strongly disagree _____

III. CONSTRAINTS TO GROWTH

1. Rank the importance of the following factors in your performance last year according to the following scale:

   1 = Severe problem
   2 = Problematic, but manageable
   3 = No problem
   4 = Has not been a problem but rather has been a positive factor which helped my business

   a. Lack of local currency finance _____
   b. Lack of foreign exchange _____
   c. Lack of trained human resources _____
   d. Land availability / cost _____
   e. Lack of physical infrastructure and/or supporting services (specify) _____
   _____
   _____
   f. Domestic competition _____
   g. Import competition _____
   h. Low market demand _____
   i. No access to spare parts, inputs or other essentials _____
   j. Government regulation (specify) _____
   k. Other (specify) _____
   _____

Land:

2. Is land a problem?

   a. Yes _____
   b. No _____

   If so, is it:

   a. Cost _____
   b. Access _____
   c. Secure land titles _____
   d. Fear of expropriation _____
   e. Other (specify) _____

Labor:

3. Is lack of technically trained people a major constraint?

   a. Yes _____
   b. No _____

   If yes, which technical areas do you need trained people for?

   _____
   _____
   _____

4. Wages for unskilled labor are:

   a. Too high _____
   b. Adequate _____
   c. Relatively low _____

5. Is lack of managerial level or professional level personnel a major constraint?

   a. Yes _____
   b. No _____

   If yes, which managerial areas do you need trained people for?

   _____
   _____

6. Which is of greater concern to you:

   a. Cost of labor _____
   b. Productivity of labor _____

   Please comment:

   _____
   _____

7. For the following personnel categories, specify the need for training according to the following scale:

   1 = No Need
   2 = Some Need
   3 = Great Need

   a. Administrative personnel _____
   b. Secretarial personnel _____
   c. Mid-level managerial _____
   d. Technical personnel _____
   e. Top level managerial _____
   f. Please comment _____

Capital:

8. Please provide an estimate of the percentage of your long term and working capital which comes from the following categories:

   a. Commercial Banks _____
   b. Development Bank _____
   c. Special Programs Fundings _____
   d. Financiers _____
   e. Friends / Acquaintances _____
   f. Foreign Investment _____
   g. Personal Investment _____
   h. Other (specify) _____

9. *Specify the extent to which you agree with the following statement:*

It is difficult to obtain financing for long term projects regardless of interest rates.

a. Strongly agree _____
b. Agree _____
c. Unsure _____
d. Disagree _____
e. Strongly disagree _____

10. What level of *annual* interest do you currently pay to the following:

a. Banking sources _____
b. Other sources _____

Specify the extent to which you agree with the following statements.

11. It is difficult to obtain working capital, regardless of interest rates.

a. Strongly agree _____
b. Agree _____
c. Unsure _____
d. Disagree _____
e. Strongly disagree _____

12. It is more difficult to obtain financing for long term than for short term projects.

a. Strongly agree _____
b. Agree _____
c. Unsure _____
d. Disagree _____
e. Strongly disagree _____

Raw Materials:

13. *Indicate the extent to which you agree to the following statement:*

Organizations similar to mine have no problems in obtaining raw material inputs.

a. Strongly agree _____
b. Agree _____
c. Unsure _____
d. Disagree _____
e. Strongly disagree _____

14. Specify the two most important reasons why raw materials and other inputs used in manufacturing may be difficult to obtain:

a. Financing Difficulties _____
b. Customs Regulations _____
c. Foreign Exchange Policies _____
d. Middlemen Margins _____
e. Inadequate Transportation _____
f. Other (specify) _____
g. Not Applicable _____

15. Manufacturing inputs most difficult to obtain are:

a. _____

b. _____

c. _____

Infrastructure and Services: Transport

Specify the extent to which you agree with the following statements:

16. The domestic transport service is adequate to guarantee product quality.

a. Strongly agree _____
b. Agree _____
c. Unsure / Not Relevant _____
d. Disagree _____
e. Strongly disagree _____

17. Merchant shipping services are adequate.

a. Strongly agree _____
b. Agree _____
c. Unsure / Not Relevant _____
d. Disagree _____
e. Strongly disagree _____

18. Merchant shipping costs are too high.

a. Strongly agree _____
b. Agree _____
c. Unsure / Not Relevant _____
d. Disagree _____
e. Strongly disagree _____

19. Air transport services are inadequate.

a. Strongly agree _____
b. Agree _____
c. Unsure / Not Relevant _____
d. Disagree _____
e. Strongly disagree _____

20. Air transport costs are too high.

a. Strongly agree _____
b. Agree _____
c. Unsure / Not Relevant _____
d. disagree _____
e. Strongly disagree _____

21. Import Export regulations, costs and taxes hinder operations.

a. Strongly agree _____
b. Agree _____
c. Unsure / Not Relevant _____
d. disagree _____
e. Strongly disagree _____

Other Services:

22. Problems with the services and supply of electricity have hindered growth.

a. Strongly agree _____
b. Agree _____
c. Unsure / Not Relevant _____
d. Disagree _____
e. Strongly disagree _____

23. Problems with water service and supply have hindered growth of my organization.

a. Strongly agree _____
b. Agree _____
c. Unsure / Not Relevant _____
d. Disagree _____
e. Strongly disagree _____

24. Problems with telephone services have hindered growth of my organization.

a. Strongly agree _____
b. Agree _____
c. Unsure / Not Relevant _____
d. Disagree _____
e. Strongly disagree _____

25. Does your organization employ a messenger?

a. Yes _____
b. No _____

If yes, answer next question. If no, proceed to question # 26.

26. Rank in order of importance why messenger is used.

1 = Most important
3 = Least important

a. Unreliable mail services _____
b. Problems with telephone use _____
c. Other (specify) _____
d. Not Applicable _____

Access To Market Information:

Specify the extent to which you agree with the following statements:

27. Accurate information on local market trends is readily available.

a. Strongly agree _____
b. Agree _____
c. Unsure / Not Relevant _____
d. 8isagree _____
e. Strongly disagree _____

28. Accurate information of international markets is readily available.

a. Strongly agree _____
b. Agree _____
c. Unsure / Not Relevant _____
d. Disagree _____
e. Strongly disagree _____

29. What kind of market information do you most need?

a. Prices _____
b. Product Standards _____
c. Company Contacts _____
d. Other (specify) _____

30. Specify the sources of information on market trends which have been the most useful:

a. _____
b. _____
c. _____

Access To Technology:

31. Do you have access to all the production technology you feel you need to stay competitive?

a. Yes _____
b. No _____
c. Unsure _____
d. Not Applicable _____

If no, answer following question. If yes, proceed to question # 32.

32. Specify which of the following has most hindered access to needed technology. (Mark all applicable).

a. Don't know enough about available technologies _____
b. Too expensive _____
c. Can't get access to foreign exchange _____
d. Worried about maintenance _____
e. Reluctant to invest large sums in fixed assets _____
f. Imported technology not appropriate / adequate for the market in which I operate _____
g. Government approvals and / or licenses _____

33. Have you investigated appropriate locally-available technology?

a. Yes ____
b. No ____

IV. OPPORTUNITIES

1. Which of the following areas do you believe offers the best *short term* return on your investment?

a. Traditional Agriculture ____
b. Mining ____
c. Non-Traditional Agriculture ____
d. Forestry Products ____
e. Fishery Products ____
f. Agro-Industry ____
g. Other Manufacturing ____
h. Construction ____
i. Banking ____
j. Commerce ____
k. Free Trade Zone ____
l. Other (specify) _____

2. Which of the following areas do you believe offers the best *long term* return on your investment?

a. Agriculture (Traditional Products) ____
b. Agriculture (Non-Traditional Products) ____
c. Forestry ____
d. Fisheries ____
e. Agro-Industry ____
f. Non-Agricultural Manufacturing ____
g. Mining ____
h. Free Trade Zone ____
i. Tourism (specify) _____
j. Construction ____
k. Banking ____
l. Commerce ____
m. Other (specify) _____

3. Are you interested in joint ventures with foreign companies for local production?

a. Yes ____
b. No ____

If answer to question # 3 was yes, answer following question. In no, proceed to Section V: Associations.

4. Please rank according to why you seek joint ventures.

1 = Most Probable Reason
4 = Least Probable Reason

a. Capital _____
b. Technological _____
c. Managerial Expertise _____
d. Access To Markets _____
e. Other (specify) _____

V. ASSOCIATIONS

1. Are you affiliated with any type of business association?

a. Yes _____
b. No _____
c. Unsure _____
d. Not Applicable _____

If yes, answer following question. If no, proceed to question # 3.

2. Specify which association(s)

_____
_____
_____
_____

3. *Indicate the extent to which you agree to the following statement:*

My business association is very effective in representing my interest.

a. Strongly agree _____
b. Agree _____
c. Unsure _____
d. Disagree _____
e. Strongly disagree _____

4. What measures can the business association take in order to enhance the growth potential of your business?

a. _____
b. _____
c. _____
d. _____
e. _____
f. _____

5. If you aren't a member of a business association, why aren't you?

a. Lack of time _____
b. Unwilling to pay dues _____
c. Not able to pay dues _____
d. Doubt their importance / effectiveness _____
e. Other (specify) _____
f. Not Applicable _____

6. Specify which business association(s) you believe to be most effective in Ghana.

a. _____
b. _____
c. _____
d. _____
e. _____

What have they accomplished?

_____
_____
_____
_____
_____
_____

7. What step could Government take to most help the Private Sector?

a. Establish stable rules of the game in general _____
b. Reduce delays and bottlenecks in customs _____
c. Reduce import tariffs _____
d. Reduce export tariffs _____
e. Enhance credit availability to Private Sector _____
f. Reduce cost expenditures _____
g. Other (specify) _____

VI. ADDITIONAL SECTION

1. Exports:

Do you export? _____

What are your principal exports? _____
_____
_____

Are you interested in exporting? _____

What would be your principal export? _____

What are the biggest bottlenecks keeping you from exporting or from expanding your exports?
_____
_____

2. Is worker absenteeism a major problem?

a. Yes _____
b. No _____

3. Is worker productivity a major problem?

a. Yes _____
b. No _____

If yes, answer following question. If no, proceed to question # 5.

4. If so, how?

a. Lack of motivation _____
b. Absenteeism _____
c. Lethargy / Productivity _____
d. Health problems of family members (funerals, etc.) _____

5. Would your business like to assist your workers in family planning and child nutrition / health programs?

a. Yes _____
b. No _____

6. How could your firm or business association contribute to better health of workers?
_____
_____
_____
_____

BACKGROUND NOTES TO THE REPORT

The PEDS Project

This study was conducted under the Private Enterprise Development Support Project. The PEDS Project is a five year (FY88 - FY92) $20 million project managed by the Bureau for Private Enterprise. In the first year of the project, PRE provided technical assistance in response to nearly fifty different requests from Missions and Bureaus. The PEDS Project is designed to provide a wide range of expertise in private sector development. Areas of technical assistance include the following:

- Policy analysis related to private sector development
- Sector assessments and analyses
- USAID private sector strategy development
- Legal and regulatory analysis and reform
- Small-scale business development
- Trade promotion
- Investment promotion
- Free trade zone development
- Financial institutions and instruments
- Management and financial training
- The role of women in private enterprise
- Applications of MAPS: Manual for Action in the Private Sector

USAID Missions have the resources of thirteen contractors available to them through the PEDS Project.

- Arthur Young (prime)
- SRI International
- Management Systems International
- The Services Group
- Trade and Development, Inc.
- Multinational Strategies
- J.E. Austin Associates
- Ferris & Company
- Metametrics
- Elliot Berg Associates
- Robert Carlson Ass.
- Ronco
- Dimpex Associates

The Consultancy

The purpose of this consultancy was to assist the USAID Mission in the initial planning and design of MAPS (Manual for Action in the Private Sector) in Ghana. The team members included Arnold Lessard, Private Sector Advisor to USAID Missions in the REDSO/WCA region, Kevin Murphy and Roger Jantio from J.E. Austin Associates, and Michael Borish from Technoserve. The team carried out its first visit in February 1989.

This consultancy was co-financed by AFR/MDI and PRE/PD and reflects the Bureaus' mutual interest in promoting private sector development in Africa; all local costs for implementing MAPS/Ghana will be financed by the Mission.

The Authors

Mr. Arnold Lessard is the Private Sector Advisor serving the USAID Missions in the REDSO/WCA region. He was previously a Senior Vice-President with Sears World Trade; Vice-President for Strategic Planning, Chase Manhattan Trade Banking Group; Chairman of Resources, Engineering & Management International; and Regional Vice-President/Africa and Middle East for Booze, Allen & Hamilton. He holds a diploma in accounting from Burdett College, a B.S. from Boston University and an M.A. from Columbia University in international studies. He also completed post-graduate studies in business at George Washington University and Georgetown University. Mr. Lessard is a founding member of the Institute of Management Consultants and is a Certified Management Consultant.

Mr. Kevin Murphy is the President of J.E. Austin Associates. Previously, Mr. Murphy served as a senior management advisor to the Instituto Superior de Agricultura in the Dominican Republic. He also worked for a year on the research faculty of Harvard Business School authoring nine case studies on international agribusiness. He holds a Master of Business Administration from Harvard Business School and a Master of Public Affairs from the Harvard University School of Government.

Mr. Roger Jantio is a senior consultant at J.E. Austin Associates. Previously, he was the Executive Vice President of Aqua Viva in Paris and an investment analyst at C.S.E. Insurance company in San Francisco. He also worked on aerospace and mergers & acquisitions projects as a consultant with J. Schneider Associates in Cambridge, Massachusetts. Mr. Jantio holds a Master of Business Administration from Harvard University, a Master Degree in economics and finance at the Institute d'Etudes Politiques of Paris, a Master Degree in insurance and applicable laws at the Universite de Paris-Sorbonne and a Bachelor of Arts degree in economics and monetary policy at the Universite de Paris II.

Mr. Michael Borish holds a Master in Business Administration from the University of Chicago. He has worked in the banking industry in the U.S. and has extensive experience working in Africa. He is currently a consultant with Technoserve.

ANNEX B

MAPS PHASE II

Private Sector Description

I. EXECUTIVE SUMMARY

- -- Private sector accounts for 90% total employment, 61% of GDP
- -- Private sector is 84% rural, informal, self-employed
- -- Formal private sector is small-scale; accounts for 6% total employment; 85% of modern private sector employs less than 10 workers
- -- SOE losses are major drain on Government budget; losses estimated at 7% of GDP
- -- Policy reforms have created sound macroeconomic environment for private sector growth; GDP up 6% p.a. since 1984, projected at 5% p.a. through 1995
- -- Enabling environment still weak, inhibiting private savings and investment; private investment only 4.2% GDP; foreign investment 0.5% GDP
- -- Labor supply growing fast, making employment creation key priority; nearly 300,000 net new entrants expected each year through 1995
- -- Export earnings rising, but cocoa prices falling; need for export diversification into non-traditionals which were only 0.8% GDP in 1988; mining sector should serve as model to promote private investment, professional management in agriculture, manufacturing and other sectors
- -- Donor confidence high, but private investment lagging; 1989 donor commitments nearly $1.0 billion, in excess of Government requests; donor commitments four times private investment
- -- Ghana has eighth largest GDP in sub-Saharan Africa despite 25 years of decline
- -- Ghana's population is highly educated compared to sub-Saharan Africa, giving it a regional comparative advantage

II. INTRODUCTION

A. Purpose and Objectives of the Description Phase

The purpose of this section is to describe the Ghanaian private sector. Specific objectives include the following:

- -- quantify private sector's importance in Ghanaian economy
- -- create private sector map to illustrate role in and share of economic activity
- -- assess State-Owned Enterprises' impact on economy
- -- describe impact of public policy on private sector
- -- identify leading and lagging sectors and private sector opportunities
- -- generate benchmark data to measure change over time
- -- provide useful information for future USAID project and program design

B. Organization of the Description Phase

The description phase is organized around a series of key questions:

- -- How important is the private sector in the economy?
- -- Where in the economy is the private sector located?
- -- What is the impact on the economy of the State-Owned Enterprises?
- -- What has been the impact of public policy on economic growth?
- -- What have been the trends in the private sector (e.g., leading vs. lagging sectors)?
- -- Who is the private sector?

III. FINDINGS

The following are key findings from the description phase, with specific focus on the strategic questions mentioned above.

A. How Important is the Private Sector in the Economy?

1. The Private Sector Accounts for More Than 60% of Measurable GDP

The total private sector contribution to GDP in 1987 was estimated at 61%, with parastatals contributing an estimated 29% and the Government the remaining 10%. The private sector is most prominent in agriculture which, together with private sector shares of trade and manufacturing, contributes 55% of total GDP. Parastatals are prominent in mining, manufacturing and the services. It is likely that both GDP and private sector share are larger as much of the economy is informal. Exhibits 1A-D reflect the composition of Ghana's GDP and its size relative to sub-Saharan Africa.

2. The Private Sector Employs 90% of the Work Force

The rural and informal private sectors are dominant, employing 84% of the total active work force, with the modern private sector employing 6%. Public sector employment is evenly divided between the Government (6%) and parastatals (4.5%), although their numbers have declined in recent years due to redeployment. Employment in recent years has increased in agriculture (66% of total employment), while declining in commerce (13.5%) and manufacturing (7%). As the parastatals are prominent in commerce and manufacturing, it is likely that some of the employment decline in these sectors is due to public sector redeployment efforts, and that these people have been redirected to the private agricultural sector. It is expected that Government and parastatal shares of employment will decline in the coming years. Exhibits 2A-E portray the structure of employment in Ghana.

3. The Private Sector is Small Scale

Given the dominance of rural self-employment and informal enterprises among the economically active population, Ghanaian enterprises are small. Self-employed workers alone were estimated to be 70% of the total work force in 1984, and unpaid family labor another 12.5%. Problems of capital formation, managerial capability, taxation and earlier Government hostility to large private enterprises have all served to reinforce the predominance of small and informal enterprises. Exhibit 3 shows the distribution of employment is dominated by self-employed and family labor.

CONCLUSION: Despite an economic strategy from independence to 1983 that focused on parastatals, the private sector dominates the economy in terms of GDP (61%) and employment (90%). However, the private sector is largely small-scale, rural and/or informal. The private sector is particularly prominent in agriculture, Ghana's leading sector. Given serious parastatal losses and liabilities, their 29% share of GDP should diminish as ERP reforms increase the role of the private sector and the Government pursues its SOE divestiture program.

B. Where in the Economy is the Private Sector?

4. Agriculture: The Private Sector is Pervasive

Approximately two in three employed Ghanaians engages in agricultural production, and private agricultural production alone is 44.5% of total GDP (compared to public sector agricultural production of 4% of GDP). Private producers dominate food crop and livestock production (98%), cocoa production (90%) and forestry and logging (90%). While public sector shares of industrial tree crop production (e.g., oil palm, rubber) and fishing are high, official statistics do not sufficiently account for private palm oil and fishing production. Exhibits 4A-D profile Ghana's rich agricultural land base, production and land distribution.

5. Commerce: The Private Sector is Active in Wholesale and Retail Trade

Wholesale and retail trade are Ghana's second leading sector, contributing 12% of GDP and 13.5% of total employment. The private sector share of trade is 54%, or 7% of total GDP. Most private traders operate small businesses with the exception of some of the larger foreign wholesalers and trading houses (e.g., UAC, UTC, SCOA, Glamour). Public sector share of commerce is dominated by the Ghana National Procurement Agency and the Ghana National Trading Company, both large parastatals that the Government classifies as core SOEs to be retained. Trade dominates service sector GDP and employment. Exhibits 5A-C reflect the dominance of trade in the services.

6. Manufacturing: The Private Sector is Less Prominent

Manufacturing is 9% of total GDP, with the private sector accounting for only 37% of total manufacturing (3.5% of total GDP). Capacity utilization rates are generally considered low at 25-30%, although these are hard to define. The private sector is active in leading manufacturing sub-sectors such as food and beverage production, wood products and textiles, although production rates for manufacturing are only 62% of 1977 levels. The manufacturing sector employs 7% of the active work force,

with about 70% in the informal sector. Most manufacturing is concentrated in consumer industries compared to intermediate and heavy industrial activity. Exhibits 6A-F profile the manufacturing sector in Ghana.

7. Mining: Private Sector is Small, But Entire Sector is Booming

While mining was only 1% of 1987 GDP and employment, it constituted 19% of merchandise export earnings, almost all of it gold. This number is projected to increase to 26% in 1989. About 80% of Ghana's gold production comes from Ashanti Goldfields Corporation, a parastatal which is owned 55% by the Government and 45% by Lonrho, the private British firm. Most remaining mining production comes from the State Gold Mining Corporation's mines (100% Government owned) and smaller private mines and prospecting. Although private mining has not made a major contribution to GDP, reforms have reduced smuggling, increased production, generated previously foregone tax revenue and increased private investment interest in Ghana. Exhibits 7A-E look at mining production in Ghana and the sector's importance to export earnings.

8. Non-Commercial Services: Dominated by the Public Sector

Service industries outside of trade (e.g., transport, utilities, communications, construction, finance, insurance, real estate) are dominated by parastatals and estimated to be 17% of GDP and 4% of employment excluding Government. Private sector enterprises are found in inter- and intra-city transport, road maintenance and construction, housing, banking, accounting and insurance. In most cases, these enterprises are small. Exhibits 5B and 8 show non-commercial service employment and shares of GDP.

CONCLUSION: The private sector is located primarily in the agricultural sector, and figures prominently in trade as well. Private sector activity in mining, manufacturing and non-commercial services has been overshadowed for decades by parastatals. Parastatals will continue to play a role in mining, trade, power, communications and finance, but with increasing private sector competition in mining, trade and finance.

C. What is the Impact on the Economy of SOEs?

9. The Predominance of SOEs in Most Non-Agricultural Sectors Reflects Pre-ERP Thinking

Early after independence, Ghana adopted State-oriented policies to promote import substitution, establish modern enterprises and meet social needs, resulting in SOEs in virtually every sub-sector of the economy. Because of bad management, political

instability and corruption, the SOEs have been a drain on public finance and represent serious current and deferred liabilities. Exhibit 9 lists SOEs and shares of ownership.

10. Most SOEs are Unprofitable and Unviable

Based largely on 1986 data, SOE losses are estimated to be nearly 7% of GDP. These reflect balance sheet "losses" (e.g., deferred liabilities such as unpaid taxes, unpaid social security contributions, outstanding debts to suppliers and the banking system, etc.) and are not annualized operating losses. Without Government subsidies, few SOEs would be able to compete for long. Most serious is the issue of end-of-service benefits, much of which are with the core SOEs the Government has said it will retain. Exhibit 10 summarizes the financial condition of SOEs.

11. Among Core SOEs, 11 of 19 are Considered Either Financially Sound or Unprofitable but With Positive Net Worth

Insolvent yet active SOEs appear primarily in the transport sector (e.g., Ghana Airways, Ghana Railways Corporation, Omnibus Services, etc.), while utilities (e.g., Volta River Authority, Electricity Corporation), petroleum (e.g., Ghana Italian Petroleum, Ghana National Petroleum) and trading parastatals (e.g., Ghana National Procurement, Ghana National Trading) at minimum have potential to become profitable.

12. There are 235 SOEs with 200,000-300,000 Employees and Divestiture is Proceeding Slowly

The Government is trying to reduce subsidies to the SOEs (estimated at 6%-10% of the Government's annual budget), arrange for payment of end-of-service benefits and create employment opportunities for redundant workers when 200,000 net new entrants are entering the labor force, credit ceilings remain in place, private investment is low and ideological divisions persist over the role of the Government in the economy. If SOEs continue to be a drain on public finance, it will be more difficult for the Government to achieve GDP and per capita income growth targets.

CONCLUSION: SOE losses are a serious public finance concern that reduce available Government revenue, lessen development expenditure and slow economic growth. The immediate problems of benefits payments and alternative employment opportunities for retrenched workers are two of the Government's most serious challenges. Until these are solved, SOEs will constitute a burden on the Government budget and economy.

D. What Has Been the Impact of Public Policy on Economic Growth?

13. Major Policy Reforms Have Encouraged Continuous Real GDP Growth Since 1984

Since 1984 and the beginning of the ERP, the Government has implemented a series of policy reforms which have reversed the course of economic decline. The key changes have been steady devaluation of the long-overvalued cedi, liberalization of trade and foreign exchange, and restrictive monetary and fiscal policies. The result has been an average 6% real GDP growth since the ERP. Exhibits 11A-B show GDP growth since 1984.

14. Currency Devaluation Has Helped

Given a more realistic exchange rate, Ghana has stimulated agricultural production and substantially increased gold, timber and non-traditional exports. Despite lower world prices, cocoa production has increased 72% since 1983 due to the increase in cocoa producer prices and reduced smuggling. Non-cocoa exports have risen as currency devaluation has helped provide a stimulus to increased production. Exhibits 12A-G highlight changes in the official exchange rate, terms of trade and their impact on export volume and revenues.

15. Liberalization of Foreign Exchange Has Shown Results

The Government has increased access to foreign exchange via the auction and Forex bureaus to provide producers and distributors with the currency they need for imports. As a result, total imports have increased from 16% of 1983 GDP to 24% in 1987, while total exports have grown from 12% to 18% during the same period. Increased imports have facilitated the distribution of needed inputs for increased agricultural production, value-added manufacturing, and a growing service sector. The results have been an increase in the supply of goods and services that were lacking before the ERP. Exhibits 13A-E depict changes in official exchange rates and allocations to producers and distributors.

16. Trade Liberalization Has Been Positive

The Government has established a relatively uniform tariff structure with moderate protection that will be phased out over time. Import procedures have been streamlined and import licenses abolished, with very favorable responses from the private sector. Export duties are low, licensing requirements have been streamlined and foreign exchange retention accounts increased. Combined with cedi devaluation and increased access to foreign exchange, trade liberalization has been key to increased GDP since 1984. Exhibits 14A-B show increases in trade and improvements in Ghana's balance of payments.

10'

17. Controlling Inflation Has Limited Economic Growth

Ghana's inflation rate has been high for years compared to other African countries. The Government has made slow progress in bringing down the inflation rate from 40% in 1984 to 35% in 1988. Bank credit ceilings hurt producers at a time when imports are increasing, tax collection is more efficient and supplier credit is limited. Urban residents often complain that there is no money in circulation, reflecting a general belief that purchasing power and living standards are declining in those areas. Exhibits 15A-F reflect Ghana's comparatively high inflation rate, the impact of credit ceilings on bank lending, and longstanding negative real interest rates.

18. Fiscal Policy Has Been Tight

A more restrictive fiscal policy has generated fiscal surpluses since 1986 after years of high budget deficits. Government revenues and spending as a percentage of GDP have traditionally been low by African standards. The Government is now making special efforts to contain public expenditure and allocate tax revenues more efficiently. A stronger tax revenue position has also reduced the public sector share of total bank borrowings from 88% in 1982 to 38% in 1988. However, credit ceilings combined with high corporate, dividend and income tax rates and aggressive tax collection have hurt private sector cash flow, reinforcing informal economic activities. Exhibits 16A-D provide a summary of Central Government finance and its comparative position to GDP in sub-Saharan Africa.

19. Government Is Repaying Arrears To the Banks

The Government is repaying arrears to the banking system which, with other policy reforms, has helped attract multilateral and bilateral funding for the ERP . However, because of tight monetary policy, the banks have excess liquidity, and many producers are frustrated they cannot access bank funds. Exhibits 17A-C show Government repayments to the banks and current excess liquidity due to high Central Bank reserve requirements and credit ceilings.

20. Infrastructure Is Improving With The PIP

Government's share of gross domestic investment is 66%, with an increasing share of the funding allocated for improved infrastructure. Development expenditure was 21% of the total budget in 1988, and the Government intends to continue with improvements in road, railway, port, communications and power networks over the next several years. This should promote increasing productivity and efficiency from the private sector. Exhibits 18A-F provide an overview of public sector investment and how funds are being allocated to shore up infrastructure.

21. While Debt Is Increasing, Donor Goodwill Is Strong

Total commitments in 1987 were $3.4 billion, or 75% of GDP, and debt service was 21% of export earnings. Debt service payments have averaged $300 million per year since 1985. However, Ghana's strong performance has improved the terms and structure of its overall debt profile, with debt service projected to decline from 1989 due to growing GDP and exports and more concessionary terms from multilateral and bilateral sources. Exhibits 19A-F reflect the composition of Ghana's debt and creditors, debt service requirements and likely future financing requirements.

22. But Private Investment Is Lagging

Uncertainty continues to deter private investment. Infrastructure is still poor. Policy reforms have not always been easy to implement. The banking system remains weak. Tax rates remain high. Investors find registration procedures and administrative harassment burdensome. Foreign investment is less than 1% of GDP. Offshore remittances have increased to 4% of GDP, but improvements in the enabling environment will have to be made to attract increasing private investment, particularly as Ghana's terms of trade are declining. Exhibits 20A-C profile Ghana's low private savings and investment.

23. Offshore Remittances are Up Sharply

Funds from Ghanaians offshore are currently about $200 million per year after a sharp increase from $33 million in 1985 and $73 million in 1986. Combined with merchandise exports, remittances covered 93% of Ghana's imports of goods in 1988. However, these funds are expected to diminish after 1990, making private investment that much more necessary from both domestic and foreign sources. Exhibit 21 shows recent and projected net private transfers.

24. The Labor Force is Growing by 230,000 Per Year

Ghana's population is growing at about 2.6% per year, accompanied by a growing labor supply. This will strain public services and urban areas, and make a more dynamic economy indispensable to political and economic stability. Net new entrants into the labor market are projected to be 230,000-300,000 per year through 1995. Employment creation will continue to be a top priority of the Government. Exhibits 22A-D show the increase in population and labor supply, including the increase in net new entrants into the labor force that makes job creation so critical.

CONCLUSION: Policy reforms encouraging liberalization of trade and foreign exchange have been beneficial to the economy and private sector. The inflation rate is declining, foreign exchange is increasing, productivity in key sectors is up and international trade continues to grow. However, private investment is lagging, credit is tight, infrastructure is still in a state of disrepair, urban residents often feel real incomes are declining and problems persist in the enabling environment.

E. What Have Been the Trends in the Private Sector?

25. Before the ERP Only Services Showed Growth

Growth areas in the 1981-1983 economy were transport and communication (average 5% growth per year), financial services (4%) and Government (3%). These were all dominated by the public sector. Only one other sub-sector, forestry and logging, showed positive average growth (1% per year); this area was and is private sector. Ghana's leading sector, agriculture, declined 5% per year from 1981-1983. Its key sub-sectors, agriculture/ livestock and cocoa production, declined an average 4% and 12%, respectively. Industry declined 15%, due primarily to a depressed manufacturing sector. Trade and construction also ground to a halt, showing declines of 5% and 14%, respectively. Political turmoil, bad economic policies, drought and the cumulative effect of worn out infrastructure were responsible for these results. Exhibits 23A-B show leading and lagging sectors in the economy.

26. Since the ERP All Sectors Have Shown Growth

Agriculture increased 2% per year from 1984-1988, with particular strength shown in cocoa since 1985 (7%) after four consecutive years of decline. Industry increased 10% per year from 1984-1988, with steady gains in manufacturing and dramatic gains in gold mining. Services have responded to the ERP, with an 8% average annual increase from 1984-1988 driven by increased commercial trading and increased Government spending on infrastructure. The private sector response to the ERP has been strong in agriculture, trade, mining and transport. Exhibit 24 shows sectoral GDP distributions and growth rates from 1985.

27. Ghana's Exports Have Increased

Ghana's merchandise exports increased from $567 million in 1984 to $828 million in 1988. Most of the dollar increase came from forestry, gold, electricity and cocoa. Cocoa production and timber are largely private sector; these accounted for 65% of merchandise exports in 1988. Non-traditional exports, also private sector, were $42 million in 1988 compared to $28 million the year before; these included semi-processed goods/manufactures

to neighboring countries. The private sector is responsible for producing about 70% of Ghana's exports. Exhibits 25A-D profile Ghana's exports, including the growing importance of non-traditionals.

28. Growth is Expected in All Sectors, Especially Industry

The Ministry of Finance and World Bank project industry growth of 10% from 1988-1995, with gold mining strong through 1992 and manufacturing increasing steadily. The services should show balanced growth of 5%, with utilities and construction strong as the Government promotes infrastructure development. Agriculture is expected to be stable at 3% growth per year; cocoa production is expected to increase while forestry tapers off at a 1.5% growth rate. Public administration will grow at a 2% rate as the Government continues to manage public expenditure more efficiently. Exhibits 26A-C show projected sectoral GDP and employment growth rates, the slim margin between the two, the importance of agriculture and commerce in job creation (low barriers to entry), and optimistic growth targets for private investment.

29. Exports Are Expected To Increase

On a dollar basis, cocoa, gold and logs/timber will continue to generate the largest share of export revenues; these were 85% of merchandise exports in 1988, and projected to be 70% in 1995. Their growth rates should be 6%, 11% and 4%, respectively. Export increases will be necessary as remittances from offshore level off at the current $200 million per year and the Government attempts to reduce debt service. Non-traditional exports, primarily non-cocoa agricultural products (e.g., pineapples, kola nuts, yams), fish and wood products are projected to grow more than 50% per year through 1995. While these estimates may be high, the Government is attempting to strengthen the Ghana Export Promotion Council. In 1988, non-traditional exports grew from $28 million (3% of merchandise exports) to $42 million (5% of total merchandise exports). By 1995, non-traditionals are expected to earn $333 million in foreign exchange, or 21% of total merchandise exports. Exhibit 27 shows Ministry of Finance and World Bank projected export growth rates by sector.

CONCLUSION: Since the ERP, the small-scale private sector has responded well, particularly in agriculture and trade. Future economic growth will be predicated on improving the enabling environment (e.g., credit, taxes, infrastructure) to encourage increased private savings and investment. This will be particularly important as longer-term growth prospects in manufacturing, mining and exports will depend on capital investment and global competitiveness.

F. Who is the Private Sector?

30. The Private Sector is Overwhelmingly Small Scale

Approximately 84% of total employment in Ghana is self-employed and family labor, reflecting the rural, informal, microenterprise nature of the Ghanaian economy. An additional 6% of total employment is in the modern private sector, consisting primarily of formal commercial traders, manufacturers and professionals engaged in finance, insurance and real estate. In 1979, only 25% of all firms employing ten or more people were private sector. The 1987 industrial census estimated that of approximately 3,500 formal industrial enterprises, about 3,000 employed less than 10 people.

31. Cash Constraints Keep the Private Sector Small and Informal

Lack of credit, high tax rates, the inconvenience of Government interference and other obstacles to growth and independence reinforce the need for many entrepreneurs to remain self-employed and informal. This, in turn, creates a cycle of credit and non-credit problems that reduces productivity, limits marketing capabilities and deters private investment.

32. Most Large Enterprises are Parastatals

A list of Ghana's largest firms reflects total or partial public sector ownership. Parastatals are dominant in manufacturing, mining and most services, and contribute an estimated 29% to GDP while running serious operating losses. In some cases, subsidiaries of multinational corporations were partially nationalized but still enjoy relative managerial autonomy (e.g., Lever Brothers). In other cases, large firms with majority Government ownership are joint ventures (e.g., Ashanti Goldfields Corporation which is 45% owned by Lonrho). Exhibit 28 lists some of Ghana's largest firms.

33. Ghana's Formal Private Sector is Represented by Many Business Associations

There are dozens of business associations in Ghana, although most are ineffective at providing services and information to their members. The three largest associations, the Association of Ghana Industries, the Ghana Chamber of Commerce and the Ghana Employers Association, have approximately 3,000 members. Exhibits 29A-B list some of the key associations and business leaders.

34. <u>However the Vast Majority of Ghana's Private Sector is Unrepresented</u>

As most of Ghana's private sector is self-employed, family labor and/or microenterprise, the majority is not organized in any meaningful way. The cooperative movement has been a failure in Ghana. The National Board for Small Scale Industries is addressing investment and training needs of microenterprises in the non-agricultural sectors, but lack of funds limits its ability to have a pervasive impact on microenterprise development and organization. Exhibit 30 lists Ghana's registered cooperatives, although most of these are dormant.

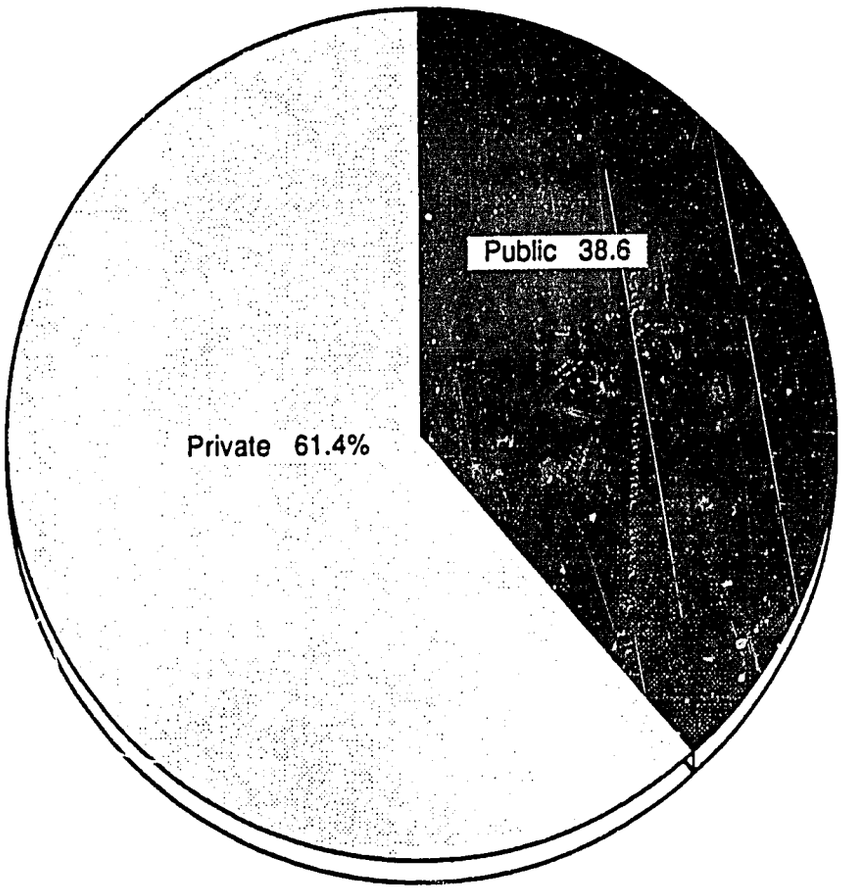
35. <u>Ghana's Formal Financial Sector is Expected to Become More Private Sector-Oriented in the Future</u>

Of Ghana's 11 commercial and development banks, only four are majority or wholly private (Barclays, Standard Chartered, Merchant, Bank for Commerce and Credit). However, given the superior financial condition of these banks, the Government may encourage increased private intervention to accelerate formal financial sector restructuring. Private sector share of 1987 primary and secondary bank assets is estimated to be 25% (approximately $420 million), although their superior loan portfolios suggest private share on a market value basis would be higher. Commercial (primary) bank assets are 27% of the total, compared to 18% for the secondary banks. The difference of 55% is with the Bank of Ghana, reflecting excess liquidity due to restrictive monetary policy. Exhibits 31A-G profile the banking system, including ownership, distribution of branches, loans and deposits, and an approximation of informal financial sector asset holdings.

Exhibit 1A

Private and Public Contribution to GDP

1987



Source: World Bank, Ghana: Structural Adjustment for Growth, January 23, 1989.

Exhibit 1B

ANALYSIS OF GDP - PUBLIC/PRIVATE SECTORS (1987)
(Millions of Cedis)

	GDP Contrib.	Share of GDP	Priv. Share	% Priv. Share	Pub. Share	% Pub. Share
Agriculture	2891.1	48.4%	2665.8	92%	225.3	8%
Agriculture & Livestock	1994.4	33.4%	1954.5	98%	39.9	2%
Cocoa Production	468.4	7.8%	421.6	90%	46.8	10%
Forestry & Logging	321.9	5.4%	289.7	90%	32.2	10%
Fishing	106.4	1.8%	0.0	0%	106.4	100%
Mining	65.6	1.1%	0.0	0%	65.6	100%
Manufacturing	561.6	9.4%	207.8	37%	353.8	63%
Services	1742.4	29.2%	676.2	39%	1066.2	61%
Wholesale & Retail Trade	742.5	12.4%	401.0	54%	341.6	46%
Transport., Utilities, & Communication	340.3	5.7%	27.2	8%	313.1	92%
Construction	131.8	2.2%	52.7	40%	79.1	60%
Finance, Insurance & Real Estate	527.8	8.8%	195.3	37%	332.5	63%
Other	714.6	12.0%	121.5	17%	593.1	83%
Total	5975.3	100.0%	3671.2	61%	2304.1	39%

Notes: 1. Public - private shares are estimated.
2. Percentages may not add due to rounding.

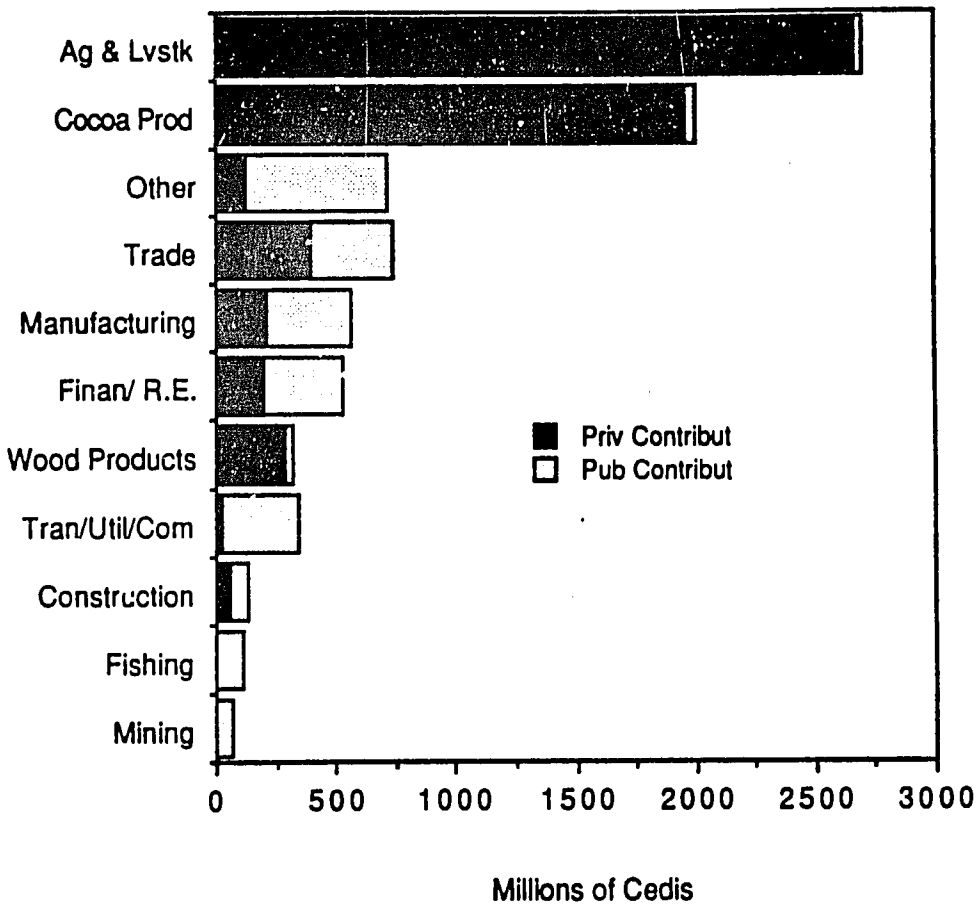
Source: Ghana Statistical Service, Quarterly Digest of Statistics, September, 1988, Table 76, p. 84.

Exhibit 1C

Private Sector Map

Private Sector Contribution to GDP by Industry

1987



Note: Other includes Government Services, Community, Social, and Personal Services, Non-Profit Services, and Import Duties less Imputed Bank Charges.

Source: Ghana Statistical Service, Quarterly Digest of Statistics, Vol. VI, No. 3, September 1988.

Exhibit 1D

GDP: AFRICAN INDICATORS

(millions of dollars)

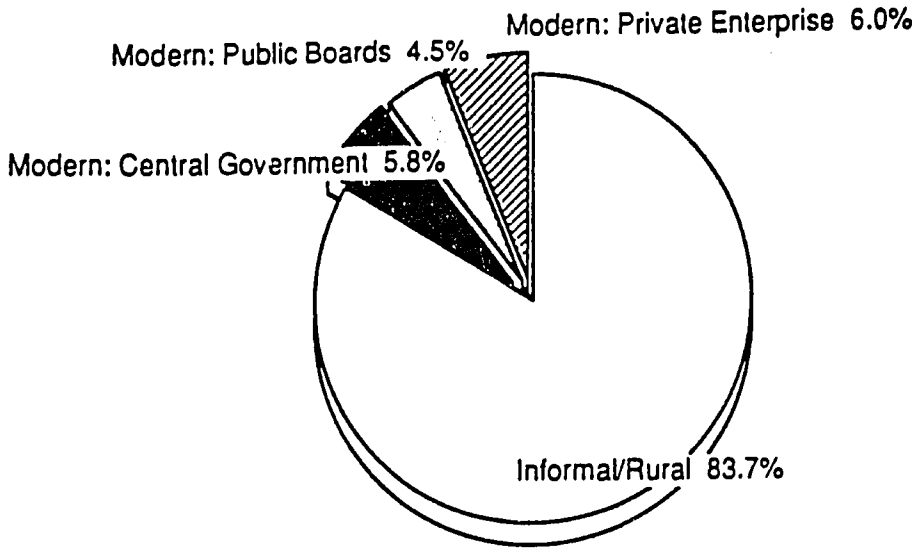
(1987)

Nigeria	24390
Cameroon	12660
Sudan	8210
Ivory Coast	7650
Kenya	6930
Zaire	5770
GHANA	***5080***
Ethiopia	4800
Senegal	4720
Uganda	3560
Tanzania	3080
Niger	2160
Congo	2150
Rwanda	2100
Madagascar	2070
Zambia	2030
Mali	1960
Somalia	1890
Burkina Faso	1650
Benin	1570
Botswana	1520
Mozambique	1490
Togo	1230
Burundi	1150
Malawi	1110
Central African Republic	1010
Chad	980
Sierra Leone	900
Mauritania	840
Lesotho	270

Source: World Bank, World Development Report 1989, Oxford University Press, New York, 1989; pp. 190-191, 194-195.

Exhibit 2A

Modern and Informal Employment Shares in 1984



Total Employment 1984 = 5,422,400

Source: Tables 2.14 and 2.15, Distribution of Employment by Occupational Category, 1984 Census; Table 14 as taken from Manpower Redeployment Study, Public Sector Management Group, September 1988.

Exhibit 2B

MODERN AND INFORMAL SECTOR EMPLOYMENT BY OCCUPATIONAL CATEGORIES
('000)

Occupational Title	Total	MODERN SECTOR Central Gov't	Public Boards	Private Enter.	Other	RURAL AND INFORMAL SECTOR Self-Employed	Unpaid Fam. Wkr.	Other	PUBLIC AND PRIVATE SECTOR SHARES Public Emp.	% Pub. Emp.	Private Emp.	% Priv. Emp.
Agriculture, Forestry, Fishing	3288.8	14.5	42.8	87.2	0.3	2494.9	622.9	26.0	57.2	2%	3231.3	98%
Production, Transport Operators	887.2	49.9	86.9	126.4	0.8	542.4	21.9	58.9	136.8	15%	750.4	85%
Miners, Quarrymen, well drillers	11.6	0.1	9.8	0.9	0.0	0.8	0.1	0.0	9.9	85%	1.7	15%
Food, Berverage Processors	274.9	0.5	1.2	11.4	0.1	247.7	13.4	0.7	1.7	1%	273.2	99%
Tobacco preparers, Tobacco Product Makers	0.3	0.0	0.0	0.2	0.0	0.1	0.0	0.0	0.0	12%	0.3	88%
Tailors, Dressmakers, Sewers	114.7	0.7	0.6	5.4	0.0	89.1	0.9	17.9	1.3	1%	113.4	99%
Transport Equipment Operators	106.5	5.9	12.9	42.3	0.3	35.1	1.9	8.1	18.8	18%	87.7	82%
Other	379.3	42.7	62.4	66.3	0.4	169.6	5.6	32.3	105.0	28%	274.1	72%
Service	130.7	50.8	25.4	30.5	0.8	18.4	2.7	2.3	76.1	58%	54.6	42%
Sales	750.2	1.4	3.8	22.3	0.2	691.6	31.1	0.2	5.1	1%	745.4	99%
Managers (Wholesale/Retail Trade)	1.1	0.0	0.2	0.5	0.0	0.3	0.0	0.0	0.2	22%	0.8	78%
Working Proprietors (Wholesale/Retail)	731.4	0.4	0.4	12.9	0.1	687.2	30.2	0.2	0.7	0%	730.6	100%
Salesmen, shop assitants, etc.	12.9	0.4	0.4	8.1	1.5	1.7	0.8	0.0	0.7	5%	12.2	95%
Other	5.9	0.6	1.0	0.8	0.1	2.4	0.1	0.0	1.6	28%	3.3	56%
Professional, Technical	221.7	145.5	23.1	28.6	0.6	22.6	0.6	0.9	168.6	76%	53.2	24%
Administrative, Managerial	16.2	2.5	3.6	3.5	0.4	6.2	0.0	0.0	6.1	38%	10.1	62%
Clerical	127.6	46.3	56.3	21.2	2.0	1.6	0.1	0.1	102.6	80%	25.0	20%
Total	5422.5	310.8	241.8	319.7	5.0	3777.5	679.4	88.4	552.5	10%	4869.9	90%

Source: Tables 2.14 and 2.15, Distribution of Employment by Occupational Category, 1984, Census, Table 14 as taken from Manpower Redeployment Study, Public Sector Management Group, September, 1988.

Exhibit 2C

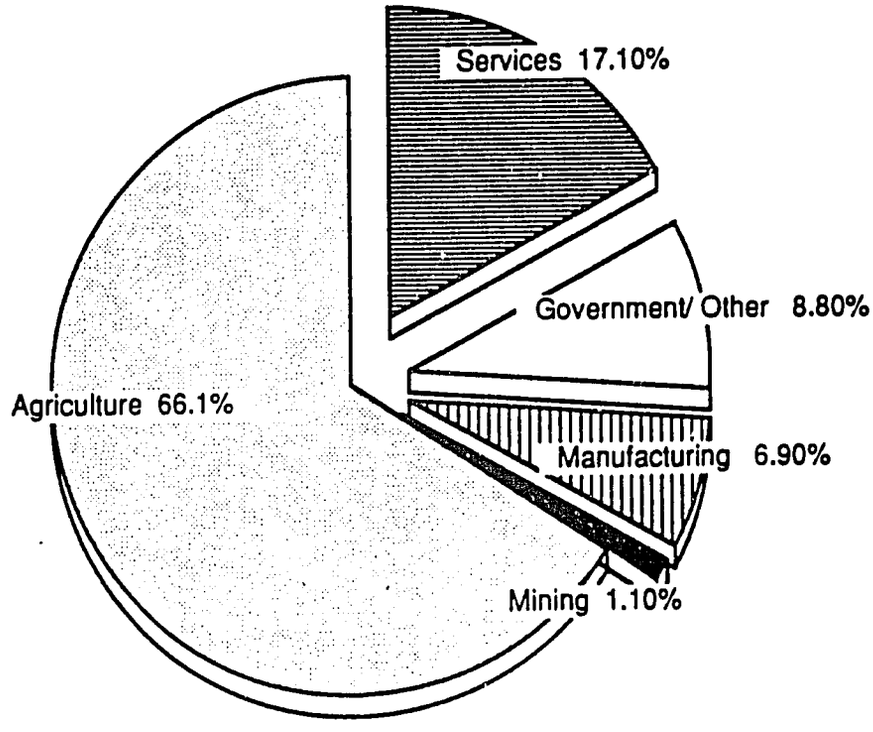
Employment Distribution by Sector, 1970-87
(in '000)

	1970		1984		1987	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, Forestry, and Fishing	1,790	57.2	3,311	61.1	4,203	66.1
Mining	31	1.0	27	0.5	69	1.1
Manufacturing & Utilities	389	12.4	588	10.9	436	6.9
Construction	74	2.3	65	1.2	80	1.3
Commerce	436	13.9	792	14.6	857	13.5
Transportation and Communication	84	2.7	123	2.3	128	2.0
Finance and Business Services	-	-	27	0.5	24	0.4
Government and other Services	329	10.5	474	8.7	557	8.8
Total Employment	3,133	100.0	5,422	100.0	6,354	100.0
Open Unemployment			158		123	
Labor Force			5,580		6,477	
Unemployment as % of Labor Force			2.8		1.9	

Source: Population Census (1970, 1984) and Ghana Living Standards Survey (1987)

Exhibit 2D

Total Employment Shares
1987



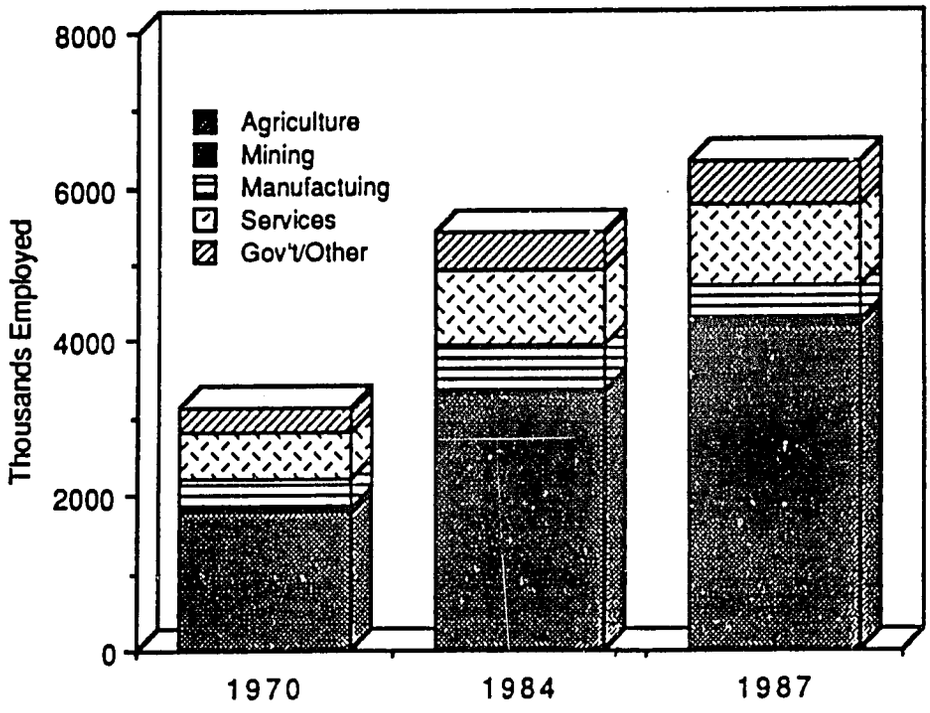
Total Employment 1987 = 6,354,000

Source: World Bank, Ghana: Structural Adjustment for Growth, January 23, 1989.

Exhibit 2E

Employment Levels By Sector 1970, 1984, 1987

By Sector



Note: Services include Construction, Finance and Business Services, Transportation and Communications, and Commerce. 1970 figures do not include Finance and Business.

Source: 1970, 1984 Population Census and Ghana Living Standards Survey 1987 as taken from Ghana: Structural Adjustment for Growth, World Bank, January 23,1989, Table 12, p. 35.

Exhibit 3

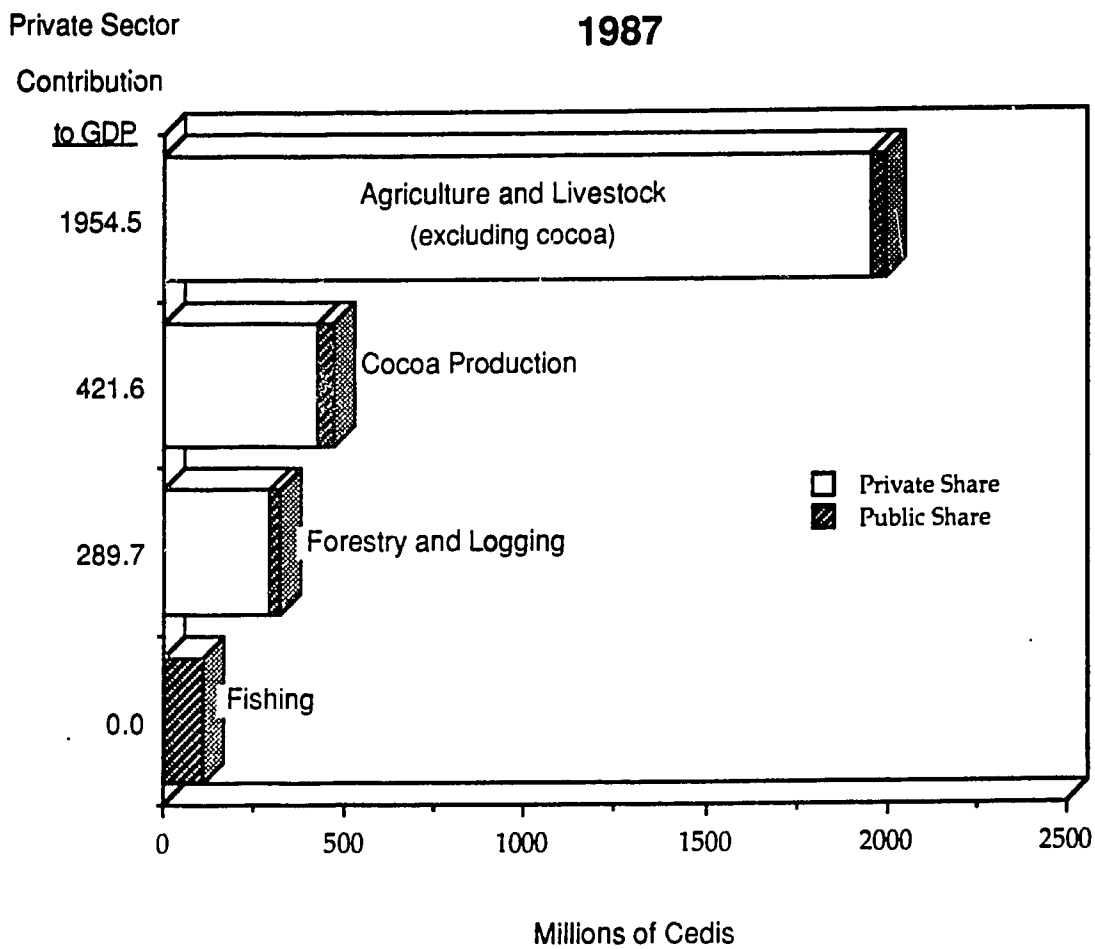
Distribution of Employment by Status, 1984

Status	Number	Percent
Central Government	310,658	5.7
Public Boards and Enterprises	241,640	4.5
Private Enterprises	319,590	5.9
Cooperative Enterprises	2,374	-
Self-Employment	3,777,675	69.7
Unpaid family workers	679,422	12.5
Other	91,121	1.7
Total	5,422,480	100.0

Source: 1984 Population Census

Exhibit 4A

Private Sector Map: Agriculture



Source: Statistical Service, Quarterly Digest of Statistics, September 1988, Table 76, p. 84.

Exhibit 4B

AGRICULTURAL LAND BASE OF GHANA

Total Land Area	23,947,820 ha
Agricultural Land Area	13,628,179 ha
Percent of Total Land That is Agricultural	57%
Area Under Cultivation (1988)	4,000,000 ha
Percent of Agricultural Land under Cultivation	29%
Area Under Inland Water	1,100,000
Other*	9,219,641
Population (1988)	13,300,000
Farm Population (1988)	7,000,000
Land Area Per Capita (1988)	1.80 ha
Agricultural Land Area Per Capita (1988)	1.02 ha
Agricultural Land Per Farm Worker	1.95 ha
Total Area Under Irrigation (1988)	7,000 ha
Population 2020	32,000,000
Land Area Per Capita (2020)	0.75 ha
Agricultural Land Per Capita (2020)	0.43 ha

The agricultural land base figures show the prominence of agriculture in Ghana. Shrinking agricultural land per farm worker, high population growth, dependence on cocoa as a cash crop, and over half the 1988 population on farms reflects the agricultural orientation of the country.

