

**Review Of Progress Toward Milestones Accomplishment and
Achievement of TIRP Results**

Year Two (July 1999 - June 2000)

July 2000



Sigma One Corporation

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and Achievement of TIRP Results**

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**Trade and Investment Reform Program (TIRP)
Improved Policy Reform and Financial Intermediation
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by:

**Dale Colyer
Sigma One Corporation**

In fulfillment of the following milestones:

1.15 Evaluate progress toward milestones and results (Year 2)

July 2000

Sigma One Corporation

**YEAR TWO REVIEW AND EVALUATION OF PROGRESS:
IMPROVED POLICY AND FINANCIAL INTERMEDIATION COMPONENT
TRADE AND INVESTMENT REFORM PROGRAM**

**Dale Colyer
July 2000**

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Executive Summary

The five-year Improved Policy and Financial Intermediation Component of the Trade and Investment Reform Program was initiated in July 1998 by the Sigma One Corporation with USAID funding. Its primary purpose was to assist the Government of Ghana (GOG) with economic policy reforms that would contribute to Ghana's Vision 2020, to become a middle income country by the year 2020. This report assesses the progress of the project through year two of its activities.

The procedures used for this evaluation were an examination of the project records in the Research Triangle Park, NC main office of Sigma One Corporation and in the Accra, Ghana Field Office and through discussions with project personnel, USAID officials, and Ghanaian stakeholders in both the public and private sectors. Progress was evaluated from the standpoint of meeting the milestones programmed for the first two years of the project and the results of the activities that were carried out. In addition to achievement of reforms, data on the Ghanaian economy were examined to determine possible impacts of the project. The evaluation was conducted during the period June 15-30.

To attain the vision requires a sustained growth rate averaging 8 percent per year from 1995 to 2020. Over the past five years, Ghana's economy has grown at 4-5 percent, which is well below requirements, especially since much of that growth is absorbed by a rapidly increasing population. Furthermore, progress that had been made in reducing deficits and inflation was reversed in 1999 when falling gold and cocoa prices caused a very substantial decline in export earnings and, hence, a loss of foreign exchange reserves which led to a rapid depreciation of its currency, the cedi.

During the first two years of the project very substantial progress was made in several policy related areas, although there also were disappointments. In addition to promoting general policy reform, the project conducted studies and/or provided technical assistance for promoting specific reform activities with, generally, very favorable results. These include reforms in the country's labor law, improvements in the Internal Revenue Service's tax collection capabilities, technical assistance to the Social Security and National Insurance Trust to improve its investment procedures, customs/tariff studies, assistance to cocoa sector reform where marketing is being privatized, and to the Micro Finance unit of Ministry of Finance (MOF) for improving rural credit and financial services.

The major disappointment of the project was that Ghana did not achieve higher rates of economic growth due in part to incomplete macroeconomic policy reforms with respect to reduced budget deficits and exchange rate controls, tariff modifications, etc. Thus, when foreign exchange earnings declined due to low gold and cocoa prices in 1999, the country was not in a strong position to withstand the pressures on the cedi. In addition, the MOF was to establish an Interministerial Competitiveness Council (IMCC), to promote and assist with carrying out policy dialogue and reform. While the IMCC met a few times, it has not met for since early in year two, hampering policy dialogue and reform. There also was a lack of full cooperation on the part of the Bank of Ghana (BoG), as well as the unwillingness by the GOG to hold the annual National Economic Forums designed to keep the spirit of the North Carolina forum operative; thus three of the milestones could

not be accomplished. The presidential election is scheduled for December 2000 and this has hampered the reform process due an reluctance to make the difficult and sometimes unpopular decisions required for effective reform. However, the hiatus this situation has produced provides an opportunity to re-examine the project's activities and to reprogram them to emphasize those that are contributing more to policy reform.

Introduction

This report examines progress during the first two years of the USAID funded **Improved Policy Reform and Financial Intermediation Project** under the **Trade and Investment Reform Program** in Ghana and being carried out by the Sigma One Corporation under contract with the U.S. Agency for International Development. This evaluation was made during period June 15 to July 1, 2000 at the headquarters of Sigma One in Research Park Triangle, North Carolina (June 15-17) and in Accra Ghana (June 18 to July 1). It fulfills milestone 1.15, Evaluate Progress toward Milestones and Results (years one and two). An internal review was made for Year One [*Review of Progress Toward Milestones and Results Year One* (July 1998 - June 1999), Sigma One Corporation, June 1999]. In addition to reviewing the progress made in Year Two, this report updates the results given in the Year One report with respect to achievement of that year's milestones.

The procedures used for the evaluation include reviews of the Sigma One Corporation's project files in the Research Park Triangle (RTP), North Carolina and Accra, Ghana offices, discussions with Sigma One personnel in the RTP and Ghana offices, discussion with USAID officials in Ghana, and interviews/discussions with Ghanaian public and private sector officials and organizations that have been involved with the project and its activities. A complete listing of the individuals and organizations contacted are given in Appendix A. In addition, newspaper and magazine reports and selected government documents were reviewed to help assess the impacts of the project on Ghanaian economic policies and programs as well as on the economy of the country.

Findings

This section is divided into four subsections: 1) progress with respect to achievement of the milestones programmed for years one and two; 2) evaluation of project activities by project participants including USAID, Sigma One, and Ghanaian public and private sector officials and organizations; 3) results achieved in relation to those expected as expressed in the project proposal; and 4) a summary of findings.

Milestones Attained

A listing of all the project milestones, expected year of achievement, and dates for those attained are given in tabular form in Appendix B. Most of the milestones were attained during the year they were programmed or shortly thereafter; a few were attained ahead of schedule. There are mitigating circumstances for those not attained on schedule.

Year One Milestones Progress toward attainment of year one milestones during the period July 1998 through June 1999 was evaluated by Sigma One staff and reported in a June 1999 publication (Review of Progress toward Milestones and Results: Year One, July 1998 - June 1999). Of 52 milestones programmed for year one, 26 had been attained by June 30, 1999. The remaining were attained during the second year, most during the first half, July through December 1999. Many of the first year's milestones were activities essential to setting up and administering the project including hiring senior personnel and staff for the field office, procuring facilities and equipment, developing procedures and protocols for project activities, and related administrative functions. However, substantial progress was made on attainment of several of the substantive milestones, especially under CLIN 1, Promote Participatory Change and Adoption, and CLIN 2, Implementation of Policy and Regulatory Reform. Initial progress was less for CLIN 3 and 4, improved financial intermediation, but the relative lack of progress was temporary. The delay was due, in part, to the arrival of the senior monetary economist only in January 1999; another factor was the assignment by the GOG of some of the proposed activities to the IMF. However, significant progress was made in attainment of some milestones including a study of the Social Security and National Investment Trust and a workshop on a potential futures exchange. These have led to important reform activities for years two and three.

