USAID/GHANA STRATEGY STATEMENT

EMPOWERING GHANAIANS THROUGH PARTNERSHIPS TO BUILD A PROSPEROUS NATION

This Strategy Statement for Ghana was assembled by USAID/Ghana. This is a USAID planning document and does not contain budget information approved by the U.S. Government. Any budget information contained therein is for illustrative purposes only.

Additional information on the attached can be obtained from Torina Way USAID/AFR/West Africa

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A. SUMMARY

Ghana is a transformational development country striving to achieve ambitious millennium development goals and attain middle income status by 2015. The Ghana Poverty Reduction Strategy (GPRS I) 2002-2005 and the newly developed Growth and Poverty Reduction Strategy (GPRS II) 2006-2010 serve as Ghana's guide to achieving these goals. USAID/Ghana's four Strategic Objectives, with an integrated Food for Peace program, support the GPRS I and II and directly contribute to the USAID's overarching goal of ***Equitable Economic Growth and Accelerated Poverty Reduction within a System of Sound Democratic Governance.*** Over the next five years (2006-2010), USAID/Ghana will support Ghana's poverty reduction strategy by strengthening decentralized governance systems, promoting private sector competitiveness, improving health care delivery, and enhancing access to quality basic education. USAID/Ghana's programs are fully aligned with the objectives of the Department of State and USAID Joint Strategic Plan[1] as well as USAID's White Paper and Strategic Framework for Africa (hereinafter referred to as the "Framework").

B. PROGRAM RATIONALE

1. Country Context: In the troubled West African region, Ghana's model of democratic governance and private sector-led growth offers a beacon of hope. Ghana's last three Presidential and Parliamentary elections (1996, 2000 and 2004) have been free and fair. The peaceful handover of power from one political party to a rival party after the 2000 Presidential election was a clear symbol of Ghana's democratic maturation. Civil society organizations continue to emerge as dynamic change agents at all levels of society. A free and spirited media, which includes 11 major radio stations and 28 newspapers, is thriving. The Government of Ghana (GoG) has made significant strides toward advancing the key economic reforms needed to strengthen the economy and invigorate the private sector. As a result, petroleum subsidies are gradually being eliminated, inflation has steadily declined, the number of days to start a business has been reduced and interest rates have fallen. Ghana was the first country to volunteer to undergo the African Peer Review, a good governance initiative under the African Union's New Partnership for African Development (NEPAD).

Ghana's key development trends are generally positive: the poverty incidence is 35%, down from 52% in 1992; life expectancy increased to 57 years; HIV/AIDS overall adult prevalence remains under 4%; and the national primary school enrollment level is nearly 80%. Yet, the nation still faces major development challenges. Ghana ranked 138 out of 177 countries on the 2005 United Nation's Human Development Index which measures life expectancy, adult literacy and per capita income. While the total fertility rate dropped to 4.4 children per woman from 6.9 in 1970-1975, women continue to have more children than they desire primarily due to lack of access to contraceptive services and commodities. With a population growth rate of 2.7% per annum, Ghana's current population of 23 million will double in 26 years, placing enormous pressure on the economy and the environment, and swelling urban centers. Furthermore, one in ten children die before the age of five, with malaria the number one child killer, and HIV seems to be rising in the some most-at-risk populations.

Ghana is a critical U.S. African partner, playing important leadership roles in key regional and global issues, such as peacekeeping, conflict resolution, counterterrorism, anti-trafficking in persons, HIV/AIDS prevention, family planning, infectious disease control, and economic development. In a region marked by conflict, authoritarian tendencies, and poverty, Ghanaians enjoy peace, democracy and declining levels of poverty. Under President Kufuor's leadership, Ghana has worked diligently through the Economic Community of West African States (ECOWAS) and the African Union to ensure that peace has an opportunity to take hold in Liberia, Cote D'Ivoire, Equatorial Guinea, Togo and elsewhere. In fact, Ghana is the world's fourth largest contributor of UN peacekeeping forces and hosts the region's operational level peacekeeping training facility. Ghana is increasingly viewed as a gateway for American companies to the sub-region searching for viable West African partners and is the fourth largest non-oil producing purchaser of U.S. exports in sub-Saharan Africa. Ghana's free market policy reforms have made the country attractive to U.S. trade and investors. Transparency International (2005 Corruption Perception Index) reports that Ghana is the least corrupt country in West Africa, and sixth least corrupt country in sub-Saharan Africa.

