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AGENCY FOR INTERNATIONAL DEVELOPMENT
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GHANA

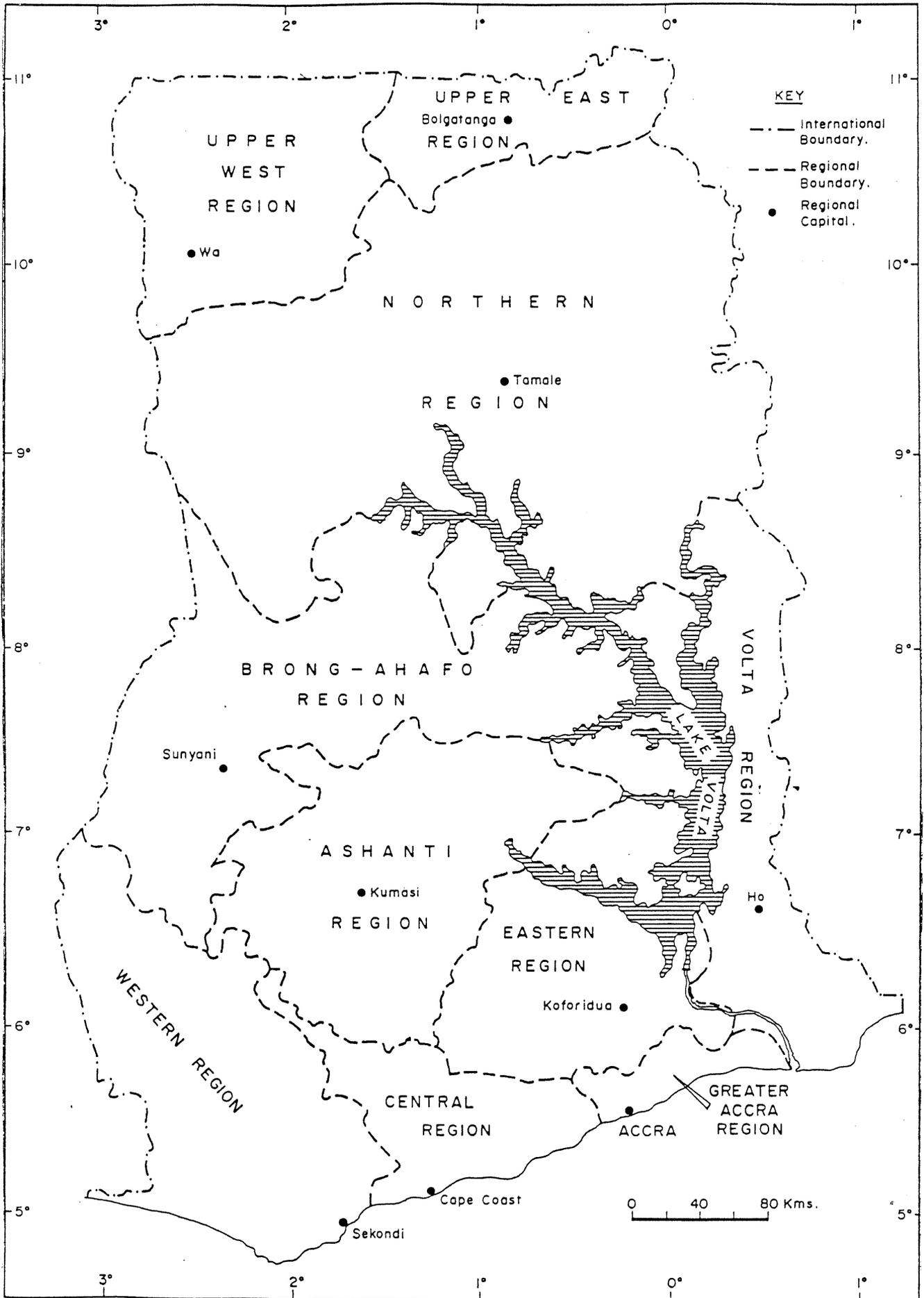


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EXECUTIVE SUMMARY

The A.I.D. Strategy

The overall goal of the A.I.D. strategy is to assist Ghana in achieving broad-based, sustainable, market-oriented economic growth. The principal subgoals of this strategy are:

- to increase real, per capita gross domestic product and
- to improve the quality of the human resource base.

Given Ghana's economic performance since 1983, its economic goals, and findings from numerous studies, A.I.D. believes that the best approach to assist Ghana's growth is to develop its private sector. More specifically, the Mission believes that the non-traditional export sector is the sub-sector within the private sector that will best catalyze private sector development and growth.

To assist Ghana to achieve sustainable economic growth, A.I.D. has decided upon a development strategy that will focus on:

- promoting private sector-led export growth;
- improving the efficiency of the agricultural marketing system;
- enhancing the quality of the primary education system; and
- improving the health status of Ghanaians.

The strategy focuses on developing and expanding non-traditional exports. This is probably the most feasible approach by which Ghana can obtain sustainable growth in the long run. Traditional exports will not provide the kind of growth that Ghana needs to appreciably improve the standard of living of Ghanaians. The economy is not large enough nor incomes high enough for domestic and traditional export programs to yield high growth rates. A.I.D. assistance will concentrate on addressing the key policy and institutional constraints to expanding the non-traditional export sector, as well as improving the capacity of the private sector to market Ghanaian goods and services internationally.

Since agriculture is the dominant sector in the Ghanaian economy, it is inconceivable that sustainable growth can take place without a transformation occurring in the agriculture sector. Analyses have demonstrated that marketing constraints, such as high transportation costs and the irregular supply of

agricultural inputs, are key constraints to improving the efficiency of the sector as well as improving agricultural productivity and production.

Addressing the constraints to improving agricultural marketing and productivity will complement assistance to the export sector in the long run by: 1) freeing labor to work in non-agricultural employment; 2) providing more cost-effective food for the non-agricultural population; and 3) addressing inflation, much of which is caused by annual food supply fluctuations. A.I.D. assistance will focus on:

- accelerating the Government of Ghana's feeder road rehabilitation program,
- assisting in privatizing the input distribution system, and
- promoting the liberalization of key commodities, such as wheat, flour, and rice.

The population growth rate remains among the highest in sub-Saharan Africa and is eroding gains made under the Government of Ghana's Economic Recovery Program. Ghana's health situation needs to be improved. Infant mortality rates are high due to diarrhea. Malaria affects both children and adults. Guinea worm is endemic to Ghana and seriously effects the productivity of a large segment of the agricultural work force. HIV/AIDS is also present in Ghana and is likely to be a serious public health concern unless concerted action is taken. A.I.D. assistance will assist Ghana to implement key interventions to address these particular health constraints.

The condition of the primary education system is inadequate after almost two decades of neglect. Establishing the basis for a literate and numerate population will be essential for increasing growth and improving the quality of life for Ghanaians. A.I.D.'s assistance will address the key policy and institutional constraints to providing a good primary level education as well as providing budgeting resources for improved materials and supplies, teacher training, supervision and equity programs.

Rationale for Strategy

Since 1983, Ghana, under the leadership of the Provisional National Defence Council (PNDC) has undertaken a bold Economic Recovery Program (ERP). The ERP through macro-economic reform, policy change and infrastructure development has been successful in changing the economy from one of the most distorted economies in Africa to a model of reform for Africa. The international donor community, including A.I.D., has focused its programs on assisting Ghana in implementing the ERP. By virtually all standards the ERP has been successful. Because of the success of the Economic Recovery Program, donor support for Ghana is high.

At the recent Consultative Group Meeting held in May, the donor community pledged support for Ghana for 1991 amounting to \$970 million.

In addition to sound advances on the economic front, Ghana has begun what appears to be a transition to a more democratic process of government. The process began in 1988 in the guise of decentralization. One hundred and ten local administrative district units were created and in 1989, two-thirds of the district assembly members were elected. Recently, the Government has announced the formation of a consultative body and selected a group of constitutional experts to convene this year to discuss and draft a new constitution.

The sound Economic Reform Program as well as the beginning of a democratic process form the basis for continued A.I.D. assistance to Ghana. Because of the foundation laid by the success of the ERP, Ghana has the potential to attain sustainable economic growth in the next decade.

Resource Requirements

The A.I.D. strategy, builds upon A.I.D.'s existing program in agriculture, family planning, health, primary education and private sector assistance, in support of the Economic Recovery Program. The strategy can be implemented through a program utilizing resources from the Development Fund for Africa, as well as from the P.L. 480 Title II and Title III programs. Resources under the DFA are in line with Bureau Approved Annual Program Levels (AAPL) levels. Suggested resource flows are as follows:

	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996
DFA	28.0	30.0	33.0	36.0	40.0
Title III	10.0	10.0	10.0	10.0	10.0
Title II	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>
	43.0	45.0	48.0	51.0	55.0

The proposed A.I.D. program focuses on a few key program and project areas. If additional resources are made available over the next five years, these resources will be used to expand activities in these key program areas. Over the next five years A.I.D. expects to begin ten initiatives which will start new programs or expand current activities. These activities will be in the following areas:

- Non-traditional Export Marketing and Promotion,
- Private Sector Training,
- Venture Capital,
- Private Sector Input Distribution Systems,
- Micro-enterprise Development,
- Feeder Road Rehabilitation,

- Family Planning/Health, and
- Human Resources Development, including Primary Education.

Key to the implementation of the current program will be staffing. Mission requests that staffing be increased to 15 US direct hires during the CPSP period from the current level of 10. This level of direct hire staffing, along with the utilization of foreign national and project-funded personal services contractors will assure proper management of the A.I.D. program.

CHAPTER I

I. An Overview of the Environment for Broad-Based, Sustainable and Market-Oriented Economic Growth

A. Historical Perspective

Ghana received its independence from Great Britain in 1957 and enjoyed a relatively high standard of living in its early independence period. Ghana's first independent government, under Nkrumah, voiced a strong commitment to social equity, but its top priorities were government enterprises, economic infrastructure, and industrial development. As economic controls became more intrusive in the early 1960's, rural producers increasingly subsidized urban consumption and industrial investment. With artificially low prices, food consumption in the cities increased, but little attention was paid to the rural areas. The economy began to run into serious trouble and the inflation rate rose from 0.8% in 1961 to 16.9% in 1965. The deterioration of the economy led to a military coup, and a new government, the National Liberation Council, took power in 1966.

The initial emphasis of the National Liberation Council (and the Busia Government which followed it) was on policy reform, market liberalization, and private sector development. In addition, large amounts of money were spent for the salaries and benefits of civil servants and amenities for the urban population. The political costs of broad policy reform proved too high, and the freely elected Busia Government was overthrown in 1972.

The next political regime, led by Colonel Acheampong, abandoned efforts at market oriented reform and returned to direct controls. He was replaced by General Akuffo in 1978, who was subsequently replaced by Flight Lt. Rawlings in a 1979 coup. After a brief but memorable campaign against corruption, Rawlings handed over power to the democratically elected government of Dr. Hilla Limann and then took it back again two years later when the economy continued to deteriorate. Initially, Rawlings tried to reduce real prices through price controls and obtain productivity gains through exhortation. Needless to say, those measures proved inadequate. By the early 1980's, a World Bank study showed Ghana to have the most distorted economy in Sub-Saharan Africa.

B. The Economic Recovery Program 1983-1991

GDP declined 2.9% in 1981, 6.7% in 1982, and 4.5% in 1983. In response to this deteriorating situation, the Government of Ghana made a dramatic about face and, after close consultation with the World Bank and the IMF, introduced the Economic Recovery Program (ERP) in April 1983. The ERP aimed at rebuilding Ghana's economy by completely reorienting national economic policy away from the economic distortions and destabilizing policies of the previous decade. The chief objectives were to achieve macroeconomic stability and to improve the country's balance of payments, thereby putting the economy back on the path to positive real growth. A three-phase program began with a stabilization phase in 1983-86 and was followed by a structural adjustment phase in 1987-90 and an enabling environment phase during the CPSP period.

Although the policy measures introduced under the ERP are conveniently classified into three distinct phases, many of these measures were, in fact, adopted in overlapping or concurrent fashion. The initial ERP (1983-86) was followed by a second ERP covering the years 1987-91, a phase which was also part of the IMF and World Bank structural adjustment agreements. The current, enabling environment phase continues the programs begun during earlier phases, but gives a new direction to future programs.

Stabilization Phase: This initial program focused on the macroeconomic stabilization of basic economic indicators. The policy actions included: allowing the real value of the cedi to fall by 90%; total revenue and grants rose from 5.6% of GDP to 14.4% of GDP; turning the budget from a deficit equal to 2.7% of GDP to a surplus of 0.1% of GDP; retrenching 16,000 workers from the Ghana Cocoa Board; quadrupling the producer price of cocoa; phasing out most price controls; eliminating most government subsidies; and increasing government salaries. As a result, the economy grew 20% in the three years, 1984-86, compared to a decline of 4.5% in 1983.

Structural Adjustment Phase: This phase, initiated in 1987 with the Structural Adjustment Program (SAP), included restoring and upgrading essential infrastructure, and implementing institutional and policy reforms in the cocoa sector, the state-owned enterprise (SOE) sector, trade policy, and public sector management. Under the SAP, the COCOBOD staff was further reduced by 5,000 to 43,000; the import regime was liberalized; and the 39 SOEs were divested. In the public sector, the GOG laid off 12,000 employees in both 1987 and 1988. In addition, in 1989 there were 14,000 layoffs, and in both 1990 and 1991, 12,000. Civil service wages were rationalized so that the ratio between the highest and lowest paid worker was raised from 6.7 to 1 in 1987-88 to 9.1 to 1 in 1991. Macroeconomic reforms, as well as the banking sector reforms, are still ongoing.

A foreign exchange auction was also introduced as a key measure of this phase. Trade liberalization began by allowing special unnumbered licenses in 1986, whereby anyone holding foreign exchange outside the banking system was automatically granted an import license. The import licensing system was gradually abolished to the point where importers simply needed to fill out a brief Import Declaration Form (IDF) for monitoring purposes by five government ministries. Import permits are still required for a small number of items in the following categories: arms and ammunition, explosives, chemicals, telecommunication equipment, and specified pharmaceutical products.

Ghana's successful structural adjustment program is commonly viewed in the donor community as a model for other developing countries. As measured by a wide range of macroeconomic indicators, the ERP has been a major success. The exchange rate has been devalued to realistic levels and the balance of payments is near equilibrium despite a 31% decline in the terms of trade between 1987 and 1990. GDP growth rates averaged more than 5% per year during the ERP; the GOG achieved overall fiscal surpluses in 1987-90; and exports -- both traditional and non-traditional -- have responded positively to the devaluation and economic liberalization measures. In addition, much of the nation's infrastructure is being rehabilitated. Ghana's economic achievements are all the more impressive given the low levels of economic activity, widespread black market activity, and gross distortions in the economy in the late 1970's to early 1980's.

Enhancing Environment Phase: Despite dramatic successes to date, numerous problems persist which -- while they do not lessen the courage of the Provisional National Defense Council's (PNDC) actions to date -- require additional reforms. The IMF, World Bank, and GOG increasingly have recognized that private sector involvement must be increased for the ERP to achieve self-sustaining growth. Consequently, beginning in 1991, the adjustment program now emphasizes to a greater extent measures to encourage higher levels of private savings and investment. In line with this, a number of measures were announced in the PNDC Budget Statement for 1991, including reducing the corporate income tax rate, capital gains rate, and taxation of interest income. In addition, the maximum personal tax rate was reduced from 50% to 25%. There was also increases in corporate tax rebates for firms that export and the customs duty drawback was increased from 95% to 100%.

Additional efforts to support the private sector have been developed by the IMF, World Bank, and GOG and incorporated into the 1991-93 Policy Framework Paper. These include a number of important benchmarks, such as:

- * intensifying the dialogue between the Government and representatives of the private sector;

- * streamlining regulations and administrative requirements, such as business registration, manufacturing licenses, foreign ownership restrictions, technology agreements, tax administration, and labor laws;
- * revising the Investment Code to make it less restrictive to the activities of both local and foreign investors;
- * streamlining the approval process of clearance required by private investors from government agencies; and
- * eliminating the overlapping jurisdiction of government agencies so as to make the Ghana Investment Center a "one stop shop" for investors.

Each of these steps is, in and of themselves, a significant improvement in the business environment. It is hoped that these actions combined with positive official statements, such as the one Chairman Rawlings made to French investors in July, 1991 will create an enabling environment for business.

C. Sources of Growth Under the ERP

Agriculture: The impressive growth in GDP over the period 1983-1990 would have been even more impressive with a better performance of the agricultural sector, which represents approximately half of Gross Domestic Production. Agricultural production over the period 1984-1989 was below the performance of the rest of the economy. The growth rate between 1984 and 1988 averaged about 1.9% per annum and in 1989 it was 4.2%. Due to late rains, agricultural output increased only 1.2% in 1990.

The two lead products contributing to growth were cocoa and timber. While production increases occurred for cereals, roots and tubers, since the 1983 drought, most, if not all, of the production increases were matched by decreases in prices. Only in the case of cocoa has there been a significant increase in farmer incomes because both production and producer price increased. In 1984, the Cocoa Board (the sole legal agent allowed to purchase cocoa) paid farmers \$150/ton or 6% of the world price, while in 1990/91 the Board paid farmers \$700/ton or 49% of the world price. Correspondingly, cocoa production rose from 158,000 mt to 300,000 mt in 1988/89 before falling to 295,000 mt in 1989/90 due to poor rains.

Manufacturing: The index of manufacturing output of medium and large enterprises rose from an index of 35 in 1983 to 62 in 1988 (1977 = 100). In a few industries such as wood products, beverage and nonferrous basic metals, the output has even recovered to the peak period of 1977. Overall average capacity utilization for manufacturing has increased from a low of 18 percent in 1984 to 37% in 1990.

Mining: Mining output grew 40% between 1983 and 1988. From 1988 to 1990, gold output grew 42%, diamond output 195%, and manganese 64%. Developments in gold mining in particular suggest continued rapid growth. The largest gold producer is expanding output, and four more mineral leases have been granted. Right now, the GOG is negotiating to sell its interest in three large concessions belonging to the State Gold Mining Corporation.

Non-Traditional Exports: Non-traditional exports (NTE) have grown from \$24 million in 1986 to \$62 million in 1990. Over the same period, aluminum products were the biggest contributor to revenue growth, increasing from \$0.1 million to \$9.8 million; pineapples were second, rising from \$0.5 million to \$3.8 million. Exports of fish and marine products stagnated from 1986 to 1989 at \$13 million, but rose to \$21 million in 1990, with most of the surge coming from tuna and frozen fish exports.

Government: The ERP has resulted in a large increase in the public sector in recent years as evidenced by the growth in the tax receipts and expenditure. In 1983, tax receipts as a percent of GDP were only 4.6% and expenditure, 11.6%. In 1991, government revenues were projected to be 16.3% of GDP and expenditures, 14.5%. Thus, the increase in government spending has been a major source of growth during the ERP. Contrary to earlier times, the increased government expenditure under the ERP has focussed on rehabilitating the physical and social infrastructure rather than investing in public sector firms that compete with the private sector.

D. The Growing Importance of the Private Sector and Non-Traditional Exports

While the public sector was a major source of growth from 1983-90, there is a consensus among the donor community that the private sector must take the lead role in the future if economic growth is to continue. The GOG does not have the taxing capacity to increase revenues much more, and donor flows are not going to continue to grow indefinitely. Consequently, a shift is necessary: future growth must come from the private sector.

In this section, a rationale is provided as to why it is necessary to increase private sector-led growth in order to achieve the long-term A.I.D.'s goal of broad-based, sustainable, market-oriented economic growth. There are three logical steps. First, private sector-led growth, not public sector-led growth, is necessary in view of earlier, disastrous attempts with the latter. Second, it will be argued that the export sector offers the best chance of leading the economy in the long run. Third, it is desirable to increase growth, both for the intuitive reason that more income is better than less, and because it will be easier for the population to see that the reforms undertaken

under the ERP have made a real, positive difference to the life style of Ghanaians.

If Ghana sustains economic growth at the same pace as it has since the beginning of the ERP, real Ghanaian per capita income will grow only 2% per year. Two percent growth would be an achievement compared to the nearly 2% annual decline experienced in Sub-Saharan Africa during the 1980's. However, this implies that it will take 35 years for real per capita income to double. On the other hand, if economic growth could be accelerated to 8%-10% per year, real per capita income could double in as little as 11 years, which would make the benefits of private sector-led economic growth very obvious. Hence, the USAID goal is to support sustained economic growth, and if possible, accelerate it.

Why Non-Traditional Exports?

In order to work towards this goal, USAID has analyzed the potential options and decided that the best approach is to promote non-traditional exports (NTE). The following reasons explain this decision.

- (1) The economy cannot follow the same path for economic growth that it has used since 1983; that path is no longer available.
- (2) Alternative paths such as import substitution have not proven successful. Promoting traditional exports like cocoa is necessary for sustained growth, but it is not sufficient.
- (3) Growth in NTE could lead to sustained economic growth.
- (4) Growth in NTE is a politically feasible option.

In the following sections, each of these points is discussed in turn.

(1) A New Path is Necessary

Since 1983, GDP in Ghana has grown 5.3% per year. The primary reasons for this growth were the depressed condition of the economy in 1983 and the massive increase in donor assistance. However, neither factor provides the same impetus to economic growth that they did initially.

* The Ghanaian economy, flat on its back in 1983-84, has now recovered.

- The agricultural sector, devastated by a severe drought in '83-'84, is now experiencing more normal weather.
- Manufacturing, which was running at 18% of capacity, has rebounded to 40% by 1990

because the liberalized trade regime allows it to import critical raw materials and spare parts.

* Donor assistance soared since the ERP was adopted. In 1984, \$258 million was received in donor assistance. Disbursements rose to \$574 million last year.¹ It should be noted, however, that donor assistance has stopped rising faster than real GDP. Disbursements were 9% of GDP in 1989, 9% in 1990, and are anticipated to be 9% again in 1991. Thus, while donor assistance provides capital needed for future growth, it is no longer growing and providing the impetus that it did earlier.

A consensus exists among development specialists that certain elements are necessary for development: capital, labor, technology, and an enabling environment. While Ghana is trying to improve the enabling environment, it is still critically short of capital, human capital, and technology. The 1989 World Bank Development Report described how countries with consistent growth rates of 3-7% invested 22-23% of GDP. The World Bank Report on Adjustment Lending II estimated that investment of 13% of GDP is required to replace depreciated capital. Investment in Ghana was below 13% of GDP until 1989 and exceeded that level only in 1990. It follows that the recent gains in GDP have come from increasing the efficiency of the available capital, not by adding to the capital stock. There are, however, limits to how much efficiency improvements can help -- at some point, Ghana must expand its capital stock. Moreover, it must expand the capital stock of the productive private sector.

The World Bank has made a projection which describes what would be necessary for GDP to grow 5% per year till 1995. Private investment will have to double in real terms over the next five years to maintain a GDP growth rate of about 5% per year. This implies a substantial change in the pattern of economic activity and the role of economic players. It means that the share of GDP devoted to private investment, which comprised about 9.4% of the economy in 1990, will have to be 12.6% in five years.²

¹ Although this is a dramatic increase, the amount of aid per capita is still not far from normal. In 1989, Ghana received \$39 per capita in ODA disbursements. This was slightly higher than Cote d'Ivoire (\$34) and Tanzania (\$37), the same as Kenya (\$39), and lower than Malawi (\$49) Zambia (\$48) or Senegal (\$91).

² Incidentally, these projections also call for a smaller government deficit and increased public investment.

(2) Given that Ghana must change the way it does business, promoting NTE is a path that is likely to lead to sustained, high economic growth.

Ghana has previously tried to grow via import substitution - with disastrous results. USAID has conducted a number of industry studies which indicate that Ghana, with a population of only 15 million, does not have a large enough internal market to justify producing only for the internal market. The domestic market is simply too small to allow for efficient production. For example, the Harvard Institute for International Development's study on the cost of production of the manufacturing sector found that textile manufacturers produce such small quantities that they have extremely short production runs before they have to go to the expense of stopping the run and setting up to produce another product. Without the benefits of economies of scale, local manufacturers are unable to compete in the world market; indeed, many are unable to compete with imported goods. Our study shows that manufacturing firms in Ghana are more like artisanal operations than mass production. In sum, attempts to grow via import substitution imply that Ghana will build inefficient plants which cannot compete on the world market and will not be able to compete with imports without substantial protection.

Another alternative to sustained economic growth is to expand traditional exports such as cocoa, gold and timber. Traditional exports and the difficulties involved in expanding production are considered.

Cocoa: USAID undertook a study entitled "The Cocoa Industry in Ghana's Future Economic Growth and Development." The study concluded that there is a potentially high return to policy reform in the cocoa industry in the short run. However, in the long-term, the growth potential for more cocoa is limited since the market is growing slowly and the number of competitors is expanding.³ Moreover, the industry is well-developed and, as a cash crop, has received considerable attention in the past. Based on recent experience, further gains are likely to be small. Consider the contribution of cocoa to GDP between 1984 and 1990. In real terms, the contribution has grown only 5.5% per year, marginally more than the 5% growth in GDP over the same period. Yet, over the same period, the price of cocoa to

³ - The World Bank estimates the world demand for cocoa is likely to grow 2.4% annually between 1989 and 2005. There is another drawback to increasing Ghanaian cocoa production. Ghanaian cocoa is able to draw a premium on world markets because of its special quality. If Ghanaian production grows much faster than world demand, it seems likely that this premium will shrink.

farmers rose over 350% from \$150 per ton to \$700 per ton.⁴ The price to farmers might be increased by another 10% through further efficiency gains by eliminating the COCOBOD and still another 10% through better marketing, but the major increase in price to farmers is already in place. While it is important to obtain these additional price increases, one should not expect them to result in continued 5.5% annual increases in production. The World Bank estimates that real cocoa exports will rise only 1-2% per year over the next decade. With growth rates slower than growth in population, it seems clear that cocoa will not be leading Ghana on a path of sustained growth in income per capita.

Gold: Gold production is expanding nicely due to the revision in the investment code. Over \$200 million has been invested in gold mining during 1987-90. Continued investment at this rapid pace is needed to maintain the percentage of private investment at its current 9.4%. The World Bank expects gold output to grow 18% annually till 1995. The rapid growth in gold production is due to improvements in technology and the fact that mining firms had been prevented from mining for a long period of time. As a result, there were initially many profitable opportunities to exploit. Most of those targets of opportunity are now being developed. The World Bank anticipates that growth in gold production will slow to 5.3% per year from 1995 till 2000. Thus gold does not have the potential to spur growth in the long-term.

Timber: Environmental restrictions will limit future increases in timber production. The World Bank anticipates only 2% annual growth in timber exports over the next decade. USAID has conducted a study entitled "Timber and Wood Products Section of Export Diversification" to examine its potential. The study estimated that the market for timber was significant, but noted that the market for wood products (which is a nontraditional export) had more long-term potential.

Another possible alternative path to sustained economic growth would be to expand agricultural production -- Ghana has many products with a low domestic resource cost at the farm gate. Most products, however, become uncompetitive with imports once the products get to market due to extremely high marketing costs,

⁴ Most experts believe that growth has been even less. During 1983-84, a substantial amount of cocoa was smuggled out of the country. When the smuggling stopped and was sold again through legal channels, it appeared to be an increase in production when in fact, it was not.

mostly in transportation. Improvements in roads and possibly water transport would allow significant increases in specialization and productivity. For this reason, USAID has devoted its Title III program to improving feeder roads and increasing productivity through privatization of seed and fertilizer industries. Regrettably, even if these are successful, it still begs the question, who will buy the crops? Presumably Ghanaians can trade it among themselves, and in toto eat more food. They can also substitute domestic food for imported food, but imported food is only a couple of percent of GDP, so the growth potential is extremely limited. In order to obtain cash for food crops, crops must be exported. Since Ghana has not historically exported food, food would fall into the category of NTE.

In sum, we have been unable to discover a path to sustained economic growth which does not include non-traditional exports. The next logically question is: can rapid development of NTE lead to sustained economic growth?

(3) Growth in NTE is economically feasible and could lead to sustained economic growth.

The Export Promotion Council has prepared a five year plan to increase non-traditional exports to 15% of total exports by 1995.⁵ That implies a 29% annual growth in nominal dollar terms between 1990 and 1995. If the rest of the economy grows 5% per year, and NTE grows 29% per year, NTE will comprise 15% of exports by 1995, and approximately 3% of GDP.

Though a 29% growth rate may look very high, it is simply the continuation of recent growth rates. NTE grew 30% per year between 1987 and 1990.⁶ Moreover, other economies have been able to expand exports on a sustained basis at this rate or higher. Korean manufactured exports grew 34% per year over the period 1963 till 1986. The Asian tigers as a whole experienced annual growth rates of manufactured exports that averaged 20% per year in real terms between 1963 and 1980. If growth in real GDP excluding NTE continued to increase at 5% per year, and Ghanaian NTE were able to duplicate the experience of the Asian tigers and expand NTE 20% per year between 1995 and 2005, it would raise growth in real GDP from 5.4% to 6.4%. If the 20% growth

⁵ See GEPC Draft Working Paper, "Action Program to Address Financial Constraints affecting Export Performance and Promotion". The GEPC projections are based on simple linear extrapolations of the non-traditional exports from 1983 to 1989.

