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**MEMORANDUM OF THE PRESIDENT**  
**OF THE**  
**INTERNATIONAL DEVELOPMENT ASSOCIATION**  
**TO THE**  
**EXECUTIVE DIRECTORS**  
**ON A**  
**COUNTRY ASSISTANCE STRATEGY**  
**OF THE**  
**WORLD BANK GROUP**  
**FOR**  
**THE REPUBLIC OF GHANA**

**APRIL 17, 1995**

**Country Department IV**  
**Africa Region**

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The last Country Assistance Strategy for Ghana was presented to the Board on April 14, 1994.

### **CURRENCY EQUIVALENTS**

(March 7, 1995)

Currency Unit	=	Cedi (C)
US\$1	=	1150
C1	=	US\$ 0.00087

### **ABBREVIATIONS AND ACRONYMS**

AEF	Africa Enterprise Fund
AGC	Ashanti Goldfields Corporation
AGETIP	Agence d'exécution des travaux d'intérêt public contre le sous-emploi
APDF	Africa Project Development Facility
CIDA	Canadian International Development Agency
ECOWAS	Economic Community of West African States
ERP	Economic Recovery Program
EPS	Extended Poverty Study
ESSA	Enterprise Support Services for Africa
FINSAC	Financial Sector Adjustment Credit
GEF	Global Environmental Facility
GNPC	Ghana National Petroleum Corporation
GSE	Ghana Stock Exchange
GWSC	Ghana Water and Sewerage Corporation
IDF	Institutional Development Facility
NEAP	National Environmental Action Plan
NIRP	National Institutional Renewal Program
NGO	Non-Governmental Organization
ODA	Official Development Assistance
PSAC	Private Sector Adjustment Credit
UMOA	Union Monétaire Ouest Africaine (West African Monetary Union)
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
USAID	U.S. Agency for International Development

### **FISCAL YEAR**

January - December

## REPUBLIC OF GHANA

## COUNTRY ASSISTANCE STRATEGY PAPER

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**MEMORANDUM OF THE PRESIDENT OF THE  
INTERNATIONAL DEVELOPMENT ASSOCIATION  
TO THE EXECUTIVE DIRECTORS ON A  
COUNTRY ASSISTANCE STRATEGY  
OF THE WORLD BANK GROUP  
FOR THE REPUBLIC OF GHANA**

1. Ghana's sustained efforts at adjustment over the last ten years have received a lot of praise and perhaps created high expectations many of which are yet to be fulfilled. Questions have been raised as to why after a decade of adjustment private sector response is still relatively limited. While it is indeed true that a substantial reform agenda still remains, particularly on sectoral and institutional issues, there is no doubt that Ghana's adjustment efforts over the last decade are real and praiseworthy. Ghana was in fact on a steady growth path prior to the 1992 fiscal shock (paragraph 6) from which the economy has yet to completely recover. This CAS outlines Ghana's efforts and achievements whilst underscoring the remaining gaps in its reform program and development efforts. The assistance strategy outlined in Part D of the CAS provides a sharper focus on the poverty dimension based on the initial findings of the Extended Poverty Study currently under finalization. It also highlights more sharply the important role of agriculture, for which a more proactive assistance strategy is being developed in light of the importance of the sector for accelerated growth. The CAS was discussed with the Government of Ghana in February 1995. There was broad agreement with the Bank Strategy as detailed in the following pages.

**A. Recent Economic and Social Performance**

**Background**

2. Ghana, a country of about 16 million people, is well endowed with natural resources. The economy has traditionally depended on primary production and exports of cocoa and minerals. Agricultural production, primarily rain fed and small scale, is concentrated on staple food crops and cocoa. Ghana ranks among the world's largest producers and exporters of cocoa. About 60 percent of the Ghanaian labor force is employed in agriculture which accounts for about 45 percent of GDP. The service sector consisting largely of trade and public sector services is the second largest employer—over 25 percent of the labor force—accounting for just under 40 percent of real GDP. The industrial sector accounts for about 16 percent of GDP and employment; it is relatively diverse and well developed by Sub-Saharan African standards.

3. **Political Outlook.** The next elections are scheduled for 1996. Advance preparations in terms of voter registration, identity cards and even some early campaigning have begun. In contrast to 1992 when the opposition parties boycotted the parliamentary elections (in protest because of alleged irregularities in vote counting for the presidential elections), they are now busy preparing for the 1996 elections. This augurs well for future stability.

4. **Pre-reform Setting.** Although Ghana once enjoyed a relatively high living standard compared with most other West African nations, inappropriate economic policies and a

deterioration in the external terms of trade in the 1970s led to substantial declines in income in the 1970s and early 1980s. Between 1970 and 1982, import volumes fell by a third, real export earnings declined by 52 percent, and domestic savings and investment declined from 12 percent of GDP to almost nothing. The inflation rate exceeded 100 percent in 1983.

5. **Economic Recovery Program.** The achievements of the first decade of reform are:

- **Macroeconomic Reforms.** The Government introduced the Economic Recovery Program (ERP) in 1983 following a “gradualist” approach. Its primary goals were stabilization and structural reforms. In the decade since the ERP was introduced, real GDP growth averaged 5 percent per annum compared with negative growth in the preceding decade. On a per capita basis, real income grew by 2 percent per annum. Exchange rate reforms included moving gradually to the present largely market determined exchange rate system. Import licensing was abolished, accompanied by a substantial reduction of tariffs. Various schemes for duty and tax relief on imported inputs were made available to exporters. The fiscal situation improved for eight years until the election related fiscal shock of 1992. The efficiency of public resource management also improved, although much remains to be done.

- **Sectoral Reforms.** Significant progress has been made in liberalizing and building the foundations for a stronger *financial sector*. A more competitive financial system is now needed for vigorous pursuit of deposit mobilization and enhanced intermediation. The three largest banks are being prepared for divestiture in 1995. A stock exchange was established with IFC’s help. In *Agriculture*, input and output marketing (except for cocoa exports) has been liberalized. The share of the fob cocoa price received by farmers has risen to about 50 percent in 1994 (1984 - 25%). The *Mining* sector was opened to private investment. Value added in mining rose by over 10 percent in 1992 and 9 percent in 1993, reflecting increased investment in the rehabilitation of mines by private companies and IFC. In *Infrastructure*, rehabilitation of roads, ports, and railways, received high priority. In *Education*, access in underserved areas was enhanced through school expansion and major changes in curricula.

#### **Reform Achievements and Remaining Gaps**

6. As indicated above, Ghana’s adjustment program was broadly on track until 1992 when the severe fiscal shock engendered by an election-related wage increase reversed the hitherto positive trend. Prior to 1992 private investment and savings had responded quite well, doubling between 1986 and 1991. Unfortunately Government’s single mistake of policy misjudgment in agreeing to a wage increase of 80 percent, resulted in macroeconomic instability (see next section) and the precipitous fall in private investment and savings. This definitely set back the reform program and gave rise to a magnified perception of poor performance. Ghana’s experience is, therefore, a good example of how long adjustment takes and how important stabilization is for successful adjustment. It is in this context that Ghana’s reform program should be judged. A lot has been achieved in the last ten years, but a lot more needs to be done before adjustment can be described as completed.

7. Since 1992 fiscal and monetary policy performance has been an issue. While tax revenue collection improved and public investment expenditures were rationalized, inflation and interest rates continue to remain at unacceptably high levels. There has been satisfactory growth in aggregate output, mining and services, but unsatisfactory performance in agriculture,

and manufacturing. Savings and private investment have remained low. *A major shortcoming of the reform program has been the slow pace in eliminating the government monopoly in cocoa marketing.* In 1994, eleven years after the initiation of structural adjustment, Ghana finally opened domestic cocoa marketing to private operators and only last year did producers begin to receive up to 50 percent of the fob price of cocoa.

8. *Exports of cocoa* still continue to be a government monopoly. However, the Government has now agreed to undertake a comprehensive study to determine the most effective way to liberalize cocoa exports and expects this to be an important step in the process of consensus-building, especially on the phasing of liberalization and on the complementary measures required to ensure that quality of cocoa is maintained. COCOBOD, one of the largest public enterprises, has been restructured and downsized considerably. After the cocoa exports are liberalized, it is expected that the corporation will mainly act as quality-controller. While we are working closely with the Government in the agriculture sector and already have a robust portfolio of projects (paragraph 43), constraints to higher growth in the sector demand a new more proactive strategy. Together, with the Government, a comprehensive study will be undertaken in FY96 to improve our knowledge of constraints and how these can be removed in the short to medium term.

9. With regard to petroleum, the import of crude and refining have remained a government monopoly and as a result the domestic retail pricing of petroleum products has become politicized. The Government has, however, recently agreed to liberalize import of crude and restructure the petroleum sector. It plans to privatize the only oil refinery, deregulate retail pricing of petroleum products and restrict Ghana National Petroleum Corporation's (GNPC) activities to exploration.

10. Despite shortcomings and slower than desirable pace of reforms, government commitment to future reforms remains strong. The group in power began the reform program somewhat reluctantly. After a long philosophic struggle among policymakers, there is now a realization of the benefits of ERP and a desire to further build on its achievements, and to move for faster growth. Even major opposition parties appear to be equally committed to further reforms.

### **Recent Developments and Sustainability**

11. **Macroeconomic Situation.** Restoring and sustaining macroeconomic stability continues to be an issue in Ghana. Following the large election-related fiscal shock of 1992, there has been continuing fiscal adjustment in 1993 and 1994, but not as much as planned. The narrow budget moved from a deficit of 4.8 percent of GDP in 1992 to a deficit of 2.5 percent in 1993 and 0.8 percent in 1994. If excess divestiture receipts are included, then fiscal balance was in surplus of around 2 percent in 1994. Divestiture receipts, which exceeded original projections by around 3 percent of GDP, also cushioned the large shortfall in program aid. Unfortunately, money supply grew by around 46 percent in 1994 caused in large measure by substantial central bank borrowing by the parastatal GNPC. A lower real GDP growth for 1994 is now estimated at 3.8 percent instead of the originally projected 5 percent, largely because of untimely rains and ethnic conflict in the north. Inflation rose to 34 percent by end of the year.

12. Macroeconomic stability is programmed to be restored over the course of 1995. At the core of the 1995 budget are measures, including introduction of a Value Added Tax, designed to secure a fiscal surplus of 1.2 percent of GDP. Credit policy aims at a 14 percent growth in money supply, and the rate of inflation is targeted to slow down to 23 percent on an annual basis by the end of the year. Real GDP growth is projected to be 5 percent, and the current account deficit (including official transfers) is expected to fall from 6 percent of GDP in 1994 to 3.7 percent in 1995. More frequent macroeconomic monitoring by the IMF and Bank staff, under the IMF's proposed ESAF program (paragraph 60) provides confidence that macroeconomic stability will be restored in 1995. In addition, under the Policy Framework Paper (PFP) agreed last month, GNPC's access to central bank borrowing has been terminated. All this should avoid a repetition of last year's experience.

13. **Private Sector Development.** Recently there has been sea change in the Government's attitude towards the private sector. The links between private investment, accelerated growth and poverty reduction have been well recognized. As a result the policy environment for the private sector has improved considerably. The public-private sector dialogue initiated in 1991 has been broadened and strengthened through the Private Sector Roundtable and the Private Enterprise Foundation. Changes in policies include the Statutory Corporations Act, under which public corporations are converted into companies with saleable shares. A new, more liberal Investment Act was approved in November 1994. Ghana's privatization effort, after many years of unsatisfactory performance has picked up. The sale of Ashanti Goldfields Corporation (AGC) marked an important threshold in generating broad-based support for privatization and in signaling the Government's support for the private sector. The divestiture of three commercial banks now being implemented by international financial advisors will strengthen the process. The recent decision to seek private participation in the telecommunication sector is expected to mark another important threshold. The Government has also announced its decision to open the power sector to private participation. It is important now to sustain these positive signals and ensure that the lingering doubts of the past on private sector development do not reappear.

14. **Sustainability.** Government commitment to the reform program continues to be strong. But because the pace of reforms has been slow, the question sometimes asked is whether there is a reform fatigue in the country? And what would happen to the reform program if anti-reform elements in the country come into power during the next elections? Given the broad-based support for the reforms, it is highly unlikely that measures taken so far will be reversed. However, it should be noted that the reforms already undertaken, particularly the macro-economic policy improvements, were relatively less complicated to enact and showed immediate benefits. The next phase of Ghana's economic reforms will be more complex and harder to adopt and implement. These reforms such as cocoa export liberalization, further development of the private sector, including accelerated divestiture in key sectors, public service downsizing and public expenditure management reforms are all politically sensitive. They tend to carry higher up-front costs as compared to benefits that accrue later. Furthermore, under the previous regime the enactment and passage of reforms was quicker. The advent of a democratic process has broadened participation and made the decision-making process more complex, requiring time-consuming consensus-building before important reforms can be undertaken.

## Social Conditions

15. The prolonged decline in the economy in the 1970s and early 1980s caused a marked deterioration in social indicators. Under the ERP, some of the poor, particularly those in urban areas were affected adversely, and real wages, particularly of unskilled labor, declined due to public service job retrenchment and the impact of increased competition. But these adverse effects were limited in duration. For the most part, social indicators and living standards improved on average under the ERP, which enhanced opportunities for employment in rural areas. In a few cases, such as utilization of health services, a complete rebound to earlier levels still has not occurred. However, various social indicators (see Annex A4) compare favorably with the rest of Sub-Saharan Africa. Life expectancy is 56 years compared to 52 and the infant mortality rate is 81 per thousand live births compared with 99. As in many other countries, indicators of qualitative improvements, for example in the type of education offered, lag well behind quantitative indicators. Population growth rate remains high at 3 percent per annum.

16. **Poverty Assessment.** The Bank has been working closely with the Government on analysis of poverty trends and determinants under an *Extended Poverty Study* (EPS). In addition, we are also finalizing the Country Economic Memorandum (CEM) titled *Ghana: Growth, Private Sector, And Poverty Reduction*. Under EPS, the first priority was to establish the incidence and depth of poverty since adjustment. This quantitative analysis was complemented with participatory poverty assessments. Additional studies are ongoing on the incidence of public expenditures on health, education and other human-capital enhancing services, and what determines the use of these services by the poor. Results of the EPS show that major improvements in poverty trends have occurred between 1988 and 1992 (see Box 1). Furthermore, the CEM has concluded that there is clear evidence that policies that promoted growth in Ghana in the 1980s also helped to reduce poverty. Poverty reduction has been widespread and broad-based, benefiting mainly rural areas and the most vulnerable group—female-headed households. Almost all of the reduction can be traced to economic growth in general and growth in non-farm self employment in particular. Growth in private-sector services, especially wholesale and retail trade, has been the driving force behind the non-farm self-employment.

**Box 1: Growth and Poverty: Key Findings**

- Between 1988 and 1992, the incidence of poverty in the country as a whole fell from just under 36 percent to 31 percent. This is clearly a major achievement.
- Almost all of the improvement comes from economic growth and the resultant increase in average incomes and expenditures.
- Income distribution has remained relatively stable over the period.
- Other indicators (such as the depth of poverty, the food expenditure ratio and school enrollments) also show marked improvement.
- The gains appear to have benefited most regions, and especially rural areas. In rural Savannah, for example, the incidence of poverty fell from 50 percent in 1988 to 39 percent in 1992. It appears that the reduction in poverty that has occurred in rural areas may be due to increased reliance on non-farm self-employment income.
- Urban areas other than Accra have benefited from the economic recovery. Poverty in Accra has, however, increased markedly (from just 7% in 1988 to 21% in 1992).
- The gender incidence of poverty also seems to have improved.
- The geographical incidence of poverty is important. Poverty is still, predominantly, a rural phenomenon (rural areas account for more than 70% of national poverty). The northern rural Savannah is significantly poorer than the national average. The Northern, Upper East and Upper West regions are the poorest regions, followed by the Volta region. Despite increasing poverty, the Greater Accra region is the least poor in the country.
- Informal sector wage employees have gained most from the economic recovery, but export crop and food crop farmers in spite of their relative poverty have also seen an improvement in welfare in recent years.
- The majority of the poor are food crop and export crop farmers with average per capita income below 128,404 cedis or one third of national average.
- The Participatory Poverty Assessment suggests that living standards among Ghana's poorest groups remain seriously low.
- The EPS analysis of the incidence of government expenditures suggests that the poor gain very little from social spending. The estimates show that targeting has not improved. Overall health expenditures were regressive; one-third of urban population got 42 percent of health expenditures, while primary education expenditure was progressive.

17. **Gender Issues.** According to results from the EPS, one-third of Ghanaian households are female-headed. The percentage of these households in the lowest quintile decreased from 32 percent in 1988 to 25 percent in 1992 partly due to increased reliance on non-farm self-employment of women. While there is a growing government awareness of gender disparities, the gender gap in economic and political participation is quite large. Access by women to health and education services is constrained particularly in northern and rural areas. Gender disparity in education is large particularly in secondary and post secondary institutions. Women are a major segment of the labor force in agriculture, but their access to land, credit, technology and social services is limited. Improving their access in these areas is not only critical to Ghana's human capital development but also economic growth given the importance of agriculture. EDI will be organizing a national seminar on girls' education in Accra, in June 1995 to help sensitize policy makers to the importance of female school enrollment. To better inform its strategy the Bank will be undertaking a Gender Study as part of its Economic and Sector Work during FY96-98. It will identify measures for public action for social intermediation.

## Environmental Issues

18. In 1990, the Government completed its National Environmental Action Plan (NEAP), providing the basis for addressing environmental problems in the country's development program. The main focus of this Plan is to reverse negative trends in several environmental indicators e.g., deforestation and declining soil fertility. The Bank is assisting the Government to strengthen Ghana's Environmental Protection Agency, which has the responsibility to implement the NEAP. The Bank is also assisting the Government to develop a biodiversity strategy (see paragraph 44).

### B. External Economic Environment

19. The Ghanaian economy is highly vulnerable to price fluctuations in world markets. Exports contribute about 20 percent of GDP. Primary products—mainly cocoa, gold, and timber—account for about 81 percent of total merchandise exports. The country is also heavily dependent on fuel imports, the price fluctuations of which have a major impact on Ghana's external terms of trade. Ghana is gradually diversifying into the manufacturing and nontraditional agricultural sectors. Its nontraditional exports have responded well to the ERP, having more than doubled between 1987 and 1992; although these still constitute only 7 percent of total exports.

20. **Structure of External Debt and Debt Management Strategy.** Ghana's total external debt stock was estimated to be around US\$5 billion as of end-1994 (including IMF and short term debt), which was equivalent to about 90 percent of 1994 GDP. US\$2.7 billion (about 56 percent) was owed to multilateral creditors of which US\$2 billion is owed to the World Bank (US\$65 million is owed to IBRD). Over eighty percent of Ghana's external debt is on concessional terms, owed mainly to multilateral creditors. Debt service obligations in 1994 were equivalent to 27 percent of exports of goods and services. IDA/IBRD debt service accounted for 3 percent of exports of goods and services in 1994.

21. Since the start of the ERP, Ghana has not rescheduled its external debt and endeavors to follow such an external debt management strategy. In addition, the Government seeks to meet its future financing requirements (of about US\$2.5 billion over the 1996-98 period) with external financing on concessional and grant terms.

22. **Debt Sustainability.** Notwithstanding a debt overhang, Ghana has a sustainable debt situation<sup>1</sup>. This debt burden is mainly an official debt burden, particularly multilateral debt<sup>2</sup>.

23. An assessment of the liquidity situation of Ghana, assuming adherence to its ongoing reform efforts (i.e. the "base case" macroeconomic scenario in the CAS), shows that Ghana would have a manageable debt service level for the entire projection period (1995-2004). This is because the projected "liquidity ratios" (scheduled debt service as a percentage of exports of

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<sup>1</sup> The "solvency ratio" is computed by taking the ratio of the present value of debt service on its existing debt stock as of end-1994 (discounted at a rate of 8 percent) to average exports for the past three years (1992-94). A 200 percent debt-to-export ratio on a present value basis is consistent with manageable debt servicing burden over time. The "solvency ratio" is 225 percent on the basis of its existing stock of external debt (estimated as of end-1994).

<sup>2</sup> With a solvency ratio of 132 percent in 1994.

goods and services) derived are below the 25 percent empirical threshold level for sustainability.<sup>3</sup> There is need to continue the Government's reform efforts to achieve the targets of the "base case" macroeconomic scenario to ensure that liquidity problems are prevented in the foreseeable future. Official bilateral debt relief is not needed.

**24. Foreign Financing.** Ghana will continue to depend on significant amounts of external financing in the form of grants and loans. This is true even though a decline in the current account deficit relative to GDP is projected. Financing requirement is expected to average around US\$860 million in the 1995-97 period. Of this, 72 percent is projected to come from foreign aid. Non-IDA donors are expected to provide most of the aid. Looking towards other forms of external financing to meet its future financing needs (such as foreign direct investment), these are expected to increase, though not significantly in the short term. Although foreign direct investment, including receipts from the divestiture of existing enterprises to foreigners, is projected to rise three-fold between 1993-1998 (by US\$85 million), its contribution will remain relatively small, given its low starting level. Divestiture-related private inflows are projected to account for some 50 percent of private capital inflows into Ghana.

**25.** Hence, even though there is a debt overhang related to the existing stock of external debt, Ghana is in a position to grow out of this situation if the macroeconomic performance improves, and the sectoral policies (particularly private sector development and public sector management) as outlined in the CAS are implemented.

**26. Regional Integration.** With President Rawlings at the head of the Economic Community of West African States (ECOWAS), there is an increased commitment to regional integration, particularly to deeper trade and economic links. Ghana is especially interested in establishing banking relations and linking financial markets between the member countries to facilitate currency transfers and to deepen the financial base. Harmonization of trade regulations (including tariff structures and removal of quantitative restrictions) with a strong regional focus under the ECOWAS/UMOA umbrella is under study. The Government is also very keen to develop regional infrastructure links, for example, in transport and energy. It intends to look carefully at how it can develop and maintain regional comparative advantage in certain products. Developing regional tourism is another potential area under consideration.