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[1] The State-USAID strategic objective includes strategic goals that advance the growth of democracy and good governance; strengthen world economic growth, development and stability; and improve health, education, and environment.

Ghana's Gross Domestic Product (GDP), which the GoG predicts will be 5.8% for 2005, must grow by at least 7% per annum over the next few years if Ghana is to meet its millennium development goals by the target date. While interest rates continue to fall, small holder farmers and owners of micro-, small- and medium-enterprises, which make up the vast majority of Ghana's entrepreneurs, still find it difficult to access credit. To attract quality investors and investments, the GoG must improve infrastructure, reduce the cost of doing business and maintain macro-economic discipline. Although Ghana has a long history of political decentralization, devolution of fiscal and administrative authority is hampered by the central government's reluctance to relinquish power and by local governments' inability, and in some instances unwillingness, to plan, budget, implement and monitor programs in a participatory manner. Communities also lack the advocacy skills needed to effectively articulate their needs and participate in shaping the agenda of local government. Educational opportunities remain limited, only 78% of children who enroll in the first grade actually complete sixth grade. Access to basic education remains challenging for girls, children with disabilities, and those living in the three northern regions of the country.

2. U.S. Presidential Initiatives: The USAID/Ghana program addresses Ghana's key development challenges by fostering a healthier, better educated, and more productive population (Framework Goal 1); and increasing the effectiveness of African institutions in promoting a vibrant private sector and democratic governance (Goal 2). The two U.S. Presidential initiatives are fully integrated into USAID/Ghana's strategy:

U.S. Presidential Initiative to End Hunger in Africa (IEHA): USAID/Ghana's Economic Growth Strategic Objective will increase the competitiveness, capacity and efficiency of Ghana's private sector in overseas and regional markets, with special emphasis on nontraditional exports. IEHA funding expands USAID/Ghana's ability to enhance export competitiveness in the agricultural sector by: (a) helping farmers and exporters understand and adopt international standards for fresh and processed commodities; (b) integrating smallholder farmers into export supply chains; (c) promoting the adoption of biotechnology innovations within the context of sound biosafety regulations; (d) broadening access to finance; and (e) improving the enabling environment for trade and investment.

U.S. Presidential African Education Initiative (AEI): USAID/Ghana's Basic Education Strategic Objective will improve the quality of, and increase access to basic education for Ghanaian children. AEI supports an innovative reading program, helps rural out-of-school children transition to formal school, and provides critical training to teachers.

3. U.S. Millennium Challenge Account (MCA): Ghana was among the first countries deemed eligible in fiscal year 2004 to receive MCA funds and has remained eligible in each of the subsequent fiscal years --2005 and 2006. Ghana's MCA proposal aims to modernize agriculture and increase Ghana's non-traditional exports in three sub-regions; the southern horticultural belt, the Afram plains, and the northern savannah region. The program will support infrastructure development (roads, bridges, ports and irrigation); financial and business services to farmers and exporters, and policy reform, particularly land policy that will spur private sector investment in agri-business. The focus of the compact is closely aligned with the agribusiness export development and policy reform components of USAID/Ghana's Economic Growth Strategic Objective. The combined impacts of the MCA and USAID programs will accelerate growth through increased agricultural production and export and assist Ghana in achieving its millennium development goals. To avoid duplication and build on synergies in the two programs, USAID/Ghana provides administrative, procurement and technical support to the Millennium Challenge Corporation (MCC).

4. Key Issues: The USAID Strategic Framework for Africa states that certain issues are of critical importance because they affect Africa's ability to build and maintain peaceful, secure democratic governance where economic growth and international trade can flourish. This strategy addresses four of Ghana's most critical issues.

Management of Extractive Industries: Ghana has one of the world's largest known reserves of gold. Newmont (U.S.) and Gold Fields (South Africa) together have the rights to mine vast amounts of Ghana's identified reserves, with the gold produced by Gold Fields alone generating 12% of Ghana's foreign exchange earning. Unresolved issues involving environmental protection, resettlement, employment, land use and water rights have led to growing discontent within some of the affected mining communities. USAID is on the verge of embarking on an alliance with Newmont and Gold Fields, in coordination with the Ghana Chamber of Mines, which strives to (a) design a stakeholder process for developing best practice principles for all mining industry players to follow in Ghana and (b) work with all stakeholders (communities, local and national government and the mining companies) to improve health service delivery and the quality of education in the affected mining areas. Additionally, USAID/Ghana will

target two mining districts and work to improve the District Assembly's capacity to manage issues and promote sustained economic growth with input from civil society and citizens. With support from EGAT, USAID/WARP and the U.S. Environmental Protection Agency, USAID/Ghana will strive to build the capacity of the Ghana Environmental Protection Agency to monitor and report on key issues in the targeted GDA mining areas.