* Most "other" land refers to forestry resources that are often classified as agricultural.

Source: Policy Planning, Monitoring and Evaluation (PPME), Ministry of Agriculture, Ghana, 1988.

Exhibit 4C

PRODUCTION OF IMPORTANT CROPS

(1982 - 1988)

(Thousand Tons)

Crops	1982	1983	1984	1985	1986	1987	1988
Cereals	544	308	1066	909	867	905	995
Maize	346	172	696	584	559	553	600
Rice	36	40	65	68	70	81	95
Millet	76	40	133	112	110	271	300
Guinea corn	86	56	172	145	128		
Starchy Staples	4431	3656	11173	9378	6016	5949	6816
Cassava	2470	1728	6186	5193	2876	2943	3300
Cocoyam	628	720	1866	1569	1005	1000	1116
Yam	588	866	1178	987	1048	1001	1200
Plantain	745	342	1943	1629	1087	1005	1200
Pulses and Nuts	1351.6	1331.3	1214	1013			
Groundnuts	111.1	91.1	167	140	190	--	--
Coconuts	337	338.8	265	219	--	--	--
Oil palm	889.4	889.7	768	643	--	--	--
Beans and peas	14.1	11.7	14	11	20	--	--
Cocoa	202.5	168.1	166.7	194.4	226.4	233.6	288.8
Vegetables	178	253.7					
Tomatoes	58.5	85.9	--	--	--	--	--
Pepper	107.9	129.3	--	--	--	--	--
Okra	6.9	5.5	--	--	--	--	--
Garden Eggs	4.7	33	--	--	--	--	--

Source: Policy Planning, Monitoring and Evaluation: Ministry of Agriculture

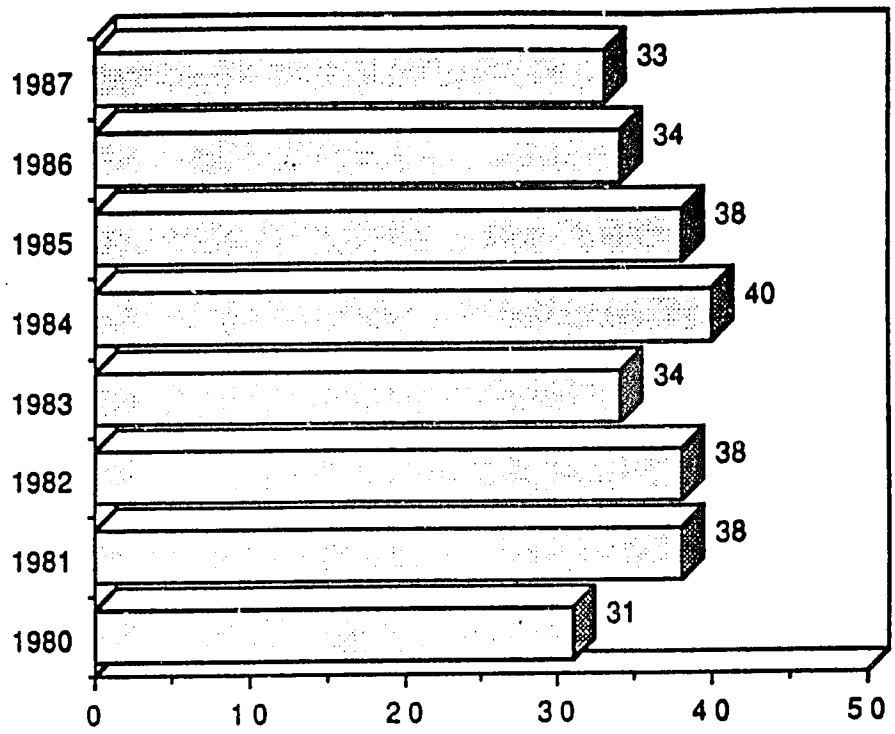
Exhibit 4D

REGION	TOTAL	MALE	FEMALE	0-29 YRS	30-49 YRS	50-64 YRS	OVER 64 YRS	WITH <3 ACRES	WITH 3-5 ACRES	WITH 5+ ACRES	KEEPING LIVESTOC ALSO	KEEPING POULTRY ALSO
	NUMBER OF LAND HOLDERS BY AGE, SEX, TYPE OF ENTERPRISE AND SIZE OF HOLDING - 1986											
WESTERN	150511	102306	48204	33856	76707	28579	11368	78199	41899	24352	32381	46791
CENTRAL	146497	76345	70152	30090	65505	36525	14377	104326	25850	15553	24114	30802
GT. ACCRA	29198	19648	9550	6333	12520	7331	3014	20478	5122	1928	4618	2533
EASTERN	197810	114613	83197	43800	90073	44089	19848	152259	28582	7682	63028	69179
VOLTA	147177	83377	63800	29968	67570	34709	14930	119768	17468	4400	33131	42391
ASHANTI	264909	121464	143445	56106	126696	58098	24009	190286	57750	14492	33006	41204
BRONG ARAFO	168104	96308	71796	42586	80444	30693	14381	91661	53901	20245	40226	56541
NORTHERN	116304	114048	2256	23348	62031	22943	7982	21530	50447	44042	73138	96680
UPPER WEST	56500	54380	2120	11673	27507	10892	6428	8647	23875	22585	42171	48884
UPPER EAST	154864	109438	45426	39778	79626	27387	8063	74610	49273	30373	82390	101160
T O T A L	1431873	891927	539946	317538	688876	301256	124400	861756	360167	185652	428123	534165

Source: Ministry of Agriculture

Exhibit 5A

Total Service Share of GDP 1980-87

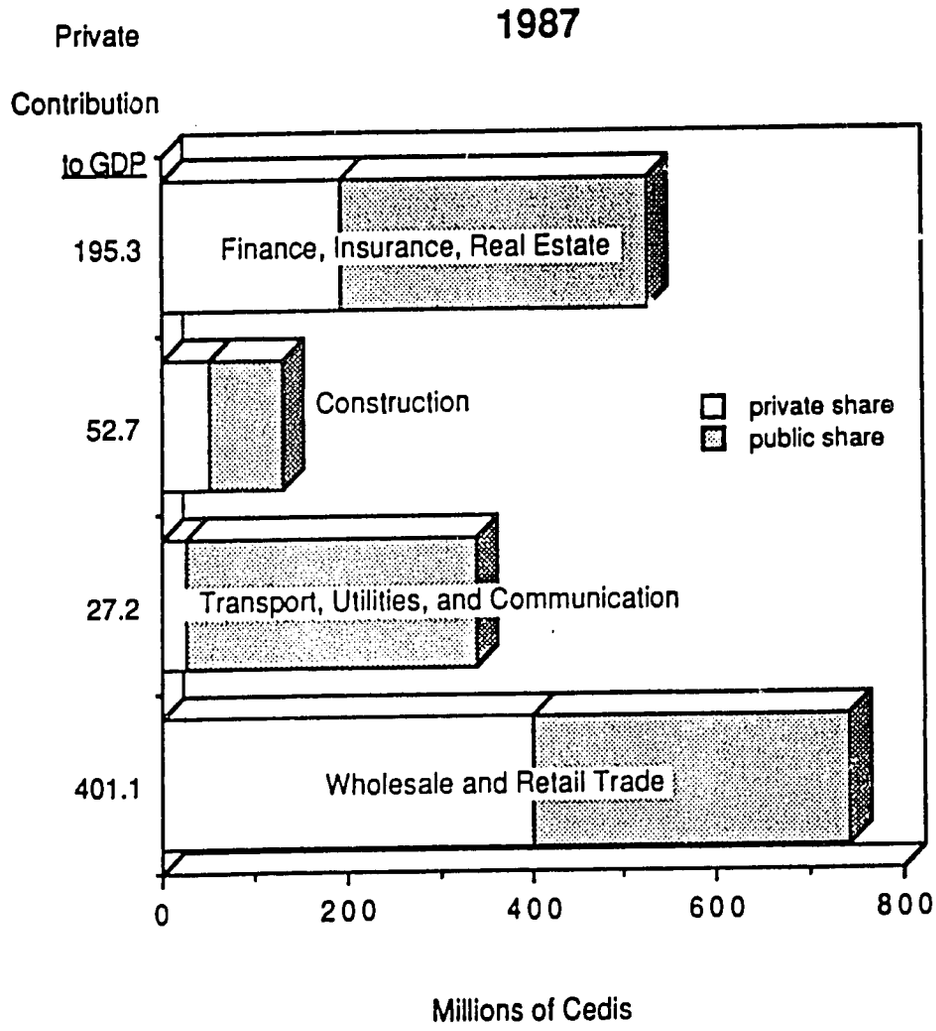


Percent of GDP

Source: World Bank, Ghana, Structural Adjustment for Growth, January 23, 1989; Statistical Service, Quarterly Digest of Statistics, June 1988.

Exhibit 5B

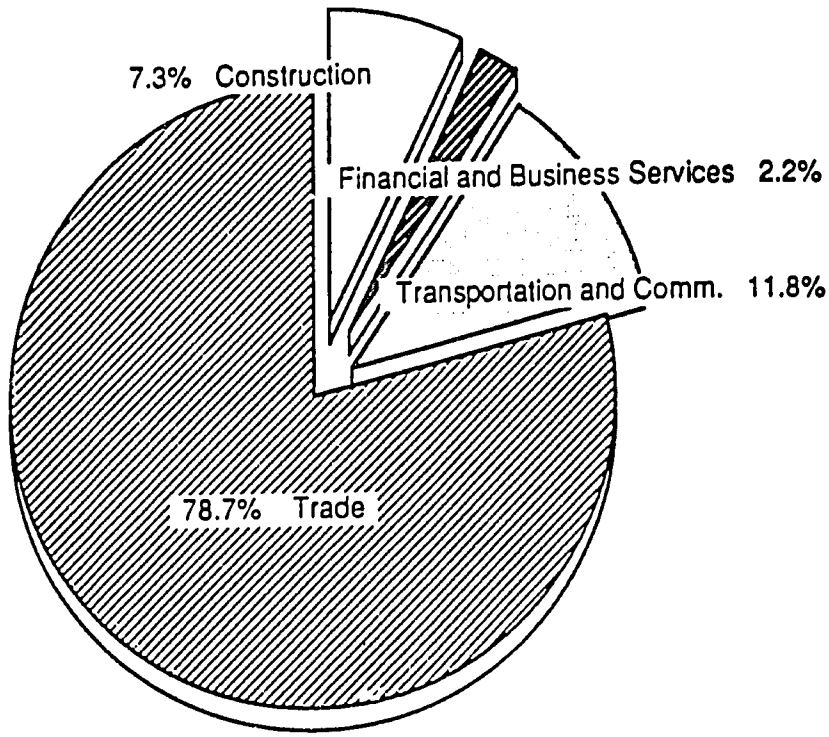
Private Sector Map: Services



Source: Statistical Service, Quarterly Digest of Statistics, September 1988, Table 76, p. 84.

Exhibit 5C

Sectoral Share of Service Employment in 1987

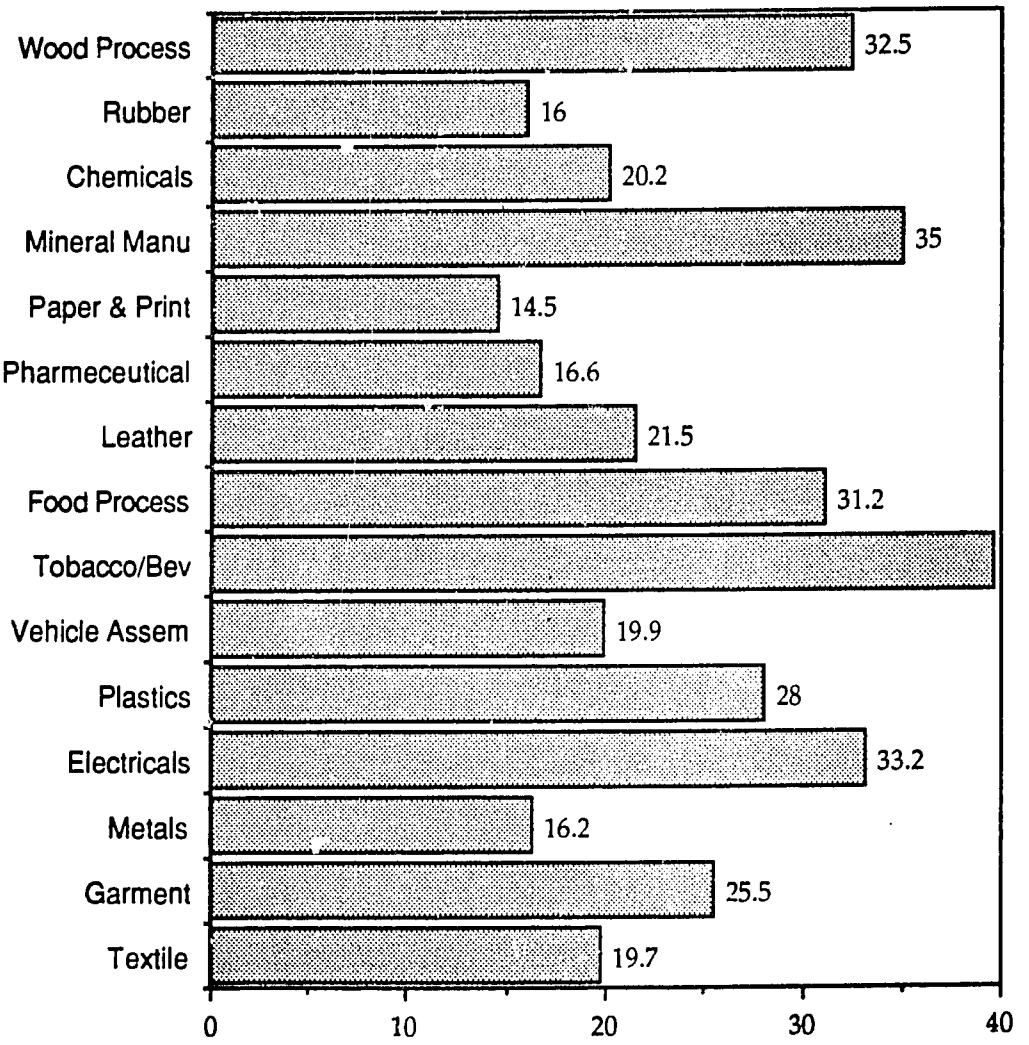


Total = 1,089,000 in 1987.

Source: Ghana Living Standards Survey 1987, as taken from Ghana: Structural Adjustment for Growth, World Bank, January 23, 1989, Table 12, p. 35.

Exhibit 6A

Capacity Utilization in Manufacturing Industries 1985



Note: Data for individual industries are obtained from Ministry of Industries.
Source: Statistical Service, Quarterly Digest of Statistics, December 1988.

Exhibit 6B

MANUFACTURING INDUSTRIES: ESTIMATED RATE OF CAPACITY UTILIZATION

(Percentage)

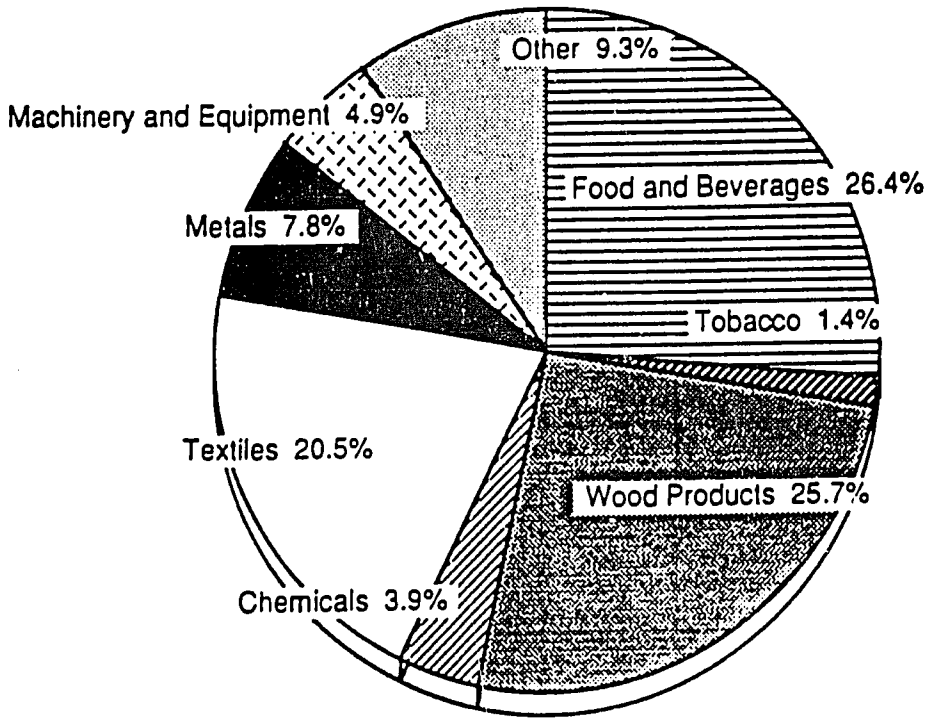
Sub-Sector	1981	1982	1983	1984	1985
Textile	20.0	10.0	16.0	17.3	19.7
Garment	24.0	20.2	25.0	20.2	25.5
Metals	24.1	42.5	55.0	20.1	16.2
Electricals	19.0	31.5	44.0	8.3	33.2
Plastics	23.4	20.0	35.0	30.4	28.0
Vehicle assembly	--	15.0	20.0	7.5	19.9
Tobacco & Beverages	38.8	--	65.0	19.5	39.6
Food Processing	24.6	--	25.0	22.9	31.2
Leather	26.0	18.0	26.0	11.9	21.5
Pharmaceuticals	17.0	20.0	35.0	--	16.6
Cosmetics	15.0	15.0	20.0	--	--
Paper & Printing	31.0	25.0	30.0	17.3	14.5
Non-Met. Mineral Manuf.	24.0	15.0	22.0	12.0	35.0
Chemicals	16.8	15.0	20.0	22.3	20.2
Rubber	20.2	27.0	22.0	15.0	16.0
Wood Processing	37.6	20.0	20.0	28.1	32.5
Miscellaneous	37.3	--	--	--	--
All Manuf. Industries	24.9	21.0	30.0	18.0	25.0

Note: Data for individual industries are obtained from Ministry of Industry's Science and Technology. The estimate for all Manufacturing industries is weighted arithmetic average, using weights proportion to value of gross output in 1973.

Source: Statistical Service, Quarterly Digest of Statistics, December 1988.

Exhibit 6C

Formal Manufacturing Employment by Subsector 1987



Formal Manufacturing Employment 1987 = 142,000

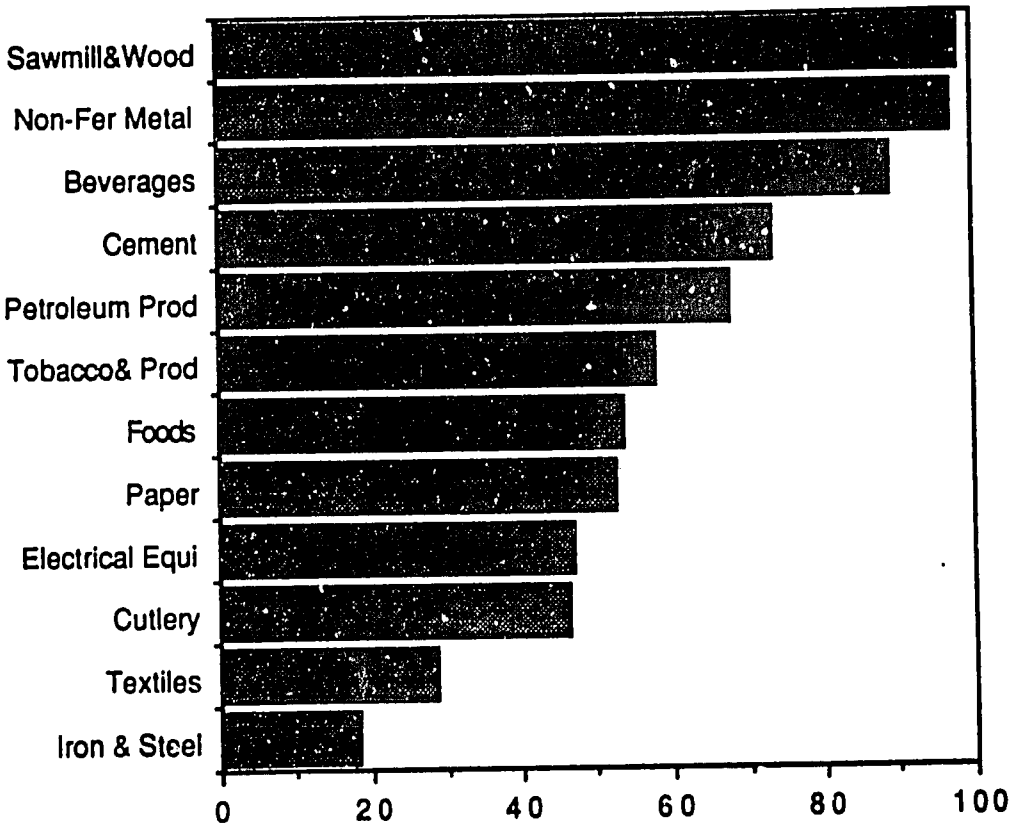
Source: Industrial Census Bulletin, Ghana Statistical Service, No.4, October 1988, Table 2.

Exhibit 6D

Manufacturing Production Indices

1988

(1977 = 100)



Source: Statistical Service, Quarterly Digest of Statistics, December 1988.

Exhibit 6E

MANUFACTURING PRODUCTION: ANNUAL INDEX

(1977 = 100)

Industry	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Food manufacturing	84.8	75.5	70.0	58.8	38.2	46.3	29.3	41.8	40.6	50.5	53.6
Beverage industries	77.0	75.0	70.2	78.2	50.7	42.5	60.0	59.3	75.1	85.2	89.0
Tobacco & tobacco prods.	66.1	52.6	67.0	50.9	38.1	33.7	63.4	61.3	57.6	54.9	58.0
Textile, wearing, Leather	81.5	69.2	41.4	32.1	15.7	10.6	15.9	19.2	22.9	26.1	28.7
Sawmill and wood prods.	92.1	70.2	52.0	52.4	35.0	45.6	60.3	75.4	79.5	79.3	98.3
Paper prods. and printing	103.5	70.8	80.8	47.4	26.9	76.4	72.0	65.1	70.5	59.7	52.8
Petroleum refinery	96.0	83.1	87.9	90.2	88.0	53.1	63.0	80.6	76.6	62.7	67.7
Chemical prod. (no petroleum)	40.5	36.0	34.7	34.7	17.1	18.6	40.1	31.8	38.0	51.9	67.5
Cement & non-metal. minerals	87.2	44.0	52.1	71.4	46.5	50.3	42.4	63.6	47.4	49.7	73.4
Iron & Steel Products	39.3	51.6	73.9	69.8	30.9	12.8	26.3	46.2	38.8	42.9	18.3
Non-ferrous metal basic industry	90.3	67.2	111.8	104.5	113.8	25.6		28.4	72.5	90.3	97.3
Cutlery & other non-ferrous	67.0	45.1	33.1	20.1	4.4	9.1	10.1	34.6	55.2	51.9	46.2
Electr. equipt & appliances	73.2	33.5	26.1	14.8	14.8	4.0	19.1	28.4	51.0	31.5	47.1
Transp. equipt & other products n.e.c.	76.8	67.7	78.5	30.4	32.8	8.6	6.5				
All manufacturing	81.0	67.8	69.0	63.6	50.4	35.3	39.3	49.3	54.2	56.8	62.1

Source: Statistical Service, Quarterly Digest of Statistics, December 1988.
Statistical Service, "Industrial Statistics", December 1983 and July 1986.

Exhibit 6F

VALUE ADDED IN MANUFACTURING SECTOR

(1977 Constant Prices)

	1970	1980	1984
Total Value Added (Million cedis)	977.4	609.1	328
Consumer Industries	57%	61%	80%
Food	11%	7%	10%
Beverages	11%	14%	22%
Tobacco	10%	25%	30%
Textiles & Garments	11%	8%	7%
Wood Products	9%	6%	8%
Leather Goods & Footwear	1%	1%	0%
Paper Products & Printing	5%	2%	2%
Intermediate & Heavy Industries	43%	39%	20%
Chemical	4%	4%	6%
Tires, Tubes & Rubber	3%	2%	2%
Petroleum Refining	17%	18%	5%
Non-Metallic Min. Prod.	2%	2%	3%
Basic Metals	14%	12%	2%
Electrical Appliances	1%	0%	0%
Transport Equipment	3%	1%	0%
Other	0%	0%	0%

Source: Statistical Service, "Industrial Statistics", March 1984 and July 1986.

Exhibit 7A

MERCHANDISE EXPORTS, 1983-1991

(US$ Million)

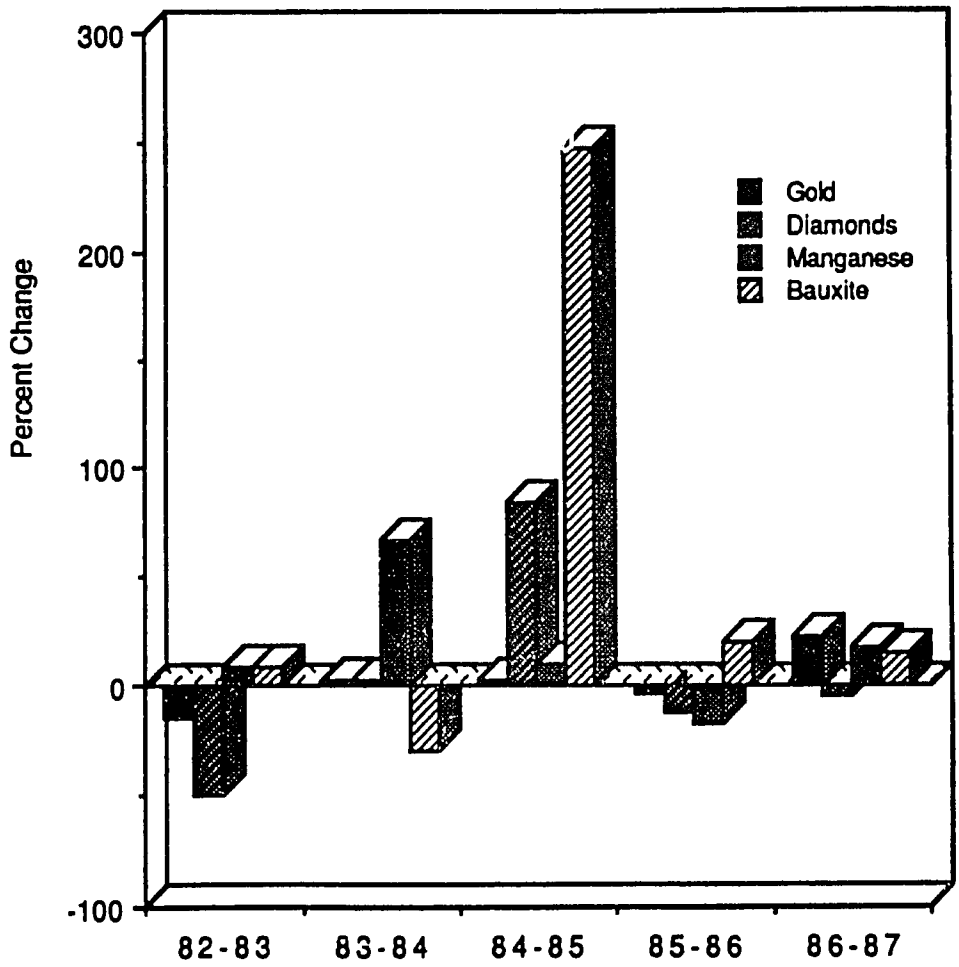
ITEM	Actual 1983	1984	1985	1986	1987	Est. 1988	Projected 1989	1990	1991
COCOA [beans]									
Volume (MT)	159,280	149,574	171,747	195,012	205,229	183,802	206,279	215,474	233,299
Unit Value ($/MT)	1,583	2,351	2,189	2,434	2,100	2,227	1,600	1,700	1,700
Total Value ($ million)	252	352	376	470	436	385	337	373	403
COCOA [Products]									
Volume (MT)	15,000	15,265	15,966	15,858	13,653	20,207	26,775	26,682	26,312
Unit Value ($/MT)	1,573	2,461	2,261	2,144	2,124	2,227	1,270	1,349	1,349
Total Value ($ million)	24	29	36	34	29	45	34	36	36
COCOA [Total]									
Volume (MT)	174,280	164,839	187,714	210,870	218,882	204,009	233,054	242,156	259,611
Unit Value ($/MT)	1,582	2,315	2,195	2,387	2,263	2,108	1,589	1,689	1,689
Total Value ($ million)	276	382	412	503	495	430	370	409	438
GOLD									
Volume ('000 fine oz.)	278	286	285	292	324	380	456	524	602
ACG		250	255	252	279	297	340	390	450
SGMC		36	30	40	45	63	94	110	125
Other						19	21	24	27
Unit Value ($/fine oz.)	367	361	318	364	440	441	431	381	389
Total Value ($ million)	102	103	91	106	142	167	196	200	234
DIAMONDS									
Volume ('000 carats)	439	425	640	565	397	329	329	329	329
Unit Value (US cents/carat	640	660	860	800	1000	1200	1200	1300	1300
Total Value ($ million)	3	3	5	5	4	4	4	4	4
MANGANESE									
Volume ('000 MT)	127	248	263	246	235	284	326	326	326
Unit Value ($/MT)	39	34	34	33	32	28	30	31	32
Total Value ($ million)	5	8	9	8	8	8	10	10	10
BAUXITE									
Volume ('000 MT)		45	124	226	226	275	316	364	364
Unit Value ($/MT)		21	22	22	23	22	22	25	25
Total Value ($ million)		1	3	5	5	6	7	9	9
TIMBER									
Volume ('000 cu. meters)	103	148	247	291	497	538	581	598	616
Unit Value ($/cu. meter)	142	143	113	151	182	199	212	217	228
Total Value ($ million)	15	21	28	44	90	105	123	129	139
RESIDUAL OIL									
Volume (MT)	112	124	199	202	169	169	169	169	169
Unit Value ($/MT)	180	182	168	87	113	89	99	106	112
Total Value ($ million)	20	23	33	18	19	15	17	18	19
ELECTRICITY									
Volume (mn kwh)		624	1,700	2,500	2,847	2,898	2,898	2,898	2,898
Unit Value ($/mn kwh)		33,300	20,200	18,360	17,000	26,000	27,000	27,000	28,000
Total Value ($ million)	12.0	20.8	34.3	46.0	49.0	75.0	77.0	80.0	82.0
OTHER GOODS									
Total Value ($ million)	8	5	18	14	14	16	34	61	110
GRAND TOTAL	441	567	633	748	827	828	838	919	1,047

Note: Details may not add to total due to rounding.
Source: Bank of Ghana for 1983-87; World Bank Staff estimates for 1988-1991.

Exhibit 7B

Change in Mining Output

1982-1987



Note: January to October 1987 figures annualized.

Source: Ghana Statistical Service, Quarterly Digest of Statistics,

Vol. VI, No. 2, June 1988, pp.6-8.

Exhibit 7C

MINING OUTPUT

	1982	1983	1984	1985	1986	1987[1]	Compound Annual Growth Rate
Gold ('000 fine oz)	330	281	289	299	287	354	1.4%
Diamonds ('000 carats)	684	339	346	636	559	530	-5.0%
Manganese Ore ('000 tons)	159	173	287	316	259	304	13.8%
Bauxite ('000 tons)	64	70	49	170	204	234	29.6%

Gold and Diamond output, two strong foreign exchange earners fell substantially between 1982 and 1986. Gold fell by 13%, diamond output by 18.3%. Manganese and bauxite increased in production by 62.9% and 218.9% respectively. This shift in output is reflected in Ghana's balance of payments during the same period.

Source: Quarterly Digest of Statistics, Ghana.

1 ' Jan.-Oct. figures annualized.'

MINERAL PRODUCTION

		1975	1980	1981	1982	1983	1984	1985	1986	1987
Production:										
Gold	(Kg)	16494.0	10981.0	10595.3	10280.3	8601.1	8923.2	9311.2	8950.0	10228.0
Diamond	(000 carats)	2336.2	1149.2	836.2	684.2	339.3	345.8	636.0	559.2	442.0
Bauxite	(000 tons)	325.2	225.1	181.3	63.5	70.4	48.5	169.5	204.0	195.0
Manganese	(000 tons)	415.3	249.9	223.1	159.9	173.1	286.7	315.6	259.3	253.6
Index of Production (1977=100):										
Gold		110.3	73.4	70.8	68.7	57.5	59.7	62.3	59.8	68.4
Diamond		120.0	59.0	43.0	35.2	17.4	17.8	32.7	28.7	22.7
Bauxite		116.5	80.9	65.2	22.8	25.2	17.4	60.9	73.3	70.1
Manganese		142.0	85.7	76.5	54.8	59.3	98.3	108.2	88.9	87.0
Overall Index		122.2	73.8	68.2	59.9	50.2	57.9	65.3	60.3	64.6
Export Volume:										
Gold	(000 troy ounce)	-	346.2	344.5	300.4	278.0	286.0	285.0	292.0	323.5
Diamond	(000 carats)	-	897.0	944.0	688.0	605.0	425.0	640.0	565.0	397.0
Bauxite	(000 tons)	-	223.0	151.0	36.0	82.0	45.0	124.0	226.0	226.4
Manganese	(000 tons)	-	162.8	142.0	97.0	127.0	248.0	263.4	246.0	235.1
Export Unit Values:										
Gold	(US$/troy ounce)	-	546.0	459.0	373.0	367.0	361.0	318.0	364.0	440.5
Diamond	(US$/carat)	-	11.0	9.0	7.0	6.4	6.6	8.6	8.0	10.0
Bauxite	(US$/MT)	-	14.0	17.0	19.0	20.5	21.0	21.5	21.8	22.6
Manganese	(US$/MT)	-	53.0	56.0	39.0	24.4	34.0	34.0	33.0	33.0

Source: 1980-87: Quarterly Digest of Statistics, June 1988, pp. 6-9.
Economic Survey 1975-76, p. 81.
Export Volumes, 84-87: Bank of Ghana.

Note: 1984-87 figures are provisional.
Export Unit Values are converted using average annual exchange rate.

Exhibit 7D

Exhibit 7E

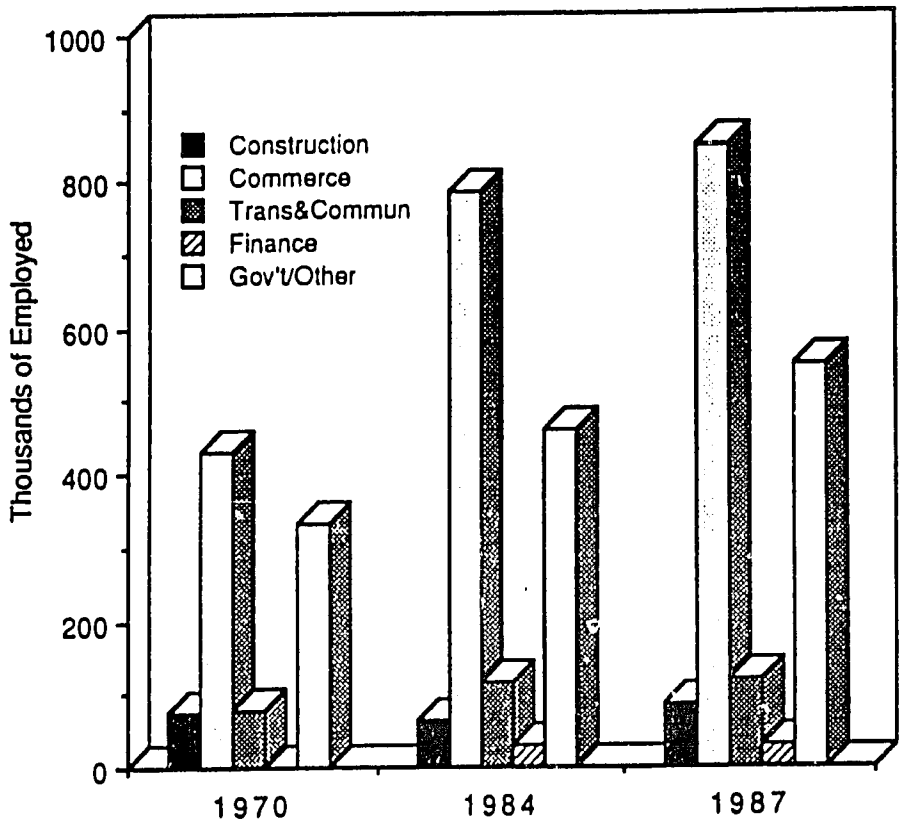
Gold Production

	1975	1980	1981	1982	1983	1984	1985	1986	1987
Total in Kg	16,295.1	10,981.0	10,595.3	10,280.3	8,601.1	8,923.2	9,311.2	8,950.0	10,228.0
Quartz Reefs:									
Tons Crushed	1,445.0	981.0	959.9	896.6	765.3	886.9	1,086.7	1,024.0	1,150.9
Kilograms Won	14,124.1	9,561.5	9,378.7	9,194.2	8,000.6	8,382.0	8,804.0	8,294.4	9,362.0
DWT per Metric Ton	6.3	6.3	6.3	6.6	6.7	6.1	5.2	5.2	5.2
Banket Reefs:									
Metric Tons Crushed	299.6	212.8	175.2	151.5	89.0	103.0	98.6	81.2	120.3
Kilograms Won	1,788.5	1,213.0	1,011.7	969.9	502.4	449.1	417.2	481.9	568.0
DWT per Metric Ton	3.8	3.7	3.7	4.1	3.6	2.8	2.7	3.8	3.0
Alluvial:									
Cubic Meters Treated	2,566.0	1,519.0	1,762.0	1,486.1	770.1	918.3	893.2	1,565.9	2,143.6
Kilograms Won	373.2	206.5	204.9	116.2	98.2	92.1	90.0	173.7	298.0
DWT per Cubic Meter	0.072	0.087	0.075	0.050	0.089	0.064	0.065	0.071	0.089

Source: Quarterly Digest of Statistics, June 1984, June 1988, p. 6.

Exhibit 8

Total Employment in the Service Sectors



Note: No figure is available for Finance in 1970.

Source: World Bank, Ghana: Structural Adjustment for Growth, January 23, 1989, Table 12, p. 35.

Exhibit 9-1

GOVERNMENT INVESTMENT IN SOEs

Name of Company	Gov't Shareh	Other Shareholders	%	Total
Overseas Knitwear	60	S. Crayen	40	100
Two Worlds Mfg. Co. Ltd	60	Felicia Marlca	20	
		S. K. Asubonteng	10	
		F. F. Akpetey	10	100
Lever Brothers Gh. Ltd.	55	Unilever	45	100
Juapong Textiles Ltd	55	Freedom Textiles	22.5	
		Inne Co. Hocking	22.5	100
Willowbrook (Gh.) Ltd.	55	Willowbrook International	45	100
Neoplan (Gh.) Ltd.	55	Awarter GmBh	45	100
Ghana Bauxite company Ltd.	55	British Alcan (B.A.)	45	100
Ashanti Goldfields Corp.	55	LonRho	45	100
Accra Brewery Ltd.	40	Overs Brewery (Switzerland)	45	
		Employees/Ghanaian Public	15	100
Pioneer Tobacco Company Ltd.	40	BATCO	45	
		Ghanaian Public	15	100
Ghana Textile Printing	55	IU .A. C.	30.66	
		Coatal International	7.47	
		Gamra Holdings (VLISCO)	7.47	100
Crystal Oil Mills	49	Mrs G.S. Toft	24	
		Mr. N. Toft	10	
		MR. M.A. Anoe	17	100
Crown Rice Mill Ltd.	20	Irani Brothers Ltd	43.8	
Indirect Shareholdings				
Afanko Ltd	-	Akchar	36.2	100
Anwiankwanta Oil Mill	-	ADB	51	
		Mad. G. A. Kumi	23	
		E. D. Hensah	5	
		F. A. Antwi	21	100
		ADB	100	100
Ainyinase Oil Mill		ADB	100	100
Bogoso Oil Mill		ADB	20	
		I. R. Aboagye	80	100
Cotton Production Co. Ltd		ADB	25	
		NIB	30	
		Tema Textiles Ltd	10	
		Gh. Textiles Manuf. Co	20	
		Juapong Tex. Ltd	15	100
Gyankobaa Ginger Processing Co		ADB	100	100
Nasia Rice Ltd.		ADB	26.29	
		NIB	33.33	
		Barclays Bank	33.33	
		National Savings & Credit Bank	13.05	100
Oil Rice Ltd		ADB	50	
		NIB	50	100
[illegible]		[illegible]	[illegible]	

Exhibit 9-2

		J. M. Addo & Sons	22.7	
		Kambros Chem. Ltd.	56.7	100
Tongu Ranch Ltd.		ADB	51	
		Volta Reg. Devt Corp.	30	
		Others	19	100
Waff Trading Co.		NIB	60	
		J. K. Nyarko	20	
		K. H. Benson	15	
		A. K. B. Ampiah	5	100
Agric. Mechanisation Ltd.	10	ADB	20	
		M. A. Otu	30	
		J A. Otu	21	
		Others	19	100
SCOA Farms Ltd.		SCOA	70	
		Baba Alhaji	5	
		F. A. Gaisia	2	
		E. A. Obu	1	
		ADB	22	100
Agricare Ltd.		ADB	25	
		Pfizer Ltd.	50	
		Others	25	100
Kumasi Hatchet Co.		Appiahene Gyanfi Brothers	51	
		Others	4	
		Oberhagerer Maschunenfabrick	20	
		ADB	25	100
Agric. Development Company		ADB	20	
		Private Individual	80	100
Devt Mechanisations Co Ltd		ADB	40	
		NIB	40	
		John Holt Bartholomew	20	100
Fomade Poultry Ent. Ltd.		ADB	20	
		NIB	20	
	60			
				100
National Tobacco Rehandling Co		ADB	0.6	
		Others	99.4	100
Atebubu Mechanical Service		ADB	100	100
Subiri Plantation Ltd.		ADB	25	
		GCB	25	
		NIB	25	
		SSB	25	100
Gh. Textiles Manuf. Co. Ltd.		ADB	10	
		Freedom Tex. Investment Co.	45	
		Devt. Finance Holding Ltd.	40	
		P. K. Anim	5	100
Ghana Livestock Co. Ltd.	40			
		ADB	20	
		GCB	20	
		Barclays Bank	10	
		Standard Chartered	10	100
Bank for Housing & Const.	70			
		GCB	10	
		~~EHC~~ NIB	20	
				100
Devt. Finance & Holding		GCB	100	100

Exhibit 9-3

Consolidated Discount House		GCB	7.7	
		BHC	7.7	
		NIB	7.14	
		Others (13 other Financial Inst.	92.96	100
Accra Markets Ltd.		NIB	25	
		GCB	25	
		SIC	25	
		ACC	25	100
Country - wide Properties		GCB	100	100
Alumorks Ltd.		GCB	4.05	
		SSB	25	
		NIB	0.5	
		Others	70	100
Devt. Leasing Ltd.		GCB	100	100
Vacuo Salt Project		GCB	17	
		NIB	17	
		National Savings & Credit Bk.	17	
		Ghanaian Public	49	100
Saltpong Ceramics Ltd.	22			
		NIB	18	
		GCB	16	
		BHC	4	
		G.N.T.C.	18	
		U.T.C.	5	
		S.C.C.	10	
		Agrob of West Germany	7	100
Fascom (UR) Ltd.	41.67			
		GCB	6.25	
		NIB	2.08	
		Bank of Ghana	25	
		Upper Region Farmers	25	100
Bibiani Industrial Complex	35			
		NIB	7.5	
		State Gold Mining Corp.	29	
		Cocobod	22	
		Metal Export of Poland	7.5	100
Behbach Buffalo (Gh) Ltd.	14			
		NIB	10	
		Gh. Stationery Co. Ltd.	66	
		Behbach Buffalo of W. Germany	10	100
Nestle (Gh) Ltd. (Food Special		NIB	55	
		Nestles	45	100
Precast & Spun Concret Pdts Lt		BHC	30	
		NIB	25	
		S.C.C.	25	
		Pfeiffer of W. Germany	20	100
Prampram Brick & Tile Co. Ltd.		BHC	15	
		NIB	40	
		De Simone Ltd.	30	
		E. J. Prah	10	
		Prampram Traditional Council	5	100
Kabel Metal Ltd.		NIB	25	
		Electricity Corp. of Ghana	24	
		Kabel Metal of Germany	51	100
Pharco Production Ltd.		NIB	16.4	
		Ghanaian Public	83.6	100

Exhibit 9-4

Fulgrip Pipes & Sheets Ltd.		DHC	4.3	
		NIB	40	
		Dora Salam Grp of Cos.	51	
		Precast & Spun Concret Pdts.	4.7	100
Eveready Plastics (Gh) Ltd.		NIB	25	
		Eveready (Gh) Ltd.	75	100
Olympic Industries Ltd.		NIB	20	
		Alhaji Yusufu Mahama	80	100
Franco Wood Processing Co. Ltd		NIB	20	
		Franco Timbers Ltd.	55	
		FMO of Holland	15	
		Bekol of Holland	10	100
Ashanti Oil Mills Ltd.		NIB	32	
		Apine Oil Palm Ltd.	68	100
Appiah Menka Complex Ltd.		NIB	48	
		Apine Oil Palm Ltd.	52	100
Western Casting Ltd.		NIB	25	
		Serve - U Ltd.	75	100
Novotex Ltd.		NIB	48	
		Nkawkaw Sawmills Ltd.	48	
		Verkor S. A. of Belgium	4	100
Esquire Ltd.		NIB	25	
		Private Individuals	75	100
BP(Gh) Ltd		NIB	20	
		BP Ltd and others	80	100
Eveready(Gh) Ldt.(Union Carbid		NIB	33.33	
		Ralston Purina of USA	66.67	100
Pharco Laboratories Ltd.		NIB	14	
		Ghanaian Public	86	100
Intravenous Infusions Ltd.		NIB	20	
		S.C. Apenteng & Others	80	100
Accra City Hotels Ltd.		NIB	10	
		SSB	20	
		Sun - Seekers Ltd.	10	
		Ghana Tourist Devt Board	21	
		SSNT	5	
		SIC	5	
		Accor of France	10	
		Ghana Airways	19	100
National Tobacco Rehandling Co	10			
		NIB	41	
		Campbell Tobacco of USA	12.41	
		Ghanaian Public	35.9	100
Fascor (VR) Ltd.	80.75			
		NIB	2.38	
		SSB	4.75	
		Farmers	12.2	100
Merchant Bank	30		25	
		NIB	30	
		Grindlayds Bank	30	
		S.I.C.	15	100
Standard Chartered		NIB	0.2	
		~~Others~~	~~99.8~~	100
Twifo Oil Palm Plantation		NIB	0.325	
		Ceredec, Mobil, G.I.C.	99.675	100
Prefab Precast Products	55			

Exhibit 9-5

	BHC	5	
	SSNIT	30	
	SIC	10	100
Ready Mixed Concrete Ltd.	BHC	60	
	Precast and Concrete Products	40	100
Cape Coast Quarry Ltd.	BHC	45	
	SSB	25	
	CEREDEC	30	100
Upper Quarry Ltd.	BHC	45	
	SSB	25	
	UREDEC	30	100
Ntemere Quarry Ltd.	BHC	45	
	SSB	25	
	BARDEC	30	100
Buipe Lime Ltd.	BHC	40	
	SSB	20	
	NORDEC	15	
	Ceramica Cordeiro S.A.	25	100
Ghana Stone Quarry Ltd.	BHC	51	
	Maj. Gen. D.K. Addo Rtd.	10	
	E.A. Mensah	4	
	G. Bollater	20	
	Mr. & Mrs R.E. Knoerr	15	100
Ceramica Cordeiro (Gh) Ltd.	BHC	60	
	Ceramica Cordeiro S.A.	40	100
Redco Ltd.	BHC	60	
	Tecnicas Da Multi-Construction	40	100
Kas Products Ltd.	BHC	60	
	J.O.T. Agyeman Estates	20	
	A.K. Agyeman	15	
	E.K. Osei	15	
	K. Ofori Kurage	15	
	Dr. Donkor Forduor	15	100
Danyi Brick and Tile Ltd.	BHC	20	
	F.K. Tsaku	80	100
Adidome Brick and Tile Ltd.	BHC	30	
	H.E.K. Tornyie	25	
	J.K. Aziator	20	
	E.H.K. Amankwah	10	
	P.Y. Bansah	5	
	Togbe Agyeman and Land Owners	10	100
Noble Best Investsents Ltd.	BHC	40	
	S. Adusei Abebrese	20	
	J.B. Owusu-Ansah	20	
	P.D. Anane-Acheampong-Osisiadan	20	100
Tamale Brick and Tile Co.	BHC	25	
	NORDEC	35	
	Wallie Yahaya	20	
	M.S. Abdallah	20	100
Western Clay Products Ltd.	BHC	25	
	WEREDEC	25	
	Inchaban & Gwemoh Stool	5	
	Nana Kofi Nti II	25	
	Amos Owuo Agyeman	20	100
Ankaful Brick & Tile Co. Ltd.	BHC	35.7	
	B.R.R.I.	10.1	

Exhibit 9-6

	CEREDEC	50.7	
	E.V. Quansah	1.46	
	Prof. B.A. Dadson	1.17	
	I. Mensah Tandoh	0.87	100
Volga Brick & Tile Co. Ltd.	BHC	30	
	UREDEC	40	
	Malik Issahaku	15	
	Abdul Samadu Iddrisu	10	
	Saeed Nassurideen	5	100
Akyamkwaa Brick and tile Ltd.	BHC	79	
	Col. Kumi rtd.	14	
	J.K. Asari	7	100
Golden Beach Resorts Ltd.	BHC	15	
	CEREDEC	30	
	S.I.C.	30	
	Ghana Tourist Dev. Co. Ltd.	25	100
Plant Pool Ltd.	20 BHC	60	
	SSNIT	20	100
BHC Mechanical Repair W/shop	BHC	100	100
Agritree Brick Afienya Ltd.	BHC	15.7	
	Nertherlands Finance Co. for		
	Developing Countries (FMO)	15.6	
	Prarpram Stool	2.8	
	Maj. Gen. D.K. Addo (rtd)	56.2	
	F.H. Addo	9.5	100
Nkawkaw Quarry Ltd.	BHC	51	
	R.A. Asante	22	
	Q.K. Gyarteng	17	
	E.K. Yeboah	10	100
Fens and Plastics	CFAO	49	
	GCB	42	
	Quarshie Idum	9	100
United Lamps Ltd.	91 K.O. Sackey	10	
	Subi Fatal	9	100
L'air Liquid	L'air Liquid S.A. France	69	
	GIHOC	25	
	Shipyard and Drydock	10	
	E. Acquah-Harrison & son	5	100
Taysec Construction Ltd.	SSB	66.7	
	Taylor Woodrow Int. (TWI)	33.3	100
Taysec Properties Ltd.	Taylor Woodrow Int. (TWI)	49	
	SSB	51	

Exhibit 10

GHANA'S SOE LOSSES FOR 1986

(millions of current Cedis)

	Core SOEs	Divestiture SOEs	Other SOEs	**Total**
Income Deficits	28,302.0	2,285.6	1,141.3	**31,728.9**
Government Grants	1,470.3	53.4	89.0	**1,612.7**
Government Subventions	761.3	75.1	66.4	**902.8**
Total	**30,533.6**	**2,414.4**	**1,296.7**	**34,244.4**

$$\frac{\text{Total SOE Losses}}{\text{GDP}} = \frac{34245}{511373} = 6.7\% \text{ of GDP}$$

Note: The estimated value of all fixed assets for all of the SOEs was C136,457.5 million and the net worth of the SOEs was C94,873.3 million as of December 31, 1986. SOE losses as a percent of fixed assets and net worth are respectively 25.1 percent and 36.1 percent. In addition, these figures do not account for contingent liabilities such as end-of-service-benefits. This would wipe out the net worth of SOEs.

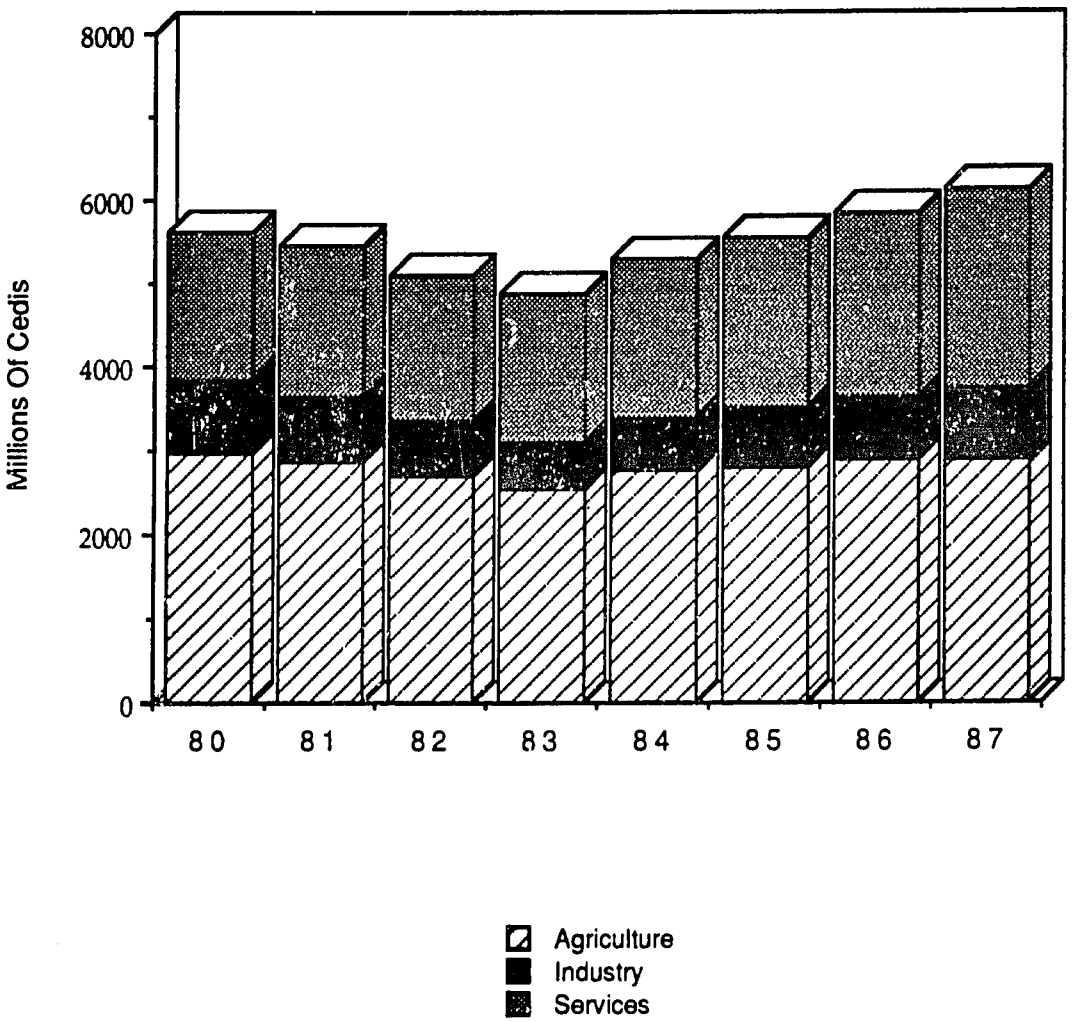
SOE losses are seldom stated as such. Losses are hidden on balance sheets as budget subventions or consist of cross debts with other SOEs, taxes in arrears, unpaid social security contributions, and unpaid contributions to the National Investment Trust. However, amounts entered as income deficits, government grants, and government subventions on financial statements can be interpreted as losses or at least provide a good estimate of the magnitude of the losses.

Source: Financial Summaries taken from Manpower Redeployment Study, Public Sector Management Group, September 1988.

Exhibit 11A

Performance Of The Economy 1980-87

Ghana's GDP In Constant 1975 Cedis



Source: World Bank, Ghana: Structural Adjustment For Growth, January 23, 1989.

GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY
IN PRODUCERS' VALUES
(Millions of Cedis in 1975 Prices)

ITEM	1975	1980	1981	1982	1983	1984	1985	1986	1987
A. AGRICULTURE	2518	2957	2881	2724	2534	2780	2798	2890	2891
Agriculture and Livestock	1567	2017	2001	1916	1763	2035	1997	2001	1994
Cocoa Production, Marketing	577	545	521	432	370	339	384	454	469
Forestry and Logging	293	304	266	287	309	313	313	317	322
Fishing	81	92	93	89	92	93	104	118	106
B. INDUSTRY	1109	895	752	624	550	599	705	758	844
Mining and Quarrying	105	71	66	61	52	59	63	61	66
Manufacturing	736	575	464	369	328	370	460	511	562
Electricity and Water	33	43	48	44	41	39	47	55	65
Construction	236	206	174	151	129	132	135	132	152
C. SERVICES	1637	1765	1824	1758	1798	1917	2061	2195	2401
Transport, Storage, Communications	206	166	177	179	192	217	235	248	275
Wholesale and Retail Trade	642	556	545	489	463	510	580	632	743
Finance, Insurance Business	276	372	389	401	415	453	465	500	528
Government and Other	513	671	713	689	728	737	782	815	856
SUB-TOTAL	5264	5617	5457	5106	4881	5296	5564	5843	6137
Less Imputed Bank Charge	77	160	166	166	177	191	206	218	239
Import Duties	96	81	53	34	44	53	63	77	78
GDP Market Prices	5283	5538	5344	4974	4747	5158	5420	5702	5976
Real GDP Growth	-12.4%	0.5%	-3.5%	-6.9%	-4.6%	8.6%	5.1%	5.2%	4.8%
Percentage distribution									
A. AGRICULTURE	48%	53%	54%	55%	53%	54%	52%	51%	48%
Agriculture and Livestock	30%	36%	37%	39%	37%	39%	37%	35%	33%
Cocoa Production, Marketing	11%	10%	10%	9%	8%	7%	7%	8%	8%
Forestry and Logging	6%	5%	5%	6%	6%	6%	6%	6%	5%
Fishing	2%	2%	2%	2%	2%	2%	2%	2%	2%
B. INDUSTRY	21%	16%	14%	13%	12%	12%	13%	13%	14%
Mining and Quarrying	2%	1%	1%	1%	1%	1%	1%	1%	1%
Manufacturing	14%	10%	9%	7%	7%	7%	8%	9%	9%
Electricity and Water	1%	1%	1%	1%	1%	1%	1%	1%	1%
Construction	4%	4%	3%	3%	3%	3%	2%	2%	3%
C. SERVICES	31%	32%	34%	35%	38%	37%	38%	38%	40%
Transport, Storage, Communications	4%	3%	3%	4%	4%	4%	4%	4%	5%
Wholesale and Retail Trade	12%	10%	10%	10%	10%	10%	11%	11%	12%
Finance, Insurance Business	5%	7%	7%	8%	9%	9%	9%	9%	9%
Government and Other	10%	12%	13%	14%	15%	14%	14%	14%	14%
Less Imputed Bank Charge	1%	3%	3%	3%	4%	4%	4%	4%	4%
Import Duties	2%	1%	1%	1%	1%	1%	1%	1%	1%

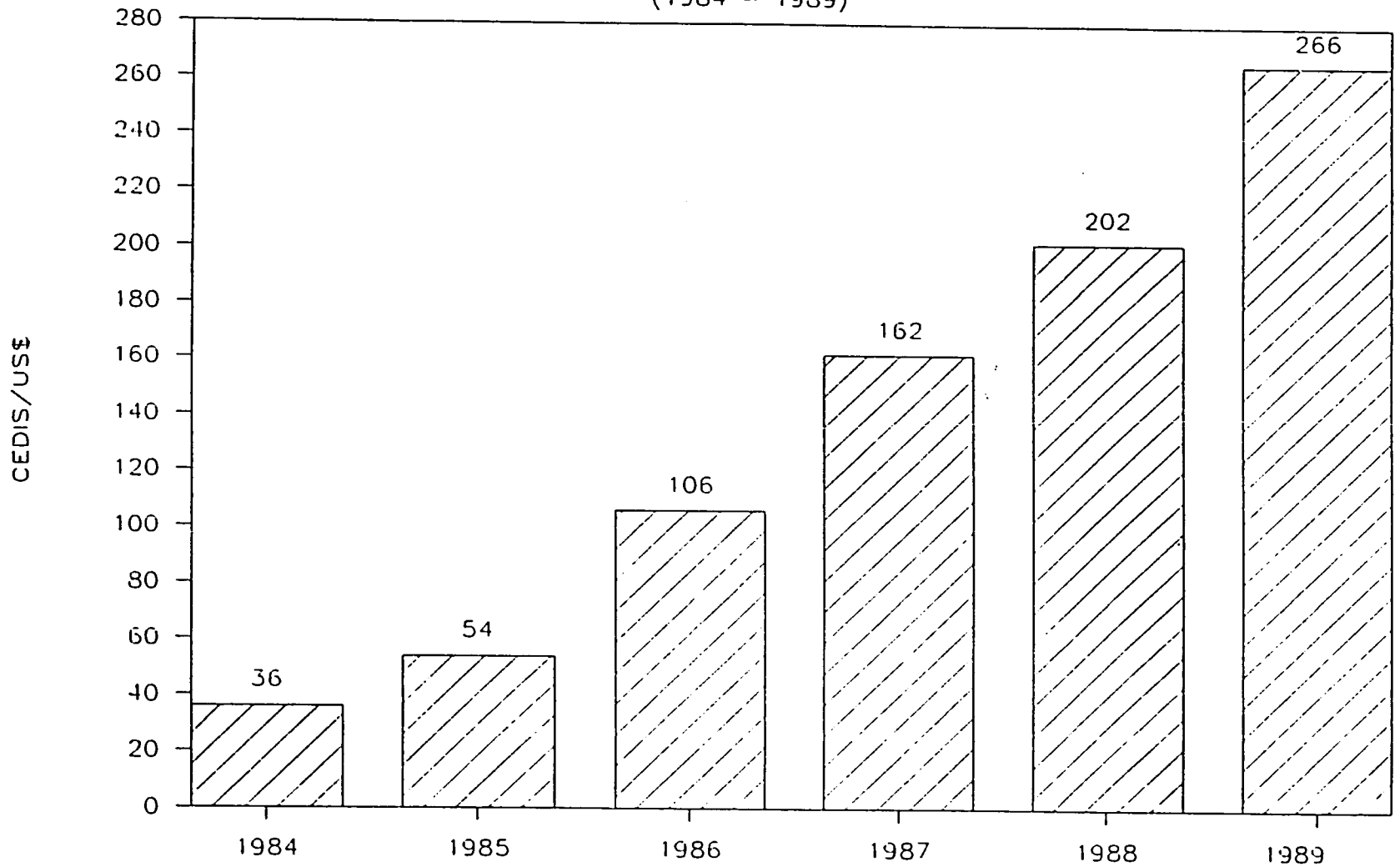
Note Figures are rounded.
Source: 1984-87: Quarterly Digest of Statistics, June 1988.
1982-83: Quarterly Digest of Statistics, December 1987.
1980-82: Statistical Service, Accra.
1975: Economic Survey, 1977-80.