**27. Impact of CFA Devaluation.** The devaluation of the CFA currency will make the cocoa exports of Cote d'Ivoire, the primary CFA zone competitor, more competitive and could potentially undermine Ghanaian cocoa exports leading to downward pressures on the international price and an adverse impact on Ghanaian export revenues. Also, in the past, there has been a history of unrecorded cocoa production being smuggled from Ghana into the neighboring CFA zone countries (especially Cote d'Ivoire) to take advantage of the higher producer prices there. The CFA devaluation would have encouraged increased smuggling from Ghana if the devaluation had been transferred fully to the producers in higher prices and if Ghanaian producer prices had remained the same. However, Cote d'Ivoire has increased its producer price for cocoa by much less than the

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<sup>3</sup> This is arrived at by assuming: (a) new lending from IDA and other multilaterals remaining stable at about US\$430 million per annum between 1995-2004; (b) official bilateral disbursements remaining unchanged at about US\$100 million per annum between 1995-2004; and (c) a three-year ESAF/IMF arrangement.

CFA devaluation, and Ghana has more than doubled its producer price relative to the 1993-94 season. This would suggest that the price incentive to smuggle has been reduced which should have a salutary effect on the exportable surplus of Ghana. However, the net effect of the interplay among these factors is still unclear and under close watch.

### C. Country Development Objectives and Policies

28. As Ghana enters the next phase of its economic development, the Government has declared its key goals to direct the process. The central goal is to *reduce poverty through faster growth*: the Government has set a target of 7 to 8 percent annual growth by the year 2000. The complementary goal is to restore short-term macroeconomic stability and sustain it over the medium-term, which is vital to ensuring such levels of growth. The key strategies designed to attain these interrelated goals are to: (i) promote higher private sector investment especially in agriculture and exports; (ii) build and utilize indigenous capacity in the public and private sectors; (iii) strengthen human resources by improving access to and quality of basic social services; (iv) invest heavily in physical infrastructure, particularly to support agricultural growth; and (v) rapidly divest from state owned enterprises and commercial banks.

#### Sources of Growth

29. **Sectoral Growth.** Most of the forecast increase in growth will come from agriculture, mining, financial services, and transport in the early years. Growth in manufacturing will follow. For the growth to take place in agriculture, critical constraints in rural infrastructure, technical support services and improvements in the availability of agricultural inputs must be addressed (see paragraph 33). Agricultural growth is primarily expected to come from increased productivity in traditional crops and growth in tree crops, cotton and nontraditional products (fisheries, oil seeds, and horticulture). The mining sector, especially gold and diamonds, is projected to grow in the early years, and the Bank is helping to ensure that measures are taken to mitigate the impact of mining activities on the environment. Finally, given their long gestation periods, it is imperative that the foundations for long-term growth—in terms of investments in education, telecommunications, other infrastructure, and access to technology—are laid now.

#### Key Development Constraints

30. Growth under the ERP thus far has originated primarily through public sector investment. To achieve accelerated growth, the Government has reaffirmed its intentions to make the private sector the engine of growth. In the past, a number of constraints, including lingering distrust between the private and public sectors, has inhibited strong private sector involvement. This situation is now improving (paragraph 13). However, the ability of the private sector to become the engine of growth will depend on how rapidly medium-term macro-stability is achieved and the key constraints outlined below are addressed.

31. **Fragility of the Macroeconomic Framework.** Since the 1992 election-related fiscal shock, Ghana's macroeconomic performance has been an issue. Though the Government has made considerable progress in restoring fiscal balance and reducing the external deficit, inflation remains relatively high. Notwithstanding significant external adjustment, there is considerable need for balance of payments financing over the 1996-98 period. In addition,

given the size of the wage bill and lower divestiture receipts, there remains a threat of macroeconomic instability arising from another public-service wage-shock. Thus, restructuring and downsizing of the public service is critical for sustained macro-stability. Accelerated growth can only be achieved once the macro-stability becomes a reality.

**32. Inadequate Private Sector Investment and Export Response.** Recent developments in the government's approach to the private sector have been very positive. However, a sustained effort in this area is needed given the experience of the last several years. After exhibiting an upward trend in the period 1983-91, private investment fell in 1992 due to potential macroeconomic uncertainty and again in 1993. Private sector investment in 1993 was only 4.9 percent of GDP, down from 8.1 percent in 1991. These weak investment results were due in part to political uncertainty but mostly to macroeconomic instability. While the Government has repealed most of the old controls and regulations and a new Investment Act has been passed, its continuing ownership of a wide range of productive activities and of most of the commercial banks has given conflicting signals to the private sector. However, as pointed out in paragraph 13, the Government's recent efforts to improve its image through a number of initiatives including a very constructive dialogue with the private sector is clearly making a sea change. A critical challenge now facing the Government is to nurture Ghana's emerging positive image in the business community and to draw wider investment—beyond the mining sector and the Ghana Stock Exchange companies—from both foreign and domestic sources. As for achieving rapid export growth, one of the Government's objectives is to promote non-traditional exports, increasing their contribution from 7 to 15 percent of overall exports by the year 2000. Implementation of a Medium-term Plan for Non-Traditional Exports has been initiated by the Export Promotion Council.

**33. Lack of Dynamism in the Agriculture Sector.** There is concern that the agriculture sector is not adequately contributing to Ghana's economic growth. Without a more rapid growth in agriculture, Ghana will not achieve accelerated growth in the medium-term. Although crop production statistics suggest an average growth of over 3 percent per year during the past decade, the national accounts estimates imply average annual growth of only about 2 percent, well below the rate of population growth (3%) and the rate of growth of the economy (5%). The lack of dynamism in Ghana's agriculture is closely linked to the very sluggish rate of technological transformation in the sector. The sector can be characterized as low-input, rainfed, small-holder dominated, heavily dependent on women's labor and management, and very poorly served by basic infrastructure and support services. In addition, the marketing and pricing policy for cocoa, the main cash and export crop, has not favored farmers; it is only with the 1994/95 season that the share of the fob export price received by farmers has reached 50 percent, and while private traders were permitted to enter the domestic cocoa market two years ago, exports remain a governmental monopoly.

**34. Lack of Human Resource and Institutional Capacity.** The lack of adequate human and institutional capacity and inefficient utilization of existing capacity are major bottlenecks to Ghana's development efforts. In 1987, the Government undertook some public sector reforms including gross retrenchments, but the program had little ownership and lacked participation by stake holders. Being keenly aware of the capacity gap, and wishing this time to involve a more participatory process, the Government held a sensitizing and consensus-formulating national workshop in 1994. The workshop established a plan of action to improve: (i) policy on the role of the public sector; (ii) the structure and management of the public sector; and (iii) the

policy environment for the private sector. The latter includes issues of general education, vocational training, and management training of business people. The President recently launched the National Institutional Renewal Programme (NIRP) aimed to achieve, among other things, the goals of a leaner and more effective public service. Given that nearly 9 percent of GDP and 70 percent of recurrent expenditure budget goes towards public service wage and wage-related expenditures, a substantial downsizing of the civil service must be an integral aspect of the program. Indeed, without substantial reductions in the wage bill, macroeconomic stability may not be sustained over the medium-term, and the private investment response will lag.

**35. Inadequate Investment in Basic Education, Health & Infrastructure.** The Government has made significant efforts to improve health and education which together consume a large part of its recurrent budget. Major reforms in education began in 1986; they were intended to foster literacy for all children and adults, expand access to basic education (especially in rural areas), improve quality through school inspection and teacher training, increase tertiary enrollments with emphasis on cost-effective delivery; and establish distance learning programs. As a result of these, enrollment ratios have increased (including adult literacy enrollments which are up six fold since 1990), but there are large regional disparities in participation and performance, and girls remain under-represented in schools. Despite the changes in organizational structure and improvements in access and physical inputs, poor learning outcomes persist. A strategy focusing on improved effectiveness of primary and secondary education and on regional/gender equity is being developed. The Government is also, with the help of the Bank, developing a series of priority indicators that are realistic and capable of monitoring and evaluation.

**36.** In the *health sector*, Government has just completed a medium-term strategy. Mortality and fertility rates have improved over the last decade, though the burden of premature death, avoidable illness, malnutrition and disability remains high. Similar to poverty trends, there are wide regional variations: infant mortality rates in the Northern, Upper Western and Upper Eastern Region are double the rates in Greater Accra. Health services are still not reaching those who need them: only 60 percent have access to modern health care. New disease challenges, such as AIDS, cancer, and cardiovascular conditions, are emerging problems especially in urban areas. For population planning, the Government has just completed a comprehensive Population Action Plan to be implemented with U.S. Agency for International Development (USAID) assistance. In the health and education sectors, the constraints that need to be overcome include: weak planning and management capacity; limited involvement of beneficiaries; and insufficient incentives to promote performance quality.

**37.** While much was done under ERP to improve *basic infrastructure*, much more needs to be done particularly at the village level to support growth in agriculture. As indicated above, basic infrastructure is a serious constraint to agricultural growth, which in turn is very important for poverty reduction. The Government is now pursuing an integrated approach to infrastructure development which should support its primary objective of poverty reduction and promotion of private sector.

## D. The Bank Group's Country Assistance Strategy

### Country Assistance Objectives

38. The main focus of the Bank's strategy in Ghana is to support the Government in its objective of poverty reduction through rapid growth. For the period under review, the thrust of our strategy will be to help Government in: (i) accelerating action on poverty reduction; (ii) restoring and maintaining macroeconomic stability; (iii) developing a national program for capacity building under conditions of good governance; (iv) fostering private sector development in all sectors, especially in agriculture; and (v) helping create the conditions for environmentally sustainable growth. The Bank's workprogram in relation to these strategies is outlined below, with particular reference to economic and sector work and lending plans. Annex A7, the Status of Bank Group Operations, gives the portfolio of active projects which relate to these objectives. A detailed matrix linking Bank Group objectives and assistance instruments is provided in Annex B2. *It should be noted here that in all our efforts in Ghana, a significant amount of initiative comes from Ghanaians, whether in ESW or preparation of lending operations. The work is increasingly being undertaken by the Ghanaians themselves with Bank staff acting, in many instances, as facilitators only.* This fosters ownership and leads to better results on the ground. Also in pursuing its objectives, the Bank is looking for more opportunities to promote the acceptance of policy reforms through various forms of *public education*, for example by disseminating results of its ESW and by carrying out seminars on major topics, such as the benefits of privatization, for parliamentarians and the public at large.

39. The Operations Evaluation Department (OED) is in the process of completing a study on Ghana's assistance strategy. The main conclusion is that Bank strategy has been largely successful in the 1980s but it faces tough issues in the 1990s in areas of institution building, governance, and long-term growth sustainability. This CAS focuses on areas highlighted by OED and draws lessons from past experience. For example, new emphasis is being directed towards an improved agricultural strategy. Similarly, support in education will focus more on quality of learning in the classroom through developing measurable quality outcome criteria.

### Objective #1: Poverty Reduction

40. Poverty reduction is at the center of our country strategy. The EPS (paragraph 16) forms the basis for the Bank's poverty reduction strategy. The results that are emerging as the study is being finalized are rich in implications for our assistance program. However, it will take more time to develop a comprehensive assistance plan based on the study, in close cooperation with the Government. Clearly, a feasible poverty reduction strategy encompasses accelerated growth as well as direct interventions on behalf of the poor. In this sense, poverty reduction permeates all aspects of our assistance—from adjustment lending to sector by sector policy reform to investment programs tailored to vulnerable populations. The latter will involve redirection of public expenditures toward the provision of social services as well as community-based initiatives involving considerable participation of non-governmental organizations and the poor themselves. Geographical targeting of vulnerable groups will be emphasized in our strategy.

- **ESW.** The EPS highlights certain solid areas of improvement in poverty reduction; however, some gaps remain. A large portion of the Accra population is living in poverty, as

are groups of food crop and export crop farmers and rural families living in the impoverished Northern, Upper East and Upper West regions. Further work will be undertaken in determining better ways to access social services, and labor market analysis. Similarly, in agriculture priority development needs of the rural poor will be studied and identified. The results from the first phases of EPS (Poverty Profile, Poverty Analysis, Participatory Poverty Assessment and Public Expenditure Incidence), are being discussed with the Government and follow up actions are being agreed through which we are developing better targeted interventions.

- **Lending.** Our lending program is being modified to incorporate a greater emphasis on poverty reduction. More will be done as the Bank and the Government operationalize the EPS results, with special focus on poor occupational groups and regions. The current pipeline of lending links various aspects of our strategy towards poverty reduction including macroeconomic stabilization and public expenditure reform (paragraph 41), infrastructure lending and agriculture reform (paragraph 43) including cocoa export liberalization. Macroeconomic stability will help attract private investment for accelerated growth; improved infrastructure will both attract private investment and remove constraints to agricultural growth. Cocoa export liberalization will increase the income of the small farmer. Public Expenditure Reform will increase social spending, concentrating on extension of basic services (health and education) with particular emphasis on girls. In addition, particular interventions such as a National Electrification Project aims to provide basic access to electricity on the part of the rural poor. Assistance in Small Scale Mining, Vocational Skills and Informal Sector Support projects is designed to deliver specialized benefits such as vocational skills for the poor so that they can participate and benefit from rapid growth. A Basic Education Sector Investment Credit will look at sectoral policies and investments from a poverty reduction standpoint, while a Population, Health and Nutrition Sector Investment Credit will foster the creation of a community based social fund for grassroots poverty alleviation activities targeted towards the poorest quintile of the population. Lending in agriculture and infrastructure is directly and indirectly linked to poverty reduction. As agricultural productivity increases, poverty is expected to fall further since agriculture is small-holder dominated. One of the major constraints to agricultural growth is lack of infrastructure. Our relatively high lending for infrastructure (Box 3) is primarily for improvement in basic rural infrastructure to enhance agricultural productivity. Further information on lending for poverty reduction is contained in a detailed matrix (Annex B2).

## **Objective #2: Restoring and Maintaining Macroeconomic Stability**

41. The Bank, together with the IMF, will seek to assist the Government to restore macroeconomic stability during the course of 1995 and sustain it thereafter. This key aspect of the Bank's country assistance strategy has three components. First, stronger macroeconomic monitoring and frequent high-level Bank and Fund consultations with Government through the PFP—given the proposed renewal of the ESAF program in 1995—will form the linchpin of this strategy. Second, the Bank will support, through adjustment and technical assistance operations, the Government's own program of measures for a leaner and more effective public service, the National Institutional Renewal Program (see paragraph 34). Third, assistance will be provided for improving public expenditure management (through adjustment and technical assistance operations); this will be critical for containing aggregate expenditure.

- **ESW.** The Bank's joint work with the Government, with the latter taking the lead, on the annual Policy Framework Paper, the Public Expenditure Review, and the biennial Country Economic Memorandum will provide a strong basis for policy dialogue on sustaining macroeconomic stability.

- **Lending.** This important objective is being supported through all adjustment lending operations. The 1994 Public Expenditure Review, conducted for the first time by the Government (with support from the Resident Mission staff), indicated serious system weaknesses in programming, budgeting and accounting services. At the Government's request, the Bank, CIDA and ODA are providing support for a revised and improved Public Financial Management System. Through this, the root causes of inadequate expenditure management (as also identified by OED) will be dealt with and the system fully revamped at the Finance Ministry and all other sector ministries.

### **Objective #3: Capacity Building**

42. Through its policy dialogue, the Bank has been encouraging the Government to develop a program to utilize existing human resources more effectively and to further develop institutional and individual capacity. The "home-grown" NIRP that has now been launched (see paragraph 34) will focus on improving public policy formulation/implementation, enhancing the performance of a more compact public sector and creating an enabling environment for private sector take-off. The Bank aims to assist the Government in further development and implementation of NIRP in a manner that is financially and institutionally sustainable.

- **ESW.** The Bank's ESW, together with UNDP and ODA, has helped facilitate the early stages of the Government's initiative on capacity building. It has helped raise awareness of the issues among policy makers and other key stakeholders and identified areas needing action. This has been an important achievement. Future ESW will focus on some of the critical constraints to capacity development including the need for greater decentralization of government programs particularly in health and education and the need to strengthen rural institutions.

- **Lending.** Existing operations will be restructured and new lending operations will be designed to support the initiatives and actions that will emerge from the NIRP. At the macro level, the Private Sector Adjustment Credit (PSAC I) will support the concept and management structure of NIRP to develop a time-phased and institution-specific action plan. Subsequent adjustment operations will support the implementation and further development of that plan. Technical support for NIRP from the Bank and other donors will also be important. Bank assistance will be provided through Institutional Development Fund (IDF) grants and through the technical assistance components of ongoing and new lending operations. A current IDF grant is helping to finance a program of beneficiary assessments in all ministries. Finally the sector and institution-specific action plans will be supported through the sector investment credits already under preparation in highways, basic education and health as well as through future sector specific projects.

#### Objective # 4: Private Sector Development

43. Recognizing that private sector activity is critical to poverty reduction as reinforced by the CEM finding (paragraph 16), the Bank's policy dialogue focuses on reduction of public sector involvement in commercial activities through accelerated privatization and strengthening the legal and regulatory framework governing private sector activities. In the export sector our strategy is to help the exporters to exploit market opportunities better and to improve their access to credit and other facilities.

- **ESW.** In collaboration with the Government a major study on the financial sector has been recently completed and is now receiving wide dissemination. As mentioned earlier, the CEM is currently under finalization and has identified linkages between growth (through private sector development) and poverty reduction. The findings of the study will help our dialogue in addressing some concerns in Ghana that private sector development may have adverse effects on the poor.

- **Lending.** The Bank's lending strategy ranges from macroeconomic support—given the importance of macroeconomic stability for private savings and investment—to more specific sectoral assistance. All three final adjustment operations (expected to be sequentially undertaken) are to support the policy agenda for private sector development as briefly outlined in Box 2 below:

#### Box 2: Policy Agenda for Adjustment Operations

Policy	Impact
<ul style="list-style-type: none"> <li>• Speed up the divestiture program with emphasis on privatization of viable state-owned enterprises using private firms to implement privatization.</li> </ul>	<ul style="list-style-type: none"> <li>• Signal commitment to private sector development and transparency; increase efficiency; crowd-in private investment.</li> </ul>
<ul style="list-style-type: none"> <li>• Allow private participation in cocoa export trading.</li> </ul>	<ul style="list-style-type: none"> <li>• Improve efficiency of the cocoa sector.</li> </ul>
<ul style="list-style-type: none"> <li>• Allow private import, and processing of petroleum, and privatize GNPC.</li> </ul>	<ul style="list-style-type: none"> <li>• Improve efficiency of petroleum sector.</li> </ul>
<ul style="list-style-type: none"> <li>• Develop legal regulatory framework for private participation in telecommunications.</li> </ul>	<ul style="list-style-type: none"> <li>• Improve efficiency of telecommunications sector.</li> </ul>
<ul style="list-style-type: none"> <li>• Restructure public service through implementation of measures identified under Government's National Institutional Renewal Program.</li> </ul>	<ul style="list-style-type: none"> <li>• Improve effectiveness of public service and its capacity to deliver basic services; ensure macroeconomic balance over the medium-term.</li> </ul>
<ul style="list-style-type: none"> <li>• Complete previously agreed banking sector reforms (under FINSAC II), and promote competition in the financial sector.</li> </ul>	<ul style="list-style-type: none"> <li>• Bring "outside" savings into the financial system; improve the overall efficiency of investment.</li> </ul>

--*Support for Exports.* We will undertake a comprehensive program to identify remaining disincentives in the system for achieving a vigorous supply response and to encourage export diversification in Ghana. We propose a broad-based strategy of putting together a program of measures designed to provide a stable, predictable and encouraging business environment. We will continue to work with the private sector to ascertain its

requirements in terms of industrial infrastructure while increasing our support to improve transport infrastructure to facilitate efficient export communications. The result would be an integrated, synergistic package of measures that would be supported by a series of IDA credits as appropriate.

--*Financial Sector.* Ongoing (FINSAC II) and planned operations will provide support for bank and non-bank reforms. The Government has already contracted reputed international investment firms to prepare three largest commercial banks for privatization. These are expected to be privatized by September 1995, although one of these, Ghana Commercial Bank, may take longer than planned. The Non-Bank Financial Institutions project relates to the Ghana Stock Exchange (GSE), insurance companies and other institutions and will provide support for legislative reforms for non-bank financial institutions and strengthen regulatory capacity. IFC is already providing hands on assistance to GSE. Privatizing insurance companies, investing in legal and financial infrastructure and improving cash management of banks in rural areas are also on the agenda.

--*Infrastructure.* Given the importance of infrastructure to both agriculture and private sector development, the Bank's strategy is to expand and sustain infrastructural services through enhanced public sector management, improved pricing and cost recovery, and increased private sector participation in delivery of services. Its equally important focus is on providing infrastructure for the poor, including water supply, sanitation, and feeder roads. In view of its importance, more than a third of our lending is directed towards infrastructure projects. Gradually, as this sector begins to attract private investment, for example in telecommunications and power, IDA commitments would be reduced accordingly. A multi-modal transport project is planned to integrate development of port, transport through waterways and railways based on an ongoing study. The Bank is currently discussing the restructuring of the entire water sector including Ghana Water and Sewerage Corporation (GWSC) and encouraging private sector participation. A workshop to restructure the water sector in such a way as to bring about private sector participation has just been held. Our strategy in the urban sector is to alleviate constraints on urban productivity and target urban poor. We are actively supporting the use of private contracting for operations and maintenance of water and sanitation facilities. In *telecommunications* we will support a radical new policy aimed at achieving rapid expansion and improved quality of service through increased private sector participation, the promotion of competition, and the establishment of an appropriate regulatory framework. The Government has just publicly announced that the telecommunications company will be privatized. Improved telecommunication services are vital to make Ghana attractive to investors. While strongly supporting privatization of the telephone company we intend to finance a small investment operation which is considered necessary for preparing the public enterprise to be privatized, including separating it from its postal division. Similarly, we are helping to develop a suitable power sector regulatory framework which will be conducive to attracting private investment. In the meantime, the Electricity Corporation of Ghana is already under management contract and is being converted into a limited liability company to be listed on GSE. IFC is also keen to help the Government in telecommunications and power.