⁶ Data supplied by the Export Promotion Council indicate that NTE grew even faster than 30% per year between 1984 and 1987, but USAID does not have confidence in the data sources before 1987.

continued for another decade, real GDP growth would increase to 9.2%.

It is not the Mission's contention that Ghana can become an Asian tiger in the near term. The studies the Mission conducted on potential NTE suggests that the potential for additional growth exists. However, before NTE can add in a meaningful way to economic growth, it must become a larger proportion of GDP. In order for that to happen, significant additional efforts must be made to build private sector capacity, provide credit, reduce inflation, improve infrastructure, and foster an enabling environment. In other words, NTE have been growing rapidly from a small base. In order to sustain that growth, many changes must take place in the economy. A.I.D.'s strategy is to help Ghana make those changes. If it can, non-traditional exports can continue to grow near 30% per year as it has since 1987, and non-traditional exports can cause a significant acceleration in growth in real GDP per capita by the end of the century. The potential for expanding NTE's exists. Ghana has a number of products that market or subsector studies have identified as having considerable export potential. These included shrimps, horticultural products, and wood products.

(4) Growth in NTE is a politically feasible option

The key to long run sustainable growth is that a country must be on a path that it has chosen and for which there is political support. Increasing NTE has many advantages which may generate political support.

* NTE earn foreign exchange. Because of the long Ghanaian history of foreign exchange shortages, many people still place an extraordinary value on earning foreign exchange.

* NTE at this juncture are widely disbursed. In 1990, 1,381 exporters sold 167 products. About half the exporters sold agricultural products which were probably purchased, in part, from other suppliers. Thus, there is a fairly large number of people who have an interest in expanding NTE. This forms a basis of political support.

* NTE provide jobs. As the transportation system in Ghana improves, it will allow increased specialization and trade in farm products which will increase productivity and release workers for more productive occupations.

While these benefits do not guarantee political support, they are positive factors which are likely to be viewed favorably.

E. Relationship Between Broad-Based, Sustainable, Market-Oriented Economic Growth and Human Resources Overview

A two-way causal relationship exists between broad-based, sustainable, market-oriented economic growth and human resource development in Ghana. On the one hand, economic growth provides the basis for economic opportunities for the population as well as creates a growing tax base for funding health and education-related social investments. At the same time, investments in human resource development can strengthen the basis for increases in per capita income. In the case of family planning, investments that successfully lower population growth rates result in higher per capita incomes. Likewise, investment in education has been shown to historically have a positive impact on reducing poverty, increasing the adaptation of new production and marketing techniques, and raising recipient's receptivity to family planning.

Investments in the health sector also have political, social and productive dimensions. While health investments reduce child and adult mortality and improve the quality of life, they reduce the time lost to illness and generally contribute to a more productive work force. Hence investments in human resource development are an essential component of any successful program to achieve broad-based, sustainable, market-oriented growth.

The GOG has targeted the health, family planning and education sectors as areas that need attention and rebuilding if the lot of Ghanaians is to be improved. Together with the donor community, the GOG is working aggressively to improve the primary health care system, increase its family planning activities, and reorganize and enhance its educational system. Given the level to which these human resource sectors had deteriorated by 1983, it will take years to repair and rehabilitate them.

1. Population

Ghana's population is approximately 15 million. At the current population growth rate of 3.4%,⁷ the population is expected to double in less than 21 years. This has been caused by a total fertility rate of 6.4, which is among the highest in the world. Current population growth is eating up major portions of the gains from Ghana's Economic Recovery Program (See discussion in

⁷ The Mission is aware of many different population growth rate figures, ranging from 2.6% to 3.6%. The lower figures are based on 1973-1983 intercensal growth rates which were depressed by the drought and economic crisis in the early 80's. The Mission feels that the figure of 3.4%, which is a point estimate derived from the 1988 Ghana Demographic and Health Survey, represents the best estimate of the current population growth.

Chapter II on Constraints). Though the problem remains severe, the GOG, with the assistance of USAID and other donors, has been able to make some impressive gains. From FY 89 to FY 91, couple years of protection increased from 84,000 to 169,000. This is largely due to the increased quantity of family planning supplies being distributed through the public and private health care system. As a result, Ghana has moved into a phase where sustained expansion of family planning use and services can occur.

The goal of the Mission's current population activity is to consolidate these gains and lay a foundation for rapidly reaching a contraceptive prevalence rate (CPR) that will attain a measurable reduction in population growth. Based on experiences in other countries, this occurs at a modern CPR of 30%. While Ghana's CPR was only 5% in 1988, the Mission feels that it is currently around 9% and that attaining 15% by 1996 and 30% shortly after 2,000 is feasible, especially as the GOG expands its commitment to establish a coordinating institution and a family planning implementation plan and as A.I.D. and the donor community continue to work with the public and private health sectors.

2. Health

Ghana has made considerable progress in increasing life expectancy and in reducing mortality. Life expectancy at birth in Ghana is 54 years, which is the highest in West Africa. However, under age 5 mortality rates remain very high at 146 per 1,000, a reduction of only 17% since the mid- to late 1970's. Ghana ranks 92nd out of the 131 countries included in UNICEF's State of the World's Children Report. The major causes of child mortality are measles, malaria, pneumonia, anemia and diarrhea. These diseases are all part of a linked complex of causes of death; the diarrhea--dehydration--pneumonia complex is a well-known phenomenon throughout the developing world.

Diarrhea is very common among children in Ghana. According to the 1990 joint GOG/UNICEF study on "The Situation of Children and Women in Ghana", about 34% of Ghanaian children have episodes of severe diarrhea each year.

Malaria and its resulting anemia compounds the health problem in Ghana. The Ministry of Health statistics show that malaria causes 14% of all deaths in infancy and a third of all deaths between ages one and five. Even in adults it is the leading cause of morbidity and mortality.

Guinea worm has recently been added to Ghana's list of reportable communicable diseases. In some regions guinea worm affects 74% of all agricultural workers.

Maternal mortality remains high at 10/1000 births. Among the many causes are lack of access to perinatal care and too closely spaced births.

A new factor affecting health in Ghana is the rapidly increasing number of Acquired Immune Deficiency Syndrome (AIDS) cases. As of December 31, 1990, 2,237 cases of AIDS have been confirmed by laboratory tests in Ghana. An additional 4,153 individuals who are seropositive for HIV have been identified. National sentinel surveillance is just beginning, and very preliminary results suggest a prevalence of about 0.7% among pregnant women in Accra. Studies of other groups, such as the military, blood donors, and patients in sexually transmitted disease clinics have shown prevalences in these populations which range from 1.9% to 6.1%. Some observers feel that the true population prevalence may be as high as 3%.

3. Education

In 1986, the GOG announced a decision to embark on a comprehensive program of educational reform designed to address the numerous problems causing the rapid deterioration and stagnation of the system. With the assistance of the World Bank's first and second Education Sector Adjustment (EDSAC I and II), Ghana's public education system has undergone major structural improvements since 1987. The GOG's educational reform program has made significant progress in improving pedagogical effectiveness, making education financing more efficient and equitable, and ensuring that the reformed system can be sustained using national resources and assuming modest growth. The World Bank's EDSAC has helped the GOG to reorganize and strengthen the Ministry of Education and enhance its capabilities in planning, budgeting, administering, and monitoring. As a result, pre-university education has been reduced from 17 to 12 years; the primary school curriculum was revised; a new Junior Secondary School (JSS) curriculum developed; school-based supervision was strengthened.

Much of the attention and resources are focused on the development of secondary education. However, primary education continues to suffer from frequent teacher and headmaster absenteeism, an almost non-functioning inspection/supervision service, and a near absence of textbooks and basic learning materials in the classroom. Primary level education has not yet benefitted significantly from the GOG education reform program. A.I.D. has recently become a major donor in the primary education sector and will assist the GOG in addressing major weaknesses in the sector.

F. The Political Environment for Broad-based, Sustainable, Market-Oriented Economic Growth

Obviously, the political environment has a great deal of bearing on broad-based, sustainable, market-oriented economic growth. Political decisions significantly influence whether growth occurs at all and whether it is sustainable by the economic policies which are formulated and pursued. Hence, Ghana's early economic policies (1957 - 1983) were in large part responsible for the poor performance of the economy. Likewise, policies pursued by Nkrumah in support of state-directed, inward-looking, import substitution policies set the stage for the continued role of SOE's in the economy and the lack of an outward-looking, export-oriented growth policy.

Ghana's current political regime has departed from the direction of past statist economic policies and has publicly acknowledged the need to continue along this path if sustained economic growth is to be achieved. Ghana is governed by the Provisional National Defense Council (PNDC) under the chairmanship of Flight Lieutenant, Jerry John Rawlings, a charismatic, populist leader who seized power from an elected government on December 31, 1981, and suspended the constitution.

While Ghana continues to be ruled by a provisional government, with close links to the military, it is nevertheless trying to define and create a stable form of government, free of corruption, accountable to the broad mass of Ghanaians in the countryside as well as the cities. The PNDC is convinced that any stable government must first be based on a solid economic foundation. Under the bold leadership of the PNDC, the ERP was initiated, setting the stage for free-market activities and related reforms, making economic growth and political change possible.

In 1988, the PNDC began a concerted effort to decentralize government in an attempt to give the populace more voice in the government. As part of this decentralization process, the GOG has created 110 administrative districts and decentralized nearly 22 line ministries. In early 1989, elections were held for the local, non-party district assemblies, of which 2/3 of its members were elected, the remaining 1/3 were appointed. A range of political responsibilities have since been devolved to these newly-formed districts. The district assemblies have become Ghana's only forum for popular involvement in decision-making. While strapped for funds and primarily preoccupied with small, local development projects, the district assemblies are being taken seriously and serve as a base for a representative form of government.

In July of 1990, the PNDC, through the National Commission on Democracy (NCD), organized a series of public seminars in each of

the country's ten regions on Ghana's political future. Participants spoke freely, often criticizing the PNDC. In his January 1st speech to the nation, Chairman Rawlings announced that a new constitution would be drafted by the end of 1991 and charged the NCD to report on the democratization forums held in 1990. Given Ghana's history, the Chairman is suspicious of multi-party politics, but has accepted the idea of a party system. Rawlings also reiterated that the decentralization process will continue and chastised central government officials who have not taken the decentralization process seriously and who have ignored the district assemblies.

The NCD released its report on democracy in April, 1991 and in May the PNDC announced the formation of a consultative body and selected a group of constitutional experts to convene in July to discuss and draft a new constitution. The 260 member consultative assembly will include elected representatives from the district, municipal and metropolitan assemblies and other "identifiable bodies," including tailors, hair stylists, and garage owners. The PNDC seeks the involvement of broad masses of the Ghanaian society and believes, according to one prominent member of the PNDC, "constitution-making can be done by all since it affects the life of every single person in the society."

What path Ghana will take is still uncertain, but clearly the dialogue has begun, and 1991 is a transitional year for Ghana. The PNDC has been in power for nine years, and most Ghanaians realize it is time for a change. The PNDC government has made a start on the path to democracy, a political road that is compatible with private sector, free-market activity and market-oriented economic growth.

CHAPTER II

II. In-Depth Analysis of Key Constraints to Realizing a Better Life for the Next Generation of Ghanaians.

Since the introduction of the Economic Recovery Program (ERP), the GOG has made progress in redressing the chronic distortions and imbalances in the economy through major policy and structural reforms. These reforms provided the economic incentives to produce and export by liberalizing the exchange and trade system, raising the producer prices for cocoa and other cash crops, implementing tax and tariff reforms, and eliminating most price and distribution controls. Major steps have also been taken to rehabilitate the country's economic and social infrastructure. Concurrently, appropriate fiscal and credit policies have been pursued.

While Ghana's economic performance has been outstanding since 1983, the recovery has depended on heavy donor support and investment in Ghana's ERP. That level of support is not sustainable in the long-term. The previous chapter laid out the argument that sustainable growth would require: 1) private sector-led growth, 2) a growth oriented to increase non-traditional exports, and 3) investment in human resources to lower population growth, improve health status and improve the educational system. This chapter will describe the constraints to growth associated with these key ingredients.

A. Constraints to Private Sector and Sustainable Growth

1. The Enabling Environment

The following are critical areas that must be addressed if Ghana is to achieve sustained and accelerated growth through the private sector.

a. Investment and Business Regulatory Reform

Under the 1985 Investment Code, the Ghana Investment Center (GIC) was entrusted with the mandate of promoting, approving and monitoring all new investments (both foreign and local), except those in the mining and petroleum sectors. The GIC was to become a "one-stop shop" for investment approval. Unfortunately, GIC has concentrated on controlling investment projects to the detriment of investment promotion and investor support services. Moreover, the GIC is not being as helpful to investors as it could. For example, after obtaining GIC approval, it is the investor who must negotiate the bureaucratic maze to secure other government approvals, thus prolonging the investment process.

The GIC also continues to conflict with other ministries over

lines of authority, namely who is authorized to approve projects and issue licenses. Government agencies, such as the Ministries of Trade and Tourism and Energy, have been reluctant to delegate authority to the GIC. The resolution of these conflicts through clearer lines of authority or subsidiary regulations is essential.

In addition, the GIC is widely viewed as an ineffective source of assistance to potential investors who visit Ghana seeking information. While UNDP has been providing technical assistance to the GIC's feasibility analysis unit, many in the private and public sector believe the GIC staff lacks the training to understand what foreign and Ghanaian business people need to properly evaluate competing investment opportunities.

The investment code has been modified several times since the ERP began, but it is still not competitive with the codes of other West African countries. Revisions in Ghana's regulatory framework have not kept pace with macroeconomic reforms and the increasing importance of market forces. Remaining problems relate to business establishment and investment licensing procedures, expatriate quotas, technology transfer, foreign exchange transactions, labor laws and regulations, customs and tax administration, and foreign investment regulations. Moreover, portions of the investment code are written in a manner that reads like a criminal code. Collectively, these regulations sustain an image of Ghana as a country with excessive government intervention in private business.

A.I.D.'s proposed Non-Traditional Export Promotion project will address many of the concerns in the export sector through conditionality that requires transfer of investment promotion activities to the Ghana Export Promotion Council (GEPC). The GEPC is already one of the most pro-active government organizations, and the conditionality contained in the program is designed to transform that organization into an effective and efficient export promotion agency. Initial discussions with GOG leaders indicate that they recognize the need for change, and, with A.I.D. assistance, are willing to take strong and constructive action to remedy the problem.

b. Legal Framework and Government Attitudes

Government's latest Policy Framework Paper (PFP) for 1991-1993 acknowledges the critical role of private sector activity if economic growth is to be sustained in Ghana, especially in helping to achieve Ghana's employment objectives. The PFP points out the need for the GOG to further enhance the climate for private investment. To do so, the GOG needs to intensify its efforts to promote private sector development, disseminate more information on private sector investment opportunities, foster debate on fundamental private sector concerns among a wider

audience, and address regulatory, institutional, and administrative impediments now restraining private investments.

A major obstacle to success in these efforts, which is difficult to measure but has a significant impact on the level of investment, is the residual distrust that the private sector holds against the Government. Private sector memories of Government's arbitrary and capricious treatment of the private sector have not disappeared. Many business men and women still have vivid recollections of 1979 when bank accounts were frozen and persons with significant balances were detained and interrogated.

The ability for businesses to develop and expand is an important factor in becoming internationally competitive. This can be a problem in Ghana. The Ghanaian business community is reluctant to expand the physical and human resource capital base of its businesses for fear of drawing Government's attention. Private Ghanaians with significant capital to invest -- both residents and non-residents -- are still hesitant because of previous history. Although resident Ghanaians are now taking tentative steps to invest in more highly visible activities, many still prefer to maintain a low profile by horizontally diversifying rather than expanding one or two operations. Many non-resident Ghanaians demonstrate their unwillingness by channelling remittances into real estate assets (i.e., buying land, building houses, etc.) rather than capital assets.

The GOG recognizes this problem and is attempting to improve its relationship with business. Most business people agree that the business climate has improved enormously in the last 2-3 years, and that it is much more favorable than many other places in West Africa. As evidence of the improvement, business leaders point to the start of a stock exchange and the new joint government-private enterprise committee which is charged with recommending changes in government laws and regulations. This committee under the chairmanship of Mr. K. Richardson (President of Pioneer Tobacco) is actively reviewing past regulations that have hindered private sector development and is proposing to modify or eliminate them.

As part of the Policy Framework Paper agreed to by the GOG, the GOG is attempting to improve the communication of policy decisions to the private sector, intensify its efforts to promote private sector development, disseminate more information on private investment opportunities, foster debate on key private sector concerns among a wider audience, and revitalize the divestiture program to reduce the size of the public sector. These activities demonstrate the GOG's commitment to encouraging a greater role for the private sector in the economy and help in sending signals that Ghana is a safe and financially attractive country to do business and to invest.

c. Privatization and Divestiture

The GOG policy toward the parastatal sector focuses on: 1) liquidating and selling the selected state-owned enterprises (SOEs) and 2) improving the management and accountability of SOEs remaining in government hands. Thirty-eight SOEs have been divested or liquidated, reducing the number of SOEs from 235 in 1987 to 197 in 1990. The GOG intends to divest at least another twenty-five SOEs out of a list of forty-two selected enterprises, including some large enterprises in the gold and diamond sector. Forty-seven cocoa plantations will also be divested.

Progress in privatizing of the SOEs has been slower than projected for a number of reasons. The complexity of updating and auditing financial accounts and determining the actual market value of potentially saleable assets and the high cost involved of retrenching redundant SOE employees have caused delays. In addition, the World Bank technical support to assist the State Enterprises Commission in the divestiture process was delayed. The original schedule for divestiture was arguably over-ambitious in light of these constraints.

The pace and completion of SOE divestiture are important to the private sector for several reasons. First, the sale of selected SOEs provides potential investment opportunities for investors. Secondly, the divestiture and restructuring of SOEs release a significant number of workers that the private sector -- primarily in the agricultural sector -- must absorb. It is estimated that SOEs employ an excess of 20,000 employees which should be laid off in order to improve the efficiency of those SOEs. The private sector will have to absorb these employees, in addition to the estimated 250,000 or so persons entering the work force each year.

The slow pace of divestiture can be interpreted as a sign that the GOG is proceeding carefully in order to ensure that divestiture is successful and to avoid the mistakes and appearance of favoritism that characterized SOE divestiture under the National Liberation Council in the late 1960's. Rightly or wrongly, a perception exists among some investors and businessmen that the GOG's failure to divest or liquidate these properties, as planned, means that the GOG has not lost its previous suspicion of the private sector. Correspondingly, successful divestiture of these properties may spark renewed interest in investment in Ghana.

d. Tariffs and Taxes

Government tariff and tax policy has been, and in some instances continues to be, a serious constraint to private sector export-led growth. In the past the GOG had pursued a policy of high tariffs and income taxes. Under the ERP, the GOG has

significantly reduced tariffs. Likewise, recognizing that tax rates are high, the GOG has provided personal and corporate tax relief. In 1991, the corporate tax rate for agriculture, manufacturing, real estate, construction and services was reduced from 45% to 35%; the withholding tax on dividends was decreased from 30% to 15%; and capital allowances were extended to all enterprises in the manufacturing sector.

While government's revenues may decline, it is expected that investments and employment opportunities will increase, thereby compensating for short-term revenue loss. To spur on the export sector, corporate tax rebates have also been raised from a minimum range of 30% to 40% to a maximum range from 60% to 75% for agricultural firms and from a minimum range of 25% to 30% to a maximum of 60% to 75% for manufacturing firms, depending on output exported. The GOG has also established a tariff rebate system for exports.

However, this system has had limited impact. At present, manufacturers who import a raw material pay a duty on it. Once the final product is exported, the manufacturer can obtain a rebate only if they provide documentation of the imports used to produce a particular export order. Few businesses actually use the current system because it is so cumbersome and requires so much effort. This needs to be revised and simplified. One alternative would be a drawback system that requires that duty be paid on all imports, and allow exporters to obtain an automatic rebate of all excise, sales and customs taxes. This would significantly simplify procedures and may increase the number of commodities that can be profitably exported. This and similar alternatives should be reviewed for their ability to increase exports.

While Ghana's 1991 tax reforms have been geared to improving private sector activity, the 1990 tax increases on petroleum have impeded growth. Petroleum prices were raised four times in 1990 for a cumulative increase of 266 to 326 percent, depending on the product. The price increase has given the GOG an extra 80 billion cedis in revenues, above and beyond the higher cost of petroleum. Part of that revenue has been used to reduce other tax rates. Nonetheless, the extremely high petroleum prices have significantly slowed economic development due to the increased distribution and transportation cost.

2. Inflation

As successful as Ghana has been at macroeconomic reforms, it has failed to control inflation. The inflation rate has been 25% or more since 1974 with the single exception of 1985 when good crops caused a 12% decline in food prices. That decline held the overall inflation rate to "only" 10%. Inflation accelerated to 25% in 1986 and 40% in 1987 before beginning a gradual descent to

25% in 1989. In 1990, the rains came late, and food prices rose about 40%. Contributing to the inflation was a 266% increase in fuel prices due to the Gulf War and a large GOG tax increase. The food and fuel price increases explain virtually the entire 37% increase in the overall CPI.

The explanation for inflation, however, is not as simple as it appears in the above analysis. One can explain price fluctuations in a particular year, but the consistent pattern of double-digit inflation since 1984 cannot be simply due to price fluctuations. One fundamental explanation for inflation is the rapid growth in the money supply. Since 1983, the broad money supply has grown an average of 45% per year. The latest spurt in money supply growth occurred at the end of 1989 when a large cocoa crop was harvested. The GOG paid for a large part of the crop by increasing the money supply. During one month alone, the amount of money in circulation increased 18% and the narrowly defined money supply increased 22%. The rapid increase in the money supply allowed inflation to surge when the prices of food and fuel rose dramatically. Without the increase in money supply, economic activity would have slowed down markedly, keeping down inflation to some extent.

In 1991, the short-term outlook for inflation is excellent. The current food crop is likely to be larger than last year's, resulting in a decline in food prices. Fuel prices have already been cut once this year, and another decrease is possible.

Last, but not least, the GOG is using monetary and credit policies to restrain inflation. Lending rates have been raised to positive levels in real terms, thereby promoting financial savings. While credit policy remains restrictive, the additional net repayment by the GOG to the banking system will allow adequate increases in real terms in credit to the private sector and state enterprises. The GOG is also phasing in a new system of monetary control which involves a shift in the instruments of monetary policy away from credit ceilings on individual banks to limits on the net domestic assets of the Bank of Ghana. To make this new system work, the institutional capacity of the Bank of Ghana has been strengthened; new Bank of Ghana monetary instruments were introduced at market-determined yields; the bank reserve requirements were rationalized; and stepped up efforts were made to absorb the excess liquidity from the economy. In short, the GOG is reducing the money supply and controlling a critical link in the inflationary process.

Recent data suggest that the rate of inflation is already below 20%. The GOG recently announced that prices increased 17% from June 1990 to June 1991. The Ministry of Finance and Economic Planning expects the inflation rate to drop even further, to 10%, by year end.

On a long-term basis, the inflation outlook is also encouraging. As noted earlier, GOG has successfully developed policy instruments needed to control the money supply, containing the source of inflation. The other major systemic cause of inflation, deficit spending, has not been a problem. The GOG has been able to run a small budget surplus in each of the last four years. Nonetheless, two areas pose potential problems. First, food comprises half the total budget of the typical Ghanaian. Consequently, crop fluctuations are likely to generate inflation cycles for some time to come. Second, though the GOG now has the policy tools to control the sources of inflation, it has little experience in using them. A consistent history of low inflation is needed to establish a nurturing economic environment.

3. Financial and Credit Constraints

Ghanaian firms in general are suffering from an acute shortage of credit. Few banks give medium- or long-term loans and potential borrowers are obliged to pledge collateral equal to or greater than the amount of the proposed loan. Women borrowers find it virtually impossible to find a banker willing to give them loans without the signature of their husband or a male relative. All banks refuse to make loans unless strict credit standards are met. Credit is widely regarded as the most serious constraint facing the private sector.

The present credit and financial sector crisis is due to a combination of structural and monetary policy problems presently being resolved. As a result of deficiencies inherent in the financial system from independence, the banking sector in Ghana has not served its conventional role of mobilizing savings and/or directing them to the most profitable sector. From independence, the financial system has been dominated by State-controlled banks whose mandate was to provide funds to priority sectors identified by the Government. The result was that most loans were based upon political not economic criteria. This problem was complicated by the fact that most loans were made at negative real interest rates. Heavy government interference and forced lending at negative interest rates led to a number of negative consequences. Many bad loans were made. In fact, in a 1988 review of the financial sector, it was determined that most of the existing banks were effectively bankrupt with some having as much as 80% of their portfolio in non-performing loans. Also, the policy of lending at negative interest rates discouraged banks from either mobilizing savings or lending.

Adding to the above problems, banks do not lend due to a series of institutional constraints: 1) firms do not know how to present their loan requests in a way that banks can deal with effectively, 2) loan officers lack the skills to analyze projects, 3) audited accounts are not always available, and 4) cash flow projection are not done and no market analysis is

provided by clients.

While all private sector firms suffer from credit constraints, export firms are hardest hit. Exporters have a particularly difficult time obtaining credit for several reasons. First, there has been little tradition of private sector export activity. In the past, most exports were from parastatals or very large expatriate firms. The NTE expansion is private sector dominated with many new and small firms. Many, if not most of these firm, are young with little credit history. Likewise, they are seeking loans for export production and marketing, a new, and therefore, as perceived by banks, a high risk activity. This hesitancy of banks to lend to exporters is further reinforced by unsophisticated banking personnel who are not acquainted with the intricacies of export financing. Also, the shipment of some goods is done on open-account rather than letters of credit, presenting added collection risks.

Hence, expanding export credit is constrained not only by the general credit problems, but also by the absence of banking sector experience in dealing with exporters. Clearly, banking activities need to be extended in this area without subsidizing the efforts.

There is another financial constraint which particularly affects exporters - the foreign exchange situation. Ghana is at a stage of development where there is a strong connection between economic growth and the availability of foreign exchange. Ghana requires: 1) investment goods of all types, most of which must be purchased with foreign exchange since there is little production of capital goods in country; 2) raw materials for industry and agriculture are needed in almost every sector; 3) petroleum which must be entirely imported using foreign exchange; and 4) substantial amounts of food. Continued economic growth is almost certain to require increased foreign exchange. In the long run, the only sustainable way to pay for these imports is to increase exports. However, in the short run, donor assistance such as foreign exchange made available to the auction, can provide a critical ingredient that will allow Ghana to build its economy so that future foreign exchange needs can be supplied by Ghanaian exports.

The financial sector from 1957 to 1990 was characterized by an excess of demand for credit as a result of persistent, negative real interest rates. In 1991, the GOG began a vigorous program to soak-up excess liquidity by introducing the sale of Government securities at positive real rates. The resulting high interest rates, combined with falling inflation, means that borrowers are currently paying real rates of 13% to 15% for loans. At this rate, borrowing for medium- and long-term uses has evaporated. If inflation rates continue to fall, the Bank of Ghana is expected to begin to lower interest rates, thus providing an

incentive for borrowing to resume. However, given the weaknesses in the financial system, it will be some time before the banking system will provide medium- to long-term finance.

Weaknesses in Ghana's financial system were recognized as obstacles to successful implementation of the structural adjustment program. A \$265 million Financial Sector Adjustment Program (FINSAP) led by the World Bank calls for a major financial sector reform program to establish a well-functioning and broad-based financial sector responsive to national development priorities. A comprehensive financial and organizational reform of the banking system is at its core, including:

- creation of a Non-Performing Assets Recovery Trust (NPART) which took over a portion of the bad loans in exchange for Bank of Ghana bonds. (Still, in at least three institutions (National Investment Bank, Social Security Bank and National Bank for Savings), half of their assets are still tied up in non-performing loans.)
- replacement of top management of most distressed banks in January 1990. Currently, 26 expatriate professional bankers occupy key posts at each bank;
- institution of more rigorous credit analysis of loan applications;
- replacement of non-performing bank loans to state enterprises and private firms with Bank of Ghana bonds; and
- recapitalization and institutional strengthening of the Bank of Ghana to improve its effectiveness in the supervision of commercial banks and other financial institutions and in implementing monetary policy.

Efforts to identify and develop competent local managers are still underway. Improvements in the credit analysis and management capacity of Ghana's banks have been slow, and most banks are still staffed by officers in dire need of training in cash flow lending, export lending and credit management and other fundamental banking skills.

Recognizing the importance that rural credit plays in providing funds to help farmers modernize farming practices in order to increase production, the World Bank initiated a \$20 million Rural Finance Project. The main objectives of the project include improving the efficiency of rural financial intermediation by strengthening rural financial institutions through financial

restructuring and staff training in managerial and financial skills. Thus far, the project is focusing on strengthening 20 rural banks.

There are several new facilities which are either recently started or about to begin which address some of the constraints described above.

The Export Finance Co.: In response to the shortage of finance for NTE, the GOG created the Export Finance Company to provide short-term financing for exports. The Export Finance Company satisfies a portion of the need for credit. This facility specializes in lending to prospective exporters of non-traditional commodities on a short term basis -- normally 60-90 days -- at rates between 10% and 12% per quarter. Its lending conditions are similar to those of the other banks, but less emphasis is placed on the level of collateral demanded. While the EFC has helped to meet the export credit shortage, it is not the solution to the problem. The commercial banking system must overtime extend service into this area.