Exhibit 11B

Exhibit 12A

FOREIGN EXCHANGE AUCTION RATE

(1984 - 1989)



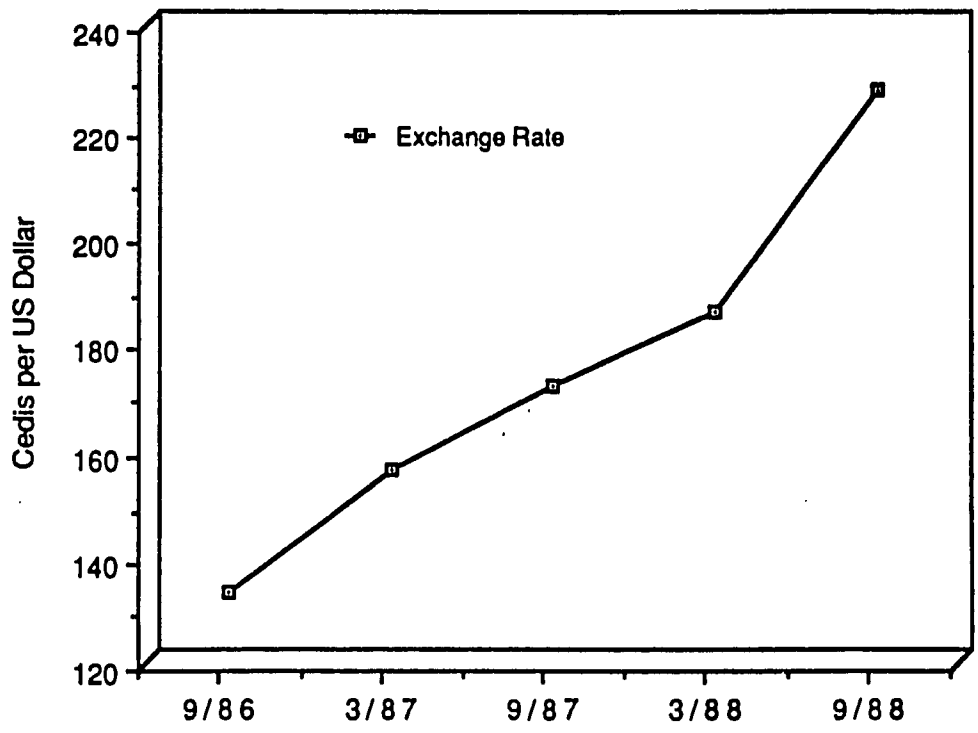
Source: Ghana Statistical Service, Quarterly Digest of Statistics, Vol. VI, No. 2, June 1988.

Exhibit 12B

Evolution of the Cedi-Dollar Exchange Rate

1986-1988

(Official Auction Rate)



Source: Bank of Ghana.

Exhibit 12C

VARIATIONS IN EXPORT PRICES OF MAJOR PRODUCTS

(Indices)

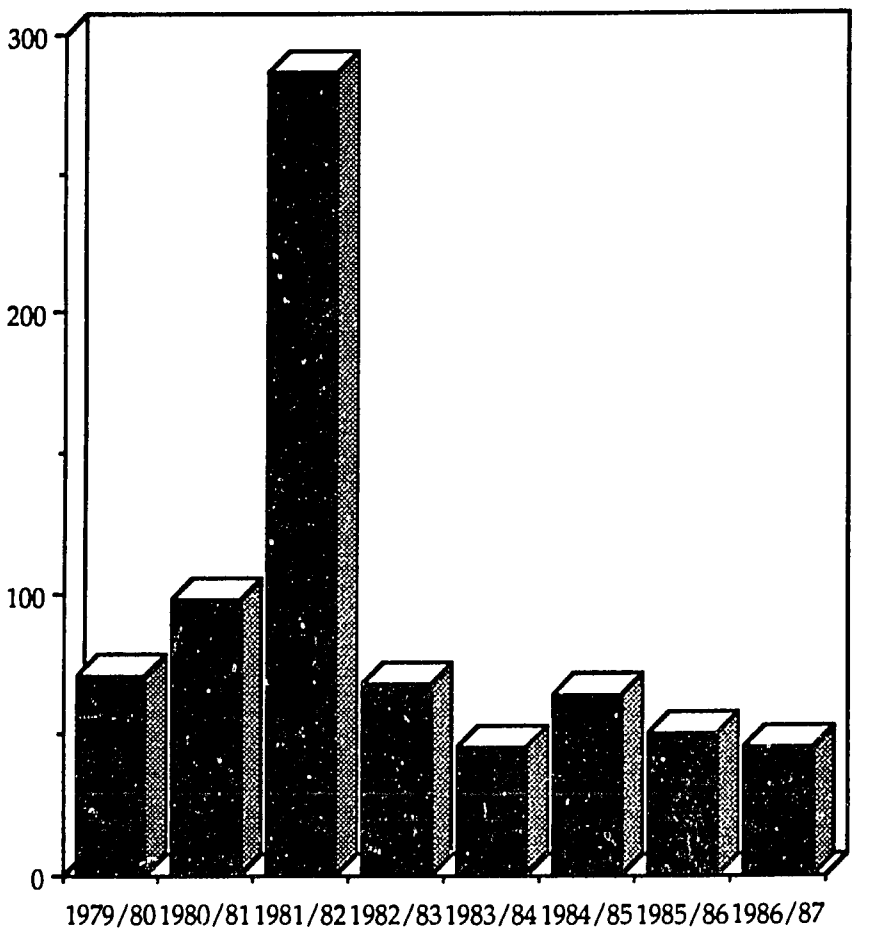
(1984 = 100)

	1985	1986	1987	1988	1989
Cocoa	94.8	103.1	97.7	91.0	68.6
Log & Timber	78.7	105.2	126.8	138.7	147.7
Gold	88.0	100.7	121.7	122.0	119.2
Diamond	136.4	121.2	151.5	181.8	181.8
Manganese	101.5	98.5	98.5	83.6	89.6
Oil Residual	92.5	47.9	62.2	49.0	54.5
Electricity	60.1	54.1	51.1	78.1	81.1
Bauxite	107.3	107.3	112.2	112.2	112.2

Source: JAA analysis of various World Bank documents.

Exhibit 12D

Cocoa Board: Producer Proceeds as a Percent of Revenue



Sources: Ghana Cocoa Board

IMF Report, July 23, 1975, p. 85

World Bank Report, February 19, 1981, p. 99

Exhibit 12E

GHANA: INCENTIVES FOR COCOA FARMERS

ITEM	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	Est. 1988/89
Cocoa Purchases by GCB ('000 mt)	178	158	175	219	228	188	230
Announced Producer Price a/ [Cedis/Metric ton]	12000	20000	30000	56000	85000	140000	165000
Real Producer Price (1970/71=100) b/	49	34	38	62	75	89	84
Nominal Producer Price as % of FOB Price at Official Exchange Rate b/ c/	38.0%	24.0%	25.0%	24.0%	23.2%	33.2%	45.5%
Nominal Producer Price as % of World Price at Parallel Market Rate	9.0%	6.0%	9.0%	13.0%	16.4%	23.9%	32.5%

Notes:

a/ Price for main crop; excludes bonus or compensation payment.

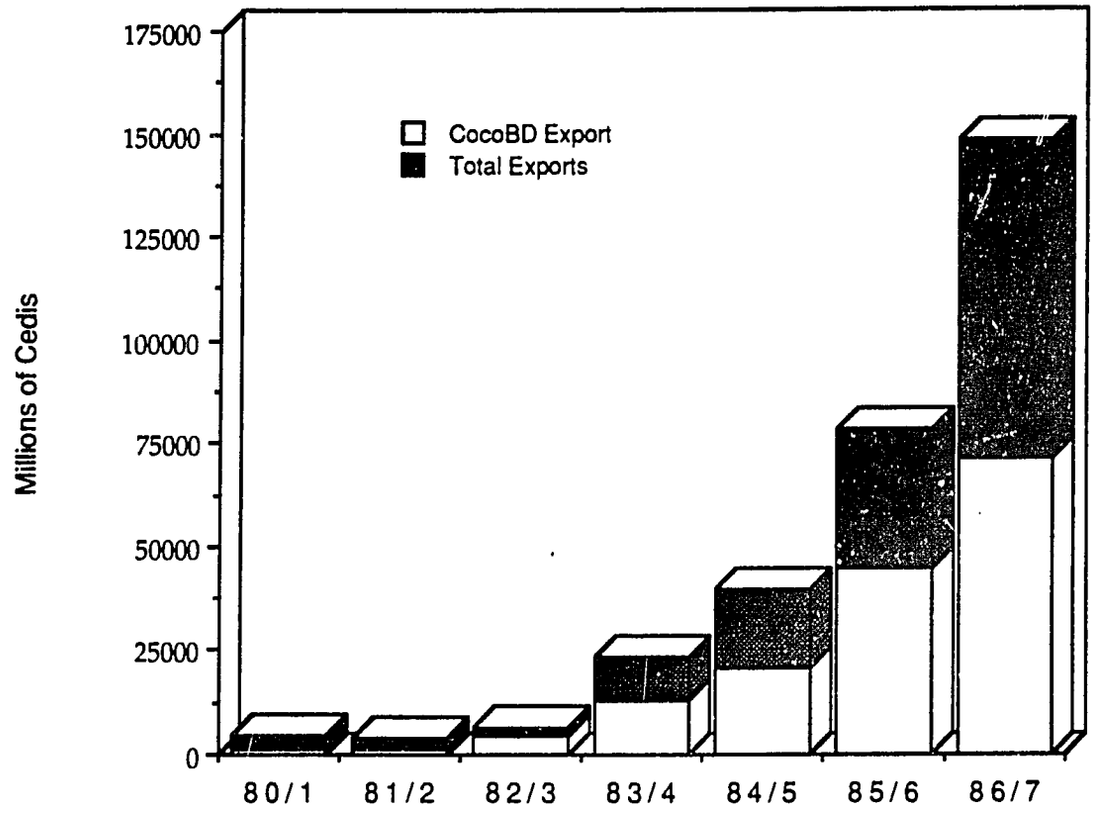
b/ Takes into account bonus payments of 500 cedis/ton, applied to purchases in 1986/87 and 10,000 cedis/ton, applied to 1987/88 purchases, the first paid in 87/88 and and the latter in 88/89. It should be noted that for 88/89, in the event that actual export prices in local currency terms are higher than anticipated, the additional receipts will be placed in a compensation account and shared between farmers and the Government in a ratio of 60/40. Payment would be made by December 1989, shortly after the start of the 1989/90 crop year.

c/ Estimated average for crop year; as of 1986/87 based on auction exchange rate.

Source: Ghana Cocoa Board and Bank staff estimates.

Exhibit 12F

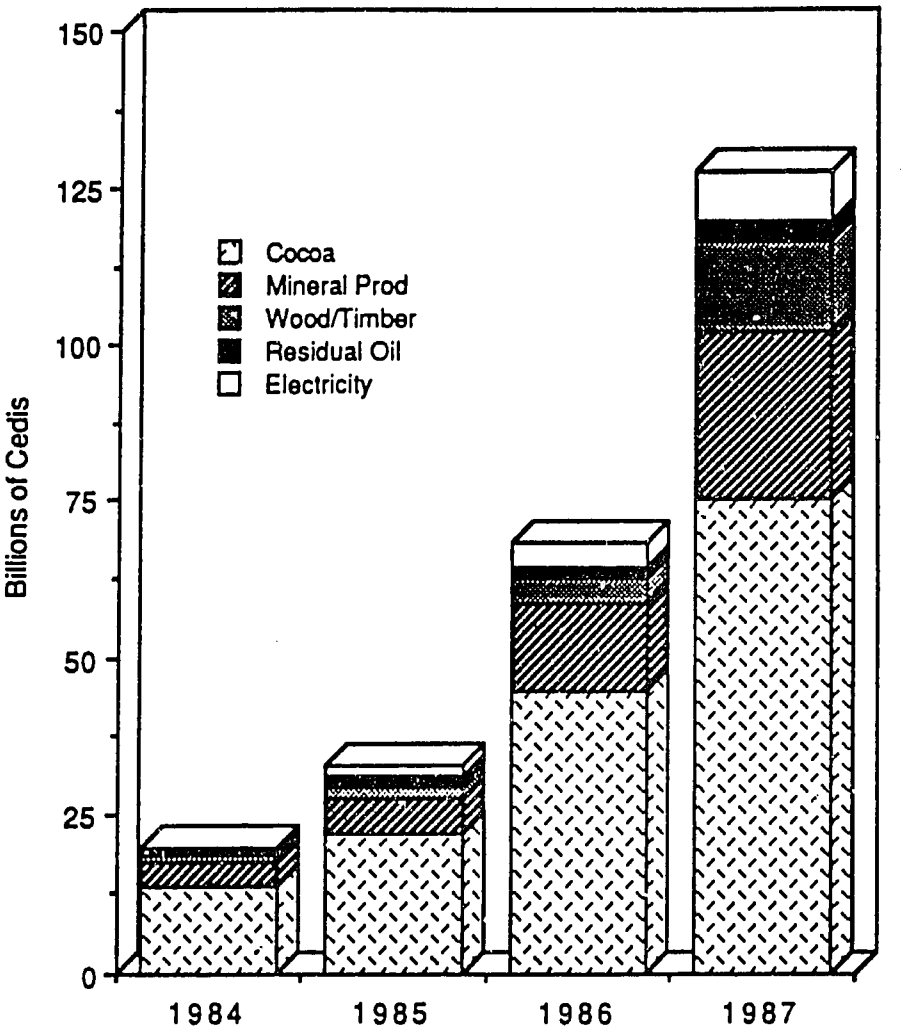
Cocoa Board Exports as a Share of Total Ghanaian Exports



Source: Ghana Cocoa Board; World Bank Report, January 23, 1989.

Exhibit 12G

Sources of Export Revenues



Source: Ghana Statistical Service, Quarterly Digest of Statistics, 1988;
World Bank, Structural Adjustment for Growth, January 23, 1989.

Exhibit 13A

FOREIGN EXCHANGE POLICY:
AUCTION RATE: MOVEMENTS OF CEDIS/DOLLAR

		Auction Market	
Year	Avg. Ex. Rate to US $	Total Demand (US$ M)	Total Supply (US$ M)
9/86	132.92	19.78	6.52
10/86	146.75	25.41	14.76
11/86	149.34	9.39	7.01
12/86	152.47	12.67	8.23
1/87	152.57	10.89	8.95
2/87	150.62	20.10	14.36
3/87	155.67	19.32	13.39
4/87	157.01	13.69	9.82
5/87	158.93	20.01	19.08
6/87	158.99	20.38	13.58
7/87	162.19	32.42	26.86
8/87	163.55	20.83	17.05
9/87	171.03	48.90	21.26
10/87	174.31	24.47	24.32
11/87	173.53	19.48	18.15
12/87	175.64	19.26	18.10
1/88	176.40	25.56	20.55
2/88	180.42	35.05	23.81
3/88	185.00	31.59	27.08
4/88	185.50	19.34	17.23
5/88	185.07	18.93	18.93
6/88	187.23	24.66	18.56
7/88	199.52	51.20	21.12
8/88	221.34	34.66	24.66
9/88	227.35	23.37	24.47
10/88	228.71	18.10	18.09
11/88	230.57	21.29	21.19
12/88	230.99	21.50	20.66

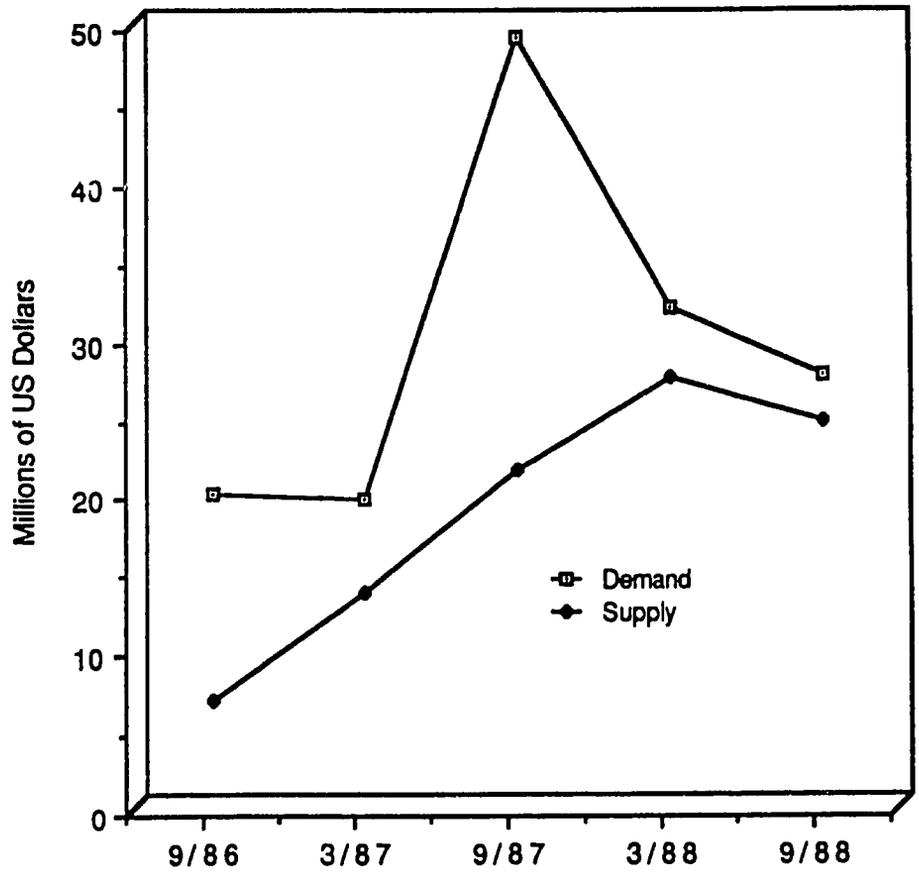
Source: Bank of Ghana.

Exhibit 13B

Foreign Exchange Policy:

Auction Market Rates

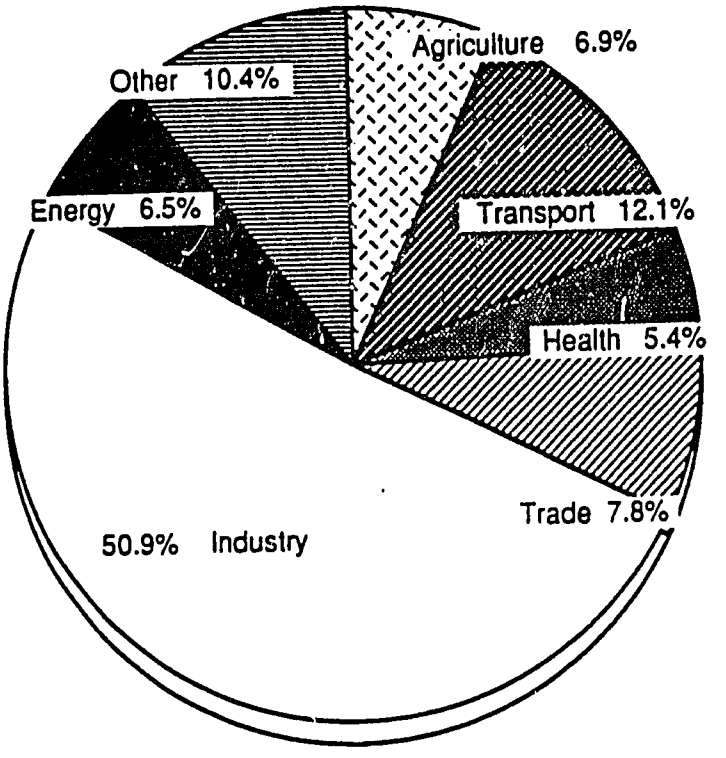
Demand and Supply for Cedis 1986-88



Source: Bank of Ghana.

Exhibit 13C

Foreign Exchange Policy: Sectoral Distribution of Auction Funds 1987



Total Auction Funds 1987 = US$ 203.1 Millions

Source: Bank of Ghana.

Exhibit 130

Ghana: Sectoral Distribution of Auction Funds, 1986-1987, 1988-Q1-Q3

US$M and % of Total

	1986 (9/19 - 12/31/86)		1987		1988 - Q1		Total		1988 - Q2 - Q3	
	Amount (US$M)	Share of Total %	Amount (US$M)	Share of Total %	Amount (US$M)	Share of Total %	Amount (US$M)	Share of Total %	Amount (US$M)	Share of Total %
Agriculture	1.7	4.5%	14.1	6.9%	8.0	10.4%	23.7	7.5%	6.5	4.9%
Transport	3.8	10.0%	24.6	12.1%	4.6	6.0%	33.0	10.4%	14.0	10.6%
Health	2.9	7.8%	11.0	5.4%	3.0	4.0%	17.0	5.4%	7.9	6.0%
Utility	0.5	1.3%	0.4	0.2%	0.0	0.0%	0.9	0.3%	0.2	0.2%
Tourism	0.2	0.6%	1.2	0.6%	0.0	0.0%	1.4	0.4%	0.0	0.0%
Commerce	0.5	1.3%	15.8	7.8%	12.3	16.1%	28.6	9.0%	23.2	17.6%
Industry	25.5	68.0%	103.2	50.8%	36.4	47.6%	165.1	52.1%	57.5	43.7%
Textiles	4.4	11.7%	16.3	8.0%	4.1	5.3%	24.7	7.8%	-	-
Brewery	2.5	6.6%	8.9	4.4%	2.9	3.8%	14.3	4.5%	-	-
Tobacco	1.9	5.0%	7.0	3.4%	2.3	3.0%	11.2	3.5%	-	-
Soap	0.5	1.2%	6.0	3.0%	3.1	4.1%	9.6	3.0%	-	-
Plastic & Rubber	2.3	6.1%	8.0	3.9%	2.4	3.1%	12.7	4.0%	-	-
Metal	2.9	7.8%	12.0	5.9%	2.6	3.4%	17.5	5.5%	-	-
Paper	1.6	4.3%	6.2	3.0%	1.4	1.8%	9.2	2.9%	-	-
Others	9.5	25.2%	38.9	19.2%	17.7	23.1%	66.1	20.8%	-	-
Energy	1.5	4.1%	13.1	6.5%	5.8	7.5%	20.4	6.4%	11.2	8.5%
Timber	0.1	0.3%	2.5	1.2%	1.1	1.4%	3.7	1.2%	2.0	1.5%
Construction	0.8	2.0%	3.3	1.6%	1.3	1.8%	5.4	1.7%	2.8	2.1%
Non-Traditional Exports	0.0	0.0%	0.9	0.5%	0.0	0.0%	0.9	0.3%	0.0	0.0%
Information	0.0	0.0%	1.9	0.9%	0.3	0.4%	2.2	0.7%	0.0	0.0%
Mining	0.0	0.0%	0.4	0.2%	0.0	0.0%	0.4	0.1%	0.1	0.1%
Financial Institutions	0.0	0.0%	7.8	3.8%	3.5	4.5%	11.3	3.5%	2.1	1.6%
Education	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
Food Imports	0.0	0.0%	2.3	1.1%	0.0	0.0%	2.3	0.7%	0.0	0.0%
Miscellaneous	0.0	0.0%	0.6	0.3%	0.2	0.2%	0.8	0.2%	4.1	3.1%
Grand Total	37.6	100.0%	203.1	100.0%	76.5	100.0%	317.2	100.0%	131.6	100.0%

Source: Bank of Ghana.

Exhibit 13E

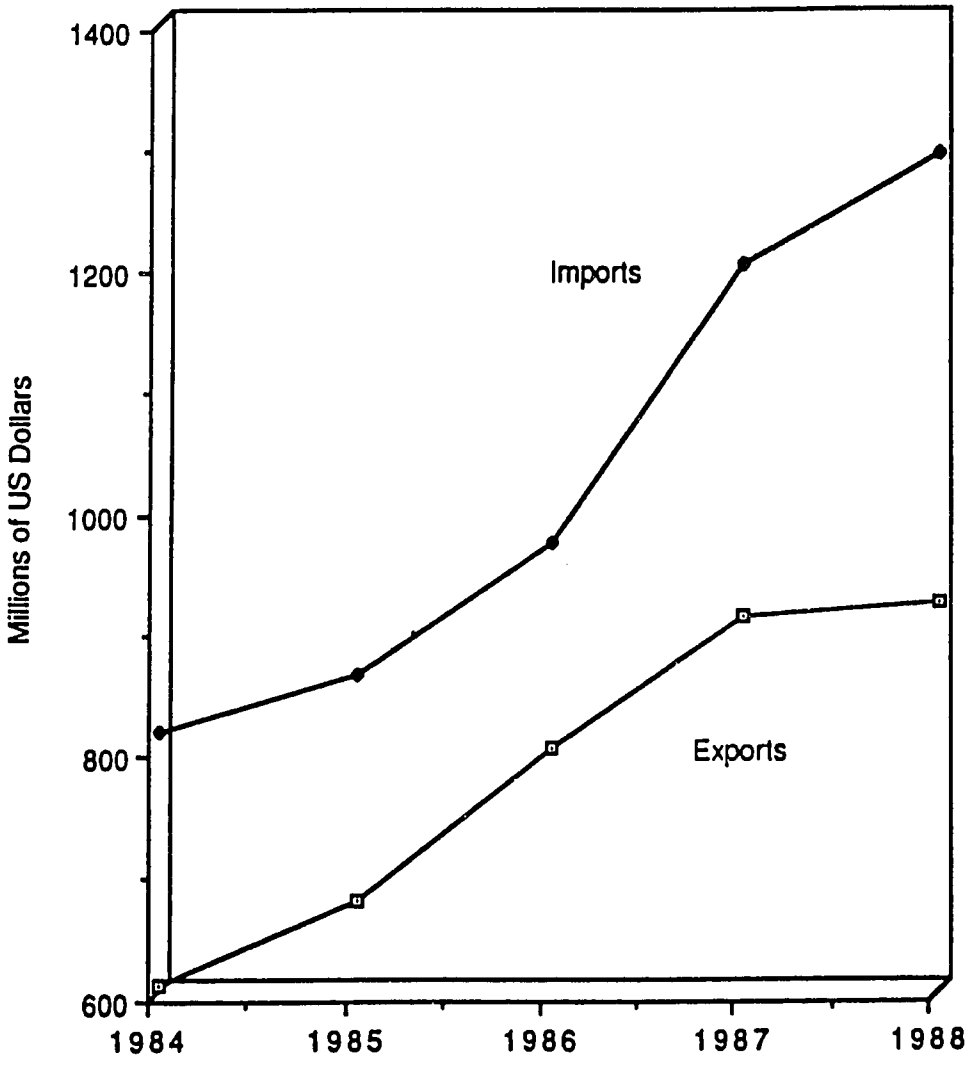
FOREIGN EXCHANGE POLICY: SECTORAL DISTRIBUTION OF AUCTION FUNDS

	(US$M) 1987	Percent
Agriculture	14.1	6.9%
Transport	24.6	12.1%
Health	11.0	5.4%
Tourism	1.2	0.6%
Commerce	15.8	7.8%
Textiles	16.3	8.0%
Brewery	8.9	4.4%
Tobacco	7.0	3.4%
Soap	6.0	3.0%
Plastic & Rub	8.0	3.9%
Metal	12.0	5.9%
Paper	6.2	3.1%
Other Ind.	38.9	19.2%
Total Industry	103.3	50.9%
Energy	13.1	6.5%
Timber	2.5	1.2%
Construction	3.3	1.6%
Food Imports	7.8	3.8%
Others	6.4	3.2%
	203.1	100%

Source: Bank of Ghana.

Exhibit 14A

Import and Export Levels 1984-88



Source: World Bank estimates.

Exhibit 14B

GHANA: BALANCE OF PAYMENTS
(Millions of US Dollars)

ITEM	1979	1980	1981	1982	1983	1984	1985	1986	1987
A. Merchandise	184	132	-310	10	-100	-114	-96	-56	-198
Exports (f.o.b.)	1066	1104	711	641	439	567	632	749	827
Imports (c.i.f.)	-882	-972	-1021	-631	-539	-681	-729	-805	-1025
B. Non-Factor Services	-95	-104	-113	-85	-65	-91	-90	-115	-94.9
Receipts	82	107	120	105	38	38	38	48	79.3
Payments	-177	-211	-233	-190	-103	-129	-128	-163	-174.2
Government (n.i.e.)	-79	-84	-85	-66	-43	-39	-31	-76	-74.4
Travel	-27	-33	-34	-26	-10	-12	-10	-11	-11.5
Other	-70	-94	-114	-98	-50	-79	-86	-77	-88.3
C. Resource Balance [A+B]	89	28	-423	-75	-165	-206	-186	-171	-293
D. Net Factor Income	-46	-80	-81	-82	-82	-81	-110	-106	-132
Receipts	2	2	1	2	0	2	2	1	2
Payments	-48	-82	-82	-84	-82	-83	-112	-107	-134
Interest payments	-48	-82	-82	-84	-82	-79	-108	-102	-122
E. Private Transfer (net)	-3	-3	-4	-1	17	73	33	73	202
F. Current Account Balance [C+D+E]	40	-55	-508	-158	-230	-214	-264	-204	-224
Financed by:									
Grants (Official Transfers)	82	83	87	84	72	103	82	118	122
Official Long Term Loans (net)	108	96	49	16	15	84	110	211	254
Disbursements	123	120	78	55	84	118	135	257	304
Amortization	-15	-24	-29	-39	-69	-34	-25	-46	-50
Official Medium-Term Loans (net	-14	-13	42	97	13	89	-70	-72	-23
Disbursements	0	0	49	103	68	170	153	133	109
Amortization	-14	-13	-7	-6	-55	-81	-223	-205	-132
Trust Fund	34	0	0	0	0	-1	-7	-11	-12
Direct Foreign Investment	-3	16	16	16	2	2	6	4	5
Private Capital (net)	-5	0	-13	-5	12	4	0	3	-3
Disbursements	0	0	4	4	42	11	5	5	1
Amortization	-5	0	-17	-9	-30	-7	-5	-3	-4
SDR Allocation	14	14	14	0	0	0	0	0	0
Capital n.e.s.	-26	12	0	13	61	-85	15	-69	33
Errors and Omissions	-105	-141	63	-36	-187	55	11	-38	-12
G. Net Capital Account	85	67	258	185	-13	251	146	147	362
H. Overall Balance [F-G]	125	12	-250	27	-243	37	-118	-57	139
I. Monetary Movements	-125	-12	250	-27	243	-37	118	57	-139
Financing									
IMF (net)	28	31	-12	-5	259	214	122	16	-25
Purchases					259	218	122	38	149
Repurchases			-12	-5	0	-4	0	-22	-174
Changes in SDR Holdings	-5	15	-6	-10	17	2	0	16	-12
Foreign Exchange	-68	27	110	-44	0	-35	11	15	-31
Payments Arrears	-75	-79	141	35	-34	-208	-57	-4	-71
Bilateral Balances	-5	-6	17	-3	1	-10	9	-9	-7
S/T Liabilities of BOG						0	33	23	0
M/T Liabilities of BOG									7

Note: Details may not add to total due to rounding.
Source: Bank of Ghana and Bank staff estimates.

Exhibit 15A

AVERAGE ANNUAL INFLATION

GDP Deflator

	1980-87
Uganda	95.2
Zaire	53.5
Sierra Leone	50.0
Ghana	**48.3**
Somalia	37.8
Sudan	31.7
Zambia	28.7
Mozambique	26.9
Tanzania	24.9
Madagascar	17.4
South Africa	13.8
Malawi	12.4
Zimbabwe	12.4
Lesotho	12.3
Kenya	10.3
Nigeria	10.1
Mauritania	9.8
Senegal	9.1
Botswana	8.4
Benin	8.2
Cameroon	8.1
Mauritius	8.1
Central African Rep.	7.9
Burundi	7.5
Togo	6.6
Chad	5.3
Rwanda	4.5
Cote d'Ivoire	4.4
Burkina Faso	4.4
Mali	4.2
Niger	4.1
Ethiopia	2.6
Gabon	2.6
Congo	1.8
Liberia	1.5

Ghana's rate of inflation was one of the highest in sub-Saharan Africa during the 1980-87 period. Ghana's inflation rate has declined since 1987, but remains comparatively high at 25-30%.

Source: World Bank, World Development Report 1989, Oxford University Press, New York, 1989; pp. 164-165.

Exhibit 15B

CONSUMER PRICE INDICES

(Annual Changes)

(Percent)

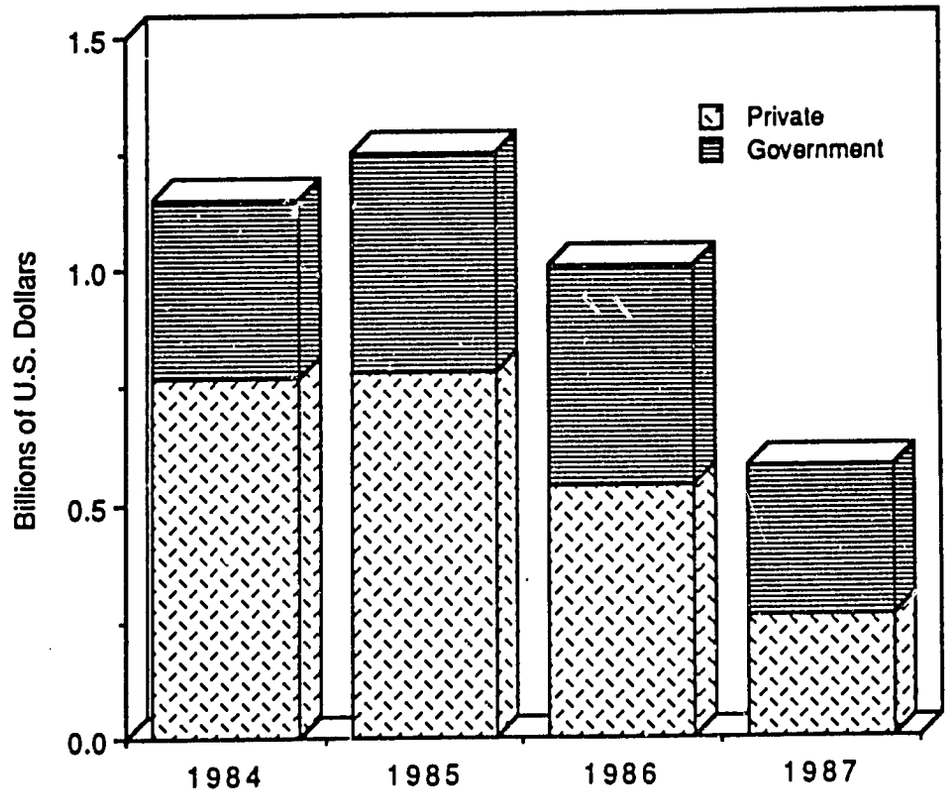
Year	CPI	CPI (Food)	CPI (Non-Food)	CPI (Urban)	CPI (Rural)
1980	50.1	52.3		41.5	61.6
1981	116.5	111.2		120.5	109.4
1982	22.3	35.8		22.1	22.5
1983	121.9	144.8		105.9	129.6
1984	40.2	32.8	78.4	47.1	38.4
1985	10.4	-11.1	28.3	12.5	8.8
1986	24.6	20.3	27.0	28.2	21.4
1987	39.8	38.5	40.5	43.4	36.6
1988	34.7	35.9	31.1	36.3	33.1

Source: IBRD, "Ghana: Structural Adjustment for Growth", January 1989.

Exhibit 15C

Bank Credit to Ghana in U.S.Dollars: 1984 to 1987

Public and Private Sectors

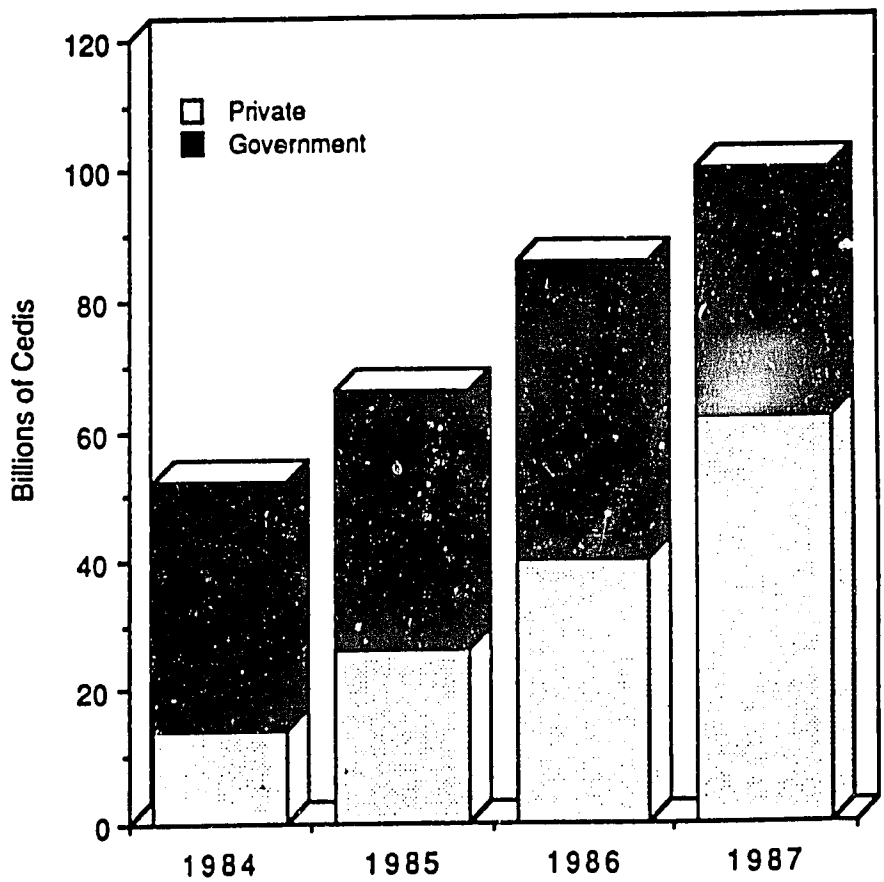


Source: Rural Finance Study, Technoserve, August 1988, Annex III-3, p. 110. Exchange rates for conversion came from the Quarterly Digest of Statistics, June 1988.

Exhibit 15D

Bank Credit to Ghana in Cedis: 1984 to 1987

Public and Private Sectors

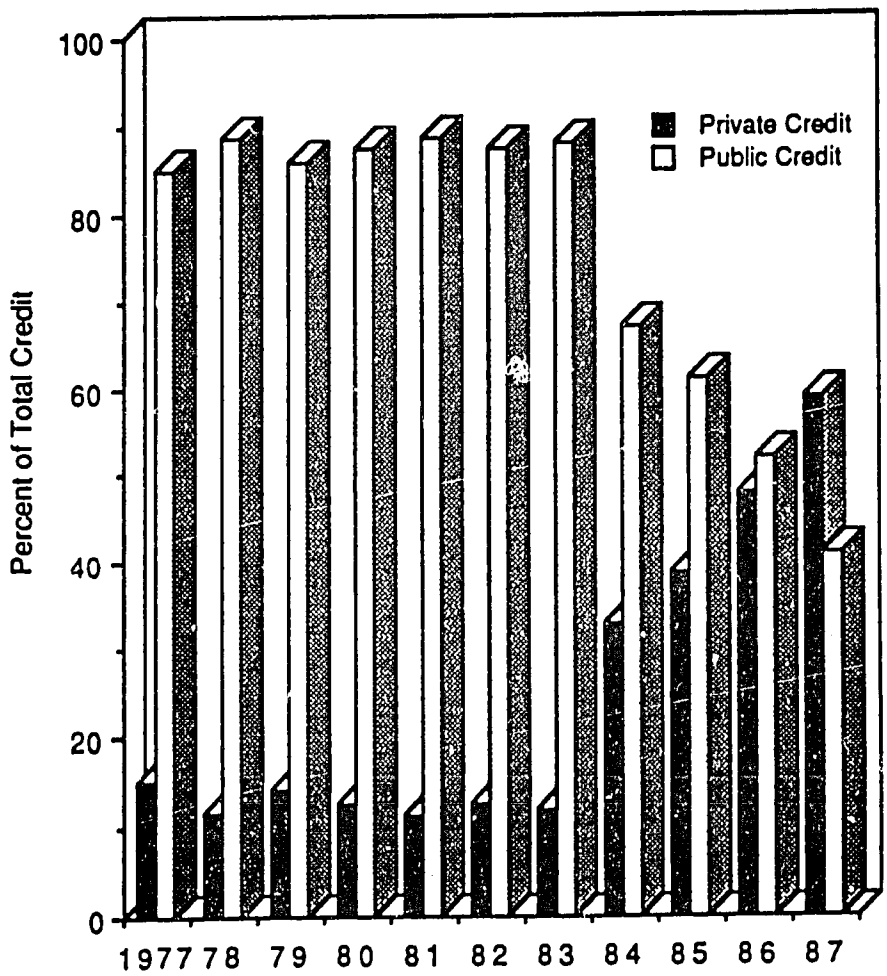


Source: Rural Finance Study, Technoserve, August 1988, Annex III-3, p. 110.

Exhibit 15E

Bank Credit to Public and Private Sectors

As a Percent of Total Credit 1977-87



Source: Rural Finance Study, Technoserve, August 1988, Annex III, p. 110.

Exhibit 15F

NOMINAL DEPOSIT INTEREST AND INFLATION RATES

	Average Annual Percentage 1986	Average Annual Inflation Rate 1980-87
Uganda	35.00	95.2
Ghana	**17.00**	**48.3**
Sierra Leone	14.17	50.0
Somalia	14.00	37.8
Malawi	12.75	12.4
Madagascar	11.50	17.4
Kenya	11.25	10.3
Zimbabwe	10.28	12.4
Lesotho	10.04	12.3
Mauritius	9.50	8.1
Nigeria	9.12	10.1
Botswana	8.67	8.4
Tanzania	8.50	24.9
Burundi	8.00	7.5
Gabon	8.00	2.6
Congo	8.00	1.8
Central African Republic	7.25	7.9
Liberia	7.25	1.5
Cameroon	7.25	8.1
Rwanda	6.25	4.5
Mali	6.08	4.2
Senegal	5.25	9.1
Burkina Faso	5.25	4.4
Benin	5.25	8.2
Togo	5.25	6.6
Ivory Coast	5.25	4.4
Niger	5.25	4.1

Source: World Development Report 1988.

Exhibit 15A

PUBLIC FINANCE: CENTRAL GOVERNMENT ACCOUNTS

Total Recurrent and Development Expenditures

(1978-1988)

Year	Revenue (Mill. Cedis)	Recurrent Expenditure as % of Rev.	Development Expenditure as % of Rev.	Total Expenditure as % of Rev.
1978	2187.8	152%	35%	18%
1979	3026.1	135%	20%	154%
1980	3279.1	193%	42%	235%
1981	4545.0	174%	20%	195%
1982	4642.5	190%	20%	211%
1983	10241.0	131%	13%	144%
1984	22641.0	100%	18%	118%
1985	40311.0	95%	4%	99%
1986	73625.0	83%	13%	96%
1987	111046.0	73%	19%	92%
1988	153791.0	72%	21%	94%

Source: Statistical Service, Quarterly Digest of Statistics, December 1988.

Exhibit 15B

CENTRAL GOVERNMENT EXPENDITURE

Government Spending As A Percent Of GNP

	1972	1987
Botswana	33.7	47.5
Gabon	40.1	45.9
Togo		41.5
Zambia	34.0	40.3
Zimbabwe		40.3
Mali		35.5
Malawi	22.1	35.1
South Africa	21.8	32.7
Nigeria	8.3	27.7*
Kenya	21.0	25.0
Liberia	16.7	24.8
Lesotho	14.5*	24.3*
Cameroon		23.4
Mauritius	16.3	23.0
Tanzania	19.7	20.9
Burkina Faso	11.1	16.3
Uganda	21.8	15.0*
Ghana	**19.5**	**14.1**
Sierra Leone	23.9	13.7
Chad	14.9	9.0
Somalia	13.5	
Sudan	19.2	
Rwanda	12.5	
Senegal	18.8	
Burundi	19.9*	
Ethiopia	13.7	
Madagascar	20.8	
Zaire	19.8	

*Figures are for years other than specified.

Government spending in Ghana is relatively low as a percentage of GNP when compared with other sub-Saharan African countries. The World Bank projects Government expenditure to increase as a share of GNP in the 1990's.

Source: World Bank, World Development Report 1989, Oxford University Press, New York, 1989; pp. 184-185.

Exhibit 16C

STRUCTURE OF MERCHANDISE IMPORTS

Percentage Share Of Merchandise Imports

1987

	Food	Fuel	Other Primary Commo-dities	Mach. and Trnspt Eqptmt	Other M'fac-tures	Merch. Imports Million Of US$
South Africa*	2	0	4	43	50	14,629
Nigeria	8	3	3	36	50	7,816
Cameroon	13	1	3	36	46	2,168
Ivory Coast	19	15	4	28	35	2,168
Kenya	9	21	4	28	35	1,755
Senegal	32	16	2	16	33	1,174
Tanzania	6	17	2	44	31	1,165
Ethiopia	4	18	3	37	38	1,150
Zaire	13	3	5	37	42	1,149
Ghana	**6**	**37**	**60**	**0**	**2**	**1,056**
Zimbabwe	10	8	3	36	37	1,055
Mauritius	19	7	5	20	48	1,010
Gabon	18	1	3	38	39	836
Zambia	7	12	1	39	41	745
Sudan	17	22	3	26	32	694
Congo	16	7	3	27	46	570
Mozambique						486+
Uganda	5	9	2	46	38	477
Mauritania	26	10	2	35	27	474
Somalia	13	3	6	47	32	452
Burkina Faso	16	3	5	34	42	450
Mali	12	16	2	44	27	447
Benin	11	34	2	16	37	418
Niger	18	6	11	31	33	417
Togo	20	6	6	28	40	417
Madagascar	9	29	2	30	30	386
Rwanda	12	15	7	30	35	352
Malawi	5	9	3	33	49	281
Liberia	19	21	3	29	29	208
Burundi	12	5	5	23	55	206
Central Africa Rep.	13	1	4	39	43	186
Sierra Leone	17	9	4	20	49	132

Ghana ranked among the leading importers of merchandise goods in sub-Saharan Africa in 1987, due largely to increasing foreign exchange earnings and access. Ghana's top imports in1987 were machinery and transport equipment (36%) and fuels (17%).

+Figures are for years other than specified.

*Figures are for the South African Customs Union comprising South Africa, Namibia, Lesotho, Botswana, and Swaziland; trade between the component areas is excluded.

Source: World Bank, World Development Report 1989, Oxford University Press, New York, 1989; pp. 190-191, 194-195.

Exhibit 16D

GHANA: SUMMARY OF CENTRAL GOVERNMENT FINANCE, 1982-1988 [Millions of Cedis]

ITEM	Actual 1982	1983	1984	1985	1986	Prov. 1987	Budget 1988
Revenues	5200	10184	21727	38692	69759	105009	131204
of which:							
Taxes on Income and Property	1506	1780	4060	7451	14121	24087	28417
Taxes on International Transactions	788	4990	8242	15824	28467	44644	49345
Taxes on Goods and Services	2146	1689	5628	9244	19621	26167	41621
Non-Tax Revenues and Other n.e.s.	760	1725	3797	6173	7550	10111	11821
Total Expenditure and Net Lending	9220	15178	27485	47892	73328	106987	138824
of which:							
Recurrent Expenditures	8029	13566	23326	38462	60835	80583	103969
Development Expenditures a/	817	1192	3368	7303	9826	18552	23237
Net Lending a/	374	420	791	2127	2667	4852	8500
Special Efficiency b/	-	-	-	-	-	3000	3118
Overall Deficit/Surplus a/	-4020	-4994	-5758	-9200	-3569	-1978	-7620
Financing:	4020	4994	5758	9200	3569	1978	7621
Foreign (net)	267	744	2730	5142	-1746	4857	13601
Foreign Grants	52	57	914	1620	3868	6037	11476
Borrowing	215	1973	5073	9562	13412	23654	37066
Repayments	-	-1286	-3257	-6040	-19026	-24834	-34941
Domestic (net)	3753	4250	3028	4058	5315	-2879	-5980
Banking System	434	2572	3106	3011	2471	-7400	-5980
Social Security	371	230	437	510	3182	2531	-
Other	2948	1448	-515	537	-338	1990	-
Memorandum Items:							
Interest Payments	2168	2204	3425	5086	11341	10587	11515
As Percent of GDP (%)							
Revenues	6.0%	5.5%	8.0%	11.3%	13.6%	14.1%	
Recurrent Expenditures	9.3%	7.4%	8.6%	11.2%	11.9%	10.8%	
Current Budget Savings	-3.3%	-1.8%	-0.6%	0.1%	1.7%	3.3%	
Development Expenditures a/	0.9%	0.6%	1.2%	2.1%	1.9%	2.5%	
Overall Deficit/Surplus a/	-4.7%	-2.7%	-2.1%	-2.7%	-0.7%	-0.3%	
Net Domestic Financing	4.3%	2.3%	1.1%	1.2%	1.0%	-0.4%	
Net Foreign Financing a/	0.3%	0.4%	1.0%	1.5%	-0.3%	0.7%	
Development Expenditures [broad coverage]c/			1.9%	3.3%	5.0%	5.2%	
Net Foreign Financing [broad coverage] c/			1.7%	2.6%	2.7%	3.4%	
Overall Deficit/Surplus [broad coverage] c/			-0.1%	-1.1%	-3.7%	-3.0%	

Note:
a/ Excludes foreign assistance tied to projects.
b/ Provision for retrenchment program, including training
c/ Includes foreign financed projects of Central Government only.

Source: Ministry of Finance and Economic Planning and Bank Staff estimates.

Exhibit 17A

CENTRAL GOVERNMENT OPERATIONS AND FINANCING: 1980-1987
(Millions of Cedis)

	1980/81	1981/82	1982	1983	1984	1985	1986	1987
Total Revenue and Grants	4397	5253	3502	10241	22641	40311	73627	111046
Revenue	4387	5201	3467	10184	21727	38691	69759	105009
Taxes on Income and Property	1039	1506	1004	1780	4125	7993	14121	24087
Taxes on Int Transactions		788	525	4990	8242	15764	28467	44644
Taxes on Goods and Services		2147	1431	1689	5562	8373	19621	26167
Nontax Revenue (Income & Fees)	250	761	507	1725	3798	6562	7551	10111
Foreign Grants	10	52	35	57	914	1620	3868	6037
Total Expenditure	5999	9220	6147	15175	27485	47891	73328	106987
Current Expenditure	4774	8029	5353	13401	22700	38461	60836	80583
Wages and Salaries				3800	5055	14524	26194	35920
Interest	730			2204	3425	5086	11344	10587
Other				7397	14220	18852	23298	34076
Capital Expenditure	1226	1191	794	1774	4785	9430	12492	26404
Development Expenditure	1170	817	544	1354	3994	7303	9826	18552
Net lending	56	374	249	420	791	2127	2666	4852
Special Efficiency	0	0	0	0	0	0	0	3000
Surplus or Deficit (-)	-1602	-3967	-2645	-4934	-4844	-7580	299	4059
Financing	1602	3967	2645	4934	4844	7580	-299	-4059
Foreign (Net)	430	215	143	970	1816	3522	-5614	-1180
Borrowing	0	0	0	0	5073	9562	13412	23654
Non-Oil					5073	9562	5193	
Oil							8219	
Repayment	0	0	0	0	-3257	-6040	-19026	-24834
Non-Oil					-3257	-6040	-8988	-14817
Oil							-10038	-10017
Domestic (Net)	1172	3752	2501	3964	3028	4058	5315	-2879
Banking System	650	1190	793	2145	3106	3011	2471	-7427
Social Security	210	371	247	230	437	510	3182	2531
Other	312	2191	1461	1589	-515	537	-338	2017

Source: Ministry of Finance (Budget Division)

Exhibit 17C

RESERVE REQUIREMENTS: PRIMARY BANKS
(Millions of Cedis at End Period)

	1975	1980	1981	1982	1983	1984	1985	1986	1987	Sept 1988
Actual Reserves:										
Cash Reserves	373.0	2022.7	2563.0	2896.2	3129.6	4306.5	5339.0	7954.7	11836.0	17862.2
Other Liquid Reserves	151.3	1254.7	1966.4	3007.4	4850.5	4426.2	4582.2	6377.2	6323.4	8021.4
Total Reserves	524.3	3277.4	4529.4	5903.6	7980.1	8732.7	9921.2	14331.9	18159.4	25883.6
Deposits:	919.5	4060.0	5660.3	7638.2	10089.5	13658.8	21219.1	31447.2	47375.4	59140.9
Percentage to Deposits:										
Cash Reserves:										
Minimum Ratio Required	20.0	42.0	35.0	35.0	30.0	10.0	15.0	7.8	21.0	19.1
Actual Ratio Returned	40.6	49.8	45.3	37.9	31.0	31.5	27.8	25.3	25.0	30.2
Other Liquid Reserves:										
Minimum Ratio Required	20.0	25.0	25.0	25.0	25.0	35.0	25.0	15.0	6.7	10.0
Actual Returned	16.4	30.9	34.7	39.4	48.1	32.4	30.3	20.3	13.3	13.6
Total Reserves:										
Ratio Required	40.0	67.0	60.0	60.0	55.0	45.0	40.0	22.8	27.7	29.1
Actual Ratio Returned	57.0	80.7	80.0	77.3	79.1	63.9	58.1	45.6	38.3	43.8

Source: Bank of Ghana.

RESERVE REQUIREMENTS: SECONDARY BANKS
(Millions of Cedis at End Period)

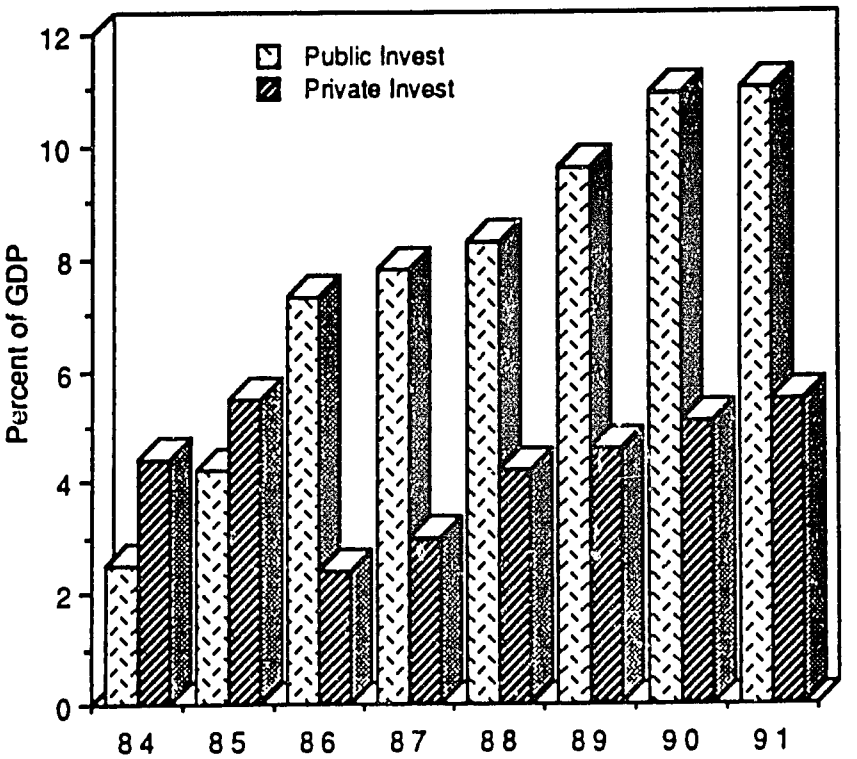
	1975	1980	1981	1982	1983	1984	1985	1986	1987	Sept 1988
Actual Reserves:										
Cash Reserves	-	526.9	603.0	635.6	1020.0	1045.1	2330.7	5274.8	8527.3	7819.4
Other Liquid Reserves	-	324.9	592.2	1170.1	1488.3	1984.6	3817.4	5356.1	5782.6	5005.8
Total Reserves	-	851.8	1195.2	1805.7	2508.3	3029.7	6148.1	10630.9	14309.9	12825.2
Deposits:	-	1260.1	2179.4	2812.6	4243.5	6670.7	9986.4	20965.2	33219.8	35541.6
Percentage to Deposits:										
Cash Reserves:										
Minimum Ratio Required	-	25.0	20.0	20.0	10.0	10.0	10.0	8.6	22.6	20.2
Actual Ratio Returned	-	41.8	27.7	22.6	24.0	15.7	23.3	25.2	25.7	22.0
Other Liquid Reserves:										
Minimum Ratio Required	-	25.0	25.0	25.0	35.0	35.0	30.0	15.0	6.7	10.0
Actual Returned	-	25.8	27.2	41.6	35.1	29.7	38.2	25.5	17.4	14.1
Total Reserves:										
Ratio Required	-	50.0	45.0	45.0	45.0	45.0	40.0	23.6	29.3	30.2
Actual Ratio Returned	-	67.6	54.9	64.2	59.1	45.4	61.5	50.7	43.1	36.1

Source: Bank of Ghana.