Youth: Approximately 30% of Ghana's population is between the ages of 15-25 years. Ghanaian youth have extremely limited opportunities for education, employment, and participation in constructive political and development processes. While Ghana's youth represent an enormous resource, they are rarely seen as important agents of social and economic transformation. USAID/Ghana's strategy will enhance youth participation in local governance, reduce youth unemployment, increase access to and use of basic health services (including HIV) and ensure that Ghana's primary school children (its future youth) have sufficient reading and numeric skills to be productive citizens. Specifically, the USAID/Ghana Economic Growth strategic objective will work on the supply side with government to create an environment for job creation through private sector growth and the Democracy, Health and Education Strategic Objectives will work on the demand side with youth organizations, schools, communities and governments to promote healthy, productive lifestyles and opportunities for youth engagement in local governance and development.

Urbanization: Ghana's towns and cities are growing at a tremendous rate as a result of rural-urban migration, land policies which limit the supply of usable land, and neglect of the three northern regions. In 2001, the urban poor equaled nearly 5 million. The number of slum dwellers is growing at a rate of 1.8% per annum. To counter this trend, USAID/Ghana's strategy will create economic opportunities in rural farming communities and secondary towns serving those rural areas, rationalize land tenure policies, extend quality education to under-served rural communities, and improve health services in urban and peri-urban districts in the southern part of the country.

Malaria, HIV/AIDS, and Other Infectious Diseases: Malaria is the leading cause of death in Ghana, especially among children under five and pregnant women. It is a drain on the health care system, accounting for 40% of all outpatient attendance. Malaria is a major contributor to poverty -- drug treatment and loss of workdays due to illness place an enormous financial strain on the resources of families, businesses and governments. Similarly, HIV/AIDS has a negative impact on productivity due to the high mortality rate and high drug treatment costs. The incidence of tuberculosis is growing at an alarming rate. In 1918, Ghana lost 5% of its population to an Avian Influenza-like virus. Due to Ghana's weak rural and peri-urban disease monitoring, diagnostic and treatment systems, it is feared that migratory birds infected with the Avian Influenza virus will intermingle undetected with Ghana's rural domestic birds resulting in a catastrophic economic and health crisis. USAID/Ghana's health program addresses each of these threats. To combat malaria, USAID supports the GoG's Roll Back Malaria strategy and social marketing of insecticide treated nets. USAID/Ghana's HIV/AIDS prevention program will change risky behavior in the most-at-risk groups and reduce mother-to-child transmissions. USAID will strengthen Ghana's national Disease Surveillance System which tracks tuberculosis, malaria, Avian Influenza and other major diseases. USAID will also help the GoG to develop and implement an Avian Influenza strategy with broad donor support.

C. PROGRAM STRUCTURE

USAID/Ghana's program directly supports the two transformational development goals articulated in the USAID Strategic Framework for Africa; namely to (a) Foster a healthier, better educated, and more productive population (Goal 1); and (b) Increase the effectiveness of African institutions in promoting a vibrant private sector and democratic governance (Goal 2). Over the next five years, USAID will achieve these goals through four strategic objectives (Democracy and Governance, Economic Growth, Health and Basic Education) and the Food for Peace Program which are described below.

1. Strengthen Democratic and Decentralized Governance through Civic Involvement (Democracy and Governance Strategic Objective) 2006-2010: This Strategic Objective will support Ghana's efforts to consolidate democracy by enhancing civic participation in democratic processes and ensuring that local and national governments are responsive to the interests of citizens. The foundation of democracy is citizen involvement in governance. In Ghana, citizen input into the decision-making processes of Parliament at the national level and local government at the community level is extremely limited. This strategic objective focuses on building the capacity in citizen organizations to advocate for reforms necessary to advance development and strengthening Parliament and local government's capacity to engage with citizens.

At the national level, Parliament is the institution with the most potential for channeling civil society concerns and holding the President and his administration accountable. Improving the legislative procedures; increasing Parliament's access to civic input and research; and strengthening Parliament's capacity to review the national budget and debate public finance issues are USAID's areas of focus. The objective is to transform Parliament into a forum for dynamic debate and exchange on key areas of public concern and improve Parliament's oversight of the executive, particularly the budget process.