The remaining year one milestones were attained in year two. The following is a list of these milestones with a description of their means of accomplishment;

Milestone 1.11, a National Economic Forum was affected by the decision of the Minister of Finance that no fora should be held until 2001 due to the presidential election in 2000. However, the milestone was completed by acceptance of the National Labor Forum held at Sogakope, May 24-28, 1999. This forum, attended by representatives from labor, employers and government, covered general economic topics as well as issues in the proposed new labor law.

Milestone 1.13, publication of a newsletter on policy change, was attained with publication of a newsletter for the first quarter of the current year, January-March, 2000.

Milestone 1.14, annual update of the North Carolina conference was attained with the report, *Ghana, Reaching the Next Level through Global Competitiveness: A Public/Private Partnership* (October 1999).

Milestone 1.17, Town Hall Meetings, was accomplished by a meeting at the Hospitality Services Center in Tema on March 24, 2000.

Milestone 2.4, An action plan for presenting a strategy for improved monetary management. The action plan was presented in February and approved in March 2000.

Milestone 2.6: Develop plans for revenue enhancement – done

Milestone 2.7, Protocol submitted to IMCC with USAID clearance for identifying specific TA tasks

for GOG policy makers. Submitted in August and accepted in October 1999.

Milestone 2.8, Quarterly briefs on monitoring and evaluation of events in relation to targets with IMF and other donors. Completed in December 1999 with the “TIRP and IMF Enhanced Structural Framework.”

Milestone 2.9, Develop database for monitoring competitiveness. The report “Monitoring and Measuring International Competitiveness,” by Keeler, Hatchette and Salkin, January 2000.

Milestone 2.10, Develop a document to guide improved access to land for agricultural and industrial use. A report on Land Acquisition in Ghana was accepted in December 1999.

Milestone 3.4, Formation of Financial Sector Working Group. Approved December 1999, but renamed the Financial Sector Consultative Committee and with the Secretariat housed in BoG.

Milestone 3.5, A protocol for the working arrangements of the Financial Sector Working Group. The Protocol was completed and accepted in January 2000.

Milestone 3.6, Draft report on the deficiencies in the regulatory and supervisory practices in the financial sector. This was accomplished with the Report of the Legal, Regulatory and Supervisory Subcommittee which was submitted to and accepted by the FSCC in May 2000.

Milestone 3.7, Review of Ghana’s Bank Supervision regulations and practices in accordance with “Basle Standards.” Accepted March 2000.

Milestone 4.2, A collaborative action plan with other TIRP implementing contractors/institutions for mobilizing the informal sector. Rural Finance Study and other measures. A draft has been submitted to SOC.

Milestone 4.3, Conference on financial innovations in the financial sector of Ghana. Financial Futures Workshop held June 10-11, 1999; a Proceedings was published. Accepted December 1999.

Milestone 4.5, Develop a conceptual strategy for developing innovative financial instruments. A report has been prepared and approval was accepted by FSCC, May 2000.

Year Two Milestones Some 35 milestones are listed for attainment in the second year of the project, July 1999 through June 2000. In the June 1999 progress report, 23 substantive milestones were listed for achievement during year two of the project. The following is a list of all milestones to be completed in year two by their status on June 30, 2000.

Milestones Accomplished

1.1: Chief of Party/Senior Policy Expert mobilized and performing in Ghana – Dr. Joseph B. Goodwin is in this position

1.2: Annual work plan finalized and incorporated into GOG priorities – Accomplished by December 1999 with the acceptance of the “Work Plan and Policy Agenda.”

1.16: Present budget and legislation to parliament for January – Accomplished by December 1999

2.1: Chief of Party/Senior Policy Expert mobilized and performing in Ghana – Dr. Joseph B. Goodwin is in this position

2.2: Senior monetary economist mobilized and performing in Ghana – Dr. Jay Salkin fills this position

2.3: Annual work plan finalized incorporating GOG priorities – Accomplished by December 1999.

2.8: Quarterly briefs on monitoring and evaluation of events in relation to targets with IMF and other donors–done

2.9: Develop database for monitoring international competitiveness–done

2.13: Deliver annual draft documents to assist GOG to develop evidence of NPA conditionality– Accomplished, MOF is using the report to assist in achieving conditionality.

2.15: Document on dividends, ways and means advances, NPART, revaluation account, OMOs, single market government securities as means of financing– Youngblood paper

2.17: Submit proposal for reduced variance and lower average tariffs for Parliament’s consideration. The report “Proposal for Reduced Variance and Lower Tariffs” was submitted and action was taken by Parliament (there has been some subsequent backsliding).

2.20: An action plan for analyzing and implementing foreign exchange liberalization policies–done

2.21: An action plan for reduction of custom barriers – Accomplished November 1999.

2.22: Elimination of export bans on goods such as cotton lint, natural rubber, scrap metal and yams – accomplished.

3.1: Chief of Party/Senior Policy Expert mobilized and performing in Ghana – Dr. Joseph B. Goodwin is in this position

3.2: Annual work plans finalized incorporating GOG priorities – Accomplished by December 1999 with the acceptance of the “Work Plan and Policy Agenda.”

3.3: Senior monetary economist mobilized and performing in Ghana – Dr. Jay Salkin fills this position

3.11: Quarterly meetings of the Financial Sector Working Group– meetings being held through May 2000.

4.1: Annual work plan finalized incorporating GOG priorities – Accomplished by December 1999 with the acceptance of the “Work Plan and Policy Agenda.”

4.2: A collaborative action plan–done

4.5: Develop a conceptual strategy for developing innovative financial instruments –done

4.6: Quarterly meetings of Financial Sector Working Group–meetings being held

4.7: Annual workshop on financial innovations in the financial sector in Ghana – done

6.1: One workshop held in Ghana per year- done

6.2: Hold workshops/seminars with Participatory Policy Work Group - done

6.3: One seminar held in Ghana per year - Ghana Tax Administration Seminar

6.4: One conference held in Ghana per year - done

9.4: Office support staff provided to LTTA and STTA staff – Support is ongoing

Milestones in Process

1.15: Evaluation of progress toward milestones and results– This report will fulfill this milestone

1.17: Town Hall meeting in one or two regional cities to increase public awareness

2.14: Document for monitoring expenditure control

2.16: Position paper on BOG role in providing liquidity for markets - underway

2.18: An action plan for reducing controls on importation of agricultural and industrial inputs
– draft being prepared

3.9: Strategy document for identifying strategies for broadening the products listed on the GSE—draft being prepared

Milestones Not Completed

1.11 (Y2): Annual Economic Forum in September – not held at the request of the GOG

3.8: Training plan and syllabus for training BOG and banking system participants to implement Basle Standards

3.10: A simplified version of bank supervisory standards is published in easy to read style to promote transparency

Year Three and Four Milestones In addition to milestones for years one two, a couple milestones for years three and four were attained in year two. These are: milestone 2.25, draft tripartite compact for achieving flexibility of labor markets from year three; and milestone 2.27, review of draft tripartite compact for achieving labor market flexibility from year 4. As a result of activities related to these milestones a draft of a new labor law was developed, reviewed by employers, labor and government with subsequent revisions and submitted to the Cabinet for review and revision. It is anticipated that it will soon be submitted to Parliament.