Exhibit 173

Exhibit 18A

Public and Private Investment as a Percent of GDP



Note: GDP is measured at market price in 1975 prices (millions of Cedis).

Source: World Bank as taken from Rural Finance Study, Technoserve, August 1988.

Exhibit 18B

GHANA: MACROECONOMIC FRAMEWORK

(Ratio to GDP at current market prices; in percent)

NATIONAL ACCOUNTS	1984	1985	1986	1987	1988	1989	1990	1991
Gross Domestic Product	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
GDP, factor costs	94.9	93.0	90.6	90.5	91.9	91.1	90.0	89.3
Indirect Taxes	5.1	7.0	9.4	9.5	8.1	8.9	10.0	10.7
Resource Gap	2.7	2.9	3.6	6.4	7.2	9.3	9.7	8.7
Total Expenditures	102.7	102.9	103.6	106.4	107.2	109.3	109.7	108.7
Consumption	95.8	93.3	93.9	95.6	94.7	95.1	93.7	92.1
Public Consumption	7.3	9.2	9.0	8.6	8.2	8.7	9.0	9.1
Private Consumption	88.6	84.2	84.9	87.0	86.6	86.4	84.7	83.0
Investment	6.9	9.6	9.7	10.8	12.5	14.3	16.0	16.5
Public Investment	2.5	4.2	7.3	7.8	8.3	9.6	10.9	11.0
Private Investment	4.4	5.5	2.4	3.0	4.2	4.6	5.1	5.5
National Savings	4.0	5.4	5.4	5.9	6.5	6.7	8.5	9.4
Public Savings	-0.6	0.1	1.7	3.3	3.0	3.0	4.0	4.8
Private Savings	4.6	5.4	3.7	2.7	3.4	3.7	4.5	4.7
Foreign Savings	2.8	4.2	4.2	4.9	6.0	7.6	7.6	7.1
Total Savings	6.9	9.6	9.7	10.8	12.5	14.3	16.0	16.5

Note: Details may not add to total due to rounding.
Source: Bank staff estimates.

Exhibit 18C

Development Budget 1987-88
(million cedis)

	1987				1988			
	Provision		Actual 1/		Provision		Actual 1/ 2/	
	Amount	%	Amount	%	Amount	%	Amount	%
Public Investment Program								
Sector								
Industry	136	.7	57	.3	302	1.3	8.4	.8
Health	870	4.8	2,194	11.3	1,624	7.0	1,522	14.5
PAMSCAD					148	.6	n.a.	n.a.
Transport and Communications	1,576	8.7	727	3.9	1,311	5.6	232	2.2
Land and Natural Resources	51	.3	123	.7	407	1.8	183	1.7
Local Government					1,776	7.6	448	4.3
Roads and Highways 3/	9,172	50.4	7,381	39.8	7,693	33.2	4,365	41.5
Fuel and Power	574	3.2	53	.3	242	1.0	n.a.	n.a.
Education	1,725	9.5	1,344	7.2	1,834	7.9	2,498	23.7
Agriculture	823	4.5	1,423	7.7	1,587	6.8	381	3.6
Water	657	3.6	428	2.3	867	3.7	320	3.0
Works and Housing 3/					2,770	12.0	184	1.7
PIP Projects	15,584	85.7	13,728	74.0	20,561	88.5	10,217	100.0
Non-PIP	2,630	14.3	4,824	26.0	2,676	11.5	313	3.0
Development Budget	18,214	100.0	18,552	100.0	23,237	100.0	10,530	100.0
Memorandum Items ($ million)								
Concessional Financing of PIP	404		328		421		391	
Project	267		208 (est.)		244		237 (est.)	
Program	137		120 (est.)		177		154 (est.)	

1/ Based on budgetary releases
2/ January-June
3/ Included in the PIP component in 1987

Source: PIP 1986-88 and PIP 1988-90, Ministry of Finance and Economic Planning, and Staff Estimates

DEVELOPMENT EXPENDITURES, FUNCTIONAL CLASSIFICATION
(Millions of Cedis)

ITEM	1975/76	1976/77	1977/78	1978/79	1979/80	1980/81	1981/82	1982	1983	1984	1985	1986	1987
A. General Services:													
General Administration	124	90	98	127	117	111	104	38	60	653	1069	1297	3158
Defense	6	32	28	35	50	156	97	25	25	147	322	810	0
Justice and Police	11	14	17	20	5	24	9	11	15	27	73	205	0
Total:	141	135	143	182	172	291	210	74	100	827	1464	2312	3158
B. Community Services:													
Roads and Waterways	75	130	151	123	104	290	209	261	740	1467	2175	2053	6869
Fire Protection, Water Supply and Sanitation	28	39	42	36	34	102	50	27	54	260	420	748	428
Other Community Services	8	13	13	18	18	0	15	14					
Total:	111	182	206	177	157	392	274	302	794	1727	2594	2801	7297
C. Social Services:													
Education	67	103	107	115	61	77	82	90	130	136	402	658	1686
Health	31	42	53	63	47	75	48	53	60	158	233	447	2153
Social Security, Welfare	6	10	9	1	2	7	5	6	10	20	28	26	109
Other Social Services	32	50	44	37	14	45	22	8	14	83	169	183	0
Total:	137	205	214	215	124	205	158	157	215	397	832	1313	3948
D. Economic Services:													
Agriculture and Non-Mineral Resources	37	66	83	97	84	262	166	135	147	384	664	1079	1227
Fuel and Power	2	2	4	10	3	12	12	1	6	61	111	31	574
Other Mineral Resources Manufacturing, Construction	6	23	11	34	21	66	51	21	38	176	78	162	748
Transport, Storage, Comm.	5	16	16	22	14	142	51	22	36	216	1195	1463	1550
Other Economic Services	3	6	16	8	8	10	1	1	18	203	365	664	50
Total:	53	115	131	170	129	491	281	180	246	1041	2413	3400	4149
E. Unallocable Expenditure:													
Gen Transfer to Local Govt.	-	0	1	16	12	12	4	5	-	-	-	-	-
Other	-	-	-	-	-	-	-	219	-	-	-	-	-
Total:		0	1	16	12	12	4	223					
Statistical Discrepancy								-119	-162	-623			
Grand Total	441	637	695	760	595	1390	927	817	1192	3368	7303	9826	18552

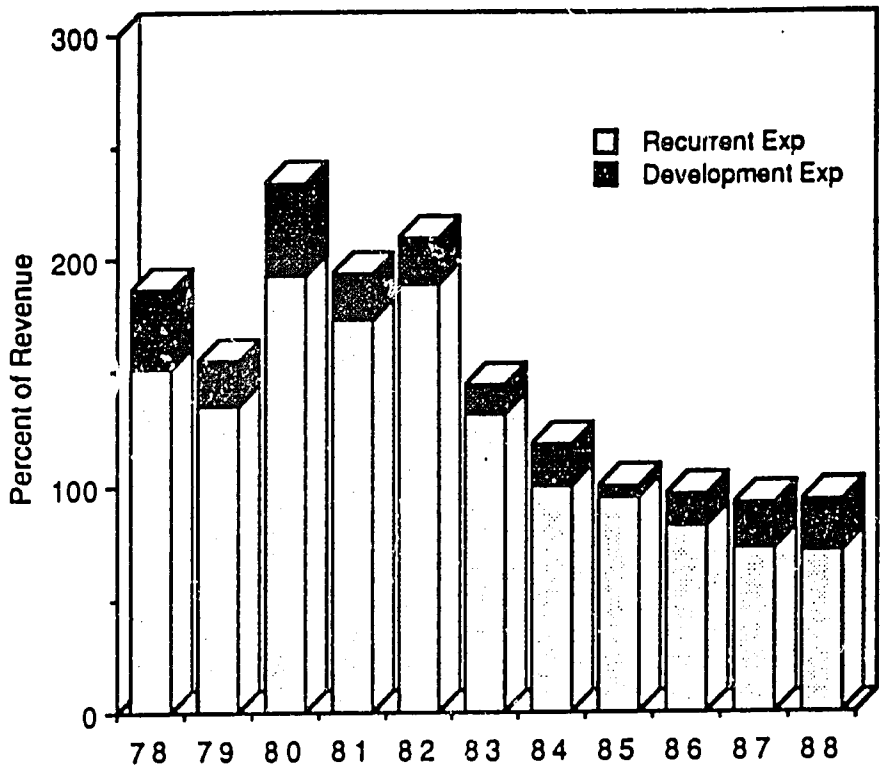
Source: Quarterly Digest of Statistics, June 1988, p. 42.
Quarterly Digest of Statistics, June 1986, p. 43.
Note: 1979/80-1987 figures are preliminary actuals and subject to revision.

Exhibit 19D

Exhibit 18E

Recurrent and Development Expenditures

As a Percentage of Revenues



Source: Statistical Service, Quarterly Digest of Statistics, June 1988.

Exhibit 18F

PUBLIC FINANCE: CENTRAL GOVERNMENT ACCOUNTS

Total Recurrent and Development Expenditures

(1978-1988)

Year	Revenue (Mill. Cedis)	Recurrent Expenditure as % of Rev.	Development Expenditure as % of Rev.	Total Expenditure as % of Rev.
1978	2187.8	152%	35%	18%
1979	3026.1	135%	20%	154%
1980	3279.1	193%	42%	235%
1981	4545	174%	20%	195%
1982	4642.5	190%	20%	211%
1983	10241	131%	13%	144%
1984	22641	100%	18%	118%
1985	40311	95%	4%	99%
1986	73625	83%	13%	96%
1987	111046	73%	19%	92%
1988	153791	72%	21%	94%

Source: Statistical Service, Quarterly Digest of Statistics, December 1988.

Exhibit 19A

SERVICE PAYMENTS AND EXTERNAL PUBLIC DEBT

(Debt Repayable in Foreign Currency and Goods)

($US Millions)

Year	Debt Outstanding At End Period	Variation in Debt	Debt/GDP	Service Payment	Debt Ratio
1980	1559	9%	10%	101	9%
1981	1559	0%	6%	60	8%
1982	1603	3%	5%	69	11%
1983	1590	-1%	18%	112	25%
1984	1615	2%	21%	101	18%
1985	2078	29%	33%	105	17%
1986	2515	21%	44%	136	18%
1987	3435	37%	75%	173	21%

Source: World Bank, Ghana: Structural Adjustment for Growth, January 1989
Statistical Service, Quarterly Digest of Statistics, December 1988.

GHANA

EXTERNAL PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF DEC 31, 1987

INCLUDES ONLY DEBT COMMITTED 000000 - DEC 31, 1987
DEBT REPAYABLE IN FOREIGN CURRENCY AND GOODS
(IN THOUSANDS OF U.S. DOLLARS)

	DEBT OUTSTANDING			IN ARREARS	
	DISBURSED	UNDISBURSED	TOTAL	PRINCIPAL	INTEREST
CREDITOR TYPE : SUPPLIERS CREDITS					
CREDITOR COUNTRY					
AUSTRALIA	13	-	13	13	4
BRAZIL	8,274	-	8,274	1,417	497
EGYPT, ARAB REPUBLIC OF	94	-	94	94	24
FRANCE	289	-	289	-	4
GERMAN DEM. REP.	2,210	8,983	11,193	1,179	106
INDIA	4,311	1,100	5,411	-	-
ITALY	1,428	-	1,428	-	-
JAPAN	9,716	-	9,716	-	120
KOREA, REPUBLIC OF	16,510	-	16,510	-	-
NETHERLANDS	1,833	-	1,833	-	23
NORWAY	1,471	-	1,471	-	-
POLAND	1,308	-	1,308	-	-
UNITED KINGDOM	31,061	-	31,061	1,295	444
YUGOSLAVIA	6,237	-	6,237	-	-
TOTAL SUPPLIERS CREDITS	84,755	10,083	94,838	3,998	1,222
CREDITOR TYPE : FINANCIAL INSTITUTIONS					
CREDITOR COUNTRY					
FRANCE	7,567	8,015	15,582	-	-
INDIA	3,363	-	3,363	206	173
ITALY	3,816	-	3,816	-	-
UNITED KINGDOM	172,709	49,139	221,848	5,745	1,366
TOTAL FINANCIAL INSTITUTIONS	187,455	57,154	244,609	5,951	1,539
CREDITOR TYPE : MULTILATERAL LOANS					
CREDITOR COUNTRY					
AFRICAN DEV. BANK	59,137	73,091	132,228	841	305
AFRICAN DEV. FUND	71,909	83,990	155,899	348	38
BADEA/ABEDA	9,544	19,000	28,544	105	78
ECOWAS	965	-	965	-	-
EEC	15,000	11,500	26,500	-	-
EUROPEAN DEV.FUND	28,119	-	28,119	426	21
EUROPEAN INVEST BANK	51,908	40,014	91,922	-	12
IBRD	151,079	-	151,079	-	-
IDA	699,716	409,304	1,109,020	-	-
IFC	30,000	15,000	45,000	-	-
IMF	58,025	126,264	184,289	-	-
IMF TRUST FUND	30,187	-	30,187	-	-
INTL FUND ARG(IFAD)	8,200	16,500	24,700	-	-
OPEC SPECIAL FUND	17,930	10,200	28,130	-	-

NOTES: (1) Only debts with an original or extended maturity of over one year are included in this table.
(2) Debt outstanding includes principal in arrears but excludes interest in arrears.

Exhibit 19B-1

GHANA (Continued)

EXTERNAL PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF DEC 31, 1987

INCLUDES ONLY DEBT COMMITTED 000000 - DEC 31, 1987
DEBT REPAYABLE IN FOREIGN CURRENCY AND GOODS
(IN THOUSANDS OF U.S. DOLLARS)

CREDITOR TYPE	DEBT OUTSTANDING			IN ARREARS	
	DISBURSED	UNDISBURSED	TOTAL	PRINCIPAL	INTEREST
TOTAL MULTILATERAL LOANS	1,231,719	804,863	2,0[illegible],582	1,720	454
CREDITOR TYPE : BILATERAL LOANS					
CREDITOR COUNTRY					
BRAZIL	2,873	-	2,873	-	-
BULGARIA	-	7,000	7,000	-	-
CANADA	61,596	289	61,885	2,145	609
CHINA	-	1,343	1,343	-	-
CZECHOSLOVAKIA	5,975	-	5,975	-	-
DENMARK	3,037	25	3,062	-	-
FRANCE	39,185	40,701	79,886	156	181
GERMANY, FED.REP. OF	282,216	50,453	332,669	2,311	2,436
INDIA	2,330	-	2,330	194	207
ISRAEL	358	-	358	358	124
ITALY	-	58,700	58,700	-	-
JAPAN	17,158	132,454	149,612	-	1,101
KUWAIT	33,587	-	33,587	-	-
NETHERLANDS	35,222	10,584	45,806	1,139	370
POLAND	4,547	-	4,547	-	-
SAUDI ARABIA	18,376	37,382	55,758	-	-
UNITED KINGDOM	9,512	3,119	12,631	109	39
UNITED STATES	172,451	8,192	180,643	348	346
USSR	14,755	4,534	19,289	-	-
TOTAL BILATERAL LOANS	703,178	354,776	1,057,954	6,760	5,413
TOTAL EXTERNAL DEBT	2,207,107	1,226,876	3,433,983	18,429	8,628

NOTES: (1) Only debts with an original or extended maturity of over one year are included in this table.
(2) Debt outstanding includes principal in arrears but excludes interest in arrears.

GHANA (Continued)

EXTERNAL PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF DEC 31, 1987

INCLUDES ONLY DEBT COMMITTED 000000 - DEC 31, 1987
DEBT REPAYABLE IN FOREIGN CURRENCY AND GOODS
(IN THOUSANDS OF U.S. DOLLARS)

	DEBT OUTSTANDING			IN ARREARS	
	DISBURSED	UNDISBURSED	TOTAL	PRINCIPAL	INTEREST
CREDITOR TYPE					
SUPPLIERS CREDITS	84,755	10,083	94,838	3,998	1,222
FINANCIAL INSTITUTIONS	187,455	57,154	244,609	5,951	1,539
MULTILATERAL LOANS	1,231,719	804,863	2,036,582	1,720	454
BILATERAL LOANS	703,178	354,776	1,057,954	6,760	5,413
TOTAL EXTERNAL DEBT	2,207,107	1,226,876	3,433,983	18,429	8,628

NOTES: (1) Only debts with an original or extended maturity of over one year are included in this tabl
(2) Debt outstanding includes principal in arrears but excludes interest in arrears.

Exhibit 19C

GHANA: EXTERNAL DEBT SERVICE ON GOVERNMENT AND GOVERNMENT-GUARANTEED DEBT
(Millions of $US Dollars)

ITEM	ACTUAL 1985	1986	1987	EST. 1988	PROJECTED 1989	1990	1991
Medium and Long-Term Debt							
Amortization	255	262	195	218	158	126	128
Long-Term	32	35	37	34	40	43	52
Medium-Term	216	216	146	171	107	78	76
of which: Oil	49	116	59	64	36	0	0
Trust Fund	7	11	12	13	12	4	0
Interest	59	45	67	76	76	71	73
Total Debt Service	314	307	262	294	234	197	201
IMF Obligations							
Repurchases	0	22	174	255	175	108	66
Charges	44	55	52	49	43	34	28
Total IMF Debt Service	44	77	227	304	217	142	93
GRAND TOTAL	358	384	489	598	451	339	294
Payment Arrears	57	4	72	30	45	25	0
Debt Service Ratios (in percent)							
excluding IMF	46.7	38.5	28.9	32.0	24.7	19.0	17.1
including IMF	53.3	48.2	53.9	65.2	47.6	32.7	25.1
including IMF and arrears	61.8	48.7	61.8	68.5	52.4	35.1	25.1
Memorandum Item							
Export of Goods and Non-Factor Services	672	797	906	918	948	1036	1175

Source: Bank of Ghana (1985-87) and staff estimates (1987-91).

GHANA

SERVICE PAYMENTS, COMMITMENTS, DISBURSEMENTS AND OUTSTANDING AMOUNTS OF EXTERNAL PUBLIC DEBT
PROJECTIONS BASED ON DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF DEC 31, 1987
INCLUDES ONLY DEBT COMMITTED 000000 - DEC 31, 1987
DEBT REPAYABLE IN FOREIGN CURRENCY AND GOODS
(IN THOUSANDS OF U.S. DOLLARS)
* * * TABLE TOTAL * * *

DATE	DEBT OUTSTANDING AT END OF PERIOD		TRANSACTIONS DURING PERIOD					OTHER CHANGES	
	DISBURSED ONLY	INCLUDING UNDISBURSED	COMMITMENTS	DISBURSEMENTS	SERVICE PAYMENTS			CANCELLATIONS *	ADJUSTMENT **
					PRINCIPAL	INTEREST	TOTAL		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
197412	702,040	789,926	44,806	31,060	14,070	12,982	27,052	2,298	-
197512	668,205	891,451	170,067	31,077	35,002	19,354	54,356	258	-61,191
197612	659,161	940,684	103,239	44,835	33,532	18,675	52,207	100	-20,980
197712	780,631	1,187,219	218,536	100,418	19,719	15,549	35,268	333	48,051
197812	855,680	1,276,126	113,189	113,041	41,405	23,882	65,287	667	17,790
197912	989,571	1,434,358	167,603	153,982	40,515	29,981	70,496	-	31,144
198012	1,128,163	1,559,550	198,568	197,914	70,766	30,196	100,962	1,157	-1,453
198112	1,135,189	1,559,066	139,860	114,002	33,457	26,374	59,831	82	-106,805
198212	1,152,193	1,603,631	148,978	97,817	39,486	28,993	68,479	3,349	-61,578
198312	1,208,250	1,590,780	126,735	172,878	66,650	44,812	111,462	128	-72,808
198412	1,161,933	1,615,487	229,694	117,750	71,595	29,663	101,258	926	-132,466
198512	1,293,603	2,078,084	465,635	182,809	74,143	31,212	105,355	110,336	181,441
198612	1,683,000	2,515,574	337,993	363,797	94,057	42,369	136,426	5,610	199,164
198712	2,202,005	3,435,001	630,294	359,026	116,709	56,195	172,904	20,326	426,168
* * * THE FOLLOWING FIGURES ARE PROJECTED * * *									
198812	2,436,496	3,227,921	-	428,326	173,582	73,646	247,228	11,895	-21,603
198912	2,557,510	3,052,981	-	295,960	173,394	72,216	245,610	-	-1,546
199012	2,626,360	2,905,374	-	216,452	146,041	69,199	215,240	-	-1,566
199112	2,642,731	2,788,537	-	133,202	115,256	66,139	181,395	-	-1,581
199212	2,585,779	2,662,379	-	69,204	124,646	62,192	186,838	-	-1,512
199312	2,481,645	2,521,129	-	37,116	141,239	57,284	198,523	-	-11
199412	2,372,182	2,387,600	-	24,070	133,525	52,150	185,675	-	-4
199512	2,240,426	2,244,852	-	10,991	142,737	47,715	190,452	-	-11
199612	2,091,801	2,092,555	-	3,674	152,304	42,796	195,100	-	7
199712	1,942,246	1,942,362	-	638	150,181	37,889	188,070	-	-12
199812	1,831,171	1,831,287	-	-	111,070	33,576	144,646	-	-5
199912	1,725,444	1,725,560	-	-	105,715	29,681	135,396	-	-12
200012	1,625,815	1,625,930	-	-	99,632	26,192	125,824	-	2
200112	1,547,951	1,548,066	-	-	77,858	23,387	101,245	-	-6
200212	1,472,989	1,473,104	-	-	74,972	21,282	96,254	-	10
200312	1,400,102	1,400,209	-	-	72,888	19,306	92,194	-	-7
200412	1,327,831	1,327,938	-	-	72,270	17,372	89,642	-	-1
200512	1,258,310	1,258,417	-	-	69,513	15,449	84,962	-	-8
200612	1,196,797	1,196,904	-	-	61,511	13,723	75,234	-	-2
200712	1,141,335	1,141,441	-	-	55,457	12,511	67,968	-	-6

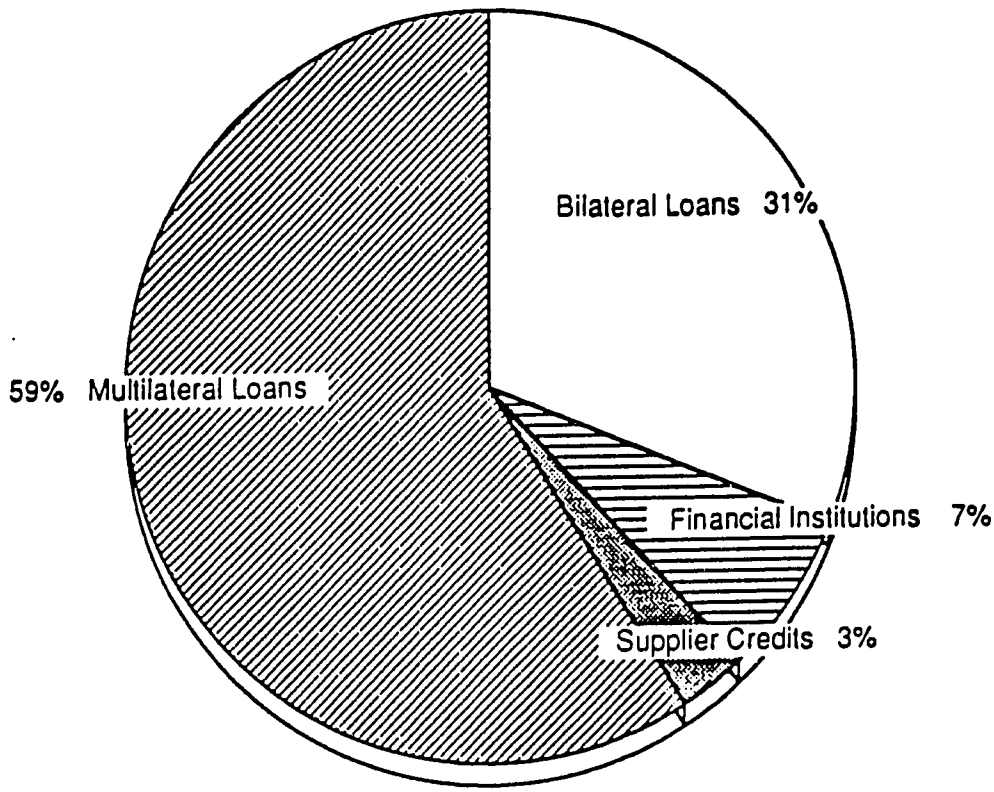
Projected amounts in this column are amounts excluded from projections because of unknown terms.

This column shows the amount of arithmetic imbalance in the amount outstanding including undisbursed from one period to the next. The most common causes of imbalances are changes in exchange rates and transfers of debts from one category to another in the table.

Exhibit 19D

Exhibit 19E

Debt By Creditor Type 1987



Total External Debt Obligations 1987 = US$ 3434

Note: Debt outstanding includes principal in arrears but excludes interest in arrears. Only debts with an original or extended maturity of over one year are included in this calculation.

Source: World Bank, Ghana: Structural Adjustment for Growth, January 23, 1989.

Exhibit 19F

GHANA OVERALL AID PIPELINE, 1987-1991 1/
(Millions of $US Dollars)

YEAR	ITEM	Project 2/	Program/ Sector 3/	Food/ Commodity	Total
1987	Undisbursed Balance, 12/31/86	609	188	50	846
----	New 1987 Commitments	358	208	47	612

	Disbursements from Pipeline	182	94	30	306
	Disbursements from 1987 Commitments	51	61	25	137
	Total Disbursements	233	155	55	443

	Exchange Rate Adjustments (Est.)				175
1988	Undisbursed Balance, 12/31/87	857	288	45	1190
----	New 1988 Commitments	406	304	53	763

	Disbursements from Pipeline	198	147	27	372
	Disbursements from 1988 Commitments	27	64	24	115
	Total Disbursements	225	211	51	487

	Exchange Rate Adjustments (Est.)				-58
1989	Undisbursed Balance, 12/31/88	992	368	48	1408
----	New 1989 Commitments	415	340	45	800

	Disbursements from Pipeline	240	177	27	444
	Disbursements from 1989 Commitments	35	74	15	124
	Total Disbursements	275	251	42	568

1990	Undisbursed Balance, 12/31/89	1132	457	51	1640
----	New 1990 Commitments	440	330	45	815

	Disbursements from Pipeline	262	200	28	490
	Disbursements from 1990 Commitments	36	62	12	110
	Total Disbursements	298	262	40	600

1991	Undisbursed Balance, 12/31/90	1269	527	59	1855
----	New 1991 Commitments	480	320	40	840

	Disbursements from Pipeline	292	185	28	505
	Disbursements from 1991 Commitments	40	50	10	100
	Total Disbursements	332	235	38	605

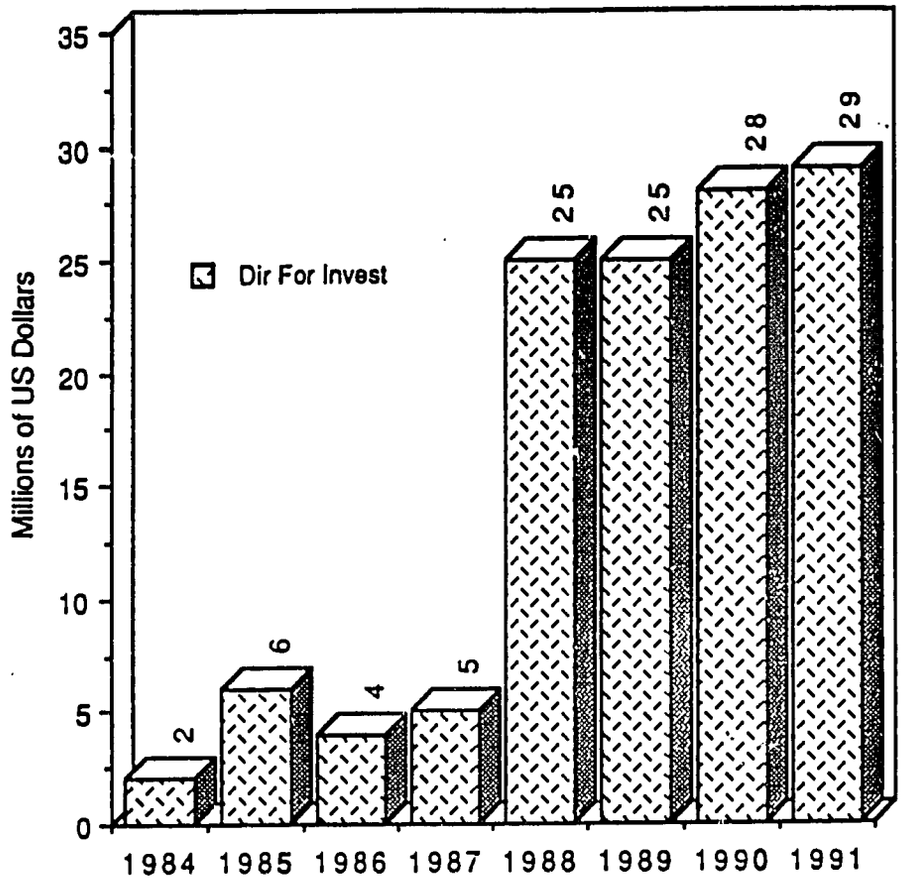
1992	Undisbursed Balance, 12/31/91	1417	612	61	2090

Note: Details may not add to total due to rounding.
1/ Includes commitments and disbursements from African Development Bank which is classified as medium-term in the balance of payments.
2/ Includes Technical Assistance and Net Lending.
3/ Includes credit lines to the private sector.

Source: Bank Staff Estimates.

Exhibit 20A

Direct Foreign Investment 1984 to 1991



Source: World Bank, Ghana: Structural Adjustment for Growth, January 23, 1989.

Exhibit 20B

Ghana: Selected Economic and Financial Indicators

	Annual Average	Actual	Estimates		Projections				
	1980-83	1984	1985	1986	1987	1988	1989	1990	1991
Growth Rates (%)									
GDP	-5.0	8.6	5.1	5.2	4.8	6.0	5.4	4.6	4.8
GDP Deflator	71.1	35.3	20.6	41.7	39.2	31.4	15.2	9.1	6.6
Percent of Gross Domestic Product at Market Prices									
National Accounts:									
Consumption	96.5	95.8	93.3	93.9	95.6	94.7	95.1	93.7	92.1
Investment	4.5	6.9	9.6	9.7	10.8	12.5	14.3	16.0	16.5
Private	3.1	4.4	5.5	2.4	3.0	4.2	4.6	5.1	5.5
Public a/	1.4	2.5	4.2	7.3	7.8	8.3	9.6	10.9	11.0
National Savings	3.9	4.0	5.4	5.5	5.9	6.5	6.7	8.5	9.4
Public b/	-4.4	-0.6	0.1	1.7	3.3	3.0	3.0	4.0	4.8
Private c/	8.3	4.6	5.4	3.7	2.7	3.4	3.7	4.5	4.7
Foreign Saving	0.6	2.8	4.2	4.2	4.9	6.0	7.6	7.6	7.1
Central Government Budget:									
Total Revenues	6.4	8.0	11.3	13.6	14.1	13.3	14.0	15.2	16.1
Total Expenditure	12.2	10.9	15.4	19.2	19.0	18.8	20.9	22.6	22.7
Recurrent	10.7	8.6	11.2	11.9	10.8	10.2	11.0	11.3	11.3
Capital	1.5	2.5	4.2	7.3	7.8	8.3	9.6	10.9	11.0
Special Efficiency	0.0	0.0	0.0	0.0	0.4	0.3	0.2	0.3	0.3
Overall Deficit	5.8	2.9	4.1	5.5	4.9	5.5	6.9	7.3	6.6
Financed by:									
Foreign net:	0.3	2.0	2.9	4.5	5.3	6.2	7.6	8.1	7.3
Domestic net:	5.5	1.1	1.2	1.0	-0.4	-0.7	-0.6	-0.8	-0.7
Broad Money (M2) d/		12.8	16.2	16.8	17.7	16.2	16.1	16.5	16.8
Monetary Flows:									
Net Foreign Assets	-3.2	-1.6	-5.0	-16.0	-1.5	1.7	1.7	1.5	1.5
Net Domestic Assets	4.7	4.5	7.9	5.5	1.4	1.3	1.1	0.9	0.6
Government	3.9	0.7	0.9	0.5	-1.0	-0.7	-0.6	-0.6	-0.5
Cocoa	0.7	0.6	2.9	0.7	-0.1	0.4	0.2	0.1	0.1
Private non-cocoa	0.1	3.3	3.6	3.3	1.8	1.4	1.2	1.0	0.7
Balance of Payments									-
Exports of GNFS	4.5	8.0	10.6	16.6	19.7	17.9	19.5	21.6	22.6
Imports of GNFS	-5.4	-10.8	-13.6	-20.1	-26.1	-25.1	-28.9	-31.3	-31.2
Resource Balance	-0.9	-2.7	-2.9	-3.6	-6.4	-7.2	-9.3	-9.7	-8.7
Current Acct. Balanc	-1.6	-2.8	-4.2	-4.2	-4.9	-6.0	-7.6	-7.6	-7.1
Overall Balance	-1.0	0.5	-1.9	-1.2	3.0	2.4	2.3	2.3	2.4

Note:
a/ From 1984, includes State Enterprises capital expenditures financed by external concessional assistance.
b/ Represents Central Government's savings only.
c Includes state enterprises.
d/ Includes both primary and secondary banks.
Source: Bank staff estimates.

Exhibit 20C

INVESTMENT AND SAVINGS

Public and Private
(Millions of Cedis)

	1984	1985	1986	1987	1988*	1989*	1990*	1991*
Public Investment/GDP	2.5	4.2	7.3	7.8	8.3	9.6	10.9	11.0
Public Savings/GDP	.6	0.1	1.7	3.3	3.0	4.2	4.6	4.8
Private Investment/GDP	4.4	5.5	2.4	3.0	4.2	4.6	5.1	5.5
Private Savings/GDP	4.6	5.4	3.7	2.7	3.4	3.7	4.5	4.7

Note: GDP is measured at market prices calculated in real terms; all shares are calculated using current prices.

*Projected

Source: World Bank estimates taken from Ghana: Structural Adjustment for Growth, January 23, 1989.

Exhibit 21

GHANA: BALANCE OF PAYMENTS

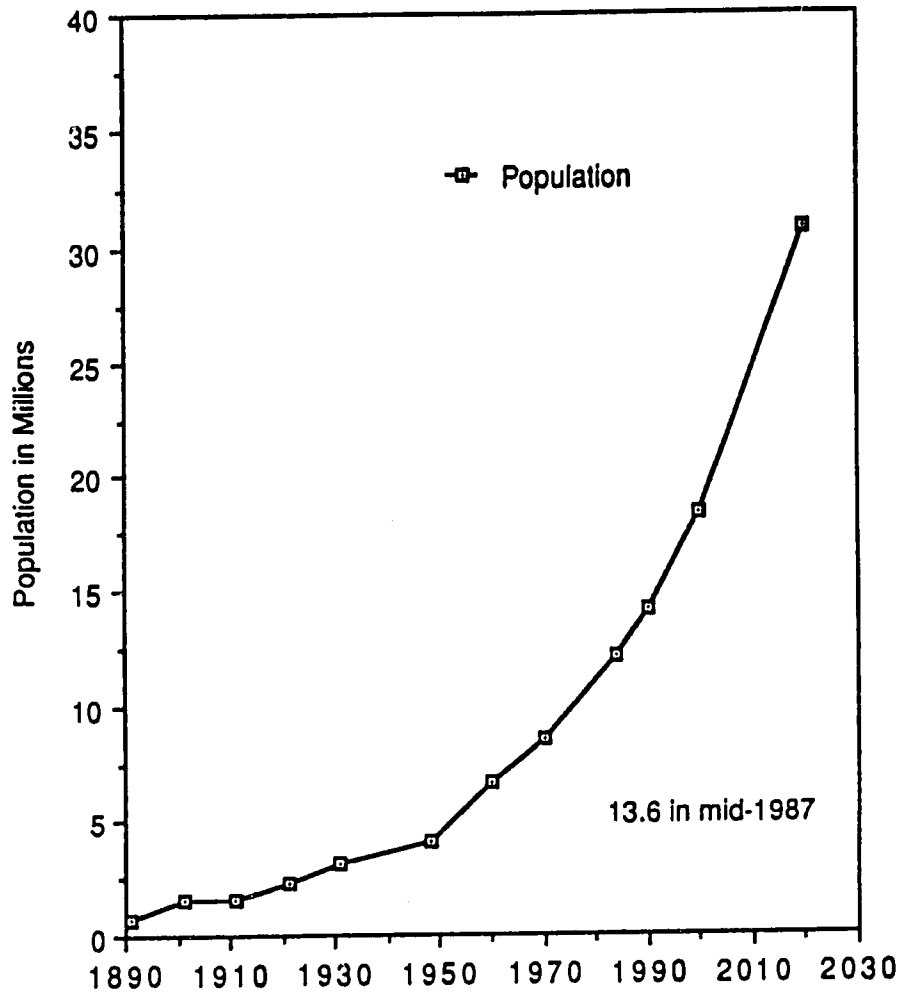
(US$ Million)

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Exports of Goods (fob)	567	633	749	827	828	838	919	1047	1201	1321	1448	1617
Cocoa beans and products	382	412	503	495	430	370	409	438	497	519	554	615
Other exports	185	221	246	332	398	468	510	609	704	802	894	1002
Imports of Goods (cif)	-681	-729	-805	-1025	-1110	-1201	-1291	-1396	-1537	-1679	-1834	-2009
Oil	-161	-200	-125	-145	-148	-159	-178	-198	-219	-243	-269	-299
Non-oil	-520	-529	-680	-880	-962	-1042	-1112	-1198	-1318	-1436	-1564	-1710
Trade Balance	-114	-96	-56	-198	-282	-363	-372	-348	-336	-358	-386	-392
Non-factor Services	-91	-90	-115	-95	-89	-90	-96	-103	-112	-119	-126	-134
Receipts	38	39	48	79	90	110	117	127	138	150	164	178
Payments	-129	-129	-163	-174	-179	-200	-212	-231	-250	-269	-290	-312
Resource Balance	-205	-186	-171	-293	-371	-454	-467	-452	-448	-477	-512	-526
Net Factor Payments	-81	-111	-106	-132	-139	-130	-116	-113	-114	-109	-114	-121
Interest Payments	-79	-108	-102	-122	-130	-119	-106	-102	-100	-93	-94	-98
Public and BOG	-53	-59	-45	-67	-76	-76	-71	-73	-76	-79	-83	-90
Private	-5	-5	-1	-3	-5	0	-1	-1	-1	-1	-1	-1
IMF Charges	-21	-44	-55	-52	-49	-43	-34	-28	-23	-13	-9	-7
Factor Payments & other	-2	-3	-4	-11	-8	-11	-10	-11	-14	-17	-20	-23
Net Private Transfers & SUL	73	33	73	202	201	215	220	196	193	181	190	188
Current Account Balance = Foreign Savings	-214	-264	-204	-224	-309	-368	-363	-369	-369	-405	-436	-459
External Capital Inflow	196	135	185	375	434	478	473	494	494	530	561	584
Grants	103	83	118	122	177	212	220	213	219	207	192	178
Public Foreign Borrowings	172	26	128	218	195	247	285	303	329	307	348	375
MLT net	173	33	139	230	209	259	289	303	329	307	348	375
Gross Inflows	288	281	390	413	414	405	411	431	467	456	498	538
Concessional (LT)	118	128	257	304	300	335	354	362	401	383	417	456
of which: SALs	0	0	0	58	73	60	60	50	50	0	0	0
Non-concessional (MT)	170	153	133	109	114	70	56	69	66	73	81	82
of which: oil	49	116	59	64	36	0	0	0	0	0	0	0
Amortization	-115	-248	-251	-182	-205	-146	-122	-128	-138	-149	-150	-164
Trust Fund	-1	-7	-11	-12	-13	-12	-4	0	0	0	0	0
Priv. Foreign Borrowing (Net)	4	5	3	-3	-1	2	1	1	1	2	2	2
Direct Foreign Investment	2	6	4	5	25	25	28	29	30	31	32	33
S-T borrowing (Inc.IDA sp.ac)	-85	15	-69	33	37	-8	-61	-52	-86	-17	-13	-3
Errors & Omissions	55	11	-38	-12	0	0	0	0	0	0	0	0
Overall Balance	37	-118	-57	139	125	110	110	125	125	125	125	125

Note: Details may not add to total due to rounding.
Source: Bank staff estimates.

Exhibit 22A

Population of Ghana 1891 to 2020

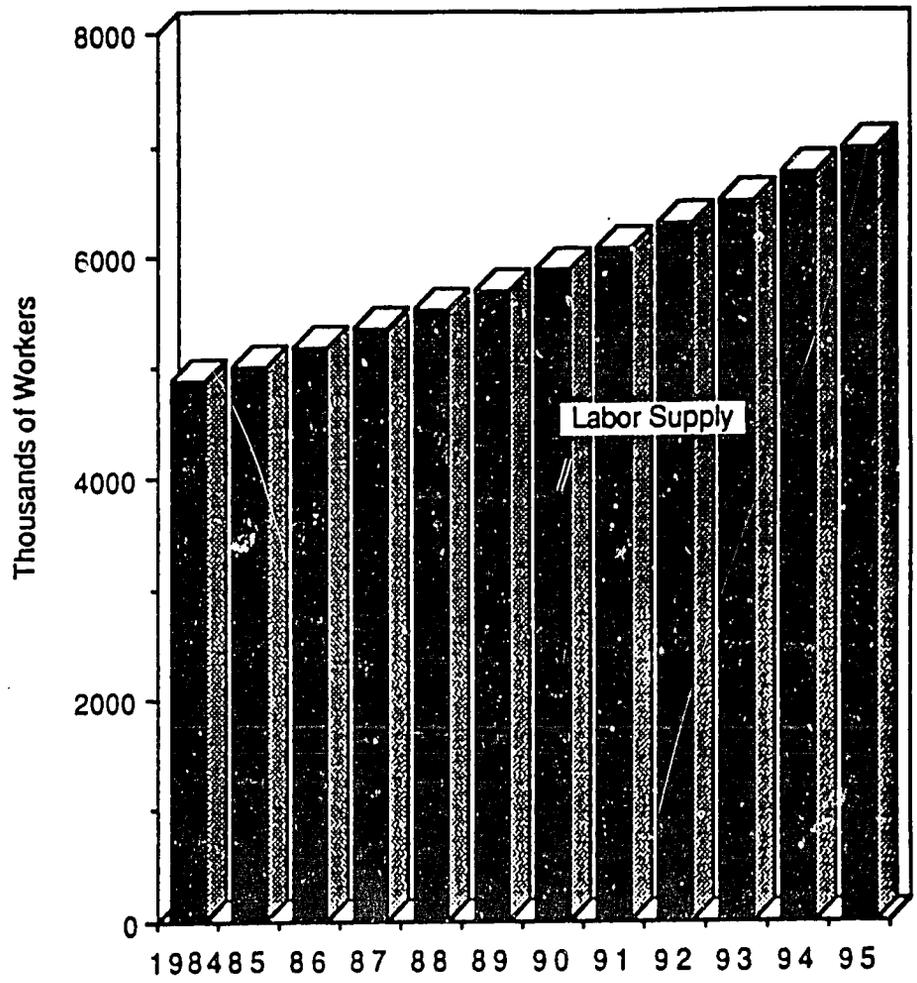


Note: Projections assume net population growth will remain at 2.6% up to the year 2020.

Source: Population Census (1891 - 1984).

Exhibit 22B

Ghana's Mean Estimated Labor Supply 1984 - 1995

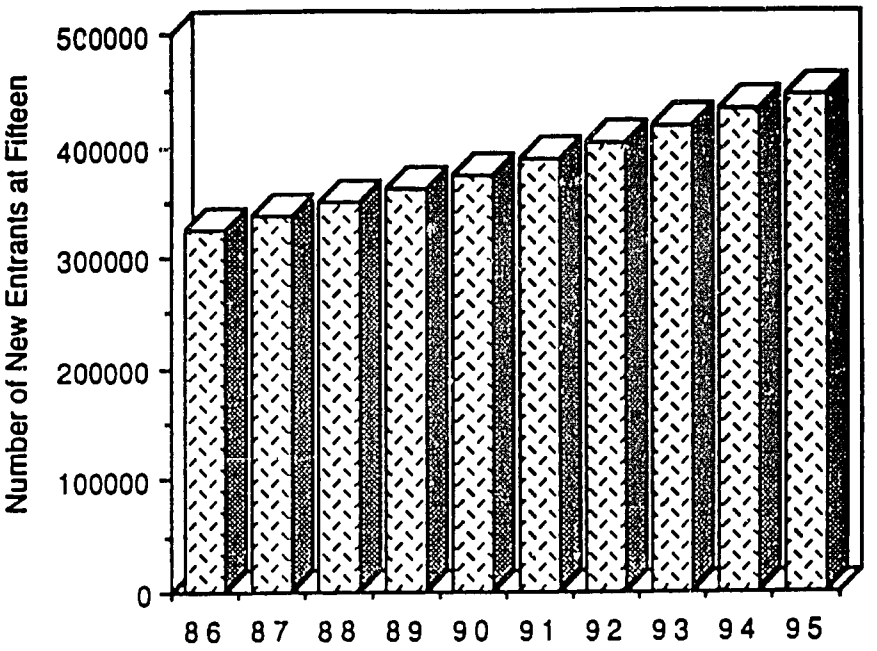


Source: Manpower Redeployment Study; Workforce Restructuring in the SOEs, Public Management Group, September 1988, Table 2.5.

Exhibit 22C

New Entrants to the Labor Force

1986 to 1995



Source: Manpower Redeployment Study, Vol.III, Public Sector Management Group, September 1988, Table 2.3.

Exhibit 22D

Composition of Change in Population of Working Age, 1986-1995

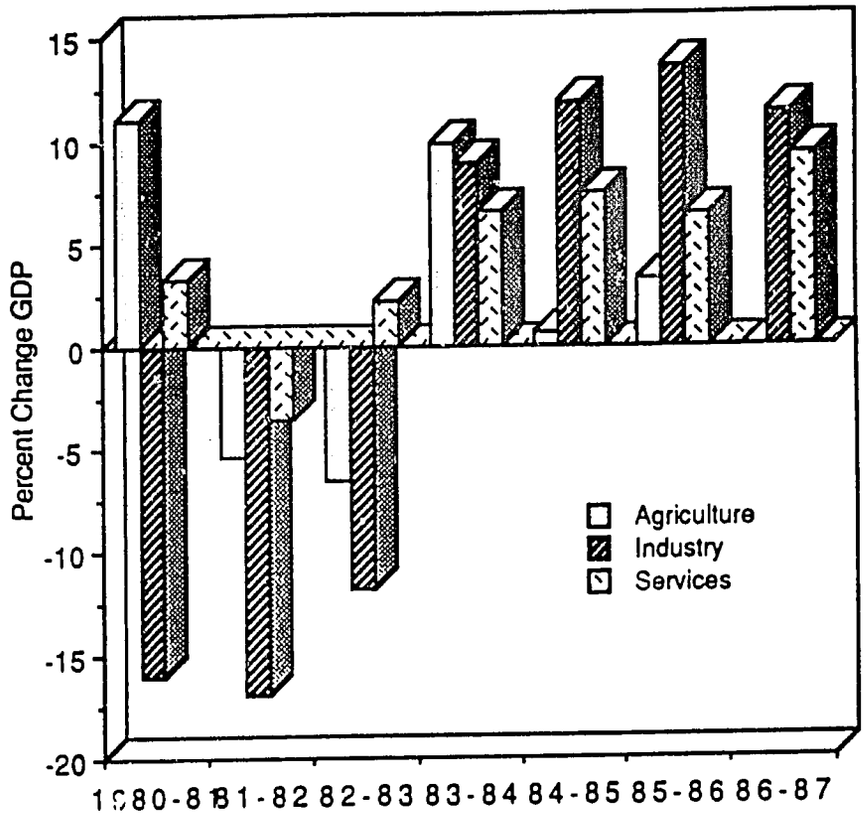
Source of Change	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
New Entrants @ 15	324600	336600	348600	361200	374800	389200	403800	418600	433200	445000
Retirements @ 65	43600	45000	46400	47800	49200	50600	52200	53800	55400	56800
Attrition other ages	70000	70600	74200	81400	83600	82600	82600	88800	90800	87200
Total Change	211000	221000	228000	232000	242000	269000	269000	276000	287000	301000
Ratio new entrants to total change	1.54	1.52	1.53	1.56	1.55	1.52	1.5	1.52	1.51	1.48

Source: Manpower Redeployment Study, Vol. III, Public Sector Management Group, September 1988, Table 2.3.

Exhibit 23A

Leading and Lagging Sectors 1980 to 1987

Of The Ghanaian Economy



Source: Rural Finance Study, Annex I-1, Technoserve, August 1988.

Exhibit 23B

GDP BY ECONOMIC ACTIVITY IN CONSTANT 1975 PRICES
(millions of cedis)

	1980	1981	1982	1983	1984	1985	1986+	1987*
Agriculture	2969	2881	2724	2534	2780	2798	2890	2891
Agriculture & Livestock	2019	2001	1916	1763	2035	1997	2001	1994
Cocoa Production & Marketing	545	521	432	370	339	384	454	469
Forestry & Logging	304	266	287	309	313	313	317	322
Fishing	92	93	89	92	93	104	118	106
Industry	895	752	624	550	599	705	758	844
Mining & Quarrying	71	66	61	52	59	63	61	66
Manufacturing	575	464	369	328	370	460	511	562
Electricity & Water	43	48	44	41	39	47	55	65
Construction	206	174	151	129	132	135	132	152
Services	1765	1824	1758	1798	1917	2061	2195	2401
Transport & Communication	166	177	179	192	217	235	248	275
Wholesale & Retail	556	545	489	463	510	580	632	743
Financial Services	372	389	401	415	453	465	500	528
Government Services	609	650	623	660	663	694	710	731
Other Services	62	63	66	68	74	88	105	125
Less Imputed Charges	160	166	166	177	191	206	218	239
Plus Import Duties	81	53	34	44	53	63	77	78
GDP	5539.5	5344.0	4974.1	4747.4	5157.5	5420.1	5702.1	5975.5
GDP Growth Rate	0.5%	-3.5%	-6.9%	-4.6%	8.6%	5.1%	5.2%	4.8%

Source: Statistical Service

Exhibit 24

GHANA: SECTORAL GROWTH RATES OF GDP

[Constant 1975 Prices; in percent]

SECTORAL COMPONENTS	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Industrial Sector	17.6	7.6	11.3	10.8	9.9	10.4	10.2	9.8	10.8	10.4	10.3
Mining	6.5	-3.0	7.9	20.0	19.4	13.9	14.0	9.4	6.6	4.8	4.8
Manuf.	24.3	11.0	10.0	8.0	8.0	10.0	10.0	10.0	12.0	12.0	12.0
Utilities	20.7	18.0	18.7	16.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Construction	2.8	-2.7	15.0	15.0	12.0	10.0	9.0	9.0	8.0	8.0	7.0
Agricultural Sector	0.6	3.3	0.0	3.8	4.0	2.3	2.9	3.3	2.6	3.0	3.4
Cocoa	13.2	18.2	3.3	-6.8	14.2	3.9	7.2	7.1	0.2	2.6	4.7
Forestry	0.1	1.2	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Agric., Livestock and Fishing	-1.3	0.9	-0.9	6.5	2.3	2.0	2.1	2.7	3.3	3.3	3.3
Services Sector	7.5	6.5	9.4	7.0	5.5	5.2	4.7	4.5	4.2	4.2	4.2
Transport	8.5	5.6	10.9	10.0	8.0	7.0	5.5	5.0	5.0	5.0	5.0
Wholesale & Retail	13.7	9.0	17.4	10.0	7.0	6.0	6.0	6.0	5.0	5.0	5.0
Financial Services	2.6	7.7	5.5	5.0	5.0	6.0	5.0	5.0	5.0	5.0	5.0
Government Services	4.6	2.3	3.0	3.0	2.3	2.3	2.3	2.0	2.0	2.0	2.0
Other Services	18.3	18.8	19.2	15.0	10.0	8.0	6.0	5.0	5.0	5.0	5.0

GHANA: SECTORAL DISTRIBUTION OF GDP

[Constant 1975 Prices; in percent]

SECTORAL COMPONENTS	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Industry	12.7	13.0	13.8	14.4	15.0	15.8	16.6	17.4	18.4	19.4	20.4
Mining	1.1	1.0	1.1	1.2	1.4	1.5	1.6	1.7	1.7	1.7	1.7
Manuf.	8.3	8.7	9.2	9.3	9.6	10.0	10.5	11.1	11.8	12.7	13.5
Utilities	0.8	0.9	1.1	1.2	1.2	1.3	1.3	1.4	1.5	1.6	1.6
Construction	2.4	2.3	2.5	2.7	2.8	3.0	3.1	3.2	3.4	3.5	3.5
Agriculture	50.3	49.5	47.1	46.1	45.5	44.5	43.7	43.0	42.2	41.4	40.8
Cocoa	6.9	7.8	7.6	6.7	7.3	7.2	7.4	7.6	7.2	7.1	7.1
Forestry	5.6	5.4	5.2	5.0	4.8	4.7	4.5	4.4	4.3	4.1	4.0
Agric., Livestock and Fishing	37.8	36.3	34.2	34.4	33.4	32.5	31.7	31.0	30.7	30.2	29.7
Services	37.0	37.6	39.1	39.5	39.5	39.7	39.7	39.6	39.4	39.2	38.9
Transport	4.2	4.2	4.5	4.6	4.8	4.9	4.9	4.9	4.9	4.9	4.9
Wholesale & Retail	10.4	10.8	12.1	12.6	12.7	12.9	13.1	13.2	13.3	13.3	13.3
Financial Services	8.4	8.6	8.6	8.5	8.5	8.6	8.6	8.6	8.7	8.7	8.7
Government Services	12.5	12.2	11.9	11.6	11.2	11.0	10.7	10.4	10.2	9.9	9.6
Other Services	1.6	1.8	2.0	2.2	2.3	2.4	2.4	2.4	2.4	2.4	2.4
GDP	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Bank staff estimates.
Note: Details may not add to total due to rounding.

GHANA: VOLUME OF EXPORTS

Product	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Cocoa (MT)	164839	187714	210870	218882	204009	233054	242156	259611	278043	278599	285791	299223
Log and Timber (CM)	148252	246812	291382	497040	537875	580905	598332	616282	634770	653814	673428	693631
Gold (FOT)	285759	285138	292211	323496	379593	455512	523838	602414	662656	709041	744493	781718
Diamond (Carat)	425038	639598	564954	396723	328897	328897	328897	328897	328897	328897	328897	328897
Manganese (MT)	247780	263441	245794	235123	283500	326025	326025	326025	326025	326025	326025	326025
Oil Residual (MT)	124445	198837	202216	169071	169071	169071	169071	169071	169071	169071	169071	169071
Electricity (Mn KWH)	624	1700	2500	2847	2898	2898	2898	2898	2898	2898	2898	2898
Bauxite (MT)	45000	124453	226461	226415	275111	316378	363834	363834	363834	363834	363834	363834

GHANA: EXPORT PRICES

(US$ per Unit)

Product	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Cocoa ($/MT)	2315.6	2195	2387	2263	2108	1589	1689	1689	1788	1862	1937	2054
Log and Timber ($/CM)	143.0	113	151	182	199	212	217	228	240	252	264	277
Gold ($/FOT)	361.5	318	364	440	441	431	381	389	397	405	413	421
Diamond ($/Carat)	6.6	9	8	10	12	12	13	13	14	14	15	16
Manganese ($/MT)	33.5	34	33	33	28	30	31	32	33	35	36	38
Oil Residual ($/MT)	181.6	168	87	113	89	99	106	112	119	126	133	141
Electricity ($/Mn KWH)	33.3	20	18	17	26	27	27	28	29	31	32	33
Bauxite ($/MT)	20.5	22	22	23	23	23	25	26	28	29	31	33

GHANA: EXPORTS IN CURRENT PRICES

(Millions of US$)

Product	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Cocoa	382	412	503	495	430	370	409	438	497	519	554	615
Log and Timber	21	28	44	90	106	122	129	139	151	163	176	191
Gold	103	91	106	142	167	197	200	234	263	287	307	329
Diamond	3	5	5	4	4	4	4	4	4	5	5	5
Manganese	8	9	8	8	8	10	10	10	11	11	12	12
Oil Residual	23	33	18	19	15	17	18	19	20	21	22	24
Electricity	21	34	46	49	75	77	80	82	85	89	92	96
Bauxite	1	3	5	5	6	7	9	9	10	10	11	12
Others	5	18	14	14	16	34	61	110	160	216	268	333
Exports of Goods	567	633	748	827	828	838	919	1047	1201	1321	1448	1617
Non-Factor Services	38	39	47	79	90	110	117	127	138	150	164	178
Total Exports	605	672	796	906	918	948	1036	1175	1339	1472	1612	1795

Note: Details may not add to total due to rounding.
Source: Bank staff estimates.

Exhibit 35A

Exhibit 25B

GROWTH OF NON-TRADITIONAL EXPORTS(a)
UNDER THE ERP
1986-88

	1986	1987(b)	1988(b)
Exports by Sector (Million $)			
Agricultural	17.8	18.8	27.1
Processed and Semi-Processed	5.9	9.1	15.2
Handicrafts	0.0	0.1	0.1
Total(c)	23.8	27.9	42.3
Total Number of Exporters	n/a	725	1,331
of which:			
Agricultural Exporters	n/a	377	708
Processed and Semi-Processed Exporters	n/a	284	475
Handicraft Exporters	n/a	64	148
Total Number of Export Items	n/a	132	166
of which:			
Agricultural Products	n/a	55	65
Processed and Semi-Processed Products	n/a	65	84
Handicrafts	n/a	12	17

Notes: (a) Excluding residual fuel, LPG, veneer, plywood and transfers.
(b) Data are provisional.
(c) Totals may not add due to rounding.

Source: Ghana Export Promotion Council

Exhibit 25C

MAJOR NONTRADITIONAL EXPORTS BY TYPE, 1987-88
(Millions U.S. Dollars)

	1987(a)	1988(a)
Agricultural Exports		
Tuna	11.1	14.3
Other Fish and Seafoods	3.6	6.7
Cocoa Waste	2.4	2.9
Pineapples	0.9	1.4
Kolanuts	0.5	1.0
Yam	0.1	0.2
Other Horticultural	0.1	0.2
Total Agricultural(b)	18.8	27.1
Processed and Semi-Processed Exports		
Aluminum Products	0.7	6.1
Wood Products	2.2	3.3
Salt	1.9	2.5
Canned Tuna	1.5	0.4
Other	2.8	2.9
Total Processed and Semi-Processed(b)	9.1	15.2

Notes: (a) Data are provisional.
(b) Totals may not add due to rounding.