At the local level, USAID works with citizen groups to strengthen their ability to advocate while also supporting efforts to build the capacity of local government, including District Education Offices, and school management committees to respond to civic input in the planning, budgeting, and monitoring of development initiatives. Once local governments have received the necessary training and developed policies that encourage citizen participation, they will be in a better position to seek and use citizen input in setting priorities, establishing performance based plans and budgets, generating income, and managing resources. Citizen groups routinely identify access to quality education as their highest concern but few know how to hold local government institutions accountable for their children's learning. Citizen groups will be trained to identify and discuss priorities and problems, particularly in education but also related to health and economic growth, with local government. The goal is for citizen groups and local governments to work together to come up with innovative ways to resolve local problems. This strategy will also target youth, marginalized groups such as Muslims and people with disabilities, and communities affected by mining industries.

USAID will make substantial contributions to improve democratic governance in Ghana: a significant number of GoG bills will include civic input; all target districts will show that local governments have reached or maintained a high level of participatory decision-making and citizen groups have reached or maintained a high level of resource mobilization; and the annual number of advocacy issues undertaken by citizen groups will increase.

This Strategic Objective directly supports both Framework Goals by increasing civil society's effectiveness in advocating reform and by strengthening institutions of democratic governance and rule of law. The principal Program Components are to: Strengthen Civil Society; Strengthen Democratic National Governance Institutions; and Support Democratic Local Government and Decentralization. Required financial resources equal $2.1 million in development assistance (DA) funds on average, per annum. Implementation mechanisms include contracts, grants, and Implementation Letters with the GoG, through an umbrella Strategic Objective Agreement (SOAG) with the Ministry of Finance and Economic Planning (MoFEP).

2. Promote Private Sector Competitiveness (Economic Growth Strategic Objective) 2006-2010: This Strategic Objective will increase employment opportunities and income levels for poor Ghanaians by accelerating economic growth through private sector investment and expansion. In an economy with a relatively equal income distribution such as Ghana, rapid economic growth can serve as a powerful force for reducing poverty. Ghana's relatively easy access to regional as well as European and American markets, suggests that an export-led approach holds the best promise for accelerating the pace of economic growth. Achieving accelerated growth through exports will require (a) improving the enabling environment for the private sector; and (b) increasing the capacity of the private sector to respond to export opportunities.

USAID/Ghana will help the GoG to improve the enabling environment through better macroeconomic management and financial intermediation, removal of barriers to entry/exit in the marketplace (e.g., introducing flexible labor laws and eliminating cumbersome start-up costs for formal businesses), an enhanced trade regime, and a rationalized regulatory framework in electricity, gas, telecommunications that encourages competition. USAID will also assist firms in assessing overseas markets, adapting new production technologies to meet market requirements, prepare business plans, accessing credit, meeting phyto-sanitary and other environmental standards. USAID will increase the capacity of the private sector by enhancing the ability of farmers, SMEs, exporters and business associations to build competitive value chains that link producers with markets and facilitate strategic partnerships between Ghanaian and foreign firms. In accordance with the GPRS I and II, the USAID/Ghana strategy will focus on non-traditional agricultural export products, initially focusing on overseas markets for high value NTAEs,, but also by diversifying the product base e.g. selected food crops and value added agro-processed products for regional markets and, to the extent possible, for the domestic markets. Management of the natural resource base will be woven into the fabric of activities under this Strategic Objective, including eco-tourism and other export-related activities to preserve biodiversity, and sustainable farming practices including pesticide management.

Constructing and maintaining infrastructure is a critical component of creating an enabling environment for private sector growth in Ghana. This effort will require resources beyond USAID/Ghana's manageable interest. The GoG and other bilateral and multi-lateral donors, including the World Bank, the African Development Bank, the U.S. Millennium Challenge Corporation, and the European Commission, plan to invest in the construction of critical infrastructure, including roads, railroads, ports, and telecommunications. Also ECOWAS, with assistance from USAID/WARP, is working on efforts to harmonize key policies and regulations, including customs laws and a common currency, which will facilitate trade among West African countries.

It is expected that the Economic Growth Strategic Objective will contribute to increasing the value of Ghana's non-traditional exports' relative share of total world exports by 35%. As a result, Ghana will improve its competitiveness ranking among Sub-Saharan African countries from tenth to fifth place. The cumulative number of USAID-assisted smallholders linked to international, regional and domestic markets is expected to reach at least 100,000 by the end of the strategy period.