Summary Progress toward achievement of programmed milestones was very substantial with a couple attained earlier than anticipated. Not all milestones were achieved on schedule, especially during the first year when the project also had to be organized and implemented in addition to carrying out a large number of planned activities. However, while not all year one milestones were attained in the first twelve months, generally they were started within the first year and all were attained in year two. Similarly, activities to accomplish year two milestones were nearly all initiated within the year and most were accomplished; three milestones were not undertaken because, in the case of the National Economic Forum, the GOG did not want it due to the upcoming presidential election, or in the case of milestones 3.8 and 3.10, the necessary collaboration from the government agency (the BoG) was not forthcoming.

Stakeholder Evaluations

Interviews and discussions were held with individuals from the public and private sector agencies and organizations involved in various ways with the policy component of the TIRP program. The purpose of these visits were to obtain stakeholder evaluations of the project's activities. Discussions were organized around four general topics: what activities did Sigma One personnel have with the organization, agency or individual, what was accomplished by the activity(ies), what problems and issues were associated with the activity, and what was needed in the future to enhance the project's

accomplishments. A short description of each meeting is given in Appendix C. Summaries for the public and private sectors are reported below.

Public Sector The public sector officials nearly all indicated that they were very pleased with the project's activities and with the assistance they had received; two notable exceptions are discussed in the last paragraph of this subsection. There was nearly universal agreement that the permanent project professionals (Goodwin, Salkin, Amissah-Arthur) had made substantial contributions, that they were accessible and provided important assistance. In general, the short term assistance that was provided through Sigma One also was rated highly. It was indicated that in most cases the reports and assistance were being used. This was especially true for the Cocoa Reform Secretariat, Social Security, Micro Finance Program, Internal Revenue Service, and Ministry of Employment and Social Welfare (for the labor sector work). Persons interviewed at the Bank of Ghana indicated that they had received important help from Drs. Salkin and Goodwin as well as from short term TA, but that the programs had not been as effective as they should have been. They indicated that reluctance of the part the Bank to cooperate was probably the major reason for that situation. They also indicated the process was now back on track, that substantial progress was now being made, and that they were optimistic about the future for project activities in the financial sector.

Most of the public sector participants expressed the need for continued technical assistance in carrying out the programs that have been started or otherwise affected by project activities. For example, after the new labor law is passed, it will need to be implemented and technical assistance will be essential for it to be as effective as possible and to keep the three groups involved, employers, labor and government, working together. Similar needs were expressed by the other participants, SSNIT, IRS, Micro Finance, Cocoa Reform, BoG, etc. Some participants expressed a need for computers, logistics and other assistance of a material nature, e.g., the IRS said that financial assistance was needed in printing its new forms.

As indicated in the first paragraph of this section, the project was criticized by two of the groups or persons interviewed. One was the VAT program where it was indicated they did not know what Sigma One was supposed to provide, that this had never been clearly articulated. However, they are receiving the bulk of their assistance from the British and subsequent discussions with Sigma One personnel indicated that it had been agreed that the project would not get strongly involved since most of the VAT Service needs were being met. The VAT Service did request some training through Sigma One and had not received a response (see Conrad's December 1999 trip report). This issue should be resolved as promptly as possible. The second source of complaint was the International Relations unit in the MOF where it is believed that the project suffers from a design flaw. The issue is logistic support (computers, vehicles, allowances, etc.) which they indicated had been utilized under TIP and that support was "responsible" for the success of that project. It is believed that this has caused morale problems and accounts for some project failures, e.g., the failure to have a fully functional IMCC. It should be noted that no one in the other units of the MOF expressed a similar reservation about the project.

Private Sector All of the private sector interviewees had highly favorable opinions about the project

and the Sigma One personnel involved in its implementation. They think that the project has been a catalyst in getting dialogue between the private and public sectors, of helping the private sector get a voice in the policy process. They were aware of the processes used in the development of the new labor law and tend to view it as a model way to involve the private sector effectively; they also indicated that they did not think that it could have happened without that involvement and that Sigma One had a major role in the process. In addition they seem to think that the private sector is now more likely to be consulted in the policy making process than in the past, although they feel that they are sometimes consulted too late, near the end of the process instead being fully involved at every step. However, they believe that being brought in at the tail end is an improvement over the past when they were not consulted at all. Some expressed the need for more information about ongoing policy dialogue and activities; one person, for example, was not aware of the recent Sigma One Newsletter. Thus, greater effort may need to be given to dissemination of policy information. There also was dissatisfaction with the failure of the IMCC to meet regularly. It was thought that it had an excellent mechanism for dialogue and information exchange and that regular meetings should be resumed. In this respect, while one public sector interviewee indicated that the private sector participants were not very willing to participate in such meetings because they did not get paid for their time, no one from the private sector expressed that viewpoint and seemed willing to participate if they felt they were being taken seriously (it might be true of some of the working groups which are more time consuming).

Results

The attainment of project milestones, while important, are not an end in themselves. The project was undertaken to produce favorable results for the Ghanaian economy and, especially, to contribute to the goal of making Ghana a middle income economy by 2020. The following table gives the expected results of the project, as expressed in the project paper. This section will examine project achievements with respect to these expected results. It should be noted, however, that these results are expected to pertain to the status of the economy at the end of the project and that it is still relatively early in the project's life. While some progress was made in achieving the expected results, the major one of increased competitiveness through policy reform has not been accomplished.