Source: Ghana Export Promotion Council

Exhibit 25D-1

GHANA EXPORT PROMOTION COUNCIL

DESTINATION OF GHANA'S NON-TRADITIONAL EXPORTS
1986-1988

VALUE: IN 1000 U.S.DOLLARS

BY COUNTRY
PROVISIONAL

DESTINATION/COUNTRY	1986 VALUE	1986 %	1987 VALUE	1987 %	1988 VALUE	1988 %
TOTAL NON-TRAD. EXPORTS	23,762.16		27,963.81		42,346.44	
OF WHICH						
AGRICULTURAL PRODUCTS	17,816.82	100.00%	18,788.71	100.00%	27,059.68	100.00%
OF WHICH						
EEC : TOTAL	3,927.44	22.04%	6,361.65	33.86%	5,664.62	20.93%
HOLLAND	2,087.59	11.72%	2,560.38	13.63%	3,044.12	11.25%
SPAIN	1,301.40	7.30%	2,281.61	12.14%	1,169.81	4.32%
UNITED KINGDOM	499.97	2.81%	867.31	4.62%	929.39	3.43%
FRG	17.54	0.10%	371.94	1.98%	251.38	0.93%
BELGIUM	5.10	0.03%	38.63	0.21%	178.42	0.66%
ITALY	0.55	0.00%	124.95	0.67%	42.87	0.16%
FRANCE	15.29	0.09%	115.57	0.62%	27.38	0.10%
DENMARK	-	-	1.26	0.01%	21.25	0.08%
OTHER DEVELOPED COUNTRIES: TOT	13,356.72	74.97%	11,756.75	62.57%	6,026.79	22.27%
USA	13,237.42	74.30%	11,356.34	60.44%	5,507.66	20.35%
SWITZERLAND	106.97	0.60%	380.11	2.02%	448.07	1.66%
FINLAND	-	-	7.34	0.04%	35.72	0.13%
JAPAN	3.67	0.02%	8.26	0.04%	24.48	0.09%
SWEDEN	-	-	-	-	4.89	0.02%
CANADA	8.27	0.05%	1.43	0.01%	3.66	0.01%
NORWAY	0.39	0.00%	2.89	0.02%	1.73	0.01%
AUSTRIALIA	-	-	-	-	0.57	0.00%
AUSTRIA	-	-	0.38	0.00%	0.00	0.00%
ECOWAS : TOTAL	504.51	2.83%	632.44	3.37%	3,771.48	13.94%
COTE D'IVOIRE	1.32	0.01%	31.61	0.17%	2,669.71	9.87%
NIGERIA	460.68	2.59%	489.59	2.61%	775.16	2.86%
TOGO	41.49	0.23%	109.78	0.58%	242.08	0.89%
BENIN	-	-	-	-	74.19	0.27%
GAMBIA	-	-	0.19	0.00%	6.06	0.02%
LIBERIA	1.02	0.01%	1.27	0.01%	2.50	0.01%
SENEGAL	-	-	-	-	1.59	0.01%
BURKINA FASO	-	-	-	-	0.19	0.00%
OTHER AFRICAN COUNTRIES: TOTAL	0.00	0.00%	0.47	0.00%	178.42	0.66%
LIBYA	-	-	-	-	176.98	0.65%
GABON	-	-	-	-	1.44	0.01%
ZAMBIA	-	-	-	-	-	-
KENYA	-	-	0.47	0.00%	-	-

Source: Ghana Export Promotion Council

Exhibit 25D-2

DESTINATION/COUNTRY	1986 VALUE	1986 %	1987 VALUE	1987 %	1988 VALUE	1988 %
OTHER COUNTRIES:TOTAL	28.15	0.16%	37.40	0.20%	11,418.36	42.20%
PUERTO RICO	-	-	-	-	5,832.58	21.55%
LAS PALMAS	-	-	-	-	5,498.00	20.32%
HONG KONG	13.27	0.07%	7.64	0.04%	56.75	0.21%
SINGAPORE	-	-	2.19	0.01%	30.64	0.11%
MEXICO	0.16	0.00%	-	-	0.19	0.00%
KUWAIT	12.17	0.07%	-	-	0.12	0.00%
MALTA	-	-	-	-	0.06	0.00%
SAUDI ARABIA	2.55	0.01%	-	-	0.03	0.00%
CHINA	-	-	25.33	0.13%	-	-
INDIA	-	-	0.27	0.00%	-	-
TAIWAN	-	-	1.97	0.01%	-	-
PROCESSED & SEMI PROCESS.TOT.	5,914.26	100.00%	9,1[illegible]3.21	100.00%	15,228.98	100.00%
OF WHICH						
EEC :TOTAL	3,418.67	57.80%	[illegible],8.2.46	52.70%	6,761.00	44.40%
UK	1,233.14	20.85%	2,1[illegible]9.68	23.15%	3,820.48	25.09%
HOLLAND	2,074.52	35.08%	1,823.38	20.67%	925.85	6.08%
FRG	106.43	1.80%	215.37	2.47%	853.86	5.61%
ITALY	-	-	-	-	367.33	2.41%
SPAIN	-	-	1[illegible]7.94	1.51%	331.67	2.18%
IRELAND	-	-	[illegible].01	0.68%	220.03	1.44%
FRANCE	-	-	180.18	1.98%	140.39	0.92%
DENMARK	4.58	0.08%	23.61	0.23%	89.96	0.59%
BELGIUM	-	-	183.29	2.01%	11.45	0.08%
OTHER DEVELOPED C'TRIES:TOT.	537.93	9.10%	555.65	6.10%	3,2[illegible]	21.[illegible]2%
USA	537.87	9.09%	536.90	5.89%	3,192.71	20.96%
FINLAND	-	-	-	-	23.61	0.16%
SWEDEN	-	-	18.65	0.20%	22.65	0.15%
CANADA	0.06	0.00%	0.10	0.00%	14.00	0.09%
SWITZERLAND	-	-	-	-	9.44	0.06%
ECOWAS:TOTAL	1,069.34	18.08%	3,08 .70	33.82%	3,535.34	23.87%
B/FASO	460.19	7.78%	69 .70	7.66%	848.75	5.57%
COTE D'IVOIRE	5.74	0.10%	65[illegible].69	7.22%	845.68	5.55%
NIGER	164.74	2.79%	755.30	8.29%	811.36	5.33%
TOGO	319.17	5.40%	518.99	5.69%	675.36	4.43%
NIGERIA	58.53	0.99%	324.66	3.56%	329.87	2.17%
MALI	-	-	5.72	0.06%	45.72	0.30%
BENIN	35.04	0.59%	1[illegible]4.11	1.25%	42.70	0.28%
GAMBIA	0.00	0.00%	1.91	0.02%	17.62	0.12%
LIBERIA	25.30	0.43%	2.93	0.03%	14.27	0.09%
SIERRA LEONE	-	-	2.43	0.03%	3.44	0.02%
SENEGAL	0.63	0.01%	0.26	0.00%	0.45	0.00%
GUINEA	-	-	-	-	0.11	0.00%
OTHER AFRICAN COUNTRIES:TOT.	0.00	0.00%	0.00	0.00%	7.04	0.05%
CONGO	-	-	-	-	3.53	0.02%
GABON	-	-	-	-	3.00	0.02%
MOZAMBIQUE	-	-	-	-	0.50	0.00%
ZAMBIA	-	-	-	-	0.01	0.00%

Source: Ghana Export Promotion Council

Exhibit 25D-3

DESTINATION/COUNTRY	1986 VALUE	1986 %	1987 VALUE	1987 %	1988 VALUE	1988 %
OTHER COUNTRIES:TOTAL	888.32	15.02%	673.40	7.39%	1,563.18	10.26%
CUBA	-	-	-	-	1,029.45	6.76%
SOUTH KOREA	-	-	-	-	242.22	1.59%
TAIWAN	28.94	0.49%	114.70	1.26%	233.13	1.53%
HONG KONG	-	-	-	-	57.94	0.38%
SAUDI ARABIA	-	-	-	-	0.43	0.00%
ROMANIA	859.38	14.53%	558.70	6.13%		0.00%
HANDICRAFT ITEMS:TOTALS	31.08	100.00%	61.89	100.00%	57.79	100.00%
OF WHICH						
EEC :TOTAL	22.85	73.52%	32.98	53.29%	17.60	30.46%
FRG	19.03	61.23%	3.87	6.25%	8.66	14.99%
UNITED KINGDOM	3.82	12.29%	1.14	1.84%	8.42	14.57%
HOLLAND	-	-	0.24	0.39%	0.24	0.41%
BELGIUM	-	-	27.59	44.58%	0.18	0.30%
DENMARK	-	-	-	-	0.11	0.19%
FRANCE	-	-	0.14	0.23%	-	-
OTHER DEVELOPED COUNTRIES:TOT	8.05	25.90%	19.74	31.90%	33.26	57.56%
USA	8.05	25.90%	18.71	30.23%	28.52	49.36%
CANADA	-	-	1.03	1.66%	3.35	5.66%
AUSTRALIA	-	-	-	-	0.57	0.98%
SWITZERLAND	-	-	-	-	0.21	0.35%
SWEDEN	-	-	-	-	0.12	0.20%
ECOWAS :TOTAL	0.18	0.58%	9.00	14.54%	4.13	7.15%
TOGO	0.06	0.19%	4.60	7.43%	2.30	3.98%
COTE D'IVOIRE	-	-	0.34	0.55%	1.57	2.71%
GAMBIA	0.05	0.16%	-	-	0.18	0.31%
LIBERIA	0.07	0.23%	0.30	0.48%	0.05	0.09%
B/FASO	-	-	-	-	0.03	0.06%
NIGERIA	-	-	3.58	5.78%	-	-
MALI	-	-	0.18	0.29%	-	-
OTHER AFRICAN COUNTRIES:TOT	0.00	0.00%	0.00	0.00%	1.24	2.14%
KENYA	-	-	-	-	0.94	1.63%
LESOTHO	-	-	-	-	0.30	0.51%
OTHER COUNTRIES:TOTAL	0.00	0.00%	0.17	0.27%	1.56	2.69%
TAIWAN	-	-	-	-	1.56	2.69%
ISRAEL	-	-	0.17	0.27%	-	-

Source: Ghana Export Promotion Council

Exhibit 26A

GDP Growth Rate by Subsector
(constant 1984 Cedis; Percent)

	1986-88	1988-92	1992-95
Agriculture	1.9	3.1	3.0
Cocoa	-1.9	8.2	2.5
Forestry	1.6	1.5	1.5
Others	2.7	2.3	3.3
Industry	11.1	10.1	10.5
Mining	13.8	14.1	5.2
Manufacturing	9.0	9.5	12.0
Utilities	17.6	9.9	10.1
Construction	14.8	10.0	8.0
Services	8.2	5.0	4.2
Transport	10.5	6.3	5.0
Wholesale and Retail Trade	13.7	6.2	5.0
Financial Services	5.3	5.3	5.0
Public Administration	3.0	2.2	2.0
Other Services	16.7	7.2	5.0
GDP	5.4	5.0	5.0

Source: Ghana Statistical Service and Bank staff estimates

Exhibit 26B

Estimated Employment by Sector, 1988-90
(Employment in '000)

Sector	1988	1989	1990
Agriculture, Fishing	4,363	4,538	4,642
Mining	75	81	88
Manufacturing, Utilities	470	499	540
Construction	92	103	113
Transport and Communications	138	146	153
Commerce	943	1,009	1,070
Financial Services	25	27	28
Non-Governmental Services	260	285	306
Central Government	285	270	270
Total Employment	6,651	6,958	7,210
Annual Increase (percent)	4.7	4.6	3.6

Source: Staff Estimates.

Exhibit 26C

Main Economic Aggregates

(Annual Average Growth Rates; Percent Per Annum)
(constant 1984 Cedis)

	1986-88	1988-92	1992-95
GDP	5.4	5.0	5.0
GDP per Capita	2.4	2.0	2.0
Investment	16.9	8.7	11.9
Public	8.3	8.5	4.5
Private	39.7	9.2	23.2
National Savings	10.8	14.4	16.0
Public	34.3	16.4	10.3
Private	1.4	11.8	21.3
Exports	4.7	10.2	5.4
Imports	10.5	4.6	5.0

Source: Ghana Statistical Service and Bank staff estimates

Exhibit 27

Export Growth Rates
(constant 1984 Cedis; Percent)

	1986-88	1988-92	1992-95
Cocoa	-1.7	8.1	2.5
Timber	36.2	4.3	2.9
Gold	13.7	15.0	5.7
Diamonds	-25.8	-2.4	0.0
Electricity	8.1	0.0	0.0
Oil Residuals	-8.5	0.0	0.0
Bauxite	9.5	3.9	0.0
Manganese	6.1	5.1	0.0
Nontraditionals	-6.1	72.6	23.1
Non-Factor Services	25.5	7.5	4.9
Total Exports GNFS	4.7	10.2	5.4

Source: Ghana Statistical Service and Bank staff estimates

Exhibit 28-1

Top 22 Companies and Holdings (Percent Government Owned)

For the companies listed below that appear on the State Enterprise Commission's list of SOEs a percent of government ownership is given.

1. Ghana Cocoa Board (100%)

   - Ghana Cocoa Marketing Co.
   - Ghana Cocoa Processing Co. Ltd.
   - Produce Buying Co. Ltd.
   - Produce Inspection Co. Ltd.
   - Aburakwa Formulation
   - Cocoa Research Institute

2. Volta Aluminium Co. Ltd.

3. Ashanti Gold Fields Corporation (55%)

4. UAC (Ghana ltd.

   - Kingsway Stores Ltd.
   - G.B. Ollivant
   - UAC Properties
   - Tractor and Equipment Ltd..
   - African Motors Ltd.
   - Lever brothers (Gh) Ltd. (55%)
   - A.J. Seward Ltd.
   - Kumasi Brewery (40%)
   - Guiness (Gh) Ltd. (40%)
   - Benso Oil (40%)

5. Pioneer Tobacco Co. Ltd. (20%)

6. Accra Brewery Ltd. (40%)

7. Volta River Authority (100%)

8. Ghana Cement Works

9. Ghana National Trading Co. (100%)

10. Ghana Commercial Bank

    - National Investment Bank
    - Merchant Bank
    - Bank for Housing and Construction
    - Agriculture Dev. Bank (20%)
    - National Cash Register(NCR) (Gh) Ltd. (34%)
    - Vacuum Salts Products (38.1%)
    - Ghana Farms Ltd. (35%)
    - Shell (Gh) Ltd. (25%)

Exhibit 28-2

Top 22 Companies and Holdings (Percent Government Owned) (continued)

- Ghana Industrial Farms (40.8%)
- Ghana Textile Manufacturing Co. (40%)
- Pens and Plastics (Gh) Ltd. (42%)
- Accra Beach Hotel Co. (Gh) Ltd. (30%)
- Aluworks (25%)
- Accra Markets Ltd. (30%)
- Countrywide Properties Ltd. (100%)
- Development Leasing Co. (100%)
- Ghana Livestock Co. (82.5%)
- Saltpond Ceramics Ltd. (65.5%)
- Fascom Ltd. (62.8%)

11. Ghana Airways Corporation (100%)

12. Mobil Oil (Gh) Ltd.

13. Shell (Gh) Ltd. (25%)

14. Barlcays Bank

15. Standard Chartered Bank (Gh) Ltd.

16. Lever Brothers (55%)

17. Irani Brothers

18. Bonsa Tyre Co. (100%)

19. Posts and Telecommunications Corporation (100%)

20. Ghana Water and Sewerage Corporation (100%)

21. Electricity Corporation of Ghana (100%)

22. Ghana Railways Corporation (100%)

Exhibit 29A

Key Business Associations

- Association of Ghanaian Industries
- Ghana Chamber of Commerce
- Ghana Chamber of Mines
- Ghana National Road Council
- Ghana Private Road Transport Union
- Ghana Institute of Management
- National Board for Small Scale Industries
- Association of Professional Bodies
- Ghana Furniture Producers Association
- Ghana Timber Producers Association
- Ghana Timber Millers Association
- Ghana Association of Small Scale Miners
- Ghana Dressmakers Association
- Ghana Association of Private Practising Pharmacists
- Ghana Marine Fisheries Association
- Ghana Real Estate Developers Association
- Musicians Association
- Ghana Registered Midwives Association

Exhibit 29B

Key business leaders in industry, agriculture/agribusiness, commerce, finance.

-	Mr. J.E. Richardson	President of Ghana Industries Association and MD of Pioneer Tobacco Co. Ltd.
-	Mr. J.V.L. Phillips	Resident Manager of Valco Aluminium Company
-	Mr. B.A. Mensah	Managing Director of International Tobacco (Gh) Ltd.
-	Mr. David Aninakwa	Managing Director of Ghana National Trading Co.
-	Mr. Ishmael Yamson	UAC (Gh) Ltd.
-	Dr. N.T. Clarke	President of Ghana Institute of Management
-	Mr. Appea Menka	Managing Director of Apino Soap
-	Dr. G.K. Agamah	Governor of Bank of Ghana
-	Dr. E.Erbynn	Chief Executive of Ghana Investment Centre
-	Mr. W.S. Parker	Managing Director of GHAIP

Exhibit 30

REGISTERED CO-OPERATIVE SOCIETIES (DEC. 1987)

Region	Agric	Svcs	Ind	Fin	Total
Volta	525	245	149	27	946
Western	387	154	173	31	736
Greater Accra	458	1027	178	148	1811
Brong Ahafo	831	186	472	40	1529
Ashanti	1079	511	256	65	1911
Central	584	173	184	31	972
Northern	302	103	15	32	452
Eastern	639	639	253	49	1580
Upper W/E	153	33	17	8	211
Total	4949	3071	1697	431	10148

Source: Action Programme on the Reactivation of the co-operative support in Ghana.

Exhibit 31A

COMPOSITE VIEW OF GHANA'S BANKING SECTOR: 1987

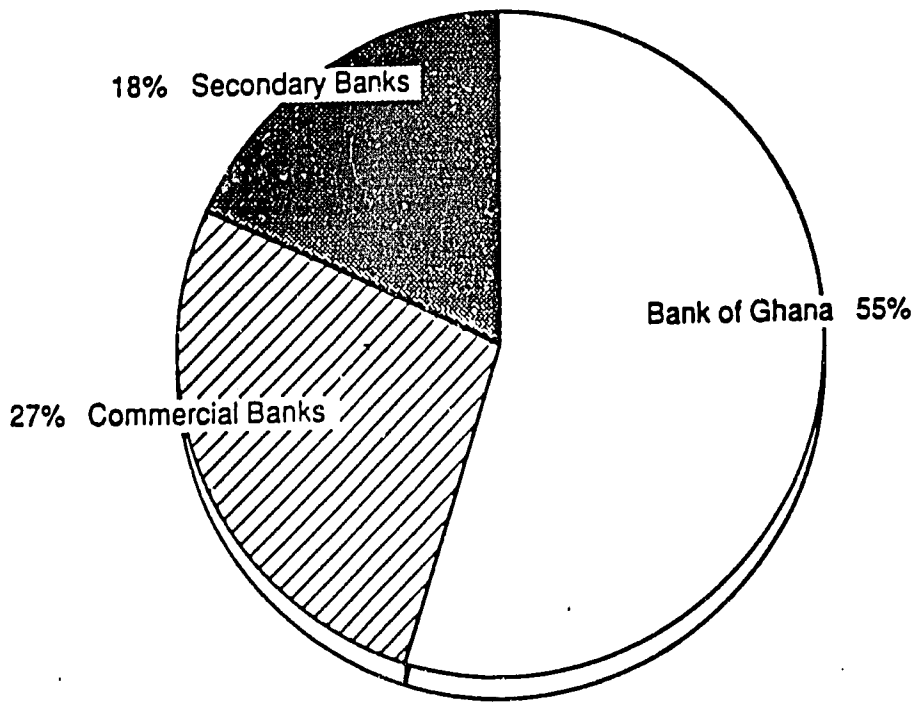
Bank	Date Est.	Branches	% Gov't. Owner	Loans$	Total Assets$	Deposits$	Total Liabilities$	Equity	Equity/ Loans	Deposits/ Loan
Ghana Commercial	1953	150	100	15,716	60,808	27,499	58,212	2,596	16.5%	175%
Standard Chartered	1896	25	40	6,919	14,390	10,263	11,678	2,080	30.1%	148%
Barclays	1917	30	40	4,918	17,059	10,922	15,013	2,122	43.2%	222%
Bank for Housing/Const.	1973	10	100	9,949	14,614	5,411	14,129	484	4.9%	54%
Social Security	1977	44	100	6,337	23,390	15,322	22,399	991	15.6%	242%
National Investment	1963	10	100	3,981	14,976	2,747	14,420	556	14.3%	71%
Ghana Co-operative	1946	76	100	1,236	N/A	1,242	N/A	N/A	N/A	100%
Agric. Development	1965	34	100	3,509	9,289	1,925	9,060	229	6.5%	55%
Nat'l Savings/Credit	1972	19	100	1,175	3,784	2,114	3,544	240	20.4%	180%
Merchant	1971	3	30	1,924	7,540	2,706	7,116	398	20.7%	130%
Bank for Credit/Comm.	1978	1	13	421	2,170	1,349	2,081	89	21.1%	321%
Rural Banks	1972	117	25	1,156	3,537	2,203	3,301	236	20.4%	191%

$ millions of cedis

Sources: Banking and Insurance Guide of Ghana: 1989-1987; Banking Sources

Exhibit 31B

Assets of the Banking System in 1988



Total Bank Assets 1988 = 504,076 Million cedis

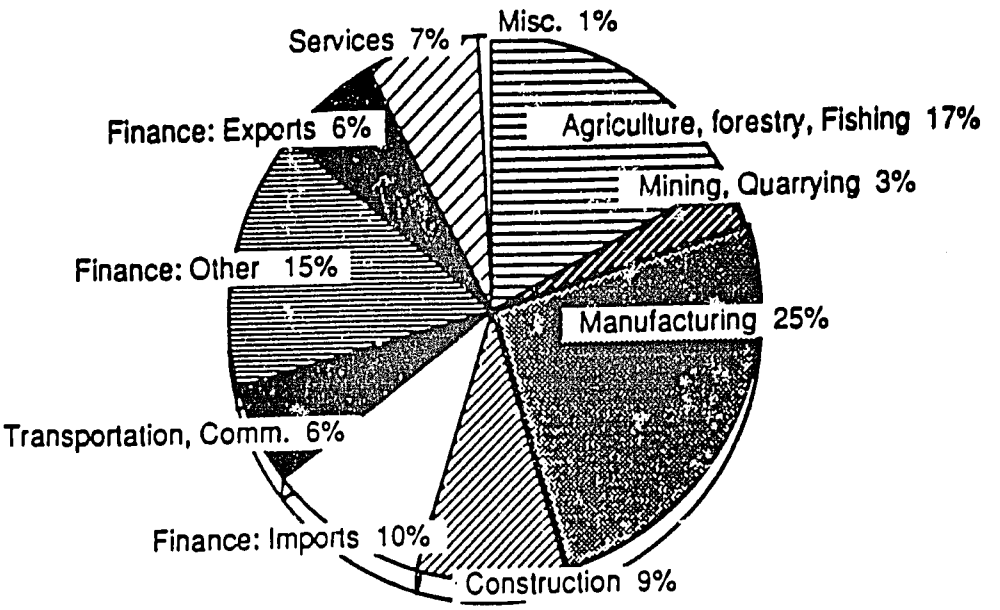
Note: Assets for Commercial Banks are as of October 1988.

Source: Statistical Service,Quarterly Digest of Statistics, December 1988.

Exhibit 31C

Sectoral Distribution of Commercial Bank Loans

1988

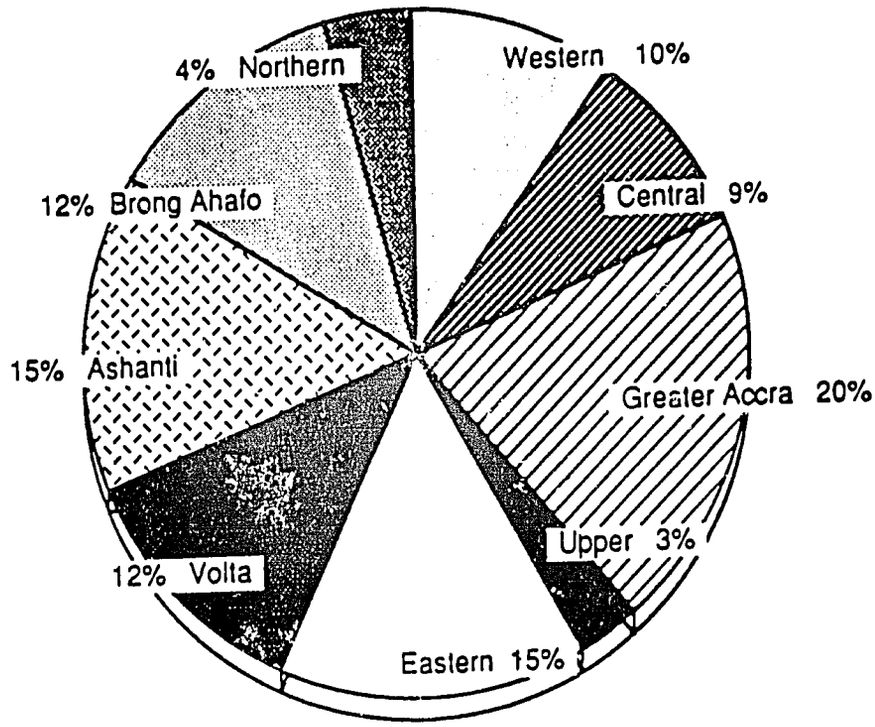


Total Commercial Bank Loans 1988 = 34159.4 Million Cedis

Source: Statistical Service,Quarterly Digest of Statistics, December 1988.

Exhibit 31D

Regional Share of Commercial Bank Branches 1988



Total Number of Commercial Banks 1988 = 206

Source: Statistical Service, Quarterly Digest of Statistics, December 1988.

SUMMARY ACCOUNTS OF THE BANKING SYSTEM
(Millions of Cedis; End Period)

	1975	1980	1981	1982	1983	1984	1985	1986	1987	Sept 1983
Net Foreign Assets:	136	-358	-1160	-1024	-16676	-31440	-48702	-130656	-141707	-146244
Banking System	188	477	24	238	4031	9146	4610	5327	11140	9489
Net IMF Position	-52	-119	-78	-59	-8405	-23388	-39359	-113344	-137005	-139251
Post-1972 Payment Arrears	-	-537	-955	-1051	-10399	-15402	-12263	-18571	-10516	-11148
Pre-1972 Payment Arrears	-	-75	-54	-54	-335	-392	-209	-	-	-
Participation Arrears	-	-104	-97	-98	-1568	-1404	-1481	-4068	-5326	-5334
Net Domestic Assets:	1280	8404	12943	16004	22601	39237	66464	94590	105334	93023
Claims on Government	903	6526	10655	11064	21059	24170	27176	29647	22220	17780
Claims on Public Entities	101	400	441	527	813	676	4795	5274	8610	9128
Cocoa Financing	188	1559	2950	5553	521	3580	13545	16889	16471	-
Claims on Non-Bank Fin.	72	74	107	129	200	897	13	-	-	-
Claims on Private Sector	865	943	1345	1562	2841	12153	21178	37455	46945	57706
Net Other Assets	-849	-1098	-2555	-2831	-2833	-2239	-243	5325	11088	8409
Revaluation Account					16158	29930	41884	133135	179768	206880
Money and Quasi Money:	1374	7938	11637	14834	20495	34621	55625	85937	132263	142526
Money	991	6087	9415	11205	16411	27370	43950	65816	95042	101059
Quasi-Money	384	1851	2222	3629	4084	7251	11675	20121	37221	41468
SDR Allocation	42	108	146	146	1588	3106	4021	11132	11132	11132

Source: Bank of Ghana; IMF Reports, 1973-83.

Note:

1. For 1971-75, Net Foreign Assets valued at 1 Cedi = SDR 0.71842.
2. The series after 1978 is not strictly comparable with that of the preceding period because prior data on arrears' payments did not include arrears on service payment.
3. Excludes secondary banks up to 1983.

Exhibit 31E

CONSOLIDATED BALANCE SHEET OF THE BANKING SYSTEM
(Million of Cedis at End Period)

	1975	1980	1981	1982	1983	1984	1985	1986	1987	Sept 1988
ASSETS:	1745.4	9962.1	15393.0	18929.9	31535.7	39395.8	60589.7	89133.7	106713.5	98732.2
1. Net Credit to Government	938.7	6940.4	10949.6	11341.1	21794.1	16319.2	27566.2	29677.7	22357.1	19530.3
A. By Banking System	964.5	6522.2	10499.1	10942.8	22057.9	24100.9	27566.2	29677.7	22357.1	19530.3
* By Bank of Ghana	863.6	5452.9	8811.5	8183.9	16195.8	18551.8	20644.7	20464.4	14589.4	9828.0
* By Commercial Banks	100.9	1069.3	1687.6	2758.9	5862.1	5549.1	6921.5	9213.3	7767.7	9702.3
B. Net Use of IMF Resources	-25.8	418.2	450.5	398.3	-263.8	-7781.7	0.0	0.0	0.0	0.0
2. Credit to Rest of Public Sector	190.2	582.4	590.7	707.6	1406.7	2221.7	6120.5	8823.0	11977.4	14892.0
A. By Bank of Ghana	78.1	196.9	175.2	205.8	287.6	1080.1	2797.1	3718.5	5740.2	6674.0
B. By Commercial Banks	112.1	385.5	415.5	501.8	1119.1	1141.6	3323.4	5104.5	6237.2	8218.0
3. Credit for Cocoa Financing	185.0	1559.0	2949.7	5552.9	523.4	3579.5	14520.1	16888.3	16480.7	-
A. By Bank of Ghana	85.0	1328.6	2162.6	4937.1	115.0	3430.0	12515.6	15807.0	14164.0	-
B. By Commercial Banks	100.0	230.4	787.1	615.8	408.4	149.5	2004.5	1081.3	2316.7	-
4. Credit to the Private Sector	298.0	939.6	1341.6	1557.4	5248.9	11086.4	19798.6	36459.9	47706.8	56687.8
A. By Commercial Banks	298.0	939.6	1341.6	1557.4	5248.9	11086.4	19798.6	36459.9	47706.8	56687.8
5. Overseas Assets (Net)	133.5	-59.3	-438.6	-229.1	2562.6	6189.0	-7415.7	-2715.2	8191.5	7622.1
A. With Banking System	187.2	475.6	16.9	172.4	3122.3	6647.1	7127.9	12234.1	17216.6	7057.6
* With Bank of Ghana	191.5	531.8	152.5	327.5	3365.5	7853.3	10398.3	16798.3	25640.0	16266.3
* With Commercial Banks	-4.3	-56.2	-135.6	-155.1	-243.2	-1206.2	-3270.4	-4564.2	-8423.4	-9208.7
B. Net Use of IMF Credit	-53.7	-534.9	-455.5	-401.5	-559.7	-458.1	-14543.6	-14949.3	-9025.1	564.5
LIABILITIES:	1745.4	9962.1	15393.0	18929.9	31535.7	39395.8	60589.7	89133.7	106713.5	98732.2
1. Money Supply	990.9	6087.0	9415.0	11205.0	16411.0	27370.0	43950.0	65815.7	95042.0	101058.5
A. Currency with Public	506.9	2659.4	3324.6	4477.7	6377.1	14947.7	26708.8	34575.5	46117.0	43603.4
B. Demand Deposit	484.0	3427.6	6090.4	6727.3	10033.9	12422.3	17241.2	31240.2	48925.0	57455.1
2. Quasi-Money	383.5	1851.2	2221.6	3629.3	4084.3	7250.7	11674.6	20121.4	37221.1	41467.9
A. Savings Deposits	269.6	1763.5	2124.5	3566.7	3988.6	6054.1	8832.2	14140.8	22238.9	26353.0
B. Time Deposits	113.9	87.7	97.1	62.6	95.7	1196.6	2842.4	5980.6	14982.2	15114.9
3. Other Liabilities	371.0	2023.9	3756.4	4095.6	11040.4	4775.1	4965.1	3196.6	-25549.6	-43794.2

Source: Bank of Ghana.

Note: - Figures for net IMF accounts have been revised from February 1972 to reflect adjustment in the exchange rate of the Cedi in February 1972.
- Excludes secondary banks up to 1983.

Exhibit 31F

Exhibit 31G

FORMAL AND INFORMAL SOURCE OF MONEY IN CIRCULATION

Supply Sources and Amounts
(Millions of Cedis)

	1983	1984	1985	1986	1987
Informal (outside banking system)					
Amount	5,532	13,957	21,728	31,785	48,800
Percentage	27.0%	39.5%	38.6%	36.8%	36.9%
Formal					
Amount	14,965	21,343	34,572	54,615	83,500
Percentage	73.0%	60.0%	61.4%	63.2%	63.1%

The formal financial sector was targeted as weak and requiring restructuring. More than $100 million in World Bank loans have been approved to address those problems. A lack of confidence in and accessibility to the formal financial sector has reinforced an active informal sector.

Source: Technoserve, Overview of the Formal and Non-Formal Financial Sector of Ghana, p.11.

ANNEX C

MAPS PHASE III

Private Sector Diagnostic Survey

I. EXECUTIVE SUMMARY

-- Enterprises in Ghana are small; 76% of surveyed firms employed no more than 20 employees, with most employing 10 or less; only 5% employed more than 100

-- There are very few non-agricultural enterprises outside of Greater Accra and Kumasi; 88% of firms surveyed were in these areas despite efforts to ensure the interviews paralleled the general distribution of firms in southern Ghana

-- Business environment is improving, and the private sector is optimistic; while 38% of surveyed firms reported increased sales volume last year, 64% believe sales volume will increase in the coming year

-- Non-agricultural firms favor manufacturing, but also indicated interest in trade, agriculture and exports; 38% of firms surveyed thought manufacturing offered the best return on investment; 30% looked to exports in manufacturing and agriculture

-- Firms want to export but lack market information; while 42% believed trade with EEC countries was most profitable, 38% looked to neighboring West African countries as potentially their most profitable export markets

-- Credit constraints are the most negative factor affecting business; 54% of firms surveyed said lack of credit availability had had a negative impact on business

-- Credit is an especially severe constraint for small and informal businesses; 65% of firms surveyed supply most of their start-up and working capital needs from personal and family savings

-- Taxes are a major negative factor on firms' operations; although corporate tax rates have been lowered, 54% complained about the negative impact on business due to more aggressive collection

-- Secure access to premises limits investment in productive fixed assets, especially in the informal and small business sector; 45% of firms surveyed claimed uncertainty about premises was a major factor impacting their firm's operations

-- Limited access to affordable electricity is a major constraint; 55% of firms complained about the price of electricity; this relates more to the installation charge than monthly cost, although more regular payments are a relatively new demand on their budgets

-- Lack of affordable transport was also cited as a major resource constraint; 46% of firms complained about the price of transport, although only 24% felt access was a problem; had our survey included farmers, access and price would both be considered major resource constraints

-- Business associations are generally considered effective by their members; more than 70% of respondents believed the three largest associations were at least moderately effective

II. OBJECTIVES OF THE STUDY

The objective of MAPS Phase III, diagnosis of the private sector, is to: a) develop a base of survey generated data on private enterprises operating in Ghana and b) develop information on the perceptions of the business community regarding:

- -- the current investment climate
- -- resource constraints to business development
- -- the effect of public policies on business growth
- -- the role and effectiveness of business associations, and
- -- future investment opportunities

To this end a survey instrument was designed to gather data from all the major sectors in the Ghanaian economy (see Exhibit 2 for the breakdown of the sample by sector). The topics covered by the survey included not just questions regarding the general business climate, but also on perceived resource constraints in the areas of land, labor, energy, transportation, communications and credit. In addition, it included questions on the effectiveness of the support provided by existing business associations. The survey was implemented over a period of eight weeks from May through the end of June, 1989 by the Accra office of Price Waterhouse (PW). The survey results were analyzed by J. E. Austin Associates. A copy of the survey instrument is provided in Appendix A to this report.

The results of the survey will help the USAID Mission in Ghana develop indicators with which to trace the evolution of the private sector over time. The survey will also be of use in identifying new program/policy priorities in private sector promotion and targeting on-going program activities to this end.

A. Organization of the Report

The report is organized as follows.

Section 2 presents the methodology used for gathering data on private sector perceptions. This includes a discussion of the scope of the survey, the sampling frames, the stratification techniques, and the key issues addressed by the survey. It also presents a discussion of the analytic tools used to understand and interpret the survey results.

Section 3 presents the major findings of the survey. It includes a description of the characteristics of the survey sample.

Section 4 summarizes the study's key findings and the implications for subsequent dialogue sessions and strategy formulation.

II. STUDY METHODOLOGY

A. Survey Instrument Design

The survey instrument was carefully elaborated in terms of substance and language. It is the result of close collaboration between USAID Mission personnel, the MAPS Team consultants, and the survey team provided by PW.

1. Initial version of the Survey Questionnaire was reviewed by USAID.

An initial version of the survey instrument was prepared during the first visit of the MAPS Team which took place in February of 1989. All senior Mission staff, as well as Price Waterhouse and local private sector representatives, had a chance to comment and suggest changes/additions to the questionnaire. On the basis of their comments and suggestions, substantial changes were made to the questionnaire. A final version of the questionnaire was drafted and approval secured during the consultant's visit in May 1989.

2. Language was adapted to Ghanaian environment.

After agreement on the contents of the questionnaire was secured, the language and format of the questions were revised with the help of the survey experts from the Faculty of Social Sciences at the University of Ghana, Legon. In particular, the language and manner in which the questions were posed were adapted so that they would be understandable to the small-scale entrepreneurs. Ambiguities in the meanings of some of the terms were clarified. The questions were formatted so as to facilitate post-survey codification and data entry by using pre-coded responses.

3. Survey was modified based on the Pre-Test results.

A team of ten experienced enumerators contracted from the Faculty of Social Sciences of the University of Ghana, Legon studied the questionnaire and conducted the pre-testing exercise. Thirty enterprises were chosen at random for the pilot study. Fifteen of those firms were in the formal sector (e.g. their names were drawn from one of the registries listed in point 2.2.1 below). The distribution of the formal sector firms was as follows: agricultural processing (1), wholesale/retail trade (4), industry (6), and services (4). All 15 formal sector firms for the pilot were located in Accra.

The remaining 15 firms in the pilot study came from the informal sector (see point 2.2.3 below for a definition of how firms in this sector were defined). All were located in Accra. Five industry sectors were targeted: food processing (3), traders (3), vehicle repair/assembly (3), crafts (3), and metal works (3).

Thus, testing was aimed at obtaining a cross-section of the target groups for the sample. The results from enterprises chosen for the pre-test were not included in the results of the full-scale survey.

Changes to the questionnaire which were required as a result of the pre-test entailed some restructuring in language (such as replacing the words "skilled" and "unskilled" labor with "trained" and "untrained") and response categories. Enumerators were provided with a reference sheet defining terms which were seen as ambiguous in the original survey instrument. That reference sheet is provided in Appendix B to this report.

4. Interviewers were carefully selected and trained.

PW used a team of 10 interviewers. All interviewers selected for the team had university level academic qualifications. Many were graduate teaching assistants with previous experience in survey research, and all were students at the Faculty of Social Sciences at the University of Ghana, Legon. Interviewers were trained in a classroom situation by two experienced survey supervisors. They spent 5 days conducting trial interviews under supervision.

B. Sampling Methodology

1. The sampling frame was constructed from 5 distinct sources:

   -- formal sector firms drawn from the membership roster of the Ghana Chamber of Commerce

   -- formal sector firms drawn from the roster of the Association of Ghana Industries

   -- formal sector firms drawn from the roster of the Ghana Employers Association

   -- formal sector firms drawn from the registry of firms kept by the Statistical Service, and

   -- non-registered/informal sector firms drawn from a cluster sample

2. The registries for the formal sector firms.

PW identified several potential data sources for a survey of business establishments. The basis for the sampling frame was the registry of firms kept by the Statistical Service (SS). The Statistical Service list used by PW was newly generated from the latest country-wide industrial census and was the most current listing available for this purpose. But because the list was likely to underestimate commerce and service sector establishments, the SS list was supplemented with the membership rosters from the

main industry and business associations in Ghana. All four lists of registered firms were consolidated into one, and duplicates (firms appearing in more than one roster) eliminated. A random sample from the consolidated list was drawn. Another 200 firms were drawn at random to serve as replacements for those firms originally chosen, but which could not be interviewed either because they refused or because they could not be located.

3. The cluster sample for informal sector firms.

It is likely that those firms employing less than 10 workers, but registered in any of the lists specified above, are not representative of the universe of small-scale enterprises operating in the country -- e.g. they are more likely to have been operating longer and working out of a permanent locale. Moreover, data from MAPS Phase II Private Sector Description show that the informal sector in Ghana plays a major role in the economy and may be more dynamic than the formal sector. Hence, the composite list was not likely to yield an accurate picture of the entire private sector in the country. Since, by definition, informal sector firms do not appear in any registry, the informal sector firms for the sample were identified using a cluster technique. Approximately 33 percent of the total sample was reserved for non-registered or informal sector firms.

The geographic distribution of the clusters reflected the distribution of formal sector establishments in the country as they appeared in the sample drawn for the formal sector firms. In each town/city/district where formal sector firms were to be interviewed, PW field personnel first established those geographical areas or clusters where there were informal sector firms operating. A sample of clusters was drawn from that list. The enumerators were given a methodology by the field supervisors for choosing firms at random within each cluster. The methodology ensured that the enumerators chose a sample within each cluster that was roughly representative of the sectoral distribution of firms in that cluster. This methodology minimized interviewer discretion in terms of whom to interview and so reduced the likelihood of systematic biases introduced in the manner in which the firms were chosen (e.g. that not only those firms operating next to the road, or on one sidewalk, were chosen).

The above procedure minimizes biases in the responses. However, because the sample of informal sector firms is a nonprobability sample, we cannot generalize the results to the universe of informal sector firms in the country. We have no mathematical theory to stipulate the chance of any unit in the universe being selected into the sample and, therefore, no basis for estimating population parameters. On the other hand, by minimizing biases when choosing the respondents, we can be fairly confident that the responses will be a "good" (though not "statistically valid") representation of the population of firms found in the clusters

chosen.

4. An attempt was made to include in the sample the main industrial sectors in the same proportion found in each sampling frame.

However, this principle was not applied when the number of firms called for in the sample was less than 5 units. In such cases, at least 5 firms from that industry sector were included. A unit was then subtracted from the other industrial sectors at a correct statistical proportion. Hence, the sectoral distribution in the sample deviates somewhat from the sectoral distribution in the sampling frames.

Exhibit 6 shows the distribution of firms in the sample by city. Exhibit 2 displays the sample distribution by industry sector. In almost every case the sample represents over 8 percent of the population in the sampling frames (for formal sector firms), giving greater accuracy to the survey results.

5. The rejection rate was low, reducing the likelihood of biases in the sample.

In total, 20 firms refused to be interviewed out of an initial sample of 300 firms, roughly equal to that experienced in other countries where similar surveys have been performed.

C. Survey Analysis

1. All survey variables and responses were coded, entered and processed by the PW survey team. The data were entered and processed in SPSS, a software package for statistical analysis.

2. Most of the questions in the survey have scaler or categorical response measures. Thus, rather than computing a measure, such as the mean response (which is more appropriate when the response is measured in an ordinal scale), only relative frequency distributions are shown for most questions.

3. The first output produced from the survey data was a complete set of frequency tables -- a sample count of the number of respondents per answer per question. For those questions where responses were integers rather than categories, the mean, median and mode response was computed. The frequency distributions and averages for all continuous variables are shown in Appendix A to this report.

4. Contingency tables, or "cross-tabulations," were prepared in order to examine the effect of firm size (using number of employees), economic activity (sector), and ownership (women-owned vs. other).

5. A Macintosh graphics program was used to construct the graphics and the charts included in this report.

III. RESULTS OF THE SURVEY

This section first presents descriptive data on the firms sampled. Subsequent sections discuss how perceptions regarding the environment, resource constraints, opportunities, and business associations are distributed by firm size, sector or ownership characteristics.

A. Description of the Sample

1. Approximately 57 percent of the firms sampled employed less than 10 people (Exhibit 1).

This compares with Industrial Census results which show approximately 85% of Ghana's emter[roses e,[;pu ;ess tjam 10 people. For purposes of analyzing survey results, those firms which employed less than 6 workers were classified as "microenterprises." Those employing between 6 and 10 persons were classified as small, those employing 11 to 20 workers were classified as medium and those employing more than 20 workers were classified as large. These divisions were not arbitrary. Preliminary analysis of the data showed that there were substantial differences among the responses of firms in each size category outlined above. About 31 percent of the sample consisted of microenterprises, 26 percent were classified as small, 19 percent fell under the medium category and the remaining 25 percent were classified as large. Most of the firms included in the large category employed less than 40 people. Only 5 percent of the firms in this last category employed over 100 persons.

2. Forty-nine percent of the firms in the sample operated in manufacturing.[1]

Exhibit 2 provides the sectoral distribution of the sample.

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[1]The definition of agro-processing used for purposes of the survey was very narrow (see Appendix A, question 13). Many of the categories included under "manufacturing" could well be re-classified as agro-processing (e.g. handicrafts, finished wood products, confectionery/baking, brewing/beverage, leather work, textiles, clothing, paper/paper products). Appendix A, question 15 shows that 92 manufacturing sector firms (or 68 percent of the firms classified as manufacturing establishments) could also be considered agro-processing under a broader definition. Using this broader definition, 134 firms (or 45 percent of the total sample) operated in the agro-processing sector. The agro-processing firms in the sample share more characteristics with the agriculture producers (in terms of geographic location, size and response patterns) and were thus analyzed as part of agriculture.

3. Manufacturing and service sector firms had balanced size distributions, while the firms operating in commerce and agriculture tended to be smaller.

Exhibit 3 shows the sectoral distribution of firms by size.

4. Over half of the women-owned firms in the sample (53 percent) were either micro or small enterprises.

Exhibit 4 shows the size distribution of women-owned firms. The distribution of women-owned enterprises by sector is generally similar to that for microenterprises, except that women-owned firms were slightly more likely to concentrate in the services sector. Of the women-owned enterprises sampled, 43 percent operated in manufacturing, 21 percent in agriculture, 21 percent were in the services sector, and 14 percent in commerce.

5. On average, women make up 29 percent of the total work force in the firms sampled.

They comprise only 23 percent of top management, 20 percent of the total skilled labor force and 19 percent of majority shareholders. Exhibit 5 shows that the participation of women in the work force decreases as the size of the enterprise increases. While on average 31 percent of the work force in small and microenterprises are women, the figure for large firms is only 22 percent. This exhibit also shows that women-owned firms are more likely to employ other women and employ them in top management positions. Women also make up a greater proportion of the workforce in agriculture sector firms compared to establishments operating in other sectors.

6. Almost two-thirds of the firms sampled operated in Accra.

Exhibit 6 shows the geographic distribution of the sample.

7. The majority of the firms sampled are oriented almost exclusively to the domestic market.

Appendix A, question 17 shows that on average firms sell about 96 percent of their production in the domestic market. This average changes slightly among all size categories, with about 9% of the larger firms' sales going to the EEC, North America, or other parts of West Africa (Exhibit 5). Larger and medium-sized firms are also more likely to use imported inputs than smaller firms. Agriculture sector firms, as is to be expected, were more likely to use domestic inputs while commerce and service sector firms used more imports (Exhibit 5).

B. Perceptions Regarding Business Environment, Firm Performance and Business Opportunities

1. Only 38 percent of the firms sampled believed that there had been an improvement in the business climate over the last year, corresponding to the number of firms whose sales volume had improved in the last year.

Forty-four percent of the respondents thought the economic environment was worse. Smaller firms were less likely to perceive an improvement than larger firms, but the largest firms were least likely to believe that the environment for business had improved. Analyzing the response patterns by sector, firms operating in manufacturing, regardless of the size category, and agriculture were also less likely to perceive improvements than firms operating in other sectors. Women-owned firms in all size categories were less likely to believe that the environment had improved compared to other firms (Exhibits 7 a & b).

Exhibit 8 shows the rank order for the five factors believed by respondents to have had the most negative effect on the overall performance of their businesses. The ranking was derived by constructing an index which measured the difference between the percentage of respondents who believed that each of the factors listed had either a positive, negative or no effect (see Appendix A, question 24 for the full list of factors). The lower (more negative) the index the more serious the constraint and the higher the ranking awarded to the factor.

Exhibit 8 suggests that firms in all size categories were more likely to attribute the deterioration in their business performance to difficulty accessing credit, followed by taxes and raw materials prices. The larger firms, which were much more likely to be exporting, also reported being severely affected by foreign exchange rates.

2. Less than one-third of the large firms reported improvement in their sales performance over the last year.

Exhibit 9a reflects general sales performance perceptions, while 9b shows that the percentage of respondents in each size category reporting an increase in sales over the last year increases with size, but drops sharply for the largest firms. Exhibit 9c shows commerce and agriculture experienced sales volume increases more than manufacturing and services. It also shows that women-owned firms, in all size categories, were least likely to report growth in sales over this same time period.

3. Sixty-four percent of all firms surveyed believe that sales volume will increase in the next year.

Only 17% believe sales volume will decline. Thus, while firms identify a series of financial, production, marketing and infrastructural obstacles to growth, the general feeling is that the business environment is improving.

4. Firms of all types believe that government tax and credit policies have had a negative effect on their past sales performance.

Exhibits 10a, 10b and 10c also show that weak demand and lack of access to technology were also cited as very important factors. Interestingly, local private sector competition was viewed as far more important than SOE or foreign competition, suggesting that Government policies seem to have resulted in increased competition and most firms in the sample had very targeted production and distribution patterns that were small-scale. Manufacturing sector firms and large firms were most likely to perceive that a major impediment to sales growth was due to tax policies.

-- Firms felt affected by their inability to secure appropriate production technology. Exhibits 11 a and b suggest that problems accessing technology are in part rooted in the lack of information concerning technology choices and in part on cost. Responses to other parts of the questionnaire suggest that difficulties accessing credit stem from firms' inability to meet collateral requirements and existing credit ceilings which have reduced the total supply of credit available (Appendix A, question 38; also see point below). This may also account for weak demand for product that was cited as the second most important effect on sales (Appendix A, question 29).

-- The rank order of factors affecting the sales of women-owned enterprises was no different than for microenterprises. Hence, size is more important than gender in determining perceptions of factors affecting sales.

5. About half of all firms are currently operating at less than 50 percent of their capacity

(See Exhibit 12a). Exhibits 12b and c show that the smallest and the largest firms and agriculture and manufacturing were more likely to report idle capacity. Differences among sectors are small. Survey responses suggest that in part this underutilization has to do more with production side problems than with consumer demand. Only a quarter of the firms reported being unable to sell

all their product (Appendix A, question 28); 75% of the firms believed they could sell more goods and services than they are currently producing (Appendix A, question 27). Hence, as discussed in greater detail below, problems related to electricity, transportation and technology may be hindering firms' ability to use their productive resources efficiently. Where demand is cited, this likely relates to problems of consumer purchasing power.

6. More firms believe there are greater opportunities in manufacturing than in other sectors.

Exhibit 13 shows that 38 percent of firms sampled believe manufacturing for export (22%) and the domestic market (16%) offers the best return on investment.

7. Approximately 30 percent of the firms sampled believe that export activities offer good prospects for the willing investor.

Though, as seen in Exhibit 5, the overwhelming majority of firms sell almost exclusively in the domestic market, a sizeable number (almost a third of the sample) believe that there is a future in exporting (Exhibit 13). Exhibit 14 shows that the EEC and West Africa are believed to be the most potentially profitable export markets.

8. Respondents have little information available on international markets.

While 61 percent of respondents felt they had reliable information on the domestic market, only 12 percent felt that they had equally good information on international markets (Appendix A, questions 43 and 44). Official information sources, such as the Ministry of Tourism and Trade and the Ministry of Industry, Science and Technology, are currently providing information to less than 10 percent of all respondents. The majority of firms continue to rely on personal contacts (89 percent), and a smaller proportion (27 percent) looks to trade journals and publications for information on markets (Appendix A, question 46). Business associations are not currently playing a role in the provision of market information (less than 13 percent of the sample marked the AGI or the Chamber of Commerce as a source). But responses to survey questions 54 and 57 (see Appendix A) and Exhibit 20 suggest that there is substantial demand for market information services.

-- Responses to question 45 (Appendix A) suggest that firms are most interested in information regarding prices and product standards. Information on product standards is of most interest to manufacturing sector establishments, while information on prices is of most interest to agriculture and commerce sector firms.

C. Perceptions Regarding Resource Constraints Affecting Productivity.

1. Perceptions regarding resource constraints vary considerably across size categories and sectors.

Exhibit 15 shows the rank order for the five resource constraints believed by respondents to have had the most negative effect on their productivity. The ranking was derived by constructing an index which measured the difference between the percentage of respondents who believed that each constraint listed had a positive, negative or no effect (see Appendix A, question 31 for the full list). The lower (more negative) the index the more serious the constraint and the higher the ranking shown in the exhibit.

Exhibit 15 shows that the rank order of factors changes appreciably as the size of the enterprise increases. It also varies by sector.

2. Access to affordable electricity and credit are perceived most often as serious constraints by firms in most sectors and size categories.

Exhibit 15 shows, however, that issues regarding electricity were most serious for the largest and the smallest firms.

3. For microenterprises, the key constraints affecting productivity are access to credit and affordable electricity and transport.

The survey revealed that smaller firms rely heavily on non-formal sources of capital, particularly personal funds and funds provided by family and friends (Exhibits 16a and 16b). The only formal source of capital playing any kind of a role among the smaller enterprises are the commercial banks, and survey responses suggest that even this limited role is shrinking due to credit ceilings. Rural Banks and other sources (Non-Bank Financial Institutions) seem to be reaching only a very small percentage of the smaller firms. Lack of credit (and equity) has severely hindered expansion/production plans for these firms (Appendix A, question 40). The lack of credit has also hindered access to inputs for firms (see Exhibit 17). The key factors affecting access to credit were the inability of these entrepreneurs to meet lenders' collateral requirements and credit ceilings imposed on the banks (Appendix A, question 38). Thus, access was viewed as a more serious problem than cost of credit.

Access to land was also a serious constraint for the smaller firms. Responses to questions 32a and 32b (Appendix A) suggest that the primary factor affecting access to land for the smaller firms was the uncertainty regarding access to land and tenure rights (titling). Approximately 21 percent of the firms sampled have

title to the land on which they operate. Almost one out of every two micro and small-scale enterprises said that problems regarding access to land and insecurity of titles was a constraint to the expansion of their operations (compared to 37 percent of the larger firms). Lack of tangible security, in the form of land title deed, is related to problems accessing formal sources of capital due to collateral requirements. But the problem of security of land tenure for the smaller firms goes beyond its implications for credit. The overwhelming majority of the smallest enterprises may simply lack stable access to a place in which to conduct business which a lease could provide. This too could have implications for the willingness/ability of these entrepreneurs to expand their business operations.

Women-owned enterprises in all size categories are likely to face greater difficulties securing access to land than male-owned establishments of the same size. Hence, the problems of insecurity and lack of collateral are even more accentuated for the women-owned firms.

4. Issues pertaining to transportation (price and access) and communications were most likely to be perceived as serious constraints by agriculture sector firms.

In addition, responses to question 49 (Appendix A) suggest that the lack of transport facilities is making it difficult for these firms to operate efficiently. Thirty-two percent of all firms cited lack of land transport as a factor seriously affecting their operations; this sentiment was especially strong in the agriculture sector, where 58 percent of the firms cited land transport access as a constraint. While the cost of land transportation was perceived as a serious constraint by 41 percent of all firms, it was perceived as a very serious constraint by almost three-fourths of those firms operating in the agriculture sector. The cost of transport is high due to high maintenance costs affiliated with poor rural infrastructure and costly foreign exchange required for spare parts. Costs of maintenance and parts are particularly high for those who transport in the agricultural regions. Question 29 shows that firms operating in this sector are more likely to feel that transport and infrastructure problems inhibited their sales.

5. Access to quality skilled/supervisory labor was not perceived as a serious constraint by the firms sampled.

Respondents did not rank access to labor or labor skills a serious constraint to their productivity. Almost 8 out of every 10 respondents felt satisfied with the productivity of their workers (Appendix A, question 33). The degree of satisfaction was fairly constant across sectors.

-- But perceptions regarding availability of labor skills in Ghana do vary by sector. Exhibit 18 shows that

managerial and professional skills are hardest to find. Question 34 shows that agro-processing firms of all size categories are more likely to experience difficulty finding quality personnel than firms operating in other sectors. This difficulty may be rooted in problems of recruiting. Agriculture sector establishments are more likely to be located outside of Accra and be smaller. The brightest and most able professionals, managers and technicians may be the least willing to work in firms located in areas offering relatively few amenities and benefits.

6. Given the above ranking of constraints, <u>enterprises are most interested in and are pursuing plans to improve physical plant, marketing operations and production technology, and relatively less interested in personnel development and training (Exhibits 19a, 19b and 19c).</u>

The differences in investment priorities were most pronounced between sectors. The service sector, the fastest growing area of the economy, showed the most interest in improving personnel training and physical plant facilities. The manufacturing sector was relatively more interested in upgrading production technology and quality control (Exhibit 19c). Larger firms were generally more interested in personnel development and managerial efficiency than the smaller, less organizationally complex enterprises (Exhibit 19b).

-- Smaller firms are also less interested in investing in plant or equipment improvements than the larger firms. <u>The smallest firms are the least interested in any sort of investment to improve their productivity relative to firms in other size categories</u> (Exhibit 19b). The cause for this relative lack of interest may be rooted in their inherent insecurity. Lack of secure tenure rights not only inhibits investment because they make access to credit difficult, but they also make firms relatively more short-term oriented. Investments which do not show immediate payoffs will not be undertaken since the entrepreneur is not sure whether he will be around in the same locale long enough to reap the benefits.

D. <u>Implementing Agents</u>

The results highlighted above suggest that there are some key bottlenecks to private sector development in the country. The question then arises, how to reach the private sector. The survey touched on a number of issues related to private business associations operating in Ghana:

1. <u>Smaller enterprises are less likely to belong to any business association.</u>

The percentage of firms belonging to business associations is likely to be extremely overstated in our sample, since approximately 50 percent of the sampling frame was based on membership rosters (see point 2.2.1 above). Nevertheless, responses to question 55 (Appendix A) show that size is related to membership: 65 percent of microenterprises belong to an association compared with 79 percent of the large and over 90 percent of enterprises employing over 100 people. Women-owned enterprises are more likely to belong to an association than other micro and small enterprises. Approximately 74 percent of the women-owned enterprises in the sample belong to some association. Manufacturing sector establishments were most likely to belong to an organization (76 percent did), while service sector firms were least likely to do so (61 percent).

When asked to explain why they do not belong to any association, half said it was because they were not aware of the services being provided to association members (Appendix A, question 58).

2. Firms are most interested in the provision of credit and marketing information.

There are few differences in the demand for services by size (Exhibit 20) or sector, though service sector establishments are much more interested in increased dialogue and lobbying with government (60 percent were very interested) than other types of firms.

3. The Association of Ghana Industries (AGI), The Ghana Employers Association (GEA) and the Ghana National Chamber of Commerce (GNCC) were rated as "effective" by over 70 percent of survey respondents (Exhibit 21).

Perceptions regarding the effectiveness of associations varied by firm size. Generally smaller firms were less pleased with the performance of the Chamber of Commerce than the larger firms. The AGI generally received high ratings from the overwhelming majority of all members. Over 75 percent of women-owned enterprises in the sample felt that the associations to which they belonged were effective.

IV. IMPLICATIONS FOR DIALOGUE AND STRATEGY

1. Businesses believe creditors are improving.

While only 38% of all firms receive sales volume increased last year, 64% anticipate higher sales volume in the coming year. Firms are confident that they can sell more product (75%), although demand appears to be limited due to credit ceilings and reduced purchasing power. Demand was cited by 54% of firms as a very important factor affecting sales, second only to tax policies (59%).

2. Firms believe opportunities exist in all sectors of the economy.

More firms (38%) cited manufacturing for export (22%) and local (16%) markets, while commerce (23%), agriculture (20%) and others (19%) were evenly distributed.

3. There is a substantial degree of interest in exporting but relatively little information available on export markets.

Although the survey indicates that most export activity is confined to a small number of larger firms in the country, it also suggests that there is considerable interest among entrepreneurs in expanding their activities into neighboring and international markets. But firms do not currently have many sources of information regarding demand for their product or on international requirements and standards. There is demand for such information. Business associations, as suggested by the survey, may be an ideal vehicle for providing such information and contacts. The dialogue sessions should focus on the current role and interest of business associations in this regard: what are business associations currently providing in the way of market (particularly export market) information; what sort of facilities exist at AGI or GNCC for providing this type of service; and how much interest is there among AGI or GNCC leadership for providing such services?