This Strategic Objective directly supports both Framework Goals through the following two means: (a) strengthening the policy and regulatory enabling environment for private sector competitiveness; (b) increasing the capacity of private sector enterprises in selected sectors to compete in global markets. The principal Program Components are to: Increase Participation in Global Trade and Investment; Improve Economic Policy and Governance; Increase Private Sector Growth; Increase Agricultural Productivity; Strengthen the Financial Sector's Contribution to Economic Growth; Improve Sustainable Management of Natural Resources and Biodiversity Conservation; and Expand and Improve Access to Economic and Social Infrastructure. Required financial resources equal $7.6 million (DA) on average, per annum for contracts, grants, and Implementation Letters with the GoG, through a Strategic Objective Agreement with the MoFEP and in coordination with three primary Ministries: Private Sector Development; Trade and Industry; and Food and Agriculture.

3. Improve Health Status of Ghanaians (Health Strategic Objective) 2006-2010: USAID's overall goal is to improve the health of Ghanaians. To achieve this goal, USAID, in collaboration with the GoG, will take an innovative approach by focusing on behavior change for key health interventions at the individual, community health system and policy level. Creating an enabling environment with user friendly policies and access to quality health services will encourage Ghanaians to adopt healthy life styles. Additionally, by strengthening the capacities of communities and individuals to identify health problems and plan and manage health programs, ownership of health solutions will be sustained at the community level with greater impact.

USAID will focus on efforts that reduce the under-five (especially newborn) mortality rates, reduce the total fertility rate, stabilize HIV/AIDS prevalence among adults and reduce HIV/AIDS prevalence among most-at-risk groups. Activities include strengthening Ghana's key health delivery systems including logistics, monitoring and evaluation, and performance management, and improving financial oversight skills of planning and implementing organizations. USAID will continue to take a lead role in building institutional capacity within the health sector at the national, regional and district government level.

USAID works with the major donors, assisting the GoG with the ongoing design of the national health strategy and providing key technical input in the sector-wide approach program between donors and GoG. USAID will continue to be the lead bilateral donor in Ghana for support of family planning and the fight against HIV/AIDS.

USAID/Ghana's expected results include a reduction in under-five mortality rate from 111 per 1,000 live births in 2003 to 90 per 1,000 in 2010. The total fertility rate (TFR) will decline from 4.4 per children per women in 2003 to 4.0 in 2010. Nationwide, USAID will help Ghana stabilize the HIV/AIDS prevalence rate among adults at 3% and reduce the current rate for most-at-risk groups, including female commercial sex workers, by 20 percentage points.

In selected geographical regions, the exclusive breastfeeding rate will improve from 53% in 2003 to 68% by 2008. Insecticide-treated net use among children under five years will increase from 4% in 2003 to 40% by 2010 and insecticide-treated net use by pregnant women will increase from 3% in 2003 to 39% by 2010. Assisted deliveries by trained personnel will increase from 47% in 2003 to 60% by 2010.

This Strategic Objective supports both Framework Goals by: empowering Ghanaians to adopt health practices; expanding access to health services; improving the quality of health services; and strengthening institutional

capacity. USAID's health program addresses the following Program Components: Build Health Systems Capacity; Improve Child Survival, Health, and Nutrition; Reduce Transmission and Impact of HIV/AIDS; Prevent and Control Infectious Disease of Major Importance; Reduce Unintended Pregnancy and Improve Healthy Reproductive Behavior; Improve Maternal Health and Nutrition; and Support Family Planning. $18.8 million in Child Survival and Health (CSH) funds on average, per annum, is required. A contingency of $500,000 in FY 06 for Avian Flu response is also required. Implementation mechanisms include contracts, grants, Implementation Letters with the GoG, through a Strategic Objective Agreement with the MoFEP, co-signed by the Ministry of Health.

4. Improve Access to Quality Basic Education (Education Strategic Objective) 2006-2010: This Strategic Objective will expand access to basic education, particularly for girls, improve reading and numeracy skills, increase teacher accountability, increase community participation in schools, and prevent the spread of HIV/AIDS within the education system. Program activities include: (a) a literacy initiative that teaches young children to read in their mother tongue and then "bridges" them to English; (b) an after hours community-based education program, which educates out-of-school children and then seeks to reintegrate them back into the formal school system; (c) an outreach program to recruit and train teachers from communities where public schools exist but where there are insufficient numbers of teachers to staff the schools; (d) an initiative to help district-level government better assist and increase the accountability of schools in their district; (e) a program to increase the level of parental and community involvement in schools and a parallel initiative supported by the Democracy Strategic Objective to increase the capacity of parents and communities to lobby for school improvements; and (f) a program to prevent the spread of HIV/AIDS among teachers, students and their parents.