The *Monitoring Plan for Measuring Progress of Reform Agenda* (Sigma One Corp., August 1998) listed a large amount of data and sources for measuring progress of various components of the project. Time does not allow a complete examination of the current situation with respect to those measures, but a brief review of the current situation will be given. This is based on the Economist Intelligence Unit's (EIU) first quarter 2000 Country Report for Ghana with supplemental information from current data sources in Ghana, as well the information gathered for this report. As stated in the Sigma One report, *Ghana - Reaching the Next Level Through Global Competitiveness*, "Ghana is not on the path to achieving Vision 2020" (p. 1). To achieve the goal of becoming a middle income country by 2020 requires a sustained growth rate of about 8 percent per year. The EIU report indicates growth rates of 4.2 percent in 1997, 4.6 percent in 1998, and an estimated rate of 4.2 percent in 1999. While these rates indicate progress, they are only half of the

Expected Results from Task 1
1. A viable policy reform agenda to increase international competitiveness
2. Ongoing participation of private sector in the policy dialogue and change process.
3. Increased public knowledge of policy reforms
4. Implementation plans for agreed upon policy reforms.
5. Streamlined procedures for importation of agricultural and industrial inputs.
6. Improved policies for exportation of specific products such as wood, cotton, yams, etc.
7. Elimination of export bans for products such as cotton lint, natural rubber, scrap metal, yams
8. Enforced compliance with BOG policy eliminating foreign exchange controls for exporters.
Expected Results from Task 2
1. An expansion of viable financial instruments used in Ghana.
2. A more aggressive and competitive financial services sector
3. An increase in net domestic credit provided to the private sector
4. A decrease in enterprises citing self-financing as a principal source of funds for expansion.
5. Increased linkages between Ghanaian financial system and the global financial system.

desired rate. Furthermore, as indicated by the EIU, problems with respect to budget deficits and inflation continue to plague the country. In addition its foreign reserves have declined and its national debt has increased. The massive depreciation in the country's exchange rate during the last quarter of 1999 and first quarter of 2000 is an indication of the economic problems faced by the GOG (while an indicator of failed policies, the rapid depreciation of the cedi helps make Ghana more competitive in exports and is causing imports to decline). It should be noted that external forces in the form of lower gold and cocoa prices have exacerbated the problem, since those sectors earn most of Ghana's foreign exchange. However, they are by no means the sole cause of the economic problems faced by Ghana. This situation was forecast in a memo prepared by David Franklin for the BoG at the initiation of this project in 1998; he also made recommendations for avoiding or ameliorating the problems, but these were not followed.

Some progress was made in terms of policy reforms. Privatization of some public enterprises continued, but at a slow pace. An example is the Produce Buying Company (PBC), where privatization was delayed from June to December 1999. The VAT tax was successfully implemented and its rate is being raised from 10 to 12.5 percent. Improvements have been made in the customs service and internal revenue service, as well as in the development of a new labor law. However, action has been slow in areas such as a full scale tariff reform and some back sliding has occurred with respect to exchange controls and trade restrictions.

Recommendations

The review of progress by the Improved Policy Reform and Financial Intermediation component of the TIRP program clearly indicates that some outstanding accomplishments have been made in work with several GOG agencies, as well as in promoting policy dialogue between the public and private sectors. This was most evident in the rapid accomplishment of the milestones in the labor sector study, which has culminated in a revised labor law that is under review in the Cabinet and that is

expected to be introduced in Parliament in the near future. It involved getting employers, labor and government to work together and to discuss and resolve many of their differences. It also reflects the importance of obtaining and analyzing data prior to the dialogue so that there is less argument about the facts of the situation. Similar achievements, if currently less spectacular, have been or are being made in other areas where Sigma One is working, including the Cocoa Reform Sector, Internal Revenue Service, Micro Finance Unit, and Social Security and National Insurance Trust (SSNIT). While the work with the Bank of Ghana was generally less productive, two current activities, the Financial Sector Consultative Committee and with a recently appointed member of the research department who is to help coordinate project activities, are potentially productive avenues for involvement of the BoG in financial sector policy reform.

The discussions with the various public and private sector agencies clearly indicate that there is a very large need and desire for continued technical and other assistance. However, the project should carefully examine its options and make project adjustments that will utilize the available resources most effectively to revitalize the policy reform process in Ghana. The following are suggestions that should be considered in the process.

- **Revitalize the IMCC:** The Interministerial Committee on Competitiveness was viewed as a key activity in achieving project objectives, but has not met since the beginning of the second year due to a failure of MOF to develop an agenda and call meetings. The MOF was to advertise for the position to head the Secretariat. The project should keep up efforts to get the IMCC reformed and functioning as soon as is feasible.

- **Prepare for Governmental Transition:** The project should direct substantial efforts in the next few months to developing a set of concept papers that will prepare it for being in a strong position to assist the new government to be elected in December. This should include synthesizing the results of the several studies that have been completed to date and developing papers or reports that define alternative policy options and their costs and benefits. In addition, tentative plans should be developed for supporting the National Economic Forum that the project programmed for each year, but that has not been held at the request of the GOG. A successful National Forum to be held as soon as possible after the new government takes office can be used to reinvigorate the commitment to reform that characterized the North Carolina Conference.

- **Revise Milestones for the Remainder of the Project:** During the first two years of the project several activities have been successful and progress is being made. However, the agencies involved generally need additional technical assistance, some of which was anticipated or programmed in the original set of milestones. Therefore, Sigma One and USAID should review the milestones to determine the changes (revisions, additions, deletions) that will enable the project to be as productive as possible. However, the interviews conducted for this evaluation show that all the agencies involved to date have needs. The available resources probably are not sufficient to do everything that has been requested. Thus, the revisions should be made with the view of being most productive in relation to the overall project objectives. The following are high priority areas that need to be considered for additional assistance (no order of priority is implied).

Labor Law Implementation: The proposal to reform the labor laws has moved rapidly and is well ahead of schedule. Since this was not anticipated, no milestones for implementation were included in the project. However, effective implementation will be essential if the new law is to contribute to improving competitiveness. Thus, the addition of specific milestones related to its implementation should be given serious consideration.

Internal Revenue Service: The IRS has made significant strides in improving its collection procedures and has developed a consolidated code that is being considered by Parliament. The Service needs additional assistance to consolidate and expand its tax assessment, collection and auditing capabilities. These are necessary to help the government increase tax collections and reduce the deficits that contribute to inflation and exchange rate instability while simultaneously have a more professional system of tax administration.

CEPS Procedures, Tariffs, etc.: Importation as well as exportation of products from Ghana continue to pose problems for the private sector. Policies and procedures affect this and are contributing to Ghana's loss of competitiveness. While the private sector must also increase its productivity, national policies need to be reformed to remove as many impediments as possible. Thus, this is an important area for continued assistance.

Social Security and the National Insurance Trust: The SSNIT took the study of its situation seriously and requested technical assistance to help it reform its operations with the objective of converting it from a "socially oriented public service institution" into a "sound financial institution" that can channel funds to a productive private sector. Assistance has been provided by the project, but that will soon be ending and adequate milestones do not exist for its continuation. Thus, this is another priority area to be considered as project priorities are realigned.