4. Credit is the single largest factor affecting business performance and growth in Ghana.

The results from this survey confirm data gathered through the informal focus group discussions and from the Private Sector Description. Credit is perceived as a serious constraint to growth by firms in all sectors and size categories. Collateral requirements make it difficult for the smallest firms to get credit. Larger firms are particularly constrained by current credit ceilings and what are perceived as high interest rates and fees. The credit squeeze at home means that most firms must either mobilize more local equity or learn to look abroad for capital at a time when the economy is undergoing major restructuring and other

African countries are competing for foreign investment. Survey responses suggest that many Ghanaian firms are already thinking along these lines. Over two-thirds of the respondents reported interest in some sort of joint venture with a foreign partner, and 90 percent of those who did so were primarily interested in having the partner provide capital (Appendix A, questions 61 and 62). Such joint ventures may become increasingly attractive for foreigners as the economic situation in Ghana improves. Dialogue sessions with the private sector and government may want to focus on the issue of joint ventures as alternative sources of capital. Business associations could potentially play a role here by brokering such deals between interested foreign investors and their members.

5. Smaller firms have virtually no access to formal credit sources.

To the extent that the smallest firms use other than personal funds as a source of capital, they tend to be from commercial banks. The dialogue sessions should explore the extent to which there is a consensus regarding the seriousness of this constraint. These sessions should also explore ideas on how to mobilize domestic savings more effectively and channel them towards these enterprises. This would include the possibility of strengthening non-bank savings mechanisms.

6. Uncertainty regarding land tenure rights is a major impediment to the development and growth of the smallest enterprises, particularly women owned and smaller firms.

This lack of security has implications for investment and growth which go beyond credit (since these firms obviously lack any tangible security to offer as collateral). Lack of security makes entrepreneurs very short-term oriented and may inhibit willingness to undertake needed improvements in business operations. Focus groups need to explore in greater depth the types of obstacles affecting an entrepreneur's ability to secure rights to land. Discussion should also explore how uncertainty regarding tenure rights affects business operations and the type of coping strategies used by the small entrepreneur. Moreover, focus group discussions may want to address the type of role there may be for a donor such as USAID in this regard.

7. The cost of electricity was cited by firms as a major constraint to prosperity. Access to affordable electricity was found by small and large firms to be the most serious resource constraint. Services, manufacturing and commerce all listed affordable electricity as the key resource constraint.

8. The lack of affordable transportation (primarily land transport) was perceived as a common constraint by firms operating in most sectors and in most size categories.

While there were few complaints regarding transport availability, the majority of firms in all sectors of the economy view the lack of cheap transport as a major constraint to business development. The exception to this are firms operating in the agriculture sector, where availability of transport, not just price, is also an issue. Survey results suggest that the transport problem may be linked to foreign exchange problems and technology (making it difficult to maintain vehicles and get spare parts). It may also be related to lack of appropriate road infrastructure (which increases the wear and tear on vehicles). Expensive transport makes products less competitive abroad as well and may be a constraint to export development. The dialogue sessions should seek to confirm whether this perception is accurate and on the factors believed to be affecting the transport sector in Ghana.

9. Business associations have local support and are considered effective.

More than 70% of members surveyed believed the Association of Ghana Industries (82%), Ghana Employers Association (76%) and Ghana National Chamber of Commerce (71%) were effective.

10. The most effective business associations, according to respondents (AGI, GEA and GNCC), do not provide the type of assistance most needed and wanted by most firms.

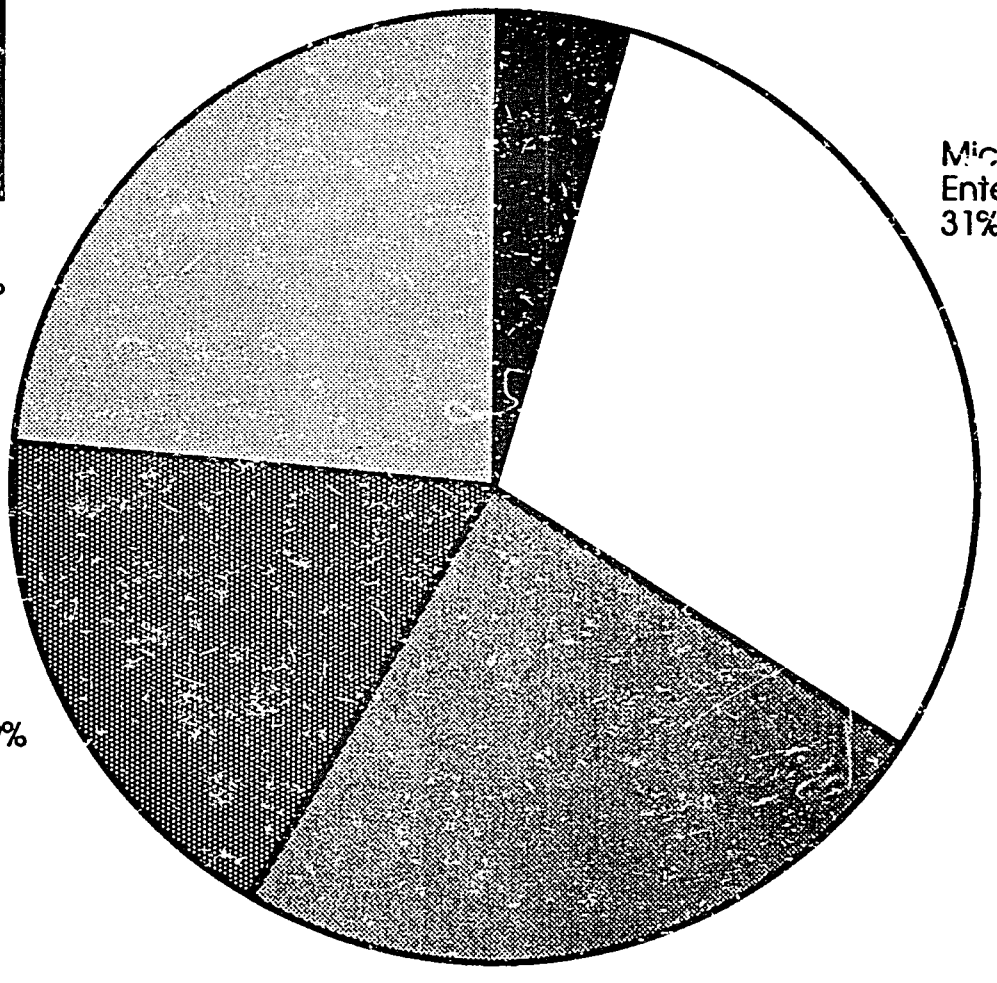
Firms are most interested in gaining access to credit and receiving marketing information, but associations are not currently providing these types of assistance. Responses to the survey suggest that demand is highest for information on product standards and prices, though firms in different sectors require and are interested in different types of market information. Discussions with entrepreneurs and representatives from business associations should confirm the existence and magnitude of the demand and focus on the most effective vehicles for providing information services.

Exhibit 1

Size Distribution of The Sample
(By Number of Employees)

Question 3

Definitions:	Employees:
Micro Enterprise:	Less than 6
Small:	6 to 10
Medium:	11 to 20
Large:	over 20
(Very Large:	over 100) *



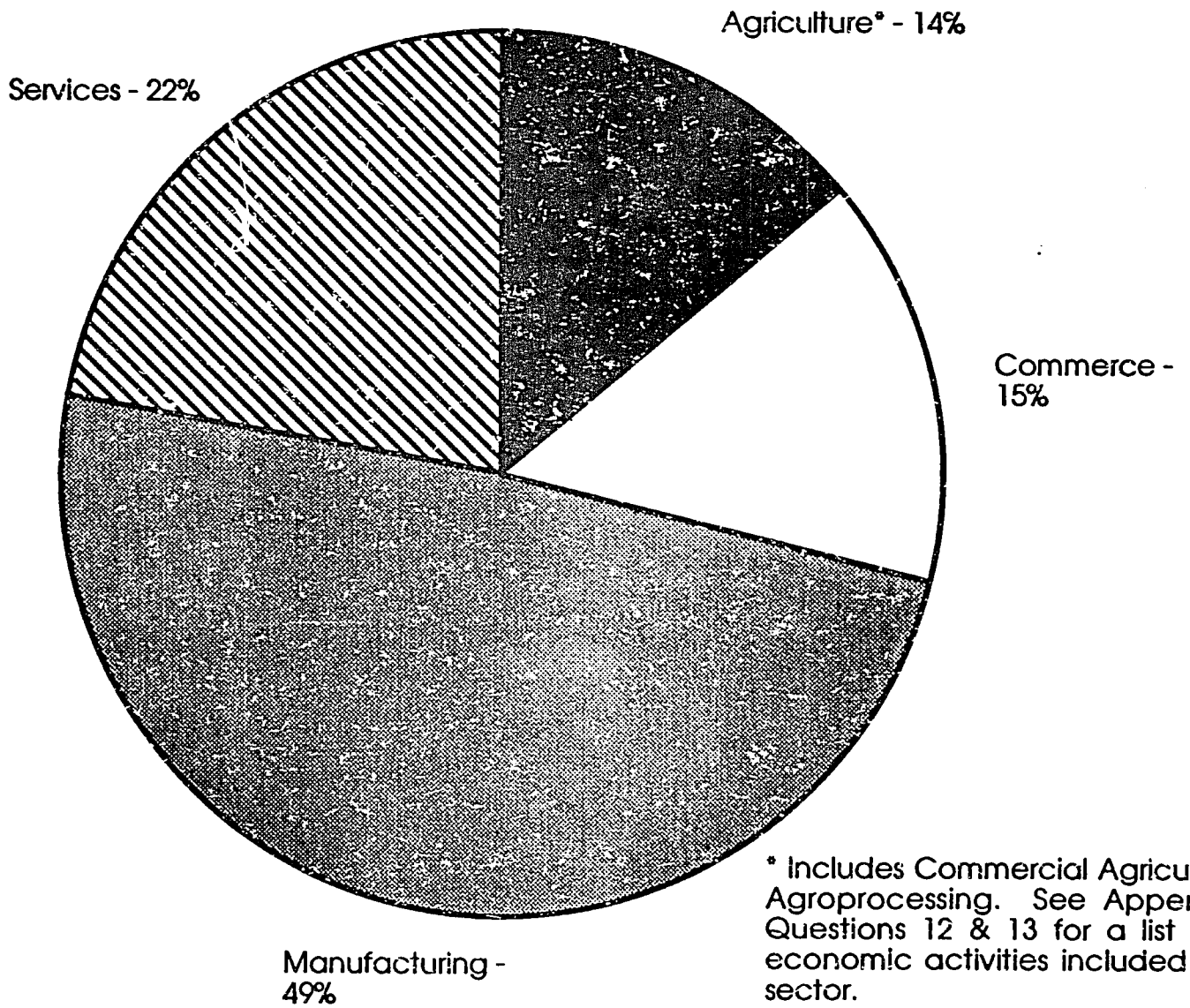
N=300

* Very large firms are a subset of large firms.

Exhibit 2

Sectoral Distribution of The Sample

Question 11



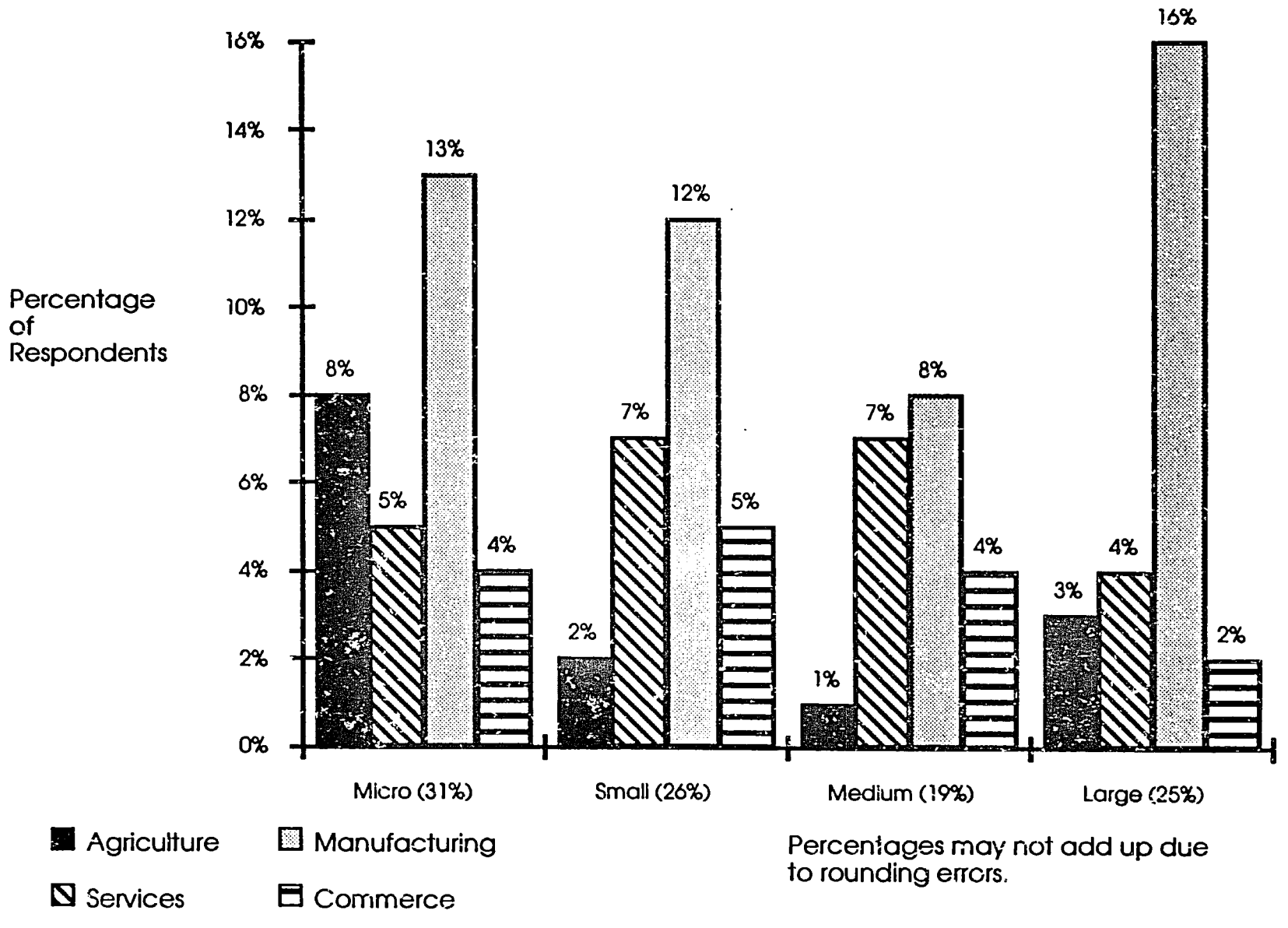
N=300

* Includes Commercial Agriculture & Agroprocessing. See Appendix A Questions 12 & 13 for a list of the economic activities included in this sector.

Exhibit 3

Sectoral Distribution (By Size)

Questions 3 and 11



Percentages may not add up due to rounding errors.

Exhibit 4

Ownership Characteristics By Size

Questions 4, 19, 21

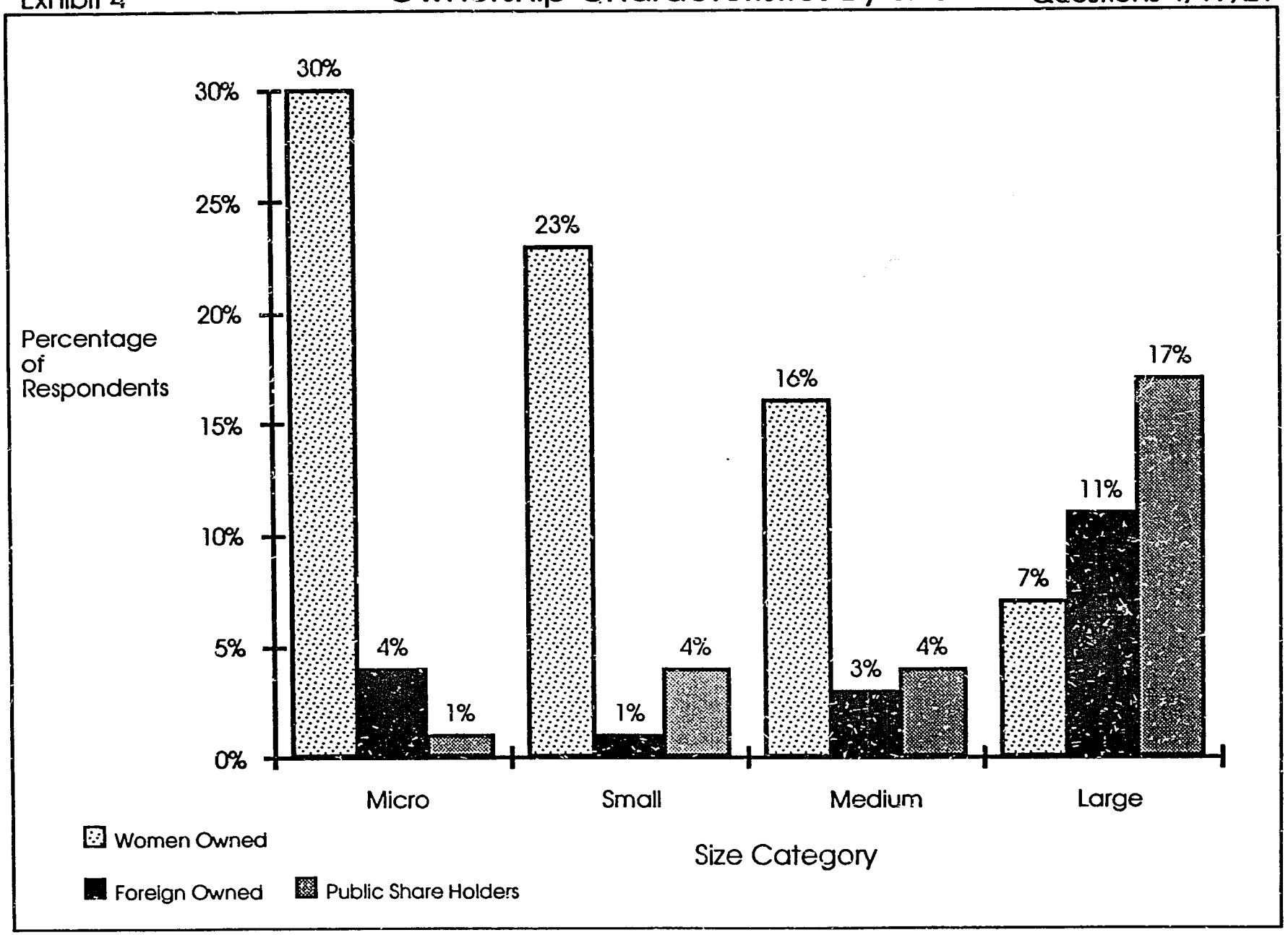


EXHIBIT 5

SUMMARY DESCRIPTIVE STATISTICS BY FIRM TYPE

	AVERAGE RESPONSE FOR:				
	Micro Enter.	Small Scale	Medium Scale	Large Scale	Women Owned
Women as % of total work force	34	27	30	22	83
Ghanaian African as % of total Work force	94	100	97	98	100
% of labor force skilled	33	32	29	28	30
% of skilled labor female	24	21	14	16	57
% of top management female	26	29	21	13	83
% of top management African Ghanaian	94	94	99	89	95
% Sales Domestic	98	95	97	91	100
% Inputs Domestic	83	64	54	56	78

EXHIBIT 5 (cont'd)

SUMMARY DESCRIPTIVE STATISTICS BY FIRM TYPE

AVERAGE RESPONSE FOR:

	Agriculture	Services	Manufacturing	Commerce
Women as % of total work force	40	25	28	25
Ghanaian African as % of total Work force	97	96	97	98
% of labor force skilled	26	39	30	25
% of skilled labor female	34	19	16	20
% of top management female	32	16	21	24
% of top management African Ghanaian	87	98	95	94
% Sales Domestic	96	90	97	99
% Inputs Domestic	93	52	68	50

Exhibit 6

Geographic Distribution of the Sample

Question 1

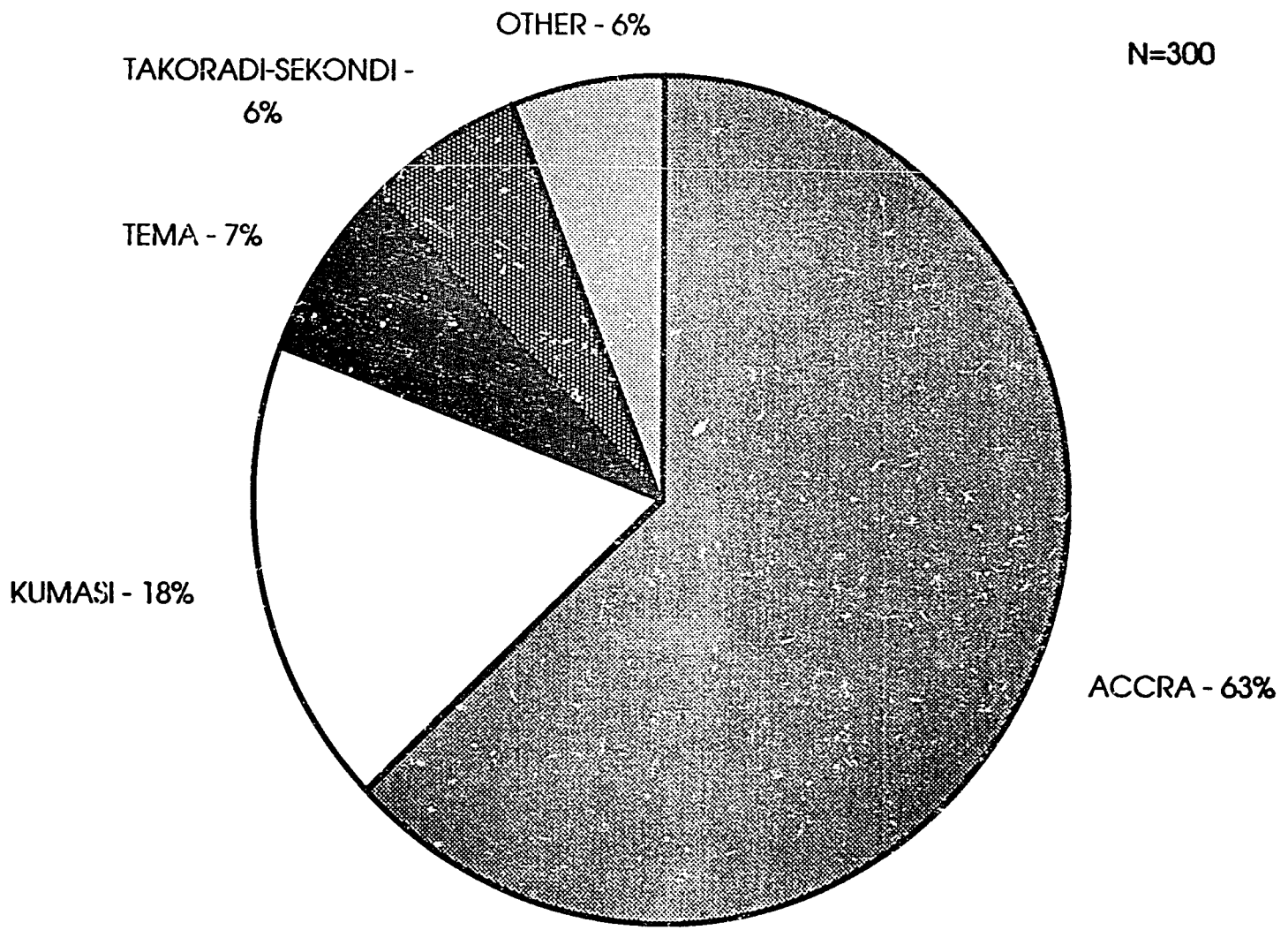


Exhibit 7A

Perceptions Regarding Business Environment

Question 23

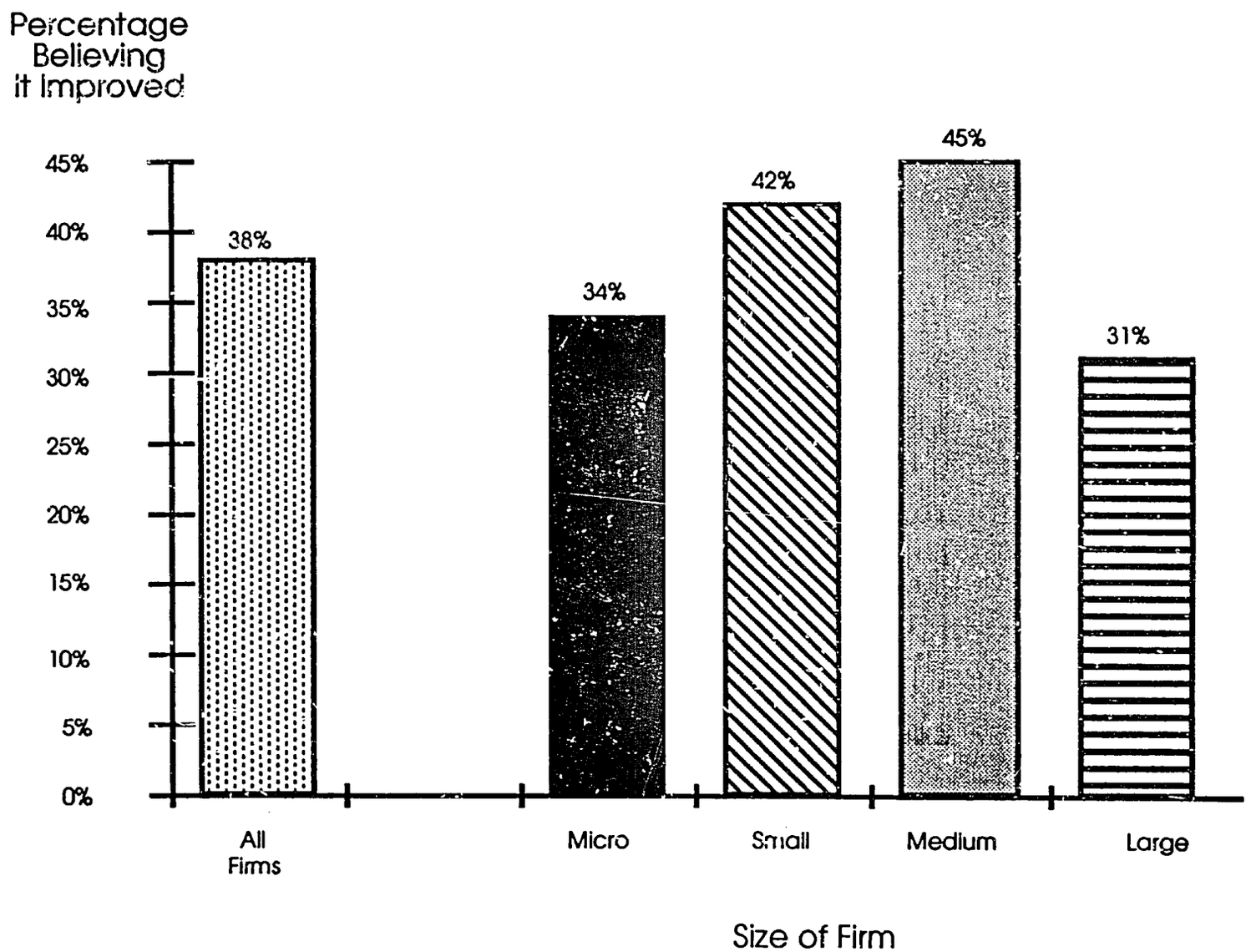


Exhibit 7B

Perceptions Regarding Business Environment

Question 23

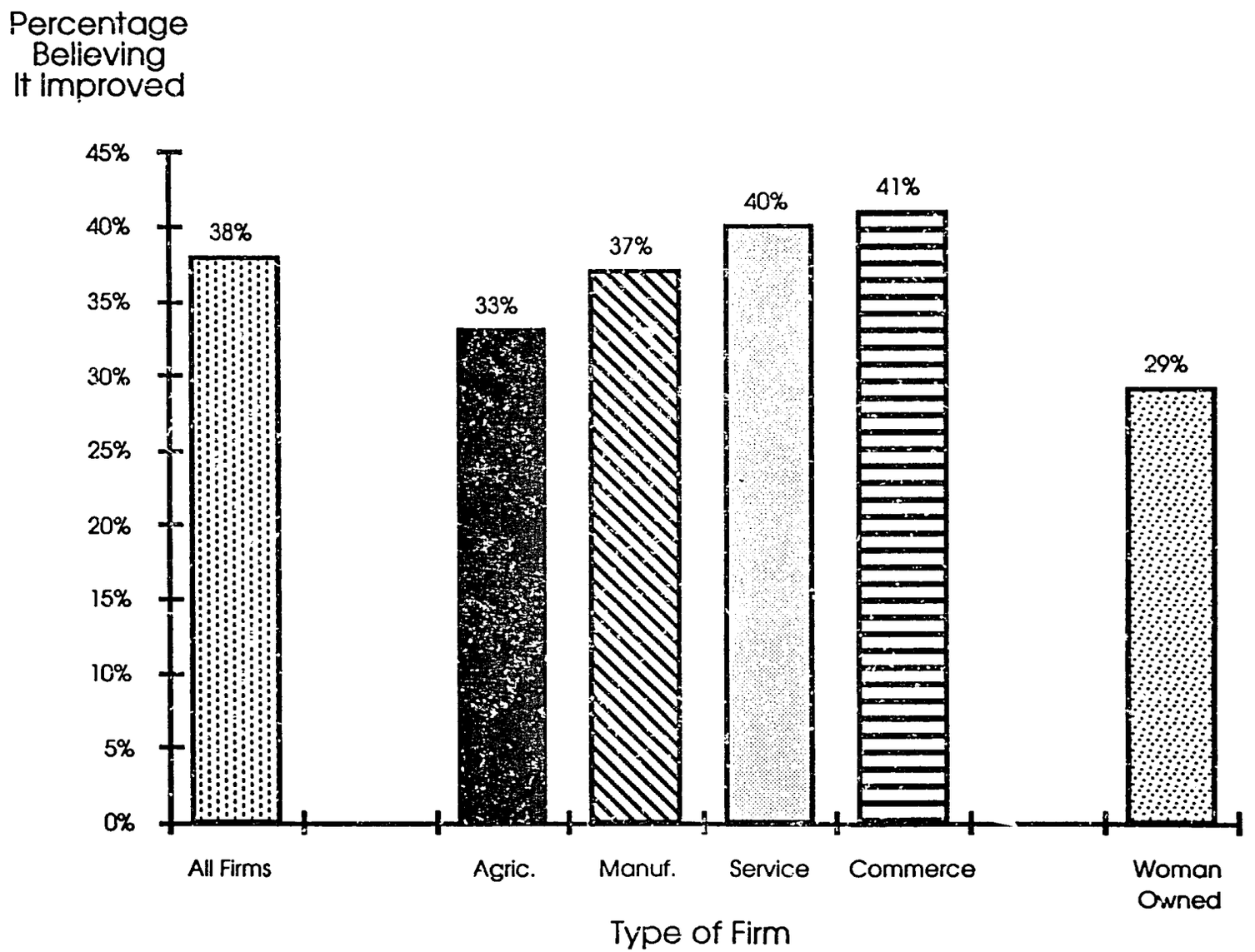


EXHIBIT 8

FACTORS HAVING THE MOST NEGATIVE EFFECT ON BUSINESS PERFORMANCE

By Size Category:

	Micro Enterpr.	Small Firms	Medium Firms	Large Firms
1.	Credit	Credit	Credit	Credit
2.	Taxes	Interest Rates	Taxes	Interest Rates
3.	Output Prices	Taxes	Interest Rates	Taxes
4.	Interest Rates	Raw Material Prices	Raw Material Prices	Raw Material Prices
5.	Raw Material Prices	FOREX	GOG Pronouncements	FOREX

By Sector:

	Agriculture	Services	Manufac.	Commerce
1.	Credit	Credit	Credit	Taxes
2.	Taxes	Taxes	FOREX	Interest Rates
3.	Interest Rates	Raw Material Prices	Taxes	Credit
4.	Raw Material Prices	Output Prices	Interest Rates	FOREX
5.	GOG Pronouncements	Interest Rates	Output Prices	GOG Pronouncements

Exhibit 9A

Overall Perceptions Regarding Sales Performance

Questions 25 & 26

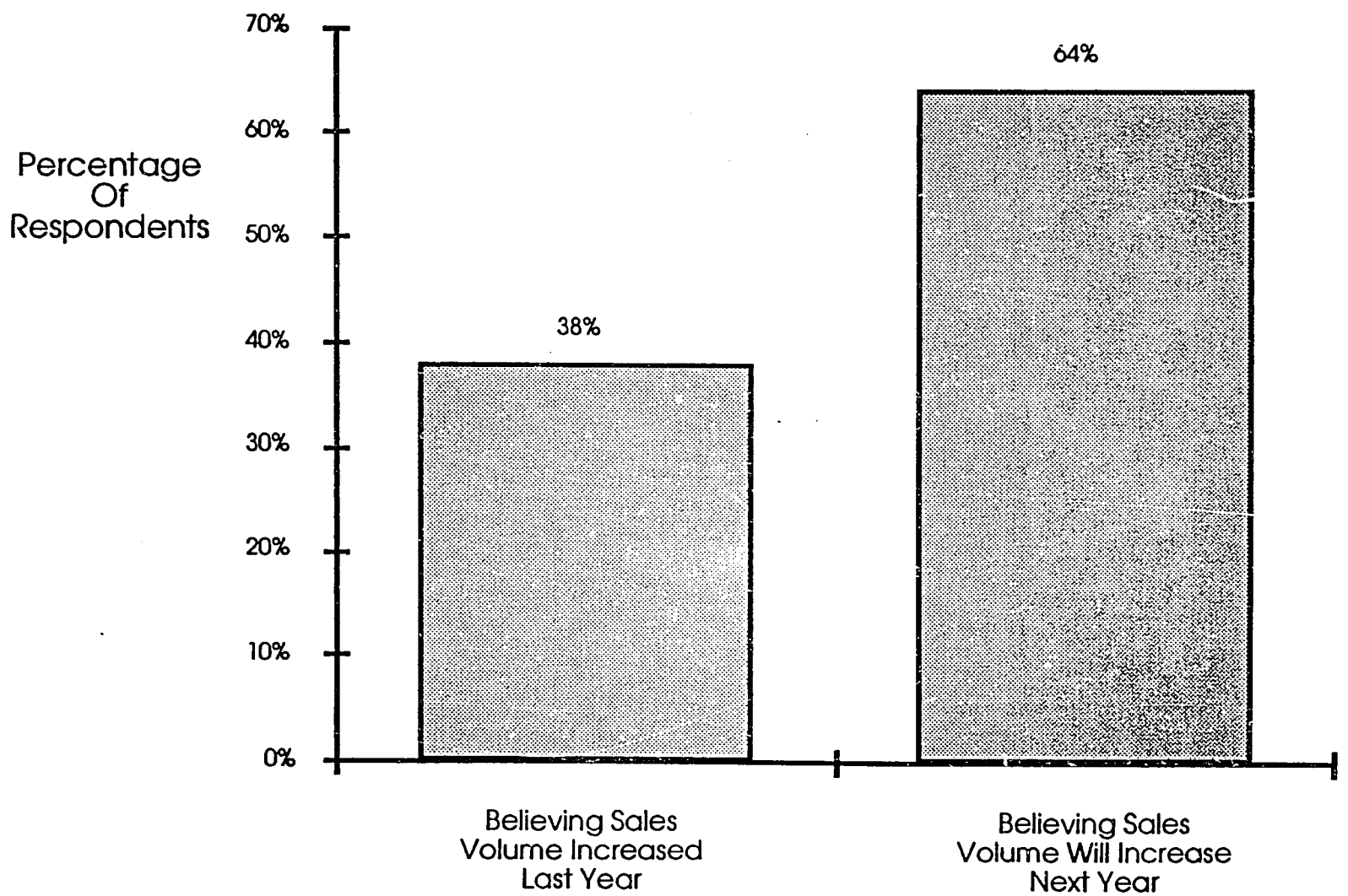


Exhibit 9B

Perceptions Regarding Sales Performance (by Size)

Questions 25 & 26

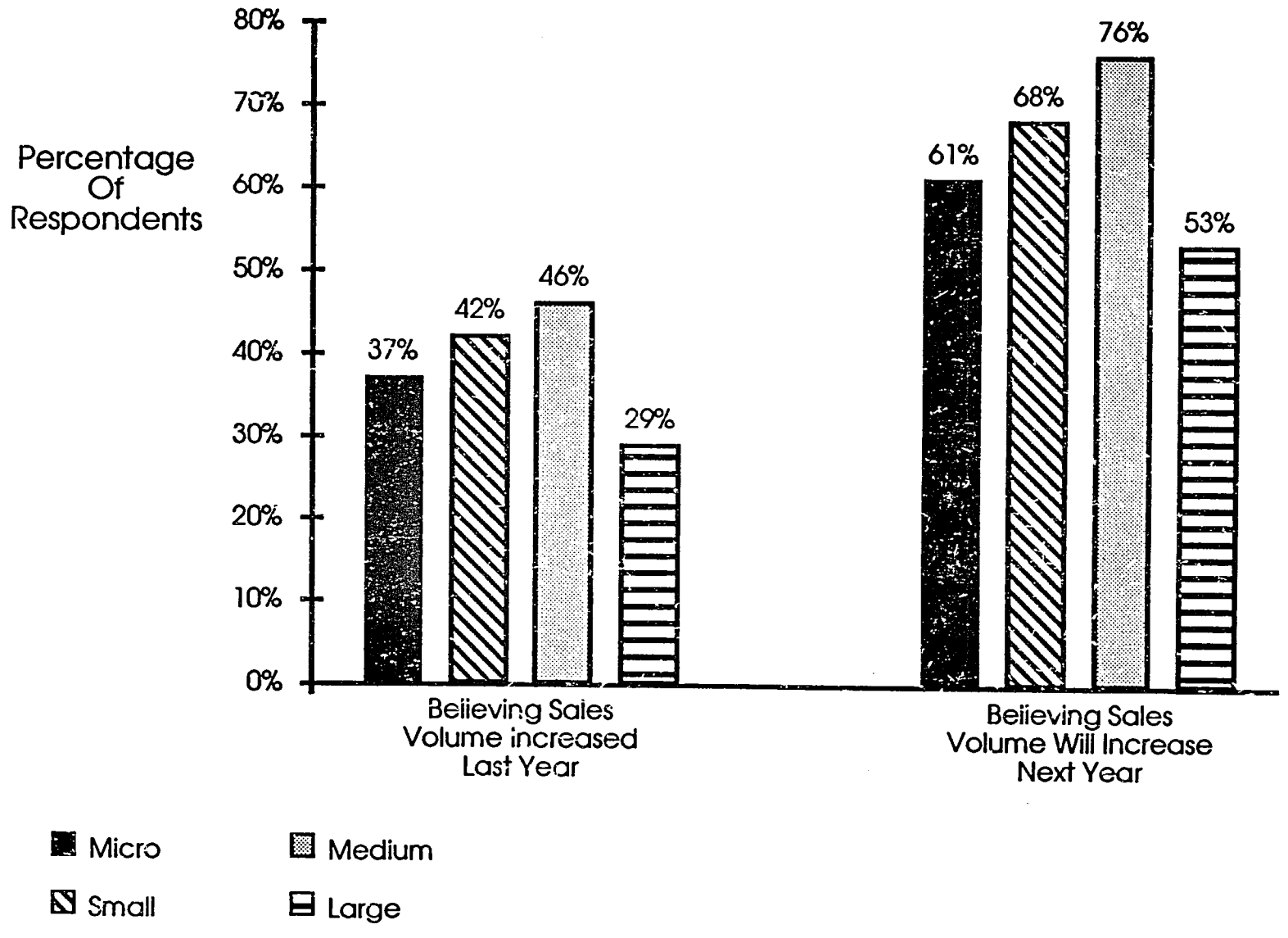


Exhibit 9C

Perceptions Regarding Sales Performance (by Sector)

Questions 25 & 26

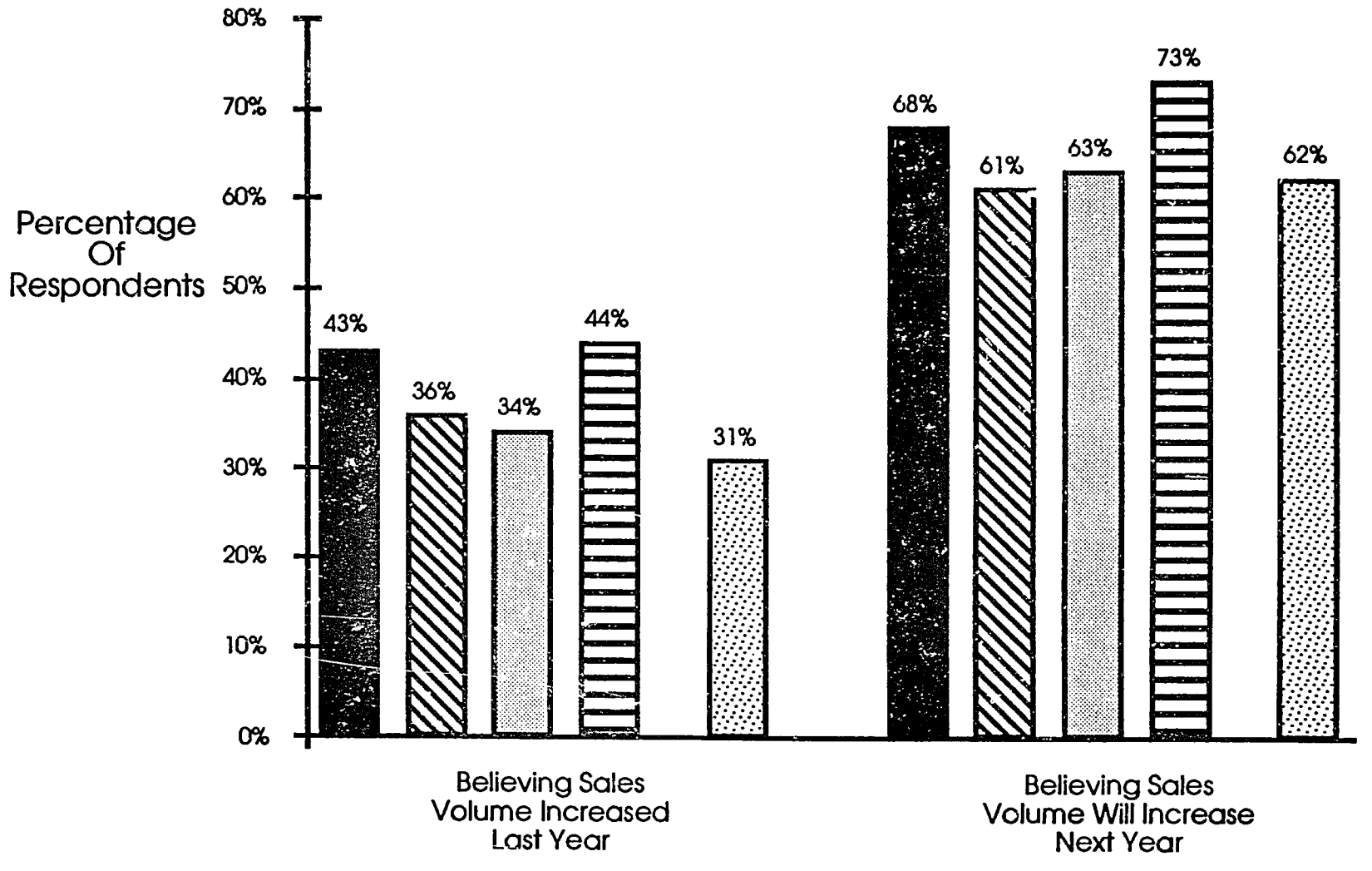
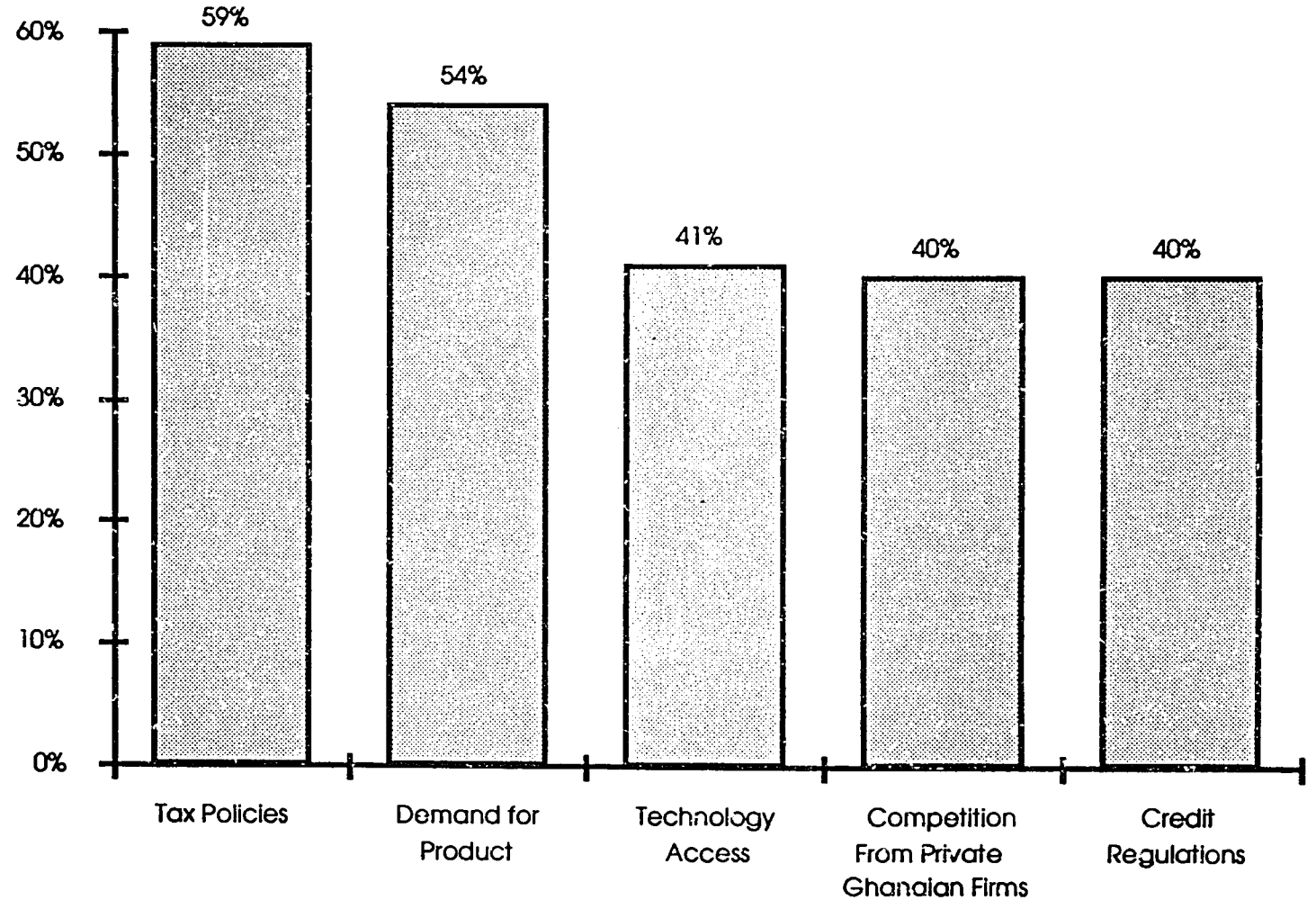


Exhibit 10A

Most Important Factors Affecting Sales

Question 29



Percentage of Respondents Believing Factor Has Had "Very Important Effect"

Exhibit 10B

Most Important Factors Affecting Sales (by Size)

Question 29

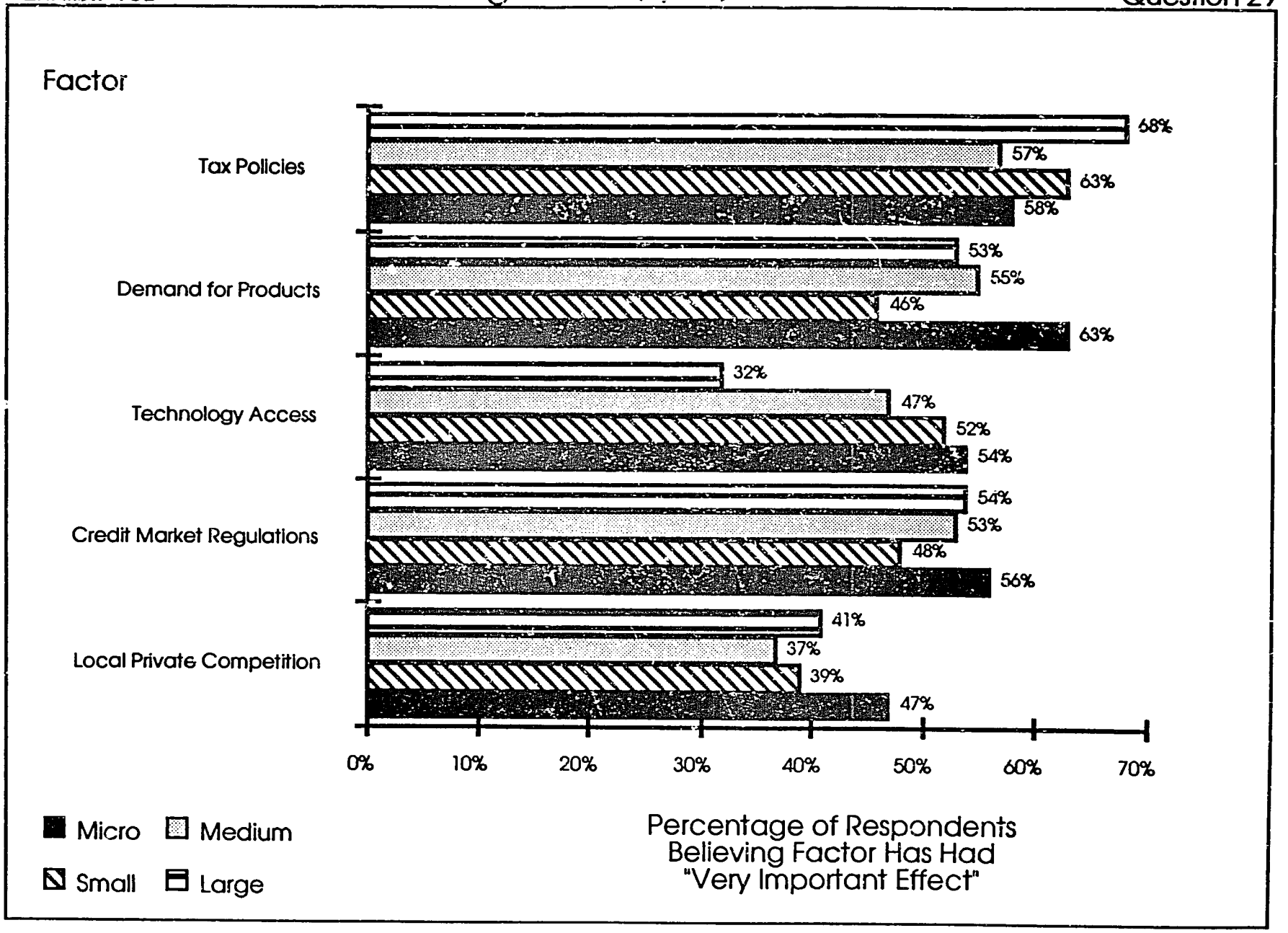


Exhibit 10C

Most Important Factors Affecting Sales (by Sector)

Question 29

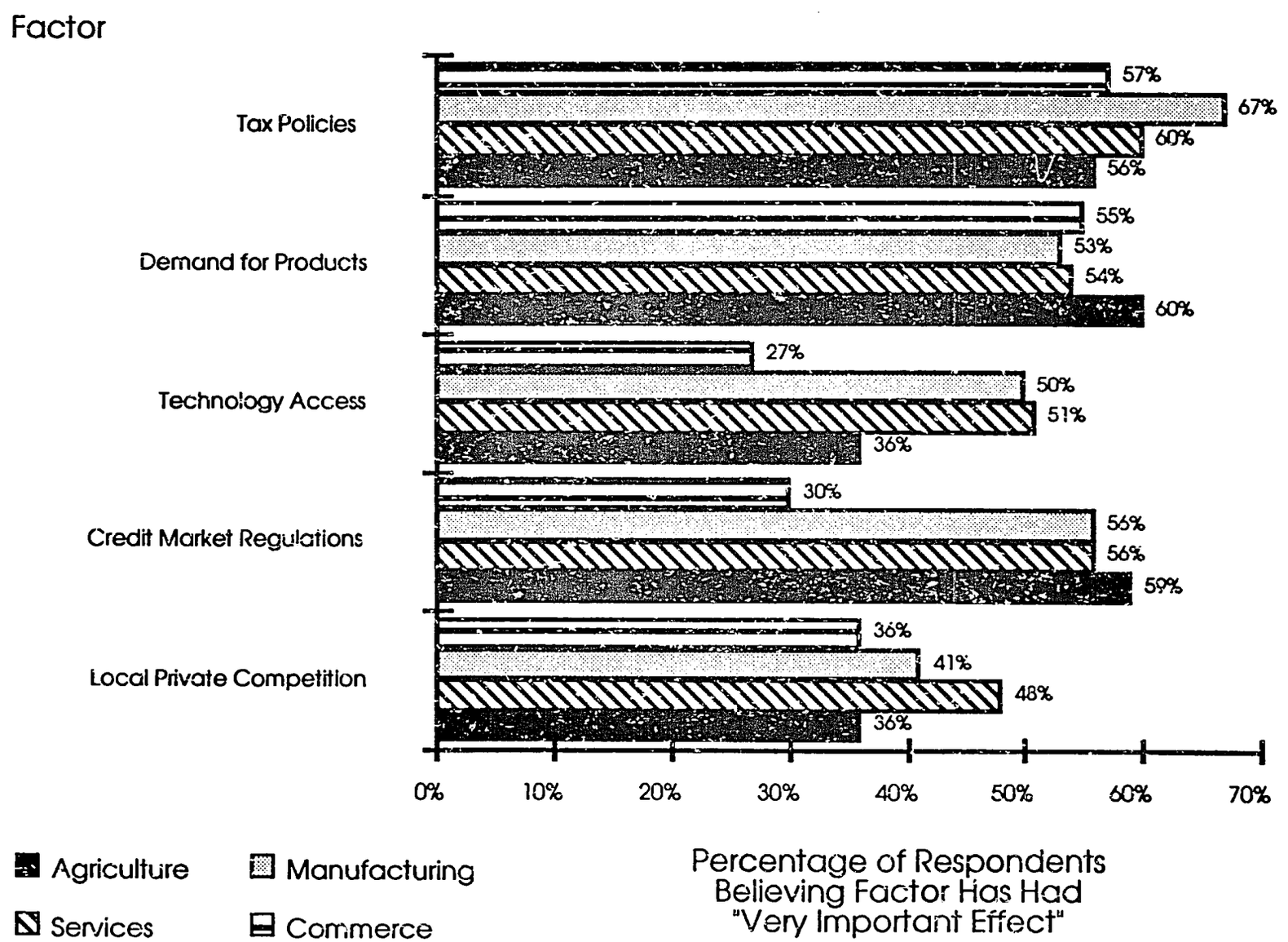


Exhibit 11A

Factors Affecting Access to Technology

Question 48

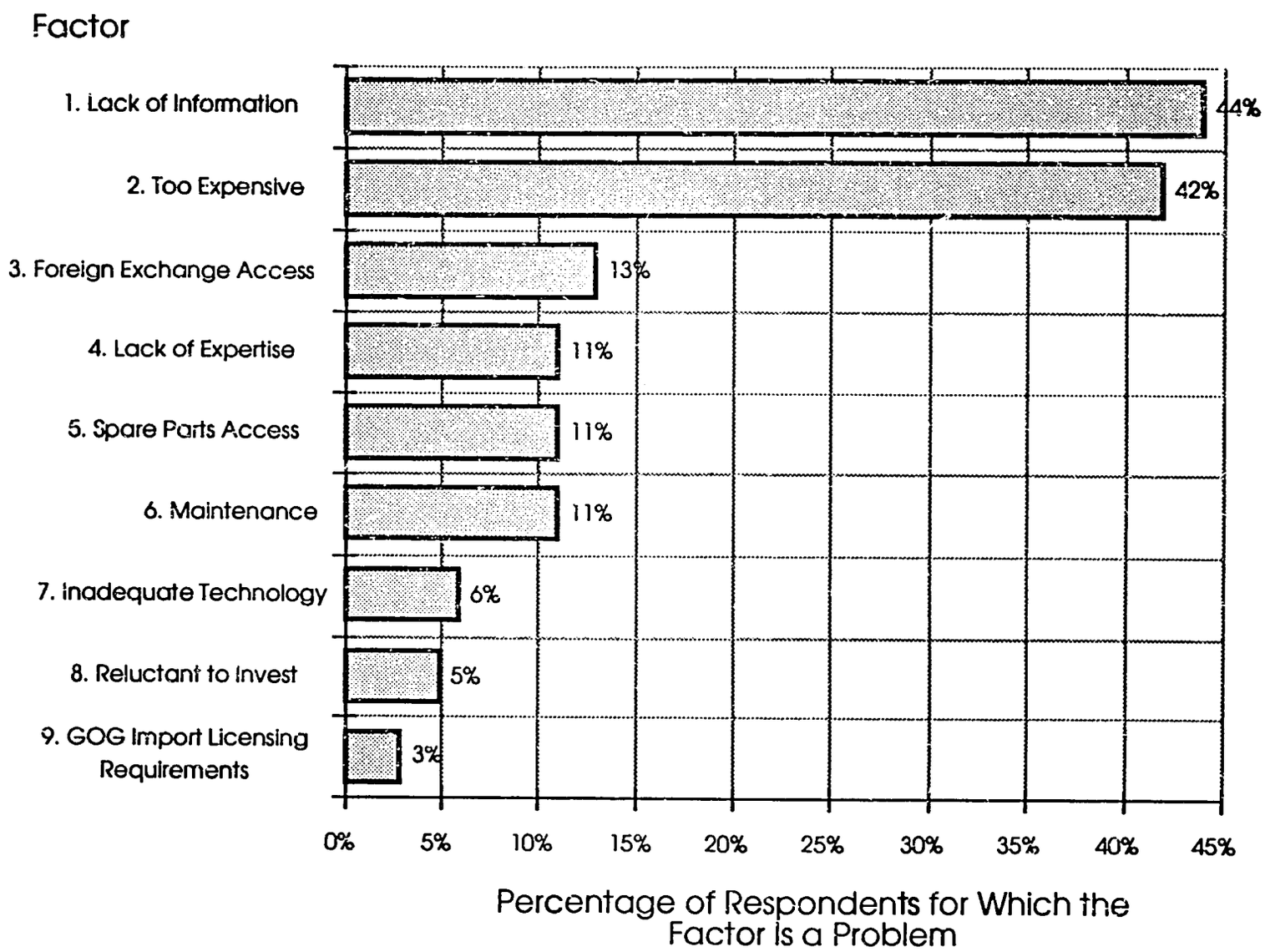


Exhibit 11B

Factors Affecting Access to Technology (By Size)