--*Mining & Energy.* The Bank has encouraged private investment in the mining sector through creation of free market production while adhering to sound environmental standards. Similarly, in *Energy*, the strategy is to help increase the availability and affordability of energy by improving sector efficiency and attracting private investment to various sub-sector

initiatives. In *Petroleum*, the private sector is being encouraged to undertake exploratory work and absorb the risks of development costs. As shown in Box 2 we will support the privatization of Ghana National Petroleum Corporation (GNPC), restructuring of which has recently begun.

- **Agriculture.** Agriculture is the largest and most important component of the private sector in Ghana and its development is critical to rural poverty alleviation. As OED's report indicates, the need for increased private investment is nowhere greater than in agriculture, especially in the subsectors producing non-traditional exports. We are collaborating closely with the Government in sharpening the focus of its sectoral strategy so that agriculture plays a prominent role in the fight against poverty. We intend to focus our assistance on: (i) efficient provision of agricultural services, including rural finance; (ii) investments in essential rural infrastructure, especially in high-potential areas; (iii) promotion of the technological transformation and market-orientation of agriculture; (iv) empowerment of rural communities and farmers' organizations to assume responsibility for investments and resource management at the local level; and (v) biodiversity conservation and sustainable management of the natural resource base.

- **ESW.** The Bank had collaborated with the Government to produce a Medium-Term Agricultural Development Strategy, which provided the underpinning for Ghana's development efforts in the sector. However, we now feel the need to upgrade our knowledge of constraints and bottlenecks to accelerated agricultural growth in Ghana. This would provide a solid base for a much more proactive approach to sector development. Also, Ghana's potential for increasing the production and exports of various food and export crops is far from fully utilized. We will identify the impediments through a set of studies covering constraints to technology transformation in agriculture, rural institutions, and commodity-specific sources of growth. The key thrust of the ESW will be to base our lending support for agricultural growth as a vehicle for poverty alleviation.

- **Lending.** We have a strong project portfolio in support of agricultural extension, research, basic livestock services and fisheries. Through its implementation, we intend to push hard for increased intensification and diversification of the sector by facilitating and improving access to markets, rural finance, and technology. We are also looking at several innovative ways for operationalizing our strategy. For example, we plan to support investment by local governments and communities in essential rural infrastructure and facilities, building on the experience gained through completed and ongoing projects. We are also looking at ways to support, in a participatory manner, village-level infrastructure development (access roads, tracks, trails, water supply facilities, threshing/drying floors) and the utilization of intermediate transport options to substitute for women's head portage (Village Infrastructure/ Social Fund Project). We intend to support the dissemination and adoption of improved technology for industrial and export crops with proven potential, through the promotion of private investment in improved plant material, inputs, agro-processing technology and marketing. On government's request, experts from other developing countries i.e. Indonesia and India, where rural finance systems have worked well, are being invited to Ghana for exchange of "best practice" ideas. Through Private Sector Adjustment Credit II we will support the Government in rationalizing cocoa marketing and exports.

## **Objective # 5: Environmentally Sustainable Development**

44. The Bank's strategy is to help define the meaning of environmentally sustainable development through macroeconomic policy and sectoral work and to help identify opportunities for programs that emphasize cross-sectoral coordination in addressing environmental issues.

- **ESW.** Accelerated growth for Ghana will require that each of its regions concentrate on those sectors which show the greatest promise. The Bank is working with the Government to identify and better understand growth and environment linkages through the Western Region Growth and Environmental Study. Using a broadly participative process, the study is laying the groundwork for development planning that will incorporate considerations of economic efficiency, environmental quality, and social equity. In addition, the study will link the Western Region's environmental and development issues to broader national development issues. The first phase of the study is completed; the second is expected to be completed in FY96. The Bank and the Global Environmental Facility (GEF) are also assisting to develop a Biodiversity Strategy to identify investment priorities.

- **Lending.** To build Ghana's environmental management capacity, the Bank has supported a freestanding operation to implement key elements of the NEAP. A mining operation will strengthen mining sector institutions to carry out environmental monitoring, screening and evaluation. The Western Region Study will help identify opportunities for investments to address environmental problems. The Bank is also supporting an energy program that promotes the use of non-polluting renewable energy sources. GEF has been requested to fund a proposed solar feasibility study. Building on the foundations laid under an ongoing project, we intend to provide support to the Wildlife and Forestry Departments to improve the management of ecologically important parks, reserves and forest resources.

45. Annex B2 provides detailed sector-specific strategies (Agriculture and Environment, Industry, Energy, Infrastructure, Population and Human Resources).

### **Macro and Lending Scenarios**

46. **Base Case Scenario.** The base case macroeconomic scenario (see Technical Annex) forecasts a steady increase in growth from 3.8 percent in 1994 to 5.5 percent in 1998 and 5.8 percent in 2000. In this scenario, private investment is projected to recover gradually, attaining its 1991 share of GDP by 1997 (8.1%). Increases in private investment are projected to be financed mainly through increases in domestic savings. Higher foreign direct investment over the next five years is unlikely to be a large source of investment financing. Public investment is expected to rise as a share of GDP, financed largely by donor-supported investment programs. Private savings is projected to recover its 1991 levels by 1995 (6.3%). Public savings as a proportion of GDP is forecast to increase from 3.2 percent in 1991 to 5.2 percent by 2000 reflecting the implementation of the Value Added Tax, recently introduced.

47. **Low Case Scenario.** A lower growth scenario could emerge if there is fiscal indiscipline and weak implementation of the reform agenda (see Technical Annex). If civil service salaries are increased in the run-up to the election as they were in 1992, or if there is inadequate control of other expenditure, the fiscal deficit would rise. The same would be true

if there is revenue slippage. Under this scenario the growth rate could gradually decline to 2.5 percent by the turn of the century.

48. **Lending Levels.** Over the FY96-98 period, we anticipate total lending in the range of US\$225 to US\$790 million. The actual volume and composition of lending will depend on country performance. The base case i.e., \$790 million assumes satisfactory macroeconomic performance, strong performance on private sector development/public sector management, and on portfolio management. Without satisfactory macroeconomic performance and strong performance on private sector issues, we will not undertake any more adjustment lending. Should this happen, Ghana will rather quickly slide down to the low case macroeconomic scenario (see paragraph 47), in which case we would move to "core" lending. We would reduce our lending to a US\$75 million per year range (US\$225 for 1996-98 period) and would support mainly social and selected infrastructure projects. A possible high case scenario—exceeding the upper end (Base Case) of the lending range—could be considered if the Government agrees to move faster than envisaged in the base case on policy reform (particularly on liberalization of cocoa exports, private import of petroleum, privatization of GNPC and restructuring of public service), and improved implementation of public investment. Such actions on the part of the Government should result in more rapid economic growth translating into a higher macroeconomic scenario than described in paragraph 46 above. Our project pipeline would be ready to support higher lending. Box 3 shows percentages of our tentative sectoral lending program under the current base case and core lending scenarios.

**Box 3: Proposed Lending Program FY96-98<sup>a/</sup>**

Ranges for Core and Base Scenarios	
Commitments (US\$ million)	225-790
Sector (%)	
Infrastructure	22.0-39.4
Agriculture & Environment	0.0-10.7
Capacity Building	0.0-03.8
Private Sector Development	0.0-29.4
Social Sectors	78.0-16.7
<b>Total</b>	<b>100.0</b>

a/ Annex A2 (page 2) provides proposed project specific lending.

49. **Adjustment Lending.** Our objective, as described in the last two CASs, is to phase out adjustment lending while adequately supporting Ghana's balance of payments and the agreed policy reform agenda. As adjustment lending declines, total Bank flows would be maintained through corresponding increases in relatively fast disbursing sector investment lending and in disbursements from IDA credits. As indicated earlier, the final three planned adjustment credits, of which PSAC I accompanies this CAS, will support private sector development. After PSAC I (US\$70 million), the next two adjustment credits are planned for US\$55 million each (as indicated in last year's CAS). For the FY96-98 period, adjustment lending will, therefore, be US\$110 million or about 14 percent of overall lending, considerably less than the 20 percent proposed in last year's CAS. However, since it takes much longer to prepare these operations in order to ensure solid ownership through participation of the relevant stake-holders, we may complete the final adjustment operation in FY98, instead of FY97 as indicated last year.

50. **Sector Investment Credits.** The phase-in of sector investment lending (SIC) has been slower than expected. Since these credits require Government/IDA/other donor consensus on medium-term sectoral policy and expenditure frameworks which are difficult and time-consuming, the preparation time for these credits has been longer than expected. Our first SIC operation, Highway Sector Investment Credit, is currently being appraised. We are already preparing three more SICs in the telecommunications, population, health and nutrition, and education sectors. In all these operations, we will support government's strategic and operational plans, using IDA funds for time-slice financing. We expect the Government to be firmly in the driver's seat for preparation, donor coordination, and implementation. It should be noted that sector investment lending will require just as careful attention to macroeconomic fundamentals (including expenditure issues) as does adjustment lending.

### **General Portfolio Management**

51. Total IBRD and Bank lending to Ghana as of February 28, 1995 amounted to US\$3.04 billion, with total disbursements of US\$2.17 billion. Of total lending, about 39 percent has supported private sector development, including adjustment loans; about 48 percent has been for infrastructure and agriculture projects; 6 percent for education and health; 2 percent for natural resources development and the environment; and the balance for stand alone capacity building projects. About 80 percent of the completed projects have been rated satisfactory by OED. Major reasons cited for unsatisfactory projects related to the pre-ERP policy framework or to design issues associated with projects in the early days of the ERP (see page 2 of Annex A1).

52. **Implementation and Disbursements.** The current portfolio, consisting of 35 projects (including 2 adjustment operations) continues to be in fairly good health. Its performance in FY94 was, however, mixed. On the positive side, the number of problem projects in the portfolio has steadily fallen: from seven in FY92, to five in FY93 and to only four in FY94. On the negative side, the disbursement factor has deteriorated from 17 in FY93 to 13 in FY94, although total disbursements for investment projects increased by five percent. The unsatisfactory disbursement performance which was lower than expected was discussed with the Ghanaian authorities during the last Country Portfolio Performance Review (CPPR) (June 1994) and again during the Annual Meetings. This attention has had a salutatory effect: disbursement performance has improved in the first half of the current year and we expect a 10-15 percent increase in FY95 disbursements over FY94. In order to improve the pace of project implementation, *disbursement performance has now been linked to new commitments as part of the Bank's country assistance strategy* (paragraph 65).

53. **Plan of Action.** Last year's Annual Review of Portfolio Performance (ARPP) indicated the need for a fresh review to identify measures needed to improve disbursement performance. The Ghana Country Team undertook such a review. Some of the important recommendations, which will be discussed with the Government during the next CPPR (May 1995), are noted here. First, the Bank must be prompt in its intervention when implementation delays occur. No formal restructuring of projects has taken place in Ghana recently. As a practice, if a high disbursement lag persists for more than a year, the Bank would make it mandatory to put in place a special action plan to accelerate disbursements. The plan would include a provision to initiate *cancellation* if targets are not met. Candidates for restructuring and cancellation (problem and slow moving projects) would be identified in the context of the CPPR. Second, expeditious disbursement performance follows from solid "ownership" of

projects by their implementing agencies. Continued efforts by the Bank to promote ownership will increase the pace of project implementation and reduce disbursement delays. Recently, several applications have been made to the Client Consultation Fund for projects in Ghana to facilitate beneficiary surveys and to deepen client consultation.

54. We intend to continue to foster "quality at entry" and implementability of projects (participation, adequate institutional appraisal, training, etc.). Initiatives have already been taken to prevent delays in project start-up by requiring many actions prior to Board presentation. We are now regularly holding training sessions in advance including launch workshops (and during implementation) to familiarize implementing agencies staff with Bank procedures. The Ghana Resident Mission holds several workshops every year on procurement and disbursements to train implementing agencies staff on a regular basis. We are also encouraging agencies to provide proper incentives to their staff. One of the important issues that will be discussed at the May 1995 CPPR will be to include more private sector participation in project implementation on the pattern of the *Agence d'exécution des travaux d'intérêt public contre le sous-emploi* (AGETIP) developed in some of the francophone countries.

55. **Procurement.** Although slow procurement remains a portfolio performance issue, task managers report gradual improvements, particularly in the appointment of consultants and in the award of civil works. Discussions regarding complex procurement procedures in annual CPPRs have been useful. The Bank is helping Ghanaian institutions to make procurement more efficient. However, unexpected delays are inherent in the procurement process when it comes to sensitive decisions like bid evaluations and contract awards. Continued training and more intensive supervision can ameliorate but not eliminate this problem.

### **Economic and Sector Work**

56. One of the most effective of the Bank's instruments has been its economic work. It has had a substantial impact on the Government as an instrument of policy dialogue and on the donors as an instrument of aid coordination. In the last few years several very comprehensive reports, including *Ghana 2000 and Beyond: Setting the Stage for Accelerated Growth and Poverty Reduction*, have been completed. For the period FY96-98, several more important pieces of economic and sector work, as briefly discussed in earlier paragraphs have been planned. However, our intention now is to work very closely with the Government encouraging maximum contribution by the Ghanaians and increasingly using Bank staff as facilitators and not actual task managers of the ESW products. An increased priority would be for the dissemination of ESW reports to wide public and private sector audiences in Ghana.

### **IFC and MIGA Activities**

57. **IFC.** In addition to expanding its investment operations, IFC together with IDA has been instrumental in assisting the Ghanaian government in its policy formulation for private sector development. As the business climate in Ghana has improved, IFC has been expanding its investment operations through continued involvement in resource based export-oriented and efficient import-substitution projects. Specifically, IFC is supporting private investments in mining, agro-industries, manufacturing and small business development. IFC has also been active in the financial sector, supporting the establishment of the first discount house, leasing

company, a commercial bank and providing hands-on assistance to the Ghanaian Stock Exchange. Together with IDA, it is currently working to promote private sector participation in the telecommunication and power sectors. In the past, IFC has participated in two privatization transactions and prepared the valuation study on the Ashanti Goldfields. Ghana is the most active country utilizing the Africa Enterprise Fund and the Africa Project Development Facility. (See Annex A7 & B1 for details of IFC investment operations in Ghana.)

58. **MIGA** has thirteen preliminary applications in Ghana that are under processing. These represent investments in manufacturing, services, and natural resources. MIGA has insured one investment in a gold mine in the amount of US\$9.9 million. MIGA's Investment Marketing Services organized an African Mining Investment Conference in Denver, Colorado, last year where Ghana and 17 other African countries marketed their mineral investment opportunities to over 300 investors from North America, Europe and Asia. In December 1994, MIGA organized a mining conference in Ghana focusing on different mining areas open for new investment. MIGA is planning other activities related to investment promotion for Ghana.

#### **E. Other Donors and Multilateral Agencies**

59. As Ghana slowly graduates from adjustment lending, the Bank's coordinating role, through the Consultative Group (CG) and the Special Program of Assistance (SPA), is becoming more complex since a large number of donors are active in Ghana. Donors are equally interested in cofinancing sector investment operations. Several cofinanciers are involved in the Highway Sector Investment Credit, particularly Germans and the Japanese. Similarly, in the social sectors, many donors are working with the Government and the Bank in the discussion of basic education and health strategies. The USAID has been particularly involved in the preparation and future implementation of the Population Action Plan. In addition to cofinancing many of IDA-assisted projects, Japan's official development assistance has included support to the railways, port and harbor rehabilitation projects. Amongst its many other activities in Ghana, the UK ODA is actively supporting the public service reform program of the Government which we intend to support through a future adjustment credit. Our current financial involvement in this area is limited. In addition to cofinancing with us, France has provided substantial aid to agro-industry sector. The Canadian International Development Assistance has been particularly involved in rural electrification, water and financial sectors. Telecommunications sector has received support from the Netherlands. A CG meeting is planned for June 1995 where sectoral issues, particularly in education and health, will be discussed and financing requirements identified.<sup>4</sup>

60. **Relations with the IMF.** The IMF has supported the Government's ERP with three successive Standby Arrangements, and two compensatory Financing Facility purchases, amounting to a total use of Fund resources by end-1986 of SDR 642.3 million or 314 percent of quota. In November 1987, the IMF approved a three-year extended arrangement for SDR 245.4 million, and a three-year structural adjustment arrangement for SDR 129.9 million. These were replaced in 1988 by an arrangement under the ESAF program amounting to SDR 368.1 million, or 190 percent of quota. After the completion of the ESAF program, the Fund

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<sup>4</sup> The donors' involvement as indicated here is only illustrative and by no means exhaustive.

approved a US\$65 million Contingency and Compensatory Financing Facility in July 1993. In 1994 Ghana was on an annual Article IV consultations cycle with the IMF. There will now be stronger macroeconomic monitoring by the Fund and the Bank than was the case under Article IV Consultations. The Government has sought a program under the IMF's Enhanced Structural Adjustment Facility (i.e. ESAF-II)—as a hedge against the weakening of donor flows and the anticipated balance of payments gap.

61. **Multilateral Agencies.** UNICEF is a major donor in the health sector in Ghana. The Bank is working closely with UNICEF both on the National Program of Action for Children and in the context of the ongoing Health and Population Project. In education the Bank has been working closely with the African Development Bank in helping the Government improve tertiary education. UNDP has been particularly involved in the government's capacity building efforts during the last year. The World Food Programme has been actively involved in providing assistance to displaced populations in the Northern conflict. European Commission principally intervenes under the National Indicative Programmes, the Structural Adjustment Facility, and some other emergency aid.

#### **F. Agenda for Board Consideration**

62. We present the following key issues for the Board's consideration.

##### **1. Adjustment Lending**

63. **Phase-out of Adjustment Lending.** As indicated earlier we are phasing out adjustment lending. Other than PSAC I, we plan to do two more adjustment operations in FY96 and FY98 (see paragraph 49). The policy goals of PSAC I and the two subsequent adjustment credits are shown in Box 2.

##### **2. Lending Triggers**

64. In line with Bank allocation for Ghana, we are working with a lending range of US\$225-790 million. The composition of lending is discussed in paragraphs 40 to 44. The actual volume and composition of lending will depend on country performance. Basically, the base case assumes satisfactory progress on poverty reduction, and macroeconomic performance, and strong performance on private sector development/public sector management and portfolio management. The triggers for moving between the two lending scenarios are summarized below.

	Triggers	FY96-98 Commitments & Number of Operations	Adjustment Lending
Base	<ul style="list-style-type: none"> <li>Improved efforts at poverty reduction as measured through increased non-wage recurrent and development expenditure on basic education and primary health as agreed under PFP.</li> <li>Maintain a macroeconomic policy framework consistent with the objectives of the program.</li> <li>Privatization program remains on target as agreed in FINSAC II and PSAC projects.</li> <li>Implement cocoa export liberalization by 1996; deregulate petroleum sector by 1996; finalize identification of measures under National Institutional Renewal Program for capacity building by November 1995.</li> <li>Disbursement performance continues to improve.</li> </ul>	US\$790 million for 6 investment and 5 SICs .	SAC: US\$110 million in FY96-98 (2 credits)
Core	<ul style="list-style-type: none"> <li>Macroeconomic program or cocoa export/deregulation of petroleum sector/privatization program not on track.</li> <li>Disbursement performance does not improve.</li> </ul>	US\$225 million for 4 operations focused on poverty reduction and water sector rehabilitation.	SAC: None

65. **Disbursements.** During last year's CAS discussions, concern was expressed by the Executive Directors that if disbursements on investment operations did not increase adequately, the undisbursed balance may rise to unacceptable levels. Disbursement performance improved substantially in FY93 (by about 30 percent) and continued to rise in 1994, albeit at a much slower pace. We expect the increase in FY95 to be at least 10 to 15 percent and to maintain increases of about 15 percent over FY96-98. Investment commitments can then proceed at the base case, with the undisbursed balance stabilizing at a steady state of about US\$1-1.2 billion by FY99-2000. We are keeping a close watch on the situation and making it clear to the Ghanaian authorities that if disbursements do not rise adequately we will reduce new commitments to avoid build up of high levels of undisbursed balances.

### 3. Risks

66. Government commitment to the reform process remains strong and there is popular support for the basic reforms. If macroeconomic problems continue the private sector response would be weak, and Ghana would not achieve accelerated growth. Government's commitment to carry on firmly the difficult agenda of the remaining reforms will be tested during the 1996 elections.

67. A lower growth scenario is likely to emerge in the absence of macroeconomic stability, structural reforms, and improvement in the government's management of investment projects and expenditures. If the privatization program lags and the Government is unable to improve its image vis-à-vis the private sector, both private investment and public savings will have a difficult recovery. Stability in the external environment will also be highly important. Another adverse terms of trade shock would lead to a larger than projected current account deficit, higher inflation and a depreciated cedi. Moreover, the full implications of the CFA devaluation are yet to be seen.

68. Yet another risk is the government's uncertain capacity to implement the development program. There is an immediate need for more effective project management primarily

through the provision of adequate incentives for good performance in the public sector. If not addressed soon, this capacity "gap" will impact adversely on project negotiations, on processing procurement packages, on the pace of disbursement, and on overall project implementation. This, in turn, will slow the benefits of aid in terms of growth and poverty reduction.

Lewis T. Preston  
President  
by Gautam S. Kaji

Attachments  
April 17, 1995

*Ghana-Selected Indicators of  
Bank Portfolio Performance and Management*

<i>Indicator</i>	<i>FY 92</i>	<i>FY 93</i>	<i>FY 94</i>	<i>FY 95 (quarter II)</i>
<i>Portfolio Performance</i>				
Number of projects under implementation	37	39	38	35
Average implementation period (years) <sup>a</sup>	3.4	3.3	3.7	4.4
Percent of problem projects (rated U or HU for past years) <sup>b</sup>				
Development objectives <sup>c</sup>	12.5	9.4	11.4	8.6
Implementation progress (or Overall status for past years) <sup>d</sup>	18.9	12.8	7.9	5.6
Canceled during FY (US\$ million)	0.18	0.89	1.59	0.0
Disbursement ratio (%) <sup>e</sup>	14.3	17.0	13.1	8.7
Disbursement lag (%) <sup>f</sup>				40.2
Memorandum item: % completed projects rated unsatisfactory <sup>g</sup>				20.0
<i>Portfolio Management</i>				
Supervision resources (total US\$ million)	2.31	2.42	2.87	h
Average supervision (US\$ million/project)	0.06	0.06	0.08	h
Supervision resources by location (in %)	100.0	100.0	100.0	
Percent headquarters	88.0	76.1	75.2	h
Percent resident mission	12.0	23.9	24.8	h
Supervision resources by rating category (US\$ million/project)				
Projects rated S or HS	0.06	0.07	0.08	h
Projects rated U or HU	0.13	0.07	0.08	h
Memorandum item: date of last/next CPPR			6/94	5/95

<sup>a</sup> Average age of projects in the Bank's country portfolio.