Private Sector Involvement: While the private sector generally is pleased with the role it has played to date, its role in increasing competitiveness could be enhanced and it appears eager to be a more important part of the process. Thus, while giving no specific recommendation on how to accomplish this, it is recommended that the role of the private sector be examined and that procedures and/or milestones be included for association strengthening that can enhance its contribution to the process.

Several other agencies were visited during this evaluation and all indicated that they required additional assistance to complete activities that are underway or to undertake new ones that would contribute to project objectives. While not considered to be as high in priority as the preceding areas, Sigma One and USAID need to be aware of the situation and to consider their requests to the extent that resources permit. While it may not be possible to assist all of these entities, it should be recognized that not doing so could be interpreted as USAID/Sigma One thinking that these activities are not important.

Cocoa Sector Reform: Privatization of cocoa marketing is underway, a process that has been

complicated by the large decline in international prices. A major issue that the sector faces is the finance of its operations. The project funded study indicated that forming a cocoa finance company is a feasible approach. The secretariat for the reform indicated a need for assistance in this (as well as other areas). Privatization activities are important to the success of policy reform and, thus, this is an area that should be given consideration.

Micro Finance Program: This unit is involved in the rural finance study and can be an important factor in modernization of small producers (agricultural, industry, marketing, etc.). As in the case of other agencies they see the need for assistance in developing procedures and institutions for mobilizing savings, making loans, and related financial activities.

Bank of Ghana: The Financial Sector Consultative Committee requested logistical support for the secretariat's office, especially equipment, while the recently hired economist in the research department indicated a need for journals, data bases, and computer enhancement for doing research and developing a macro economic model. While the BoG portion of the project did not receive the expected support from bank officials in the first two years of the project, they now seem to view it as an important activity that is "back on track." Thus, their request should be further evaluated in the light their potential contributions to the TIRP objectives.

Value Added Tax Service: The VAT Service is receiving assistance from the U.K. and seems to be satisfied with it. They did request assistance with training with respect to fraud and related activities (see the December trip report by Conrad). While this does not seem to be a high priority area, it could be beneficial, especially if it could be arranged as part of an in-country training program for IRS personnel. In any event, the VAT service should be kept informed about the status of their request.

Appendix A: List of Persons Contacted

Sigma One

RTP Office; David Franklin, Abrar Sattar, Ralph Franklin

Ghana Field Office: Joe Godwin, Jay Salkin, Kwesi Amissah-Arthur, Bill Whitworth

USAID–Ghana

Jay L. Knott, William A. Akiwumi, Albert O. Yeboah, Aman S. Djahanbani, David Wobil

Government of Ghana

Value Added Tax (VAT) Service: (Mr. E. F. Asamoah, Commissioner, Gary Conlan, DFID (Crown Agents) Advisor, Mr. George Blankston, Deputy for Operations

Social Security and National Insurance Trust–SSNIT: Charles K. Asare, Director General

Cocoa Sector Reform Secretariat: Haruna Maamah, Co-ordinator, J.E.K. Amoah, advisor, Ernest Asante, agricultural economist

Internal Revenue Service: Mr. Emmisang, Assistant Commissioner in Charge of Collections, D.T. Acquaye, Commissioner

Bank of Ghana–Financial Sector Consultative Committee: Teresa Ntim, Head, Financial Markets Department

Bank of Ghana–Research and Coordination: Dr. Bawumia, economist

MOF--International Relations Division: Dr. William Adote

Ministry of Employment and Social Welfare: Hon. Austin A. Gamey, MP and Deputy Minister

MOF–Micro Finance Program: Mr. Mark Owusu-ansah, Micro Finance Coordinator

Ministry of Trade and Industry: Mr. Kwesi Haizel, Director of Policy Planning

Private Sector Organizations

Ghana Employer’s Association: Mr. Kwamina Amoasi-Andoh, Executive Director, and Mr. S. E. Asiedu, Training Consultant

Federation of Associations of Ghanaian Exporters--FAGE: Mr. Augustine Adongo, Chief Executive

Center for Policy Analysis: Dr. Joe Abbey

Private Enterprise Foundation: Mr. Harry Owusu, Administrative Manager

Association of Ghana Industries: Mr. Andrew Quayson, Executive Secretary

Others:

AMEX International (Increased Private Enterprise Component of TIRP): David Esch, Chief of Party

World Bank: Camille Lampart-Nuamah, Economist

Appendix B. Progress toward Milestone Achievement (Gray indicates years to be done in; Black indicates already accomplished)

Task 1: Promote Participatory Policy Change

CLIN 1. Promote Participatory Change

No.	Milestones	Years	1	2	3	4	5	Date(s) Attained(billed) and Comments
1.1	Chief of Party/Senior Policy Expert mobilized and performing in Ghana	All						12/98, 12/99 Dr. J. Goodwin
1.2	Annual Work Plan finalized incorporating GOG priorities	All						6/99, 12/99
1.3	Obtain clearance for protocol for informing Parliament of results of formal policy dialogue	1						4/99
1.4	Mailing List of opinion leaders to receive briefs, newsletters and from which committee participation can be selected	1						4/99
1.5	Develop a plan for national consultations on a policy agenda	1						4/99
1.6	Government approval of Draft Policy Agenda	1						4/99
1.7	Overall work plan for 4.5 years finalized	1						4/99
1.8	Acceptance of protocol for providing contact assistance for officials or private sector leaders	1						4/99
1.9	Formation of Participatory Policy Working Group	1						4/99
1.10	A protocol for the working arrangements of the Participatory Policy Working Group	1						4/99
1.11	Annual National Economic Forum in September	All						12/99 (Labor Forum), none in year 2
1.12	Design public awareness campaign for dissemination of policy reforms; organize workshop/town hall meeting in one regional city	1						12/99
1.13	Develop plan for dissemination of semi-annual or quarterly newsletters to report on policy change	1						1/00
1.14	Annual update to North Carolina Conference(mainly analytical and diagnostic) from which to prepare briefs for National Economic Forum	1						12/99