Stock Exchange: A newly established stock exchange which began trading in November 1990 is thus far dealing with only 12-15 companies. One of the clear advantages of the stock exchange is that companies which need finance can raise equity, rather than undertaking additional borrowing which has to be repaid at high interest rates and can negatively affect cash flow. The new stock market will take on increasing importance in Ghana's financial sector as the quality of financial statements and accounts of existing companies improve and confidence in the banking system is restored.

Venture Capital: At least two venture capital institutions have been created, and preliminary studies have been completed for establishing the Ghana Venture Capital Company (GVCC), an A.I.D.-CDC sponsored private venture capital facility. The GOG through the Ministry of Finance and Economic Planning formed First Finance Company (FFC), a public venture capital institution in March 1991. Proponents of the FFC see it as a source of venture capital for the restructuring of so-called distressed but "potentially viable enterprises," private firms which may indeed be viable but fell victim to recent economic reforms. Both of these firms will be watched closely and could play an important role in helping to augment financial sector alternatives.

The Home Finance Company, (HFC) Limited was incorporated in 1990 to finance the construction of 3,000 houses in Ghana by establishing an indexed mortgage financing system. This joint venture is between the GOG, Social Security National Investment Trust and Merchant Bank (Ghana) Limited with funds provided by the World Bank. The ultimate objective of HFC is to attract long-term funds for investment in the housing sector.

4. Building Private Sector Capacity

The GOG's decision to eliminate most import barriers, while easing access for foreign exchange, has radically changed the orientation of the Ghanaian economy from an inward-looking to an outward-looking economy. Consequently, low cost and high quality imported products have flooded the local markets; inefficient manufacturing firms have gone out of business as consumers chose to purchase higher quality goods at lower prices; and manufacturers that manage to survive have become much more efficient and productive. If the GOG continues its current economic development policies, Ghana has great potential to progress from the ranks of the Less Developed Countries. However, beside policy changes, human resource and other institutional constraints must be addressed so that Ghana can truly make the changes necessary in transforming its economy to an outward-looking one. The following constraints are preventing this transformation from taking place.

a. Ghanaians Do Not Possess Information and Skills Required for Participation in the International Arena; Business Education is Dated

Transforming Ghana's economy from an inward- to an outward-looking one requires skills, expertise, and experiences in production and marketing that many Ghanaians do not possess. While some individual Ghanaians are well-trained and highly talented with first rate university educations and extensive practical experience, many do not have the knowledge and skills necessary to effectively produce and market products, domestically and internationally. They do not have the basic production know-how to redirect domestic firms to produce products for the international market. They do not possess market information needed to re-orient production to respond to foreign consumers. This has limited the private sector's ability to diversify into major foreign markets. This shortage of critical production and market information must be addressed if the NTE sector is to maintain its momentum.

In addition to production and marketing information, private sector firms in general and NTE in particular need to address existing management deficiencies. In recent months, Ghana's educational and training institutions have made efforts to ascertain the specific needs of the private sector. The Ghana Institute of Management and Public Administration (GIMPA), The Management Development of Productivity Institute (MDPI) and various consulting firms have had some success in developing "tailor made" or "in-plant" training courses. However, in the past, training courses offered were basic and not designed to enhance the ability of Ghanaian firms to compete effectively internationally. Also, the programs of instruction at Ghana's universities are too research and academic-oriented and do not

provide students with the skills required to meet the practical needs of today's Ghanaian private sector.

Clearly, both the content and approach to business education need to be changed; the old approach to business training is not serving Ghana's private sector well at all. Business training programs need to emphasize marketing and production and the relationship between the two if the Ghanaian private sector is to redirect and refocus production activities. Ghanaian educational and training institutions also need to work with the private sector to develop programs of instruction that will give the information and skills needed for Ghanaians to enter and effectively compete in the international marketplace.

b. Private Sector Organizations Lack the Resources To Effectively Represent the Interests of Their Members

Private sector associations have not been able to provide government with systematic proposals to develop policies and to resolve private sector problems; they lack policy research and analytical capabilities to effectively assess and present their positions. A more forceful private sector voice is needed to help forge new policies with the GOG to foster private sector activity. The Government cannot be expected to develop and implement policies that reflect and address the specific needs of the private sector if the representational groups lack the capacity to present members' perspectives. Specifically, private sector organizations must be able to effectively and consistently present that information to policy makers in a way that enhances the government's ability to understand the type of support that privately owned-firms need to help Ghana's economy grow.

A number of positive changes are occurring in this area. UNDP is assisting the Ghana National Chamber of Commerce (GNCC) in upgrading its capability to provide services to its members and to conduct research and to communicate with government on issues important to its members. UNDP has indicated that it will continue to support this effort through the end of 1992. Although the Association of Ghanaian Industries (AGI) has not benefitted from UNDP technical support, the GNCC and the AGI have announced a plan to coordinate closely their efforts and share resources. The leaders of both organizations have specifically expressed a firm desire to see GNCC and AGI operate out of the same office with consolidated resources before the end of 1991, and the AGI is being assisted by A.I.D.'s recently obligated Private Sector Training Plan under the regional Human Resources Development Assistance Project.

The plan includes activities such as in-country symposia, workshops and courses, observational study tours of Newly Industrialized Countries in Asia and progressive countries in Africa, as well as the U.S. USAID will be working with business

organizations, training and management institutions, local consultants, key GOG officials, and private businessmen. Through the Private Sector Training Plan, the Mission hopes to provide the initial steps for assisting Ghanaians in meeting foreign economic competition.

c. Women-Owned, Small And Rural Businesses Are Not Receiving The Credit And Training That They Require

One of the most difficult development challenges is to provide training and credit services to the informal sector. The majority of the businesses in Ghana's informal sector are micro-enterprises owned by women. When you add rural farmers to this mix, you are looking at the economic activity of the majority of the people in Ghana.

Many of these business people have no formal training and can not read. Many live in parts of the country that have great agricultural potential but no social activities to attract professionally trained managers or bankers. Most importantly, programs directed at the informal sector are messy, expensive on a per capita basis and hard to evaluate. But, unless these business people and small-scale farmers are helped, Ghana will never be able to achieve its full potential.

5. The Agricultural Sector

Agriculture plays a dominant role in Ghana's economy. Nearly 70% of the population is dependent on agriculture, and production from this sector accounted, on average, for 53% of GDP over the period 1975-1989. Therefore, performance of the agricultural sector is critical to Ghana's long-term development and constraints to this sector must be confronted. Agricultural products are even more important to the export sector. Over the past five years, agricultural products provided 74% of the nation's exports.

Performance of the agricultural sector between 1975 and 1983 was extraordinarily poor. The sector output during this period declined steadily at about 1.0% per annum, and in 1983 it declined 4.6% due to a severe drought. This situation reversed in 1984, principally as a result of the incentives provided under the ERP. Growth between 1984 and 1988 averaged 1.9% per annum. In 1989, it jumped to 4.2%, but grew only 1.2% in 1990, due primarily to poor rains.

The experience of the period 1984 and 1988, when agricultural growth under the ERP averaged 1.9% per year which is less than population increase, suggests that the problems of the agriculture sector are deeper than simply improving incentives. While export crop production, particularly cocoa, has increased sharply, food crop production, has been erratic though

increasing. The World Bank projects a growing food deficit in the agricultural sector if actions are not taken to address the difficulty facing the sector.

The World Bank projects the food deficit in Ghana growing from the equivalent of about 128,000 mt of food in 1987 to a projected deficit of 578,000 mt in 1995. This projected secular increase in the deficit is made worse by the persistence of continued year to year production fluctuations due to erratic rainfall patterns. For example, while the production of cereals, which accounts for 7% of agricultural GDP, rose by 5% in 1990 due to increases in millet and sorghum production, maize and rice output dropped by over 20%.

The projected growing deficit, if it comes to pass, has serious implications for the Ghanaian economy. A deficit would change the relative terms of trade from export to food crops and reduce significantly the positive balance of trade from agriculture (indeed the positive balance of trade from agriculture is projected to fall from \$270 million in real terms in 1988 to \$86 million in 1995) and so have significant repercussions throughout the economy.

To modify this projection, Ghana needs to revitalize its agricultural sector and, in particular, put increased emphasis on the development of a viable infrastructure, credit and marketing system.

a. Infrastructure Needs To Be Rehabilitated To Improve Market Systems

In Ghana approximately 70% of consumers' expenditure on food goes into marketing costs (off-farm activities), while the remaining 30% represents the farm value of the food consumed. At the same time, of total marketing costs, only 7% represent processing, 22% wholesaling and retailing, and 71% transportation. The result is little return to farmers and high cost, non-competitive products to the consumer. Transportation costs invariably consume a sizeable proportion of total marketing costs. The higher transportation costs tend to be incurred where the feeder roads are in the worst conditions (unpaved, full of potholes, muddy in the rainy season, and dusty in the dry).

According to J.E. Austin Associates' study on Agricultural Marketing in Ghana, improving feeder roads will contribute more to the welfare of small farmers and other rural families than any other single investment. First, the rural population will gain from better access to village, district and urban markets. Second, with an increase in the availability of farm inputs, the average prices for these items will be reduced overtime. This will make the adoption of improved production technology more affordable for small farmers. Third, since prices reflect

scarcities, greater availability of basic necessities (e.g. soap, fuel, cooking oil) will reduce average price levels of these goods.

Ghana's feeder road network had severely deteriorated. It is now a major obstacle to increasing farm production and profitability and is therefore a key constraint to agricultural growth. Most of the feeder road network is presently impassable due to years of neglect. The most recent road condition data indicate that only one third of the network is in good or fair condition (6,900 km), while two thirds (14,100 km) is in poor or very poor condition. This has led to frequent disruptions of goods and passenger transport in most rural areas of Ghana, with scores of farm areas losing access to markets. Many goods in rural Ghana are transported by head, a mode of transport which is slow, constrains labor supply at harvest time, restricts production potential at the farms, and thus contributes to rural poverty. Given the critical role of feeder roads to agricultural sector development and the high payoff to investment in this sector (A recent World Bank study indicated an average rate of return of 24% in Ghana), the GOG needs to continue feeder road rehabilitation efforts. In fact, a significant expansion in investment needs to be made. At the rate of funding of the past few years rehabilitation of Ghana's feeder roads will take more than 30 years.

Without an improved marketing and transport system increased farm productivity and production will not be forthcoming. If farms are isolated from markets, increased production can lead to decreased net income as average prices become depressed by bumper harvests. This will then discourage farmers from planting the same crop during the succeeding season, which will cause a lower harvest and higher prices. Such an alternating cycle of surpluses and shortages, with accompanying low and high prices -- a phenomenon experienced for many years in Ghana -- can only be moderated or minimized if the marketing and transport system can give the farmers better access and options. This makes any efforts to improve market access economically imperative.

Sector studies have identified a number of other infrastructural constraints. For example, freshly harvested fruits need to be refrigerated while awaiting transport from the fields to the airport and shipment at the airport and harbors. Such refrigeration facilities are not readily available. The airfreight facilities should be streamlined. While it is much easier to get telecommunication equipment installed now than it was a few years ago, it still isn't easy or quick to get a telephone installed, and phone service is unreliable. Having good port refrigeration facilities is critical for exporting perishable NTEs. Likewise, it is essential that telecommunication systems are working well and are reliable because they put and keep exporters in touch with their

buyers/clients, their foreign markets. Without these markets, expansion of any exports is impossible.

b. Input Markets Need to be Liberalized

Supply input obstacles continue to hamper increased agricultural productivity. According to the Ghana's Medium-Term Agricultural Development Plan, to achieve and to sustain a 4% annual growth rate in the agricultural sector, more efficient use of improved seeds and fertilizers are necessary. However, an A.I.D. study recently conducted by the International Fertilizer Development Center found that both the seed and fertilizer industries suffer from serious problems and constraints.

Although the Ghana Seed Company was closed, the seed industry still suffers from the many years of poor management, inadequate market development program, and inefficient production and quality control efforts. The industry needs to work aggressively to win back their consumers -- farmers -- and convince them that it is profitable for them to use improved seeds. To revitalize the seed industry, an effective institutional framework is needed that clearly designates roles for the government and private sector; a production and distribution system with properly trained and experienced people; equipment for growing breeder and foundation seed; and working capital for farm inputs is essential. Furthermore, a sustained promotion program is required to extol the benefits of improved seed usage.

While the GOG wants to increase private sector participation in the fertilizer industry, the GOG continues to participate in and influence the marketing of fertilizers. The Ministry of Agriculture (MOA) is directly involved in determining annual fertilizers requirements, setting fertilizer prices, and in the physical distribution of fertilizers to the MOA storage depot and retail outlets. In the major fertilizer regions, the parastatal organizations know as Farmers Service Companies Ltd. (FASCOM) are the principal fertilizer marketers. Hence, government activities are directly competing with private sector. The MOA is now moving forward with a plan to withdraw from the fertilizer business. However, the industry is still constrained by a number of obstacles, including: limited financial resources of importers, wholesalers, and retailers; shortages of trained and experienced people in fertilizer business management; continued prevalence of countrywide, government-influenced price levels with the discount system allowing inadequate margins; and inadequate number of trained extension staff in fertilizer use efficiency.

Another major problem with increasing fertilizer use is that farmers simply do not have the credit to obtain the input. This impediment is largely related to the problems associated with the rural financial sector which affects banks' ability to finance

trade in agricultural inputs. These barriers within the rural financial sector include low mobilization of deposits in rural areas, poor management of rural bank operations, lack of adequate loan appraisal, problems in collateralizing loans, and inadequate credit information.

Due to the perceived sensitive political nature of bread and cement, the Ghana National Procurement Agency (GNPA) has been given monopolistic control over the importation and distribution of both commodities. Although there are suggestions that the GOG may eventually permit the private flour mills to import wheat directly, the GOG to date has not implemented this on account of GNPA's central purchasing role. The rationale for its establishment and continued existence is the need to take advantage of the economies of scale only central purchasing can offer and to provide a central agency to handle negotiations with other governments, multilateral agencies and voluntary agencies.

Indeed, there are a variety of subtle price controls on a number of major products including wheat and imported rice. For example, the GNPA regularly buys wheat on the world market -- almost exclusively from the U.S. and Canada on export enhancement terms -- and allocates it at a fixed price to the four milling companies that comprise the flour production sector of Ghana. Allocations are made on the basis of each mills' production capacity. The mills, in turn, are required to sell 80% of their flour production to designated bakeries in certain districts at an administered price.

This price, as well as the price at which the GNPA will sell to the mills, is agreed upon during negotiations involving the Ministry of Trade, the millers, and the Prices and Income Board, and the regional bakers associations. The GNPA is currently responsible for coordinating the call forwards of the commodity with other commercial purchases to assure an orderly commodity flow through the ports and the distribution system. This coordination and allocation and price are the sole functions of the public sector. The full extent of the impact of these restrictions will be studied. USAID is funding a major study to determine the extent of government controls in the wheat and other markets, and to propose recommendations to remove those controls.

B. Constraints to Broad-Based Growth: The Need for Human Resource Development

A direct relationship exists between economic growth and human resource development. Human resources provide the means in which growth can happen and be sustained. Studies have demonstrated that healthy, educated people are more productive and demand and can afford better social services. As this occurs in a population, the overall quality of life for that populace is

enhanced and the country's economic condition improves. Thus, for sound economic growth to occur, investments in human resources are critical.

After years of financial neglect, misplaced priorities, and poor management, Ghana's human resource base has suffered. The country's health and educational infrastructure needs to be improved to tackle population growth, infectious diseases such as diarrhea, malaria, and guinea worm disease, to slow the spreading HIV/AIDS epidemic, and to expand the pool of educated Ghanaians. Moreover, Ghanaian women have not been given the education and skills needed to make them effective participants in development activities. Immediate investment in human resources is needed to ensure that all Ghanaians today will be prepared to meet Ghana's challenges tomorrow. The following section discusses the constraints to improving Ghana's human resource base.

1. Population

Ghana was among the leaders in Africa in recognizing the severe economic and health effects of large families. It promulgated a broad population policy in 1969. Ghana had expected to implement appropriate action programs which would ultimately reduce the rate of population growth to manageable limits. Early efforts to control population growth have had limited impact. Insufficient financial resources, lax public leadership and commitment, and an overburdened health system have impeded Ghana's early population program development and implementation. As a result, Ghana's fertility rate was not substantially reduced. This, combined with a declining death rate, has led to rapid population growth. Ghana's population is now estimated to be 15 million. With a growth rate around 3.4%, the population is expected to double in less than 21 years. Over the five years, 1985-1989, Ghana's GDP grew by about 6% per year. Population growth cut this to a mere 2.6% per capita increase per year. In 1990, when the GDP growth rate slowed to 3.1%, per capita GDP declined.

In short, Ghana's relatively high population growth rate has meant that despite substantial income gains since the introduction of the ERP, increases in real income and consumption per capita have been modest. Population growth is currently putting inordinate stress on food supplies, energy resources, the environment and the labor market. Unless the population growth rate is reduced, the GOG will also find it difficult to extend and improve the quality of health and education services, especially for the poor and children. Thus, Ghana needs to pay more attention to controlling its population growth if benefits are to be gained from the ERP.

To further control population growth, family planning activities need to be more effective and accessible. The GOG recognizes this and is revitalizing its population program, establishing a

national population commission, and preparing an implementation plan. Specific actions towards this end will include a more forceful education campaign, improved logistics for family planning programs by governmental and non-governmental organizations, and additional technical and financial resources devoted to expanding the delivery of family planning services through a wide variety of channels, including the private sector. USAID's family planning activities have been successful in supporting Ghana's population efforts, especially in increasing the availability of contraceptive supplies to Ghanaians. USAID's assistance will continue in this area, particularly on the policy side.

2. Health

Ghana's health policy was articulated in the 1977 Health Planning Data Book published by the Ministry of Health (MOH): "Every Ghanaian shall have ready access to basic and primary health care. A primary health care system including environmental and personal health components built on the principle of direct community participation will serve as the base for all health care." Official health policy is still based on Primary Health Care (PHC), which largely translates to maternal and child health and family planning. Unfortunately, PHC consistently receives only about 25% of the MOH's recurrent budget. The remaining MOH's funds go to secondary and tertiary care, i.e. hospitals and inpatient services.

As a result, the objectives and targets established in 1978, which projected PHC coverage of 80% of the population by 1990, has not been reached. Although maternal and child health services (MCH) have achieved some increase in coverage (as many as 80% of deliveries may receive some prenatal care), well-child preventive services remain low (at best 60% according to the MOH's March 91 Review of PHC in Ghana). The Expanded Program on Immunization achieved low levels of coverage through 1988, and in 1989, despite a heroic campaign, only managed to immunize 45% of children under age one with three DPT injections.

While Ghana has made considerable progress in increasing life expectancy and in reducing mortality, the overall health status of Ghanaians remains poor.⁸ Statistical indicators of poor

⁸ The current estimate of life expectancy at birth in Ghana is 54 years, which is the highest in West Africa according to the U.N. Commission for Africa's Survey of Economic and Social Condition in Africa, 1987-88. This is partially due to a successive drop in infant mortality, from 100 per 1000 births in 1973-7 to 77 per 1000 births in 1983-8. However, when compared to developing countries such as Kenya (66), Mauritius (68) and Thailand (66), Ghana's life expectancy is low. Ghanaians are only

health remain high with infant mortality at 90/1000 births and a high prevalence of infectious diseases, for example, guinea worm occurs in 3/4 of the districts in Ghana and in some regions affects 75% of all agricultural workers.

a. Maternal and Child Health

Under age-5 mortality rates remain very high at 146 per 1,000, a reduction of only 17% since the mid to late 1970's. Ghana ranks 92nd of the 131 countries included in UNICEF's State of the World's Children Report. The major causes of child mortality are measles, malaria, pneumonia, anemia and diarrhea. These diseases are all part of a linked complex of causes of death; the diarrhea--dehydration--pneumonia complex is a well known phenomenon throughout the developing world. Diarrhea is very common among children in Ghana. According to the 1990 joint GOG/UNICEF study on "The Situation of Children and Women in Ghana", about 34% of Ghanaian children have episodes of severe diarrhea each year. The incidence of diarrhea varies with the nutritional status of the population. The GOG/UNICEF study also found that maternal mortality remains high at 10/1000 births. Among the many causes are lack of access to perinatal care and too closely spaced births.

b. Malaria

Malaria and its resulting anemia compound the health problem in Ghana. The Ministry of Health statistics show that malaria causes 14% of all deaths in infancy and a third of all deaths between ages one and five. Even in adults it is the leading cause of morbidity and mortality. The incidence and prevalence of malaria is closely linked to the rainfall and ecological zones of Ghana. It is especially high in the rain-forest zone where malaria transmission is intense throughout the year. More cases are reported in the southern region than the north and the incidence of malaria is high just after the rainy season from July to October.

c. Guinea Worm

Guinea worm has recently been added to Ghana's list of reportable communicable diseases. In some regions guinea worm affects 74% of all agricultural workers, and is therefore a significant impediment to full use of agricultural labor. The full extent of guinea worm is currently being assessed, but it is now known to be found throughout the country, and more than 70,000 cases were reported in 1990.

d. AIDS

Ghana was one of the earliest countries in Africa to recognize

well-off in regional comparisons. In the context of Asia or Latin America, to say nothing of North America or Europe, the overall health status of Ghanaians remains poor.

the potential threat of AIDS. Following three years of study, in September 1989 the Ghana Medium-Term Plan for the Control of AIDS was launched in conjunction with the World Health Organization Global Program on AIDS. The goals of the Medium-Term Plan are to prevent further transmission and spread of the AIDS virus and to decrease the impact of AIDS on affected individuals, families, groups and the community at large. The strategy focuses on sentinel surveillance and epidemiological studies, and widespread information, education and communication activities. With the assistance of the EEC, the GOG also plans to develop a national program for the control of sexually transmitted disease (STDs) and to provide adequate clinical management and social support to affected individuals.

As of December 31, 1990, 2,237 cases of Acquired Immune Deficiency Syndrome (AIDS) have been confirmed by laboratory tests in Ghana. An additional 4,153 individuals who are seropositive for HIV have been identified. National sentinel surveillance is just beginning, and very preliminary results suggest a prevalence of about 0.7% among pregnant women in Accra. (The tentative nature of this figure must be stressed!) The major focus of the disease, however, appears to be in Eastern Region and Ashanti Region, which together account for more than two thirds of the reported cases of AIDS and over half of the reported instances of HIV seropositivity. Epidemiological surveillance has not been completed in these areas. Studies of other groups, such as the military, blood donors, and patients in sexually transmitted disease clinics have shown prevalences in these populations which range from 1.9% to 6%. Some observers feel that the true population prevalence may be as high as 3%.

These rates should be compared with other countries: If seropositive rates for pregnant women are examined (which is generally considered to be one of the more representative sampling groups), Côte d'Ivoire in 1988 showed 9.3%, Zaire in 1988 showed 5.8%, Senegal in 1988 showed 0.1%, Rwanda in 1989 showed 29% and Malawi in 1989 showed 16.4%. Ghana, with the Accra rate at 0.7%, clearly has not been as badly affected as many other African countries, but the experience of Zaire, which went from a 3% prevalence in 1983 to 5.8% in 1988 shows how rapidly this can change.

The epidemiological pattern of AIDS transmission in Ghana is Type II, i.e., primarily transmitted through heterosexual contact, with some perinatal and blood transfusion transmission. This type is most commonly found in sub-Saharan Africa and parts of the Caribbean. As a result, in Ghana the majority of cases (58%) and HIV seropositivity (76%) occur in people between the ages of 20 and 39. The significance of this new epidemic for maternal and child health is indicated by the sex ratio: women account for 76% of AIDS cases and 68% of HIV seropositive in Ghana.

According to the World Health Organization, AIDS will become the leading cause of death among the young and the middle-aged in Sub-Saharan Africa. This will have a profound social and economic impact on the region and will also affect development. Ghana cannot afford to lose its most productive human resources if it is to seriously strive for long-term sustainable economic growth. Policies and programs need to be developed and implemented and resources must be targeted now to slow the spread of HIV/AIDS before the problem becomes too massive and overwhelming.

e. Health Services

The poor access and quality of health services threaten the overall health of Ghanaians and reduces the chances of Ghanaians to be productive contributors to future economic development. Improving the health of Ghanaians will contribute to overall productivity of the country.

Inequality of services between urban and rural areas continues to be excessive. Ghana has a predominantly (70%) rural population with an urban-based health service. This means that rural residents are not getting their share of medical facilities. While the MOH is undergoing reorganization, the PNDC Secretary for Health has recognized that newly qualified doctors have refused posting to the rural areas. This stresses the need to accelerate the education and retraining of traditional birth attendants, the primary medical providers in rural areas. USAID's Contraceptive Supplies Program has supported the training of health center supervisors, district hospital supervisors, traditional birth attendants, private practice physicians, private sector midwives, pharmacists, chemicals sellers, and market women. USAID's new Family Planning and Health Program will continue to fund training activities in the health area.

Ghana's existing public health care delivery system is inefficient and inadequate. The GOG is now working to expand and strengthen primary health care, giving special emphasis to maternal and child health and family planning, immunization, nutrition and environmental sanitation. While resources for the health sector are increasing, PHC is not receiving a proportionate share of the increases. More resources need to go to PHC, if Ghanaians are to receive health care. USAID is working to open and improve the private health sector. By helping to create more opportunities for health care delivery, access to and the quality of health care can improve for Ghanaians.

In addition to the lack of finances and neglected facilities, Ghana's health services suffer from insufficient human resources. There is a severe deficiency in managers and planners at all levels of the health care system, and training schools for mid-level health professionals are in a state of disarray. This

situation has resulted in delays in health program implementation and in general health reporting at the Ministry of Health (MOH). For example, the AIDS control program was delayed for two years because a qualified manager could not be identified. The MOH has also experienced difficulties in accounting and reporting because only the division heads are capable of producing reports. Training for health professionals is a critical area that needs to be addressed to help improve the delivery of health services.

3. Nutrition

Hungry people are rarely productive and healthy. They tend to burden a country, rather than contribute to it. In the case of Ghana, the nutritional status of its people has largely followed the ups and downs in the economic environment. Shortly after independence, a national nutritional survey showed that about 20% of children under five were below the 80th percentile for weight-for-age, an international indicator of chronic malnutrition. In 1986, following the famines and economic collapse of the early eighties, UNICEF found that 58.4% of preschool children failed to reach this 80th percentile. However, by 1988, with economic recovery well under way, both the Ghana Living Standards Survey (GLSS) and the Demographic and Health Survey (DHS) found that this marker of malnutrition had returned to 30%.

In terms of regional comparisons, chronic malnutrition is much higher in Ghana than in its immediate neighbor to the west, Côte d'Ivoire, (34.8% and 19.4% respectively), although levels of acute malnutrition as measured by low weight-for-height are close (8.6% and 6.8% respectively). Malnutrition is particularly high in the savannah agro-ecological zone. Greater Accra has the lowest levels of both acute and chronic malnutrition. The DHS also found that malnutrition rates were less for children whose mothers have more than a middle level of education.

Ghanaians living in the Northern and Upper regions experience seasonal protein energy malnutrition caused by generalized food shortages. Prevalence of malnutrition in these areas peaks from April to July, the pre-harvest lean season. By August, the prevalence of malnutrition usually begins to fall with the improvement continuing through to January or February, the post harvest period of plenty. Much of this may be due to poor food storage rather than insufficient quantities grown.

Micro-nutrient deficiencies also present a nutritional problem. As many as 69% of pregnant mothers tested at antenatal clinics in 1987 were anemic by WHO standards. The vitamin A deficiency status is currently unknown, but it is expected to be low in the South because of the ubiquity of palm oil in the diet. The northern regions are likely to be the only major areas where this is a significant problem. The British Overseas Development

Agency (ODA) is currently funding a study on vitamin A deficiency in the Upper East Region to define the extent of this problem and the degree to which supplementation can improve health status. Goiter, caused by iodine deficiency, often from inefficient cassava processing, may affect nearly a third of the population in parts of the Northern and Ashanti regions.

Successful nutrition strategies have not yet evolved. The most widespread nutrition programs -- growth monitoring and supplementary feeding -- reach less than a quarter of the target group. The GOG's Program of Actions to Mitigate the Social Costs of Adjustment (PAMSCAD) has a nutrition component which in collaboration with the MOH has earmarked the supplementary feeding program for children under five in selected communities with high rates of child malnutrition. Unfortunately, evaluations of The Catholic Relief Services' and the Adventist Development and Relief Agency's feeding programs found that the efficacy of these programs is minimal if the general economic and educational status of the population remains unchanged.

According to the Nutritional Status in Ghana and Its Determinants by Cornell University, an analysis of GLSS data indicates that higher family income is associated with a better nutritional status, corroborating the findings of other studies. Evaluations of supplementary feeding programs have not been able to make the causal link between feeding programs and better nutrition. Hence, it is essential for Ghana to continue its course in changing economic policies and creating the conditions for improved family incomes. It is likely that the long-term impacts of Ghana's current economic policies, while introduced for reasons other than nutrition, will positively affect the nutritional status of Ghanaians through this income relationship. A revival of Ghana's once noteworthy educational system may also affect nutrition via income since education and income are positively correlated, (World Bank Working Paper #74 on "The Action of Human Resources and Poverty on One Another").