Question 48

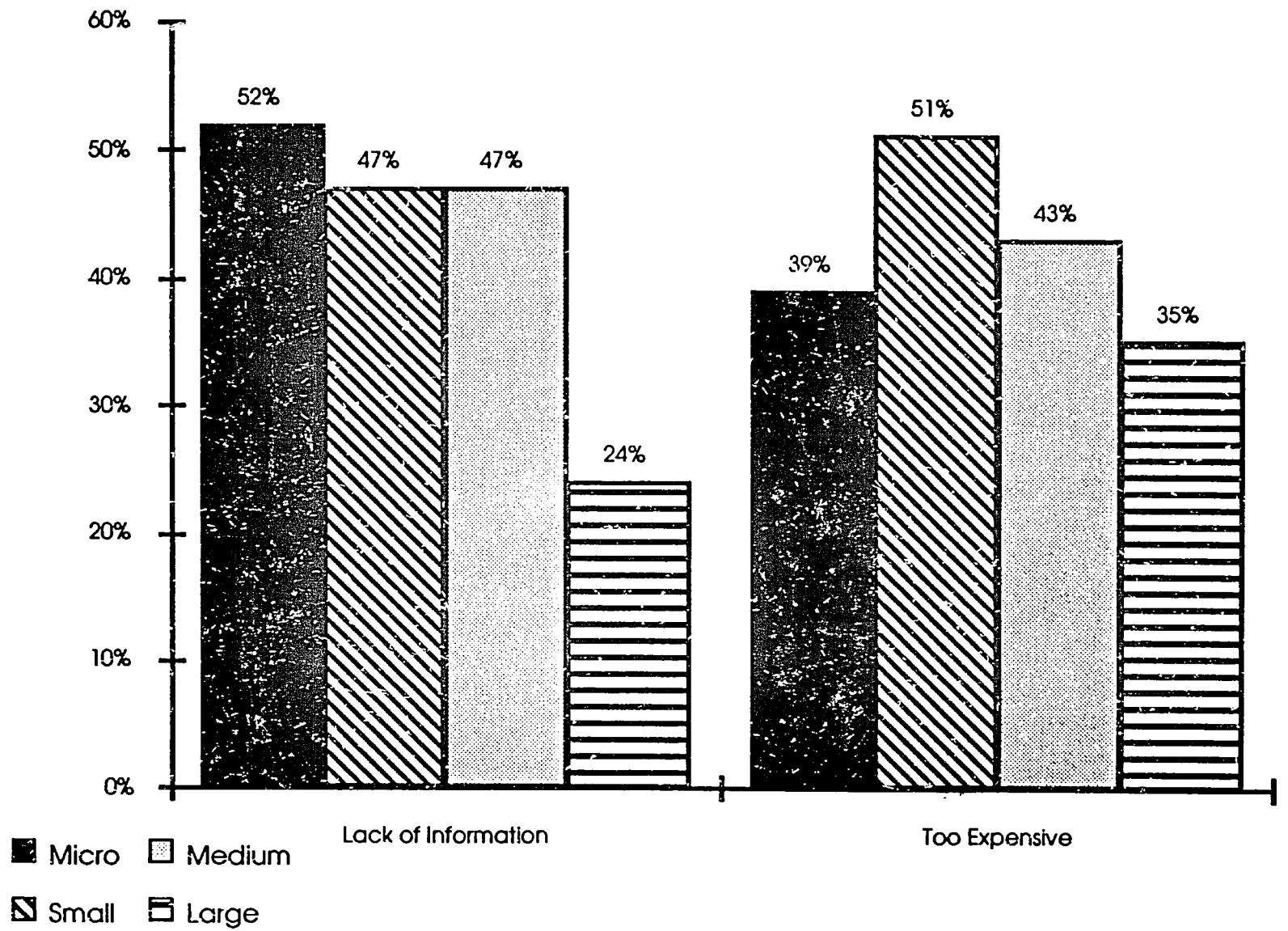
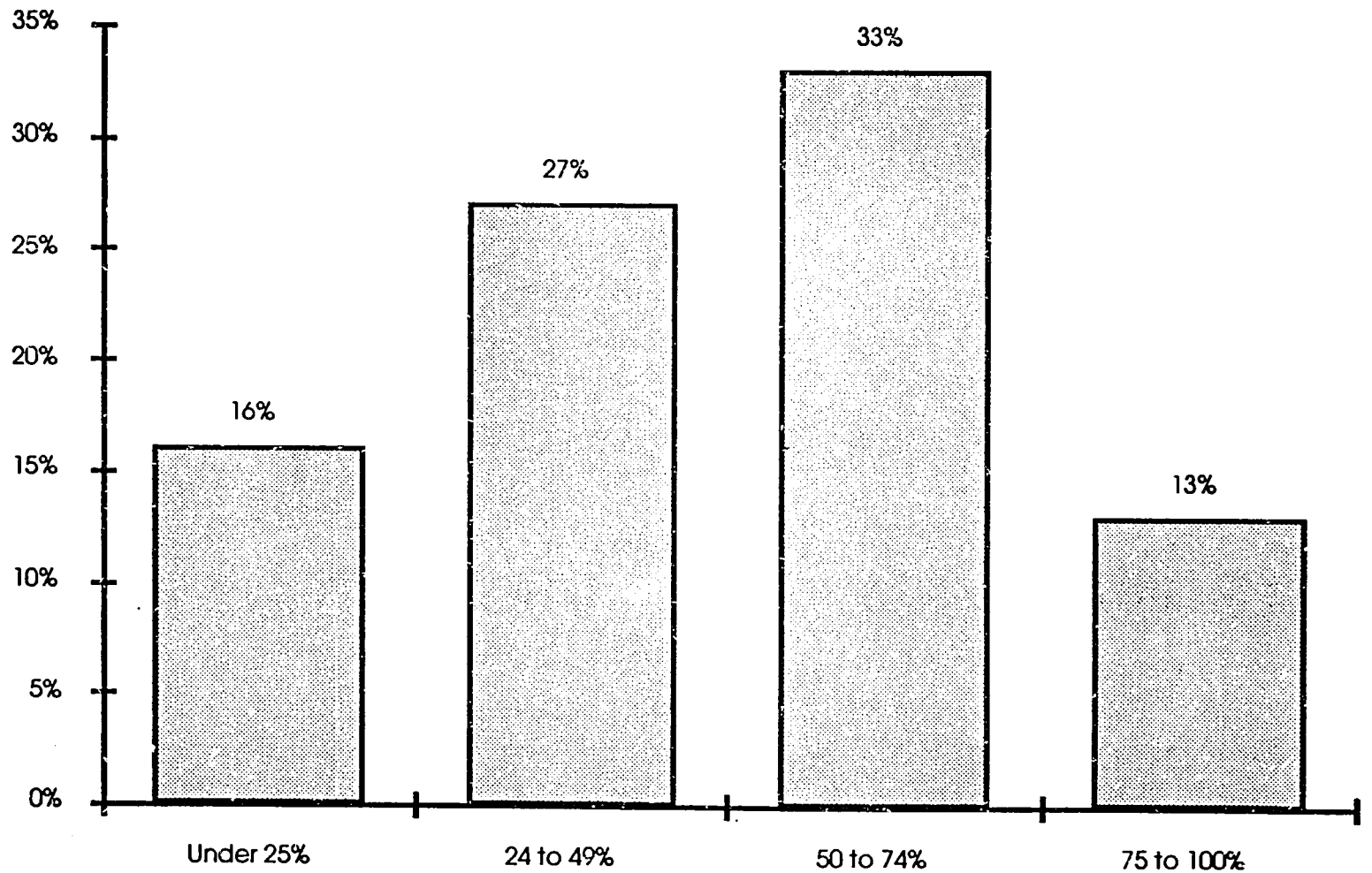


Exhibit 12A

Capacity Utilization

Question 30



Note: 12% do not know / could not estimate

Exhibit 12B

Capacity Utilization (By Size)

Question 30

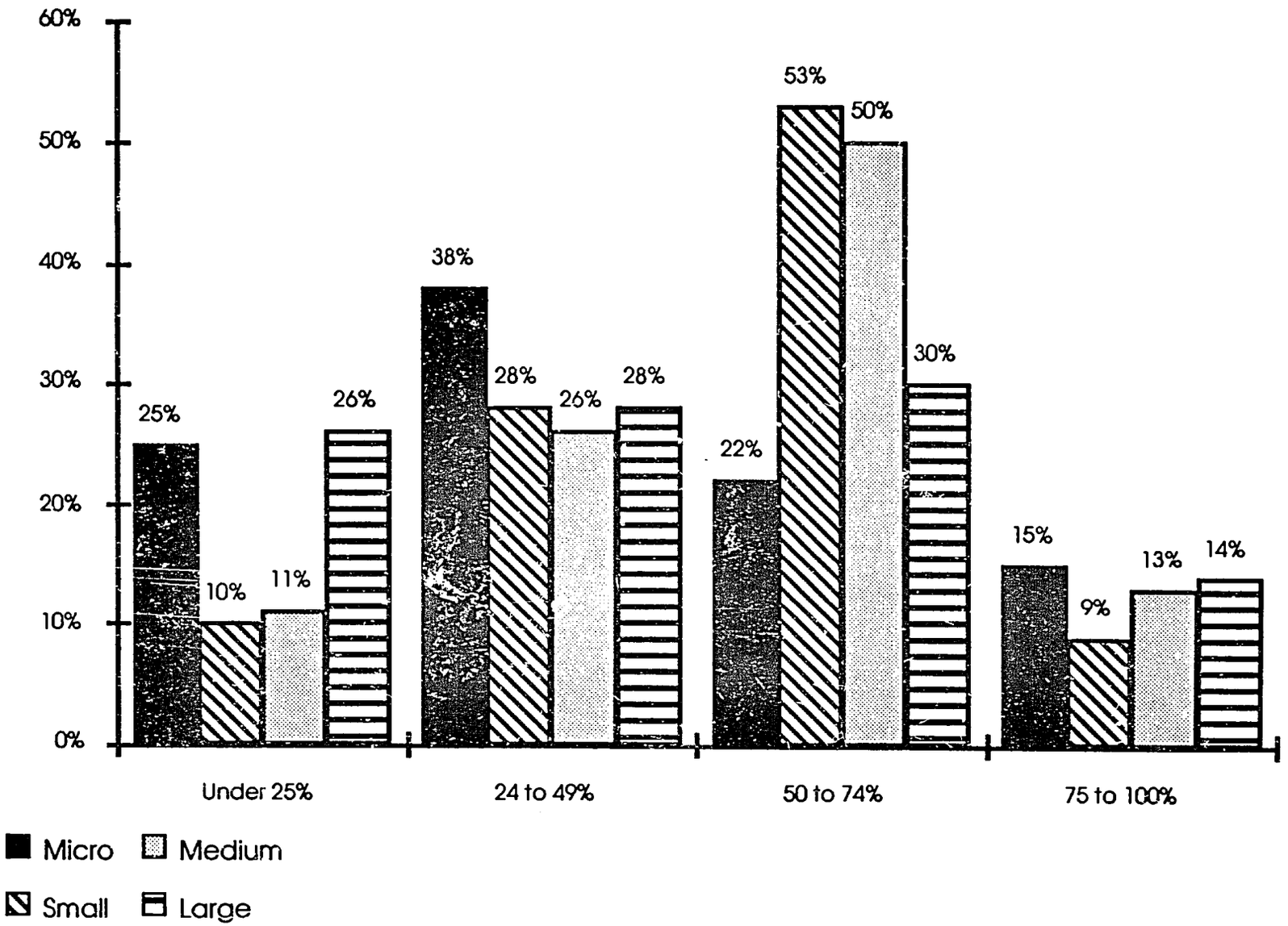
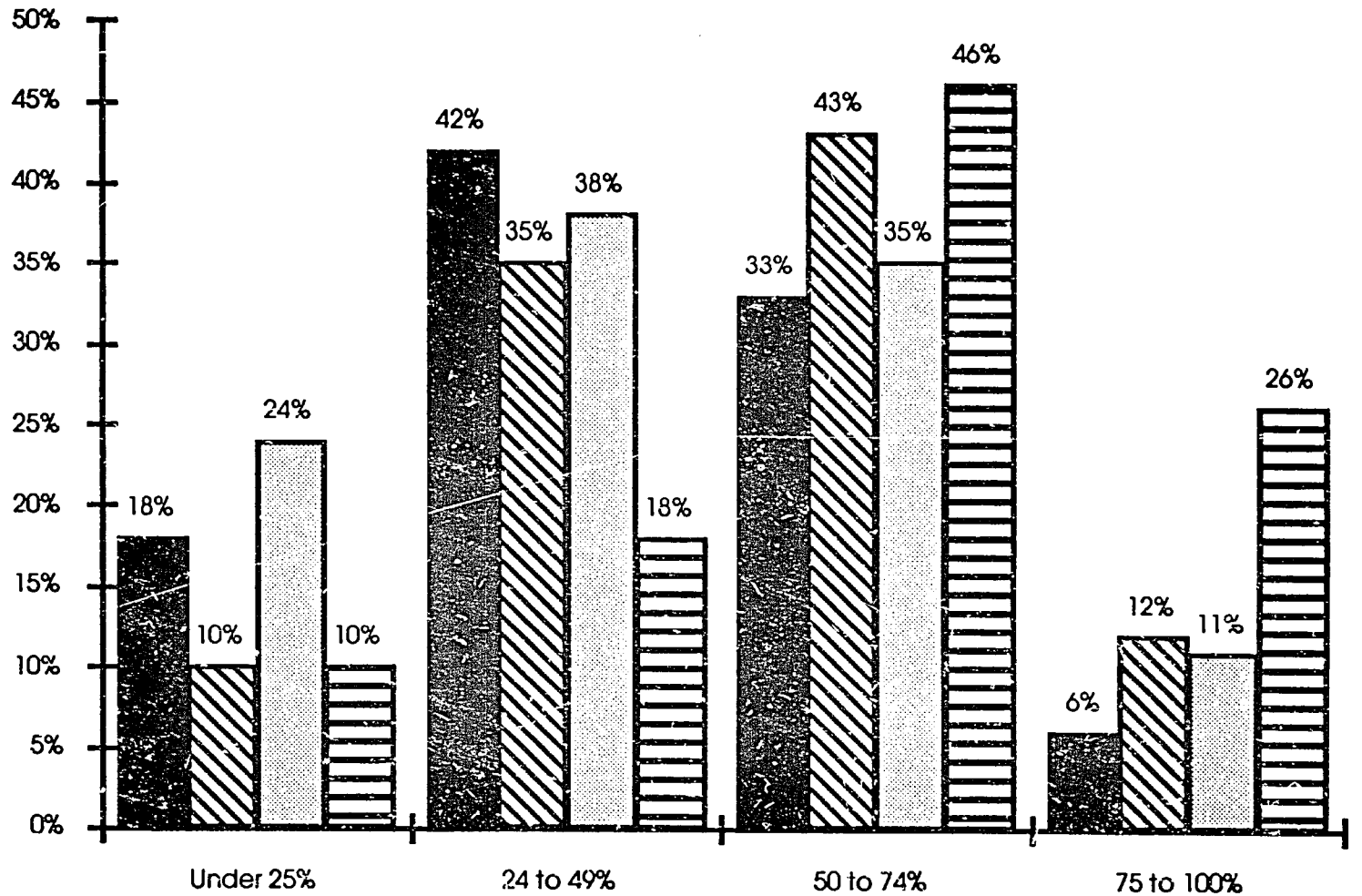


Exhibit 12C

Capacity Utilization (By Sector)

Question 30

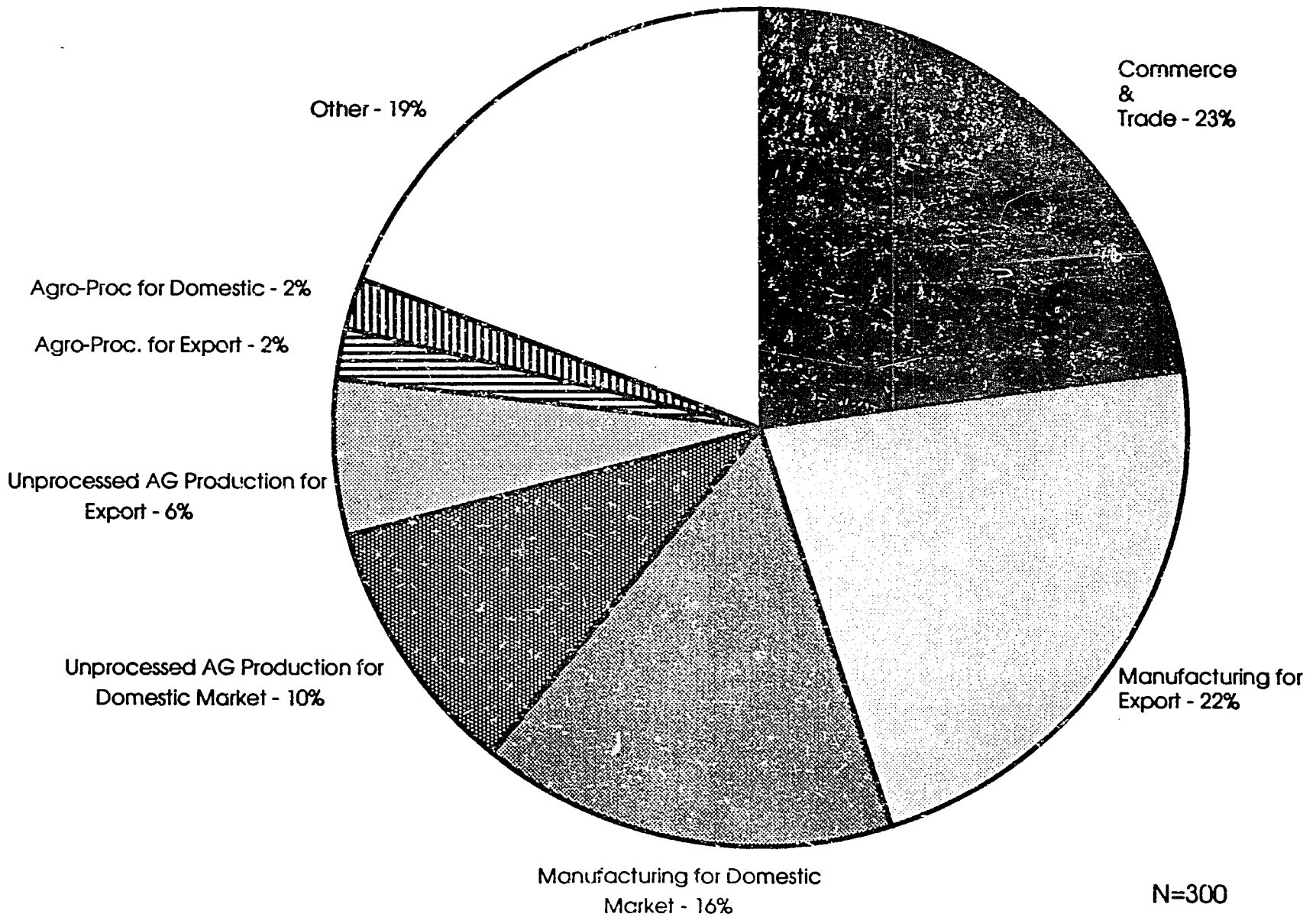


Agriculture
Manufacturing
Services
Commerce

Exhibit 13

Areas Believed to Offer The Best Return on Investment

Question 52



N=300

Exhibit 14

Most Profitable Export Markets

Question 53

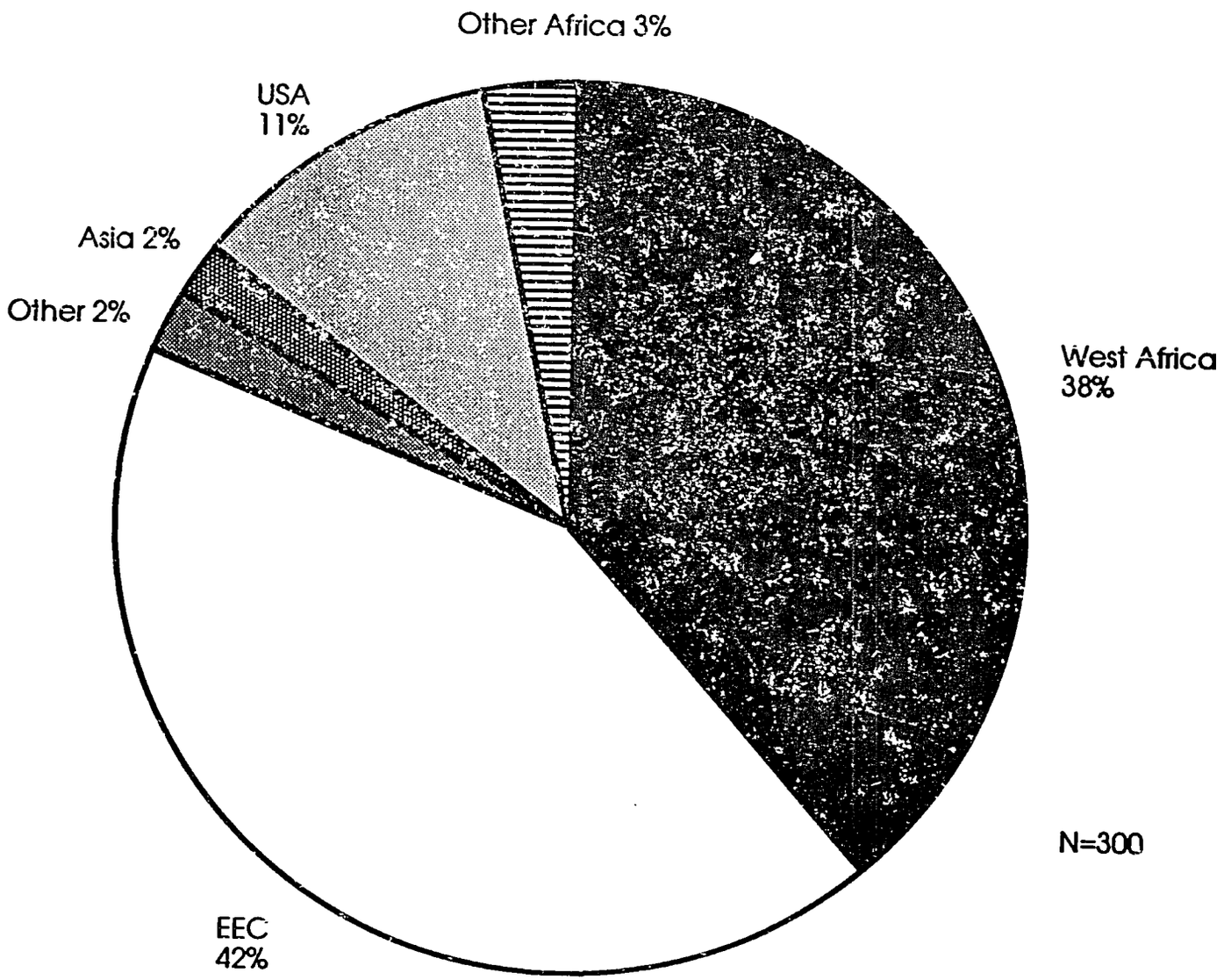


EXHIBIT 15

MAJOR RESOURCE CONSTRAINTS

By Size Category:

	Micro Enterpr.	Small Firms	Medium Firms	Large Firms
1.	Access to Credit	Access to Affordable Electricity	Access to Credit	Access to Affordable Electricity
2.	Access to Affordable Electricity	Access to Credit	Access to Affordable Electricity	Access to Credit
3.	Access to Affordable Transport	Access to Affordable Transport	Access to Affordable Transport	Access to Affordable Transport
4.	Quality of Communications	Quality of Communications	Access to Land	Access to Raw Materials

By Sector:

	Agriculture	Services	Manufac.	Commerce
1.	Access to Credit	Access to Affordable Electricity	Access to Affordable Electricity	Access to Affordable Electricity
2.	Access to Affordable Transport	Access to Credit	Access to Credit	Access to Affordable Transport
3.	Access to Affordable Electricity	Access to Affordable Transport	Access to Affordable Transport	Access to Credit
4.	Access to Communications	Quality of Communications	Access to Land	Access to Spare Parts
5.	Quality of Communications	Access to Communications	Quality of Communications	Access to Land

EXHIBIT 15 (cont'd)

MAJOR RESOURCE CONSTRAINTS

Women-Owned Firms

1. Access to Credit

2. Access to Affordable Transport

3. Quality of Communications

4. Access to Communications

5. Access to Raw Materials

Exhibit 16A

Sources of Start-Up Capital

Question 37A

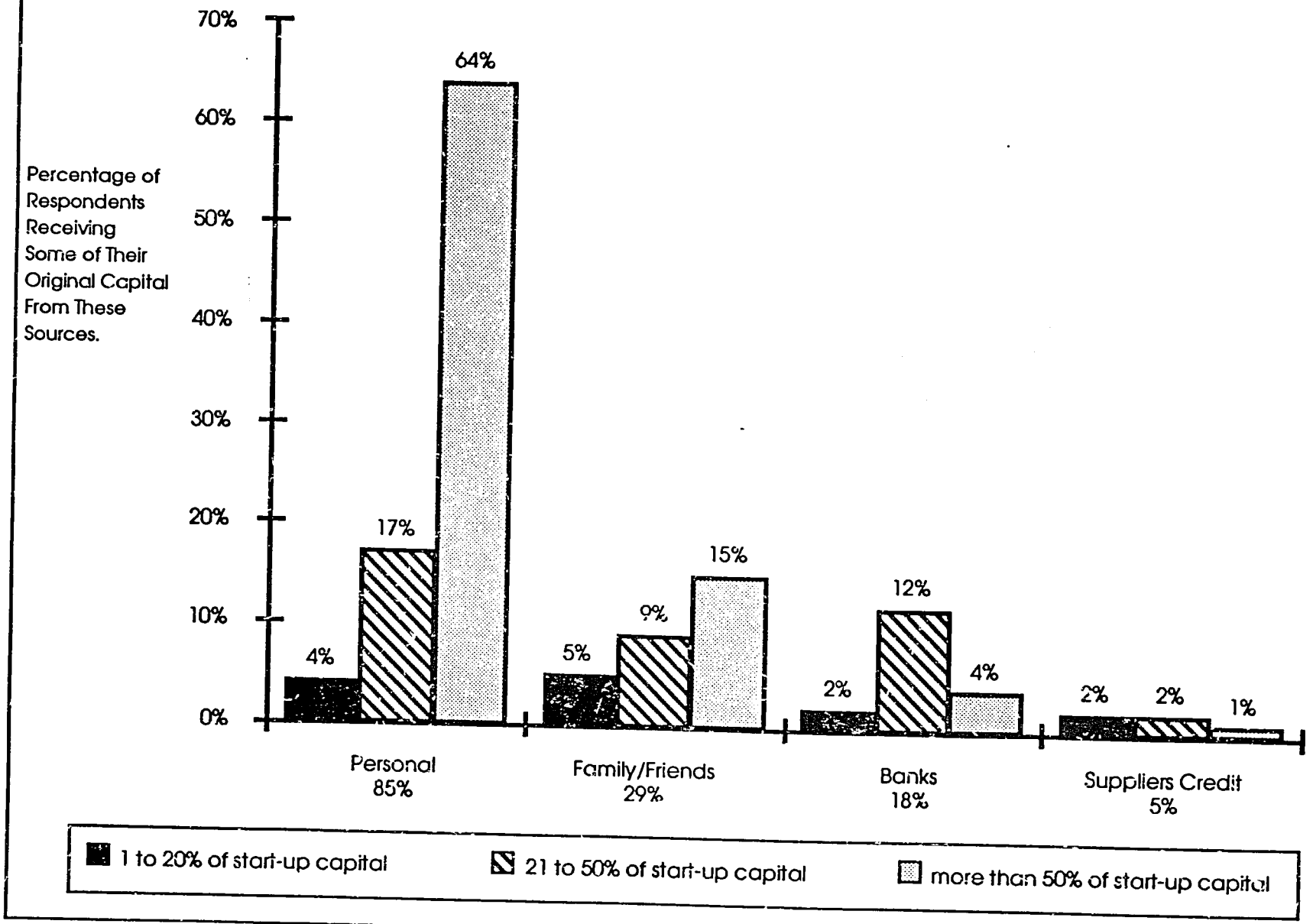


Exhibit 16B

Sources of Working Capital

Question 37B

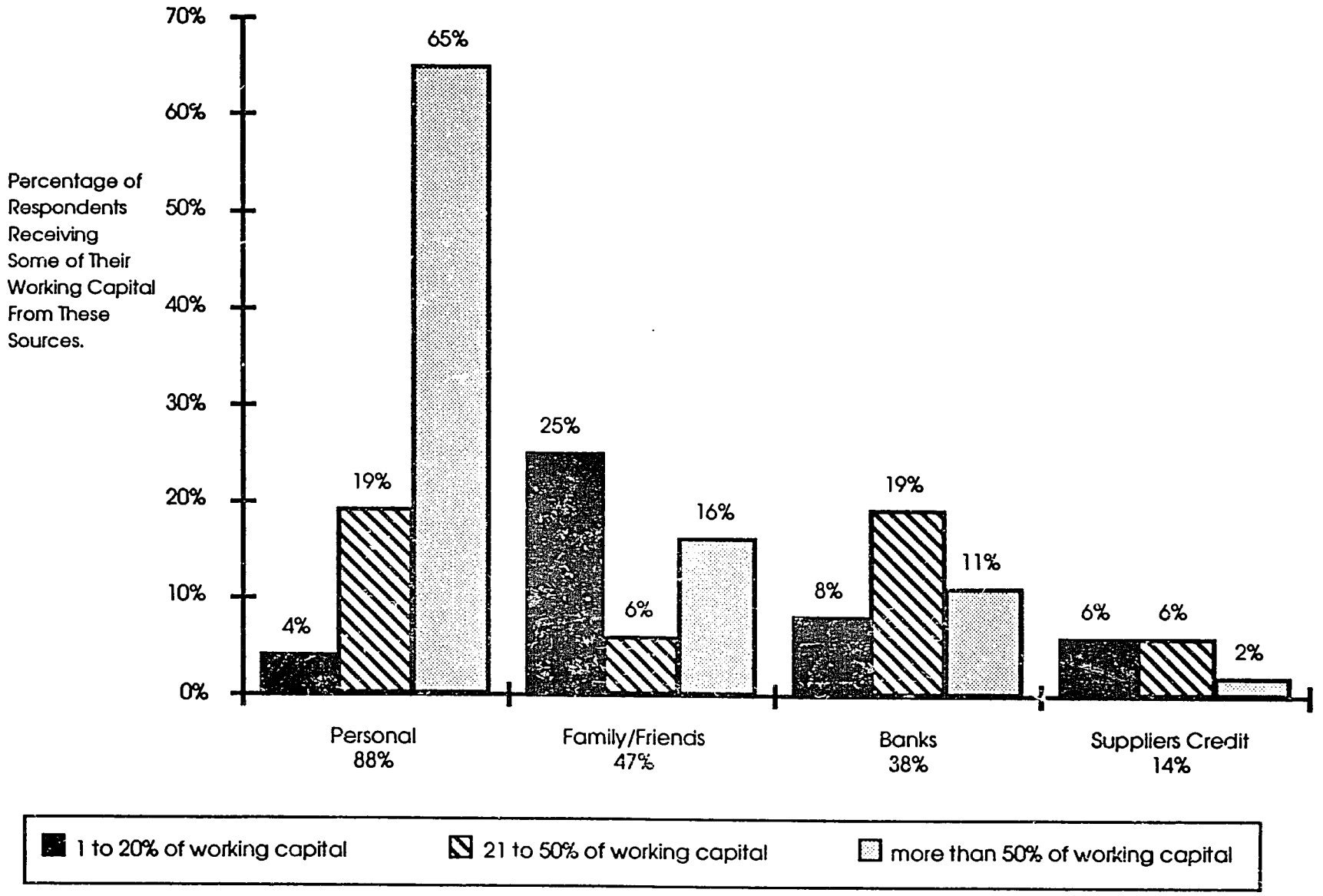


Exhibit 17

Factors Affecting Access to Inputs

Question 42

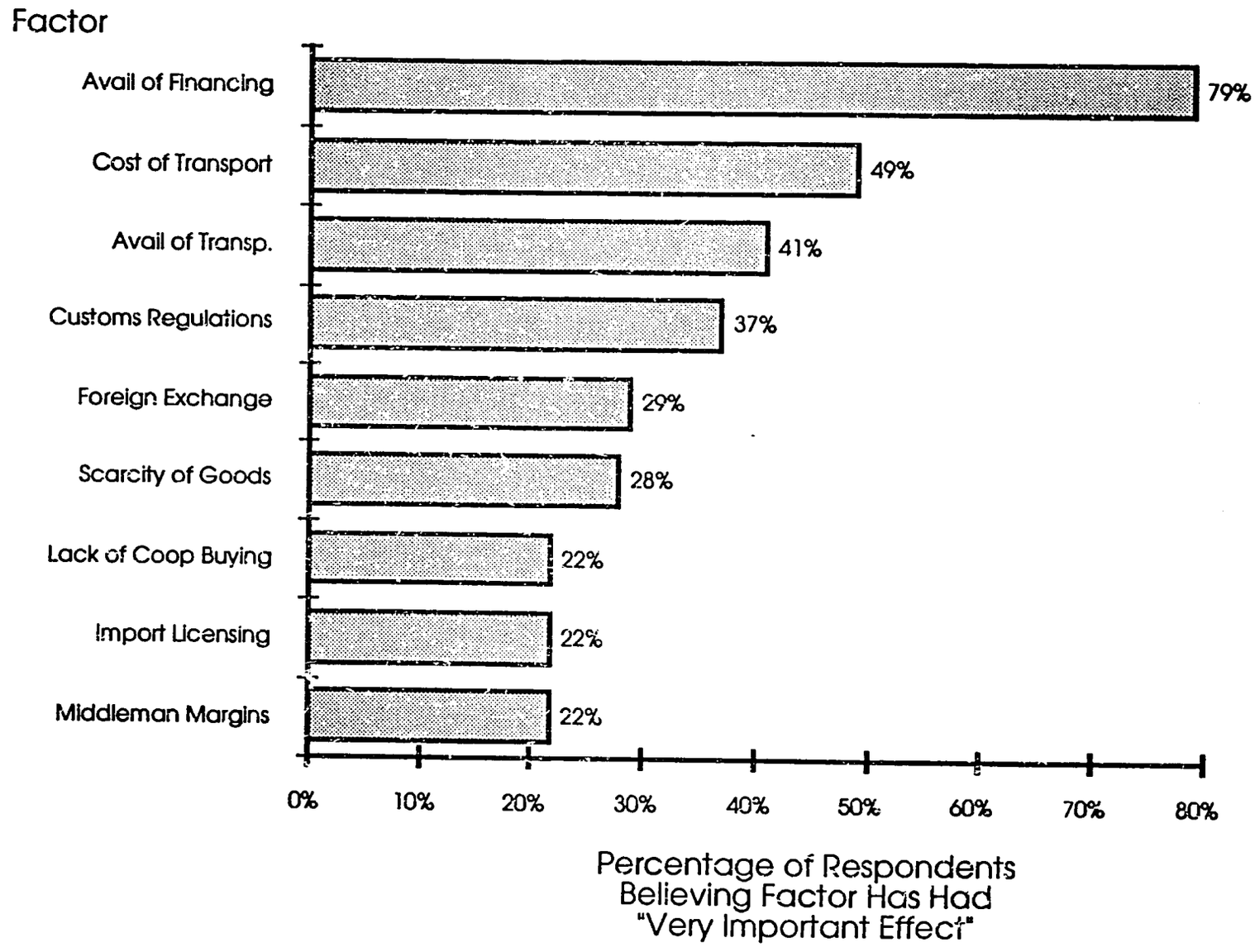


Exhibit 18

Perceptions Regarding Difficulty in Finding Required Labor Skills

Question 34

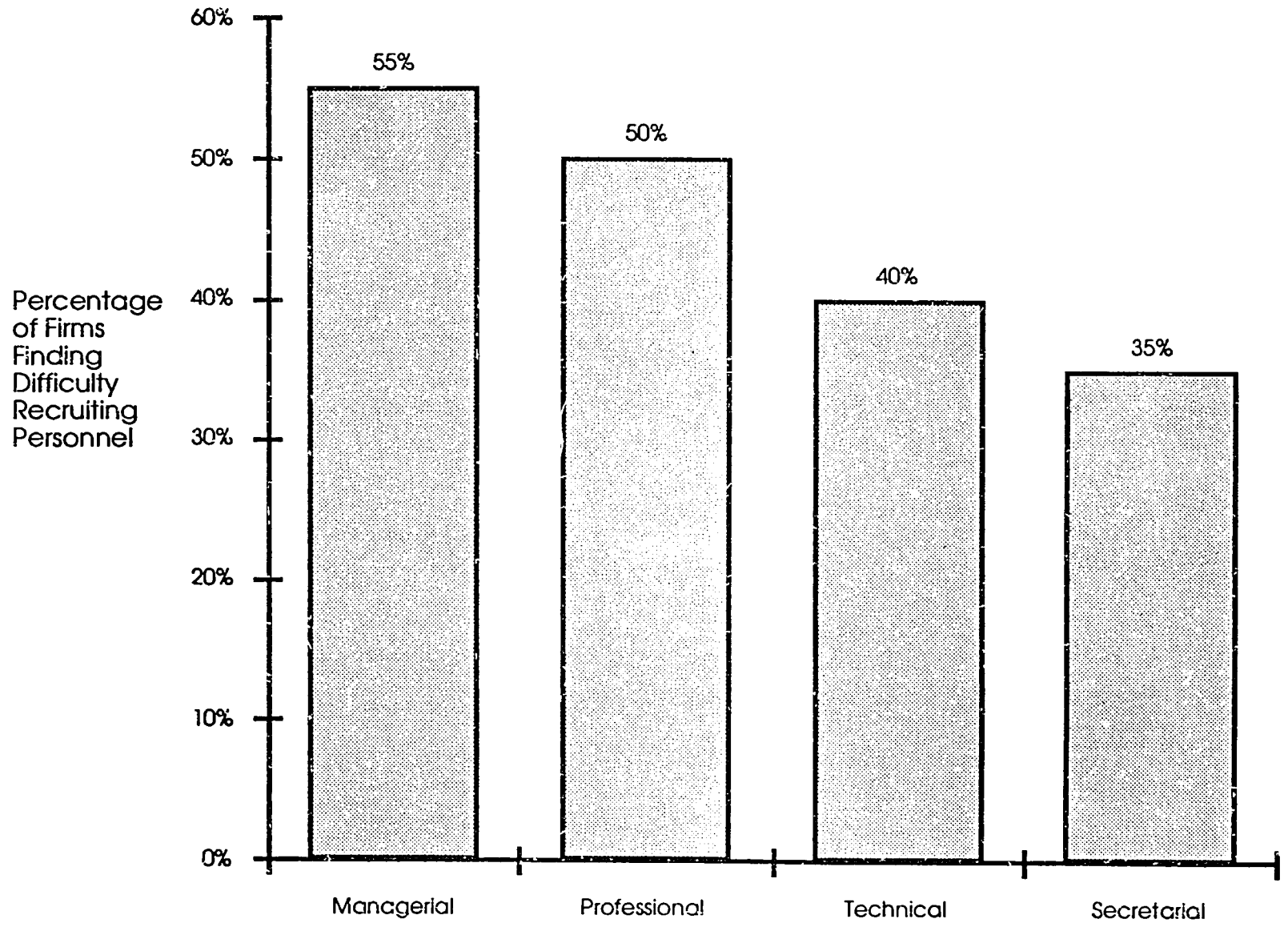


Exhibit 19A

Areas In Which Firms Want to Invest

Question 50

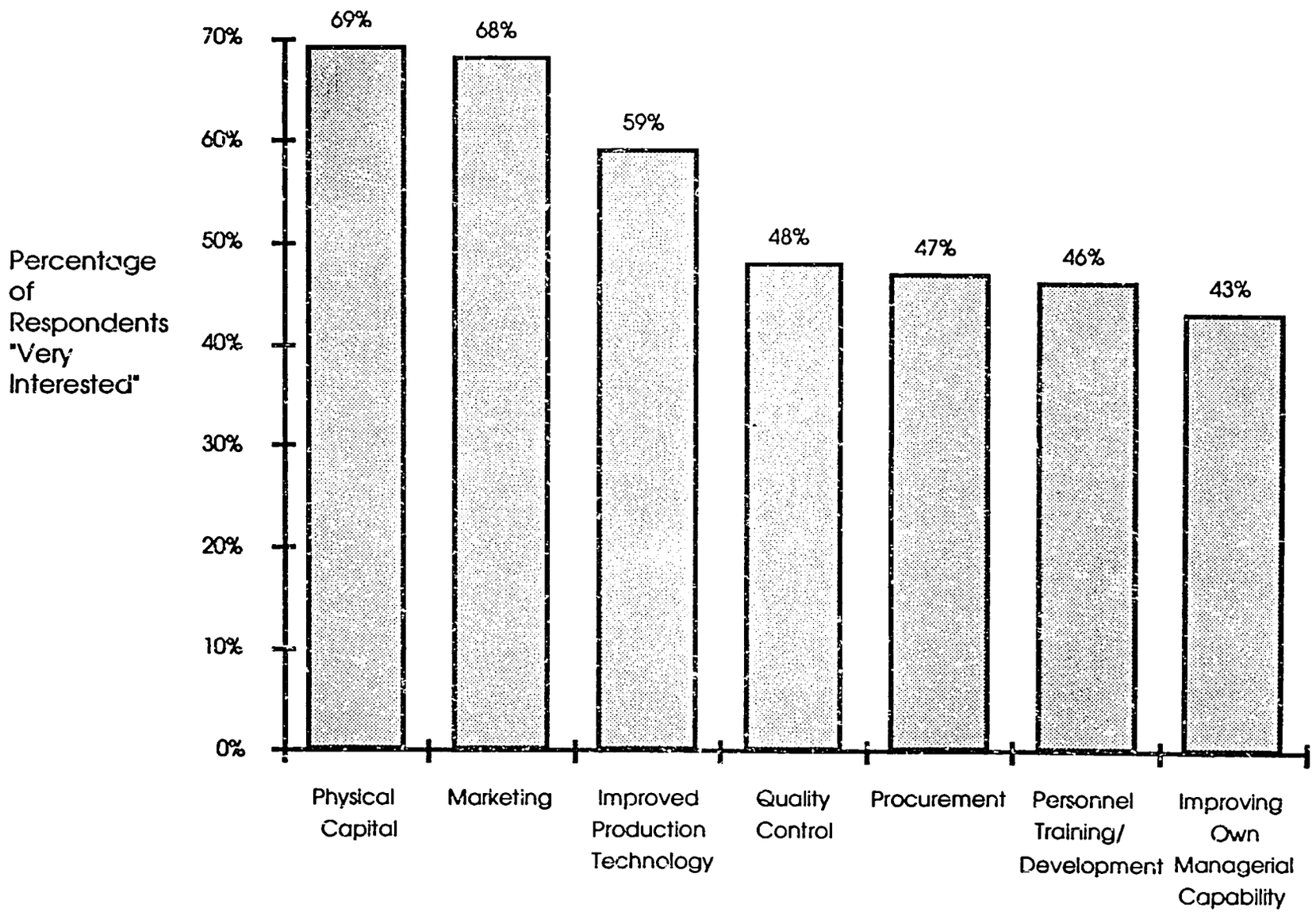


Exhibit 19B

Areas In Which Firms Want to Invest (by Size Category)

Question 50

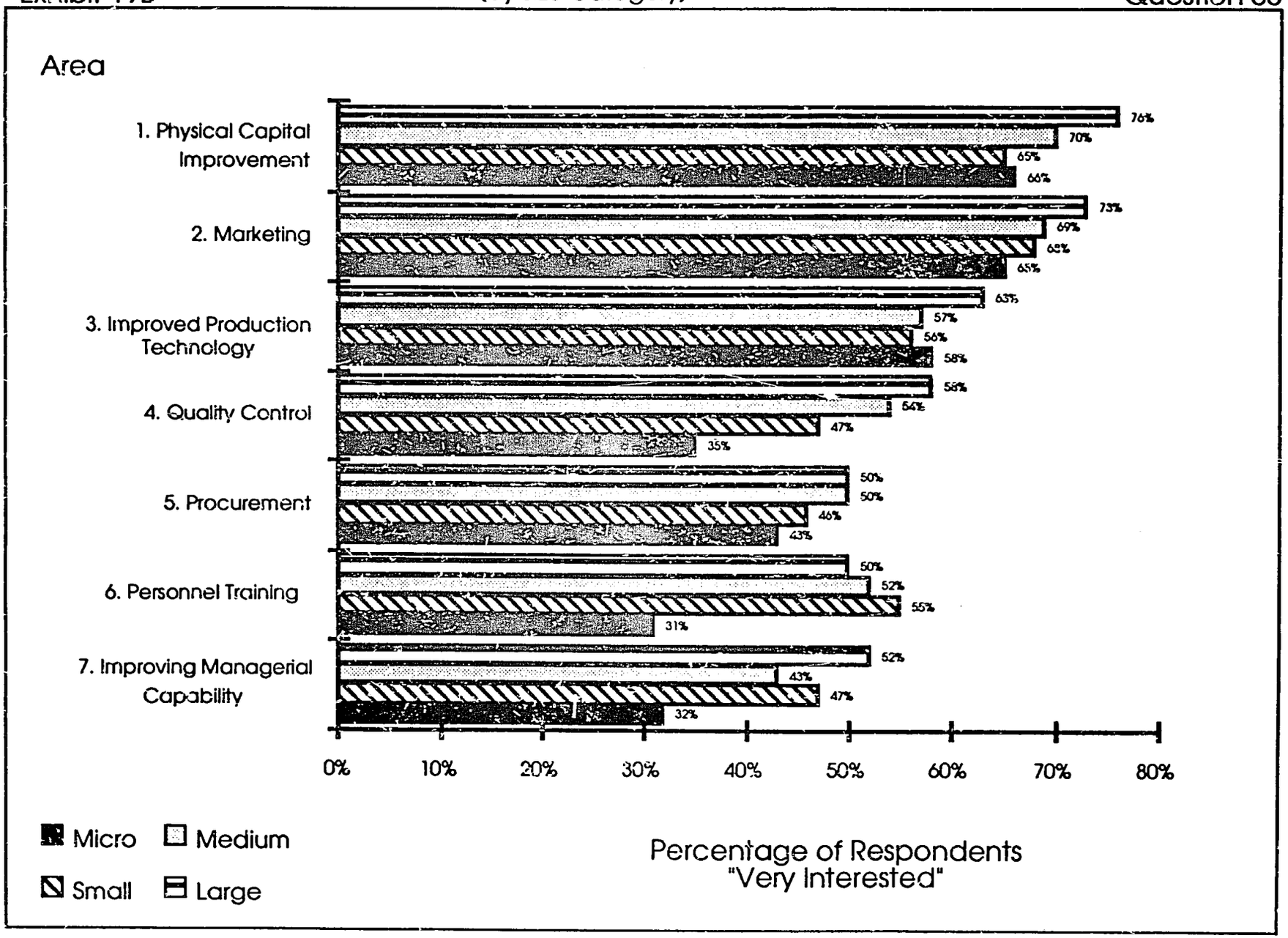


Exhibit 19C

Areas In Which Firms Want to Invest (by Sector)

Question 50

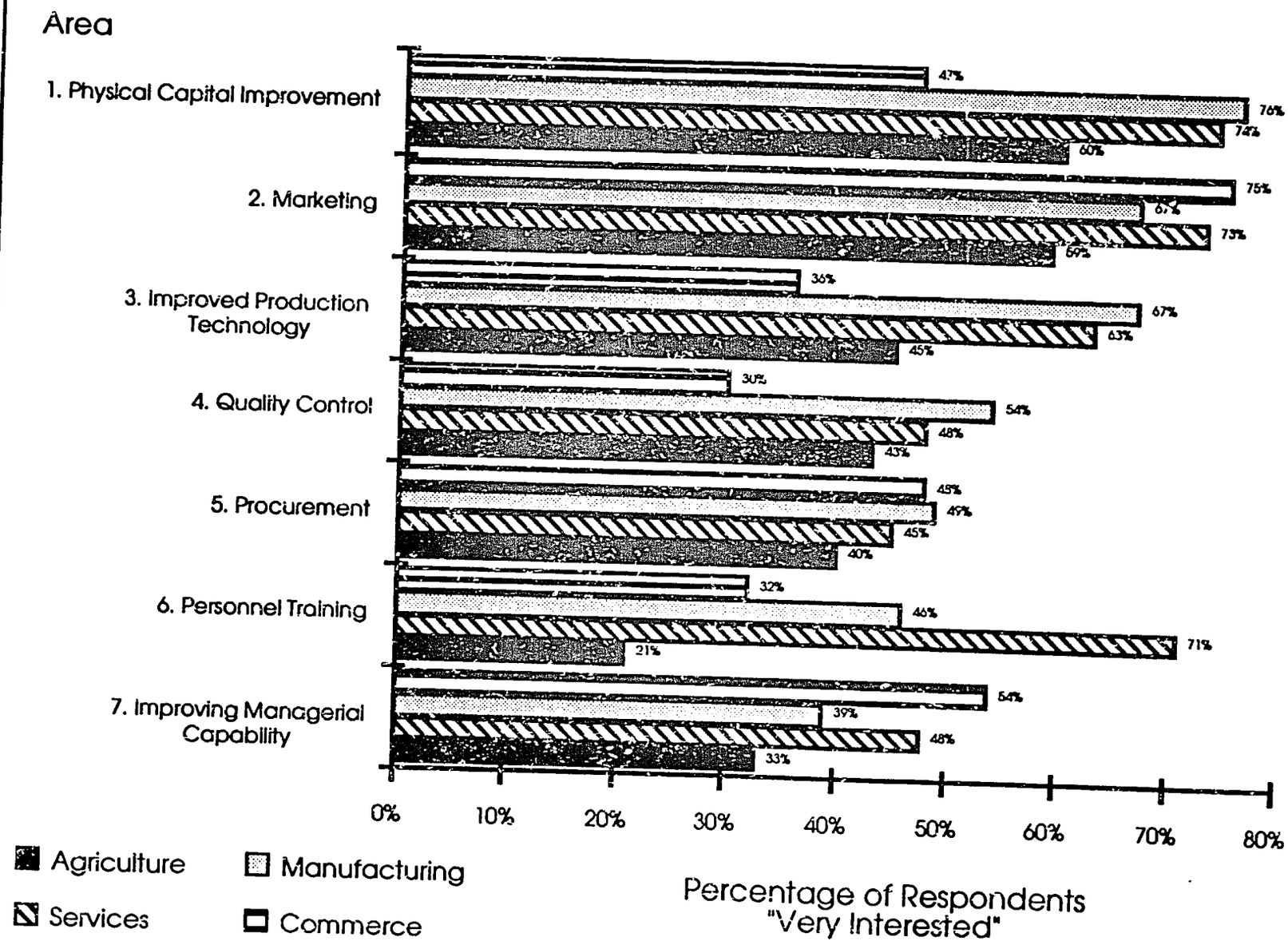


Exhibit 20

Demand for Association Service

Question 57

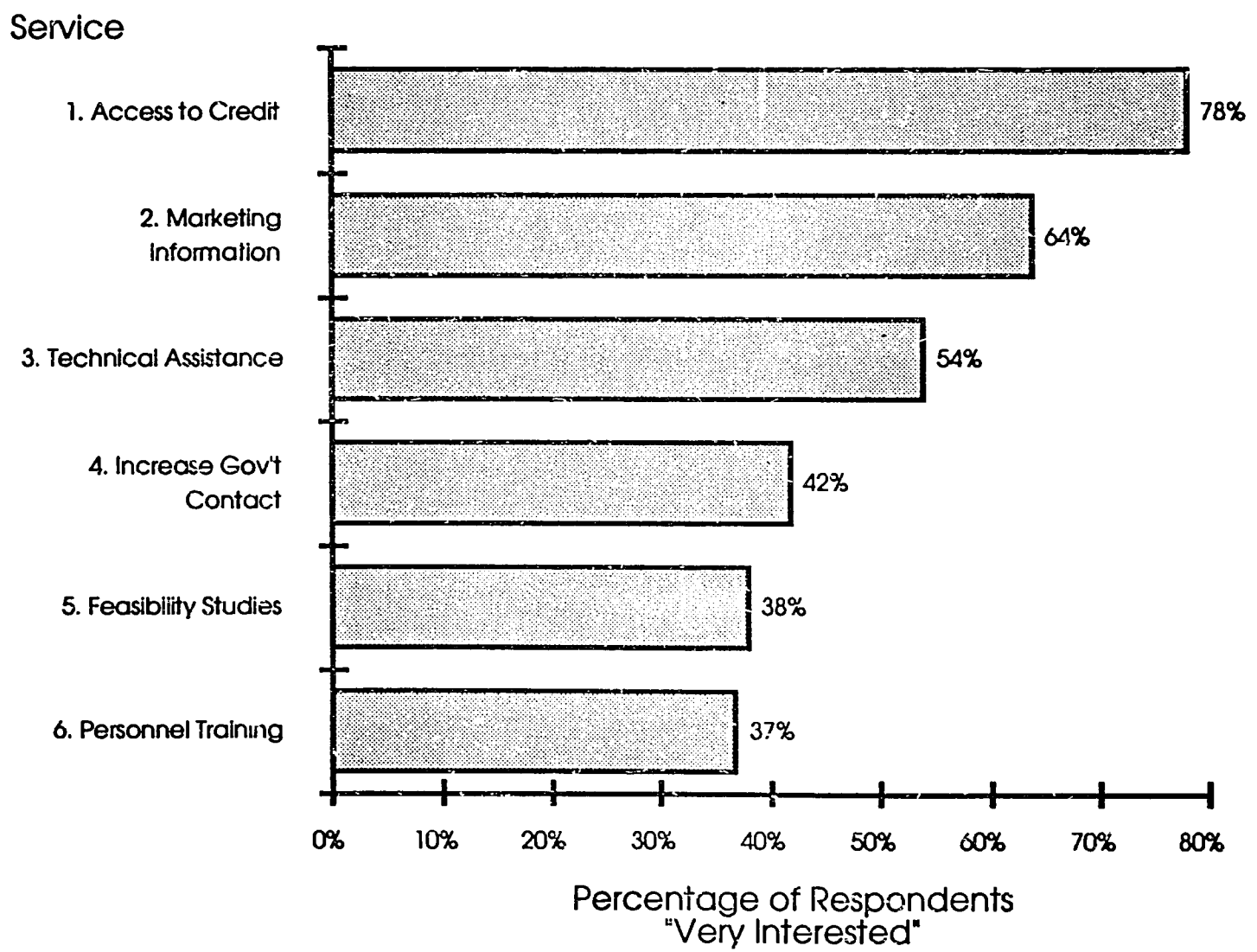
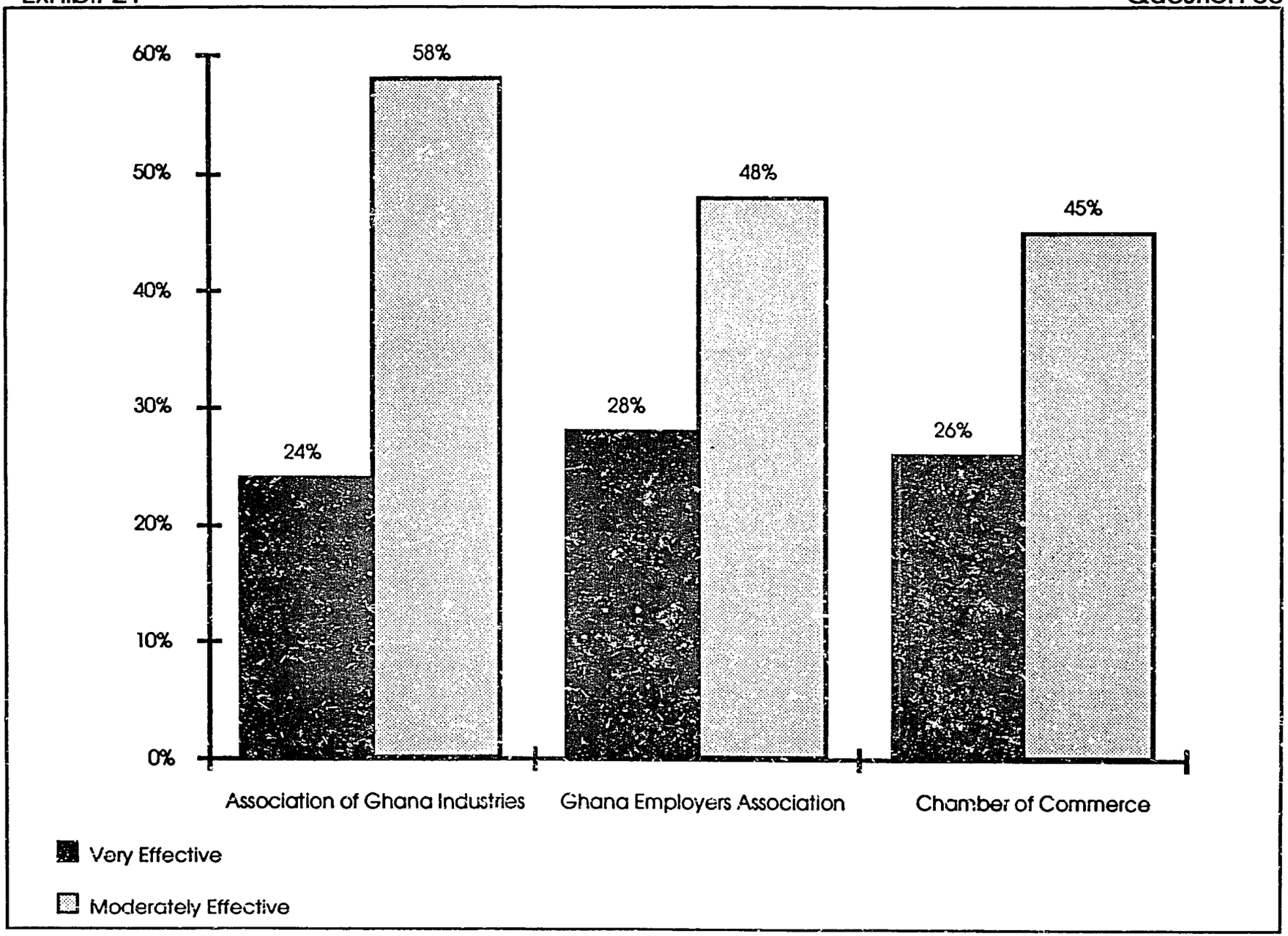


Exhibit 21

Members Rate Association Effectiveness

Question 56



APPENDIX A

FREQUENCY DISTRIBUTIONS AND SURVEY QUESTIONNAIRE

APPENDIX A
FREQUENCY DISTRIBUTIONS

GHANA SURVEY

The purpose of the following survey is to gather information about the private sector in Ghana, the beliefs held by business persons on different aspects of doing business, and the general investment climate. This study is financed by the U.S. Agency for International Development (USAID). This information will assist USAID/Ghana in formulating its development strategy for the coming years. The information obtained here will be treated in a private and confidential manner. Nevertheless, questions deemed inappropriate do not have to be answered.

Questionnaire No. _____

Name of Interviewer: _____

Approved by: _____

Position of the person interviewed:
1. Owner
2. Manager
3. Professional/Technical
4. Other

Date the survey was performed: _____
(day/month/year)

(NOTE: All freqiency distributions given in parentheses. Responses given in terms of percentage of total responding, unless otherwise specified. In some cases responses may not add up to exacly 100 percent due to rounding error).