<sup>b</sup> U or HU denotes "Unsatisfactory" or "Highly Unsatisfactory."

S or HS denotes "Satisfactory" or "Highly Satisfactory."

<sup>c</sup> Extent to which the project will meet its development objectives (see OD 13.05, Annex D2, Preparation of Implementation Summary (Form 590)).

<sup>d</sup> Assessment of overall performance of the project based on the ratings given to individual aspects of project implementation (e.g., management, availability of funds, compliance with legal covenants) and to development objectives (see OD 13.05, Annex D2, Preparation of Implementation Summary (Form 590)). The overall status is not given a better rating than that given to project development objectives.

<sup>e</sup> Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: investment projects only. For FY95, disbursements are for the first two quarters only. Annualized ratio would be 17.4%.

<sup>f</sup> For all projects comprising the Bank's country portfolio, the percentage difference between actual cumulative disbursements and the cumulative disbursements estimates as given in the "Original SAR/PR Forecast" or, if the loan amounts have been modified, in the "Revised Forecast." The country portfolio disbursement lag is effectively the weighted average of disbursements lags for projects comprising the Bank's country portfolio, where the weights used are the respective project shares in the total cumulative disbursement estimates.

<sup>g</sup> OED Project Performance Ratings: from the OED database.

<sup>h</sup> Supervision resources for FY95 not yet available from the OPR Information System.

**Ghana: Projects with Unsatisfactory Completion Rating  
Summary of Causes<sup>1</sup>**

<b>Sector</b>	<b>Summary Causes for Unsatisfactory Completion</b>
<b>Agriculture</b>	Projects implemented prior to Economic Recovery Period (ERP) when there was steady decline in infrastructure and in Ghana's economy, thus leading to disincentives to raise production.
<b>Finance</b>	Projects implemented prior to ERP. The political, economic, and financial turmoil at that time created an atmosphere of uncertainty which reduced demand for investments, resulted in business closures and inability to service debt which adversely affected the financial performance of development finance credits.
<b>Telecommunications</b>	Project completed only two years after start of ERP. Due to difficult implementation climate, and delays in project execution, real benefits from physical targets expected seven-and-a-half years behind schedule. Inability to retain experienced and qualified staff also contributed to overall unsatisfactory rating.
<b>Energy</b>	Overly optimistic project scope given limited institutional capacity in sector—the two major institutions responsible for implementation were not established at the time of negotiation. As a result, this contributed to a three-year delay in project implementation. Further, there was insufficient staff resources to adequately coordinate supervision of various activities and numerous donors.
<b>Multi-Sector</b>	Export Rehabilitation Projects, although implemented beginning with the second year of the ERP, were not as satisfactory as they could have been. In an effort to support quick disbursements, projects were not adequately prepared especially in respect of components involving onlending for sub-projects. There was also little involvement of beneficiary agencies in the design of projects.
<b>T.A. projects</b>	The technical assistance project suffered from inadequate project design, a lack of ownership on the part of implementing agencies, inadequate choice of performance indicators and no systematic process for evaluating disbursements or implementation performance against the longer-term objectives of the project.

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<sup>1</sup> Drawn from OED database.

## Ghana-Bank Group Fact Sheet, FY92-98

## IBRD/IDA Lending Program, FY92-98

Category	Past			Current FY95	Lending FY92-95	Planned FY96- 98 Program
	FY92	FY93	FY94			
Commitments (US\$m)	288.9	354.4	87.7	298.2	1029.2	225-790
Sector (%)						
Agriculture	38.2	6.3	31.0	4.7	16.9	33.3 - 15.8
Mining and other extractive				5.4	1.6	
Industry				4.3	5.2	0.0
Finance	34.6	11.6			9.7	7.6
Energy						0.0
Power		22.6		58.9	24.8	
Telecommunications						6.3
Transportation	19.0				5.3	21.5
Urban development		21.5	43.9		11.3	6.3
Water supply and sanitation			25.1		2.1	22.2 - 6.3
Human resources						
Education	6.1	31.0		3.2	13.3	22.2 - 6.3
Population, health, and nutrition						22.2 - 6.3
Social sector						9.5
Public sector management						
Environment		5.1			1.8	
Trade policy reform						
Preinvestment/portfolio development						
Other non-sector-specific	2.1	1.8		23.5	8.0	123.4
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0
Lending instrument (%)						
Adjustment loans <sup>a</sup>	64.4	1.8	6.5	25.0	26.5	13.9
Specific investment loans & others	35.6	98.2	93.5	75.0	73.5	86.1
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0
Disbursements (US\$m)						
Adjustment loans	108.7	99.1	75.1	72.6	355.5	148.0
Specific loans and others	80.2	107.3	112.0	123.0	422.5	492.0
Repayments (US\$m)	14.2	15.9	18.4	17.7	66.2	61.7
Interest (US\$m)	18.4	19.4	19.9	19.3	77.0	64.5

<sup>a</sup> Structural adjustment loans, sector adjustment loans and debt and debt service adjustment loans.

**Ghana: Proposed FY96-98 IDA Lending Program**

<b>Proposed Projects (US\$ million)</b>	<b>Core</b>	<b>Base</b>
Telecommunications III		50
Highway Sector Investment		100
Basic Education Sector	50	50
PSAC II		55
Trade & Industrial Regulation/Infrastructure		75
Intermodal Transport		70
Urban Environmental Sanitation		50
Village Infrastructure/Social Fund	75	75
Non-Bank Financial Institutions (P.E.)TA		60
Agriculture Sector II		50
Water Rehabilitation II	50	50
PHN III Sector Investment	50	50
PSAC III		55
<b>Total Amounts (US\$ million)</b>	<b>225</b>	<b>790</b>
<b>Total Number of Projects</b>	<b>4</b>	<b>13</b>

*Ghana-IFC and MIGA Program, FY92-94*

Category	Past		
	FY92	FY93	FY94
IFC Approvals (US\$m)	19.0	60.1	5.2
Sector (%)			
Agribusiness		1.0	7.0
Capital Markets	-	20.0	
Chemical/fertilizers	-	-	-
Infrastructure <sup>a</sup>	-	-	25.0
Manufacturing	5.0	13.0	68.0
Oil/mining	95.0	66.0	-
TOTAL	100.0	100.0	100.0
Investment instrument (%)			
Loans	91.0	95.0	100.0
Equity	9.0	5.0	-
Quasi-equity <sup>b</sup>	-	-	-
TOTAL	100.0	100.0	100.0
MIGA Guarantees (US\$m)		9.9	
MIGA Commitments (US\$m)		-	

<sup>a</sup> Tourism project.

<sup>b</sup> Includes quasi-equity types of both loan and equity instrument.

**GHANA—Summary of Economic and Sector Work***(US\$ thousands)*

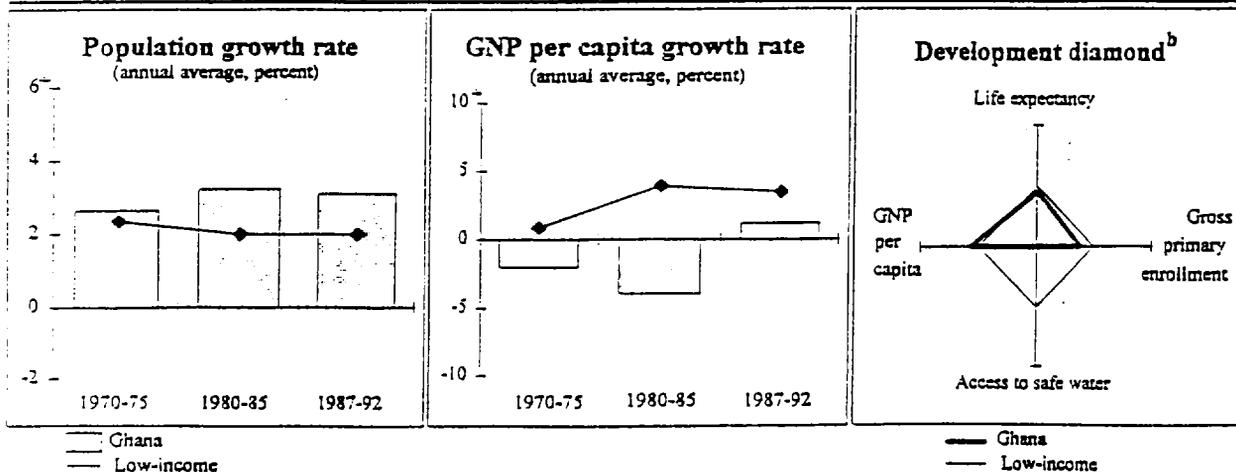
<i>Category</i>	<i>Last FY Actual 94</i>	<i>Current FY 95</i>	<i>FY96</i>	<i>FY97</i>
Agriculture		85	427	279
Finance	563	19		
Energy	19			
Transportation			183	50
Urban Development	395	52		44
Water supply and sanitation				
Social Sector			143	282
Public Sector Management	234	155		
Environment	569	88	138	132
Preinvestment/portfolio development				
Other non-sector-specific				
Other economic work				
Poverty assessment/Access to				
Social Services	551	203	212	
Private sector assessment	7			
Country Economic Memorandum	25	277		200
Public Expenditure Review	92	100	80	4
Policy Framework Paper	5	86	100	60
Total ESW	2460	1065	1283	1051

**Ghana: Tentative ESW Program, FY96-98**

- Agricultural Development and Diversification Strategy (including Rural Institutions, constraints to Technology Transformation in Agriculture, Commodity Specific Sources of Growth)
- Multi-Modal Transport Study
- Social Sectors Strategy Development
- Access to Public Services
- Labor Markets and Poverty in Ghana
- Decentralized Management of Roads
- Housing Finance Review
- Gender Issues Study
- PFP (3)
- CEM
- Coastal Zone Management Study
- Industrial Pollution Management Study

## Ghana: Poverty and Social Development Indicators

Indicator	Unit of measure	Latest single year		Most recent estimate 1987-92	Same region/income group		Next higher income group
		1970-75	1980-85		Sub-Saharan Africa	Low-income	
<b>Priority Poverty Indicators</b>							
<b>POVERTY</b>							
Upper poverty line	local curr.	..	..	32,981	..	..	..
Headcount index	% of pop.	..	..	36	..	19	..
Lower poverty line	local curr.	..	..	16,491	..	..	..
Headcount index	% of pop.	..	..	7	..	..	..
GNP per capita	US\$	280	370	450	520	390	..
<b>SHORT TERM INCOME INDICATORS</b>							
Unskilled urban wages	local curr.	..	..	..	..	..	..
Unskilled rural wages	"	..	..	..	..	..	..
Rural terms of trade	"	..	..	..	..	..	..
Consumer price index	1987=100	0	57	293	..	..	..
Lower income	"	..	..	..	..	..	..
Food <sup>a</sup>	"	..	60	283	..	..	..
Urban	"	..	..	..	..	..	..
Rural	"	..	..	..	..	..	..
<b>SOCIAL INDICATORS</b>							
Public expenditure on basic social services	% of GDP	6.3	3.2	7.4	..	..	..
Gross enrollment ratios							
Primary	% school age pop.	71	76	77	66	103	..
Male	"	80	85	84	79	113	..
Female	"	62	66	69	62	96	..
Mortality							
Infant mortality	per thou. live births	107.0	98.0	81.0	99.0	73.0	45.0
Under 5 mortality	"	..	..	129.1	169.0	108.0	59.0
Immunization							
Measles	% age group	..	..	39.0	54.0	72.7	..
DPT	"	..	22.0	43.0	54.6	80.6	..
Child malnutrition (under-5)	"	..	..	27.1	28.4	38.3	..
Life expectancy							
Total	years	50	52	56	52	62	68
Female advantage	"	3.4	3.5	3.6	3.4	2.4	6.4
Total fertility rate	births per woman	6.6	6.5	6.1	6.1	3.4	3.1
Maternal mortality rate	per 100,000 live births	..	413	1000	..	..	..
<b>Supplementary Poverty Indicators</b>							
Expenditures on social security	% of total gov't exp.	6.9	4.0	6.4	..	..	..
Social security coverage	% econ. active pop.	..	..	..	..	..	..
Access to safe water: total	% of pop.	35.0	56.0	..	41.1	68.4	..
Urban	"	86.0	93.0	..	77.3	78.9	..
Rural	"	14.0	39.0	..	27.3	60.3	..
Access to health care	"	..	64.0	25.0	..	..	..



a. See the technical notes, p.389. b. The development diamond, based on four key indicators, shows the average level of development in the country compared with its income group. See the introduction.

## Ghana: Poverty and Social Development Indicators

Indicator	Unit of measure	Latest single year		Most recent estimate	Same region/Income group		Next higher income group
		1970-75	1980-85	1987-92	Sub-Saharan Africa	Low-income	
<b>Resources and Expenditures</b>							
<b>HUMAN RESOURCES</b>							
Population (mre=1992)	thousands	9,835	12,620	15,788	546,390	3,194,535	942,547
Age dependency ratio	ratio	0.93	0.98	0.98	0.95	0.67	0.66
Urban	% of pop.	30.1	32.3	34.9	29.5	26.7	57.0
Population growth rate	annual %	2.2	3.7	3.0	2.9	1.8	1.4
Urban	"	2.9	4.3	4.3	5.1	3.4	4.8
Labor force (15-64)	thousands	3,813	4,963	6,048	224,025	1,478,954	..
Agriculture	% of labor force	57	56	..	..	..	..
Industry	"	17	18	..	..	..	..
Female	"	42	41	40	37	33	36
Females per 100 males							
Urban	number	..	..	..	..	..	..
Rural	"	..	..	..	..	..	..
<b>NATURAL RESOURCES</b>							
Area	thou. sq. km	238.54	238.54	238.54	24,274.03	38,401.06	40,697.37
Density	pop. per sq. km	41.2	52.9	64.2	21.9	81.7	22.8
Agricultural land	% of land area	34.8	33.8	34.0	52.7	50.9	..
Change in agricultural land	annual %	-0.4	0.0	0.1	0.1	0.0	..
Agricultural land under irrigation	%	0.1	0.1	0.1	0.8	18.2	..
Forests and woodland	thou. sq. km	91	84	80	..	..	..
Deforestation (net)	annual %	..	..	1.3	..	..	..
<b>INCOME</b>							
Household income							
Share of top 20% of households	% of income	..	..	44	..	42	..
Share of bottom 40% of households	"	..	..	18	..	19	..
Share of bottom 20% of households	"	..	..	7	..	8	..
<b>EXPENDITURE</b>							
Food	% of GDP	39.3	..	40.2	..	..	..
Staples	"	..	..	8.6	..	..	..
Meat, fish, milk, cheese, eggs	"	..	..	20.0	..	..	..
Cereal imports	thou. metric tonnes	85	137	319	20,311	46,537	74,924
Food aid in cereals	"	33	96	184	4,303	9,008	4,054
Food production per capita	1987 = 100	133	97	97	90	123	..
Fertilizer consumption	kg/ha	3.1	1.6	1.0	4.2	61.9	..
Share of agriculture in GDP	% of GDP	47.7	44.9	48.6	18.6	29.6	..
Housing	% of GDP	8.4	..	5.6	..	..	..
Average household size	persons per household	4.7	..	..	..	..	..
Urban	"	..	..	..	..	..	..
Fixed investment: housing	% of GDP	..	..	0.4	..	..	..
Fuel and power	% of GDP	..	..	2.3	..	..	..
Energy consumption per capita	kg of oil equiv.	125	78	96	258	335	1,882
Households with electricity							
Urban	% of households	..	..	..	..	..	..
Rural	"	..	..	..	..	..	..
Transport and communication	% of GDP	2.4	..	3.5	..	..	..
Fixed investment: transport equipment	"	1.8	1.2	2.1	..	..	..
Total road length	thou. km	31	35	36	..	..	..
<b>INVESTMENT IN HUMAN CAPITAL</b>							
<b>Health</b>							
Population per physician	persons	12,900	14,894	22,970	..	..	..
Population per nurse	"	693	640	1,669	..	..	..
Population per hospital bed	"	800	638	685	1,329	1,050	516
Oral rehydration therapy (under-5)	% of cases	..	..	21	36	39	..
<b>Education</b>							
Gross enrollment ratio							
Secondary	% of school-age pop.	37	40	38	18	41	..
Female	"	28	31	29	14	35	..
Pupil-teacher ratio: primary	pupils per teacher	30	23	29	39	37	26
Pupil-teacher ratio: secondary	"	23	20	19	..	19	..
Pupils reaching grade 4	% of cohort	82	75	..	..	..	..
Repeater rate: primary	% of total enroll	2	2	..	..	..	..
Illiteracy	% of pop. (age 15+)	70	47	40	51	39	..
Female	% of fem. (age 15+)	..	58	49	62	52	..
Newspaper circulation	per thou. pop.	51	38	13	14	..	100

## Ghana - Key Economic Indicators

Indicator	Actual			Estimate		Projected		
	1990	1991	1992	1993	1994	1995	1996	1997
National accounts (as % GDP at current market prices)								
Gross domestic product	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture	47.9	48.6	48.6	47.6	45.6	47.6	46.6	45.5
Industry	15.9	16.0	16.2	16.1	15.7	16.8	17.0	17.2
Services	36.3	35.4	35.3	36.4	38.6	35.7	36.5	37.3
Total Consumption	94.0	92.2	98.0	101.0	95.6	94.5	92.2	91.2
Gross domestic fixed investment	14.4	15.9	12.8	14.8	15.9	16.4	17.3	17.5
Government investment	6.8	7.7	8.5	9.9	11.5	9.8	9.7	9.4
Private investment (includes increase in stocks)	7.6	8.1	4.3	4.9	4.4	6.6	7.6	8.1
Exports (GNFS) <sup>a</sup>	16.0	16.0	16.0	19.9	25.4	26.4	28.2	28.2
Imports (GNFS)	24.4	24.1	26.8	35.7	36.9	37.3	37.7	36.9
Gross domestic savings	6.0	7.8	2.0	-1.0	4.4	5.5	7.8	8.8
Gross national savings <sup>b</sup>	7.4	9.3	4.2	1.4	7.3	8.4	10.6	11.6
<i>Memorandum items</i>								
Gross domestic product (US\$ million at current prices)	6157	6866	6885	6085	5422	5861	6129	6658
Gross national product per capita (US\$, Atlas method)	400	420	450	430	430	440	450	460
Real annual growth rates (%, calculated from 1984 prices)								
Gross domestic product at market prices	3.3%	5.3%	3.9%	5.0%	3.8%	5.0%	5.1%	5.5%
Gross Domestic Income	2.7%	5.4%	3.3%	3.5%	5.2%	4.8%	5.1%	5.7%
Real annual per capita growth rates (%, calculated from 1984 prices)								
Gross domestic product at market prices	-0.8%	2.2%	0.8%	1.8%	0.8%	1.9%	2.1%	2.4%
Total consumption	-1.7%	0.7%	4.4%	1.9%	0.0%	1.3%	1.2%	2.2%
Private consumption	-0.9%	0.3%	2.6%	-1.1%	1.4%	1.5%	1.6%	2.4%

(continued)

### Ghana - Key Economic Indicators (Continued)

Indicator	Actual			Estimate		Projected		
	1990	1991	1992	1993	1994	1995	1996	1997
<b>Balance of Payments (US\$m)</b>								
Exports (GNFS) <sup>a</sup>	982	1098	1105	1208	1375	1547	1729	1875
Merchandise FOB	897	998	986	1064	1227	1397	1570	1708
Imports (GNFS) <sup>a</sup>	1505	1652	1845	2172	2001	2183	2310	2455
Merchandise FOB	1200	1313	1457	1728	1577	1755	1865	1986
Resource balance	-523	-554	-740	-964	-626	-636	-582	-580
Net current transfers (including official current transfers)	202	220	255	261	271	285	300	315
Current account balance (after official capital grants)	-218	-252	-376	-559	-265	-217	-229	-207
Net private foreign direct investment	15	20	22	25	30	35	50	65
Long-term loans (net)	294	357	387	371	295	329	327	324
Official	336	361	387	378	329	363	358	348
Private	-43	-4	0	-8	-34	-34	-31	-25
Other capital (net, including errors and omissions)	27	46	-157	205	103	19	15	-2
Change in reserves <sup>e</sup>	-118	-171	124	-41	-163	-166	-163	-179
<i>Memorandum items</i>								
Resource balance (% of GDP at current market prices)	-8.5%	-8.1%	-10.8%	-15.8%	-11.5%	-10.9%	-9.5%	-8.7%
Real annual growth rates (1984 prices)								
Merchandise exports (FOB)	5.8%	9.0%	2.1%	16.6%	0.2%	10.1%	8.9%	4.6%
Primary	4.2%	11.0%	1.4%	18.7%	-0.6%	10.2%	7.3%	3.5%
Merchandise imports (CIF)	5.1%	10.0%	7.2%	13.1%	-7.7%	6.8%	4.5%	4.1%
<b>Public finance (as % of GDP at current market prices)<sup>d</sup></b>								
Current revenues	11.8	13.8	11.1	16.7	23.7	20.3	19.8	19.6
Current expenditures	10.1	10.6	13.3	17.6	19.0	18.2	16.3	15.5

(Continued)

### Ghana - Key Economic Indicators (Continued)

Indicator	Actual			Estimate			Projected	
	1990	1991	1992	1993	1994	1995	1996	1997
Current account surplus (+) or deficit (-)	1.6	3.2	-2.2	-0.9	4.8	2.1	3.5	4.1
Capital expenditure	6.5	7.2	8.5	9.9	11.5	9.8	9.7	9.4
Foreign financing	6.3	6.3	6.2	10.1	7.3	8.5	7.3	6.7
<b>Monetary indicators</b>								
M2/GDP (at current market prices)	13.4	13.4	17.3	16.8	18.6	16.4	15.4	14.7
Growth of M2 (%)	13.3	27.2	50.3	27.4	46.2	14.0	9.8	7.2
Price indices( 1984 =100)								
Merchandise export price index	83	85	82	76	87	90	93	97
Merchandise import price index	110	110	115	121	120	125	127	129
Merchandise terms of trade index	75	77	71	62	73	72	73	75
Real exchange rate (US\$/LCU) <sup>e</sup>	313	307	339	423	515	477	487	486
Real interest rates	-2.9	9.7	16.7	7.3	3.0	..	..	..
Consumer price index (% growth rate)	37.2%	18.0%	10.1%	25.0%	24.8%	31.4%	11.7%	6.4%
GDP deflator (% growth rate)	38.7%	20.4%	12.5%	25.0%	26.5%	23.4%	11.6%	6.4%

- a. "GNFS" denotes "goods and nonfactor services."  
b. Includes net unrequited transfers excluding official capital grants.  
c. Includes use of IMF resources.  
d. Central government only  
e. "LCU" denotes "local currency units." An increase in US\$/LCU denotes appreciation.