4. Education

Ghana can ill-afford to have a growing population of illiterate and poorly educated people. Constraints to improving the education sector include economic and financial limitations, poor or nonexistent public policies and institutional deficiencies (eg. shortage of key administrative personnel, untrained and unqualified personnel, shortage of school supplies and basic equipment, etc.).

In the mid-60's Ghana's education system was among the most advanced in Africa with an enrollment rate as high as 75% for the 6-14 years old group. It was also a high cost system, requiring 17 years of pre-university education. By the early 80's, Ghana's education system had deteriorated enormously due to reduction in

government expenditure. Education had reached its lowest point and funding was grossly inadequate. The exodus of significant numbers of trained and highly qualified teachers had led to recruitment of untrained primary and middle school teachers. Basic education instruction was ineffective. Most children and teachers were without text books and stationery. Buildings, furniture and equipment had deteriorated. Enrollment levels had declined to the extent that two thirds of the adult population was illiterate. Dropout rates were rising. The education sector was starved of the inputs needed to raise quality and expand education, and the system was virtually devoid of the data and statistics needed for vital planning.

Recognizing the need to develop its human resource base, the GOG has been aggressively pursuing educational reforms, devoting 28% of its national budget to education since 1987. Major features of its reform include: changing the school structure from 17 to 12 years of pre-university schooling in order to free more resources to improve both access and quality of education, especially at the basic level; improving quality, efficiency and relevance of education through developing a more functional and relevant curriculum for basic and secondary education; increasing cost-effectiveness and cost-recovery through effective use of education funds; and involving parents and communities in funding education to support the GOG's objectives of providing access to education for more children.

The GOG's education reform program is being supported by the World Bank's Education Sector Credit Program (EDSAC) I & II. Gains made from these have been impressive. National primary school enrollment has increased from 65% to 72% since 1987; Grade 1 enrollment grew by 11.8% and all primary enrollment by 5.3% since 1988; and Grade 7 enrollments were 24% higher than in 1986/87. Moreover, significant equity improvements have also occurred. JSS enrollments in the more deprived regions grew faster than in more affluent areas. Girls enrolled at primary and JSS levels have increased, from 711,182 (1988-89) to 764,064 (1989-90) and from 251,446 (1988-89) to 258,188 (1989-90) respectively. While it is uncertain whether this data represent a trend, USAID hopes to build upon these numbers and to continue to improve female enrollment through the Primary Education Program.

Despite the reform efforts, illiteracy is still a problem, contributing to poverty in many areas in Ghana. According to the Ghana Living Standard Survey (GLSS), most heads of poor households are self-employed and uneducated; most live in rural areas, particularly in the northern part of the country; children of the poor, especially girls, are less likely to go to school; poverty and illiteracy go hand in hand; more than 70% of the adult population in Ghana is illiterate. Illiteracy rates are much higher in the northern part of the country than in the

South, and much higher among women than men. Illiteracy is compounded by the lack of facilities for printing educational materials in the national languages. The GOG launched its National Functional Literacy Campaign in January, 1991. The campaign will operate in 15 languages and the aim is to abolish nation-wide adult illiteracy by the end of the 1990's.

A major problem with the current educational reform program is that it focuses mainly on improving the Senior and Junior Secondary School System. According to USAID's 1989 Education Sector Update, the foundation upon which the reform rests, the primary education system is not performing. In 1988, only 69% of all six year olds were in school and only 60% of these finished primary school. Economic, regional, and gender disparities continue to be enormous. Less than half of Ghana's poorest children go to school and only 34% are enrolled in the Upper East Region. In the Northern Region, retention falls to 27% and girls are only half as likely to attend school as boys. The GLSS estimates that only 12% of Ghana's 9-14 year old children are literate and numerate. Given that primary school is the only level of formal education that most Ghanaians will ever receive, this leaves a great cohort of the population illiterate and ill-prepared to function effectively in a developing economy. In short, primary education needs to be supported as well.

To complement the education reform efforts, USAID is providing support to Ghana's primary education system through the Primary Education Program (PREP). PREP is a five year \$35 million initiative designed to strengthen the policy and institutional framework required to establish a quality, accessible equitable and financially sustainable Ghanaian primary education system by the year 2000. It addresses the key economic, financial, institutional and social constraints to primary education by: 1) supporting policy and institutional reform; 2) programming local currency to fund urgent short-term needs; and 3) providing limited assistance for projects that focus on specific issues such as equity.

The future of Ghana's pre-university education system looks promising with all the assistance and attention that it is receiving. However, the implications of these educational changes on the university system have yet to be fully evaluated. In 1994, the first cohort of students will graduate under the new 12 year pre-university school system. These students are likely to be younger and less academically and socially prepared to enter university than those graduates who have completed the 17 years of pre-university education under the more academically rigorous former system.

Ghana's university system has yet to focus on needs of the changing composition of its future student body as well as the demands of a larger student population. Access to university

education has not changed; it still remains very limited and highly competitive. Ghana's university system suffers from fiscal and infrastructural constraints. Tight budgetary resources have also restricted the university from investing in staff and other academic resources, such as library books and periodicals.

The GOG is aware of the growing university problems, and even the Deputy Secretary of Higher Education has speculated that US \$100 million will be required over the next ten years to meet the expanded needs of the university system. However, the GOG has yet to fully assess the state of its university system and to determine how it wants to address higher education within the context of the current educational reforms. Such an assessment and a commitment from the government are needed before donors can decide to devote resources to higher education in Ghana. USAID has evaluated a limited area of post-secondary and university education as it relates to private sector/business training and management and will be assisting institutions through HRDA. Overall though, university education is integral to any long-term growth; its needs must be accessed and addressed if the human resource base is to be fully developed to meet the challenges of a growing economy.

CHAPTER III

III. Overview of Donor Activities

Ghana's economic progress has been fueled by strong donor support. Net disbursement of official development assistance climbed steadily from \$258 million in 1984 at the beginning of the recovery program, to \$358 million in 1986, to \$437 million in 1987, and to \$573.7 million by 1990. The donor community just committed \$970 million of official development assistance for 1991 at the May Consultative Group Meeting. Estimate of donors' 1992 commitments has not been made, but based on the meeting, the funding levels are likely to approximate 1991's levels. Clearly, donor support for Ghana remains strong.

Over 24 multilateral and bilateral donors support Ghana's structural adjustment programs. All donors give grant-aid or a combination of grant-aid and concessional loans. Many donors provide food aid, including Japan, US, Canada, and Italy. Except for A.I.D., most donors, such as CIDA, UNDP, Germany, Japan, do not impose additional policy conditionalities on the Government of Ghana (GOG), rather they accept the conditionalities required by the IMF and World Bank. All donors have specific project requirements relating to project implementation, but not as a condition of funding.

Several donors have disbursed a portion of their assistance directly through the foreign exchange auction. From 1988 through 1990, Japan has put \$148 million into the auction, UK \$99 million, CIDA \$28 million, EEC \$24 million, and USAID \$24 million. The US is the only donor that places policy conditionalities as a requirement for disbursement of funds into the auction. On the other hand, the other donors all have strings attached, such as accounting for the actual use of local currency. The EEC has suspended its use of the auction because of dissatisfaction with the level of accountability in actual fund use.

The World Bank is the single largest donor to Ghana, providing over \$3 billion between 1984 and 1990. World Bank assistance covers a wide range of sectoral areas, including education, agriculture, finance, and infrastructure such as road rehabilitation.

In addition to official development assistance, Ghana has received approximately \$1.1 billion in balance of payment support during 1983-90 through a series of IMF stand-by and concessional (structural adjustment facility and enhanced structural adjustment facility) arrangements.

A. Donor Coordination

1. Consultative Group Meeting

The Consultative Group for Ghana (CG) was established in the late 60's and was originally chaired by the World Bank. The CG meets in Paris and initially dealt with financing Ghana's shortfall in foreign exchange earnings. Between 1972 and 1983, no meetings were held. After Ghana's adoption of the structural adjustment and economic recovery program in 1983, the World Bank revived the CG and continues to chair the meetings.

During the CG meetings, the Group discusses and deliberates on the GOG's fiscal, monetary and sectoral policies as they affect the ERP. In effect, the CG has not departed from its initial objectives of bridging the foreign exchange gap arising from shortfall in earnings from exports. Overall, the Group deals mainly with external financing requirements and lists of capital assistance projects, but not with specific projects details or technical assistance requirements.

The most recent CG meeting was held in May, 1991. Ghana's economic progress to date was reported and the need to develop an action plan to accelerate Ghana's annual economic growth rate from the current 4-5% to 8-10% was presented. Both the GOG and the World Bank discussed features of Ghana's next economic program, including stimulating private sector development, promoting human resource development, and continuing financial sector reform. However, the centerpiece of the GOG and Bank's presentation was the emphasis on the need for Ghana to accelerate its annual economic growth rate. Donor support was requested to assist the Bank and Ghana in undertaking the analytical work to identify the resource needs and policy and program priorities so that high growth can be achieved. Both Canada and the US have indicated interest in working on this issue. Donors applauded Ghana's overall performance and expressed support for the GOG's plans to significantly raise the rate of economic growth. Consultative group members urged the GOG to provide greater support and encouragement to the private sector and to continue the political dialogue now occurring. The meeting was highly successful, concluding with donor pledges totaling US \$970 million for 1991. The World Bank, African Development Bank, EEC, Denmark, and US increased their assistance levels significantly from 1990 commitments.

2. Local Aid Group (LAG)

The Ghana Local Aid Group is comprised of representatives of all bilateral and multilateral western donor countries and agencies. Bilateral donors include USAID, ODA, CIDA, Caisse Central, Germany, Japan, and Denmark. Multilateral donors include the World Bank, UNDP, EEC, and IMF. The head of Missions meet

monthly, with each meeting chaired by a different Mission head on a rotating basis. During the meetings, representatives share information about donor intentions, ongoing projects and missions expected to visit Ghana. Two sectoral committees have also been set up, namely Agriculture and Health.

3. USAID and Local Donor Coordination

Donors in the health/family planning sector meet once a month to discuss program implementation, health sector issues, technical resource and other requirements and short-term, medium-term planning. At present, the meetings are organized by the World Bank and USAID and all donors are welcomed to participate. Representatives from the MOH and the Ministry of Finance and Economic Planning (MFEP) take part in all the meetings.

USAID and the donors have benefitted from close donor coordination and support in the health/family planning sector. Donors have been able to shape their projects to interlock activities and avoid duplications. For example, in the national oral rehydration salts program, UNICEF supplies the raw materials and USAID provides technical manufacturing assistance, social marketing, and distribution. In the traditional birth attendant (TBA) program, the GOG, UNICEF, USAID, Columbia University, and the American College of Nurse Midwives were all involved in developing a new curriculum for TBA training. UNICEF is implementing TBA training in three regions; UNFPA in two regions; and USAID in five regions. The World Bank has also adopted one of USAID's condition precedents for the Family Planning and Health Program (FPHP), calling for the establishment of a national population authority in the Bank's new population initiative.

In the agriculture sector, USAID has worked very closely with the World Bank in developing and implementing the Agriculture Productivity Promotion Program (APPP) which was part of the Bank's sectoral project, the Agricultural Sector Rehabilitation Project (ASRP). Under APPP, USAID along with several other donors, has been helping to address the marketing infrastructure problem of the agriculture sector by rehabilitating feeder roads. Given USAID's commitment to feeder roads, USAID has been invited to participate in designing and financing the GOG/World Bank's National Feeder Road Rehabilitation and Maintenance Project.

While there is no sectoral committee for education, USAID enjoys full cooperation from members of the donor community experienced in this sector. During the Primary Education Program (PREP) design phase, the World Bank shared with USAID lessons learned from the Education Sector Adjustment Reform I. In the coming year, the Bank and USAID will participate in each other's review of the education sector. The British also shared their successes and failures in education. Based on the British experience,

USAID hired local Ghanaian consultants to work on the PREP, giving USAID better insights into Ghanaian culture and educational systems and enabling the Mission to design a more effective and responsive program.

In addition, USAID and UNDP worked together during the early stages of the Central Region Integrated Development Project which USAID is funding. UNDP provided the initial technical expertise for the project and reviewed the project proposal for USAID. USAID and UNDP are also working cooperatively in the area of export promotion, where the UNDP has been providing technical assistance for several years.

B. Donor Assistance to the Private Sector: What Other Donors Are Doing to Address Private Sector Constraints

The multilateral and bilateral donors are assisting both the private sector in general and the export sector in particular by supporting efforts to improve the enabling environment and to enhance the capacity of the private sector to respond to improvements in that environment. Some donors have emphasized assistance to the private sector by helping micro-enterprises or small-scale industries. For example, several donors such as CIDA, ODA, and EEC are involved with micro-enterprises. CIDA is providing a US \$3.1 million grant to support the Ghana Regional Appropriate Technology Industrial Service (GRATIS) of the Ministry of Industries, Science and Technology. ODA has recently awarded GRATIS a grant of nearly 85,000 pound sterling for a blacksmith training program and is considering providing support to three of GRATIS's newer Intermediate Technology Transfer Units to help promote rural development industry projects. EEC is assisting Ghana's woodworking sector by providing approximately US \$1.0 million of technical assistance to selected factories in order to improve production planning, technical skills, costing, pricing, marketing policies, maintenance and equipment selection methods.

UNDP is supporting the private sector by strengthening the government institutions that service the private sector and the private export sector, namely the Ghana Investment Center (GIC) and the Ghana Export Promotion Council (GEPC). UNDP has helped the GIC establish its feasibility analysis unit and the GEPC its trade information network. UNDP is involved with export development as well. Working with GEPC, several products are being developed to meet the export market: prawns, yams, mushrooms, rattan furniture, and pineapples. UNDP is also helping the Management Development and Productivity Institute (MDPI) and the Chamber of Commerce to develop training programs, and is working with Ghanaians to set up consulting services at the universities.

Other multilateral and bilateral donors supporting infrastructure

projects are indirectly assisting the private sector. Donors such as Japan, Germany, EEC, and Caisse Centrale De Cooperation Economique (CCCE) are supporting the rehabilitation and upgrading of the transport and telecommunications systems and port, harbor and airport facilities, basic requirements for encouraging private sector export activities.

The World Bank's Agricultural Sector Rehabilitation Project (ASRP) has been concerned with a wide range of issues, some relating directly to private sector reform within the agriculture sector. For example, ASRP encouraged privatizing fertilizer inputs by eliminating subsidies and reforming 17 agricultural SOEs. In addition the World Bank is implementing a Rural Financing Project which seeks to complete the financial restructuring of rural banks and thus enabling them to mobilize more deposits and increase the flow of credit to the largest and most important sector of the economy. The World Bank is currently developing two new projects that will enhance the performance of the agricultural sector in Ghana. These are the National Feeder Roads Rehabilitation and Maintenance Project, a project that addresses the institutional development needs of the Department of Feeder Roads, and the National Agricultural Extension and Training Project, a project intended to strengthen the GOG agricultural extension service begun under the ASRP.

The World Bank is addressing financial constraints by supporting a \$265.0 million Financial Sector Reform Program. The program provides funding for major bank restructuring with the main objectives of enhancing the soundness of the banking system by improving regulatory framework, strengthening banking supervision conducted by the Bank of Ghana, restructuring financially distressed banks, improving deposit mobilization, increasing efficiency in credit allocation and developing money and securities markets.

Other donors have expressed interest in and are also involved in addressing the private sector's need for funds through venture capital. Several venture capital funds have been explored and/or established. Preliminary studies have been completed for the formation of the Ghana Venture Capital Company (GVCC), an A.I.D.-CDC sponsored private capital facility. Based on the recent feasibility studies, USAID/Ghana will be providing US \$600,000 over three years to GVCC. GVCC will provide medium-term and longer-term capital principally through equity and quasi-equity type investments. The World Bank is supporting a venture capital fund, the Home Finance Co., Ltd. (HFC). HFC will ultimately finance the construction of about 3,000 homes. While the Caisse Centrale is interested in venture capital activities, it has yet to invest in any fund. However, it is directly involved in equity participation in two Ghanaian firms, Leaf Development Company and Valley Farms, Ltd., a cocoa plantation.

C. Challenge of the Donor Community Assisting the GOG in Making the Transition from ODA-Assisted Economic Growth to Private Sector Led-Growth

Consensus exists among the donor community that private sector activity is critical if economic growth is to be sustained in Ghana. Even the GOG recognizes this fact. In the Policy Framework Paper (PFP) for 1991-93, the private sector has been singled out as key in helping to achieve Ghana's employment objectives. The PFP points out the need for the GOG to further improve the climate for private investment. To do so, the GOG needs to intensify its efforts to promote private sector development, disseminate more information on private investment opportunities, foster debate on fundamental private sector concerns among a wider audience, and address regulatory, institutional, and administrative impediments now restraining private investments. This perspective was also discussed openly at the Consultative Group Meeting.

Given these concerns, the private sector has the opportunity to work with the GOG and to take on the challenge presented. However, as discussed in Section II, the private sector is burdened with a multitude of obstacles. The stage is set now for the donor community to assist the private sector.

The EEC plans to provide more assistance to the private sector through a private sector promotion program detailed in the Lome IV Agreement. (Lome, Togo, is where the EEC members convene to discuss and agree on programs for the European Development Fund.) ODA will be funding a country study on the business/policy environment and regulatory framework for small and micro-enterprises. CIDA will continue its support of GRATIS and integrate private sector concerns throughout CIDA projects, but will not be initiating any program specifically for the private sector. UNDP hopes to become more involved with private sector training needs as they are identified.

The World Bank believes that the private sector is key to helping Ghana achieve its growth targets. Increased private sector activity will raise investment, production, and employment. For these reasons, the World Bank has recently approved a development credit of \$120 million to Ghana to support the GOG program of actions to promote private investment and sustained development. The credit will help to maintain macroeconomic stability that will assist in building the confidence of the private sector and enable the GOG to continue reforms in a number of areas that will increase private sector activities. For example, trade policy reforms will encourage non-traditional exports and stimulate new import activities; reforms in the structure and administration of taxes will improve the incentives for private savings and investment as well as strengthen public finances. Changes in the regulatory and administrative framework would encourage more

dynamic economic activity by the private sector. State enterprise reforms would also open opportunities for private investors.

In summary, all of the donors recognize the need for private sector-led growth. Most activities of the other donors focus on broad regulatory and policy concerns as well as on small and medium enterprise development. Little attention is being paid to the non-traditional export sector with exception to the limited UNDP and World Bank assistance in this area. Given the absence of other donor involvement and its importance to Ghana's future economic growth and development, this provides additional foundation for USAID support to the sector.

D. What Donors are Doing in the Other Program Areas of USAID's Strategic Plan

1. Health and Family Planning

The major donors are in the midst of preparing their health and family planning programs for the 1990's. The following chart shows preliminary funding levels for donor assistance.

Indicative Planning Figures**
 Health and Family Planning
 (1990 - 1995)
 \$ (millions)

USAID	(FP and Health)	5 years	35
World Bank	(Health and FP)	3 years	25
UNFPA		5 years	10
UNICEF		5 years	10
WHO		5 years	7
ODA		5 years	<u>10</u>
Tentative Total			\$97 ===

** Table is taken from The World Bank's "Ghana Population, Health and Nutrition Sector Review" document dated 3/31/89.

The most significant input from other donors, the World Bank's "Ghana--Health and Population II Project", was signed in March 1991 -- \$25.0 million over three years (1991/92/93). The essential project components are as follows:

- 1) Population/Family Planning: supporting the unmet needs of MOH in MCH/FP and building a new program promoting Safe Motherhood and assisting the Planned Parenthood Association of Ghana;
- 2) Drugs: providing drugs and rehabilitating regional stores and other related facilities;
- 3) MOH Institution Building: improving the Management Information System for implementing better MOH investment programs, supervision at all levels of the health system, improvement of the logistics and manpower assistance;
- 4) Hospital Equipment and Maintenance: equipping the regional and district hospitals, both MOH and Catholic in the Northern, Upper West and Upper East Regions;
- 5) District Level Primary Health Care (PHC): supporting PHC management through helping to meet needs of district health management teams; and
- 6) Prizes Fund: encouraging better performance among communities, individual health workers (and later teams) and health institutions which will be evaluated and compared annually.

In addition, the World Bank intends to support USAID policy reform concerns by making the establishment of the National Population Commission a condition for disbursement for the \$3.9 million Population and Family Planning component of their project.

The United Nations Fund for Population Activities (UNFPA) is currently beginning to implement a project designed in the fall of 1989. This is a \$10 million project whose elements include:

- 1) assisting the GOG to develop a renewal of the population policy and institute the establishment of a National Population Commission;
- 2) supporting MOH information, education and communication activities;
- 3) supporting MOH maternal and child health/family planning (MCH/FP) through activities such as training; and
- 4) conducting studies to help better understand constraints on women in development and policy analysis.

In addition to the above institution-building components, UNFPA is contributing contraceptive commodities worth about \$500,000. Overall, the goals of UNFPA's project are very closely aligned with USAID goals. World Bank and UNFPA inputs to strengthen the institutional capacity of the MOH are crucial to the success of the USAID project.

The UNICEF Program will provide essential drugs and continue its support to PHC community-based activities. It will continue to supply raw materials for ORS production to DANAFCO for packaging and wholesale distribution and a limited number of malaria tablets. Its only family planning activities will be in the context of its primary health care activities and participation in the "Safe Motherhood" program. Its program for 1990-1995 is currently under preparation and the budget is not yet available.

The World Health Organization (WHO) program is oriented to health care at the district level and below. Only \$10,000 of its \$1.3 million dollar program for 1990/91 will be devoted to family planning activities. It is a strong supporter of the "Safe Motherhood" program. Also, the International Planned Parenthood Federation (IPPF) contribution goes entirely to the Planned Parenthood Association of Ghana.

The African Development Fund and the Saudi Fund are providing loans to support Ghana's priority of institutional development. The GOG will be receiving a \$18 million loan from the African Development Fund for major hospital rehabilitation and a \$9 million loan from the Saudi Fund for new health stations.

2. HIV/AIDS

Several multilateral and bilateral donors pledged a total of \$3.224 million for Ghana's National AIDS Control Program (NACP) at a Ministry of Health/World Health Organization (MOH/WHO) Resource Mobilization (or Donors') Meeting for HIV/AIDS prevention and control held in Accra on September 4th and 5th, 1989.

A.I.D. has provided approximately \$1,300,000 to Ghana's National AIDS Control Program, primarily through two U.S. based contractors, AIDSTECH and AIDSCOM. Activities supported have included the development of a comprehensive HIV/AIDS intervention program within Ghana's Armed Forces, the successful field testing of various simple/rapid AIDS tests, and the design of a mass media campaign for HIV/AIDS prevention and control.

In addition to USAID support, the major donors pledged assistance in: management, sentinel surveillance, laboratory equipment, a nationwide KABP (knowledge, attitude, behavior and practice) survey (WHO's Global Program on AIDS); counseling and clinical management (UNDP); STD surveillance and clinical management (European Economic Community); IE&C activities by the Adventist Development and Relief Agency (ADRA) among long distance lorry drivers (supported by the Swedish International Development Agency (SIDA)); and, assistance in HIV prevention and control in the Upper West Region (Germany's Gesellschaft für Technische Zusammenarbeit (GTZ)).

While WHO assistance has been delayed by difficulties in identifying and placing technical and administrative staff, a nationwide KABP survey is about to begin, and should prove useful to development of a nationwide IE&C program. ADRA will complete its project in six months, and the final report on its campaign among lorry drivers is due shortly and promises to contain significant data regarding this high risk group.

Presently, inputs from the major international donors are complementary, e.g., EEC support of sexually transmitted disease (STD) surveillance and clinical management and UNDP support of counselling. All proposed USAID/Ghana assistance to the NACP is complementary to other donor support and directly contributes to activities designed to prevent the transmission and spread of the AIDS virus and to decrease the impact of AIDS on the affected individuals, families, groups and community at large.

Currently, all financial resources allocated to the National AIDS Control Program in Ghana are provided by external donors. Accordingly, the importance of donor coordination cannot be overemphasized. The major problems which donor support have encountered have been caused by the poor absorptive capacity of the MOH and organizational delays that donors have faced in getting approval of funds in their home countries.

With the exception of USAID, WHO and SIDA, which had already obligated funds for AIDS activities, none of the funds pledged by other donors have been released in the eighteen months since the resource mobilization meeting. The main reason for this has been the internal bureaucracy involved in obligating funds within the parent organizations. However, all donors are close to completing negotiations and beginning implementation.

3. Education

The World Bank is the principal donor to the education sector in Ghana, and to date all major donor assistance to education has either been subsumed under, or parallel to, the World Bank's Education Sector Adjustment Credit (EDSAC). The Bank's involvement in Ghana's education system dates to 1985, when it approved a \$32.0 million education credit for primary and junior secondary school materials. The World Bank simultaneously began work on EDSAC, the centerpiece of its support program, designed to increase access to basic education, improve educational relevance, and increase the equity and cost-effectiveness of the public education system. The World Bank and five other donors provided the supplemental budgetary support needed to launch the GOG reform program at the primary and junior secondary school (JSS) levels during the first three of years of EDSAC implementation. The total value of the EDSAC I package, including other donor support, is approximately \$56.0 million.

As mentioned above, several donors participated in EDSAC I. All, with the exception of the Canadians who provided C\$ 4.5 million for paper and curricular materials, are integrally tied to EDSAC. The Overseas Development Administration (ODA) and British Council began assisting the 38 teachers' training colleges and JSS reforms in 1989 with about 2.0 million pounds sterling for technical assistance and commodities. The Norwegians and the Organization of Petroleum Exporting Countries also provided about \$4.0 million for primary and JSS school construction, including 2,000 school pavilions in the more inaccessible regions. The Swiss and ODA provided about \$1.6 million for JSS science equipment, and the United Nations Development Program provided about \$0.5 million for microcomputers and technical assistance to the MOE planning unit. The US Peace Corps, volunteer organizations from several countries, and non-governmental organizations and religious institutions also support education by providing teachers.

Because of MOE progress in education reform and a demonstrated ability to manage EDSAC I funds, the World Bank obligated an EDSAC II Program in 1990. The GOG approved the \$50.0 million EDSAC II program in April 1990, and the World Bank formally approved it in June. EDSAC II is designed to support the ongoing education sector reform program by covering the second three years of the program and extending it to include reform of the senior secondary schools (SSS) and adjustment of higher education. With EDSAC support, the GOG will implement additional measures to raise teachers competence, enhance the capacity of the Inspectorate to supervise these teachers, and introduce a scheme to make schools accountable for student performance.

The Program of Action to Mitigate the Social Costs of Structural Adjustment (PAMSCAD) has also had an impact on basic education. Of US \$84.0 million pledged by donors, a portion has been earmarked for decentralized community initiative programs through District Assemblies. Eligible community projects include primary school building, renovation and repair, school feeding, and student health care.

Overall, the education sector, mainly the pre-university system, is receiving long over due attention and resources from both the GOG and donors. This should have a significant impact on Ghanaian school children now and for years to come. However, as mentioned in Chapter II, the problems associated with the university system have yet to be fully evaluated by the GOG. Until this is done, donors cannot be expect to provide assistance to Ghana's universities.

E. Private Voluntary Organizations (PVOs) and Non-Governmental Organizations (NGOs)

Over 60 PVOs and NGOs are registered and working in Ghana. The

umbrella organization for the coordination of these organizations is the Ghana Association of Private Voluntary Organization in Development (GAPVOD). This section discusses only those that work directly with USAID, offer program activities that compliment and support USAID's country program, and are recipients of USAID's assistance.

1. CRS, ADRA AND USAID'S PROGRAM

Two PVOs currently involved directly with USAID's program are the Catholic Relief Service (CRS) and the Adventist Development and Relief Agency (ADRA). CRS and ADRA both receive P.L. 480 Title II program assistance. The regular Title II program in FY 90 consisted of \$4.3 million in food aid distributed through CRS and ADRA.

CRS is a private voluntary organization sponsored by the U.S. Catholic Conference and is affiliated with the Catholic Church in Ghana. Established in 1958, CRS now operates in five regions in Northern Ghana. CRS program activities include three areas: health and nutrition, institutional support and capacity-building, and humanitarian support and general relief emergency response. In the area of health and nutrition CRS is mainly involved in assisting mothers and children to improve and maintain their nutritional level through health education, immunization, supplementary food, etc. CRS also provides support to small-scale development activities with the main objective of helping women to become more self-sufficient.

CRS has the largest Title II program. CRS works with MCH Centers, focusing on the most vulnerable groups: pregnant women and young children between six months and three-and-a-half years of age, school lunch programs, as well as various pre-school and other child feeding programs. CRS received food aid worth approximately \$3.1 million in FY 90 which was used to provide supplemental food to 65,000 maternal-child health recipients, 7,000 pre-school children and 35,000 school children.

CRS has played a major role in disaster relief as well. During the 1984 food shortage disaster, CRS received 25,478 mt of Title II food for emergency distribution (in addition to its regular 15,387 mt) and a grant of almost \$1.0 million to carry out its nutrition intervention program, which included medicines and transport incentives (tires, batteries, etc.) as well as food. The extra food allowed CRS to increase the monthly ration to 20 kilos of wheat soy milk, soy-fortified sorghum grits, and vegetable oil per family. CRS also handled the warehousing and inland transport of the food. In September 1989, shortly after the floods in Tamale, A.I.D. provided CRS with emergency food rations for the flood victims, amounting to \$8,165.