FOR INTERVIEWER ONLY

SECTION 1: GENERAL INFORMATION OF THE FIRM

1. Location of the firm:

   1. Accra (63) 2. Tema (7) 3. Kumasi (18)

   4. Takoradi-Sekondi (6)

   5. Other [specify]:____(6)_____ _____

2. Which ONE factor best describes why you selected this site for your firm?

   1. Proximity to raw materials (8) 4. Tax incentives (26)

   2. Proximity to labor (2) 5. Personal considerations (9) _____

   3. Proximity to markets (55) 6. Other [specify]:_____ (1)

3. How many people work here (full time and casual): [NOTE: convert to full time equivalent using chart below]

   1. None (3) 4. 11 to 20 (19)

   2. 1 to 5 (28) 5. 21 to 100 (20)

   3. 6 to 10 (26) 6. 101 to 500 (4)

   7. Over 500 (1) _____

FOR INTERVIEWER REFERENCE

Total full time (1.0)	Total casual(0.5)	Full Time Equivalent (for office use)

4. What is the gender the owners (or the majority shareholders) of this firm:

   1. Male (72) 2. Female(19) 3. Equal proportion of shares held by male and female (7) _____

   4. Don't know (1)

(For questions 5-10, **average** responses are given)

FOR CODIFIER ONLY

5. What percentage of your work force [approximately] are women?: 29%

FOR INTERVIEWER REFERENCE

Total no. of employees	Female employees	% (for office use)

6. What percentage of your full time work force [approximately] IS Ghanaian African?: 97%

FOR INTERVIEWER REFERENCE

Total no. of employees	Ghanaian employees	% (for office use)

7. What percentage of your employees require training/special skills[1]? 31%

FOR INTERVIEWER REFERENCE

Total no. of employees	Skilled employees	% (for office use)
	(management)	
	(sec/clerical)	
	(professional)	
	(technical)	
	(other skilled)	

[1]Includes employees in management, secretarial/clerical staff, assemblers, technicians, artisans, for example. Use categories in table provided above to help interviewee estimate this number.

FOR CODIFIER ONLY

8. What percentage of your SKILLED employees are WOMEN? 20%

FOR INTERVIEWER REFERENCE

Total no. of SKILLED employees	Women Skilled	% (for office use)
(see answer above)		
	(management)	
	(sec/clerical)	
	(professional)	
	(technical)	
	(other skilled)	

9. What percentage of the top management team[2] (the company decision-makers) are women? 28%

FOR INTERVIEWER REFERENCE

Total no. in top management	Total Women	% for office use

10. What percentage of the top management in this firm are Ghanaian African? 93%

FOR INTERVIEWER REFERENCE

Total no. in top management	Total Ghanaian	% for office use

[2]Refers to the people in the firm involved in making the key strategic decisions about the firm's operations, NOT just the day to day production decisions.

FOR CODIFIER ONLY

11. In which sectors does your business operate? (may mark more than one category if applicable):

1. Agriculture production[3] (go to no. 12)	(2)		_____
2. Processing of agricultural products[4] (go to no. 13)	(12)		_____
3. Services[5] (go to no. 14)	(22)		_____
4. Manufacturing[6] (go to no. 15)	(49)		_____
5. Commerce (go to no. 16)	(15)		_____

(for questions 12-16, raw frequencies only are given)

12. In what MAIN agricultural activity is your business involved?:

1. Cereals	4	_____
2. Horticultural crops	2	_____
3. Forestry	1	_____
4. Livestock	2	_____
5. Aquaculture/Fishing	1	_____
6. Other [specify]:_____	2	_____

(Go to NO. 17)

---

[3]Agriculture production refers to fruit, timber, livestock production, for example.

[4]Refers to the processing of livestock/meat products (including dairy), processed fruits and vegetables, wood products (e.g. charcoal, pulp), agriculture inputs (e.g. feed mill, fertilizer, seeds, implements).

[5]Refers to sales/repairs of vehicles, transportation, tourism, finance, communications, for example.

[6]Includes handicrafts, textiles, clothing, finished wood products, metal products, confectionery/baking, assembly, beverage and brewery products, for example.

		FOR CODIFIER ONLY
13. In what MAIN agricultural processing activity are you involved?		
1. Animal products (meat and dairy)	5	_____
2. Milling	1	_____
3. Processed fruit and vegetables	7	_____
4. Hides and Skins	7	_____
5. Ginning	7	_____
6. Pulp and other wood products	3	_____
7. Agriculture inputs (fertilizer, seeds)	12	_____
8. Fish processing	12	_____
9. Other [specify]:_____		_____

(Go to NO. 17)

14. In what MAIN service activity are you involved?:		
1. Vehicle and Appliances Repairs	2	_____
2. Transportation	16	_____
3. Communications	3	_____
4. Tourism (hotels/travel agencies)	6	_____
5. Finance	1	_____
6. Construction	6	_____
7. Other [specify]:_____	30	_____

(GO TO NO. 17)

FOR CODIFIER ONLY

15. In what MAIN manufacturing activity are you involved?:

1. Handicraft	2	_____
2. Clothing/textiles	8	_____
3. Finished wood products	38	_____
4. Plastics	14	_____
5. Metal products	3	_____
6. Textiles	14	_____
7. Confectionery/baking	4	_____
8. Assembly (electrical/electronic)	4	_____
9. Assembly (other)	1	_____
10. Brewing and beverage products	1	_____
11. Machinery and equipment	3	_____
12. Paper and Paper products	15	_____
13. Leather and footwear	10	_____
14. Chemical and pharmaceutical	10	_____
15. Other [specify]: _____	22	_____

(Go to NO. 17)

		FOR CODIFIER ONLY
16. In what MAIN commercial activity are you involved?:		
1. Wholesale	2	_____
2. Retail	10	_____
3. Both wholesale and retail	24	_____
4. Direct import	38	_____
5. Export	1	_____
6. Both import and export	2	_____
7. Other [specify]: _____	1	_____

(for questions 17 and 18, average responses only are given)

17. What percentage of your direct sales (approximately) are to the following markets:

1. Domestic market	96
2. EEC	2
3. West Africa	3
4. Other Africa	0.4
5. North America	1
6. Asia	0
7. Other	0

	FOR CODIFIER ONLY
18. What percentage of your raw materials (approximately) are come from:	
1. Local	66
2. EEC	22
3. Middle East	1
4. Japan	5
5. Other Asia	1
6. USA	5
7. West Africa	5
8. Other Africa	0
9. Other Foreign	16

19. Is your firm owned by Ghanaians?

1. YES (92) 2. NO (8) 3. Don't know/ not apply _____

[if NO or DK/NA, go to no. 21]

20. What percentage of the total equity[7] is owned by NON-Ghanaians?

1. Less than 20 percent (68) _____
2. 21 to 50 percent (2)
3. Over 50 percent (4)
4. No response (26)

FOR INTERVIEWER REFERENCE

Total amount of equity	Amount put into by non-Ghanaian	% (for office use)

[7]Equity means money put into the business.

FOR CODIFIER ONLY

21. Are some of your shareholders Ghanaian public institutions?

1. YES (6) [if YES, no. 22]
2. NO (88) [If NO or DK/NA, go to no. 23]
3. Don't know/not apply (6)

_____

22. What percentage of total shares are owned by Ghanaian public institutions?

1. Less than 20 percent (2)
2. 21 to 50 percent (86)
3. Over 50 percent (6)

_____

FOR CODIFIER ONLY

SECTION 2: FACTORS ACCOUNTING FOR BUSINESS PERFORMANCE

23. Do you think the economic environment today is:

1. better than it was a year ago. (38) _____

2. worse than it was a year ago. (44)

3. has not changed in a year. (18)

24. How have the following factors affected the performance of your business over the last year?:

	Positively	No Effect	Negatively	Don't Know	
1. Raw material prices	1 (24)	2 (23)	3 (48)	4 (6)	_____
2. Raw material availability	1 (30)	2 (43)	3 (21)	4 (6)	_____
3. Interest rates	1 (13)	2 (24)	3 (43)	4 (20)	_____
4. Auction exchange rate	1 (10)	2 (30)	3 (20)	4 (40)	_____
5. FOREX Rate	1 (8)	2 (34)	3 (28)	4 (30)	_____
6. Taxes	1 (20)	2 (23)	3 (54)	4 (4)	_____
7. Output prices	1 (24)	2 (26)	3 (39)	4 (6)	_____
8. Credit availability	1 (15)	2 (19)	3 (54)	4 (11)	_____
9. Government pronouncements/ actions	1 (13)	2 (47)	3 (28)	4 (13)	_____
10. Other [specify]:_____	1 (22)	2 (54)	3 (17)	4 (7)	_____

FOR CODIFIER ONLY

25. How has your sales volume changed over the last year?

1. Has improved. (38) _____

2. Has not changed. (28)

3. Has deteriorated. (34)

26. What do you think will happen to your sales volume over the next year?

1. Will improve. (64) _____

2. Will not change. (19)

3. Will deteriorate. (17)

27. If you had more product, could you sell more?

1. YES (75) 2. NO (8) 3. Unsure/don't know (17) _____

28. Are you able to sell all the product you stock?

1. YES (69) 2. NO (21) 3. Unsure/don't know (7) _____

FOR CODIFIER ONLY

29. Did the following factors have an important effect on your sales volume last year?:

	Very Important	Important	Not Important	Not Apply	
1. Competition from other private Ghanaian firms	1 (40)	2 (25)	3 (31)	4 (4)	_____
2. Competition from parastatals	1 (12)	2 (17)	3 (47)	4 (24)	_____
3. Competition from foreign firms	1 (16)	2 (12)	3 (43)	4 (28)	_____
4. Demand for my product	1 (54)	2 (24)	3 (15)	4 (7)	_____
5. Market infrastructure (such as warehouses, cold storage facilities, etc.)	1 (21)	2 (21)	3 (44)	4 (14)	_____
6. Transportation (air,rail,road)	1 (32)	2 (31)	3 (26)	4 (10)	_____
7. Middlemen margins	1 (22)	2 (27)	3 (35)	4 (15)	_____
8. Market information	1 (35)	2 (31)	3 (28)	4 (6)	_____
9. Access to production technology	1 (41)	2 (23)	3 (27)	4 (10)	_____
10. Government incentive policies	1 (32)	2 (16)	3 (36)	4 (14)	_____
11. Shipping regulations	1 (10)	2 (10)	3 (29)	4 (42)	_____

[QUESTION 29 -- CONTINUED]

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29. Did the following factors have an important effect on your sales volume last year?:

	Very Important	Important	Not Important	Not Apply	
12. Credit market regulations	1 (40)	2 (14)	3 (24)	4 (21)	_____
13. Foreign exchange regulations	1 (25)	2 (20)	3 (25)	4 (30)	_____
14. Other regulations (work permits, licensing, etc.)	1 (19)	2 (29)	3 (38)	4 (14)	_____
15. Marketing controls	1 (15)	2 (23)	3 (37)	4 (24)	
16. Tax Policies (corp./income)	1 (59)	2 (23)	3 (13)	4 (3)	_____
17. Export promotion incentives	1 (13)	2 (8)	3 (33)	4 (46)	_____
18. Distance from market	1 (32)	2 (20)	3 (40)	4 (9)	_____

30. Please estimate the percentage of capacity at which your business is currently operating:

1. 90 to 100 percent (3)
2. 75 to 89 percent (10)
3. 50 to 74 percent (33)
4. 25 to 49 percent (27) _____
5. Less than 25 percent (16)
6. Don't know/not apply (12)

FOR CODIFIER ONLY

SECTION 3: RESOURCE CONSTRAINTS AND GOVERNMENT POLICIES

31. How do the following factors affect your firm's ability to produce or provide its services efficiently?

	Negative Effect	Positive Effect	No Effect	Not Apply	
1. Access to credit	1 (55)	2 (20)	3 (15)	4 (10)	_____
2. Access to raw materials	1 (23)	2 (38)	3 (28)	4 (9)	_____
3. Access to land	1 (23)	2 (22)	3 (45)	4 (10)	_____
4. Access to skilled/ supervisory labor	1 (10)	2 (45)	3 (40)	4 (4)	_____
5. Access to services (refuse coll., electricity, etc)	1 (12)	2 (41)	3 (41)	4 (7)	_____
6. Access to water	1 (6)	2 (36)	3 (46)	4 (12)	_____
7. Access to transport	1 (24)	2 (36)	3 (37)	4 (4)	_____
8. Price of transport	1 (46)	2 (21)	3 (29)	4 (5)	_____
9. Price of electricity	1 (55)	2 (19)	3 (20)	4 (7)	_____
10. Reliability of electricity	1 (26)	2 (39)	3 (27)	4 (8)	_____

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[QUESTION 31 - CONTINUED]

31. How do the following factors affect your firm's ability to produce?

	Negative Effect	Positive Effect	No Effect	Not Apply	
11. Availability of communication services (post, tel.)	1 (23)	2 (26)	3 (35)	4 (16)	_____
12. Quality of communications	1 (26)	2 (21)	3 (35)	4 (18)	_____
13. Quality of water services	1 (6)	2 (38)	3 (41)	4 (15)	_____
14. Availability of suitable premises	1 (20)	2 (52)	3 (25)	4 (3)	_____
15. Access to suitable equipment	1 (28)	2 (46)	3 (19)	4 (7)	_____
16. Access to spare parts	1	2	3	4	_____

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32. Please indicate to what extent the following have affected (or affect) your firm's operations:

	Very Important	Important	Not Important	Not Apply/ Don't Know	
1. Cost of land	1 (37)	2 (7)	3 (33)	4 (23)	_____
2. Access to land	1 (43)	2 (9)	3 (26)	4 (22)	_____
3. Uncertainty about ability to stay in the land (tenure)	1 (45)	2 (6)	3 (21)	4 (21)	_____
4. Clear titling	1 (40)	2 (9)	3 (19)	4 (32)	_____

32a. Do you own or lease the land in which you operate?

1. Own (21) 2. Lease (69)

33. Are you satisfied with the productivity of your employees?

1. YES (77) 2. NO (16) 3. Don't know/ not apply (7) _____

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34. For the following personnel categories, please specify how difficult it has been to obtain Ghanaians with the training/experience needed in your firm:

	Difficult	Average	Easy	
1. Managerial Personnel[8]	1 (55)	2 (20)	3 (25)	_____
2. Secretarial/clerical Personnel	1 (35)	2 (20)	3 (45)	_____
3. Professional Personnel[9]	1 (50)	2 (29)	3 (21)	_____
4. Technical Personnel[10]	1(40)	2(32)	3(28)	_____

34a. Is worker absenteeism a problem?

1. Yes (26) 2. No (74) 3. Don't know (0)

34b. Is worker productivity a problem?

1. Yes (23) 3. No (79) 3. Don't know (0)

---

[8]For example, managing directors, company executives, general managers.

[9]For example: engineers (agricultural, chemical, etc.), accountants, economists.

[10]For example, mechanics, repairmen, plumbers, artisans, production line technicians, assemblers.

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35. Please rate the following in terms of their effect on productivity:

1. a big problem	2. Not a big problem	3. Not a problem
1. Sickness problems	1 (37)	2 (23)	3 (40)
2. Absence for funerals	1 (27)	2 (29)	3 (44)
3. Motivation	1 (26)	2 (23)	3 (51)

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36. Has the need to pay high salary and benefits packages to attract good workers hindered the growth of your business?

1. YES (50) 2. NO (18) 3. Don't Know/Not apply (31)

37a. Please provide an estimate of the percentage of your original capital which came from the following sources:

	None	Between 1-20%	Between 21-50	Over 50%	
1. Local commercial banks (GCB, Barclays, Standard, etc.)	1 (86)	2 (1)	3(10)	4(3)	_____
2. Rural Bank	1 (100)	2	3	4	_____
3. Other formal financial institutions[11]	1(97)	2(1)	3(2)	4(1)	___
4. Foreign sources	1 (95)	2 (3)	3 (0)	4 (3)	_____
5. Remittances	1 (99)	2 (1)	3	4	_____
6. Susu	1 (98)	2 (1)	3 (1)	4 (1)	_____
7. Family/ friends	1 (71)	2 (5)	3 (9)	4 (15)	_____
8. Personal	1 (15)	2 (4)	3 (17)	4 (64)	_____
9. Supplier's credit	1 (96)	2 (2)	3 (2)	4 (1)	_____
10. Not apply	1	2	3	4	_____
11. Other [specify]:_____	1	2	3	4	_____

[11]For example, secondary banks such as cooperative bank, development bank, social security bank.

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37b. Please provide an estimate of the percentage of your working capital which comes from the following sources:

	None	Between 1-20%	Between 21-50%	Over 50%	
1. Local commercial banks (GCB, Barclays, Standard, etc.)	1 (73)	2 (5)	3 (14)	4 (8)	_____
2. Rural Bank	1 (99)	2 (0)	3 (0)	4 (1)	_____
3. Other formal financial institutions[12]	1(91)	2(3)	3(5)	4(2)	___
4. Foreign sources	1 (98)	2 (0)	3 (2)	4 (1)	_____
5. Remittances	1 (99)	2 (1)	3	4	_____
6. Susu	1 (97)	2 (2)	3 (1)	4 (0)	_____
7. Family/ friends	1 (55)	2 (25)	3 (6)	4 (16)	_____
8. Personal	1 (12)	2 (4)	3 (19)	4 (65)	_____
9. Supplier's credit	1 (87)	2 (6)	3 (6)	4 (2)	_____
10. Not apply	1	2	3	4	_____
11. Other [specify]:_____	1	2	3	4	_____

[12]For example, secondary banks such as cooperative bank, development bank, social security bank.

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38. Please indicate to what extent the following have affected your access to financing:

	Very Important	Important	Not Important	Not Apply/ Don't Know	
1. Collateral requirements[13]	1 (55)	2 (10)	3 (17)	4 (17)	____
2. Interest rates for short-term capital	1 (48)	2 (21)	3 (11)	4 (20)	____
3. Interest rates for long-term financing	1 (32)	2 (20)	3 (23)	4 (26)	____
4. Bank fees	1 (16)	2 (28)	3 (34)	4 (21)	____
5. Credit ceilings	1 (52)	2 (14)	3 (14)	4 (20)	____
6. Paperwork	1 (12)	2 (17)	3 (44)	4 (27)	____
7. Access to equity capital	1 (39)	2 (15)	3 (25)	4 (21)	____
8. Distance to banks	1 (5)	2 (6)	3 (66)	4 (22)	____
9. Other	1	2	3	4	____

[specify]:_____

[13]Collateral means: security required by money tenders.

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39. Is it easier for you to obtain short-term capital than it is to obtain long-term capital?

1. YES (38) 2. NO (12) 3. Don't know/ Not apply (49) _____

40. Has lack of capital caused you to give up:

1. many projects (47) _____

2. a few projects (29)

3. no projects (24)

41. Have you had difficulty obtaining the raw materials that you need to operate?

1. YES (37) 2. NO (51) 3. Don't know/ Not apply (12) _____

[if YES go to no. 42] [if NO or DK/NA, go to no. 43]

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42. How important have the following factors been in influencing your firm's ability to procure all the inputs it needs:

	Very Imp.	Important	Not Imp.	Don't know/ Not apply	
1. Availability of financing	1 (79)	2 (8)	3 (3)	4 (11)	_____
2. Lack of cooperative buying	1 (22)	2 (15)	3 (39)	4 (25)	_____
3. Availability of transportation	1 (41)	2 (24)	3 (24)	4 (12)	_____
4. Cost of transportation	1 (49)	2 (26)	3 (13)	4 (12)	_____
5. Import licensing controls	1 (22)	2 (19)	3 (26)	4 (34)	_____
6. Foreign exchange regulations	1 (29)	2 (22)	3 (18)	4 (30)	_____
7. Customs regulations	1 (37)	2 (12)	3 (21)	4 (30)	_____
8. Middlemen margins	1 (22)	2 (28)	3 (28)	4 (22)	_____
9. Scarcity/ shortages of products	1 (28)	2 (34)	3 (19)	4 (20)	_____
10. Other	1	2	3	4	_____

[specify]: _____

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43. Is reliable information on the local market trends for your product available?

1. YES (61) 2. NO (26) 3. Don't know/ Not apply (14) _____

44. Is reliable information on the international market for your product available?

1. YES (12) 2. NO (42) 3. Don't know/ Not apply (46) _____

45. How important/useful are the following types of market information for your business?

	Very Important	Important	Not Important	Not Apply	
1. Information on prices	1 (74)	2 (16)	3 (6)	4 (4)	_____
2. Information on product standards	1 (63)	2 (19)	3 (13)	4 (6)	_____
3. Contacts with other companies	1 (45)	2 (30)	3 (20)	4 (6)	_____
4. Information on trade regulations (tariffs/quotas)	1 (40)	2 (21)	3 (21)	4 (19)	_____
5. Other	1	2	3	4	_____

[specify]:_____

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46. Specify the sources which you use to get information on the market for your product (may mark more than one):

1.	The Ministry of Tourism and Trade	(7)
2.	Ghana Export Promotion Council	(7)
3.	The Ministry of Industry Science and Tech.	(11)
4.	Personal Contacts	(89)
5.	Foreign Partners	(6)
6.	The Ghana National Chamber of Commerce	(11)
7.	The Association of Ghana Industries	(13)
8.	Trade journals or newspapers	(27)
9.	National Marketing Boards	(2)
10.	Other [specify]: _____	_____
11.	Other [specify]: _____	_____

47. Do you have access to appropriate production technology for your business?

1. YES (54) 2. NO (28) 3. Don't know/not apply (18) _____

	FOR CODIFIER ONLY
48. Which of the following have hindered access to needed technology (may mark more than one):	
1. Lack of information about available technology	(44)
2. Lack of local expertise/experience	(11)
3. Technology is too expensive	(42)
4. No access to foreign exchange	(13)
5. Reluctant to invest large sums in fixed assets	(5)
6. Imported technology not adequate for the market in which I operate	(6)
7. Government licensing requirements	(3)
8. No access to spare parts	(11)
9. Maintenance problems	(11)
10. Other [specify]:_____	_____

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49. How important are each of the following as a constraint to the growth of your business:

	Very Important	Important	Not Important	Not Apply	
1. Lack of air cargo space	1 (6)	2 (10)	3 (35)	4 (49)	_____
2. Price of air cargo space	1 (7)	2 (13)	3 (32)	4 (49)	_____
3. Lack of land transport facilities	1 (32)	2 (31)	3 (25)	4 (12)	_____
4. Price of land transport facilities	1 (41)	2 (30)	3 (18)	4 (11)	_____
5. Lack of maritime transport facilities	1 (7)	2 (12)	3 (32)	4 (50)	_____
6. Price of maritime transport	1 (7)	2 (16)	3 (29)	4 (48)	_____
7. Lack of a road network	1 (21)	2 (33)	3 (30)	4 (16)	_____
8. Quality of road network	1 (18)	2 (37)	3 (30)	4 (15)	_____
9. Transport regulations (on weight, axles, etc.)	1 (6)	2 (29)	3 (38)	4 (26)	_____

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SECTION 4: OPPORTUNITIES

50. If you had the resources (time, money), in which of the following areas would you be interested in investing to improve your current business operations?:

	Very interested		Interested		Not interested		
1. Personnel training and development	1	(46)	2	(31)	3	(24)	_____
2. Improved production technology	1	(59)	2	(26)	3	(16)	_____
3. physical capital (plant improvement)	1	(69)	2	(18)	3	(13)	_____
4. Improving my management capability	1	(43)	2	(33)	3	(24)	_____
5. Marketing	1	(68)	2	(22)	3	(9)	_____
6. Procurement	1	(47)	2	(36)	3	(17)	_____
7. Quality Control	1	(48)	2	(35)	3	(17)	_____

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51. Have you formulated a specific plan to invest in any of the following areas?

	YES	NO	
1. Personnel training and development	1 (36)	2 (64)	_____
2. Improved production technology	1 (41)	2 (59)	_____
3. physical capital (plant improvement)	1 (57)	2 (43)	_____
4. Improving my management capability	1 (38)	2 (62)	_____
5. Marketing	1 (52)	2 (48)	_____
6. Procurement	1 (40)	2 (60)	_____
7. Quality Control	1 (40)	2 (60)	_____

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52. Mark with a "1" the one area you believe offers the BEST return on investment and with a "2" the ONE area you believe offers the WORST return: ("BEST")

1. Unprocessed agriculture production for domestic market (10)
2. Unprocessed agriculture production for export market (6)
3. Agroprocessing/agroindustry for domestic market (2)
4. Agroprocessing/agroindustry for export (2)
5. Manufacturing for export (22)
6. Manufacturing for domestic market (16)
7. Construction (7)
8. Tourism (3)
9. Commerce and trade (23)
10. Banking (7)
11. Other services [specify]:_____
12. Other [specify]:_____

1._____

2._____

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53. Which export market do you believe would be most profitable?

1. EEC (42)
2. West Africa (38)
3. Other Africa (3)
4. USA (11)
5. Middle East (0)
6. Asia (2)
7. Other [specify]: (2)
8. Don't Know/No Response (28)

_____

54. How important are the following as obstacles to entering/expanding your export operations:

	Very Important	Important	Not Important	Not Apply	
1. Foreign exchange controls	1 (29)	2 (32)	3 (16)	4 (24)	_____
2. Credit controls	1 (54)	2 (15)	3 (12)	4 (20)	_____
3. Bureaucratic delays	1 (24)	2 (36)	3 (19)	4 (21)	_____
4. Taxes	1 (60)	2 (18)	3 (11)	4 (11)	_____
5. Production technology	1 (48)	2 (21)	3 (16)	4 (15)	_____
6. Transport infra-structure	1 (33)	2 (30)	3 (24)	4 (14)	_____
7. Other market infra-structure	1 (21)	2 (40)	3 (24)	4 (16)	_____
8. Packaging	1 (26)	2 (28)	3 (27)	4 (19)	_____
9. Raw materials	1 (36)	2 (29)	3 (19)	4 (16)	_____
10. Labor productivity	1 (40)	2 (19)	3 (26)	4 (15)	_____
11. Market information	1 (50)	2 (23)	3 (13)	4 (13)	_____

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SECTION 5: ASSOCIATIONS

55. Are you (or is your firm) affiliated with any type of business or trade association?

1. YES 2. NO 3. Unsure _____

[if YES, no. 56] [if NO or Unsure, no. 57]

(71) (27) (3)

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[raw frequencies only are given for question 56]

56. Please specify which associations and rate how effectively they have represented your business interests:

	Very Effective	Moderately Effective	Not Effective	Don't Belong	
1. The Ghana National Chamber of Commerce	1 (22)	2 (37)	3 (24)	4	_____
2. The Association of Ghana Industries	1 (22)	2 (53)	3 (16)	4	_____
3. Ghana Employers Association	1 (12)	2 (20)	3 (10)	4	_____
4. Ghana Federation of Business & Prof. Women	1 (2)	2 (0)	3 (1)	4	_____
5. Agriculture Commodity Associations	1 (1)	2 (0)	3 (1)	4	_____
6. Hotel Association	1 (1)	2 (2)	3 (5)	4	_____
7. Ghana Inst. of Bankers	1 (2)	2 (3)	3 (4)	4	_____
8. Ghana Pharmaceut. Association	1 (3)	2 (0)	3 (4)	4	_____
9. Other [SPECIFY]: _____	1	2	3	4	_____
10. Other [Specify]: _____	1	2	3	4	_____

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57. Which of the following services would you want a business/trade association to offer (or increase)?

	Very Interested	Interested	Not Interested	
1. Provide access to credit	1 (78)	2 (13)	3 (8)	_____
2. Provide technical assistance	1 (54)	2 (26)	3 (20)	_____
3. Develop personnel training services	1 (37)	2 (37)	3 (26)	_____
4. Increase contact with Government	1 (42)	2 (31)	3 (27)	_____
5. Feasibility studies	1 (38)	2 (36)	3 (27)	_____
6. Provide marketing information	1 (64)	2 (24)	3 (12)	_____
7. Other	1	2	3	_____

[specify]:_____

58. Specify which one BEST describes why you do not belong to an association:

1. No association provides services I find useful. (50) _____
2. I am unwilling to pay membership dues. (4)
3. I am not able to pay membership dues. (5)
4. Membership restrictions (4)
5. Other restrictions (13)
6. Other (24)

FOR CODIFIER ONLY

59. Is your business/firm interested in or already assisting its workers in family planning and child nutrition/ health programs?

1. YES (57) [if YES, go to no. 60]
2. NO (43) [if NO, go to no. 61]

_____

60. Which of the following BEST describes why your firm is interested in or already assisting in health programs?

1. It would reduce worker absenteeism. (14)
2. It would increase productivity. (66)
3. It would increase worker motivation. (15)
4. It would attract better workers to my firm. (3)
5. Other [specify]: (3)_____.

_____

FOR CODIFIER ONLY

61. Are you interested in joint venture with foreign companies for local production?

1. YES	2. NO	3. Don't Know
(68)	(26)	(6)
[if YES, go to no. 62]	[if NO or Don't know, SURVEY ENDS HERE]	

_____

62. What are the most important assets a foreign partner can provide?

	Very Important	Important	Not Imp.	Not Apply
1. Capital	1 (92)	2 (6)	3 (2)	4 (0)
2. Technological expertise	1 (67)	2 (24)	3 (8)	4 (1)
3. Managerial expertise	1 (47)	2 (31)	3(22)	4 (1)
4. Access to markets	1 (67)	2 (23)	3(10)	4 (1)

_____

[SURVEY ENDS HERE, THANK YOU FOR YOUR COOPERATION]

APPENDIX B

REFERENCE SHEET: DEFINITIONS OF TERMS FOR THE ENUMERATORS

SURVEY TERMS AS DEFINED BY ENUMERATORS

1.	SHAREHOLDERS	Those who contribute to the capital and share the profit. (question 21)
2.	MIDDLEMEN MARGINS	What is added to cost due to profits of the middleman. (question 29)
3.	CREDIT MARKET REGULATIONS	Rules that govern the granting of loans to businesses, especially 30 day, 60 day, and 90 day. (question 29)
4.	SHORT-TERM CAPITAL	Loans granted by banks and other money lenders recoverable in under a year, usually in months. (question 31)
5.	LONG-TERM CAPITAL	Loans recoverable after a year. (question 31)
6.	CREDIT CEILINGS	Limits imposed by the state on how much credit can be given to different types of businesses. (question 38.5)
7.	PRODUCT STANDARDS	Those quality controls imposed by the National Standards Board or others for certificatio of a product. (question 45)
8.	TRADE REGULATIONS	Rules governing which goods are allowed into the markets, especially imported ones, the quantities allowed to be imported and under what conditions the goods can be imported. (question 45)
9.	BUREACRATIC DELAYS	Delays in company action due to the slow pace of working throught the established system of operation (ie. government / official paperwork / internal office regulations). (question 54)

ANNEX D

MAPS PHASE IV

Private Sector Dialogue

I. PURPOSE AND OBJECTIVES OF DIALOGUE SESSIONS

The purpose of the MAPS Dialogue section is to provide findings from conversations with public and private sector officials. Specific objectives include the following:

- -- Supply USAID with qualitative insights from Government and private sector leaders on findings and assumptions that may or may not have been adequately covered in the Private Sector Description or Diagnostic Survey
- -- Discuss the feasibility of potential USAID interventions
- -- Gauge local initiatives in which the private sector would be interested and willing to lead

A list of formal dialogue session participants and notes from those meetings are attached as Exhibits I and II.

II. FINDINGS FROM DIALOGUE PROCESS

The following is a summary of findings and recommendations which resulted from dialogue sessions with 23 private and public sector lenders with Mission participation as part of the MAPS process.

A. General Findings

1. Things are Better under the ERP

Conditions have improved under the ERP. The production and distribution of goods and services is higher than pre-ERP years, and more people are benefitting as a result. Much of this economic activity has come from the informal sector.

2. Liquidity is the Key Problem

Despite macroeconomic improvements since 1983, liquidity is the key problem affecting private sector development. Inflation remains high. Purchasing power is down. Credit ceilings reduce financing available to the private sector, particularly term credit required for productive investment. Interest rates and fees are high. 100% cash requirements for Letter of Credit financing weakens cash flow. Tax rates are high, calculated liabilities overestimated, refunds slow and collection procedures aggressive. Foreign exchange is expensive due to devaluation even if access has increased through the auction and Forex bureaus. Participants often encouraged USAID to provide credit via loan guarantee schemes.

3. Infrastructure is Still a Burden

Infrastructure is viewed as a problem because of inconvenience and additional costs. Nevertheless, most private sector people believe improvements in transport, communications and power are slowly being achieved, and that infrastructure problems are not an insurmountable constraint to manufacturing, commerce and service sector activities. It is widely recognized that poor infrastructure slows development in the rural areas, complicating agricultural input distribution and output marketing, and keeping the level of health, education and social services low.

4. The Private Sector Needs Training

Training is required to improve management and labor productivity. Most of the time this relates to specific skills (e.g., improved accounting capabilities, sharpened technical skills), and sometimes to a broader understanding of the link between productivity, profits and compensation. Here, some of the participants' opinions of low labor productivity differ from the diagnostic survey findings regarding productivity and absenteeism. Several officials encouraged USAID to engage in training activities.

5. A Weak Enabling Environment Keeps Enterprises Small and Informal

High tax rates, lack of credit, past Government interventions, ongoing doubts about Government commitment to the private sector and a strong sense of individualized management proprietorship deter growth and encourage enterprises to maintain a low profile. Worries about cash flow, doubts about economic stability and concerns of lost management control limit equity commitments, further complicating access to needed production technology and plant improvements.

6. Market Information and Marketing Are Weak

Marketing information is not as available as private sector officials would like. Most producers feel improved marketing channels would increase the likelihood of making Ghana a lower cost and more internationally competitive producer. Domestically, weak logistical support and poor infrastructure are cited as the central reasons for bad information flows. The concentration of production facilities in Greater Accra also directly relates to proximity to ports, transport facilities, power, communications and markets.

B. Microenterprise Development

1. Credit is the Major Constraint

Microenterprises operate on personal and family savings because banks cannot or will not lend to small-scale businesses. Banks complain of credit ceilings, non-performing loans and difficulties in monitoring/administering small credits. Commerce may be the one exception as traders often have good cash flow.

2. Microenterprises Need Training in Modern Business Techniques

Training is considered important to improve on basic business skills. Nevertheless, some participants feel that small enterprises function well on their own, and that the most important element is a more stable macroeconomic environment. As many microenterprises are in rural areas and small towns, logistical difficulties, illiteracy rates and household responsibilities would make training a more complicated endeavor.

3. Most Participants Thought USAID Should Assist Microenterprises

Given the predominance of microenterprises in the economy, many participants viewed this as a natural fit for USAID given its experience with credit and training programs. No particular private sector initiative targeting microenterprises was identified, although the Opportunities Industrialization Center provides apprenticeship programs and attempts to place its students in jobs, and the Association of Ghana Industries has a Small-Scale Industries committee.

C. Women in Development

1. Credit is the Main Constraint

Credit ceilings and banking sector problems with small credit administration constrain the supply of funds available to women through the banking system. In addition, despite female entrepreneurs' claims of higher repayment rates than those of males, women are discriminated against because they do not hold collateral (e.g., immoveable properties) by which to secure loans. As a result, women keep less of their money with the formal banking system, further reducing their chances to access credit.

2. Women Need Training and Technical Assistance

As most women's enterprises are very small-scale, there is a need for training. While there has not been overt discrimination against women in schools, household requirements and social patterns often mean women receive less schooling and training

than men. The logistics of delivering training were considered to be difficult since many of the women who need training are in rural areas with households to manage. As with small entrepreneurs in general, some of the participants felt that improved macroeconomic conditions would facilitate women's abilities to improve their income streams (e.g., commerce) without major commitments to training.

3. Assistance to Women Should Be Small-Scale and Grass Roots

USAID was encouraged to support credit and training programs that could be implemented on a localized basis, possibly via PVOs and NGOs. Women's World Banking, which has received USAID support, is one such initiative that attempts to mobilize savings and provide credit. Credit unions have also served as an institutional bond for some community women's groups to promote savings mobilization for economic advancement.

D. Finance

1. Credit Ceilings are Imposed by the Bank of Ghana

Banks cannot deviate from stated Government policy, yet believe they are being blamed for restrictive monetary policy. Until the inflation rate drops, banks are restructured and repayment rates increase, the banks do not see credit easing soon.

2. Bank Loan Portfolios are Still Weak

High non-repayment rates across sectors, including parastatals, resulted from the notion that credit was "free Government money". Bankers feel the Government is trying to change that by limiting credit allocations until repayment rates from risen, including from parastatals.

3. Banks Believe Debtors Could Repay More

Banks feel many debtors are capable of repaying loans, particularly as these have not been indexed during a period of currency devaluation. Banks do not have the facilities or manpower to administer small credits, complicating follow-up procedures for repayment.

4. Collateral is Often of Limited Value

Even when banks have secured loans, they are not necessarily collateralized. While collateral may have positive book value, in many cases the market value of collateral is zero or less than the credit outstanding for cultural reasons (e.g., house for resale that no one will buy).

5. Businessmen Have Grown Accustomed to Debt and Biased Against Equity

Bankers claim that businesses rarely inject equity into their enterprises, and often use bank debt to capitalize operations while siphoning off profits for personal use.

6. Structural Changes are Needed Badly

Bankers and credit unions both claimed that structural changes were required in the banking system to make formal finance more efficient. Market-determined, positive real interest rates on both savings and credit were considered important for deposit mobilization and operating profit. Credit allocations should not be mandated by Government authorities. It was acknowledged that the Government was moving in this direction, although financial sector restructuring was moving at a very sluggish pace despite its critical importance and urgency.

7. USAID Should Assist With Training

Bankers and credit unions believe training is crucial for the development of an efficient financial sector. The head of the Ghana Institute of Bankers claimed there were only about 200 professionally certified bankers in the entire country, and that intensified training was required to upgrade the quality of bank personnel. The credit unions, likewise, have had little training, and the head of the Ghana Cooperative Credit Union Association believes training and logistical support for the apex and regional officers would make a strong impact on savings and credit, particularly with rural finance and microenterprises. It was felt that these were areas where USAID could play a positive role and make a complementary impact on the broader World Bank restructuring efforts. In addition, some banks appear interested in establishing joint training programs with donors to promote rural and small-scale enterprise development.

E. Health

1. Liberalization and Privatization Should Be Promoted

Participants pointed to the role the private sector could play in improving the production and distribution of pharmaceuticals and health services. The current health care system is burdened by regulatory conflict and control (Pharmacy Board, Standards Board, Ministry of Health), licensing procedures for medical practitioners, import duties on needed equipment for private medical practice, centralized procurement and accounting of drugs and supplies at MOH health facilities that reduces stocks, poor distribution of health care facilities and significant loss of skilled Ghanaian medical personnel due to continuing barriers to entry for private medical practice.

2. USAID Should Continue and Expand Its Health/Pop Efforts

USAID is already working with Ghana's private sector in health care and population control. It was recommended that USAID broaden its focus to include private sector production of pharmaceuticals and ORT packages, and to improve nutrition levels and education.

F. Agriculture

1. The Agricultural Sector is as Burdened as Any Sector

Participants described a multitude of structural and economic problems that adversely affect agricultural production in Ghana: bad infrastructure; problems of input distribution (e.g., quality, quantity, timing); weak extension; weak linkage between research and end-use application; limited and low quality storage facilities; unsophisticated approaches to output marketing; market distortions resulting from bad infrastructure, limited credit and perennial subsistence; risk-averse farmer attitudes regarding new technical packages; low loan repayment rates; and limited evidence of pooling capital for groups to engage in agro-processing ventures.

2. However, Government Efforts are Moving in the Right Direction

While many of these problems evolved due to poor past Government policies (e.g., Government control of input distribution, subsidized credit), the Government's market liberalization program should lead to significant improvements in agriculture over time.

3. And So is USAID

USAID APPP-type programs in support of structural changes in agriculture are needed. With improvements in the overall macroeconomic environment and assistance targeted toward structural weaknesses (e.g., input distribution, storage, marketing), the participants believed non-credit constraints to agricultural development could be reduced.

4. But Credit is Again the Major Constraint

As banks are not in a position to administer credits to small-scale farmers, farmers remain cash-starved. At the same time, they need cash to break their dependence on market traders and money lenders to expand production and ultimately develop value-added agro-based enterprises. The role of cooperatives and loose associations could play the intermediary role, but their success in Ghana has been limited due to excess Government intervention, poor input distribution, mismanagement and abuse.

G. Business Associations

1. Government Has Not Involved Business in Policy Reform

Business associations criticized the Government for its lack of dialogue with the associations and inability of the latter to influence Government policy.

2. Association Members Often Feel Hardest Hit

Members of the Association of Ghana Industries and Chamber of Commerce often claimed to be hardest hit by credit ceilings, Letter of Credit financing requirements, tax collection procedures, bureaucratic, customs and licensing problems, inflows of goods from offshore, currency depreciation and stubborn inflation. These sentiments were expressed most vociferously by local producers whose goods are competing with lower cost items from abroad (e.g., textiles, shoes, pharmaceuticals) which have been more widely distributed in recent years.

3. USAID Can Help With Training and Technical Assistance

Business associations recommended that USAID provide training and logistical support to give the associations a better chance to serve their members in a more competitive environment. Business associations claim members need help with costing, procurement, quality control, inventory control, accounting and financial analysis, marketing and export promotion. The associations believe that basic equipment (e.g., photocopiers, computers) are required for publications, research and policy analysis.

4. And, Of Course, Credit

Manufacturers also requested credit assistance from USAID as they feel discriminated against in the banking system given the preference for shorter-term credits to more liquid (e.g., commercial) operations.

Exhibit 1

FORMAL DIALOGUE SESSION PARTICIPANTS

MAPS has involved ongoing dialogue with Government officials, private sector representatives and the donor community. Dialogue with the private sector included a structured formal program involving the following:

1. Dr. Akuako-Frimpong, Acting Director, MDPI
2. Dr. O. Johnson, IMF Resident Representative
3. Dr. K. Erbyn, Chairman, Ghana Investment Center
4. Ms. Edusei-Herbstein, Managing Director, Akuaba, Ltd.
5. Ms. F. Ademolah, Managing Director, The Loom
6. Ms. L. Quachey, Managing Director, Lucia Manufacturing
7. Ms. S. Ayittey, Project Coordinator, 31st December Women's Movement
8. Ms. M. Thompson, Managing Director, M&J Business Services
9. Mr. B. Issifu, General Manager, Ghana Cooperative Credit Union Association
10. Ms. C. Wiredu, Managing Director, Wiredu Dressmaking
11. Ms. H. Engmann, Women's World Banking
12. Mr. K. Keelson, Executive Director, Opportunities Industrialization Center
13. Ms. E. Sai, Proprietress of a small catering and juice bottling enterprise
14. Ms. G. Nikoi, Chairman, Bank for Housing and Construction
15. Mr. J. Nuamah, Managing Director, National Savings and Credit Bank
16. Mr. J. Atta-Nyamekye, Managing Director, Densu Industries
17. Dr. H. Phillips, President, Ghana Medical Association

Exhibit 2 (continued)

18. Ms. H. Owusu, President, Ghana Midwives Association

19. Dr. E. Martinez, Director, Global 2000 in Ghana

20. Dr. Appiah, Managing Director, Cooperative Bank

21. Mr. G. Korankye, Agronomist, Reiss & Co.

22. Mr. Y. Kuranchie, Managing Director, Agricultural Development Bank

23. Dr. H. Wemah, Managing Director, Agrovets

MAPS GHANA PHASE FOUR

PRIVATE SECTOR DIALOGUE

APPENDIX

MEMORANDA FROM SELECTED FORMAL DIALOGUE SESSIONS

MEMORANDUM

To: G. Towery, Ed Birgells, A. Sisson

From: Mike Borish, Consultant MSB

Date: April 19, 1989

Topic: MAPS Luncheons

As requested by G. Towery, I have put together the following brief profile of guests invited to our luncheons. An asterisk (*) indicates I personally know the person. Two asterisks (**) indicate that A. Sisson recommended the person be included on the list.

April 20

Dr. Akuako-Frimpong is Acting Director of MDPI, a parastatal research, consulting and training enterprise.

Mr. Omotunde Johnson is the IMF Residence Representative in Ghana.

Dr. K. Erbynn is Chairman of the Ghana Investment Center. Dr. Erbynn has a PhD from Iowa State that was made possible by USAID.

April 25

Mrs. Edusei-Herbstein is Managing Director of Akuaba Ltd, a small wood processing company that makes childrens' furniture and toys. Her wares were recently on exhibit at GIFEX in February.

Mrs. Esther Ocloo is Managing Dircetor of Nkulenu Industries, a manufacturing firm. She is also the head of the Ghana Professional Women's Association.

Mrs. Frances Ademolah (*) owns the Loom, a small boutique that markets upscale Ghanaian paintings and crafts. She is also active in womens' health causes.

April 27

Mrs. Lucia Quachey is Managing Director of Lucia Manufacturing. She is also a member of the Association of Ghana Industries and chairs their committee on Garments and Knitting.

Mrs. Sherri Ayittey works closely with small womens' enterprises via the 31st December Women's Movement.

Mrs. Marian Thompson (*) is Managing Director of M&J Business Services.

May 2

Mr. Bukari Issifu (*) is General Manager of the Ghana Cooperative Credit Union Association.

Dr. E.K. Abaka (*) is Executive Director of the National Board for Small-Scale Industries out of the Ministry of Industries, Science and Technology.

Miss Comfort Wiredu runs a dressmaking operation and chairs the Small-Scale Industries committee of the Association of Ghana Industries.

May 4

Mrs. Engmann directs a school in Accra and is also active in Womens World Banking. She is attending a USAID conference in Nairobi in late April.

Mr. Kojo Keelson is Executive Director of the Opportunities Industrialization Center which trains people in crafts and performs industrial market studies.

Mrs. Elizabeth Sai has a microenterprise (five employees) which bottles ginger drinks in Accra.

May 9

Mrs. Gloria Nikoi is Chairman of the Bank for Housing and Construction and the Akuapem Rural Bank. She is also a former official in the Ministry of Finance, and married to a former Governor of the Bank of Ghana.

Mr. J. Nuamah is Managing Director of National Savings and Credit Bank and head of the Ghana Institute of Bankers.

Mr. J. Atta-Nyamekye (**) is Managing Director of Densu Industries, and 2nd Vice President of the Association of Ghana Industries.

May 11

Mr. David Brooks is Managing Director of Barclays Bank in Ghana.

Mr. J. Addo is a consultant with Price Waterhouse, and a former Governor of the Bank of Ghana.

May 16

Dr. H. Phillips (*) runs the Phillips Clinic, and is also head of the Ghana Medical Association.

Mr. C. Gyamfi (*) is Managing Director of Bikkai Ltd, a pharmaceutical producer. He is also chair of the Ashanti/Brong Ahafo committee of the Association of Ghana Industries.

Mrs. Henritta Owusu is President of the Ghana Registered Midwives Association.

May 23

Dr. E. Martinez (*) is Director of Global 2000 in Ghana.

Dr. Appiah is Managing Director of Cooperative Bank.

Mr. George Korankye (*) is a senior official with Reiss & Co., a Dutch agricultural input distributor.

May 25

Dr. Wemah is Managing Director of Agrovets, an agricultural processing firm.

Dr. A. Owusu is Managing Director of Astek Industries (producers of Refresh), and chairs the Food, Drinks and Tobacco committee of the Association of Ghana Industries.

Mr. Yaw Kuranchie is Managing Director of the Agricultural Development Bank, and formerly directed the Ghana Food Distribution Corporation.

Luncheon at Towery Residence 20/4/89

Attending: G Towery, E. Birgells, A. Sisson, S. Vordzorgbe, A. Lessard, M. Borish

Guests: Dr. Johnson (IMF), Dr. Erbynn (Ghana Investment Center), Dr. Akuako-Frimpong (MDPI)

Key Points

1. The purpose of this luncheon was to provide an overview of macroeconomic conditions in Ghana, get a feel for the general investment climate, and determine initiatives that USAID might be able to support in terms of assisting private sector development.

2. The feeling was that the ERP was succeeding, that the macroeconomic climate in Ghana had vastly improved in recent years, and that the GOG had generated substantial donor goodwill due to its pursuit of the ERP. This support from the donor community was manifested in Paris in late February when the international community pledged funds in excess of the GOG's full request.

3. One of the points dealt with the perception that the informal sector was faring well, with a substantial increase in the volume of goods and services being generated compared to just two years ago. Dr. Johnson recommended that USAID consider helping small entrepreneurs expand, although the key role should be improving the prevailing macroeconomic conditions to foster market-oriented private sector development. Defining the informal or microenterprise sector (the two not necessarily being the same) is a part of the larger MAPS question of who and what are the private sector. A recent World Bank study, based on a 1984 census, quantified the informal sector at 84%.

4. Ways in which USAID can assist the informal or microenterprise sectors were less clear. Whether USAID could and should assist these enterprises is also an open question as most people agreed they seemed to be performing well, at least compared to previous years' performance.

5. The cultural concept of the African enterprise received attention. As some of the discussion focused on expansion of enterprises, the point was made that the African entrepreneur's time horizon and ownership concept is not completely consistent with Western notions of structural adjustment. The African entrepreneur typically considers his/her enterprise a family or individual operation, with a duration not planned for much longer than the owner's individual life. Given that it is a family operation, he/she is unwilling to take in non-family partners to improve management or expand operations out of concern about losing control. In addition, even with growth, it was pointed out that after a certain revenue or profit level has been achieved, the African entrepreneur will utilize earnings for personal investment (i.e., a

house) rather than for building up the capital position of the enterprise. Not all of these attributes were/are considered strictly African, but the example of market women and others suggests these are strong tendencies throughout West and other parts of Africa. Such emphasis on individual and family enterprises also places constraints on capital formation as Africans often resist pooling their funds to form an economic partnership.

6. As for the financing of the Ghanaian private sector, it was mentioned that the banking system is wholly untenable as it exists now and cannot be viewed as a useful vehicle for levels of financial intermediation that are required for medium- and long-term investment. The short-term nature of the banking system's loan portfolio is a reflection of the need for turnover (increased fee income generation) and a sense of improved monitoring/management of credits. A consequence of an inefficient banking system is a high level of non-formal financial activity (family, susu, moneylenders). It was also mentioned that non-financial considerations are important in many peoples' savings and credit decisions as non-formal financiers usually offer lower interest earnings (susu) or charge higher interest rates (moneylenders) than the banks. Trust, convenience, lower transactions costs, etc., all account for utilization of non-formal financial sector services.

7. When asked areas in which assistance would be required, Dr. Akuako-Frimpong suggested training support for financial record-keeping/reporting and marketing management. Dr. Johnson added that these are tools that would be useful for economic progress and professionalization of management, although implementation of such a program would take time. These topics also relate directly to cultural conceptions of running a business, and the widely accepted notion that most people do not want to keep records because of taxation and fears of Government efforts to seize assets or force retroactive tax payments.

8. Other issues discussed were the viability of PAMSCAD and political pressures surrounding the program. It was also agreed that the divestiture/privatization campaign was initially ambitious and that this process will take far longer than originally thought.

9. Bullet points for strategy development:

- Define the microenterprise and informal sector
- Begin conceptualizing whether USAID should assist informal and microenterprises, and if so, how to do so effectively
- Likewise assess USAID's strengths and how best to channel such assistance (i.e., formal sector via training, overall infrastructure development, collaboration with other donors through apex organizations, etc)

Luncheon on April 25

USAID: G. Towery, E. Birgells, J. Laryea, W. Nutakor, A. Lessard, M. Borish

Guests: Mrs. Edusei-Herbstein (Akuaba), Mrs. Ademolah (The Loom)

1. The purpose of this luncheon was to focus on the role of women in the private sector and possible ways in which USAID might find a vehicle for assistance.

2. Both women, while urban-based, represent entirely different operations. Mrs. Ademolah operates a boutique that sells Ghanaian paintings and handicrafts. She has few employees, and targets her products primarily to expatriates. Mrs. Edusei-Herbstein, on the contrary, employs 120 people in her furniture manufacturing business. While she exports, she also produces for the local children's and household market.

3. The luncheon was dominated by the topic of credit, largely reflecting Mrs. Edusei-Herbstein's manufacturing and export concerns in the current restructuring environment. While the women acknowledged that this problem affected most manufacturers and farmers, they did point out that the banks traditionally have discriminated against women and insisted that they have a male relative or spouse sign on their behalf for purposes of collateral. Given that women have high loan repayment rates, this struck the guests as ironic. Most women do not approach banks for loans, preferring to keep their money outside the banking system or with a susu man. Without deposits, banks will not lend.

4. Consumption and investment patterns were discussed. Women entrepreneurs, once they generate disposable income, tend to invest in housing and their children's education. One successful fishmonger was mentioned. She continues to live in the same modest house she's had for decades, but her fish trading activities have financed her three sons' medical degrees.

5. Given discrimination in the banking system, the women felt that Womens' World Banking, the Rural Banks, and specialized development finance units of commercial banks (particularly Ghana Commercial Bank) would be useful in assisting small entrepreneures in general, and women in particular, with start-up. Hairdressers were cited as examples of women who start up with the use of family funds. It was felt that for those who lack access to family funds, small credit schemes might work. The women seemed to understand the high cost of administering these credits, yet believed enterprise development would benefit from small credit programs channelled through WWB, the Rural Banks, etc. They also pushed for a loan guarantee scheme, and support for trade association efforts (i.e., via the Association of Ghana Industries) to establish a credit rating system to assist the banks.

6. Points to consider for strategy development:

- usefulness of channeling assistance through WWB
- whether women should be specifically targeted for USAID assistance or simply major beneficiaries of larger programs (i.e., health care delivery, training, opportunities via credit unions)

Luncheon at Towery Residence 27/4/89

USAID: G. Towery, E. Birgells, J. Laryea, W. Nutakor, A. Lessard, M. Borisl

Guests: S. Avittey, (31st December Women's Movement) M. Thompson (M&J Business Services), L. Quachey (Lucia Industries)

1. This was the second of two luncheons focusing on women and the private sector. All three came from different perspectives: Avittey represented a very grass-roots, ideologically-oriented perspective towards rural development and specific problems affecting women; . Thompson represents a business services company that is urban-based, somewhat capital-intensive (computers, photocopiers, FAX machine, etc), and presupposes a certain level of training and literacy; and Quachey represented some of the traditional concerns of a small textile manufacturer. Avittey's focus is on grouping rural women into cooperatives for a series of potential education, health and economic benefits. Thompson and Quachey run small enterprises employing roughly 20 people.

2. While credit was predictably a topic, much of the discussion dealt with the role of training. There was a general consensus that management training was required across the board, although these programs would have to be specifically tailored to target audiences. For instance, Women's World Banking-sponsored training at MPPI was poorly attended, partially because many women could not leave children/family, etc, for the several days required for attendance. It is also questionable whether training "for women" can possibly be effective as their needs are as diverse as the population in general. In the end, some basic training (i.e., cash flow management) could begin in the rural areas on a decentralized basis, while more formal and sophisticated types of training for larger urban audiences could be provided for the needs of various producers of goods and services. Even here, the differences in training needs between services and manufacturing are often broad, reinforcing the need for specialized, tailored training.

3. It was agreed that while some training in bookkeeping, finance, etc. was needed, there were two general problems that businesses had to contend with:

   a. education of the workforce, including all levels of management, in the concept of the business unit, and how their individual performance (i.e., quality, productivity) impacts profits, growth, compensation, etc; and

   b. the need for higher compensation for workers to incentivize them to work harder.

4. Points for strategy:

   - what kinds of training would be appropriate for women and private sector development?

   - should these programs be formal or should apprenticeship-type programs be encouraged as basic business skills are better taught in practice on an ongoing basis?

Luncheon on May 4, 1989

USAID: E. Birgells, W. Nutakor, J. Laryea, M. Borish

Guests: Mrs. Comfort Engmann (Women's World Banking); Mrs. Elizabeth Sai (Bella's Catering); and Mr. Kojo Keelson (Opportunities Industrialization Center)

1. The focus of this luncheon was education, training and microenterprise development. Mrs. Engmann heads a lyceum as well as WWB. Mr. Keelson is directly involved in skills training (carpentry, plumbing, catering, etc), primarily for school dropouts. Mrs. Sai is Managing Director of a microenterprise (five employees) engaged in catering and ginger drink production.

2. Predictably, the three guests talked about financial constraints posing a problem for microenterprise and private sector development. Their complaints followed the normal pattern: banks do not lend; when they do, interest rates and fees are too high; currency devaluation has ruined purchasing power and made imports prohibitively expensive; etc.

3. Unfortunately, the training side did not receive as much attention as was anticipated. Mrs. Sai said she had benefitted from the NBSSI's Entrepreneurial Development Program, a training program based on an Indian model with Indian instructors that deals with procurement, accounting, marketing, quality control, Government fiscal policy and regulation, etc. A description of the program is in the private sector library.

4. Mr. Keelson discussed OIC, which has about 400 students in Accra (200), Kumasi (100) and Takoradi (100). The school has 11 or 12 courses/programs to train people in skilled trades and crafts. The age range of the students is 17-35. OIC manages to place about 50% of its students. The program involves both classroom training and internships. OIC is currently financed about 90% by the Government, and is expected to play a role in the JSS educational reform. However, with bases in only three cities, it may be difficult for OIC to have an impact in rural areas where many of these skills are required and lacking.

5. Points for strategy development:

- expanding the capabilities of training institutions to reach larger numbers of people, particularly in rural areas

- creating linkages via apprenticeships with microenterprises and small firms to increase on-the-job training.

Luncheon at the Towery Residence May 9, 1989

USAID: G. Towery, E. Birgells, S. Vordzorgbe, T. San Martin, M. Borish

Guests: Mrs. Gloria Nikoi (Bank for Housing and Construction); Mr. J. Nuamah (National Savings and Credit Bank); J. Atta-Nyamekye (Densu Industries)

1. The purpose of this luncheon was to get an idea of how the formal financial sector views restructuring, and to get their side of the story on the credit squeeze in Ghana. Mrs. Nikoi chairs a development bank and a successful Rural Bank, so her experience is wide ranging and her thoughts touched on development, small-scale enterprise and rural issues. Mr. Nuamah is Managing Director of NSCB and also Executive Director of the Ghana Institute of Bankers, thus his experience was considered to be particularly strong from the savings mobilization and bank training side. Mr. Atta-Nyamekye is a manufacturer and leading figure at the Association of Ghana Industries . Given manufacturers' frustrations with tight money his opinions were expected to generate some conflict and debate.

2. Nikoi's key points were that small-scale informal entreprenuers drive the economy, and that programs to strengthen institutions to assist them need to be implemented . She cited some of the activities of BHC and the Rural Banks as examples (ie, susu collection, organizing transport for market women trading in foodstuffs). She felt that development banks such as BHC needed to be profitable, but that they were conceptually different from commercial banks. She stated that BHC has about 60% repayment on loans, and that they can be profitable even on that basis. As a development bank, she said BHC was more inclined to reschedule debt service, particularly during the current period of currency depreciation.

3. Mr. Nuamah discussed collateral. The reason why banks generally insist on collateral in excess of the amount of the loan is twofold: for psychological purposes, and as a partial substitute for the lack of equity that characterizes many enterprises' balance sheets. He said that seizing borrowers' collateralized assets was difficult for legal, administrative and cultural reasons, and therefore the book or market value of those assets are not of the same value to the banks as they may not have resale value. An example cited was seizing a delinquent borrower's house for resale. Nobody in the community would purchase the house because it would be tantamount to throwing the person into the street and disgracing him. Nikoi pointed out that in rural areas moneylenders have seized farmers' assets only to run the farms out of production in less than a year.

4. Nuamah claimed that banks need training in cash flow analysis, credit management, etc. to professionalize the banking system. Only about 200 of a total of 15,000 bank employees system-wide are professionally certified as bankers. Nuamah also claimed bankers would be far more cautious in extending credit in the future as many people are capable of

repaying loans but do not. Nuamah said it was not uncommon in the urban areas for businessmen to use loans to enrich themselves while running their businesses into the ground. This is less likely to happen in rural areas where borrowing and not being creditworthy are generally considered to be stigmas.

5. On the manufacturing side, Mr. Atta-Nyamekye was critical of public policy in general. He said the Ministry of Industry, Science and Technology had not solicited the AGI's input into devolving policy, although relations now are better than they were several years ago.

6. The key point Atta-Nyamekye made was that industry in general was shrinking because of capital constraints and increasing competition from imports. The national trend, therefore, is towards small-scale enterprises (i.e., up to 50 employees) as previously larger firms attempt to downsize labor and become more efficient.

7. As for the AGI's voice with Government policy, it is clear that they need resources (logistical and human) to develop a more responsible approach when attempting to influence policy. AGI's apparent attitude to date is that everyone knows the problems facing industry, and Government disinterest is a problem. It is likely that the professional business associations are currently unable to give the Government empirical evidence that there should be policy change, and until they can the Government will regard them as one of many vested interests that are complaining about change but not backing their positions with hard data.