1.15	Evaluate progress toward milestones and results	All				12/99, Year 2 in progress
1.16	Present budget and legislation to Parliament for January	All				12/99
1.17	Town hall meeting in one or two regional cities to increase public awareness	All				3/00, Planned for year 2
CLIN 2. Adoption and Implementation of the policy and regulatory reform						
2.1	Chief of Party/ Senior Policy Expert mobilized and performing in Ghana	ALL				12/98, 12/99
2.2	Senior Monetary Economist mobilized and performing in Ghana	ALL				4/99, 12/99
2.3	Annual Work Plan finalized incorporating GOG priorities	ALL				4/99, 12/99
2.4	An action Plan presenting a strategy for improved monetary management that can be sustained and explained to the Nation and its creditors	1				3/00
2.5	A document to guide a Tripartite review of the labor markets with a view to improving flexibility in the labor market	1				4/99
2.6	Develop plans for revenue enhancements (VAT and other changes)	1				4/99
2.7	Protocol submitted to IMCC with USAID clearance for identifying specific TA tasks for GOG policy makers and for delivery of such service such as staff, selection, timing, SOW, and report dissemination	1				10/99
2.8	Quarterly briefs on monitoring and evaluation events in relation to targets with IMF and other donors submitted via IMCC to BOG, MOF, NDPC, and higher level officials as deemed appropriate by IMCC Executive Secretariat	1				12/99
2.9	Develop database for monitoring international competitiveness	1				1/00
2.10	A document to guide improved access to land for agricultural and industrial uses	1				12/99
2.11	Submit a proposed monitoring plan for measuring progress on the reform agenda to IMCC	1				12/99

2.12	Develop an action plan to enforce compliance with BOG policy eliminating foreign exchange declaration for NTEs	1					12/99
2.13	Deliver annual draft documents to assist the GOG to develop evidence of NPA conditionality	1					12/99
2.14	Document for monitoring expenditure control	2, 3					To be completed by 12/00
2.15	Document on dividends, ways and means, NPART and revaluation account, OMOs, single markets for government securities	2					Youngblood paper
2.16	Position paper on BOG role in providing liquidity for markets versus using nominal exchange rate as nominal anchor	2					preparation is underway
2.17	Submit proposal for reduced variance and lower average tariffs for consideration by civil society and Parliament	2					12/99
2.18	An action plan for reducing controls on importation of agricultural and industrial inputs	2					draft being prepared
2.19	A study on bans and controls on commodities such as rubber, yams, and cotton including an action plan to eliminate negative impact on products and exports	2					4/99
2.20	An action plan for implementing foreign exchange liberalization policies	2					done
2.21	An action plan for reduction of customs barriers	2					12/99
2.22	Elimination of export bans for products such as cotton lint, natural rubber, scrap metal and yams	2					4/99
2.23	A strategy brief circulated to achieve consensus on timber and wood export policies						
2.24	An action plan to implement revenue sharing from tourist attractions						
2.25	Draft tripartite compact for achieving flexibility of labor markets						12/99, completed ahead of schedule
2.26	Study of transferable usufruct rights and in the context of village heads and the rights of paramount chiefs						

Task 2. Improve Financial Intermediation

CLIN 3. Improvements in GOG and BOG, Management & Supervision of the Financial System

	Milestones	Years	1	2	3	4	5	Date(s) Attained and Comments
3.1	Chief of Party/ Senior Policy Expert mobilized and performing in Ghana	All						12/98, 12/99 Dr. J. Goodwin
3.2	Annual Work Plans finalized incorporating GOG priorities	All						4/99, 12/99
3.3	Senior Monetary Economist mobilized and performing in Ghana	All						4/99, 12/99 Dr. J. Salkin
3.4	Formation of Financial Sector Working Group	1						1/00
3.5	A protocol for the working arrangements of the Financial Sector Working Group	1						1/00
3.6	Draft Report on the deficiencies in the regulatory and supervisory practices in the financial sector and identification of needed reforms	1						Accepted by FSCC in May 2000
3.7	Review of Ghana's Bank Supervision regulations and practices in accordance with "Basle Committee's Core Principles for Bank Supervision"	1						3/00
3.8	Training plan and syllabus for training BOG and Banking System participants in applying an agreed to set of Basle Accord Core principles as the <i>modus-operandi</i>	2						
3.9	Strategy document for identifying strategies for broadening the products listed on the GSE	2						
3.10	Simplified version of Bank supervision standards is published in an easy to read style to promote transparency-- (i.e. a "user-friendly" guide to Banking supervision)	2						
3.11	Quarterly meetings of Financial Sector Working Group	2-5						1/00
3.12	Training for banking supervisors in use of simplified supervision rules	3						
3.13	Prepare strategic documents for improvements in financial sector regulations and supervision	3						

3.14	Plan for transition of training for banking supervision to be accomplished by Ghanaians	5						
CLIN 4. Improved Financial Intermediation								
4.1	Annual Work Plan finalized incorporating GOG priorities	All						4./99, 12/99
4.2	A collaborative action plan for with other TIRP implementing contractors/institutions for mobilizing the informal sector	1						Draft has been submitted to SOC
4.3	Conference on financial innovations in the financial sector in Ghana	1						12/99
4.4	Review of SSNIT and other elements of the pension system with a view toward modernization	1						12/99
4.5	Develop a conceptual strategy for developing innovative financial instruments	1, 2						Draft has been submitted
4.6	Quarterly meetings of Financial Sector Working Group	2, 3, 4						1/00
4.7	Annual workshop on financial innovations in the financial sector in Ghana	2, 3, 4						
4.8	Introduction of innovative financial instruments into the financial markets	3, 4						
4.9	Plan for activities to be maintained by Ghanaians	5						
4.10	Evaluation of innovative financial instruments into financial markets	5						
Expected Results from Task 2:								
1. An expansion of viable financial instruments used in Ghana.								
2. A more aggressive and competitive financial services sector								
3. An increase in net domestic credit provided to the private sector								
4. A decrease in enterprises citing self-financing as a principal source of funds for expansion.								
5. Increased linkages between Ghanaian financial system and the global financial system.								

CLIN 5.								
No.		Years	1	2	3	4	5	Comments
	Home Office Support (no milestones nor fees assessed)	All						Continuous and ongoing

CLIN 6. Conferences, Workshops and Seminars								
No.	Milestones and Results	Yea()	1	2	3	4	5	Comments
6.1	One workshop held in Ghana per year	All						4/99, 3/00
6.2	Hold workshops/seminars with Participatory Policy Workgroup	All						12/99, 1/00
6.3	One seminar held in Ghana per year	All						4/99, 12/99
6.4	One Conference held in Ghana per year	All						4/99, 12/99

CLIN 7. Equipment for Ghanaian Institutions								
No.	Milestones and Results	Years	1	2	3	4	5	Comments
7.1	Equipment list circulated to confirm needs with GOG institutions	1						12/98
7.2	Equipment secured and function in GOG institutions	1						4/99

CLIN 8. Publications for Ghanaian Institutions								
No.	Milestones and Results	Years	1	2	3	4	5	Comments
8.1	Obtain list of economic publications desired by Ghanaian institutions	1						12/99
8.2	Publications are ordered fo Ghanaian institutions	1						12/99
8.3	Publications are renewed on an annual basis and distributed to Ghanaian institutions	All						For year 2 will be ordered upon expiration of annual subscriptions