ADRA is a private voluntary organization which administers and

implements development, health and relief programs for The Seventh Day Adventist Church, whose headquarters is in the U.S. The Church's West African headquarters is located in Ghana. Established in 1983, ADRA's prime objectives are to provide health services and promote general development of the country, especially in the areas of education, agriculture and water resources development.

ADRA received approximately \$1.2 million in food aid in FY 90 which was distributed to its 36 Mother Child Health Centers (with approximately 6,000 beneficiaries). To date, ADRA has had good success with its Food-for-Work (FFW) program. Through food incentives, ADRA involves an estimated 60,000 FFW workers in 501 development projects country-wide. Project activities include land cultivation, agricultural training sessions, school and road construction. ADRA received \$4,692 worth of emergency food rations from A.I.D. after the 1989 floods in Tamale.

2. PVOs and NGOs Involved In Areas of USAID's Strategic Interests

A number of PVOs and NGOs work in the health and family planning area in Ghana, complementing USAID's program activities. Some will be recipients of USAID's new Family Planning and Health Program assistance as well. Some PVOs and NGOs provide medical services, a few deliver family planning information and/or services, and others offer possibilities for adding family planning to their activities. The medical or family planning oriented NGOs with any significant viability include the Christian Health Association of Ghana (CHAG), the Planned Parenthood Association of Ghana (PPAG), and the Ghana Registered Midwives Association (GRMA).

Christian Health Association of Ghana (CHAG)

CHAG delivers a third of all medical services in Ghana and provides some family planning services. Most of the 90 CHAG facilities which provide curative services have been in existence for many years. CHAG has the institutional capability for expanding family planning services. Through the Mission's new Family Planning and Health Program (FPHP), CHAG will receive special Project attention as a recipient of contraceptive supplies. As opportunities for training of staff occur through FPHP, CHAG will participate. Training is particularly important in the area of counseling. In addition, selected doctors and midwives will be trained in long-term methods as part of FPHP's planned clinical training.

Planned Parenthood Association of Ghana (PPAG)

The Ghanaian International Planned Parenthood Federation (IPPF) affiliate is the private voluntary organization that provides the

most family planning information and services in Ghana. In 1989, PPAG provided services to about 100,000 Ghanaians in 46 clinical settings and provided non-clinical services to about 42,000 people through 168 community agents. According to the 1988 Demographic and Health Survey, PPAG provides service to about 19% of modern method users in Ghana. PPAG has taken a lead in demonstrating to the GOG that community-based health workers can responsibly provide oral and other contraceptives, supporting USAID's policy initiatives. In 1989, PPAG received a total of \$855,000 in cash and commodities from IPPF. The World Bank is planning to support PPAG as part of its current loan package now being negotiated with the GOG.

Because of the large World Bank grant, USAID probably will not become involved with assistance to PPAG because PPAG lacks the absorptive capacity to receive more aid. If the managerial assistance package that is being developed in the project is effective, PPAG may request specific assistance in that area. Although it is not a specific target of USAID assistance, PPAG is one of Ghana's most important family planning service providers.

Ghana Registered Midwives Association (GRMA)

The GRMA was established in 1953 as the professional association of Ghanaian midwives. In 1954, GRMA became the first sub-Saharan African association to be admitted to the International Confederation of Midwives. As of July 1991, there were 550 dues-paying members, representing a significant proportion of the private midwives who are registered in Ghana. The 4,000 of the 8,000 midwives are practicing and, of those who do, 3,200 practice in the public sector. Between eighty and ninety percent of the GRMA members are midwives in private practice. This usually takes the form of maternity homes offering antenatal, delivery and postpartum care. Many offer health care for well and sick children and family planning counseling. Many of them are the only health advisors in the rural areas where they practice.

GRMA is an example of private and public sector cooperation. GRMA and the MOH are working together to integrate their training, referral systems and quality control standards to be applied to midwives' private practices. Additionally, ways are being sought to strengthen the links between registered midwives and traditional birth attendants. If this is successful, the quality of pre-natal care available in rural areas will substantially improve. USAID awarded a grant to the American College of Nurse Midwives (ACNM) over the last three years which has enabled the GRMA to strengthen headquarters management, resource and budget planning, regional chapters, and training and supervision. Thus far, the GRMA has trained 218 midwives with USAID assistance. GRMA has become a more visible and active professional association because of USAID support. Membership in

the GRMA now provides real benefits. This has helped to increase GRMA membership from 400 in 1989 to 550 in 1991.

Opportunities Industrialization Center, Ghana (OICG)

OICG, an affiliate of Opportunities Industrialization Center International (OICI), Philadelphia, PA., was established in 1970 and has been providing training, job placements and follow-up. Through its training program, OICG, attempts to provide a regular source of dependable, highly motivated, and skilled workers for industry and business. Currently, OICG operates 3 vocational training centers in Accra, Kumasi, Sekondi/Takoradi. Since 1970, OICG has trained nearly 4,000 people. OICG has a training target of 300 annually. OICG's funding sources are GOG, USAID, and local contributors. USAID is providing assistance to OICG through P.L. 480 Title I local currency generations. In 1991, OICG received ₵14,019,360 (\$43,810) in local currency.

Global 2000

Global 2000 is working in two areas that complement USAID's program interests, agriculture and health. In 1986, the Global 2000 Agricultural Project was initiated in Ghana. Support for the project is being provided by the Sasakawa Foundation of Japan. The project extends inputs and improved technologies developed locally by the Crop Research Institute to small farmers with the goal of raising farmers' productivity, a goal compatible with USAID's Agricultural Promotion Productivity Program. During the first year of implementation, Global 2000 experienced great success assisting 40 farmers in two regions. Average maize yields per acre nearly tripled and profits per acre doubled. In 1988, when approximately 15,000 farmers were participating, loan recovery was a remarkable 97% (the bulk of which was payment by farmers in-kind).

Efforts to extend the project to 75,000 farmers in 1989 were not as successful. As the number of farmers participating increased, the project experienced more difficulties. Project staff did not have the capacity to cope with the increased demand for service. Second generation problems included the lack of adequate storage both on the farm level to minimize post harvest storage losses as well as the lack of efficient storage facilities at market centers, the limited availability of ready markets, and inadequate funding for market-related activities. Consequently, farmers' loan repayment rates have been low. The project also halted the option to make in-kind repayments. This also caused loan repayment to drop dramatically. Timely credit was no longer available because the institutions were not in place to service the large number of farmers involved. Extension services, carried out by the Ministry of Agricultural extension staff, could not service and assist the increased number of farmers.

Given the problems associated with its expanded agricultural project, Global 2000 assessed the project to determine future directions. Global 2000 is now supporting the construction of cribs and barns for on-farm and rural and urban storage. In 1990, \$150,000 was invested for the construction of "pilot" cribs capable of storing between 1 and 3 tons. In January 1991, the management of Sasakawa Global 2000 agreed to accept foodstuffs in lieu of cash from farmers to settle their debts. In addition, Global 2000 is exploring other avenues to assist farmers to market their product.

In 1987, Global 2000 began the Guinea Worm Eradication Program in Ghana. Working with the GOG, Global 2000 provides technical assistance. The Bank of Credit and Commerce International initially funded the project. Since 1989, USAID has supported most of the local costs of the Guinea Worm Eradication Program through P.L. 480 Title I local currency generations. To date, 360 million cedis from P.L. 480 Title I has been programmed for the project. The Mission projects that 443,772,200 cedis of local currency generation will go into the Guinea Worm Eradication Project between 1989 to 1994. Between 1989 to 1990, the project has worked with over 303,000 Ghanaians, educating them about the spread and prevention of guinea worm.

TECHNOSERVE (TNS)

Established in 1968, Technoserve is a private non-profit organization based in Norwalk, Connecticut. Its prime objective is to promote self-reliance, viable community-based enterprises in rural areas and institutional development in Africa and Latin America. TNS aims to improve the economic well-being of the rural poor through enterprise development which increases productivity, job creation and income enhancement. It accomplishes its goals by providing management, technical assistance and training to the people of more than 260 communities in ten countries in Africa and Latin America.

TNS started its operation in Ghana in 1972. It mainly works with enterprises in the agricultural sector. TNS has been active with Global 2000 in identifying maize-producing communities that show considerable local initiatives and a demonstrated interest in developing multi-purpose cooperative enterprises. TNS has an informal relationship with the GOG and maintains contacts in the Ministry of Rural Development.

TNS is currently involved in a project to rehabilitate selected Agricultural Service Cooperatives. The program focuses on improving the management skills of the cooperatives, and introducing input credit and inventory credit schemes. Credit is provided to the cooperatives by the Agricultural Development Bank in most cases, and by TNS Charitable Trust when necessary.

TNS is now working with 10 cooperatives in the South where maize farmers predominate, and with 3 cooperatives in the North with sorghum producers. The southern cooperatives average 20-25 members, while the 3 northern cooperatives total over 500 members. The cooperatives provide seed, fertilizer, and chemicals as in-kind credit and inventory credit for farmers who deposit their crops with the cooperatives. Loans are repaid when the farmers sell their commodities. Given TNS activities thus far in Ghana, its experience may prove useful in future private sector development programs, especially in the area of credit.

Women's World Banking (Ghana) Ltd.

Women's World Banking (Ghana) Ltd. (WWBG) was established in 1983 with the goal of providing access to organized credit facilities and training in financial and technical skills. Between 1983 and 1988, WWBG was unable to realize its goal because of the economic crisis in Ghana. Since July 1988, WWBG has been working to: redirect financial resources to entrepreneurs who lack access to formal credit by providing guarantees to the established financial institutions on behalf of women seeking assistance; raise the living standard of women and their families; promote employment among women and school leavers (dropouts); and integrate women into the Ghanaian economy. WWBG's programmatic activities include a loan guarantee scheme, a development fund, a business management training course for small-scale entrepreneurs, and susu groups. To date, WWBG has extended loans to 303 individual women and to 65 groups with membership ranging from 5 to 10. WWBG has received technical and financial support from organizations such as the National Council on Women and Development, the Federation of Ghanaian Business and Professional Women, the Bank of Ghana, Barclays Banks, the World Bank, The Pew Memorial Trust, and A.I.D. WWBG will be receiving technical and training assistance under USAID's new HRDA program. In addition, USAID is considering other areas to extend support to WWBG.

CHAPTER IV

IV. A.I.D.'s Role and Experience in Addressing Constraints and Exploiting Opportunities.

A. Current A.I.D. Program in Ghana

The current A.I.D. strategy in Ghana was formulated under the Concept Paper which covered the period FY 88 - 90. The strategy developed under this Concept Paper was reviewed and updated in a Program Week Review held in March 1990.

A.I.D.'s current program in Ghana is geared toward supporting the GOG's Economic Recovery Program. The current goal is to contribute toward an increase in Ghanaian per capita income growth.

To that end, the A.I.D. program focus is on four areas: (1) increasing rural incomes through agricultural development; (2) improving worker productivity through improved education and management practices; (3) increasing imports through support for exchange rate reform; and (4) decreasing family size by increasing the use of family planning methods.

A.I.D.'s program is divided into five main elements:

- provision of fast disbursing program assistance through the foreign exchange auction utilizing program assistance;
- local currency generations programmed from DFA and PL 480 in support of the Economic Recovery Program;
- continued project assistance in provision of family planning and child survival through private sector participation to reduce population growth;
- support for Primary Education; and
- support for public and private sector training in human resources development.

1. Fast Disbursing Program Assistance in Support of the Foreign Exchange Auction

From 1989 through 1991, A.I.D. has disbursed \$24.0 million in program assistance funds for the foreign exchange auction. With current programs A.I.D. plans to disburse an additional \$41.0 million in 1992 through 1995. The schedule of disbursements is as follows:

	Millions of Dollars							
	FY89	FY90	FY91	FY92	FY93	FY94	FY95	TOTAL
Agricultural Productivity Promotion Program (641-0117)	5.940	8.611	5.449					20.0
Primary Education Program (641-0119)			4.0	7.0	8.0	8.0	5.0	32.0
Family Planning/Health (641-0121)				3.0	5.0	5.0	-	13.0
TOTAL	5.940	8.611	9.449	10.0	13.0	13.0	5.0	65.0

At the end of FY 1991 fast disbursing program assistance constitutes 56% of USAID/Ghana's total development assistance portfolio of approximately \$117 million.

A.I.D.'s program of fast disbursing program assistance is tied to conditionalities which are programmed to meet certain policy and institutional changes deemed necessary to meet the objectives of specific programs in agriculture, primary education and family planning and health. Local currencies generated by the sale of the U.S. dollars are deposited in a special account and used as budget support for local activities in support of the objectives of the program. The specifics for each of the programs in the USAID/Ghana portfolio will be discussed under the appropriate topics which follow in this section.

2. The Agricultural Productivity Promotion Program (APPP)

This program supports the Economic Recovery Program (ERP) of the Government of Ghana (GOG) with a cash grant of \$20 million from the Development Fund for Africa (DFA). The APPP cash grant was directed at policy reforms for the privatization and revitalization of the fertilizer and seed industries. The cash grant provided dollars to be auctioned by the Bank of Ghana in the foreign currency auction; this helped support the exchange

rate reforms of the ERP. The local currency generated by the auctioning of the grant dollars was used to provide budget support to selected activities within the agricultural sector.

The APPP also supported the policy framework in the Agricultural Services Rehabilitation Project (ASRP), which was agreed upon by the GOG and the World Bank in 1987. As part of the policy framework in the APPP, the GOG agreed to privatize the fertilizer operations, to eliminate the fertilizer subsidies, and to restructure and revitalize the seed industry. Prior to the APPP, Ghana's fertilizer distribution system was entirely under the control of the Ministry of Agriculture, and the seed industry was dominated by the Ghana Seed Company (GSC), a state-owned enterprise.

a. Objectives, Goals and Purpose

Within the overall objectives of the ERP, the Agricultural Productivity Promotion Program had a goal of increasing productivity and employment in the private sector, particularly in agriculture. The purpose of APPP was to increase productivity in food cropping in terms of output per capital and yield per hectare. Specifically APPP sought to increase productivity by 1) increasing the knowledge of farmers about improved technologies, especially the use of fertilizer and improved seeds; 2) increasing the availability and use of fertilizers; 3) increasing the supply and use of improved seeds; and 4) reducing infrastructural constraints in product and input markets. In addition to privatizing and revitalizing the seed and fertilizer industries, the APPP also provided local currency support for improving the Agricultural Extension Service and the feeder roads system which will get needed services to large numbers of poor people.

The local currency proceeds from the sales of the dollars in the auction were jointly programmed by USAID and the GOG. The cedi equivalent of \$9.7 million was programmed for feeder roads, \$5.4 million for the Extension Service, \$1.7 million for the A.I.D. Trust Fund, \$1.1 million for the National Seed Program, and the remaining \$2.1 million for policy studies, training, monitoring and evaluation.

b. Accomplishments

The major accomplishments of the APPP include:

- 1) The GOG met the conditions relating to privatization of the seed and the fertilizer industries and eliminated explicit fertilizer subsidies. The closure of the Ghana Seed Company in 1989 sent a clear message to the seed industry that restructuring would occur. Sales of unsubsidized fertilizer began with the 1990 crop season. Private sector activity

has occurred on a small scale. Some dealers are importing fertilizers; increases in private sector wholesaling and retailing have been made.

- 2) The three tranches of dollars from the cash grant were successfully released through the auction. The auction system has been working satisfactorily. The accounting of dollars provided through the system and the disbursement of local currency by the Bank of Ghana to a special account managed by the Ministry of Finance and Economic Planning has been transparent and easy to track.
- 3) The feeder road program has made significant contributions to improving farmers' access to markets and services. Farmers and traders have reported that there is increased availability of consumer foods in the villages. Women traders are now taking more produce to the markets. Savings in marketing costs have expanded the volume and diversity of products being sold to the market and areas under cultivation have expanded.
- 4) The Extension Service has increased its mobility, outreach capacity, and its training of front line staff. The increased training of agents has significantly increased their knowledge of technologies and their promotional skills. Notably, the Women's Extension Division is playing an important role in organizing rural women to benefit from the resources being provided and in educating women to improve home management practices.

A.I.D. has recently signed a one-year bridge program under the PL 480 Title III Program. The Title III Program addresses many of the constraints identified under the evaluation. Under the Title III Program the GOG agrees to:

- disengage formally from participating in the seed and fertilizer industries, such as discontinuing its role in fertilizer wholesaling and retailing;

- eliminate Government fertilizer stocks by selling them and stop importing fertilizer as well as sell or lease all Government fertilizer warehouses and stores; and

- plan the privatization of the Farmers' Service Companies (FASCOMs) by selling individual retail units to existing farmers' associations and private operators as well as the FASCOMS wholesale operations.

Local currency generated under the FY 1991 Title III program will be focussed on continuing the feeder road program and the fertilizer and seed privatization program.

USAID plans a multi-year Title III Program beginning in FY 1992 which will complete the steps required to assure the privatization of the seed and fertilizer sector. It is planned that this program will be supplemented by a extensive program of technical assistance and training implemented by the International Fertilizer Development Center. A.I.D. does not intend to continue specific support to the Extension Service since the World Bank plans a major program of technical assistance and training in this sector.

3. P.L. 480 Program

a. Title I

Since 1965 Ghana has benefitted from the U.S. Public Law 480 Title I program, totalling approximately \$119 million. Local currency generations from the sale of these agricultural commodities, such as cotton, wheat, maize, and rice, continue to be used to support Ghana's long-term rural development effort. Over the past four years significant efforts were made, through appropriate self-help measures and improved counterpart fund programming, to maximize the program's impact especially in health and agriculture.

Between July 1986 to February 1990, 3.4 billion cedis from P.L. 480 Title I has been programmed for development activities, including the GOG's donor-supported Public Investment Program in the areas related to health, education, and agriculture and the GOG's Program of Actions to Mitigate the Social Costs of Adjustments (PAMSCAD). Activities such as feeder road rehabilitation and expansion and guinea worm eradication are being supported. Since 1989, 360 million cedis have been programmed for Guinea Worm Eradication Project. The Mission is providing \$600,000 in local currency for PAMSCAD's "Enhancing Opportunities for Women In Development" initiative. This activity is a three year \$3.1 million multi-donor activity, designed to address the needs of women in depressed areas in Ghana and is geared toward assisting women in self-employment and income generating activities. ANNEX B-1 lists currently funded P.L. 480 activities. In July 1991, the GOG and USAID jointly programmed cedis 1.6 billion for FY 1991 under Title I.

b. Title II

Title II Grant Food Aid is provided through two voluntary agencies, Catholic Relief Services (CRS) and Adventist Development and Relief Agency (ADRA). Both CRS and ADRA have developmental and humanitarian goals.

CRS' main objectives are to improve maternal and child health (MCH), promote child literacy, and provide food security and disaster relief. CRS' MCH program now operates in the Ashanti,

Northern, Upper East, and Upper West Regions. CRS currently promotes Food-for-Work (FFW) activities in all regions of Ghana. In FY 91, CRS received food aid worth approximately \$2.7 million which is being used to provide supplemental food to 69,000 maternal-child health recipients. Three thousand metric tons of wheat was monetized for CRS' FFW logistical support and material inputs.

ADRA received approximately \$1.4 million in food aid in FY 91 for distribution to its 36 Mother Child Health Centers (with approximately 6,000 beneficiaries). ADRA also operates effective country-wide FFW programs. Through food incentives and the provision of materials and tools, ADRA's FFW program is benefitting over 35,000 workers in 501 development projects country-wide. 5.4 metric ton of wheat has been monetized to support ADRA's FFW programs.

4. The Contraceptive Supplies Project

The Contraceptive Supplies Project (CSP) was initiated in September 1985 at the time when modern contraceptive use in Ghana was estimated at 2%. Gains made from earlier A.I.D. projects implemented in the 70's were wiped out in the early 80's when U.S.-Ghanaian relations deteriorated for political reasons. Bilateral development assistance was suspended from 1983 to 1985. The only population activities continued were minimal contraceptive procurement and participant training.

The CSP was designed to "increase the voluntary use of safe, effective and appropriate contraceptive methods by Ghanaian couples". Total A.I.D. funding for the project is \$7.0 million from the bilateral agreement, supplemented by \$5 million from central and regional funds. Funding for the CSP will end in FY 92.

The project supports activities in both the public and private sectors. A.I.D. believes that both sectors should share the responsibilities of providing health and family planning services. This is especially critical since the MOH's health system primarily services the urban areas, while the private health care delivery has the capacity to reach well beyond the urban areas into the rural areas, offering services to a wider range of Ghanaians.

The impact of the Contraceptive Supplies Project was already evident in the 1988 Demographic and Health Survey (DHS), which found that the 1979 levels of contraceptive prevalence had been regained in only three years. Total contraceptive (traditional and modern) prevalence had risen to 12.8%, and modern contraceptive prevalence had increased from 2% in 1985 to 5.1% in 1988. Equally important, knowledge about contraceptive methods had increased. In 1979, 69% of currently married women knew of

one or more methods; this rose to 79% in 1988. This rapid rise indicates that the constituency gained in the 70's remained receptive to family planning despite the period of adversity and a temporary decline in family planning use.

The Mission feels that remarkable gains have been made since the DHS. Contraceptive distribution as measured by couple years of protection has risen since 1986, and has more than doubled since the DHS was carried out. In addition, there has been decreasing reliance on methods such as condoms, and the rising importance of IUDs (supplied by A.I.D.), and Depo-Medrol (supplied by UNFPA and the World Bank). A changing mix towards longer acting, more effective contraception is an important indicator of the maturation of a population program.

Equally important is the change in sectors that has occurred. Whereas the Planned Parenthood Association of Ghana was the main provider of family planning commodities in 1986, the Ministry of Health and the newly created Social Marketing Program provide about 85% of all contraception between them. This, too, indicates that the program is maturing in that more providers have successfully entered the market.

Based on data compiled by USAID, the Ministry of Health, Planned Parenthood Association of Ghana, and DANAFCO, the Mission estimates that in 1990 Ghana's modern contraceptive prevalence rate (CPR) passed 7%, and that it is currently (1991) around 9%. The importance of this is that in other countries an 8% CPR is the threshold to achieving significant momentum in population programs.

5. Family Planning and Health Program

To consolidate the gains attained by the Contraceptive Supplies Project, A.I.D. in FY 1991 began implementation of the Family Planning and Health Program (FPHP). The FPHP combines a \$22.0 million project component and a \$13.0 million program component. The project component will improve private sector implementation of the national family planning program and the AIDS control program. Program assistance will encourage policy reform and generate local currency to relieve financing impediments to increased public sector expenditures for family planning and child health services.

The goal of FPHP is to lower fertility of the Ghanaian population through maternal and child health interventions. The purpose is to increase the use of, and demand for, family planning through expanding the public and private sector capacity for providing family planning, maternal child health services and supplies. The program will deal with the high infant and child mortality rates prevalent in Ghana. The largest contributors to this problem are diarrhea/dehydration and malaria. The FPHP plans to

create a policy and institutional framework supportive of Ghana's efforts to limit population growth through the increased use of modern methods of family planning.

A.I.D. recently amended the FPHP program to include a \$5.0 million component to address the growing HIV/AIDS problem in Ghana. The AIDS component under FPHP will support the improvement of diagnostic capacity, expand information, education and communication (IE&C) as well as health education and awareness. This component continues the initial A.I.D. support amounting to \$1.7 million to the National AIDS Control program. Two U.S. based contractors -- AIDSTECH and AIDSCOM -- have been working with the National AIDS Control program.

AIDSTECH has collaborated with the MOH in developing a comprehensive HIV/AIDS intervention program within the Ghana Armed Forces. This has included (1) a pilot focus group studies on Knowledge, Attitudes, Beliefs and Practices (KABP), (2) the establishment of diagnostic laboratory capacity at the main military hospital, (3) the establishment of a HIV sero-surveillance system among the Ghana military, (4) the establishment of a condom distribution network through the Military Mess system, and (5) a military educational campaign that is about to be launched. AIDSTECH has successfully field tested various simple/rapid tests (which require no instrumentation) in collaboration with a Ghanaian institution, the Noguchi Memorial Institute for Medical Research (NMIMR). As a result of the evaluation, the NACP decided to supply the district hospitals with the rapid test HIVCHECK.

AIDSCOM has developed a mass media campaign for HIV/AIDS prevention and control. The campaign is expected to be launched in about three months.

6. Primary Education Program (PREP)

In 1990, A.I.D. began the implementation of a \$35 million Primary Education Program (PREP). PREP combines \$32.0 million in program assistance, with a limited \$3.0 million projectized component. The goal of PREP is "to establish a quality, accessible, equitable and financially sustainable Ghanaian primary education system by the Year 2000." This goal is fully compatible with GOG's educational objectives. PREP targets four key characteristics of the Ghanaian primary education system. These are: 1) Quality, as measured by student achievement scores; 2) Accessibility, as measured by national enrollment rates; 3) Equity, as measured by the enrollment and retention rates of currently under-represented groups of children; and 4) Financial Sustainability, as measured by the MOE's ability to fund a sound primary education system from its own financial resources. While PREP will also improve system efficiency, as measured by dropout

and repeater rates, this is not a direct and proximal program objective. PREP also seeks to improve the quality and quantity of education going to disadvantaged groups in the expectation that additional education will lead to more income and a better life.

PREP is addressing the principal economic, financial, institutional and social constraints to quality primary education in three principal ways. First, it supports restructuring of institutional priorities and budgets by leveraging policy and institutional reform. Second, it generates local currency through the auction of dollars and programs local currency funds to support the primary education budget -- principally in the areas of books and materials, teacher training and supervision -- Third, it provides limited projectized funds for technical assistance, training, studies and evaluations, financial assessments and management reviews. PREP supports Ghana's Economic Recovery Program (ERP) by increasing the amount of foreign exchange made available to the GOG through the auction. USAID may increase PREP funding in FY 1991 to allow for greater emphasis on teacher training.

7. Human Resources Development Assistance Project (HRDA)

The HRDA is an A.I.D. regional training project designed to provide to African countries a flexible mechanism for U.S.-based, third country and in-country training. The HRDA emphasizes the use of in-country and third country training institutions and training opportunities for the private sector and women.

a. HRDA 1988-1992 Training Plan

In late 1988, USAID/Ghana submitted to AID/Washington its multi-year training strategy for Ghana, and signed a Limited Scope Grant Agreement with GOG for the implementation of the HRDA. The 1988-1992 training plan, based on the recommendations of the 1988 Needs Assessment, attempted to: 1) strengthen the management and technical skills of key personnel within GOG ministries; 2) strengthen local institutions to deliver effective training programs in country; 3) strengthen the capabilities of selected business associations; 4) and strengthen technical skills of Ghanaian businessmen and bank loan officers.

HRDA has trained 108 participants, of whom 64% were men and 36% were women. Most of the resources under HRDA went toward the public sector. Because of staff limitations, USAID was not able to develop a cohesive program to assist the private sector. The one exception to this was the Entrepreneurs International Program which commenced in FY 1990 and has been extremely popular with the private sector.

Due to the evolving private sector thrust of the A.I.D./Ghana

program and increased staffing levels, the Mission reviewed its portfolio and decided that it would put more resources into human resource development to enhance the private sector's capability to implement GOG's export expansion strategy and Ghanaian training institutions' capacity to provide the requisite training. USAID organized a joint USAID/consultant needs assessment team to review private sector training needs and to develop a training plan for 1991 to 1995. An initial obligation for the HRDA Training Plan was made in FY 1991.

The goal of the \$5.6 million HRDA Training Plan is to establish Ghana as an effective competitor in regional and international markets. The purpose is to enhance the ability of Ghanaian firms to compete more effectively in the domestic, regional and world markets.

Through long- and short-term technical assistance, training and observational travel, the HRDA Training Plan strives to accomplish the following objectives:

- i. Bringing the business sector, education community, labor and government together to view themselves as part of an integral whole and collaborating in setting Ghana on a path of economic competition in world markets.
- ii. Building reciprocal relationships between business associations and educational institutions, training organizations and consulting firms in order for these institutions to develop training curricula responsive to private sector needs.
- iii. Improving the ability of business organizations to represent the interest of the private sector and to provide services required to enhance the competitiveness of Ghanaian business.
- iv. Enhancing the Government's capacity to create and implement programs to support the development of an internationally competitive private sector.

8. Private Sector Programs

USAID has gained significant knowledge concerning the private sector and has implemented programs in support of the private sector, principally in the population and health fields and in the seed and fertilizer sectors. A.I.D. has begun private sector training and capacity building activities under the Human Resources Development Assistance Program.

In addition to these programs, USAID has over the last two years gained an analytical capability for continued and extended

support to the private sector. This analytical capability includes:

1) Participation in the Manual of Action for the Private Sector (MAPS) exercise that USAID undertook in FY 1989. The MAPS exercise surveyed three hundred Ghanaian firms, identified the structure of the private sector, revealed Ghanaians' perception of the current economic climate and identified constraints inhibiting private sector development. As part of the MAPS exercise, USAID undertook two related studies, evaluating the impact of Ghana's Economic Recovery Program on private sector development and current constraints to improving agricultural marketing. Findings from the MAPS exercise were shared extensively with the GOG, the private sector and the donor community. The GOG has incorporated the conclusions of the MAPS into its private sector plans. As a result of the study, the GOG formed a committee of top private sector leaders to advise the GOG on policy issues. It also restructured electricity rates to reduce the cost of installation. In addition, in response to requests for more private sector training, the training institutes (Ghana Institute of Management and Public Administration, Management Development and Productivity Institute, and the School of Administration at Legon) have started programs for small scale entrepreneurs that have led to establishment of several private consultancies. This year USAID/Ghana has again redone a modified MAPS exercise. This includes revisiting the original 300 firms first surveyed in the 1989 as well as surveying an additional 70 firms engaged in export activity. The results of the 1991 survey will be ready in August. USAID plans to make the MAPS a regular part of the Mission's monitoring system by implementing a modified MAPS every two years to keep abreast of developments in the private sector and particularly the export sector.