Results will include substantial increases in the proportion of girls enrolled in primary school in northern Ghana and the proportion of boys and girls in USAID assisted schools who complete grade six. Also, literacy achievement levels among boys and girls in USAID assisted schools will rise from the current 18% to 60%, as will the number of teachers engaging in effective HIV prevention strategies. Gross primary school enrollment will rise to 85% (94% male and 78% female).

This Strategic Objective directly supports Framework Goal 1 by promoting equitable access to quality education. USAID's education program in Ghana includes two Program Components: Improve the Quality of Basic Education; and Reduce Transmission and Impact of HIV/AIDS (in the education sector). Required financial resources equal $6.9 million on average, per annum ($6.2 million in DA and $0.7 million CSH (HIV/AIDS)). Implementation mechanisms include contracts, grants, and Implementation Letters with the GoG, through a Strategic Objective Agreement with the MoFEP, co-signed by the Ministry of Education and Sports.

D. RISK FACTORS FOR VULNERABILITY

In addition to the inherent risks faced by any new democracy, Ghana's political and economic framework is vulnerable to shocks caused by volatile neighbors, domestic chieftaincy conflicts, corruption, resources (land and water) disputes, and external price shocks. The GoG, USAID, and other donors are working together to minimize these risks. Nevertheless, if realized, these risks have the potential to limit successful implementation of this strategy and reduce the impact of USAID assistance. Through careful monitoring and targeted interventions, USAID will strive to mitigate the following risks to the extent practicable:

1. Reducing Regional Conflict and Barriers to Trade: Ghana is located between volatile eastern (Togo and Nigeria) and western (Ivory Coast and Liberia) neighbors. Ghana has little capacity to effectively deal with a large inflow of refugees from its neighbors (there are 48,000 refugees currently living in Ghana, according to the UNHCR Statistical Yearbook). Ghana is playing an increasing role in promoting regional political stability. USAID/WARP works to strengthen ECOWAS' capacity to promote peace and regional integration. More specifically USAID/WARP is working with ECOWAS on a common currency and other initiatives which will reduce formal and informal barriers to regional trade.

2. Preventing the Spread of HIV/AIDS: In Ghana, the HIV/AIDS virus currently has little impact on the macro-level economy. However, households in the lowest three wealth quintiles with a person living with HIV/AIDS are likely to fall below the poverty line, making efforts to reduce poverty less effective. While knowledge about HIV/AIDS is nearly universal in Ghana, a significant percentage of the population fails to use prevention methods. Therefore, the most important challenge will be for Ghana to direct sufficient preventive interventions toward those

groups (e.g., education sector) and geographical areas where transmission is highest, in order to reduce the number of new infections. USAID/Ghana's strategy will identify and target the most-at-risks groups and develop interventions that will reduce risky behavior. USAID is also working with the GoG to address the challenge of how to finance the clinical response to HIV/AIDS, where the annual cost of anti-retroviral treatment nation-wide could equal tens of millions of dollars.

3. Reducing the Threat of Domestic Conflict: Chieftaincy disputes, extractive industry exploitation issues (both real and perceived), and resource (land and water) clashes are currently the major conflict triggers in Ghana which thwart development efforts. USAID/Ghana supports two alliances that strive to mitigate conflict: Catholic Relief Service's Northern Ghana Peace-Keeping Initiative and a newly conceived Global Development Alliance with the key stakeholders in the extractive industries (Newmont Mining Company and Gold Fields). Both alliances will create forums for constructive dialogue between key stakeholders to settle issues and disputes before they escalate.

4. Expanding Export Opportunities: Ghana relies heavily on three primary exports, cocoa, gold and timber, to earn foreign currency. However, these commodities are greatly affected by world price fluctuations. The rising cost of imports such as fuel is also a major vulnerability for Ghana. Remittances of well over $2 billion annually, are Ghana's fourth largest source of foreign exchange. However, these flows can decrease dramatically with economic down-turns in the U.S. and Europe. USAID/Ghana's Economic Growth Strategic Objective targets the expansion of non-traditional exports, such as mango, pineapple and horticulture products, to mitigate against price fluctuations of Ghana's primary exports.