CLIN 9. Ghanaian Experts and Field Office								
No.	Milestones and Results	Years	1	2	3	4	5	Comments
9.1	Field office opened	1						12/98
9.2	Office support hired	1						12/98
9.3	Establish roster and a screening mechanism for identifying and recruiting Ghanaian experts	1						12/99
9.4	Office support provided to LTTA and STTA staff	All						12/99, 1/00

Appendix C. Summaries of Contacts with Project Participants

Government Officials and Agencies

MOF--Value Added Tax (VAT) Service (Mr. E. F. Asamoah, Commissioner, Gary Conlay, DFID Advisor, Mr. George Blankston, Deputy for Operations): Activities with Sigma One include the work done by Conrad and the revenue estimation work. The Commissioner indicated that he did not know exactly what Sigma One was to provide to the VAT Service, that these had not been spelled out. The U.K. has provided computers, a resident advisor, and technical assistance when needed. Needs include staff exposure to other systems (travel) and training for staff; he indicated that training support had been requested, but that he did not know the status of the request [see December 1999 report by Conrad].

Social Security and National Insurance Trust--SSNIT (Charles K. Asare, Director General): As a result of a Sigma One study, they requested technical assistance and a consultant was found (Whitworth) who has been invaluable in enabling SSNIT to analyze its problems and implement solutions to them. The objective is to transform SSNIT from a public institution, i.e., one where the purpose is to accommodate political objectives, into a financial institution, one ran on principles of sound investment principles. One aspect of this is that SSNIT is discontinuing to make loans and will instead focus on securities and other investments. The primary need for future support is to try to extend the technical assistance beyond October. He also sees a need for other assistance to carry out the transformation, perhaps through retired executive volunteers.

Cocoa Sector Reform Secretariat (Haruna Maamah, Co-ordinator, J.E.K. Amoah, advisor, Ernest Asante, agricultural economist): The study of the cocoa sector was very useful, especially the parts dealing with finance which is important for production and marketing (processing and exporting); the small size of producers complicates financing due to transactions costs. They feel that coordinated financing of the producers, buyers and exporters will be required as the activity is transferred from the cocoa marketing board (COCOBOD) to the private sector. The report is being taken to stakeholders and actions taken to implement it. The part concerning development of Cocoa Finance Company is considered to be especially important; the sector is moving ahead with the effort to privatise the marketing of cocoa. Important issues for follow up activities include risk management issues, increasing yields (with new varieties and fertilization), establishing demonstration farms, resource mobilization. Future needs include technical assistance, especially with development of financing mechanisms, e.g., of the Cocoa Finance Company.

Internal Revenue Service--MOF (Mr. Emmisang, Assistant Commissioner in Charge of Collections, D.T. Acquaye, Commissioner): A team of two tax experts from the U.S. gave a two week training course on improving tax collections, including developing a tax collection manual. As a result, a Large Taxpayer Office has been established in the Accra Office, training has been carried out and LTOs established in Tema and two other regions. This is being extended to all regions as time and resources permit; records have to be "cleaned up" before training for it to be effective. The steps taken have resulted in larger tax collections. In addition to this they also have moved to be more effective in the

informal sector, especially transportation and markets where cash transactions occur—they use agents to collect on commissions (a system subject to abuse). They also are using with-holding of five percent to collect on contracts. They are trying to separate the assessment and collection functions and have established a non-compliance office to attempt collections from those who are delinquent; this latter is to free the collectors from the time consuming efforts of going after those who do not comply. They also are developing a single taxpayer identification number to replace separate numbers used by the different systems (VAT, Customs, etc.). Finally, they have modernized the revenue code by consolidating and cleaning up the hodgepodge of laws and regulations that had developed over many years and governments; it has been submitted to Parliament. Needs expressed include assistance for printing new forms that have been developed, with computerization in all the regions and districts, technical assistance for developing an assessment manual and training program similar to that developed for collections, and support for staff development via training for general and operations personnel.

Bank of Ghana—Financial Sector Consultative Committee (Teresa Ntim): Mrs. Ntim reported that this and other Bank related activities under the project had gotten off to a slow start but that she believes that it is now on track—she has re-established the Committee; it has been assigned an office by the Bank although it is not adequately equipped (lacks computers, faxes, etc.). She also indicated that the IMCC, which is essential for the financial activities, had not been functioning but was to start meeting again. She felt that the problems were mainly due to the Bank because of a preoccupation with ad hoc problem solving and a concern with its independence. Thus, while Sigma One had been willing, the BoG had not given priority to project activities. The higher priority areas for action in the near future include developing the rating agency, developing a bond market, assistance with bank supervision, and training needs (she is to go to the U.S. for two weeks of training. She indicated that Dr. Salkin was to visit the Bank Supervision Department and that he had been given a list of training needs. In addition, she indicated that logistic support was needed for the Secretariat of the FSCC.

Bank of Ghana—Research and Coordination (Dr. Bawumia): Dr. Bawumia is a recent employee in the Research Department, just returning to Ghana after being on the faculty at Baylor University; as such he has relatively little knowledge of past project activities. He has been assigned by the Governor to help coordinate the Bank's activities with the Sigma One project (Dr. Salkin expressed some concern about this as the head of the Research Department apparently was not aware of this role for Dr. Bawumia). He indicated that the BoG now wants to work closely with and participate in the project. He has read the documents and indicated that Sigma One (David Franklin's 1998 paper) had predicted the current crisis that if its recommendations had been followed many of the current problems could have avoided. He wants to enhance the Bank's research capabilities but indicated that support is needed for this, including journal subscriptions, data bases, and improved computer facilities including better access to the internet (which has not been available since the BoG terminated its former service and was to get direct service from a satellite, but had not yet done so. He also wants to develop a macro model that can be used for forecasting and testing alternatives by all GOG agencies.

MOF—International Relations (Dr. William Adote): Dr. Adote thinks that the problems with this

project are a result of flaws in its design compared to the TIP project. Because of resources for computers, vehicles, and allowances, the TIP program was easy to carry out. However, in the current program he says that GOG personnel are expected to participate and to carry out project functions in addition to their regular duties without receiving any benefits (and might even incur extra costs, for example transportation to meetings in their own vehicles or by taxi). He also feels that MOF personnel involved in the project suffer from low morale due to differences in pay scales of the international experts and expatriates compared with GOG employees. He realizes that the project was set up to give the GOG greater ownership of the project's activities but thinks that it has not worked. Finally, then, he believes that USAID should re-examine the design and modify it to more completely fund all activities. (In addition to these comments, he also went over where the Ministry is with respect to meeting the conditions for releasing the next tranche of funds to the GOG.)