2) In FY 1990 and FY 1991 USAID has undertaken a series of studies that analyze the constraints and potential for exports in a number of key sectors: shrimp and seafood, timber and furniture, horticultural goods, artisanal goods, sheanuts, kolanuts and cocoa. The principal obstacles to exports identified by these studies are as follows in rank order: 1) insufficient short and medium-long term finance, 2) infrastructure bottlenecks, 3) limited markets, 4) complex duty drawback system, 5) little market access, 6) inadequate product quality, 7) restricted profitability, and 8) deficient technical knowledge. These studies have been shared with the GOG and relevant private sector groups and have provided a sound basis for developing Mission's export promotion strategy.

9. A.I.D.'s Actions to Support Low-Income Groups and Ensure Equity in the Development Process

A. The Cornell Study on the Effects of the Economic Recovery Program on Low-Income Families

Economic Recovery Programs have traditionally meant that large segments of the population have had to undergo substantial hardship. For the most part, that is not true in Ghana because the economy prior to the ERP had deteriorated to such a state that substantial and rapid improvement was made in economic conditions. During the first three years of the ERP (1984-1986), real GDP grew 20%. Of course, improvements in macroeconomic conditions does not necessarily mean that needy segments of society have not been hurt. To determine the exist of this impact, A.I.D./W and the Mission contracted with Cornell University to study the impact of the Economic Recovery Program (ERP) on low-income households in Ghana. The study will establish a profile of low-income households, survey retrenched employees, and develop a macro trade model to estimate the impact of the ERP on trade. The analysis includes a sub-study on changes in the marketing of agricultural inputs under the ERP, including fertilizer and seed, which is of particular interest to A.I.D. due to its interest in restructuring the seed and fertilizer markets.

B. The Program of Actions to Mitigate the Social Cost of Adjustment (PAMSCAD)

While the Cornell study will provide an important backdrop and be useful in designing new programs, A.I.D. has already funded several programs designed to improve equity in Ghana. The largest is the PAMSCAD project. Following the Consultative Group Meeting in 1987, Ghana and the donor community established PAMSCAD to try to address the impact of the ERP on disadvantaged groups. PAMSCAD included 24 specific projects grouped under 4 major headings -- (1) community initiatives, (2) employment generation, (3) redeployment and projects to meet basic needs in the areas of rural water, health and nutrition and (4) education. The donor community pledged approximately \$84.0 million to support PAMSCAD activities.

Mission support for PAMSCAD through the P.L. 480 Title I program has been significant, amounting to over \$12.6 million in local currency resources since the inception of the program. Both the self help measures and counterpart fund uses under the 1987 and 1988 Agreements were in support of PAMSCAD. A.I.D. resources were utilized for the following PAMSCAD initiatives:

- decentralized community initiative;
- credit for small-scale enterprises;

- rural shelter rehabilitation and improved local building materials;
- credit for small-scale agricultural peasants and redeployees;
- training and tool kits for redeployees; and
- support for the PAMSCAD Secretariat.

PAMSCAD was to be a short-term stop-gap measure. However, due to delays in donor commitments and Ghanaian institutional constraints, approximately two-thirds of the funds originally programmed have been disbursed four years after inception of PAMSCAD. MFEP officials estimate that all funds under the current PAMSCAD program will be utilized by the end of 1992. All A.I.D. funds under the recent program have been disbursed.

A progress review of the PAMSCAD program was held by donor representatives from CIDA, ODA, UNDP, UNICEF, A.I.D., WFP and the World Bank in August, 1990. The purpose of the Mission was to review progress of the program in light of implementation and management concerns that had arisen concerning PAMSCAD. The Mission found the total PAMSCAD program to be too complex and recommended that the program focus on a few key areas such as community initiative projects, hand-dug wells and low-cost sanitation, agricultural credit and non-formal education. The Mission also recommended that PAMSCAD focus on areas that will impact on the rural poor rather than spreading resources across political districts; that leadership and policy oversight for PAMSCAD be placed under one PNDC Secretary; and that to the extent possible PAMSCAD activities be assumed by operational ministries. Following the donor evaluation GOG prepared its own internal evaluation which was presented to the PNDC last November, the PNDC has accepted most of the recommendations put forth by the progress review and as of May has limited future PAMSCAD activities to the following projects:

- Community Initiative Program
- Non-formal Education
- District Assembly Institutional Strengthening
- Labor Intensive Feeder Roads
- Credit for Small Scale Industries
- Peasant Farmer Credit Line
- Enhancing Opportunities for Women in Development
- Essential Drug Supply
- Rural Shelter Rehabilitation
- Hand Dug Wells and Low Cost Sanitation
- Supplementary Feeding Program (CRS)
- Food for Work (ADRA)

The Ministry of Local Government has been put in charge of overall coordination of the PAMSCAD program. The actual implementation of many of the programs has been put under the responsibility of the relevant Ministry, e.g. The feeder road

program has been placed under the Department of Feeder Roads, and so forth. PAMSCAD will be implemented with the maximum participation of the district assemblies.

A.I.D.'s current involvement with the revised PAMSCAD program is with the "Enhancing Opportunities for Women in Development" project. This activity is a three year \$3.1 million multi donor activity. UNDP, UNICEF and A.I.D. are the major donors. The program commenced operation in August, 1990. A.I.D.'s contribution will be \$600,000 in local currency. The project is directed to the needs of women in depressed areas in Ghana and is geared toward assisting women in self-employment and income generating activities. The program will provide credit to low-income groups who otherwise have no access to institutional or other sources of credit. The program will also make provision for training and savings mobilization. Private women's organizations and NGO's will be involved in training and business advisory services. The program is being implemented under the auspices of the Ministry of Local Government and Rural Development and will initially be implemented in the Brong-Ahafo, Western and Volta Regions. To date, the project has established implementation units at the national, regional and district levels; conducted a baseline study; designed credit programs; conducted orientation workshops; selected beneficiaries; and began training activities in a number of districts. In addition A.I.D. under the P.L. 480 Title II Program is a major contributor to the supplemental feeding and food-for-work programs of CRS and ADRA.

C. How Other A.I.D. Programs Promote Equity

The A.I.D./Ghana program has several initiatives which improve equity in Ghana. PREP is designed to spread education throughout Ghana, but there is a special target to improve access to primary education in three disadvantaged regions, the North, Upper East, and Upper West. Another benchmark in PREP is that ratio of males to females among teachers and students should more closely reflect the ratio in the population. (Right now, there are almost twice as many male teachers as female teachers, and about 20% more males attend school than females.)

The Family Planning initiative gives women more control over their lives and their bodies, and contributes to their health by improving child spacing. Indeed, the thrust of A.I.D.'s efforts to improve diarrhea and malaria is to assist women and children. Another A.I.D. initiative, to eradicate guinea worms, will primarily benefit poor farmers who do not have a supply of clean water.

The new Title III program will devote approximately \$1 million per year to NGOs and PVOs who will expand micro-agro-processing and agribusiness enterprises, thus helping these budding

entrepreneurs to achieve a new, improved lifestyle, thus alleviating rural poverty and improving the lives of the poor.

CHAPTER V

V. A.I.D.'s Program Logical Framework for Ghana: Goal, Strategic Objectives, Targets and Benchmarks

A. PROGRAM GOAL

The Mission's goal is to assist Ghana in achieving broad-based, sustainable, market-oriented economic growth. To best achieve this goal, USAID/Ghana is focusing its activities on two subgoals, "increasing GDP per capita" and "improving the quality of the human resource base." As will be explained later in more detail, these two goals are, in fact, complementary: higher income historically leads to significant improvements in the human resource base, and improvements in the human resource base lead to a more productive work force. Corresponding to the subgoals are the following strategic objectives: 1) increase private sector-led export growth, 2) improve the efficiency of the agricultural marketing system, 3) enhance the quality of the primary education system, and 4) improve the health status of Ghanaians. Each subgoal will be discussed before this paper turns to a discussion of the strategic objective.

B.1. SUBGOAL 1 - INCREASE GDP PER CAPITA

In the first chapter of this CPSP, it was explained that in order to achieve A.I.D.'s overall goal of broad-based, sustainable, market-oriented economic growth, more emphasis must be placed on the private sector. Moreover, it argued that exports in general and non-traditional exports in particular offered the best long run hope of increasing output at the needed level and pace. However, NTEs are currently a small proportion of GDP, so NTEs will have to increase rapidly for several years before they will have a significant effect on GDP per capita. Hence, the subgoal of increasing GDP per capita cannot be achieved within the next five years through export growth. A.I.D. believes it will be able to attain its strategic objective, "Increase Private Sector-Led Export Growth" with the help of a Non-Traditional Export Development Program, the Human Resources Development Project, and the establishment of the Ghana Venture Capital Company. It also believes that it will be able to improve the efficiency of the agricultural marketing system with efforts to strengthen the private sector seed industry, fertilizer industry, feeder road distribution system, assistance to micro enterprises, and policy dialogue as regards to the liberalization of imported commodities. More detail on these two strategic objectives are provided later in this chapter.

B.2. SUBGOAL 2 -- IMPROVE THE QUALITY OF HUMAN RESOURCE BASE

Investing in human resources is both the ends and means to development. Although improved health, nutrition, and education are ends in themselves, healthy educated people are also the principal means for achieving and sustaining development goals. Ghana has made impressive progress in human development in the 50's and 60's, but the fiscal difficulties of the 70's and the early 80's and the current high population growth rate have set back the country's development significantly.

By improving the quality of primary education and the health status of Ghanaians through select interventions, USAID believes that the overall status of Ghana's human resource base will be greatly enhanced. Future Ghanaians will be better able to be productive participants of development activities, hence contributing to Ghana's future long-term development. In short, an effective human resource base can help contain the threat of economic stagnation or decline and, importantly, accomplish A.I.D's goal of increasing employment and income of Ghanaians.

Relationship Among USAID's Strategic Objectives

Efforts to achieve the subgoal of higher per capita income may, in fact, have a larger impact on the quality of the Ghanaian labor force than specific programs addressing these issues. Experience in other countries has shown that increases in per capita income allow people to purchase more private sector-provided health care and educational facilities. As income improves, people tend to demand better food, water, sanitation and health services.

The human resources' strategic objectives are mutually reinforcing. PREP is designed to increase access to schools in poor areas (specifically the Upper East, North, and Upper West) and to increase the percentage of females attending school. Thus it will increase access to increased resources for an important, disadvantaged portion of the population. The PREP will also help to improve the quality of primary education and the educational level of Ghanaians generally. As the level of education increases among the population, studies conducted by USAID and the World Bank indicate that family planning will be more accepted. Family planning improves maternal and child health by allowing the spacing of births. Healthy children tend to be better students and will be better able to benefit from the current educational reforms. Hence, USAID's assistance in education supports its program in health and family planning.

In addition, A.I.D's approach to improving access to family planning has important social benefits in that it allows women greater control over their lives and empowers them. By helping the public health care system and developing alternative and

supplementary private health and family planning channels, more Ghanaians will have access to health care. A healthier adult population is more productive and systematic and sustained human resource development is needed to make the Ghanaian economy more competitive. A healthy, educated work force is key to any country's economic development. Hence, a healthy, educated work force is critical to making Ghana's economy dynamic.

Fostering the growth of the private health sector is also compatible with the important Agency principle of encouraging free markets. In A.I.D's view, health care can be provided most efficiently by private-public sector cooperation, with the private sector supplying more routine services and the public sector forging and enforcing regulations and being the provider of last resort. Since the beginning of the Contraceptive Supply Project, the market share of privately marketed contraceptives has increased from 0 to 45% of the market. With the improvement in feeder roads, it is expected that private marketing of contraceptives will be extended even further by 1996. Another success story from the health project is that the private sector now supplies four times as much ORT to MOH facilities as the MOH itself supplies to those facilities. At the beginning of the project, there were no private sector suppliers.

C. STRATEGIC OBJECTIVES FOR SUBGOAL 1: INCREASE GDP/CAPITA

C.1. STRATEGIC OBJECTIVE 1: Increase Private Sector-Led Export Growth

Rationale: This paper argues that private sector-led non-traditional export growth is the best and maybe only way to increase GDP/capita significantly. For this to occur, the enabling environment for the private sector in general and the export sector in particular must be improved. In addition, there are administrative and financial constraints that need to be addressed to ensure that export growth occurs. If these constraints are addressed the Mission conservatively estimates that NTEs will increase from \$62 million per year in 1990 to \$150 million in 1995. To support this export growth, resources will be provided from the Non-Traditional Export Development (NTED) project, the HRDA Private Sector Training Activity and the PL 480 Title III Program.

TARGET 1.A.: Enhance the Enabling Environment.

Rationale: One of the keys to successful private sector-led export growth is the improvement in the enabling environment for such growth. Historically, there has been a tension between the public and private sectors in Ghana. This in part was due to pre-1983 Government economic policies that led to high and persistent overvaluation of the currency, negative interest

rates, high inflation rates, and large and continuing fiscal deficits. In this environment the Government was forced to institute heavy and pervasive controls on all segments of the economy, to allocate or direct resources (since prices were not allowed to work), to prevent capital flight, etc. As a result, the private sector was viewed with great suspicion and profits were determined more by the contacts one had, than by business management skills. Since 1983, the need for Government controls has declined considerably as prices have assumed the primary role in allocating resources. In this environment there is need for reduced Government controls and intrusion. Government-business sector dialogue is required and private sector marketing and management skills need sharpening. Educational and training institutions need to be strengthened in their ability to provide needed management training and policy analysis skills. This is especially true if export-led growth is to take place. Other than in timber and logs there is no tradition of private sector exporting. There is limited awareness of market possibilities and how to exploit them. Private sector leaders first thoughts are still on production for the local market not export. Government agencies still focus on preventing over and/or under invoicing and the need to regulate the private sector, not on the need to support and encourage private sector exports. At present exporters can be said to export in spite of the enabling environment not because of it. This must change if non-traditional exports are to assume that role that the Mission believes is possible. The Targets in this sector focus on improving this enabling environment for export growth by simplifying regulations, while providing for the acquisition of marketing, production and management skills by the private sector.

The HRDA Private Sector Training activity provides resources directly to private sector organization that will enable them to contract for policy analysis on priority private sector related issues. In addition, PL 480 Title III resources can be considered for supporting the establishment of one or more independent policy institutes that will provide needed analytical skills for the private sector. The HRDA program will also develop training linkages between the private sector and educational and training institutions. These linkages will be demand not supply driven since it is the private sector organization that will contract with these institutions. The NTE Project will likewise promote the enabling environment for export growth through its efforts to provide needed marketing and production skills to managers, simplify export procedures and regulation such as the presently non-functional duty drawback system.

Subtarget A: Create/strengthen business organizations.

Rationale: Traditionally, business organizations have had little role to play in the shaping of economic policy. That situation is changing. Now that the GOG is more willing to listen to organizations that can express the problems of its members, those organizations need to develop the analytical capacity to make rationale arguments on issues important to the organizations, and have discussions with GOG policy makers in terms that both parties understand. The goal (supplied by the HRDA program) is to bring together the business sector, education community, labor, and government and to encourage them to view themselves as part of an integral whole, collaborating to make Ghana an effective competitor in the world market. An important element of improved policy analysis is the availability of policy analysts. There is also a need to create non-government policy institutes that can provide independent economic analysis and judgement about critical policy issues. The PL 480 Title III program allows the use of Title III resources for support for such institutions.

Benchmark

-- The Association of Ghana Industries (AGI) has incorporated into its operations consulting and research activities on pertinent private sector development issues from Ghanaian organizations, and these activities conduct and disseminate research results to the GOG and the private sector on public policy issues affecting the private sector.

-- At least one independent policy institute is created to provide economic research and information on economic policy.

Subtarget B: Ghanaians trained in critical areas, including exporters on markets and exporting techniques, producers of NTE on production techniques, and the public, policy-makers, educators, and labor leaders on economic issues.

Rationale: A successful export promotion strategy is contingent upon the availability of a well informed and well trained private sector. Ghanaian exporters must be knowledgeable on the availability of markets and how to penetrate them. Management and labor must have the production technology and management skills to be competitive. Policymakers and the public must understand the rationale for an export-oriented strategy and the related economic issues involved. Activities in the Mission HRDA Private Sector Training and Non-Traditional Export Development project will provide training to address these issues.

Benchmarks

-- Assist the Association of Ghana Industries (AGI) to develop in-country management training program for private sector participants.

-- Identify and provide needed management training for micro and small scale enterprises.

-- Provision of a minimum of 50 training courses for exporters.

-- Provision of a minimum of 60 persons, months of specialized marketing and production technical assistance to exporters.

--Development of minimum of eleven export marketing studies.

Subtarget C: Reduce administrative export procedures.

Rationale: One problem facing exporters is the number of bureaucratic and administrative procedures that they must wade through in order to export their products. To facilitate export growth these procedures must be simplified. Mission resources will assist the GEPC to produce procedural manuals for export subsectors that will form the basis for tracking and simplifying administrative procedures in exports.

Benchmarks

-- A minimum of 25 export procedure manuals developed

-- Administrative processing time for exports reduced.

Subtarget D: Procedures improved for duty drawback for exports.

Rationale: Currently, exporters are able to get a rebate on import duties on imported raw materials if they are able to provide substantial, complex and costly documentation. They are unable to obtain rebates on the sales taxes and excise taxes they pay. In some cases such as fish and shrimp, these are significant factors restraining exports since it drives up the effective cost of producing goods for export. In order to eliminate that disincentive and make Ghana competitive with other exporters, the duty drawback scheme must be extended to cover all

taxes and made workable.

Benchmark:

-- Duty drawback system is revised so that it refunds appropriate amounts promptly to exporters.

TARGET 1.B.: Raise NTEs to \$150 million annually by 1995 while diversifying the commodity mix.

Rationale: While significant increases in NTEs have occurred in recent years it is essential that sustained increases in NTEs continue. The NTE target during this CPSP has been set at achieving an annual level of NTE of \$150 million in 1995, a 150% increase in NTE over the 1990 base period. In addition, to the absolute increase in NTEs, the Mission will strive to increase diversification in terms of products and exporters. As a result, product diversification should reduce the share of the 12 leading commodities from 85% in 1990 to 70% in 1995 of NTEs. Likewise, diversification and expansion of exports is targeted to lead to a doubling of the registration of exporters with GEPC from the present 1,000 to 2,000 exporters by the end of 1995.

To achieve the growth and diversification of the NTE sector, it will be important to expand the provision of services to exporters by GEPC and there will be a need for a significant expansion of available financing for the export sector. These two items form the focus of the NTED project.

Subtarget A: Ghana Export Promotion Council (GEPC) becomes an autonomous organization that expands its services to meet exporters needs.

Rationale: The GEPC is the key agency responsible for carrying out or ensuring many of the actions that must be taken to accelerate growth of NTEs. In particular, GEPC will play a pivotal role in setting up and conducting promotion activities such as promotion tours and trade fairs. GEPC will operate the training program for exporters. It is expected to take the lead in organizing a project finance development facility for export products. The GEPC will coordinate the studies needed for simplification of procedures for export promotion. GEPC will support the formation of export associations and work with them to insure that they receive the production and marketing assistance needed to fill export contacts. It is GEPC that will play a critical role in financing market studies and collaborating with the Ghana Investment Center to encourage foreign investment in the export sector. Given these and other responsibilities it is essential that GEPC be established on an autonomous basis and with sufficient financial support to permit

it to function effectively. The accomplishment of this objective must be a focus of any strategy to increase NTE. The NTED project provides substantial resources to assist GEPC to accomplish this objective.

Benchmarks

By the end of the project,

-- GEPC will be an autonomous body with independent funding and compensation scheme.

-- GEPC will be operating under a strategic plan to provide promotional, informational, procedural, export project development, and analytical support to the export sector, i.e., individual exporters and export associations.

-- GEPC will initiate a project development facility to prepare export proposals/business plans for financing.

Subtarget B.: Additional mechanisms made available to finance exports.

Rationale: All of the studies conducted in Ghana recognize that access to credit is a critical constraint to growth. The export sector is different only in that it requires more sophistication and more risk-taking on the part of banks than many other forms of credit because the points of sale are further away, the buyers are not subject to Ghanaian law, there may be language barriers, there are certainly communication barriers in the sense that communication with foreign countries is costly. Given the financial and personnel constraints of Ghanaian banks at this point in time, few banks are willing to make loans to exporters except for blue chip customers.

While A.I.D. is not interested in supplying directed credit, there are a number of facilities which can be made available to support the financing of exports. As a means to accelerate commercial bank participation in NTE financing, a refinance facility should be established for export loans and a guarantee facility developed that will provide a risk cushion to encourage banks to undertake asset-based lending. On the term side, supplier credits, leasing and equity investment constitute the only feasible sources for plant and equipment acquisition for the next few years. The Mission is assisting in the equity area through support of a venture capital fund. The Non-Traditional Export Development project will provide resources to assist in addressing these constraints.

Benchmarks

- Refinance facility fully established and operational.
- Export loan guarantee fund established and operating. By 1996, the Fund is 80% subscribed; losses are covered by fees; 25% of operating costs are covered by fees.
- Medium- and long-term finance facilities are established.
- Venture capital fund is started.
- Foreign exchange regulations for exporters and investors clarified and promulgated.
- Regulations and laws established for formation of leasing companies.

C.2. STRATEGIC OBJECTIVE 2: Improve the Efficiency of the Agricultural Marketing System.

Rationale: The second strategic objective is closely connected with the first. Agriculture provides half of GDP and employs two thirds of the workers in the economy. Studies have shown that Ghana is able to produce a large number of agricultural products at a low domestic resources cost. Unfortunately, its marketing system is so inefficient that these products are uncompetitive once they reach distribution points. Under this strategic objective, A.I.D. takes several steps to improve the marketing system: improvement in the feeder road system, promotion of viable seed and fertilizer sector, assistance to NGOs to expand micro-agro-processing and agribusiness enterprises, and liberalizations of regulations in wheat, wheat flour, and rice markets.

TARGET 2.A.: Improve rural infrastructure through rehabilitation of feeder roads.

Rationale: USAID studies show that transportation costs make-up 70% of marketing margins, boosting costs to the point where it is cheaper to ship rice from New Orleans to Tema than to bring it from the major rice producing areas in northern Ghana to Tema. The A.I.D program to improve feeder roads complements the World Bank projects to improve feeder roads, trunk roads, and other means of transportation. The sum of these projects should meaningfully improve land transportation over the next 3-5 years and allow a significant decrease in the cost of products to consumers, as well as those products delivered to ports for export. That, in turn, should enable more goods to be exported.

In those areas where feeder roads have been rehabilitated, there has been a significant increase in crop specialization and trade which suggests improvements in productivity and income generation.

Benchmarks

- 800 kms of feeder roads rehabilitated.
- Increased use of rehabilitated roads as measured by vehicular traffic.
- Sustainable, long-term maintenance plan developed and implemented by Department of Feeder Roads.
- Twelve private contractors trained in labor intensive construction techniques and equipment provided for each.

TARGET 2.B.: Promote a viable private sector seed production and distribution system.

Rationale: Until 1989, seeds had been provided by an inefficient parastatal called the Ghana Seed Company. The Agricultural Productivity Promotion Program employed conditionality which caused the parastatal to be liquidated and the production of seed to become a purely private activity. At this juncture, however, a private marketing system has not yet evolved principally because an appropriate policy framework has not yet been established. Once such a framework is in place, which will involve policy dialogue along with technical assistance and training, the private sector will be able to provide a variety of high quality seeds that will enable the agricultural sector to produce different crops and to produce some crops more cheaply. This will increase the number and amount of agricultural products which can be potentially exported, as well as increasing the output per farmer.

Benchmarks

- Private sector dealers supply seed to farmers.
- Seed inspection and certification unit established and operating.
- GOG disposes of Ghana Seed Company assets.

TARGET 2.C.: Establish a viable private fertilizer sector distribution system.

Rationale: Like the seed industry, the fertilizer sector had been dominated by politically powerful parastatals. The APPP required that the GOG establish a program to privatize fertilizer supply and distribution. All conditionality was met. This resulted in (1) the reduction of fertilizer subsidies, (2) private sector importing of fertilizer, and (3) increases in private sector wholesaling and retailing.

Unfortunately, the GOG still owns large stocks of fertilizer, and although the role of the private sector has grown, SOEs still sell fertilizer on wholesale and retail markets. Through policy reform, the fertilizer sector can be freed. It is expected that private dealers will be able to increase the amount of fertilizer used, and to see that the right type is used at the correct time of the year. Dealers may also be able to supply credit.

Target 1.B is similar to Target 1.A on seeds in that efforts to reorient the fertilizer industry will allow farmers to produce a broader assortment of crops and produce some more cheaply. This will increase the number and amount of agricultural products which can be profitably exported, as well as increasing the output per farmer.

Benchmarks

- Private dealers supply all farmers.
- All fertilizer imported by the private sector.
- All Government fertilizer stocks sold by December, 1992.
- FASCOMs organized into self sustaining companies.

TARGET 2.D.: Expand micro-agro-processing and agribusiness enterprises.

Rationale: Ghana's ability to develop successful agriculture marketing and agri-business systems will be based on its ability to improve the training and productivity of small-scale farms and enterprises. The principal marketing constraints make it difficult for Ghana to develop the type of indigenous value added agribusiness systems that will allow it to produce competitive products. Activities will be funded that improve agricultural marketing and develop agribusiness systems for both the internal and external market.

Benchmark

-- A minimum of 5,000 micro enterprises assisted through NGOs.

-- At least 10 programs of NGO's/cooperatives implemented over the period FY92-96.

-- At least five coops engaged in agro-processing strengthened.

TARGET 2.E: Promote liberalization of regulations regarding the importation, price and marketing of wheat, flour, and rice.

Rationale: The importation of some cereal crops is controlled by the GOG in ways supposed to protect the consumer but which appear to drive up the cost to consumers. Additional investigation is needed to determine how the markets function and how they can best be liberalized. This analysis will be initiated as part of our PL 480 Title III program and will form the basis for our policy dialogue with the Government in this area.

Benchmark

-- Analysis made of wheat, flour and rice production import and marketing system.

-- Analysis recommendations incorporated into Title III dialogue.

C. STRATEGIC OBJECTIVES FOR SUBGOAL 2: IMPROVE THE QUALITY OF HUMAN RESOURCE BASE

C.3. STRATEGIC OBJECTIVE 3: Improve the quality of primary education.

Rationale: In 1989, USAID completed a Basic Education Sector Update. The data revealed that while the upper levels of Ghana's education sector had improved rapidly since 1986 due to GOG and donor support, the primary education system which feeds the upper grades was not performing well. According to MOE's 1988/89 data, only 69% of all six year old children are in school, only 60% of these finish, and economic, regional and gender disparities are enormous. For example, less than half of Ghana's poorest children go to school and only 34% are enrolled in the Upper East Region. In the Northern Region, retention falls to 27% and girls are only half as likely to attend school as boys. Also, in many rural areas, especially in the North, most children leaving school after six years cannot read and write. In addition, the Ghana Living Standards Survey (GLSS) estimated that only 12% of Ghana's 9-14 year old children are literate and numerate.

Overall, the basic language and mathematics proficiency among students entering Junior Secondary Schools (JSS) is so low as to jeopardize the ability of these children to benefit from the new JSS program.

Given that primary school is the only level of formal education that most Ghanaians will ever receive, this leaves a great cohort of the population illiterate and ill-prepared to function effectively in a developing economy as well as undermines the current post-primary reform programs. Such a cohort will continue to seriously constrain Ghana's economic and social development and impede the attainment of both the country's and USAID's development goals. This has logically encouraged USAID/Ghana's decision to focus on primary education which is a prerequisite to the success of the World Bank's efforts to increase Ghana's pool of educated citizens.

Target 3.A.: Improve the qualifications of primary school teachers.

Rationale: Presently, approximately 50% of primary school teachers are high school dropouts with no teacher training and, hence, are unqualified to teach. In order to improve the quality of education, it is desirable to have teachers who have at least a high school-level education and some training.

Benchmarks

-- 85% of primary school teachers receive in-service training which brings them up to minimum standards.

-- 85% of untrained teachers receive minimum training.

Target 3.B.: Improve access (school enrollment) in the North, Upper East, and Upper West Districts.

Rationale: The national average for school children's access to primary education is about 70%. But, in the targeted areas, the access rate ranges from 32% to 49%, well below the national average. If no actions are taken, the long-term effect is that most of these children will become adults who will be trapped into subsistence-level farming because their illiteracy will prevent them from bettering themselves.

Benchmark

-- Implement incentive programs for students, teachers, and parents.

Target 3.C.: Increase the availability of educational

materials. If possible materials will be published in Ghana.

Rationale: USAID's Education Sector Update found that less than 10% of primary school children have access to school books and instructional materials. Research data indicate that access to school books is the most significant variable to enhance educational outcome. The GOG has received bids from Ghanaian private sector publishing firms and foreign companies; the winning bidder will be selected competitively.