E. CROSS-CUTTING THEMES

A number of cross-cutting themes permeate this Strategy. The most notable are gender mainstreaming; combating HIV/AIDS; good governance and decentralization; inclusion of disenfranchised groups; empowering Ghanaians and private sector partnerships.

1. Gender: Women's empowerment is the key to Ghana's development. Yet, women play a minor role in Ghana's political and economic development. USAID programs are gender sensitive in order to ensure both women and men are appropriately empowered. Each strategic objective collects relevant performance data, disaggregated by gender, in order to clearly show how both men and women are affected by USAID-supported activities. The Health program, which historically has tended to focus on women, will include men to be more effective. The Education program seeks increased enrollment of girls in primary schools, which also has a positive impact on boys' enrollment. Under the Economic Growth program, USAID helps women's business associations and female entrepreneurs to market their products. The Democracy and Governance program seeks to increase the voice of women by creating opportunities for them to advocate, to take leadership positions in citizen groups and government, and to run in elections.

2. HIV/AIDS: Each Strategic Objective helps in the fight against the spread of HIV/AIDS. The Health program will lower the prevalence rate by targeting most-at-risk groups and preventing mother-to-child transmissions. The program will also provide care and support to PLWHAs. The Education program will reduce risky behavior in teachers, students, out-of-school youth and parents. The Democracy and Governance program will work with civil society organizations representing the interests of PLWHAs and assist local governments to effectively apply financial resources to combating the spread of the virus. The Economic Growth program will encourage private sector employers to implement work place programs that not only build awareness but also provide treatment to employees. The FFP program provides food supplements to PLWHA and orphans.

3. Decentralization: Centralized administrative and financial decision-making undermines local government's ability to be fully responsive to the needs of Ghanaian citizens and advance development. Improved governance and the devolution of decision-making to the local level are important elements of USAID/Ghana's programs. Institutional capacity-building is incorporated throughout the portfolio, at the local, district, and national levels. The Democracy and Governance program works closely with District Assemblies to build their capacity to promote transparency, encourage public participation and respond to citizen demands. The Education program assists PTAs and community-level school management committees to make teachers and administrators more accountable and provides grants to the District Assemblies to enhance oversight of basic education. The Health program supports the

GoG's Community-based Health Planning and Service program which will increase community involvement in health care. The Economic Growth program works on national policies that encourage fiscal decentralization.

4. Food Security: The northern region of Ghana is classified as savannah land with less than 1000mm of rainfall per year and long periodic droughts, similar to its neighbors, Burkina Faso and Niger. Poverty levels in the three northern regions of Upper East, Upper West and North, as well as northeastern Brong-Ahafo Region range from between 69-88 percent making these regions the poorest and most vulnerable in the country. In these regions 47 % of the children are stunted; 44% are underweight; and 11% are wasted. USAID/Washington's Food for Peace (FFP) Title II Program, which is fully integrated into this Strategy, addresses Ghana's food security issues by increasing agricultural production and income for poor farmers (Economic Growth/ U.S Presidential Initiative to End Hunger in Africa (IEHA)); increasing access of communities to safe water and improved sanitation facilities (Health); improving health and nutrition of children under-five years old (Health); improving access to food for the highly vulnerable (Health); improving quality of primary education in the northern regions, and increasing educational opportunities for Ghanaian children, especially girls (Education). The completion dates for the current FFP multi-year assistance programs range from September 2006 to September 2010. FFP funding, which is currently at $20 million per annum, is expected to drastically decline over the next five years. To avoid undermining this Strategy and IEHA, USAID/Ghana will negotiate with USAID/FFP for a rational phase out of the FFP program by 2010.

5. Disenfranchised and Vulnerable Groups: To the maximum extent practicable, this Strategy will prioritize the inclusion of disenfranchised groups in all USAID/Ghana programs. However, special programs will be developed which support Muslim communities, particularly youth organizations, children with learning disabilities, physically-challenged, especially during key elections, and children orphaned due to AIDS. For example, the Mission is undertaking, in collaboration with the Ghana Ministry of Education and Sports (MOES), an assessment of Islamic education in Ghana to help the MOES expand access to, and improve the quality of, educational services provided to Ghana's Muslim population.