### Ghana - Key Exposure Indicators

Indicator	Actual			Estimate		Projected		
	1990	1991	1992	1993	1994	1995	1996	1997
Total debt outstanding and disbursed (TDO) (US\$m) <sup>a</sup>	3600.3	4073.9	4258.4	4781.0	5002.9	5280.3	5561.2	5789.0
Net disbursements (US\$m) <sup>a</sup>	187.0	455.0	203.8	521.7	190.2	276.3	280.9	227.8
Total debt service (TDS) (US\$m) <sup>a</sup>	342.9	313.4	277.8	431.5	371.2	409.7	436.0	478.0
Debt and debt service indicators (%)								
TDO/XGS <sup>b</sup>	363.8	368.2	376.7	389.3	358.7	336.6	316.7	303.1
TDO/GDP	58.5	59.3	61.8	78.6	92.3	90.1	90.7	86.9
TDS/XGS	34.7	28.3	24.6	35.1	26.6	26.1	24.8	25.0
Concessional/TDO	60.1	62.4	67.4	68.7	71.7	73.3	74.2	75.4
IBRD exposure indicators (%)								
IBRD DS/public DS	5.9	6.9	7.7	4.6	5.2	4.1	3.4	3.1
Preferred creditor DS/public DS	53.7	46.0	46.2	29.3	39.6	40.3	43.7	50.6
IBRD DS/XGS	2.0	1.9	1.8	1.5	1.3	1.0	0.8	0.7
IFC (US\$m)								
Loans	6.5	6.8	17.3	57.1	9.9	..	..	..
Equity and quasi-equity /c	4.4	2.4	1.7	3.0	0.8	..	..	..
MIGA								
MIGA guarantees (US\$m)	..	9.9	..	..	..	..	..	..

a. Includes public and publicly guaranteed debt, private nonguaranteed, use of IMF credits and net short-term capital.

b. "XGS" denotes exports of goods and services, including workers' remittances.

c. Includes equity and quasi-equity types of both loan and equity instruments.

**THE STATUS OF BANK GROUP OPERATIONS IN GHANA**  
**IBRD Loans and IDA Credits in the Operations Portfolio**  
(As of February 28, 1995)

Project ID	Fiscal Year	Borrower	Purpose	Original Amount in US\$ millions			Undisbursed	Difference between actual and expected disburse- ments <sup>a</sup>	Last ARPP Supervision Ratings <sup>b</sup>	
				IBRD	IDA	Cancellations			Development Objectives	Overall Status <sup>c</sup>
9 loans and 55 credits fully closed				186.22	1350.36	8.06	1.36 <sup>d</sup>			
Cr. 1847	88	Ghana	Public Enterprise TA		10.50		3.43	-1.92	S	S
Cr. 1854	88	Ghana	Cocoa Rehabilitation		40.00		25.53	-20.85	S	S
Cr. 1858	88	Ghana	Transport Rehabilitation I		60.00		10.12	-4.91	S	S
Cr. 1921	88	Ghana	Mining Sector Rehab.		40.00		9.83	-9.58	S	S
Cr. 1946	89	Ghana	Telecommunications II		19.00		3.28	-3.30	S	S
Cr. 1976	89	Ghana	Forest Res. Management		39.40		15.82	-12.02	U	U
Cr. 1996	89	Ghana	Private SME Dev.		30.00		8.28	-3.90	S	S
Cr. 2039	89	Ghana	Water Sector Rehab.		25.00		13.94	-7.56	U	U
Cr. 2061	90	Ghana	Fifth Power (ECG)		40.00		14.23	-12.07	S	S
Cr. 2109	90	Ghana	VRA/Sixth Power		20.00		17.63	-11.13	S	S
Cr. 2157	90	Ghana	Urban II		70.00		43.32	-34.40	S	S
Cr. 2180	91	Ghana	Agric. Diversification		16.50		14.24	-4.62	S	S
Cr. 2192	91	Ghana	Transport Rehabilitation II		96.00		55.12	-29.87	S	S
Cr. 2193	91	Ghana	Health & Population II		27.00		18.41	-14.22	S	S
Cr. 2224	91	Ghana	Econ. Management Support		15.00		6.93	-4.22	S	S
Cr. 2247	91	Ghana	National Agric. Research		22.00		19.31	-10.31	S	S
Cr. 2278	91	Ghana	Community Sec. Schools		14.70		0.95	-0.17	S	S
Cr. 2318	92	Ghana	Financial Sector Adjust. II	100.00			42.68	-36.43	S	S
Cr. 2519	92	Ghana	National Feeder Roads		55.00		48.18	-23.18	S	S
Cr. 2345	92	Ghana	Agricultural Sector Adj.		80.00		21.35	-19.23	S	S
Cr. 2345-1	94	Ghana	Agricultural Sector Adj.		5.74		3.84	-5.74	S	S
Cr. 2345-2 <sup>e</sup>	95	Ghana	Agricultural Sector Adj.		5.00		5.37	0.00		
Cr. 2346	92	Ghana	Nat. Agric. Exten.		30.40		25.86	-13.81	S	S
Cr. 2349	92	Ghana	Literacy & Functional Skills		17.40		12.40	-8.41	U	U
Cr. 2426	93	Ghana	Environmental Resource Mgt.		18.10		14.63	-1.28	S	S
Cr. 2428	93	Ghana	Tertiary Education		45.00		36.02	-6.52	S	S
Cr. 2441	93	Ghana	National Livestock Services		22.45		17.76	-6.71	S	S
Cr. 2467	93	Ghana	National Electrification		80.00		81.18	-1.35	S	S
Cr. 2498	93	Ghana	Urban Transport		76.20		80.55	-8.46	S	S
Cr. 2502	93	Ghana	Enterprise Development		41.00		40.36	-9.00	S	S
Cr. 2508	93	Ghana	Primary School Devt.		65.10		62.18	-19.50	S	S
Cr. 2555	94	Ghana	Agricultural Sector Invest.		21.50		20.73	-0.30	S	S
Cr. 2568-0	94	Ghana	Local Government Dev.		38.50		40.23	1.54	S	S
Cr. 2604	94	Ghana	Community Water & Sanitation		21.96		23.54	-1.12	S	S
Cr. 2665 <sup>e</sup>	95	Ghana	Private Sector Development		13.00		13.44	0.00		
Cr. 2682 <sup>e</sup>	95	Ghana	Thermal (P-VII)	175.60			185.28	0.00		
Cr. 2694 <sup>e</sup>	95	Ghana	Educ/Voc. Trng.		9.60		9.60	0.00		
<b>Total disbursed (IBRD and IDA)</b>				<b>2,168.00</b>						
Of which repaid				167.36						
<b>Total now held by IBRD and IDA <sup>f</sup></b>				<b>2875.88</b>						
Amount sold				0.38						
Of which repaid				0.38						
<b>Total Undisbursed</b>				<b>1066.88</b>						

<sup>a</sup> Actual disbursements minus intended disbursements as projected at appraisal; data as of December 1994 since projections only available on quarterly basis.

<sup>b</sup> Rating as reflected in the FY94 Annual Review of Portfolio Performance (ARPP): (HS=highly satisfactory, S=satisfactory, U=unsatisfactory, HU=highly unsatisfactory).

<sup>c</sup> Reflects rating for Implementation Progress given the FY94 ARPP.

<sup>d</sup> These undisbursed balances relate to projects already closed. This amount is expected to be drawn down over 120 days.

<sup>e</sup> Not yet effective.

<sup>f</sup> Includes exchange rate adjustment.

**PROBLEM AND SLOW MOVING PROJECTS**

<b>Project</b>	<b>Amount (US\$ million)</b>	<b>Undisbursed Balance (US\$ million)</b>	<b>Progress</b>
Cocoa Rehabilitation	40.0	25.53	Project was a problem project for a couple of years (FY92,93). Was declared satisfactory in FY94. The issue was with the largest component of feeder roads particularly in selection of site, etc. This was resolved and all road contracts are now under implementation. Disbursement by end of fiscal year should improve. Discussions for cancellation of US\$5-7 million will take place during CPPR.
Forest Resource Management	39.40	15.82	The policy component of the project (royalty of concessions,etc.) were moving extremely slowly. The project after 4 years of being a problem project has now become satisfactory. The policy enactments have been tabled for Parliamentary approval. Final tranche of US\$7.50 million being prepared for release.
Water Sector Rehabilitation	25.00	13.94	The project has been rated unsatisfactory for FY93 and 94. The Action Plan agreed with the Government is now progressing reasonably well and the project is expected to be declared satisfactory shortly. The main reason for delayed implementation was poor management of the utility. The Government recently (March) held a workshop to discuss options for restructuring and bringing in private sector.
Literacy & Functional Skills	17.40	12.40	This project was declared unsatisfactory in FY94. However, recently it has been upgraded. The problem of weak program supervision has been largely solved through a detailed, field-based rezoning exercise. The implementing agency has essentially taken all steps outlined in the Mid-Term Review Action Plan.
Agriculture Diversification	16.50	14.24	This was a problem project in FY93, but was upgraded in FY94. However, its initial problems, particularly in coffee development have since been resolved. We expect that with privatization of coffee marketing the progress in this component will improve and disbursements are already showing a reasonable increase.
Urban II	70.00	43.22	Parliamentary approval delayed for many months. Design and tender documents were not ready at project effectiveness. Unexpected delays in moving utility lines to make way for road improvements. There have therefore been procurement delays.
Feeder Roads	55.00	48.18	Procurement delays due to many small contracts. 100 small contracts have now been signed (value US\$28 million). Implementing agency is a relatively inexperienced agency. Action Plan agreed with the Government is progressing well now to improve implementation which has been rated unsatisfactory by a recent mission.
National Agriculture Research	22.00	19.01	Due to delay in developing national policy, there were no counterpart funds available. Progress is now being made. Because research is essential to further introduction of technology in agriculture, we did not encourage cancellation despite luke warm ownership of the Government. The project's development objectives are expected to be achieved.

**GHANA**  
**STATEMENT OF IFC INVESTMENTS**

(As of February 28, 1995)

Fiscal Year	Borrower	Type of Business	Original Gross Commitments		
			Amount in US\$ million		
			Loan	Equity	Total
1985	Ashanti Goldfields Corp.	Mining	55.0	-	55.0 1/
1987	Keta Basin Oil Exploration	Oil	-	4.5	4.5 2/
1987	Canadian Bogosu Resources	Mining	-	0.5	0.5
1989	Canadian Bogosu Resources II	Mining	-	0.5	0.5
1990	Continental Acceptances Ltd.	Merchant Banking	-	0.9	0.9
1990	Wahome Steel Ltd.	Steel Mfg.	3.2	-	3.2
1989/90	Canadian Bogosu Resources III	Mining	47.5	0.5	48.0 3/
1990	Ashanti Goldfields Corp. II	Mining	70.0	-	70.0 4/
1990	Iduapriem	Mining	-	3.0	3.0
1991	Alugan (AEF)	Aluminium	0.3	-	0.3
1991	Plastic Laminates (AEF)	Plastics	0.6	-	0.6 2/
1991	Hotel Investments (Ghana) Ltd.	Tourism	4.2	-	4.2
1991	Dimples Inn (AEF)	Tourism	0.2	-	0.2 2/
1991	Canadian Bogosu Resources IV	Mining	0.8	0.4	1.2
1991	Continental Acceptances II	Merchant Banking	3.0	-	3.0
1991	Securities Discount House	Discount House	-	0.2	0.2
1991	Appiah-Menkah (AEF)	Soap Mfg.	0.9	-	0.9
1991	Iduapriem II	Mining	36.5	-	36.5 5/
1992	Ghanal	Aluminium	-	0.4	0.4
1992	Packrite (AEF)	Cardboard Mfg.	0.6	-	0.6
1993	Achimota Brewery	Beer Mfg.	3.5	1.0	4.5 2/
1993	Wahome Steel II	Steel Mfg.	2.0	-	2.0
1993	Ecobank	Merchant Bank	6.0	-	6.0
1993	Continental Acceptances II	Merchant Banking	5.0	-	5.0
1993	Polytex (AEF)	Plastic Bags	0.4	-	0.4
1993	BMK - Primewood (AEF)	Particle Board	1.0	-	1.0
1993	Combined Farms (AEF)	Agribusiness	0.4	-	0.4
1993	Ashanti Goldfields (AMEP)	Mining	140.0	-	140.0 6/
1993/94	Ghana Leasing	Capital Markets	5.0	0.8	5.8
1994	Ghacem	Cement	3.0	0.0	3.0
1994	Palm Royal (AEF)	Tourism	1.0	0.0	1.0
1994	Afariwaa (AEF)	Agribusiness	0.4	-	0.4
1994	GHUMCO (AEF)	Manufacturing	0.6	-	0.6
1995	Shangri-la Hotel	Tourism	0.3	-	0.3
Total Gross Commitment			391.4	12.7	404.1
Less repayments, cancellations and exchange adjustments			258.7	5.1	263.8
Net Commitments Held by IFC			132.7	7.6	140.3
Total Undisbursed			26.0	0.5	26.5

1/ Includes a US\$27.5 million participation.

2/ Investments which have been fully cancelled, terminated, written-off, sold, redeemed, or repaid.

3/ Includes a US\$29.0 million participation.

4/ Includes a US\$35.0 million participation.

5/ Includes a US\$30.0 million participation.

6/ Includes a US\$110.0 million participation.

### IFC Work Program

1. IFC's strategy is to expand its operations in Ghana through continued involvement in mining and capital market projects, and diversification into value-added activities, export-oriented and efficient import-substitution projects in agriculture and manufacturing. Specifically, IFC will support investment in the following areas:

- *Mining*: IFC's contribution to the revival of the mining sector is well-known. IFC has brought in some \$386 million to the rehabilitation of the sector, for its own account and through syndication. Ashanti Goldfields, IFC's largest client in Ghana, was recently successfully listed on the London and Ghana Stock Exchanges. The Government continues to liberalize the mining sector and has privatized a number of state-owned unprofitable mining assets. IFC has kept close monitoring of this development and has indicated to the Minerals Commission of its continuing support of government's efforts in this respect. COM is in discussion with the sponsors of two such privatized properties.
- *Agro-Industries*: This area offers good growth opportunities based on Ghana's comparative advantages. Given the country's low-cost of labor, proximity to major consuming markets in Europe and quota-free access to these markets, IFC anticipates that export opportunities will grow in this sector, through both mainstream and AEF-type projects.
- *Manufacturing*: Investments in this area are expected to increase significantly in the future. The greatest potential exists in those industries transforming and adding value to local products. These include food and beverage production; wood-furniture manufacture and components thereof; metal fabrication and textiles (Ghana faces no MFA quota restrictions), particularly garment manufacturing.
- *Small businesses*: IFC has approved 17 projects under its Africa Enterprise Fund (AEF), which provides loan and equity financing to small business. Ghana is by far the most active AEF country. Small and medium-scale enterprises are responding to the improved business environment. With the opening of a satellite office in Accra last year, IFC expects to further increase its involvement.
- *Financial Sector*: IFC has been very active in this area. It participated in the creation of Ghana's first discount house and leasing company, as well as the establishment of a merchant bank. Hands-on assistance is being provided to the Government in the development of the Ghana Stock Exchange. Prospects are expected to arise in the areas of housing finance, credit rating, development of the insurance market and possibly technical assistance for and privatization of pension funds and state-owned banks.

- *Infrastructure*: Opportunities are expected to arise in this area following the Government's decision to privatize telecommunications and the national airline company. IFC also favors private sector solutions for the expansion of the supply of power, and is ready to help the Government.
- *Privatization*: IFC has already participated in two privatization transactions, and has prepared the valuation study on the Ashanti Gold mines.
- *Telecommunications*: IFC is working closely with IDA in the preparation of the next telecommunication operation. It has indicated that it is prepared to consider investing in one or more telecommunication operations in the country.

2. **Africa Project Development Facility (APDF)**: Ghana is APDF's most active country on the continent, accounting for about 25 percent of overall APDF activity. The APDF office in Ghana was officially opened in May 1993. The office is supervised by the APDF Regional Office in Abidjan. Virtually the entire budget of the Accra office is covered by a grant from USAID as part of their four-year Trade and Industry Promotion (TIP) program with the Government. Examples of recent APDF projects in Ghana are packaged fruit juices (mostly for export), particleboard made from scrap timber, plastic packaging materials, and poultry. APDF have implemented 22 projects in Ghana. These deals represented investment costs of US\$43 million, of which APDF helped raise US\$28.7 million, and are expected to generate more than 3,300 jobs, and to have an annual foreign exchange impact of US\$32.4 million. Last year, APDF completed seven projects in Ghana, and this year eight completed projects are forecast.

3. **Enterprise Support Services for Africa (ESSA)**: The objective of ESSA, to be established first as a three-year pilot operation, is to provide post-funding assistance on a formal basis. ESSA will provide its services to APDF projects as well as to non-APDF projects. This will increase its revenues as well as make it play a bigger role in private sector development in Africa. The scope of ESSA's activities can be summarized under two different categories: (i) design and implementation of Management Information System (MIS); (ii) technical assistance during implementation for specific operational problems. ESSA will provide assistance during project implementation (letters of credit, obtaining of licenses, start-up requirements, etc.). It will also provide assistance to resolve specific operational problems of clients in marketing, production, and administration. ESSA will be implemented under the supervision of the APDF regional office in Abidjan to avoid a proliferation of facilities.

## Objectives and Instruments of Country Assistance Strategy, FY96-98

OBJECTIVES	PROGRESS TO DATE	FUTURE ACTIONS
<p><b>1. Poverty Reduction</b></p>	<p><b>Achievements.</b> Extended Poverty Study (EPS) under finalization has indicated reduction in poverty from 36 % to 31 %, between 1988 and 1992. Improvement comes from economic growth and the resultant increase in average incomes and expenditures. Most regions have benefited, especially rural areas. In rural Savannah the incidence of poverty fell from 50 percent in 1988 to 39 percent in 1992. Even urban areas other than Accra. Informal sector employees have gained most. The gender incidence of poverty also seems to have improved. Other important indicators, such as the depth of poverty, the food expenditure ratio and school enrollment also show marked improvement.</p> <p><b>Gaps.</b> Geographical incidence of poverty is important. It is still predominantly rural: rural areas account for more than 70 percent of national poverty. Living standards among the poorest groups remain seriously low. Analysis of the incidence of government expenditures suggests that the poor gain very little from social spending. Targeting has not improved.</p>	<p>Disseminate EPS findings; develop with the Government long-term Ghana specific poverty alleviation framework; reorient public expenditure to make sure that the poor gain more than under current programs, improve access of poor to basic services including access to agricultural cooperatives, farmers groups and trade associations; improve quality of public services for the poor.</p> <p><b>ESW.</b></p> <p>1) Further to EPS, indepth analysis on: (a) access to public services; (b) labor market analysis; (c) agricultural growth links to poverty reduction.</p> <p>2) Link with Country Economic Memorandum showing links between Private Sector Growth and Poverty Reduction, this also promotes links between social sector programs with macro policy on poverty reduction strategies.</p> <p>3) A Gender Issues Study to include options for the poor rural/urban girls/women to access education, health services and credit for small businesses.</p> <p>4) Social Sector Strategy Review will highlight further measures needed to improve overall strategy in delivery of services to poor including decentralization of services. Social Sector Strategy Review will link poverty interventions with macro-economic strategies; Gender Issues Study will address economic, legal and bureaucratic constraints to improve the welfare of women.</p> <p><b>Existing Portfolio.</b> Two projects for Board presentation in current fiscal year (FY95) namely Small Scale Mining and Vocational Skills and Informal Sector Support have strong targeted poverty components. Similarly, Agriculture Sector Investment, Cocoa Rehabilitation, Agriculture Diversification, Agriculture Extension, Livestock, Community Water, Local Government, Urban II and Feeder Roads Projects have major poverty thrusts. Several other ongoing projects have secondary thrust to poverty.</p> <p><b>New Lending.</b> •PHN Sector; •Basic Education Sector; •Agriculture Sector Investment II; •Water Rehabilitation II; •Urban Environmental Sanitation; •Village Infrastructure/Social Fund will all have strong poverty thrusts.</p>

OBJECTIVES	PROGRESS TO DATE	FUTURE ACTIONS
<b>2. Restoring and Maintaining Macroeconomic Stability</b>	Since the beginning of ERP, Ghana has moved to a unified exchange rate with a less than 10 percent premium between official and market rates. Import licensing has been abolished. Reduction of tariffs. Schemes for duty and tax relief on imports for Exporters in existence. Until FY92 Ghana achieved a strong track record of good fiscal management.	ESW. PER revealed weak programming, budgeting, and accounting systems. A Public Financial Management system will revamp financial systems in all ministries. Wage bill needs to be rationalized. National Institutional Renewal Program, a "home grown" effort will develop measures to restructure and rationalize public sector. Annual PFPs. Lending. Adjustment Lending Operations and TA projects will support objective.
<b>3. Capacity Building</b>	Government preparing measures for implementing National Institutional Renewal Program. Under ongoing Economic Management Support Project improved revenue system installed, improved debt system installed, budget system being improved, new customs system installed.	Discussions focusing on program emanating from NIRP. ESW. Rural Institutions Study will look at community groups/farmers organizations to ascertain their capacity for managing rural and community resources. To facilitate and make rural development activities demand-driven. Lending. Economic Management Support II, PSAC III, Capacity Building, Non-Bank Financial Technical Assistance. All investment projects include major institution-building components.
<b>4. Private Sector Development</b>	A new more liberal Investment Act passed. Private Sector Roundtable set up to carry on public sector dialogue. Private Enterprise foundation set up. AGS privatized, 7 minority held companies privatized. Statutory Corporations Act passed facilitating privatization. Domestic cocoa trading liberalized. Three major banks being prepared for privatization. Major Financial Sector Study completed and being widely disseminated. Acceptance of IMF Articles of Association to achieve BOP objective through appropriate financial exchange rate policies.	Further emphasis on eliminating restrictive regulations, improving institutional framework and infrastructure network, reducing public sector involvement in production through privatization, and supporting exports. ESW. Study on constraints to agricultural development will provide better focus to sector strategy, including study for Technology Transformation, Commodity Specific Sources of Growth and Rural Institutions. For improved infrastructure: Decentralized Management Study; Housing Finance Review. Lending. Telecoms III; Highway Sector Investment; Trade and Industrial Regulation/Infrastructure will support a program of measures to provide a stable, predictable and encouraging business environment; Non-Bank TA project.
<b>5. Environmentally Sustainable Development</b>	Phase I of Western Region Environment and Growth Study completed. NEAP under implementation with Bank help. Environmental Resources Management and Forest Resources Management Projects strengthen Government's planning and regulatory capacity. Agriculture Research and Extension Projects improve technologies that would yield higher agricultural growth.	Ongoing consultation with the Ministry of Environment and Environmental Planning Council (EPC) to ensure that Ghana's development policies, programs, and projects take fully into account the impact on the country's environmental resource management. ESW. Western Region Study (Phase II) will help identify opportunities for investments to address environmental problems. Coastal Zone Management and Industrial Pollution Management Strategies. Lending. Protected Areas (Savanah Zone) Project will assist government and rural communities to improve the management of ecologically important parks and reserves.