Ministry of Employment and Social Welfare (Hon. Austin A. Gamey, MP and Deputy Minister): Sigma One has provided technical assistance and funded activities such as conferences, seminars and foreign travel for participants to study and reform the country's labor law. As a result, a tripartite (labor, employers, government) committee was established and through collaboration and the holding of a three day forum, a draft law has been written and submitted to the Cabinet; it is expected to be submitted to Parliament in the near future. The new law will establish a Labor Commission to handle and help resolve disputes through negotiations and arbitration. It is anticipated that additional assistance will be needed to fund development of procedures and for training for the Commission (similar to that provided for the tripartite committee) and for mediators and other staff of the Commission.

MOF–Micro Finance Program (Mr. Mark Owusu-ansah, Micro Finance Coordinator): Mr. Owusu-ansah is very familiar with Sigma One and the project (was also involved with TIP) and thinks it has made a valuable contribution. He has found it very rewarding to work with Sigma One and the consultants provided through the project. His office receives financing from the World Bank, but the technical assistance provided under the project has been important. Jay Salkin has helped with the Financial Sector Consultative Committee and has been an important source of assistance; Joe Goodwin also has made important contributions, especially with the workshop. The unit requested assistance with the Rural Finance Study and a team of two consultants was provided through Sigma One to provide information with respect to best practices and related information. He has reviewed a draft of their report, thinks that it is very good and looks forward to getting the final report. He sees the role of his unit as a facilitator rather than intervening in the provision of finance; it is essential to mobilize savings, but it is difficult in Ghana since small producers do not trust financial institutions. Future needs are for continued technical assistance to build capacity and promote savings mobilization. They are collaborating with GHAMFIN and see the possibility of assistance from SEEP, a U.S. micro finance organization, and/or the micro finance unit of USAID.

Ministry of Trade and Industry (Kwesi Haizel, Director of Policy Planning): The ministry has not been as involved in this project as in the TIP program, but is aware of its activities and feels that it is important to the Ministry since it affects trade. Believes that it has not been as effective as desired with respect to macro economic policy due in large measure to the failure of the IMCC to function

as it should. He has reviewed some of the studies and finds them useful; thinks the the tariff studies are especially meaning ful. Economic policy including trade policy, exchanges rates, etc., are functions of the MOF, but affect the ability of MOTI to affect trade and its work with exporters. Future depends, in part, on the National Development Committee and the relations with the World Bank and IMF. Ghana has proved to be a difficult situation with respect to policy reform and the work of Sigma One; feels that MOTI has capabilities that were built during TIP and that these should be more fully utilized. He thinks CEPS should focus on trade facilitation, should be assisting exporters more than it is. He also thinks that it is difficult to sell the idea of liberalization to the public when they see industries collapsing as a result of it. Ghanaian industries have been protected and are not able to compete; therefore assistance in finance, technology, etc. is needed to enable the transition to occur.

Private Sector Individuals and Organizations

Ghana Employer's Association- GEA (Mr. Kwamina Amoasi-Andoh, Executive Director, and Mr. S. E. Asiedu, Training Consultant): No direct association with project except through the tripartite committee used to develop the new labor law. Works with ILO and international employers groups. Has talked with U.S.A.I.D. about support for its activities (through the Private Sector Office). Found Sigma One's support very valuable in the development of the new labor law, especially its support of the three-day forum at Sogakope, May 24-28, 1999. Once the new law is adopted, assistance will be needed in implementing it and in educating the public of its provisions. There will also be training needs for mediators so that the Labor Commission can properly perform its functions. Too often the Government tends to take the position of imposing a solution to labor conflicts instead of facilitating negotiations between the employers and employees.

Federation of Associations of Ghanaian Exporters--FAGE (Mr. Augustine Adongo, Chief Executive): Not so directly involved in the project, but has met with project personnel (Joe Goodwin) to see how to get greater involvement by the private sector; since his work is more at the association and firm level, the AMEX project is more relevant for direct activities. He finds the work of the Sigma One project important and helpful since government policy reform is essential to the private sector; believes them to be doing a "fantastic" job. Mentioned the survey of export firms that had been proposed and indicated a need for a study of tariffs to see how they affect exports, since they can affect the costs of inputs and have other influences. A serious problem from the private sector viewpoint is that policy reforms accepted and implemented by policy makers often do not reach downward to middle and lower levels where the firms must interact. Thus, firms remain frustrated. There is a need for greater involvement by the private sector in policy formulation. The capacity of the private sector to participate also needs improvement—the long time socialist orientation of the government has hampered the development of a more market oriented system, and has engendered a dependence on government to solve problems.

Center for Policy Analysis (Dr. Joe Abbey): CEPA has not benefited substantially from the project but has participated in its activities and benefited from them with respect to knowledge gained and from discussion and advice from project personnel (for example, from reviews of papers and studies). Finds the work important and valuable since Ghana and other Southern economies need the type of

assistance being provided and the dialogue and discussions that the project engenders. It is especially important to get foreign technical assistance at levels below the department head. Results in better dialogue with donors, especially World Bank and IMF. Thinks Sigma One has been a catalyst in the process and that Ghana has benefited from the process.

Private Enterprise Foundation (Mr. Harry Owusu, Administrative Manager): The PEF has participated in Sigma One activities since a conference in 1997 and the North Carolina meeting and found the process important and useful. Indicated that private sector input into the policy process has been sought, although often at the tail end of the process and feels that they should be involved sooner and that the consultations should be deeper. Found the IMCC meetings very useful and regretted that meetings had not continued; thinks they should be resumed as an important aspect of policy dialogue. Believes that greater efforts need to be made to keep the process transparent. Also that more efforts should be made to communicate about project activities and the results of the process (Mr. Owusu was not aware of the Sigma One Newsletter).

Association of Ghana Industries (Mr. Andrew Quayson, Executive Secretary): AGI is an old organization, formed in 1958; it has expanded to include utilities, telecoms, and construction (but not the mining industry which has its own association). Membership is over 500. It has been reorganized with assistance from DANIDA. AGI, he believes, has an effective voice in government as demonstrated by being able to get a 20 percent tax imposed on imports in this year's budget. Thinks that Sigma One has been crucial in the policy process, especially in getting the new labor law developed. See two areas where AGI could use some assistance: 1) in data collection (they have done the first survey on capacity utilization, which is high in large firms but very low in the smaller firms), and 2) in conducting workshops for their members. Thinks that industry must get its house in order, that it cannot continue to depend on government, that there is the need to create an environment for modern, skill based industries.