Benchmark

- 90% of primary students have texts.
- 95% of teachers have instructional material by 1995.

Target 3.D.: Rationalize school administration system.

Rationale: USAID's Education Sector Update discovered little accountability in the educational system for headmasters and teachers. The Ministry of Education's Inspectorate Division was nearly defunct: 99% of the inspectors did not visit schools, resulting in a high level of teacher absenteeism.

Benchmarks

- 110 district education officers hired and trained to manage the schools at the district level. District education officers will be responsible for planning, budgeting, and monitoring the district level schools.
- 700 sector supervisors hired and trained. Sector supervisors will perform regular school inspections.

Target 3.E.: Develop and implement criterion reference testing program.

Rationale: Tests are needed to evaluate the educational situation, determine the effectiveness of the program, and conversely, to pinpoint schools that need improvement.

Benchmark

- Tests developed and conducted each year, starting in 1993.

Target 3.F.: Rationalize education budget.

Rationale: Data presented by a World Bank education sector report on Sub-sahara Africa indicate that when a country's

economic condition deteriorates, resources to the education sector are the first to be eliminated. This results in an impoverished educational system which leads to a poor, unskilled labor force which contributes to further decline in the economy.

Benchmarks

-- 38% of MOE budget goes to basic education.

-- 6% of budget spent on instructional material.

-- Gap between budget and spending reduced by 80% by 1995.

-- Budget data are disaggregated so that primary education is a separate category.

C.4. STRATEGIC OBJECTIVE NO. 4: Improve the health status of Ghanaians.

Rationale: Clearly, healthy citizens are essential to long-term growth and development. Healthy people are productive; they do not strain the social service infrastructure, rather they contribute to their country's social and economic well-being. USAID's recent successes in health and family planning provide good reasons for staying its course of focusing on select interventions. USAID will continue to support population and health activities by expanding the availability to, access of, and use of affordable family planning and other basic health services. In implementing this strategy, the Mission will concentrate on family planning, HIV/AIDS and other critical health indices, namely, control of diarrheal diseases, prevention of malaria, and eradication of guinea worm.

The Mission selected these five priority interventions because:

- (a) The GOG has identified these areas as among the six priority concerns for primary health care;
- (b) USAID has a comparative advantage and extensive worldwide experience in these areas;
- (c) USAID has already made previous investments and has established a solid framework for additional work in these areas, especially in working with the private health sector; and
- (d) Other donors such as the World Bank, UNFPA, and the African Development Fund are taking the primary lead in the GOG's other health areas of expanding and strengthening primary health care and institutional

development.

Target 4.A.: Increase the use of modern family planning methods to 15% by 1996.

Rationale: Based upon the dramatic growth in couple years protection during the last two years, the Mission feels that remarkable population/family planning gains have been made since the 1988 Demographic Health Survey (DHS) and that previous programmatic successes must be built-upon and reinforced. Contraceptive distribution has more than doubled since the DHS was carried out in 1988. Reliance on methods such as condoms is decreasing as the use of IUDs and Depo-Medrol⁹ is increasing. A changing mix towards longer acting, more effective contraception indicates that the population program is maturing.

As a result of increasing modern contraceptive use and growing number of providers, the Mission believes that in 1990 Ghana's modern contraceptive prevalence (CPR) probably passed 7%, and estimates that it is currently (1991) around 9%. A.I.D. believes that with private sector involvement in family planning efforts, as many as 90% of all Ghanaians can have access to family planning services and supplies by 1996. This new program can help Ghana achieve a 15% CPR by 1996 and that a 30% CPR shortly after 2000 is feasible if a follow-on, FPHP II project is approved in 1996. While the ultimate goal of population programs is a CPR of 60-80%, 30% is the level where measured population growth rates begin to slow. If Ghana follows Thailand's experience, fertility rates should fall to replacement levels around 2015.¹⁰

Benchmarks

-- Increase demand for contraception.

Private Sector: Distribution of 39 million condoms, 39 million cycles of oral contraceptives, 76 million vaginal foaming tablets, and 5,000 IUDs during the life of the CPSP.

Public Sector: distribution by all MOH health centers of 13.8 million condoms, 3 million cycles of oral contraceptives, 5.2 million vaginal foaming tablets 50,000 IUDs, and 1,000 Norplants

⁹ Depo-Medrol is supplied by the UNFPA and the World Bank, and not by USAID.

¹⁰ This observation is based on A.I.D.'s latest Population Technical Occasional Paper, How Thailand's Family Planning Program Reached Replacement Level Fertility.

during the life of the CPSP.

- The performance indicator for this target is that the modern contraceptive rate will rise from 5% to 15% nationwide, and total contraceptive prevalence will rise from 12.8% to about 25%.
- Increase supply of commodities through public and private sectors and increase number of people receiving family planning and health supplies through existing distribution system.
- Increase the number of outlets/distributors.
- Establish and install a management information system to provide an ongoing flow of information that will track the people-level impact of A.I.D.-supported projects.
- Increase cost recovery rate for commodities from 5% to 50%.
- Improve the regulatory environment by changing the classification of contraceptive devices to permit broader distribution.
- Establish a National Population Secretariat to improve coordination among the GOG, donors, and the private sector.
- Improve practitioners' (physicians, nurses, midwives, traditional birth attendants, and others) clinical skills and capacities to provide appropriate maternal and child health, family planning, and AIDS information, goods, and services to an ever-increasing number of people.

Target 4.B: Improve the capacity to manage AIDS.

Rationale: As mentioned previously, Ghana was one of the earliest countries in Africa to recognize the potential threat of AIDS. Since 1989, Ghana has had an active plan to prevent further transmission and spread of the AIDS virus and to decrease the impact of AIDS on the affected individuals, families, groups and community at large. The strategy focuses on sentinel surveillance and epidemiological studies, and widespread information, education and communication activities.

As of December 31, 1990, 2,237 cases of Acquired Immune Deficiency Syndrome (AIDS) have been confirmed by laboratory tests in Ghana. An additional 4,153 individuals who are

seropositive for HIV have been identified. National sentinel surveillance is just beginning. Two thirds of the reported cases of AIDS and over half of the reported instances of HIV seropositivity are in the Eastern and Ashanti Regions. Epidemiological surveillance has not been completed in these areas. Studies of other groups, such as the military, blood donors, and patients in sexually transmitted disease clinics have shown prevalences in these populations which range from 1.9% to 6%. True population prevalence may be as high as 3%.

AIDS in Ghana is transmitted primarily through heterosexual contact with some perinatal and blood transfusion transmission. As a result, the majority of cases (58%) and HIV seropositivity (76%) occur in people between the ages of 20 and 39. Women account for 76% of AIDS cases and 68% of HIV seropositives, thus posing a serious threat to improving maternal and child health.

A recent situational analysis found that prevalence of HIV infection appears to be rising in Ghana, but it is still far lower than the HIV prevalence in many other countries, including neighboring Cote d'Ivoire. In short, Ghana is at a critical stage where the spread of AIDS can be effectively controlled. To do so, however, it is essential that Ghana has the institutional capacity to manage the disease. The opportunity to arrest the spread of AIDS is here. For this reason, USAID will continue to support Ghana's AIDS control program.

Benchmarks

- Three national IE&C campaign carried out.
- Four regional campaigns aimed at high risk target groups carried out.
- Collect and distribute baseline and thereafter quarterly data from each region on HIV/AIDS.
- Establish the National Public Health Reference Laboratory in Accra. Analyze constraints to providing country-wide, laboratory diagnostic services and design and implement plan to provide these services through either the public or private sector in three additional regions. This will ensure that HIV testing is available on a routine basis.
- AIDS Impact Model developed and shown to policy makers at national, regional and district levels.
- Increase condom use by three fold over baseline survey.
- 15% decrease in number of sexual partners.

-- 10 NGOs trained and regularly providing information on HIV/AIDS prevention.

Target 4.C: Improve other selected health indices

Rationale: Ghana has made great headway in increasing life expectancy and in reducing mortality. The current estimate of life expectancy at birth in Ghana is 54 years, highest in West Africa. This is partially due to a successive drop in infant mortality, from 100 per 1000 births in 1973-7 to 77 per 1000 births in 1983-8. However, when compared to developing countries such as Kenya - 66, Mauritius - 68 and Thailand - 66, Ghana's life expectancy is low. Ghanaians are only well off in regional comparisons. In the context of Asia or Latin America or the industrialized nations, the overall health status of Ghanaians remains poor.

Diarrhea is a major cause of death among children in Ghana. Each child experiences on the average three episodes per year during the first two years of life. The control of diarrheal diseases program has, therefore, been included as a major component in health policy. The level of oral rehydration therapy (ORT) awareness in Ghana appears to be high according to the 1988 Demographic Health Survey (DHS).

In 1988, USAID began a collaborative project with UNICEF to support the production and marketing of oral rehydration salts (ORS) through private channels. DANAFCO, the private producer, has established ORS production and quality control and is currently producing high quality ORS to WHO specifications. Regional hospitals are now using private sector sources for procuring their ORS supplies. USAID will continue to support the private sector promotion of ORS/ORT. UNICEF has also agreed to provide a certain amount of assistance for public sector material production and promotions.

Malaria and its resulting anemia compound the health problem in Ghana. The Ministry of Health statistics show that malaria causes 14% of all deaths in infancy and a third of all deaths between ages one and five. Even in adults it is the leading cause of morbidity and mortality.

In April 1989, USAID in collaboration with Center for Disease Control (CDC) in Atlanta, conducted an assessment of malaria control in Ghana. Because of the high morbidity and mortality from malaria in Ghana, the evaluation recommended that A.I.D. include malaria control in its family planning and health activities. It further recommended that A.I.D. support the development and implementation of all elements of this program in coordination with MOH.

Because of the failure of environmental and insecticidal

approaches to malaria control in Africa, the main objective of malaria intervention in Ghana under the Family Planning and Health Project will be to reduce mortality and morbidity, particularly in children under age five. One of the chief ways to accomplish this is to ensure that adequate antimalarial supplies are available for presumptive treatment of fevers. To achieve this, the recommended drugs must be widely available. There must also be widespread understanding of the need to complete a full course of medication for each malarial episode. To increase the availability of the medication, the Ghana Social Marketing Program (GSMP) which presently distributes and markets contraceptives and ORS will be used as an effective channel to promote appropriate use of chloroquine.

Guinea worm has now been added to Ghana's list of reportable communicable diseases. In some regions guinea worm affects 74% of all agricultural workers, and is therefore a significant impediment to full use of agricultural labor. The full extent of guinea worm is currently being assessed, but it is now known to be found throughout the country, and more than 70,000 cases were reported in 1990.

Since 1989, USAID has supported most of the local costs of the Guinea Worm Eradication Program through P.L. 480 Title I local currency generation. To date, 360 million cedis has been programmed for the project. The program has demonstrated some success in reducing the disease's incidence and now has a target of total eradication by the year 2000. USAID plans to continue supporting this program. The Mission projects that 444 million cedis generated from P.L. 480 Title I will go into the Guinea Worm Eradication Project between 1989 to 1994. After this resources will come from local currency generations from the Family Planning and Health Programs.

USAID is supporting a set of activities to address the incidence of diarrhea, malaria and guinea worm. They are efforts to confront real and urgent needs to save the lives and promote the well-being of populations at immediate risk and to contribute the overall health status of Ghanaians.

Benchmarks

- Increase use of ORT from 33% to 50% of incidence.
- Increase appropriate treatment of febrile episodes from 25% to 33% by 1996.
- Reduce the incidence of guinea worm by 50% by 1995.

D. TARGET OF OPPORTUNITY

D.1. Environmental Protection

USAID/Ghana is taking advantage of opportunities that exist within its program strategy to address environmental issues. The Mission completed a biological diversity review of Ghana. The evaluation included a biological resource review, the first step necessary for the conservation of biological diversity and endangered species. It also identified Ghana as having a variety of tropical forest types ranging from dry tropical forests (the most threatened ecosystem) to closed canopy moist tropical forest and a diversity of flora and fauna.

USAID recently obligated the Natural Resources Conservation and Historic Preservation Project. The \$5.6 million project directly addresses biodiversity and environmental conservation issues. While the project's goal is to stimulate economic growth through the exploitation of the tourism potential in Ghana's Central Region, the project's purpose is to assist Ghana in protecting and preserving its natural resources and three world historic buildings in the Central Region. The nature park to be conserved is located in the Kakum/Assin Attandanso area and is one of the few remaining vestiges of tropical rain forest in West Africa with most of its original flora and fauna intact. A number of animals and birds on the list of endangered species are found in the park as well. The historic buildings (forts and castles) to be preserved are of particular significance as the first area of contact between European powers and the peoples of West Africa. This project hopes to promote private sector activities as the result of tourism and tourism support industries and is compatible to USAID's overall program goal and its subgoal of expanding private sector-led export growth. It also supports A.I.D's Environment Initiatives by addressing problems of tropical forest and biodiversity loss.

USAID has provided limited training support for Ghana's environmental technical staff. Through HRDA, a four member team from Ghana's Environmental Protection Council attended a conference on Appraising Environmental Planning in Kampala in 1990.

Additional assistance will be available for environmental protection activities through the Mission's new Title III Food for Development Program local currency generation. Ten percent of the local currency generated under Title III (approximately \$1.0 million) will be used to support selected programs of NGOs and cooperatives in Ghana. These programs will focus on developing agribusiness and agro-processing capabilities among micro-enterprises as well as supporting NGOs' programs in rural development, agricultural education, sustainable agricultural production, and other measures to assist the poor and

environmental protection. By having funds available for NGOs' activities related to environmental protection and conservation, USAID hopes to encourage and stimulate more local and grassroots participation in protecting Ghana's natural and environment resources.

D.2. Energy Assistance

USAID has just completed an energy assessment. Ghana's energy sector is being actively supported by the donor community and foreign financial institutions. Between 1983-1990, a total of U.S. \$ 455.92 million has been invested in this sector by donors and other financial institutions. Much progress has been made in supplying power to remote areas in Ghana.

Since 1985, USAID has been participating in A.I.D.'s centrally-funded Energy Training Program (ETP) administered by the Department of Science and Technology of the Institute of International Education. Thus far, 44 Ghanaians have benefitted from the program at a cost of \$653,000. Although the ETP is available to both public and private sector organizations, most participants have been from public institutions such as the Ghana National Petroleum Corporation, Electricity Corporation of Ghana, National Energy Board, Ministry of Fuel and Power, Architectural and Engineering Services Corporation. USAID is now actively seeking private sector people to take part in ETP. Currently, 8 people are in the U.S. for training; 5 in power system control and protection and 3 in refinery and energy conservation. Given Ghana's commitment to developing and improving the energy sector, a critical area required for economic growth, USAID will be continuing its participation in this program as funds permit. Training is also compatible with the Mission's subgoal of improving the quality of Ghana's human resource base.

E. CROSS-CUTTING ISSUES

E.1. Women in Development

Ghanaian women represent 51% of the population, constitute 51% of the total labor force and provide over 47% of the agricultural labor force and participate in all aspects of food production -- from the traditional peasant to commercial farming and from food processing to marketing. Over 23% of Ghanaian women are in wholesale and retail trade development. Given the active and critical role of women in the economy and Ghana's long-term development goals, USAID/Ghana can ill afford to neglect Ghanaian women and their needs. For these reason, USAID has focused on women in development as a cross-cutting issue, integrating women both as beneficiaries of and contributors to all of its development programs and projects, rather than creating isolated interventions on behalf of women.

The Mission goal of increasing employment and income of Ghanaians is directly linked to the needs of women and improving their socio-economic status. While the Mission's ongoing programs and projects were not designed to address gender issues explicitly, women have been beneficiaries largely because these programs and projects are in sectors -- health and agriculture -- where women are actively and widely represented both as program participants and as direct beneficiaries. Efforts are being made to address women issues in education and human resource development activities as well.

The \$12 million Contraceptive Supplies Project (CSP), while not specifically designed to be a WID project, has several WID components in which women are participants of program activities and not merely service beneficiaries. For example, many women health workers have participated in training programs offered by CPS. To date, over 3,700 public and private sector nurses, traditional birth attendants, and mid-wives have received training. Women traders have also benefitted from the training received through the GSMP; they are now selling contraceptive supplies. Technical and administrative support has been provided as well to the Ghana Registered Midwives Association (GRMA), helping it to become a functional women's professional organization.

The Ghana Family Planning and Health Program (FPHP) is a \$35 million, six year program which will benefit many different groups and individuals, but the majority will be women. Women and children are expected to have improved health by having reduced fertility. Decreasing a woman's fertility from seven to four children will lessen her risk of dying during pregnancy by 43%. Controlling the frequency and timing of births has much broader health benefits as well. Also, by receiving assistance to control their reproduction, women are better able to control their lives. This is especially true for adolescents who will be better able to complete their education. Women, such as the midwives, traditional birth attendants and market women, will be the primary participants of the FPHP training component. Support for private sector enterprise through the FPHP social marketing program will create and support employment and income opportunities for women, especially since almost all retail and most wholesale trade in Ghana is in the hands of women.

Women also stand to gain from the newly amended FPHP that includes a HIV/AIDS project. As stated previously, AIDS transmission is mainly through heterosexual contact with some perinatal and blood transfusion transmission. Women account for 76% of AIDS cases and 68% of HIV seropositives in Ghana. Hence, Ghanaian women are highly represented in the high risk category for HIV/AIDS and stand to benefit from any actions to reduced the risks of the virus.

As mentioned above, 47% of Ghanaian women are farmers. Women farmers have benefitted from some of the Agricultural Productivity Promotion Program (APPP)-supported activities, such as improved agricultural extension service and improved feeder roads. The Women Farmers Extension Division has received logistical support and training, financed by APPP's local currency program. (The Women Farmers Extension Division plays an important role in organizing and educating rural women to improve farming techniques as well as farm/home management.) The feeder road program has contributed significantly to improving women farmers' and traders' access to markets and services.

Local currencies generated under the one year \$10 million PL 480 Title III program will provide resources to continue activities initiated by APPP, including support for feeder roads rehabilitation, seed and fertilizer privatization and NGO program to assist micro-enterprises and agro-processing. Many of these enterprises are operated by women. In general, any program that extends the life of APPP activities will help women farmers as well as market women.

The beneficiaries of PL 480 Title II maternal and child health (MCH) and feeding programs (approximately \$5 million annually) are at risk poor women of child-bearing age and undernourished children less than five years old. In 1991, the Catholic Relief Services' (CRS) MCH is expected to reach 69,000 women and the Adventist Development and Relief Agency (ADRA) is expected to reach 6,000. Women participating in the MCH program not only receive food, but also nutrition and health education that can improve the well-being of their families. ADRA's Title II Food-for-Work (FFW) program has benefitted over 35,000 Ghanaians, however, the number of women who benefit from this program has not been monitored. In FY 91 USAID is requiring that ADRA disaggregate its beneficiary list by gender for program monitoring and evaluation. This requirement will be included in ADRA's Operational Plan for FY 92 as well.

PL 480 Title I local currency generations (approximately \$6 million annually) are being used to support a host of projects, including some Public Investments Program (PIP) projects and Program of Actions to Mitigate the Social Costs of Adjustment (PAMSCAD) projects. USAID through its Title I local currency program is currently funding a PAMSCAD project specifically targeted for women, "Enhancing Opportunities for Women in Development." This project is directed to the needs of women in depressed areas and intends to help alleviate poverty through self-employment. The main components of this program include training, a credit scheme, saving mobilization, appropriate technology, and organizing a marketing system.

One of the strategic objectives of the \$35 million Primary Education Program (PREP) is to increase female enrollment and

retention in primary school, especially in Ghana's three northern regions through the Equity Improvement Program (EIP). EIP will provide much needed educational resources to those children who are most under-represented in the primary education system, many of whom are girls. EIP's objectives include gender-specific goals such as a 25% increase in female retention rates in target areas. The project calls for monitoring and evaluating student enrollment, attendance, and attrition by gender as well as the degree of parental and community involvement in children's education. EIP plans to employ educational planners and specialists to be sensitized to equity issues as appropriate and to conduct research to help the GOG establish a policy dialogue on equity issues that will serve as a foundation for developing a system-wide program to address equity issues.

In 1988, A.I.D. signed an agreement with the GOG to provide a \$2.3 million grant under the Human Resources Development Assistance Project (HRDA). The major objective of HRDA is to increase the number of trained Ghanaians in those priority areas that will contribute to the economic and social development of Ghana. HRDA emphasizes both public and private sectors participation (50% in each category) and in-country training. Half of the total number of participants is to be from the private sector and at least 35% of the total number is to be women. Thus far, approximately 36% of HRDA participants have been women and most have been from the public sector. Through the Entrepreneurs International Program which commenced in FY 1990, four out of thirteen participants were women from the private sector.

Due to the evolving private sector focus of A.I.D.'s program, USAID recently developed a HRDA training plan for FY 1991-1995 for private sector development and management training. Although the training program does not have a specific WID component, a series of management courses will be designed for business women and owners of small firms. Several women's groups are also expected to participate in overseeing the HRDA training program. A representative from the Ghana Professional and Business Women's Association will be on the HRDA Executive Advisory Committee that provides overall program and policy direction, and a member of the Women's World Banking (Ghana) Ltd. will be on the HRDA Program Committee. Overall, at least 30% of the HRDA program participants will be women.

Overall, the Mission has been responsive to and responsible for women in development and related issues. To ensure that all USAID activities continue to take into account gender issues, especially in the initial program planning and project design process and in project monitoring and evaluations, the Mission has recently completed a WID Action Plan. In addition, as

appropriate, the Mission will ensure that all future USAID-contracted surveys and research proposals include gender issues and any new data collected will be gender disaggregated to the extent feasible in the Ghanaian context.

E.2. Democracy/Governance, Decentralization

Ghana is in the throes of an evolving democratic process. 110 local administrative districts were created in 1988; elections were held in 1989; and line ministries are being decentralized. More importantly, the PNDC leadership is committed to a new constitution by year's end and a consultative body to draft the constitution has been formed. In essence, Ghana is undergoing a political process that has had little A.I.D. influence. Yet, the issues and outcomes can directly affect A.I.D.'s program implementation as well as complement US foreign policy objectives. The Mission feels that opportunities now exist in Ghana to help it stay the course. A.I.D.'s 1992-96 strategic plan calls for assisting the development of the private sector, especially its analytical capacity. The Mission hopes that meaningful dialogue over policy issues will occur between public and private institutions in the future to open the Ghanaian decision-making process. These types of institutional interactions are critical elements of democracy.

The Mission believes that even though our funding is limited at present, opportunities exist to nurture the incipient democratization processes now working in Ghana. USAID is taking steps to explore avenues to incorporate democracy and decentralization as a cross-cutting issue in its program in coming months. These include the following activities:

- 1) USAID (with the assistance of contractors/REDSO) will conduct special studies to explore further the areas and extent to which the Mission could best undertake a democratization strategy, specifically focusing on ways to assist the GOG make the transition to a private sector-oriented growth economy and to enhance and strengthen the economic capacity management of public and private sector institutions;
- 2) USAID will survey donor community activities in the area of democratization; and
- 3) USAID will explore broader democratization/governance initiatives within the context of an Embassy-wide strategy.

The Mission feel that these are exciting times for Ghana. Through the ERP, Ghana has laid a solid economic policy base for growth and the political situation is now moving in the right direction. USAID hopes to be able to help make a difference in this process by developing a democratic initiative responsive not

only to A.I.D. policy goals but to Ghana.

F. RELATIONSHIP BETWEEN USAID/GHANA'S PROGRAM AND A.I.D.'S POLICY INITIATIVES

The USAID/Ghana's Program closely follows the Agency Mission Statement. The first principle is "support for free markets and broad-based economic growth". This principle is reflected in the USAID/Ghana subgoal of increasing GDP and per capita income. The subgoal is supported by two strategic objectives, "Increase Private Sector-Led Export Growth" and "Improve the Efficiency of the Agricultural Marketing System" both of which specifically support free markets. The second part of the principle, advocating broad-based economic growth, directly relates to the Mission's subgoal of increasing GDP and real per capita income. This entire side of the objective tree also reflects the concept behind the initiative, "Partnership for Business and Development", since the thrust of the program under this subgoal is to make it easier for business to operate and increase the cooperation between business and government. The A.I.D. strategy will also foster a partnership between business and government -- which is parallel to "Partnership for Business and Development" initiative as a way to promote economic growth.

The second A.I.D. subgoal, improving the quality of the human resource base, speaks to the second principle contained in A.I.D.'s statement -- concern for individuals and the development of their economic and social well-being. Moreover, USAID is also supporting A.I.D.'s Family and Development Initiative. USAID's health, family planning, and educational activities directly impact on families. A.I.D. recognizes that the family is the critical social and economic unit in development. Healthy and educated families make better life choices for their family members, directly improving family and individual well-being. By developing the human resource base, Ghanaians will be able to better care for and support their families in health, education, and nutrition. Education will help Ghanaians participate in the economic, social, and political life as well. A.I.D. assistance will especially help families at risk, families that typically lack education and suffer from ill health, low productivity, and extreme poverty.

Another principle of the Mission statement, "responsible environmental policies and prudent management of natural resources", is addressed as a target of opportunity. The \$5.6 million USAID Natural Resources Conservation and Historic Preservation Project directly addresses biodiversity and environmental conservation issues. As such, it also addresses the concerns raised by the Administrator in his Environmental Initiative.

"Support for Democracy" is another principle which is represented

in the Administrator's Democracy Initiative. As noted earlier, USAID/Ghana is undertaking studies to determine the best approach to assisting Ghana in its evolving democratic process.

CHAPTER VI

VI. Plans for Implementation: Level and Use of Resources, Monitoring, Reporting and Evaluation, Policy Agenda

A. Level and Use of Resources

The strategy described in Chapter V is based upon the existing AAPL levels for Ghana. To implement the strategy, the Mission will integrate resources from both the Development Fund for Africa (DFA) and the PL 480 Program (Titles II and III). The present strategy focuses upon private sector-led export growth, infrastructure development, family planning and health and primary education. If additional resources become available during the CPSP period, the Mission will first focus on expanding programs in these areas rather than embark upon new program thrusts. Obviously, if the level of resources provided were to increase dramatically the Mission would then consider new initiatives.

1. Development Fund for Africa (DFA)

In terms of the DFA resources to be utilized by the program, Table I contains a detailed budget by year for DFA resources requested. In terms of implementation, the Mission has in place the basic projects for achieving strategic objectives three and four. The Mission has several activities on-line to accomplish strategic objectives one and two as well.

The cornerstones of our strategic objective one, private sector-led export growth, are the Mission's private sector training program and the non-traditional export development program.

USAID/Ghana is currently funding a \$5.6 million private sector training program under the A.I.D./W Human Resources Development Assistance Program (HRDA). The program is designed to train key people, drawn largely from the private sector, so that Ghana can become an effective competitor in international markets. The program was obligated in FY 1991 and terminates in FY 1995. Mission plans a \$10 million follow-on program to be obligated in FY 1995.

The Non-Traditional Export Promotion/Marketing initiative is a two phase project. The first \$26 million will be obligated in FY 1992, and the \$37 million second phase will start in FY 1994. The program's first phase will address the key policy and institutional constraints to private sector-led export growth, principally regulatory practices, macroeconomic constraints and short-term credit needs. Technical assistance and training will be provided to strengthen the capacity of public sector and private sector institutions. The direction and approach of the second phase will be determined by a series of studies and

analyses, conducted during the first stage.

Another program in the portfolio that will contribute to the first strategic objective is the Ghana Venture Capital Company. USAID currently plans to use \$0.6 million in FY 1992 and FY 1993 to cover start-up costs of the firm.

The second strategic objective is to improve the efficiency of the agricultural marketing system. The primary vehicle is the \$5 million Input Market Liberalization and Support Project, which is expected to be funded by DFA and obligated in FY 1992. The primary objective of this project is to continue prior efforts to liberalize the fertilizer and seed markets. In addition to DFA funds, \$20 million in PL 480 local currency resources will be used to help achieve this strategic objective. These resources will fund feeder road rehabilitation.

The Primary Education Project, the vehicle for accomplishing strategic objective three, was designed and obligated in FY 90 and is presently functioning successfully. Present estimates are for a follow-up Primary Education activity consisting of both Project and Non-project Assistance to be designed in FY 94 for obligation in FY 95. The second project will focus on the same issues and areas as PREP and will have as its objective to support the establishment of a quality, assessable, equitable and financially sustainable primary education system by the year 2000.

The \$35.0 million Family Planning and Health Project was obligated and amended in FY 91 and will run through FY 96. It is the vehicle for accomplishing strategic objective four. It is viewed as the second component, representing years (6-10), of what is presently perceived as a 15-16 year process to reach a 30% modern contraceptive adoption rate. Current plans include the design in FY 95 of the third phase of this activity for obligation in FY 1996.