## Summary of Agriculture and Environment Sector Strategy

1. **General.** Agriculture in Ghana is rainfed, risky, low-input, smallholder dominated, heavily dependent on women's labor and management, poorly served by basic infrastructure and support services, and dependent on a fragile and threatened resource base. In addition, the marketing and pricing policy for cocoa has severely taxed farmers, limited the flow of capital into the rural economy, and impeded the emergence of a dynamic private agricultural marketing and exporting sector. Our strategy recognizes the close linkages between demographic trends, agricultural development, rural infrastructure, and the environment. It supports the Government's efforts to raise rural incomes by promoting productivity gains and technological transformation in agriculture in a manner that safeguards the country's natural resource base and biodiversity. We will focus our assistance on: (i) efficient provision of agricultural services, (ii) promotion of the technological transformation and market-orientation of agriculture, (iii) investments in rural infrastructure, (iv) support to communities and farmers' organizations to assume responsibility for investments and resource management at the local level, and (v) biodiversity conservation and sustainable management of the natural resource base. We will support the Government's efforts to bring its Medium-Term Agricultural Development Strategy up to date and into sharper focus, to provide a comprehensive framework for Ghana's own efforts and for our assistance.

2. **Agricultural Services and Technological Transformation.** Our project portfolio in support of extension, research, basic livestock services and fisheries is fairly young. While providing strong implementation support for these subsectoral programs, we will intensify our efforts to support agricultural intensification and diversification by facilitating access to markets and to improved technology. Ghana would be included in two planned multi-country studies: one will seek to identify the impediments to full utilization of the production and export potential of various tree crops and means to overcome these, the other will aim at identifying effective and sustainable ways to promote a viable rural finance system that will provide capital for agricultural intensification and private investment in agro-processing and marketing. The Bank is also considering to include Ghana in a multi-country study of constraints to international technology transfer which impede a more rapid transition to sustainable high-productivity agriculture. Through new lending, we will support the dissemination and adoption of improved technology for industrial and export crops, by promoting private investment in improved plant material, inputs, production and processing technology, and marketing. And we will support the Government in rationalizing cocoa marketing and exporting.

3. **Rural Communities and Village Infrastructure.** In support of Ghana's policy of decentralization and devolution of responsibilities for rural development activities and to make such activities demand-driven and user-managed, we have initiated a review of rural institutions which will assess their capacity, and the needs for strengthening such capacity, to take over greater responsibility for investing in and managing rural and community resources and facilities. We have an innovative project under implementation which supports investment by local governments and communities in essential rural infrastructure and facilities, and we intend to build on the experience gained under this project with a follow-up operation which would also incorporate the lessons learned under the recently completed Rural Finance Project and the Rural Finance Study. We are also looking at ways to (a) assist rural communities to create and maintain basic transport and other essential village-level infrastructure (tracks, trails, access roads, water supply facilities, threshing/drying floors) at the village level and (b) promote the spread of animal traction and non-motorized wheeled means of transport.

**4. Natural Resources and Biodiversity.** We have actively supported the preparation of the NEAP and are now assisting with the preparation of the National Biodiversity Strategy. Phase I of a study of growth and environmental impact in the Western Region has been completed, and work on Phase II has been initiated. The ongoing Environmental Resource Management Project supports the implementation of several key aspects of the NEAP, including institutional capacity building in the Environmental Protection Agency and several sectoral ministries and agencies, a Village-Level Natural Resources Management subproject, and a GEF-funded Coastal Wetlands Management subproject. Building on the foundations laid under the ongoing Forestry Resource Management Project, we intend to provide support to the Wildlife and Forestry Departments to improve the management of ecologically important parks and reserves and to the Forestry Department and rural communities to manage sacred groves and forest resources.

### Summary of Population and Human Resources Sector Strategy

1. The main elements of the Bank strategy are to: (i) encourage prioritization of public resources allocation to target the poor and disadvantaged groups, and to increase human capital development; (ii) support the government reform programs and development of policy framework on poverty alleviation; (iii) strengthen institutional capacity at central, regional and district levels, particularly in the area of planning and management; (iv) increase private financing and provision for social services; (v) complete the poverty assessment and ensure that its main conclusions are integrated into government policies and Bank operations, additional ESW tasks would be linked directly to project preparation.
  
2. The Bank will seek *new lending vehicles*, including sector-wide investment credits and the direct support of local implementing agencies. Sector-wide investments will be used to support strategic and operational plans of key ministries involved in education, health, population and nutrition. In these operations, IDA funds are used as a financier of last resort to fill the financing gaps of the overall sector plans, with government firmly in the driver's seat for preparation, donor coordination, implementation and management of the sector. The major mechanisms for direct financing are to develop a government supported Community-Based Social Fund, and to encourage the use of other grants to finance community initiatives that provide income generating activities for the poor, meet basic needs of the poor, or support gender equity. Another option is to directly fund local organizations, such as "peoples banks", as a complement to government efforts.
  
3. The Bank will also seek methods to *improve project design and strengthen implementation* by: (i) using Systematic Client Consultation (with end-beneficiaries and other stakeholders) in project preparation and implementation to ensure ownership and cost effective service delivery; (ii) avoiding unnecessarily complex project design and implementation arrangements; (iii) ensuring coordination of donor inputs by adopting a sector/subsector program approach whenever possible; (iv) building flexibility in project design and implementation arrangements so that adjustments to needs, if necessary, could be easily made during implementation; (v) focusing program implementation indicators on institutional infrastructure, processes and capacity for planning, monitoring and evaluation; (vi) using client procedures that are consistent with Bank guidelines rather than introducing new ones with little added value, and standardizing repetitive process and documents related to procurement, disbursements, audit, reporting; (vii) ensuring that implementing agencies become familiar with Bank procedures and requirements in advance, supporting training as needed before and during implementation; and (viii) completing up front requirements by negotiations to speed up program effectiveness and implementation.
  
4. The last feature of the Bank strategy is to *agree with government on a limited series of priority indicators that are realistic and capable of monitoring and evaluation*. These indicators would address impacts and processes, and include: (i) changes in outcomes (e.g. mortality, nutrition status, learning achievement), access to, and utilization of services by the poor, by women, and by region; (ii) extent of stakeholder and beneficiary participation in the development of national strategies and extent that this participation is reflected in final strategy; (iii) quality of service delivery; (iv) improvements in the planning and managerial capacities of implementing agencies; and (v) improvements in collection and utilization of qualitative and quantitative data for planning and implementation. Support for increased monitoring will be provided for in project design and the conduct of economic and sector work.

### Summary of Infrastructure Sector Strategy

1. **General.** IDA-supported infrastructure projects in Ghana have the following objectives: (a) facilitating investment and economic growth by improving infrastructure and services; (b) addressing the social costs of adjustment by providing urban and rural infrastructure for the poor; and (c) sustaining infrastructure services with enhanced public sector management, improved infrastructure pricing and cost recovery, and increased private sector participation.
2. **Transport.** IDA's assistance for the rehabilitation of Ghana's ports, railways, highways, urban roads, and rural feeder roads provides an essential foundation for economic growth. Our strategy centers upon investments that generate high economic returns (including those that facilitate exports) and are cost-effective. A significant portion of our support, particularly in rural roads, contributes to poverty alleviation. IDA assistance also seeks to foster more efficient and sustainable management of transport facilities. This includes establishing more dependable sources of funds for road maintenance and promoting policies that are more friendly toward the participation of the private sector.
3. **Urban Development.** IDA's strategy in urban development recognizes that rapid urbanization is occurring in response to economic opportunities in cities and towns. IDA's support for urban development covers improvements in urban roads, local water distribution, drainage, sanitation, solid waste services, slum upgrading, and improvement of public markets, motor parks, and other facilities. In line with Ghana's decentralization policy, urban projects are now involving local municipal governments as planning and implementing agencies. This will promote more responsive and accountable provision of services. Accordingly, urban projects are supporting improvements in urban administration, local tax assessment and collection, and operation and maintenance. The involvement of the private sector is being actively pursued in activities such as solid waste collection, sanitation, tax and fee collection, and maintenance. Finally, IDA's urban development strategy seeks to target the urban poor through community infrastructure upgrading and to ameliorate high-priority urban environmental problems, especially water supply, sanitation, and solid waste.
4. **Water Supply.** The key objective of IDA's support for improved water supply is to promote better health and thereby improve the quality of life and productivity. Our present focus is twofold: First, we are helping to make the delivery of water supply services more efficient by promoting the reduction of waste, the commercialization of water delivery mechanisms, and the introduction of competition. Second, we are trying to foster the sustainability of assets through cost recovery and improved operation and maintenance mechanisms. Both of IDA's current water sector operations include measures for reform of the Ghana Water Supply and Sewerage Corporation.

### Summary of Industry and Energy Sector Strategy

1. **Enterprise and Export Development.** The sectoral strategy is to develop, in concert with the borrower, a series of investment and technical assistance projects to strengthen and support the private sector. The Private Enterprise and Export Development and the Private Sector Development credit are focused on building capacity and employment in the non-traditional export sector, supporting demand-driven technology development and strengthening of the commercial judicial system. A future credit anticipates promoting foreign investment into the development of industrial export infrastructure. With respect to continuing divestiture of SOEs, a Public Enterprise Privatization project is anticipated to assist the process where appropriate.
2. **Energy.** IDA's energy strategy as agreed between the Government and the Bank in context of the Energy Sector Review, is to increase the availability and affordability of energy by expanding capacity and improving sector efficiency and by increasing private sector participation in the sector.
3. **Petroleum.** The private sector will be encouraged to undertake exploratory work and absorb the risks of development costs while overall sector efficiency would be enhanced by introducing competition in the product market.
4. **Ghana Capacity Building Strategy.** The Bank's strategy for promoting capacity building in Ghana is to support a Ghana led initiative. A diagnostic exercise run by the Ghanaians to identify the reforms that are required is underway. As the elements of an institutional reform program become clear, the Bank will provide assistance for capacity building in core institutions under the Civil Service Performance Improvement Program and the National Institutional Renewal Program as well as through its sector investments. The Bank's initiatives will emphasize results on the ground, client focus, and accelerate the pace of change.
5. **Mining.** The key objective of the mining sector strategy in Ghana is to encourage private investment, both local and foreign, through the creation of open exchange markets, realistic exchange rates, reasonable taxation policies and liberalized marketing arrangements. Adherence to environmental standards is an essential element of the strategy. Privatization of state-owned mines and improvement in economic, social and environmental conditions of small-scale mining activities are other salient features of the mining sector strategy.
6. **Telecommunications.** IDA will assist the Government to implement its new policy for the sector which is designed to achieve rapid expansion and improved quality through increased private sector participation, the promotion of competition and the establishment of an appropriate regulatory framework. The proposed operation will support an integrated approach to the development of the sector and will involve IDA in working closely with IFC and MIGA. It will support the Government's divestiture program through the sale of a stake in Ghana Telecom to the private sector.

## TECHNICAL ANNEX

### Macroeconomic Scenarios

1. The base case growth scenario (Table A1.1) assumes successful stabilization in 1994 and strong policy performance over the medium term. Increases in investment are expected to be financed mainly through increases in domestic savings. Though higher foreign direct investment would be desirable, actual increases in such investment over the next five years are unlikely to be a large source of investment financing. The projected increases in private savings and investment levels appear feasible, given the levels attained in 1991.<sup>1</sup>

**Table A1.1: Base Case Macroeconomic Scenario**

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
GDP growth (% p.a.)	5.3	3.9	5.0	3.8	5.0	5.1	5.5	5.5	5.7	5.8
Investment (% of GDP in current prices)	15.9	12.8	14.8	15.9	16.4	17.3	17.5	18.2	18.8	19.5
Public	7.7	8.5	9.9	11.5	9.8	9.7	9.4	9.4	9.4	9.3
Private	8.1	4.3	4.9	4.4	6.6	7.6	8.1	8.8	9.4	10.2
Savings (% of GDP in current prices)	9.3	4.2	1.4	7.3	8.4	10.6	11.6	13.1	14.2	15.3
Public	3.2	-2.2	-0.9	4.8	2.1	3.5	4.1	4.5	4.9	5.2
Private	6.1	6.4	2.3	2.5	6.3	7.1	7.6	8.6	9.3	10.1
Narrow fiscal surplus or deficit (-) (% of GDP) <sup>a</sup>	1.5	-4.8	-2.5	2.2	1.2	1.2	1.5	1.9	2.0	2.3
Exports (% of GDP in current prices)	16.0	16.0	19.9	25.4	26.4	28.2	28.2	28.3	28.2	28.2
Current a/c deficit (% of GDP) <sup>b</sup>	6.6	8.6	13.4	8.6	8.0	6.7	5.9	5.1	4.6	4.2
GDP growth per capita (% p.a.)	2.2	0.8	1.8	0.8	1.9	2.1	2.4	2.5	2.6	2.7
Total consumption growth per capita	0.7	4.4	1.9	0.0	1.3	1.2	2.2	2.0	2.3	2.4
Private consumption growth per capita	0.3	2.6	-1.1	1.4	1.5	1.6	2.4	2.2	2.5	2.7
% Change in CPI (annual average basis)	18.0	10.1	25.0	24.8	31.4	11.7	6.4	5.0	5.0	5.0

a Excludes capital expenditure financed through external project aid and the corresponding grants and loans.

b Excludes grants.

2. If investment increases to the expected levels, the growth rate should steadily increase from 3.8 percent in 1994 to 5.5 in 1997 and further to 5.8 percent in 2000. Most of this increase in growth in the early years will come from agriculture, mining and financial services. Most of the agricultural growth is expected to come from improvements in the productivity of traditional crops and from the growth of nontraditional products (fisheries and horticulture). The mining sector, especially gold, is projected to grow rapidly in the early years.

3. A lower growth scenario (as summarized in Table A1.2) could emerge if there is fiscal indiscipline and weak implementation of the reform agenda. If civil service salaries are increased in the run-up to the election as they were in 1992, or if there is inadequate control of other expenditure, the fiscal deficit would rise. The same is true, if the Government fails to fully implement the divestiture program or the Value Added Tax (VAT) and there is revenue slippage. Inflation and interest rates would rise as a result. Private investment would fall because of the worsening macroeconomic situation and the lack of progress on the reform agenda. Public investment would also decline as the lack of counterpart funding would slow down project disbursements. GDP growth would slow to an average of 3 percent per annum.

<sup>1</sup> There is considerable micro evidence to suggest that savings and investment are substantially underestimated in the National Accounts.

**Table A1.2: Low Case Macroeconomic Scenario**

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
GDP growth (% p.a.)	5.3	3.9	5.0	3.8	5.0	3.6	3.2	2.9	2.7	2.5
Investment (% of GDP in current prices)	15.9	12.8	14.8	15.9	16.4	10.3	9.1	8.0	7.4	6.8
Public	7.7	8.5	9.9	11.5	9.8	7.1	6.7	6.2	5.9	5.6
Private	8.1	4.3	4.9	4.4	6.6	3.2	2.4	1.8	1.5	1.2
Savings (% of GDP in current prices)	9.3	4.2	1.4	7.3	8.4	5.3	5.0	4.4	4.0	4.0
Public	3.2	-2.2	-0.9	4.8	2.1	-2.2	-1.6	-1.5	-1.3	-1.2
Private	6.1	6.4	2.3	2.5	6.3	7.5	6.6	5.9	5.3	5.3
Narrow fiscal surplus or deficit (-) (% of GDP) <sup>a</sup>	1.5	-4.8	-2.5	2.2	1.2	-2.0	-2.5	-3.7	-5.0	-6.6
Exports (% of GDP in current prices)	16.0	16.0	19.9	25.4	26.4	26.4	26.3	26.3	26.5	26.7
Current account deficit (% of GDP) <sup>b</sup>	6.6	8.6	13.4	8.6	8.0	5.0	4.1	3.6	3.3	2.7
GDP growth per capita (% p.a.)	2.2	0.8	1.8	0.8	1.9	0.8	0.6	0.3	0.1	-0.1
Total consumption growth per capita	0.7	4.4	1.9	0.0	1.3	4.5	1.2	0.8	0.3	0.1
Private consumption growth per capita	0.3	2.6	-1.1	1.4	1.5	2.2	2.0	1.4	0.7	0.4
% change in CPI (annual average basis)	18.0	10.1	25.0	24.8	31.4	25.0	35.0	40.0	45.0	50.0

a Excludes capital expenditure financed through external project aid and the corresponding grants and loans.

b Excludes grants.