6. Empowering Ghanaians: USAID/Ghana's strategy is focused on empowering individuals, communities, local and national government institutions and non-governmental organizations to attain Ghana's development objectives. The Democracy and Governance program uses local expertise and Ghana's national service volunteers to build capacity in civil society organizations and local governments. Prominent Ghanaian think tanks and non-governmental organizations are employed to strengthen Parliament. The Health program empowers individuals by providing them with sufficient information to make informed health decisions. The Economic Growth program builds private sector capacity and the Education program will use the Ministry of Education's own systems to improve reading and numeric results. USAID plans to increase host country contracting in its health and education programs to strengthen country systems and ensure sustainability. To build local capacity, all USAID/Ghana solicitations require bidders to maximize Ghanaian expertise and the winning awards reflect this policy. Within the walls of USAID, local employees assume ever increasing levels of responsibility as American staff are replaced by Ghanaians. Ghanaians now represent over 95% of the total USAID and implementing partner population.

7. Public-Private Partnerships: USAID/Ghana has several public-private partnerships underway and more are in the design phase. Establishment of strategic partnerships between Ghanaian businesses and buyers in the U.S., European Union and other countries is a core component of the Economic Growth Strategic Objective. One successful alliance was recently established when the Economic Growth program helped a Ghanaian fruit juice exporter implement technical and business production innovations and facilitated discussions with the Coca Cola Company which resulted in a partnership to launch a new drink in the Nigerian market. USAID is also partnering with the University of Ghana and Harvard University to produce nine Ph.D. economists to strengthen Ghana's capacity for policy analysis and advocacy. In the Health Strategic Objective, a public-private alliance with Netmark, a Ghanaian firm, under the "Roll Back Malaria" initiative aims to attract corporate sponsors to promote a voucher scheme for Insecticide Treated Nets (ITNs). USAID has also funded an alliance under the Democracy and Government Strategic Objective with a religious based organization, Catholic Relief Services, to support conflict mitigation efforts in the northern regions. USAID/Ghana is also in the process of establishing a public-private alliance with major stakeholders in the mining industry to develop a best practice strategy for the entire industry. Seen as a valuable tool for leveraging resources and technical skills to further the development process, USAID/Ghana will make maximum use of public-private alliances under this Strategy.

F. REGIONAL ASPECTS

USAID/Ghana and the USAID/WARP collaborate closely on a number of interventions that promote regional trade, HIV/AIDS prevention, natural resource management and energy. The USAID/WARP managed West Africa Trade Hub (WATH), located in Accra, will help Ghanaian exporters supported by USAID/Ghana interventions take full advantage of Ghana's African Growth Opportunity Act (AGOA) certification to increase trade with the United States. The West Africa Power Pool and West Africa Gas Pipeline, both supported by USAID/WARP, are designed to increase energy supply to the region. The USAID/Ghana's strategy will ensure that Ghana's energy regulatory framework will support maximum use of these new energy sources. Additionally, Ghana benefits from USAID/WARP's work in regional conflict prevention, cross border HIV/AIDS tracking and prevention, capacity building of regional centers for health, agriculture and trade. Finally, USAID/WARP's efforts to share innovative biotech programs that are taking place in Mali and elsewhere in the region allows Ghana to adopt best practices.

G. AID EFFECTIVENESS AND DONOR COORDINATION

Donor coordination in Ghana is excellent. Through the work of numerous sectoral committees, including the World Bank-led Consultative Group, the Multi-Donor Budget Support group (MDBS), and *ad hoc* sector groups, donors share information and lessons learned and explore new opportunities. Sectoral committees meet on a fairly regular basis, with USAID actively participating on those dealing with health, agriculture, basic education, public financial management, and water. USAID leads donor groups focusing on the private sector development, HIV/AIDS prevention, governance and Parliamentary strengthening. In November 2005, USAID/Ghana, along with other donors and the GoG, agreed to a Memorandum of Understanding that contained a far-reaching set of policies on Partnerships and Harmonization. The Mission Director actively participates on a Harmonization Working Group which strives to put into practice the MOU as well as the principles of the Paris Declaration on Aid Effectiveness.

Program assistance to Ghana, in the form of grants and loans from over 40 multilateral and bilateral donors, is currently about $1 billion annually, representing about 40% of the GoG's budget. USAID remains one of the largest individual contributors to bilateral assistance to Ghana. The other major donors include: the World Bank, the International Monetary Fund, the African Development Bank, United Nations agencies, Great Britain, Japan, European Union, Canada, Denmark, the Netherlands, Germany, France, Switzerland, Italy, and Spain. With the exception of Japan, UN agencies and the U.S., most donors participate in direct budgetary support with ever-increasing percentages of their funding. However, USAID is an active "observer" member of the MDBS Group, providing welcomed technical assistance to help frame and advance the policy dialogue with the GoG.