TABLE I
USAID/GHANA OBLIGATION SCHEDULE FY 1992/FY 1995
(\$000)

		TOTAL		MORTGAGE	FISCAL YEAR				
		AUTH	PLANNED	9/30/91	1992	1993	1994	1995	1996
641-0118	Family Planning/Health (PA)	15,500	15,500	10,151	3,000	3,000	4,150		
641-0121	Family Planning Health (NPA)	3,000	13,000	10,000	5,000	5,000			
936-3057	Contraceptive Procurement	-	6,500	4,160	1,500	2,000	660		
641-XXXX	Family Planning/Health (PA) II	-	25,000	-					5,000
641-XXXX	Family Planning/Health (NPA) II	-	15,000	-					5,000
936-3057	Contraceptive Procurement II	-	10,000	-					2,000
641-0119	Primary Education (NPA)	14,361	36,000	21,639	5,000	8,000	8,639		
641-0120	Primary Education (PA)	3,000	4,000	1,000	500		500		
641-XXXX	Primary Education (NPA) II	-	35,000	-				10,000	5,000
641-XXXX	Primary Education (PA) II	-	10,000	-				4,000	2,000
641-0122	Central Reg. Resource Cons/Hist Pre.	5,623	5,623	4,123	2,300	1,823			
641-0123	Input Market Lib/Support	-	5,000	-	2,000	2,000	1,000		
641-0125	NTE Promotion/Marketing (NPA)	-	7,000	-	3,000	4,000			
641-0126	NTE Promotion/Marketing (PA)	-	19,000	-	2,500	1,300	5,200	5,000	5,000
641-XXXX	NTE Promotion/Marketing II (NPA)	-	37,000				12,000	13,000	12,000
641-APEF	Venture Capital	-	600	-	300	300			
641-HRDA	Human Res. Development Assistance	5,600	5,600	4,100	2,100	1,800	200		
641-XXXX	Private Sector Training	-	10,000	-				3,000	3,000
641-0110	PD&S		4,228		800	777	651	1,000	1,000
TOTAL					28,000	30,000	33,000	36,000	40,000

2. PL 480 Resources

The Mission is implementing a one year, \$10 million Title III program and requests that this be followed by a three year, \$30 million Title III program in FY 1992. Due to the growing food deficit predicted by the World Bank and GOG, a food program is appropriate for Ghana. The commodity of choice for the Title III program is wheat, with the possibility of rice as an alternative. Wheat and rice are the only two commodities that will not compete with locally grown commodities; wheat is not grown in Ghana and current level of rice production cannot meet the needs of Ghana. In addition, transportation costs are so high that Ghanaian rice is not competitive with imported rice if it is shipped to Accra.

Conditionality under the Title III Program will go largely to contribute to the second strategic objective, "Improve the efficiency of the agricultural marketing system". Conditionality will focus on:

- privatizing of commodity marketing,
- privatizing of fertilizer and seed industries,
- selling GOG stocks of fertilizer,
- selling GOG controlled input supply centers (FASCOMs),
- addressing pricing issues for flour and rice, and
- liberalizing the marketing of wheat and maize.

Local currencies generated under the Title III Program will be utilized for GOG budget support for the National Feeder Road Rehabilitation Program. This is a \$100.0 million program jointly funded by the World Bank, Danish International Development Agency and other donors of which USAID's contribution is \$20.0 million in local currency. Other expected uses for local currency to be considered are:

- establishing of an endowment for a private sector Economics Institute;¹¹
- funding programs of NGO's and cooperatives that will assist the micro-enterprise sector; and
- continuing assistance to the GOG in its fertilizer and seed privatization activities.

USAID plans to continue its PL 480 Title II program with Catholic Relief Services (CRS) and the Adventist Development and Relief Agency (ADRA). Technoserve (TNS) has recently submitted a Title

¹¹ This activity contributes to the first strategic objective via one of the targets, "Enhance the Enabling Environment".

II monetarization proposal to AID/Washington. USAID would welcome the inclusion of Technoserve into the Title II program since the TNS' program is geared toward assisting the private sector, a key USAID program objective. Continued assistance to the CRS and ADRA is justified since both organizations are gearing their programs toward areas supportive of A.I.D.'s strategy. CRS, in its recently approved Multi-Year Operational Plan, will support private sector development, improved MCH programs, and school feeding programs.

ADRA has serious institutional problems, which it is working to correct. Hopefully they can be resolved. The ADRA program is focused on agriculture and agroforestry, MCH activities and food-for-work. ADRA has extended its Multi-Year Operational Plan to cover FY 1992, and is in the process of developing a new one for the FY 1993-1995 period which will change the relative mix of these activities.

The principal constraint to continuing the existing Title II activity in Ghana is that the PVO's have yet to make the transition from humanitarian, relief organizations to developmental organizations. Each PVO has developed institutions and capabilities to implement humanitarian relief activities. It is not certain that either CRS or ADRA can make the institutional changes necessary to become effective development organizations. If they can make this transition, USAID will support their programs through increased monetization programs. In addition to CRS, ADRA, and Technoserve, USAID has had preliminary discussions with World Vision concerning the establishment of a Title II Program. To date, World Vision has not developed a proposal for funding.

3. Staffing Requirements

USAID/Ghana has grown appreciably both in terms of program and staffing since 1990. The current number of USDH is 10. These ten positions include:

- A.I.D. Representative
- Secretary
- Program Officer
- Project Development Officer
- Program Economist
- Human Resources Development Officer
- Health Population Nutrition Officer
- Agricultural Economist
- Controller
- Executive Officer

Over the CPSP period the Mission proposes that USDH staffing level be increased from the present level of 10 to 15. (An organization chart is shown at the end of this chapter.) The

Mission proposes that the following staff be added to meet the increased workload from the growing program level:

- a. Deputy Director - This position is in process of NSD 38 clearance and is expected to be filled in CY 1991.
- b. Program Economist - This position is being proposed in order for the Mission to effectively carry out its impact monitoring and evaluation activities. The present Program Economist is fully occupied with addressing the economic analysis needs of the Mission. Likewise, the technical officers are heavily engaged in project design and/or implementation activities. If the Mission and the Agency are going to meaningfully accomplish anything in the area of impact monitoring, evaluation and reporting we need to allocate staff to do the job. We believe this person is essential to the long-term success of A.I.D.'s program in Ghana. We would propose that this position be created and staffed in FY 92.
- c. Deputy Controller/Financial Analyst - The Mission believes it is especially vulnerable in the area of audits and accounting systems. We would propose to add a second USDH position in the Controller's office to be assigned to Accra early in CY 1992 and that the USDH position for that person be created either in FY 92 or early FY 93 for an IDI to move into.
- d. Contract Officer - As the USAID/Ghana program has grown, so has the number of contracting actions. At present, we have completed more than 340 contracting actions in the first three quarters of FY 1991, the majority of which are handled by the EXO. At present the EXO allocates 30% to 40% of her time to contracting, leaving too little time to handled the other EXO activities on a timely basis. Creating and staffing a contract officer position in either FY 92 or FY 93 would improve the efficiency and effectiveness of the Executive Office.
- e. Food for Peace Officer - The USAID/Ghana Food for Peace Program has grown in recent years and is projected to average \$15 million annually over the CPSP period. At present the Program is managed by one FSN employee. The addition of a Title III program, with its associated conditionality and resources allocation management requirements, greatly increases the complexity and the management requirements of the PL 480 program. The Mission believes that this requires and justifies the addition of a USDH Food for Peace Officer as soon as possible.

The last four of the above five positions will still need clearance from the Ambassador if approved in A.I.D. The Mission believes that, this level of staffing along with prudent use of project funded PSC's and capable Ghanaian professional staff will prove adequate for the projected program levels.

A very serious constraint that must be addressed is the level of local compensation. Mission feels that the current local salary structure is inadequate to lure and retain highly qualified local staff. Last year, USAID lost a highly qualified agricultural economist because of low pay. This individual was able to make more in one month consulting on the local market than he made in a year with A.I.D. The Mission attempted to fill the position, but the selected candidate turned down the job because the salary was inadequate. There is to be a wage classification survey in FY 1992 that will review local salaries and hopefully come up with a more reasonable salary structure. The Mission proposes to bring someone from FSN personnel to review compensation issues in Ghana and recommend/advise on any needed changes in procedures.

Mission has recently reorganized and moved into new offices. The reorganization will allow for the effective implementation of the A.I.D. program through the strategy period.

USAID expects a modest influx of project funded PSC's and institutional contractors as part of an expanding program. To effectively administer contractor support, USAID plans to establish a project funded, Field Support Unit. The Unit will be in charge of providing contractors with housing and maintenance, furnishings, and procurement of support commodities. USAID feels the Field Support Unit approach to contractor support will be cost effective and will assure minimum standards are upheld for contractor support.

B. Monitoring, Reporting, Evaluation

USAID/Ghana recognizes monitoring, reporting and evaluation as critical to the success of its development portfolio and important to ensuring continued support for its program.

The Mission's principal tool for undertaking implementation monitoring has been and will continue to be the bi-annual Program Implementation Reports (PIRs). The individual program/project reports together with the overview section and the statement on the status of the overall portfolio on addressing targets and strategic objectives gives a comprehensive statement of the status of each activity.

In FY 1990 the African Bureau initiated its Assessment of Program Impact (API). The API is viewed as the principal vehicle for Category I Missions report to A.I.D./W on the performance and impact of this country programs.

The Mission was criticized in the evaluation of its Agricultural Productivity Promotion Program for lacking the data necessary to determine the impact of the program. This shortcoming was due to lack of staffing during this period and the decision to let the Ministry of Agriculture take the lead in establishing an impact monitoring system for APPP.

Since the evaluation, Mission has started to correct many of the weaknesses identified not only for APPP but for the Mission program in general. For instance, in all new initiatives, adequate resources are being programmed for establishing baseline data and for performing surveys and monitoring activities. In addition Mission intends to establish a monitoring and evaluation system (MES), as well as a unit to implement the MES. A scope of work for the unit is contained in ANNEX C. Under MES, Mission intends to allocate approximately \$1.0 million for a five year period to implement the system. Funds will be provided under existing projects as well as from USAID/Ghana Trust Funds. Supervision of the MES Unit will be with the Program office.

The role of the MES Unit will be to assure that:

- to the extent possible, quantified levels for each indicator for each strategic objective is established annually;
- baseline data is established for each indicator;
- data sources are identified and used;
- targets and their indicators are established; and
- reports are prepared.

Mission plans to begin initial implementation of MES in August and expects to have the program fully operational by the end of December 1991. Making the program fully operational will entail short-term technical assistance, possibly provided through Management System International (MSI) in September and October. MSI assisted the Mission in developing the MES, and Mission feels the firm is competent to assist in establishing a workable and effective system. The Mission believes that approval of a second USDH program economist position is necessary for the successful implementation of this program.

C. Policy Agenda

The A.I.D. program in Ghana is geared toward specific policy and institutional changes that are designed to bring about economic growth and development. Clearly, the majority of our resources under A.I.D.'s existing program are programmed toward policy and institutional change.

Much of USAID's policy agenda in the past has been within the context of the World Bank and IMF conditionality in the agricultural and education sector. This collaborative agenda will continue. The agenda to be pursued during the strategy period is outlined below to show its contribution to achieving four strategic objectives.

Strategic Objective 1: Increase Private Sector Led-Export Growth.

- GOG should provide for the sustainability of the Ghana Export Promotion Council (GEPC)
- GOG should change the composition of GEPC's board of directors by appointing private sector members on the board.
- GOG should reduce the complexity and time required for export procedures.
- GOG should establish a mechanism for refinancing export credits.
- GOG should establish a dollar denominated export guarantee fund.
- GOG should establish a uniform export duty drawback system.
- GOG must improve its policy dialogue with the private sector.

Strategic Objective 2: Improve the Efficiency of the Agricultural Marketing System.

- GOG will be required to sell its stocks of fertilizer.
- GOG will be required to divest input supply centers (FASCOMs).
- GOG will improve and accelerate its road maintenance program.
- GOG should consider the privatization of the importation and marketing of wheat and agricultural commodities.

Strategic Objective 3: Improve the Quality of Primary Education.

- GOG should increase budgeting allocation for primary education.
- GOG should increase and improve teacher training for primary education.
- GOG should improve the equity of primary education with emphases on gender.
- GOG should increase the amount of teaching materials available to the primary education system.
- GOG should decentralize Ministry of Education activities.
- GOG should adopt a system of criterion referenced testing.

Strategic Objective 4: Improve the Health Status of Ghanaians

- GOG should decentralize Ministry of Health activities.
- GOG should increase budget allocations for MCH, AIDS, Guinea Worm Eradication.
- GOG should expand the essential drug list to include all formulations of oral contraceptives now used in Ghana.
- GOG should change the categorization of different contraceptive to make them more accessible through delivery by lower echelon health workers.
- GOG should establish realistic population goals and establish an implementation plan for achieving these goals.
- GOG should effectively deregulate the distribution of oral contraceptives.
- GOG should eliminate price controls on all contraceptives.
- GOG should eliminate customs duties on commercial importation of contraceptives, oral rehydration salts and chloroquine.

TABLE 2
 USAID GHANA DESIGN AND OBLIGATION SCHEDULE
 FY 1992 - FY 1996

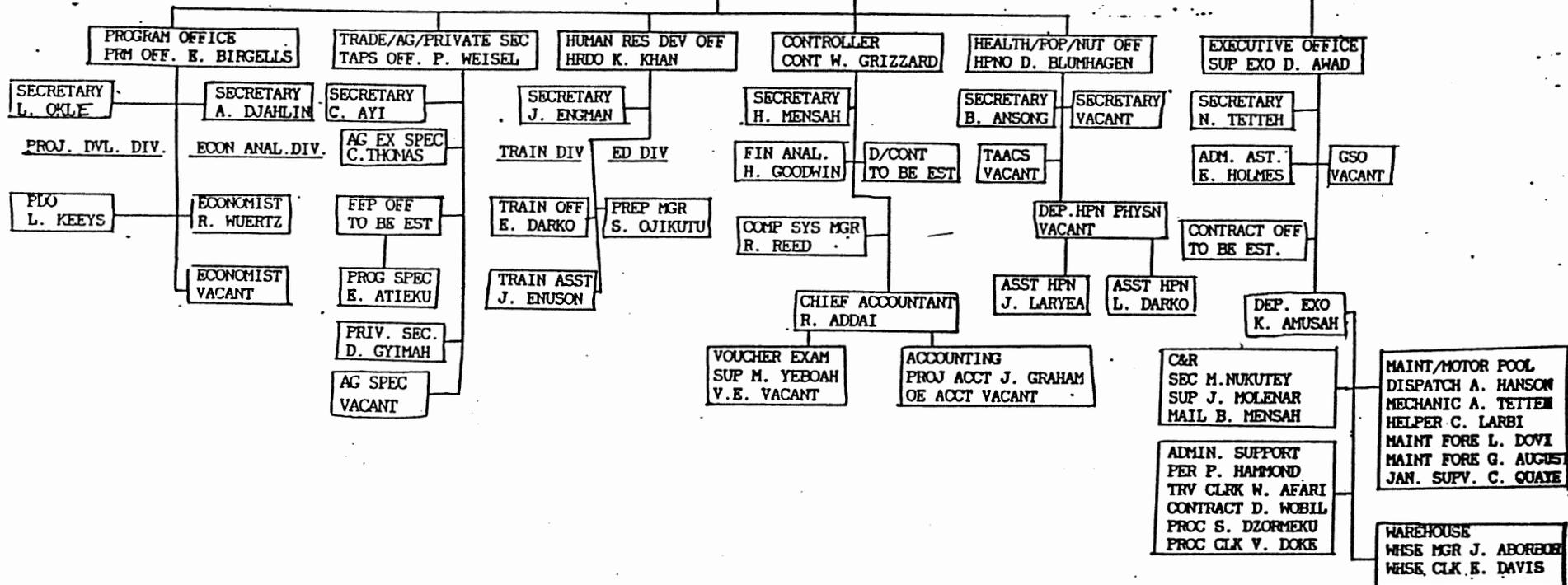
Project	<u>Design Schedule</u>	<u>Initial Obligation</u>	<u>Proposed Funding Level</u> (Million of \$)
641-0125 Non-Traditional Export Promotion/Marketing Program	FY 91/92	FY 92	7.0
641-0126 Non-Traditional Export Promotion/Marketing Project	FY 91/92	FY 92	19.0
641-XXXX Venture Capital Fund	FY 91	FY 92	.6
641-XXXX Non-Traditional Export Promotion/Marketing Program II	FY 93	FY 94	37.0
641-XXXX Primary Education Program II	FY /94	FY 95	35.0
641-XXXX Primary Education Project II	FY /94	FY 95	10.0
641-XXXX Private Sector Training	FY /94	FY 95	10.0
641-XXXX Family Planning/Health Program II	FY 95	FY 96	25.0
641-XXXX Family Planning/Health Project II	FY 95	FY 96	25.0
641-0123 Input Marketing Liberalization and Support	FY 91/92	FY 92	5.0
P.L. 480 Title III	FY 92	FY 92	30.0
P.L. 480 Title III	FY 94	FY 95	20.0

USAID MISSION TO GHANA
ORGANIZATIONAL CHART

OFFICE OF AID REPRESENTATIVE
AID REP. JOSEPH B. GOODWIN

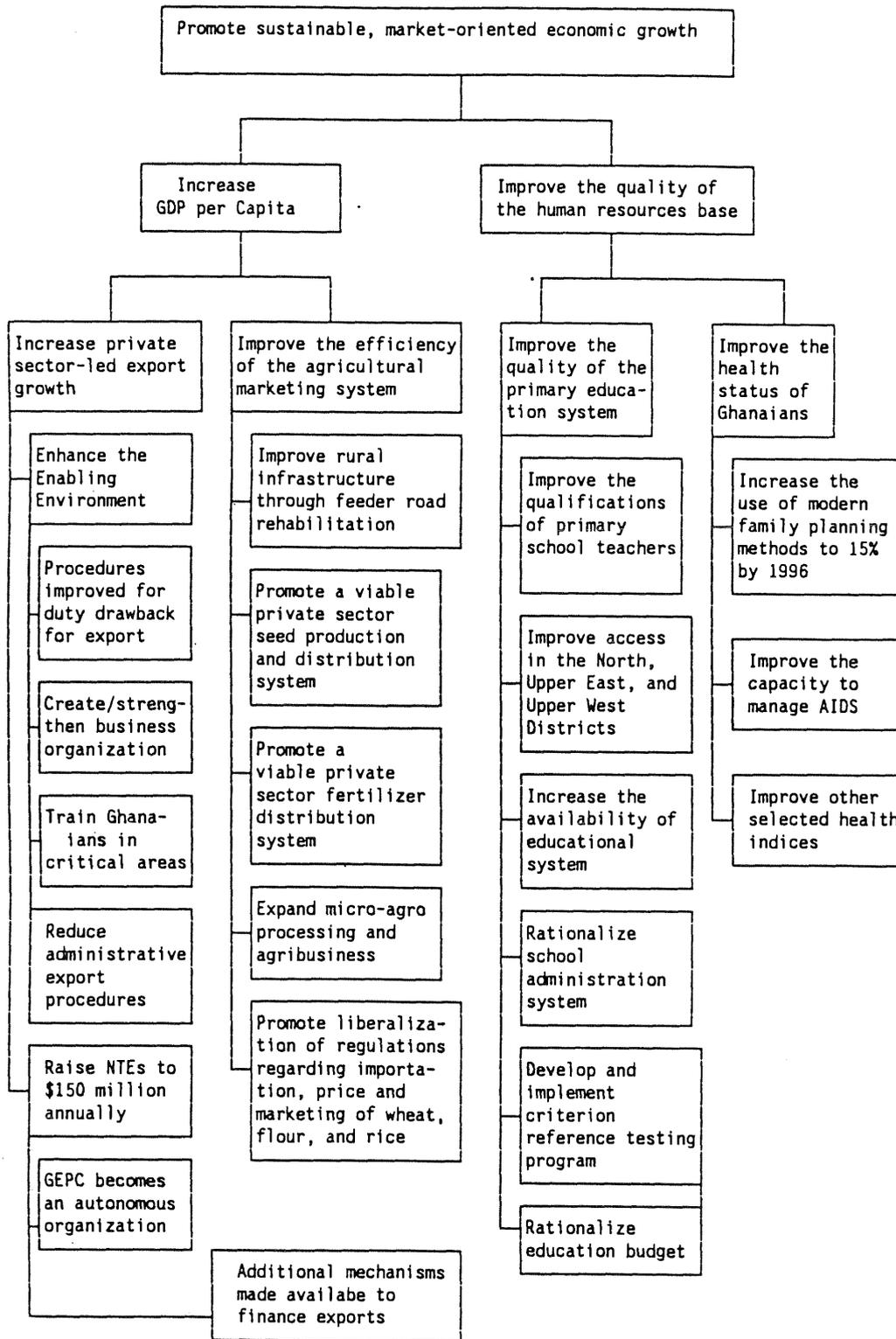
SECRETARY
T. BARNES

DEPUTY DIRECTOR
TO BE ESTABLISHED



ANNEX N

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



ANNEX O

Summary of Objectives, Benchmarks and Means of Verification

Strategic
Objectives/
Targets/
Subtargets

Strategic
Objective 1:

Benchmarks

Means of
Verification

Comments/
Assumptions

Increase
private
sector-led
export
growth

Assumes
increased
GOG support
of private
sector and
exports.

Target 1.A.

Enhance the
enabling
environment

Assumes
continuation
of GOG and
World Bank
commitment
to support
the private
sector as
the engine
of economic
growth.

Subtarget A

Create/
strengthen
business
associations

1) AGI
researches
private
sector
issues and
disseminates
results.
2) Indepen-
dent
economic
policy
institute
created.

AGI
records;
Contractor
reports;
Mission
reports

Assumes
Title III
approved.

Targets

<u>Subtarget B</u>	<u>Benchmarks</u>	<u>Means of Verification</u>	<u>Comments/ Assumptions</u>
Ghanaians trained in critical areas, including exporters, producers, public policy-makers, educators, and labor leaders	1) Assist AGI to start mgt. training programs. 2) Provide training to small industries. 3) Provide 50 courses for exporters. 4) Provide 60 person months of assistance to exporters. 5) Develop 11 export marketing studies.	AGI reports; contractor reports	Assumes approval of NTE Development Project.
<u>Subtarget C</u>			
Reduce Administrative Export Procedures	1) 25 export procedure manuals developed 2) Administrative processing time for exports reduced.	Contractor reports; AGI reports; survey of delay time caused by administrative procedures	Reduced admin. delays will lower costs to exporters.
<u>Subtarget D</u>			
Procedures improved for duty drawback for exports	Duty drawback system refunds appropriate amounts promptly to exporters.	Reports from MFEP on duty drawback system	Assumes Ghanaian economy is able to support an effective system.

<u>Target 1.B.</u>	<u>Benchmarks</u>	<u>Means of Verification</u>	<u>Comments/ Assumptions</u>
Raise NTEs to \$150 million annually	NTE grow to \$150 million by 1995.	GEPC statistics	

Subtarget A

GEPC becomes an autonomous organization that expands its services to meet exporters needs	<p>1) GEPC is an autonomous body with independent funding and compensation scheme.</p> <p>2) GEPC is operating under a strategic plan.</p> <p>3) GEPC will initiate a project development facility to prepare export proposals/ business plans for financing.</p>	<p>End of project assessment; report by project manager and contractor; GEPC records</p>	<p>GEPC strategic plan helps it become a more effective organization; help in project proposals will increase access to financing and prove profitable.</p>
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<u>Target 1.B.</u>	<u>Benchmarks</u>	<u>Means of Verification</u>	<u>Comments/ Assumptions</u>
<u>Subtarget B</u> Additional mechanisms made available to finance exports	1) Refinance facility fully established and operational. 2) Export loan guarantee fund is 80% subscribed; losses are covered by fees; 25% of operating costs are covered by fees. 3) Medium and long term finance facilities are established. 4) Venture capital fund is started. 5) Foreign exchange regulations for exporters and investors clarified and promulgated. 6) Regs and laws established for formation of leasing companies.	Reports from BOG; report from GVCC; MFEP reports	Feasibility studies result in appropriate infra-structure investments; GOG continues to emphasize export sector; GVCC funding is approved; GEPC continues to have effective, strong leadership; laws and regulations for export finance institutions established.

<u>Strategic Objective 2</u>	<u>Benchmarks</u>	<u>Means of Verification</u>	<u>Comments/ Assumptions</u>
Improve the efficiency of the agricultural marketing system			Feeder road maintenance program funded and implemented by GOG.
<u>Target 2.A.</u>			
Rural infrastructure improved through repair of feeder roads	<ul style="list-style-type: none"> 1) Increased use of roads. 2) 800 kms of feeder roads re-habilitated. 3) Maintenance plan initiated. 4) Contractors trained and operating. 	Special surveys; Division of Feeder Road reports	Continuation by GOG of program to privatize agricultural markets.
<u>Target 2.B.</u>			
Establish a viable private sector seed production and distribution system	<ul style="list-style-type: none"> 1) Private sector dealers supply seed. 2) Seed inspection and certification unit is operational. 3) GOG disposes of Ghana Seed Company assets. 	MOA statistics, special surveys, project monitoring	Continuation by GOG of program to privatize agricultural markets.
<u>Target 2.C.</u>			
Promote a viable private fertilizer sector distribution system	<p>Private sector</p> <ul style="list-style-type: none"> 1) supplies all farmers, 2) imports all fertilizer. GOG 3) sells fertilizer stocks, 4) FASCOMs reorganized. 	MOA statistics; special surveys; project monitoring	Assumes Title III funding obtained.

Target 2.D.

Expand micro-agro-processing and agribusiness enterprises

Benchmarks

- 1) A minimum of 5,000 micro enterprises are assisted through NGOs.
- 2) At least 10 programs of NGO's/coops implemented over the period FY92-96.
- 3) At least five coops engaged in agro-processing strengthened.

Means of Verification

PVO/NGO reports, special studies

Comments/ Assumptions

Assumes Title III funding obtained.

TARGET 2.E.

Promote liberalization of regulations regarding the importation, price and marketing of wheat, flour, and rice

- 1) Structure, conduct, and performance analysis conducted.
- 2) Analysis recommendations incorporated into Title III dialogue.

Project monitoring

Assumes that a study of the markets of wheat, flour and rice is completed.

Strategic
Objective/
Targets

Indicators/
Benchmarks

Verification

Comments/
Assumptions

Strategic
Objective 3

Improve the
quality of
primary
education

Assumes
political
stability, ERP
continues, and
continued
economic
growth.

Target 3.A.

Improve the
qualifications
of primary
school
teachers

1) 85% of
primary school
teachers
receive in-
service
training.
2) 85% of
untrained
teachers
receive
minimum
training.

MOE reports;
PMU monitoring
reports;
data from GES
and GNAT

Assumes that
the decentral-
ization of the
MOE currently
underway will
not impede
progress of
PREP.

Target 3.B.

Improve access
in the Upper
East, North,
and Upper West
Districts

Implement
incentive
programs for
students,
teachers, and
parents.

MOE reports;
PMU monitoring
reports;
data from GES
and GNAT

Same as above.

<u>Strategic Objective/ Targets</u>	<u>Indicators/ Benchmarks</u>	<u>Means of Verification</u>	<u>Comments/ Assumptions</u>
<u>Target 3.C.</u> Increase availability of educational materials	1) 90% of primary students have texts, and 2) 95% of teachers have instructional material by 1995.	PMU monitoring reports	Same as above.
<u>Target 3.D.</u> Rationalize school administration system	1) 110 district ed. officers hired and trained. 2) 700 inspectors trained.	PMU reports	Same as above.
<u>Target 3.E.</u> Develop and implement criterion reference testing program	Tests developed and conducted each year, starting in 1993.	PMU reports; test scores publicized	Same as above.
<u>Target 3.F.</u> Rationalize education budget	1) 38% of MOE budget goes to basic education. 2) 6% of budget spent on instructional material. 3) Gap between budget and spending reduced to 5% by 1995. 4) disaggregate budget.	MOE budget and expenditure statistics	Same as above.

<u>Strategic Objective/ Targets</u>	<u>Indicators/ Benchmarks</u>	<u>Means of Verification</u>	<u>Comments</u>
<u>Strategic Objective 4</u>			
Improve the health status of Ghanaians			
<u>Target 4.A.</u>			
Increase the use of modern family planning methods to 15% by 1995	<p>1) Private sector distributes 39 million condoms, 39 million cycles of oral contraceptives, 76 million vaginal foaming tablets, and 5000 IUDs.</p> <p>2) Public sector distributes 13.8 million condoms, 3 million cycles of oral contraceptives 5.2 million vaginal foaming tablets, 50,000 IUDs, and 1000 Norplants.</p> <p>3) 15% modern contraceptive rate.</p> <p>4) Increase supply of commodities.</p> <p>5) Establish info system.</p> <p>6) Increase cost recovery.</p>	Contractor and MOE reports; DHS in 1994	Assumes that the decentralization of the MOE currently underway will not impede progress of the project.

<u>Strategic Objective/ Targets</u>	<u>Indicators/ Benchmarks</u>	<u>Means of Verification</u>	<u>Comments/ Assumptions</u>
<u>Target 4.B.</u> Improve the capacity to manage AIDS	1) Establish health information systems and distribute quarterly data. 2) Improve diagnostic capacity. 3) 3 IE&C and 4 regional campaigns conducted. 4) AIM model developed. 5) condom use triples.	MOH and contractor reports	Assumes GOG exploits the window of opportunity open to it.
<u>Target 4.C.</u> Improve other select health indices	1) Increase use of ORT from 33% to 50% of incidence. 2) Increase appropriate treatment of febrile episodes from 25% to 33% by 1996. 3) Reduce the incidence of guinea worm by 50% by 1996.	MOH and contractor reports	Assumes GOG continues to place priority on health efforts, and that other donors continue to donate to the efforts.