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## Ghana - National Accounts

### Part A: Current Price Data

(in billions of local currency units)

Base-case (most likely) projection

Atlas GNP per capita: \$ 430 (1993)

Midyear population: 15.3 millions

	<i>Actual</i>			<i>Estimate</i>			<i>Projection</i>				
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2004
Gross domestic product at market prices	2031.7	2574.8	3008.8	3949.0	5186.3	6719.6	7881.1	8846.7	9802.2	10876.3	18590.2
Agriculture	972.3	1252.0	1461.0	1877.9	2367.4	3195.9	3670.2	4025.0	4352.0	4714.7	7068.9
Industry, of which	322.2	411.8	487.0	635.0	814.9	1127.7	1336.2	1521.4	1709.9	1922.5	3515.0
Manufacturing	187.5	223.7	253.0	323.2	409.3	554.0	645.4	726.6	807.2	896.7	1528.6
Services	737.2	910.9	1060.8	1436.2	2004.0	2396.0	2874.6	3300.3	3740.4	4239.1	8006.3
Resource balance	-172.5	-207.8	-323.5	-625.6	-598.9	-729.1	-748.0	-770.5	-786.0	-826.1	-1068.9
Exports (GNFS) <sup>a</sup>	324.2	411.8	482.8	784.3	1314.9	1773.9	2222.7	2491.8	2769.3	3067.9	5359.8
Imports (GNFS)	496.7	619.6	806.3	1409.9	1913.9	2503.1	2970.7	3262.3	3555.2	3894.0	6428.7
Total expenditure	2204.2	2782.6	3332.3	4574.6	5785.2	7448.7	8629.0	9617.2	10588.2	11702.4	19659.1
Consumption expenditures	1910.7	2373.7	2947.2	3990.2	4960.6	6346.7	7265.6	8069.0	8804.2	9657.6	15717.9
Government	170.9	220.9	312.3	508.7	603.8	767.2	866.7	956.6	1043.7	1139.8	1700.5
Private	1739.8	2152.9	2634.9	3481.5	4356.8	5579.5	6399.0	7112.4	7760.5	8517.9	14017.5
Gross domestic investment	293.5	408.8	385.1	584.5	824.6	1102.0	1363.4	1548.2	1784.0	2044.7	3941.1
Total government investment <sup>b</sup>	138.5	199.3	255.7	390.4	598.3	659.3	762.8	834.0	921.7	1023.1	1718.8
Total private investment <sup>c</sup>	154.9	209.6	129.4	194.0	226.3	442.7	600.6	714.2	862.3	1021.6	2222.3
Total fixed investment	292.3	407.4	383.2	584.5	824.6	1100.1	1361.5	1546.3	1782.0	2042.7	3939.0
Total investment in stocks	1.2	1.4	1.9	0.0	0.0	1.9	1.9	1.9	2.0	2.0	2.1
Domestic savings	121.0	201.0	61.6	-41.2	225.7	372.9	615.5	777.7	998.0	1218.7	2872.3
+ Net factor income	-36.7	-44.8	-46.4	-72.6	-106.1	-132.3	-163.7	-166.0	-164.6	-157.5	-114.5
+ Net current transfers <sup>d</sup>	66.6	82.3	111.4	169.2	259.2	326.7	385.1	418.3	450.3	484.5	607.7
= National savings	151.0	238.6	126.6	55.4	378.9	567.3	836.9	1030.0	1283.7	1545.7	3365.4
Gross national product	1995.0	2530.0	2962.4	3876.400	5080.195	6587.3	7717.4	8680.7	9637.7	10718.8	18475.7
Gross national disposable income	2061.7	2612.3	3073.8	4045.6	5339.4	6914.0	8102.5	9099.0	10087.9	11203.3	19083.4

a. "GNFS" denotes "goods and nonfactor services."

b. Gross domestic fixed capital formation only.

c. Derived as a residual; includes increase in stocks.

d. Total net unrequited transfers excluding official capital grants

## Ghana - National Accounts (continued)

### Part B: Shares of Gross Domestic Product

(percentages calculated using current price data)

*Base-case (most likely) projection*

	<i>Actual</i>			<i>Estimate</i>			<i>Projection</i>				
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2004
Gross domestic product	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture value added	47.9	48.6	48.6	47.6	45.6	47.6	46.6	45.5	44.4	43.3	38.0
Industry value added, of which	15.9	16.0	16.2	16.1	15.7	16.8	17.0	17.2	17.4	17.7	18.9
Manufacturing	9.2	8.7	8.4	8.2	7.9	8.2	8.2	8.2	8.2	8.2	8.2
Services value added	36.3	35.4	35.3	36.4	38.6	35.7	36.5	37.3	38.2	39.0	43.1
Resource balance (X-M)	-8.5	-8.1	-10.8	-15.8	-11.5	-10.9	-9.5	-8.7	-8.0	-7.6	-5.7
Exports (GNFS) <sup>a</sup>	16.0	16.0	16.0	19.9	25.4	26.4	28.2	28.2	28.3	28.2	28.8
Imports (GNFS)	24.4	24.1	26.8	35.7	36.9	37.3	37.7	36.9	36.3	35.8	34.6
Total expenditure	108.5	108.1	110.8	115.8	111.5	110.9	109.5	108.7	108.0	107.6	105.7
Government consumption	8.4	8.6	10.4	12.9	11.6	11.4	11.0	10.8	10.6	10.5	9.1
Private consumption	85.6	83.6	87.6	88.2	84.0	83.0	81.2	80.4	79.2	78.3	75.4
Government investment	6.8	7.7	8.5	9.9	11.5	9.8	9.7	9.4	9.4	9.4	9.2
Private investment	7.6	8.1	4.3	4.9	4.4	6.6	7.6	8.1	8.8	9.4	12.0
Gross domestic savings	6.0	7.8	2.0	-1.0	4.4	5.5	7.8	8.8	10.2	11.2	15.5
Gross national savings	7.4	9.3	4.2	1.4	7.3	8.4	10.6	11.6	13.1	14.2	18.1
<b>Memorandum items</b>											
GDP deflator (1984=100)	565.1	680.1	764.9	956.3	1209.8	1492.9	1665.5	1772.3	1860.9	1953.9	2493.8
Consumer price index (1984=100)	434.1	512.2	563.9	704.9	879.7	1155.9	1291.2	1373.8	1442.5	1514.6	1933.1
Total GDP (million current US\$)	6156.6	6866.1	6885.1	6084.8	5421.6	5861.5	6129.3	6658.1	7201.7	7803.6	11717.1
Nominal exchange rate (LCU/US\$)	330.0	375.0	437.0	649.0	956.6	1146.4	1285.8	1328.7	1361.1	1393.8	1586.6
Per capita gross national product (Atlas method US\$)	400	420	450	430	430	440	450	460	470	480	550

a. "GNFS" denotes "goods and nonfactor services."

Ghana - National Accounts (continued)

Part C: Constant Price Data

(in local currency, constant 1984 prices)

Base-case (most likely) projection

	<i>Actual</i>			<i>Estimate</i>			<i>Projection</i>				
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2004
GDP at market prices	359.5	378.6	393.4	412.9	428.7	450.1	473.2	499.2	526.7	556.6	745.5
Agriculture	146.6	153.6	152.6	156.9	158.5	162.8	167.4	172.6	177.7	183.3	215.4
Industry, of which	47.5	49.3	52.1	54.4	55.9	58.9	62.5	66.8	71.5	76.6	109.8
Manufacturing	29.4	29.7	30.5	31.2	31.7	32.6	34.0	36.0	38.1	40.3	53.8
Services	165.4	175.7	188.6	201.7	214.3	228.4	243.3	259.8	277.5	296.7	420.3
Resource balance	-6.2	-7.1	-9.4	-8.6	-3.8	-2.0	0.5	0.9	1.2	1.1	-1.0
Exports (GNFS) <sup>a</sup>	41.1	44.9	46.1	53.7	53.8	58.9	64.0	66.9	69.8	72.9	93.7
Imports (GNFS)	47.3	52.0	55.5	62.3	57.6	60.9	63.5	66.0	68.7	71.8	94.6
Total expenditure	365.7	385.7	402.7	421.5	432.5	452.1	472.7	498.2	525.6	555.5	746.4
Consumption	332.4	344.8	370.8	389.8	401.5	418.9	436.6	459.5	482.9	508.9	675.5
Government	30.2	32.5	40.8	53.2	49.9	51.4	52.0	53.9	56.0	58.3	68.1
Private	302.1	312.3	330.0	336.6	351.5	367.5	384.6	405.6	426.9	450.6	607.4
Gross domestic investment	33.4	40.9	31.9	31.7	31.1	33.2	36.1	38.7	42.6	46.6	70.9
Total government investment	15.8	20.0	21.2	21.2	22.5	19.8	20.2	20.9	22.0	23.3	30.9
Total private investment	17.6	21.0	10.7	10.5	8.5	13.3	15.9	17.9	20.6	23.3	40.0
Terms-of-trade (TT) effect	-10.2	-10.3	-12.9	-19.1	-14.2	-15.8	-16.5	-16.5	-16.4	-16.3	-14.8
Gross domestic income	349.3	368.3	380.5	393.9	414.5	434.4	456.7	482.7	510.4	540.3	730.7
Domestic saving (TT adjusted)	16.9	23.5	9.6	4.1	13.0	15.4	20.1	23.2	27.4	31.4	55.2
Domestic saving (without TT adjusted)	27.2	33.8	22.5	23.1	27.2	31.2	36.6	39.7	43.8	47.7	69.9
Net factor income	-6.1	-6.2	-5.6	-6.7	-7.9	-8.0	-9.0	-8.6	-8.2	-7.5	-4.3
GNP at market prices	353.5	372.4	387.8	406.2	420.8	442.1	464.2	490.6	518.6	549.2	741.1

a. "GNFS" denotes "goods and nonfactor services."

## Ghana - National Accounts (continued)

### Part D: Annual Growth Rate

(calculated from data in constant 1984 prices)

*Base-case (most likely) projection*

	<i>Actual</i>			<i>Estimate</i>			<i>Projection</i>				
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2004
GDP at market prices	3.3%	5.3%	3.9%	5.0%	3.8%	5.0%	5.1%	5.5%	5.5%	5.7%	6.3%
Agriculture	-2.0%	4.7%	-0.6%	2.8%	1.0%	2.7%	2.8%	3.1%	3.0%	3.2%	3.3%
Industry, of which	6.9%	3.7%	5.7%	4.3%	2.8%	5.3%	6.1%	7.0%	7.0%	7.1%	7.7%
Manufacturing	5.9%	1.1%	2.7%	2.2%	1.5%	3.0%	4.3%	5.8%	5.8%	5.8%	6.1%
Services	7.5%	6.2%	7.4%	6.9%	6.3%	6.6%	6.5%	6.8%	6.8%	6.9%	7.5%
Exports (GNFS) <sup>a</sup>	6.2%	9.3%	2.7%	16.6%	0.1%	9.5%	8.6%	4.5%	4.4%	4.4%	5.6%
Imports (GNFS)	5.3%	10.0%	6.6%	12.3%	-7.5%	5.7%	4.2%	4.0%	4.1%	4.6%	6.3%
Total expenditure	3.3%	5.5%	4.4%	4.7%	2.6%	4.5%	4.5%	5.4%	5.5%	5.7%	6.3%
Consumption	2.3%	3.7%	7.6%	5.1%	3.0%	4.3%	4.2%	5.2%	5.1%	5.4%	6.4%
Investment	13.6%	22.7%	-22.1%	-0.6%	-2.0%	6.8%	8.7%	7.4%	10.0%	9.4%	6.3%
Gross domestic income	2.7%	5.4%	3.3%	3.5%	5.2%	4.8%	5.1%	5.7%	5.7%	5.9%	6.5%
Gross domestic saving	17.5%	24.5%	-33.4%	2.7%	17.7%	14.5%	17.3%	8.4%	10.4%	9.0%	5.4%
Per capita growth rates											
Per capita GDP (mp) <sup>b</sup>	-0.8%	2.2%	0.8%	1.8%	0.8%	1.9%	2.1%	2.4%	2.5%	2.6%	3.2%
Per capita GNP (mp)	-0.3%	2.2%	1.1%	1.6%	0.6%	2.0%	1.9%	2.6%	2.6%	2.8%	3.3%
Per capita total consumption	-1.7%	0.7%	4.4%	1.9%	0.0%	1.3%	1.2%	2.2%	2.0%	2.3%	3.3%
Per capita private consumption	-0.9%	0.3%	2.6%	-1.1%	1.4%	1.5%	1.6%	2.4%	2.2%	2.5%	3.6%

a. "GNFS" denotes "goods and nonfactor services."

b. "mp" denotes "market prices"

### Part E: Period Average Indicators

	<i>Actual</i>	<i>Estimate</i>	<i>Projection</i>
	1984-89	1989-94	1994-99
Marginal national saving rate	1.8%	-9.3%	5.1%
Incremental capital-output ratio	1.8	2.5	1.8
Import elasticity	1.9	1.4	0.8

## Ghana - Exports and Imports

Base-case (most likely) projection

	Estimate					Projection					
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2004
<b>A. Value in current prices (US\$ millions)</b>											
Total merchandise exports (FOB)	896.7	997.5	986.3	1063.6	1226.9	1396.8	1570.3	1708.5	1858.7	2015.8	3139.6
Principal primary products	770.3	871.8	855.8	936.7	1094.7	1237.7	1358.8	1450.3	1542.0	1647.4	2272.5
COCOA	360.7	346.5	302.4	285.9	320.2	399.6	453.8	474.2	496.3	519.8	656.8
TIMBER	119.0	123.9	113.9	147.4	165.6	175.5	194.5	213.3	233.8	256.3	375.0
GOLD	201.7	304.8	343.5	434.1	549.2	601.1	646.6	696.0	742.2	798.5	1151.2
ELECTRICITY	89.0	96.5	96.1	69.3	59.8	61.5	63.9	66.8	69.7	72.8	89.4
Other exports	126.4	125.7	130.4	126.9	132.2	159.1	211.5	258.1	316.7	368.3	867.1
Total merchandise imports (CIF)	1290.5	1411.6	1589.0	1888.2	1724.0	1915.4	2033.4	2165.3	2307.6	2470.5	3616.5
Food	39.1	39.1	38.1	42.5	45.2	55.9	57.1	58.4	59.8	61.2	74.6
Other consumer goods	145.6	173.2	204.2	271.1	252.6	270.5	289.4	313.3	338.9	367.2	577.4
POL <sup>b</sup> and other energy	205.0	174.3	162.0	158.2	175.8	206.7	217.3	229.2	244.8	262.2	375.9
Intermediate goods n.e.i. <sup>c</sup>	376.8	409.8	470.4	536.5	482.4	507.8	532.7	558.0	584.1	612.5	780.1
Capital goods	523.9	615.3	714.2	879.9	768.0	874.5	936.9	1006.4	1080.2	1167.4	1808.5
<b>B. Value in constant 1984 prices (US\$ millions)</b>											
Total merchandise exports (FOB)	1083.2	1180.3	1205.5	1405.6	1408.2	1550.1	1687.9	1766.3	1845.7	1928.4	2490.4
COCOA	620.9	613.1	562.9	663.4	584.2	671.5	741.0	752.1	763.4	774.8	836.4
TIMBER	53.3	56.1	58.2	104.1	111.5	111.5	119.3	125.3	131.6	138.2	176.3
GOLD	190.3	301.8	359.8	437.6	518.9	563.4	588.7	624.2	655.8	695.1	930.2
ELECTRICITY	118.5	120.3	125.4	107.9	90.4	91.3	93.2	95.0	96.7	98.5	107.9
Other exports	100.2	88.9	99.2	92.7	103.2	112.3	145.7	169.7	198.3	221.8	439.6
Total merchandise imports (CIF)	1168.5	1285.8	1378.6	1559.4	1439.1	1537.5	1606.0	1672.6	1743.2	1825.3	2400.5
Food	55.3	56.7	59.2	62.4	65.0	68.9	70.7	72.6	74.6	76.8	89.0
Other consumer goods	119.8	139.5	157.7	199.4	180.3	190.2	200.0	211.0	222.6	235.3	330.0
POL and other energy	242.7	253.0	235.0	242.7	289.5	293.6	307.0	322.1	338.7	358.5	484.2
Intermediate goods n.e.i.	315.9	336.4	370.2	402.1	351.0	364.1	375.1	383.0	391.1	399.9	454.4
Capital goods	434.9	500.1	556.5	652.9	553.2	620.7	653.2	683.9	716.1	754.8	1042.9

(continued)

a. includes primary products not specifically identified.

b. "POL" denotes "crude oil and derivatives."

c. "n.e.i." denotes "not elsewhere included."

## Ghana - Exports and Imports (continued)

*Base-case (most likely) projection*

	<i>Base-case (most likely) projection</i>										
	1990	1991	1992	1993	<i>Estimate</i>		1996	<i>Projection</i>			2004
					1994	1995		1997	1998	1999	
<i>Memorandum items</i>											
Export volume growth rate	5.8%	9.0%	2.1%	16.6%	0.2%	10.1%	8.9%	4.6%	4.5%	4.5%	5.8%
Import volume growth rate	5.1%	10.0%	7.2%	13.1%	-7.7%	6.8%	4.5%	4.1%	4.2%	4.7%	6.3%
<i>C. Price Indices (1984 = 100)</i>											
Merchandise export	82.8	84.5	81.8	75.7	87.1	90.1	93.0	96.7	100.7	104.5	126.1
Merchandise import	110.4	109.8	115.3	121.1	119.8	124.6	126.6	129.5	132.4	135.3	150.7
Merchandise terms of trade	75.0	77.0	71.0	62.5	72.7	72.3	73.5	74.7	76.1	77.2	83.7
<i>D. Non-Factor Services (1984=100)</i>											
Exports of NFS <sup>d</sup> - volume index	152.3	175.2	198.0	230.2	227.9	229.1	236.6	243.0	249.8	256.8	294.8
Exports of NFS - price index	148.0	151.1	157.6	165.5	170.5	173.0	176.2	180.7	185.3	190.0	213.0
Imports of NFS - volume index	112.7	123.8	126.3	133.4	126.1	120.3	122.2	124.7	127.7	132.3	178.1
Imports of NFS - price index	148.0	151.1	157.6	165.5	170.5	173.0	176.2	180.7	185.3	190.0	190.0

d. "NFS" denotes "nonfactor services."

**Ghana - Balance of Payments**  
(US\$ millions at current prices)

Base-case (most likely) projection

	1990	1991	1992	1993	Estimate 1994	1995	1996	Projection 1997	1998	1999	2004
Total exports of GNFS <sup>a</sup>	982.4	1098.1	1104.9	1208.4	1374.6	1547.4	1728.7	1875.4	2034.6	2201.2	3378.2
Merchandise (FOB)	896.7	997.5	986.3	1063.6	1226.9	1396.8	1570.3	1708.5	1858.7	2015.8	3139.6
Nonfactor services	85.7	100.6	118.6	144.8	147.7	150.6	158.4	166.9	175.9	185.4	238.6
Total Imports of GNFS	1505.0	1652.3	1845.2	2172.4	2000.7	2183.4	2310.4	2455.3	2612.0	2793.9	4051.9
Merchandise (FOB)	1200.1	1312.8	1457.1	1727.7	1577.4	1754.5	1864.7	1985.6	2116.1	2265.4	3312.7
Nonfactor services	304.9	339.5	388.1	444.7	423.3	428.9	445.7	469.7	495.9	528.4	739.2
Resource balance	-522.6	-554.2	-740.3	-964.0	-626.1	-636.0	-581.7	-579.9	-577.4	-592.7	-673.7
Net factor income	-111.1	-119.4	-106.2	-111.9	-110.9	-115.4	-127.3	-124.9	-120.9	-113.0	-72.2
Factor receipts	1.2	2.1	18.3	11.6	11.8	12.7	17.9	25.2	35.2	50.2	128.1
Factor payments	112.3	121.5	124.5	123.5	122.7	128.1	145.2	150.1	156.1	163.2	200.3
Interest (scheduled)	105.3	113.8	116.0	110.5	108.7	113.7	129.1	132.9	137.4	142.6	174.0
Other factor payments	7.0	7.7	8.5	13.0	14.0	14.4	16.1	17.2	18.7	20.6	26.3
Net private current transfers	201.9	219.5	254.9	260.8	271.0	285.0	299.5	314.8	330.8	347.6	383.0
Current receipts	206.0	224.1	260.4	266.7	277.5	291.5	306.0	321.3	337.7	354.5	389.9
Current payments	4.1	4.6	5.5	5.9	6.5	6.5	6.5	6.5	6.9	6.9	6.9
Current account balance	-431.8	-454.1	-591.6	-815.1	-466.0	-466.4	-409.5	-390.0	-367.5	-358.1	-362.9
Official capital grants	213.8	202.4	215.9	256.0	200.8	249.8	180.8	182.8	184.0	165.6	166.6
Private investment (net)	14.8	20.0	22.1	125.0	233.3	108.0	80.0	75.0	94.5	119.9	195.7
Direct foreign investment	14.8	20.0	22.1	25.0	30.0	35.0	50.0	65.0	84.5	109.9	185.7
Portfolio investments	0.0	0.0	0.0	100.0	203.3	73.0	30.0	10.0	10.0	10.0	10.0
Net LT <sup>c</sup> borrowing	293.9	357.0	386.5	370.5	295.3	328.6	327.1	323.8	350.2	353.8	346.8
Disbursements <sup>b</sup>	419.6	481.2	506.0	633.0	482.6	529.6	513.5	497.6	517.3	531.3	529.3
Repayments (scheduled)	125.7	124.2	119.5	262.5	187.3	201.0	186.4	173.8	167.1	177.5	182.5
Total principal repaid <sup>b</sup>	125.7	124.2	119.5	262.5	187.3	201.0	186.4	173.8	167.1	177.5	182.5

(continued)

- a. Goods and nonfactor services.  
b. Historical data from Debt Reporting System (DRS); other data projected by country operations division staff.  
c. "LT" denotes "long-term."

**Ghana - Balance of Payments (continued)**  
(US\$ millions at current prices)

*Base-case (most likely) projection*

					<i>Estimate</i>		<i>Projection</i>				
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2004
Other capital flows	27.3	45.5	-157.2	104.9	-100.0	-54.3	-15.2	-12.4	-2.0	0.0	0.0
Net short-term capital	-59.2	15.8	-118.9	153.6	-22.3	-28.8	0.0	0.0	0.0	0.0	0.0
Errors and omissions	86.5	29.7	-38.3	-48.7	-77.7	-25.5	-15.2	-12.4	-2.0	0.0	0.0
Change in net international reserves (- indicates increase in assets)	-118.0	-170.8	124.3	-41.3	-163.4	-165.7	-163.2	-179.2	-259.2	-281.2	-346.2
Memorandum items											
Total gross reserves, of which	309.3	644.3	411.6	517.0	523.2	641.3	784.8	894.1	1002.8	1202.3	2742.4
Total gross reserves (in months' imports G&S <sup>d</sup> )	2.3	4.4	2.5	2.7	3.0	3.3	3.8	4.1	4.3	4.9	7.7
Exchange rates											
Annual average (LCU/US\$) <sup>f</sup>	330.0	375.0	437.0	649.0	956.6	1146.4	1285.8	1328.7	1361.1	1393.8	1586.6
Index real average exchange rate (1984 =100)	312.6	307.4	339.4	423.4	515.1	476.8	487.4	485.7	485.7	485.7	485.7
Current Account Balance as % GDP	-7.0	-6.6	-8.6	-13.4	-8.6	-8.0	-6.7	-5.9	-5.1	-4.6	-3.1

d. "n.e.i." denotes "not elsewhere included."

e. "G & S" denotes "goods and services."

f. "LCU" denotes "local currency units."

g. The index of the real exchange rate reflects US\$/LCU, so an increase is an appreciation at the real exchange rate.

**Ghana - External Debt Stocks and Flows**  
(US\$ millions at current prices)

Base-case (most likely) projection

	Estimate <sup>a</sup>						Projection <sup>a</sup>				
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2004
<b>A. Gross disbursements</b>											
Public & publicly guaranteed	419.6	481.2	506.0	633.0	482.6	529.6	513.5	497.6	517.3	531.3	529.3
Official multilateral creditors, of which	272.6	253.7	242.0	337.0	370.4	428.6	419.3	407.8	423.9	435.4	433.8
IDA	201.1	199.4	170.0	210.0	140.0	203.5	178.0	198.0	232.0	245.0	250.0
IBRD	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Official bilateral creditors	118.7	185.2	220.4	214.8	100.0	94.4	92.4	89.8	93.4	95.9	95.5
Private creditors	28.3	42.3	43.6	81.2	12.2	6.5	1.8	0.0	0.0	0.0	0.0
Private creditors nonguaranteed	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total LT <sup>b</sup> loan disbursements	419.6	481.2	506.0	633.0	482.6	529.6	513.5	497.6	517.3	531.3	529.3
Net ST <sup>b</sup> credit	-59.2	15.8	-118.9	153.6	-22.3	-28.8	0.0	0.0	0.0	0.0	0.0
Drawings from IMF	65.1	157.6	0.0	65.6	0.0	80.1	80.2	80.3	0.0	0.0	0.0
Total disbursements (LT+ST+IMF)	425.5	654.6	387.1	852.2	460.3	580.9	593.7	577.9	517.3	531.3	529.3
<b>B. Amortizations</b>											
Public & publicly guaranteed	125.7	124.2	119.5	262.5	187.3	201.0	186.4	173.8	167.1	177.5	182.5
Official multilateral creditors, of which	30.8	40.5	43.0	99.8	77.2	94.8	88.2	84.8	83.6	87.5	110.9
IDA	2.1	2.6	3.0	5.0	9.0	11.0	14.0	16.0	21.0	26.0	47.0
IBRD	10.4	11.7	12.0	12.0	12.0	11.0	10.0	11.0	7.0	8.0	2.0
Official bilateral creditors	24.0	37.8	32.9	73.8	64.1	65.4	65.5	64.3	67.9	75.9	70.2
Private creditors	70.9	45.9	43.6	88.9	46.0	40.9	32.7	24.6	15.7	14.1	1.4
Private creditors nonguaranteed	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total LT loan amortization	125.7	124.2	119.5	262.5	187.3	201.0	186.4	173.8	167.1	177.5	182.5
Repayments to IMF	112.8	75.4	63.8	68.0	82.8	103.6	126.4	176.3	150.4	81.7	44.5
Total amortization (LT+IMF)	238.5	199.6	183.3	330.5	270.1	304.6	312.8	350.1	317.5	259.2	227.0
<b>C. Net disbursements</b>											
Public & publicly guaranteed	293.9	357.0	386.5	370.5	295.3	328.6	327.1	323.8	350.2	353.8	346.8
Official multilateral creditors, of which	241.8	213.2	199.0	237.2	293.2	333.9	331.1	322.9	340.4	347.9	322.9
IDA	199.0	196.8	167.0	205.0	131.0	192.5	164.0	182.0	211.0	219.0	203.0
IBRD	-10.4	-11.7	-12.0	-12.0	-12.0	-11.0	-10.0	-11.0	-7.0	-8.0	-2.0
Official bilateral creditors	94.6	147.5	187.6	141.1	35.9	29.0	26.9	25.5	25.5	20.0	25.3
Private creditors	-42.5	-3.7	-0.1	-7.8	-33.8	-34.3	-30.9	-24.6	-15.7	-14.1	-1.4

(continued)

a. Historical data from Debt Reporting System (DRS); other data projected by country operations division staff.

b. "LT" denotes "long-term," "ST" denotes "short-term."

## Ghana - External Debt Stocks and Flows (continued)

(US\$ millions at current prices)

Base-case (most likely) projection

	<i>Estimate<sup>a</sup></i>					<i>Projection<sup>a</sup></i>					
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2004
Private creditors nonguaranteed	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total LT <sup>b</sup> loan net disbursements	293.9	357.0	386.5	370.5	295.3	328.6	327.1	323.8	350.2	353.8	346.8
Net ST <sup>b</sup> credit	-59.2	15.8	-118.9	153.6	-22.3	-28.8	0.0	0.0	0.0	0.0	0.0
Net credit from IMF	-47.7	82.2	-63.8	-2.4	-82.8	-23.5	-46.2	-96.0	-150.4	-81.7	-44.5
Total net disbursements (LT+ST+IMF)	187.0	455.0	203.8	521.7	190.2	276.3	280.9	227.8	199.8	272.1	302.3
<b>D. Interest and charges</b>											
Public & publicly guaranteed	57.0	70.0	53.3	65.3	65.0	75.0	93.0	100.1	107.9	117.6	151.9
Official multilateral creditors, of which	31.7	43.2	29.9	34.2	35.7	42.2	53.9	60.1	66.4	74.5	107.9
IDA	8.0	9.7	11.0	14.0	16.0	17.0	18.0	18.0	18.0	18.0	16.0
IBRD	9.2	8.8	8.0	7.0	6.0	5.0	4.0	3.0	2.0	2.0	0.0
Official bilateral creditors	14.8	16.3	14.6	19.9	19.8	24.4	29.4	32.9	34.9	37.2	44.0
Private creditors	10.6	10.5	8.8	11.1	9.5	8.4	9.8	7.2	6.6	5.9	0.0
Private creditors nonguaranteed	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Total interest on LT loans	59.7	72.7	56.0	68.0	67.7	77.7	95.7	102.8	110.6	120.3	154.6
Interest on ST credit	10.0	12.0	17.0	19.0	22.0	18.4	18.4	18.4	18.4	18.4	18.4
Interest on IMF drawings	34.7	29.1	21.5	14.0	11.4	9.0	9.1	6.7	3.4	1.8	1.0
Total interest (LT+ST+IMF)	104.4	113.8	94.5	101.0	101.1	105.1	123.2	127.9	132.4	140.5	174.0
<b>E External debt (DOD):</b>											
Public & publicly guaranteed	2700.0	3057.0	3443.5	3814.0	4109.3	4437.9	4765.0	5088.8	5439.0	5792.8	7546.8
Official multilateral creditors, of which	1741.3	1954.5	2153.5	2390.7	2683.9	3017.8	3348.8	3671.8	4012.1	4360.1	6027.8
IDA	1241.6	1438.4	1605.4	1810.4	1941.4	2133.9	2297.9	2479.9	2690.9	2909.9	3951.9
IBRD	108.5	96.8	84.8	72.8	60.8	49.8	39.8	28.8	21.8	13.8	-1.2
Official bilateral creditors	778.6	926.1	1113.6	1254.7	1290.6	1319.7	1346.6	1372.1	1397.5	1417.6	1533.6
Private creditors	180.1	176.4	176.4	168.6	134.8	100.5	69.6	45.0	29.3	15.2	-14.6
Private creditors nonguaranteed	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0
Total LT DOD	2732.0	3089.0	3475.5	3846.0	4141.3	4469.9	4797.0	5120.8	5471.0	5824.8	7578.8
ST debt	146.5	162.3	43.4	197.0	174.7	145.9	145.9	145.9	145.9	145.9	145.9
Use of IMF credit	721.8	822.6	739.5	738.0	686.9	664.5	618.3	522.3	371.9	290.2	67.4
Total DOD (LT+ST+IMF)	3600.3	4073.9	4258.4	4781.0	5002.9	5280.3	5561.2	5789.0	5988.8	6260.9	7792.1

(continued)

a. Historical data from Debt Reporting System (DRS); other data projected by country operations division staff.

b. "LT" denotes "long-term," "ST" denotes "short-term."

c. "DOD" denotes "debt outstanding and disbursed"

**Ghana - External Debt Stocks and Flows (continued)**  
(US\$ millions at current prices)

Base-case (most likely) projection

	<i>Estimate<sup>a</sup></i>					<i>Projection<sup>a</sup></i>					
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2004
<b>F Debt and debt burden indicators</b> (based on data in parts A-E)											
Total debt service (US\$ millions)	342.9	313.4	277.8	431.5	371.2	409.7	436.0	478.0	449.9	399.7	401.0
Interest (LT + ST + IMF) <sup>b</sup>	104.4	113.8	94.5	101.0	101.1	105.1	123.2	127.9	132.4	140.5	174.0
Principal (LT + IMF)	238.5	199.6	183.3	330.5	270.1	304.6	312.8	350.1	317.5	259.2	227.0
<b>Total DOD<sup>c</sup> and TDS<sup>d</sup></b>											
DOD / exports (XGS <sup>e</sup> ) ratio	363.8	368.2	376.7	389.3	358.7	336.6	316.7	303.1	287.8	276.7	221.4
DOD / GDP ratio	58.5	59.3	61.8	78.6	92.3	90.1	90.7	86.9	83.2	80.2	66.5
TDS / exports (XGS) ratio	34.7	28.3	24.6	35.1	26.6	26.1	24.8	25.0	21.6	17.7	11.4
<b>IBRD exposure indicators:</b>											
IBRD DS <sup>f</sup> / public loan DS (incl. IMF)	5.9	6.9	7.7	4.6	5.2	4.1	3.4	3.1	2.1	2.6	0.6
Preferred creditor DS / public DS (incl. IMF)	53.7	46.0	46.2	29.3	39.6	40.3	43.7	50.6	61.8	55.5	57.2
IBRD DS / exports (XGS)	2.0	1.9	1.8	1.5	1.3	1.0	0.8	0.7	0.4	0.4	0.1
<b>Memorandum items</b>											
<b>Factor payments / exports (XGS) ratios</b>											
Interest payments / exports	10.6	10.3	10.3	9.0	7.8	7.2	7.4	7.0	6.6	6.3	4.9
Total factor payments / exports	11.4	11.0	11.0	10.1	8.8	8.2	8.3	7.9	7.5	7.2	5.7

a. Historical data from Debt Reporting System (DRS); other data projected by country operations division staff.

b. "LT" denotes "long-term," "ST" denotes "short-term."

c. "DOD" denotes "debt outstanding and disbursed"

d. "TDS" denotes "total debt service."

e. "XGS" denotes "exports of goods and services," which comprises exports of goods, nonfactor services, factor receipts, and workers' remittances

f. "DS" denotes "debt service."

**Ghana - Public Finance**  
(at current prices and exchange rates)

*Base-case (most likely) projection*

	<i>Estimate</i>					<i>Projection</i>				
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
<b>Government budget (billions LCUs) /a</b>										
Total current revenues	239.5	354.4	333.6	657.6	1231.1	1364.5	1560.5	1733.9	1999.7	2229.6
Direct taxes	55.1	62.4	62.1	110.3	170.5	230.0	256.9	273.4	302.9	336.1
Indirect taxes	164.5	257.0	239.7	398.9	670.6	889.5	1083.2	1237.7	1444.9	1608.6
Nontax receipts	19.8	34.9	31.7	148.4	389.9	245.0	220.3	222.9	251.9	285.0
Total Current Expenditures	206.2	273.0	400.4	694.3	983.7	1220.4	1286.5	1372.3	1557.5	1693.8
Interest on external debt	9.8	13.2	26.1	40.4	64.0	84.0	92.4	120.8	180.2	195.8
Interest on domestic debt	17.5	29.6	34.9	94.3	166.1	241.7	213.3	166.1	199.4	221.3
Transfers to private sector	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfers to other NFPS <sup>b</sup>	51.6	64.1	99.1	190.7	317.8	362.3	374.3	416.3	444.1	471.1
Subsidies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Consumption	127.3	166.1	240.3	368.8	435.8	532.3	606.4	669.0	733.8	805.5
Wages and salaries	82.3	105.6	171.1	227.6	297.1	371.4	426.6	467.2	510.2	557.4
Other consumption	45.0	60.5	69.2	141.2	138.7	161.0	179.8	201.8	223.6	248.1
Budgetary Savings	33.3	81.3	-66.8	-36.7	247.4	144.1	274.0	361.7	442.2	535.9
Capital Revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Capital Expenditures	131.3	184.9	254.9	390.4	598.3	659.3	762.8	834.0	921.7	1023.1
Capital transfers	73.5	106.3	144.5	263.2	424.4	461.9	479.8	498.1	557.7	607.5
Budgetary fixed investment	57.8	78.6	110.3	127.3	173.9	197.4	283.0	335.9	364.0	415.6
Overall balance (- = deficit)	-98.0	-103.5	-321.7	-427.1	-350.9	-515.2	-488.8	-472.3	-479.5	-487.3
Sources of financing (+)	98.0	103.5	321.7	427.1	350.9	515.2	488.8	472.3	479.5	487.3
Official capital grants	55.7	73.3	88.3	159.8	145.3	240.3	189.9	197.8	199.2	180.9
Net external borrowing	73.1	88.9	99.3	238.5	233.6	327.6	384.1	390.8	378.4	393.4
Net monetary system	-20.8	-50.7	102.5	-22.1	-34.6	-52.7	-85.1	-116.3	-98.0	-87.0
Net other domestic borrowing	-10.1	-8.0	31.6	51.0	6.6	0.0	0.0	0.0	0.0	0.0

(continued)

- a. "LCU" denotes "local currency unit."  
b. "NFPS" denotes "nonfinancial public sector."

**Ghana - Public Finance (continued)**  
(at current prices and exchange rates)

*Base-case (most likely) projection*

					<i>Estimate</i>	<i>Projection</i>				
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
<b>Shares of GDP (%)</b>										
Current revenues	11.8	13.8	11.1	16.7	23.7	20.3	19.8	19.6	20.4	20.5
Current expenditures	10.1	10.6	13.3	17.6	19.0	18.2	16.3	15.5	15.9	15.6
Budgetary savings	1.6	3.2	-2.2	-0.9	4.8	2.1	3.5	4.1	4.5	4.9
Capital revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital expenditures	6.5	7.2	8.5	9.9	11.5	9.8	9.7	9.4	9.4	9.4
Overall Balance (- = deficit)	-4.8	-4.0	-10.7	-10.8	-6.8	-7.7	-6.2	-5.3	-4.9	-4.5
Official capital grants	2.7	2.8	2.9	4.0	2.8	3.6	2.4	2.2	2.0	1.7
Net external borrowing	3.6	3.5	3.3	6.0	4.5	4.9	4.9	4.4	3.9	3.6
Monetary system credit	-1.0	-2.0	3.4	-0.6	-0.7	-0.8	-1.1	-1.3	-1.0	-0.8
Other domestic financing	-0.5	-0.3	1.1	1.3	0.1	0.0	0.0	0.0	0.0	0.0
<b>Government External Debt</b>										
External debt (billions LCU)	1177.5	1515.7	1846.9	3082.1	4755.2	6016.7	7109.4	7649.3	8107.8	8681.6
External debt (in US\$ millions)	3568.3	4041.9	4226.4	4749.0	4970.9	5248.3	5529.2	5757.0	5956.8	6228.9
<b>Tax burden indicators (%)</b>										
Direct taxes / GDP	2.7	2.4	2.1	2.8	3.3	3.4	3.3	3.1	3.1	3.1
Indirect taxes / GDP	8.1	10.0	8.0	10.1	12.9	13.2	13.7	14.0	14.7	14.8

c. "DOD" denotes "debt outstanding and disbursed."

b. "G&S" denotes "goods and services."

**Ghana - Monetary Survey**  
(in billions of local currency units)

*Base-case (most likely) projection*

					<i>Estimate</i>	<i>Projection</i>				
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
<b>A. Annual Flows:</b>										
Domestic credit	..	..	..	..	..	..	..	..	..	..
To government	..	..	..	..	..	..	..	..	..	..
Government budget	..	..	..	..	..	..	..	..	..	..
Other NFPS <sup>a</sup>	..	..	..	..	..	..	..	..	..	..
To rest of the economy	..	..	..	..	..	..	..	..	..	..
Private sector	..	..	..	..	..	..	..	..	..	..
Other financial institutions	..	..	..	..	..	..	..	..	..	..
Money and quasimoney	..	..	..	..	..	..	..	..	..	..
<b>B. End of Year Stocks:</b>										
Domestic credit	252.8	460.3	666.1	1015.2	..	..	..	..	..	..
To government (NFPS)	149.2	371.5	527.6	827.8	..	..	..	..	..	..
Government budget	119.3	316.3	455.4	740.1	..	..	..	..	..	..
Other NFPS	29.9	55.3	72.3	87.8	..	..	..	..	..	..
To rest of the economy	103.7	88.8	138.5	187.3	..	..	..	..	..	..
Private sector	0.0	0.0	0.0	0.0	..	..	..	..	..	..
Other financial institutions	103.7	88.8	138.5	187.3	..	..	..	..	..	..
Money and quasimoney	271.6	345.5	519.3	661.6	967.2	1102.6	1210.9	1298.0	..	..

(continued)

a. "NFPS" denotes "nonfinancial public sector."

**Ghana - Monetary Survey (continued)**  
(in billions of local currency units)

*Base-case (most likely) projection*

					<i>Estimate</i>	<i>Projection</i>				
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
<b>C. Factors accounting for monetary expansion (as % MQM<sup>b</sup>)</b>										
Net foreign assets	..	..	..	..	..	..	..	..	..	..
Credit to government (NFPS)	..	..	..	..	..	..	..	..	..	..
Credit to rest of the economy	..	..	..	..	..	..	..	..	..	..
Net other liabilities (-)	..	..	..	..	..	..	..	..	..	..
Total increase in MQM	..	..	..	..	..	..	..	..	..	..
<b>D. Money, credit and prices</b>										
M2/GDP	13.4	13.4	17.3	16.8	18.6	16.4	15.4	14.7	..	..
Annual growth rate MQM	13.3	27.2	50.3	27.4	46.2	14.0	9.8	7.2	..	..
Interest rates (historical only)										
Nominal end-period discount rate	33.0	20.0	30.0	35.0	33.0	..	..	..	..	..
Real end-period discount rate <sup>1/</sup>	-2.9	9.7	16.7	7.3	3.0	..	..	..	..	..

b. "MQM" denotes "money and quasi money."

1/ Nominal end-period discount rate less end of period inflation rate

## Projected Arrears, Rescheduling, and Reductions in Debt and Debt Service

(Supplementary annex to be used for countries requiring debt workouts)

(US\$ millions at current prices)

*Base-case (most likely) projection*

	<i>Estimate</i>		<i>Projection</i>				
	1994	1995	1996	1997	1998	1999	2004
<b>A. Interest payments</b>							
1. Interest due per DRS <sup>a</sup> pipeline	..	..	..	..	..	..	..
2. Adjustments to DRS pipeline (if any)	..	..	..	..	..	..	..
3. Less interest saved through debt reduction	..	..	..	..	..	..	..
4. Plus interest on arrears/restructuring/DDSR <sup>b</sup>	..	..	..	..	..	..	..
5. Plus interest due on new LT <sup>c</sup> debt	..	..	..	..	..	..	..
6. Plus interest on ST <sup>c</sup> debt	..	..	..	..	..	..	..
7. Plus IMF service charges	..	..	..	..	..	..	..
8. Subtotal interest due (scheduled basis)	..	..	..	..	..	..	..
9. Adjustments to scheduled interest	..	..	..	..	..	..	..
10. a. Interest not paid	..	..	..	..	..	..	..
11. Arrears accumulation	..	..	..	..	..	..	..
12. Interest rescheduled	..	..	..	..	..	..	..
13. Interest forgiven	..	..	..	..	..	..	..
14. b. Arrears reduction (-)	..	..	..	..	..	..	..
15. Total interest paid (A8-A9) (cash basis)	..	..	..	..	..	..	..
<b>B. Disbursements</b>							
1. Disbursements per DRS pipeline	..	..	..	..	..	..	..
2. Adjustments to DRS pipeline (if any)	..	..	..	..	..	..	..
3. Plus disbursements on new LT debt, of which	..	..	..	..	..	..	..
4. Disbursements for debt reduction	..	..	..	..	..	..	..
5. Subtotal LT disbursements	..	..	..	..	..	..	..
6. Plus net ST capital	..	..	..	..	..	..	..
7. Plus IMF purchases	..	..	..	..	..	..	..
8. Total disbursements	..	..	..	..	..	..	..
<b>C. Principal repayments</b>							
1. Principal due per DRS pipeline	..	..	..	..	..	..	..
2. Adjustments to DRS pipeline (if any)	..	..	..	..	..	..	..
3. Less principal saved through debt reduction	..	..	..	..	..	..	..
4. Plus principal on arrears/restructuring/DDSR	..	..	..	..	..	..	..
5. Plus principal on new LT debt	..	..	..	..	..	..	..
6. Subtotal LT repayments due (scheduled basis)	..	..	..	..	..	..	..

(continued)

- a. "DRS" denotes "Debt Reporting System."  
 b. "DDSR" denotes "debt and debt service reduction."  
 c. "LT" denotes "long-term," "ST" denotes "short-term."

## Projected Arrears, Rescheduling, and Reductions in Debt and Debt Service (continued)

(Supplementary annex to be used for countries requiring debt workouts)

(US\$ millions at current prices)

*Base-case (most likely) projection*

	<i>Estimate</i>			<i>Projection</i>			
	1994	1995	1996	1997	1998	1999	2004
7. Plus IMF repurchases	..	..	..	..	..	..	..
8. Subtotal repayments due (scheduled basis)	..	..	..	..	..	..	..
9. Adjustments to scheduled principal repayments	..	..	..	..	..	..	..
10. a. Principal not paid	..	..	..	..	..	..	..
11. Arrears accumulation	..	..	..	..	..	..	..
12. Principal rescheduled	..	..	..	..	..	..	..
13. Principal forgiven	..	..	..	..	..	..	..
14. b. Arrears reduction/prepayments	..	..	..	..	..	..	..
15. Total principal repayments made (C8-C9) (cash basis)	..	..	..	..	..	..	..
<b>D. Debt outstanding (end of period)</b>	..	..	..	..	..	..	..
1. Long-term DOD <sup>a</sup> per DRS <sup>a</sup> pipeline, of which	..	..	..	..	..	..	..
2. Existing principal arrears	..	..	..	..	..	..	..
3. Adjustments to DRS pipeline (if any)	..	..	..	..	..	..	..
4. Less reduction from forgiveness/DDSR <sup>b</sup>	..	..	..	..	..	..	..
5. Plus consolidation from restructuring/DDSR	..	..	..	..	..	..	..
6. Plus new principal arrears (+increase/-reduction)	..	..	..	..	..	..	..
7. Plus new LT <sup>c</sup> debt	..	..	..	..	..	..	..
8. Plus ST <sup>c</sup> debt, of which	..	..	..	..	..	..	..
9. Interest arrears not yet capitalized	..	..	..	..	..	..	..
10. Plus use of IMF credit	..	..	..	..	..	..	..
11. Exchange rate impacts on DOD	..	..	..	..	..	..	..
12. Total DOD, of which	..	..	..	..	..	..	..
13. Total arrears (interest + principal)	..	..	..	..	..	..	..
Memorandum item: Adjustment due to debt write-offs	..	..	..	..	..	..	..

a. "DRS" denotes "Debt Reporting System."

b. "DDSR" denotes "debt and debt service reduction."

c. "LT" denotes "long-term," "ST" denotes "short-term."

d. "DOD" denotes "debt outstanding and disbursed."

**MAP SECTION**





