Statement by Khalid M. Al-Saad  
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**GHANA: Country Assistance Strategy and Urban V Project**

We had the pleasure to hear from Ghana’s ministerial economic team of their Government’s strategy, commitment and efforts to reduce poverty during a Committee of the Whole meeting last March 23. We appreciate and commend the authorities’ resolve to integrate its strategy for poverty reduction with the proposed Bank CAS under consideration.

Macroeconomic stabilization and adjustment reforms is a long and painful process, requiring government commitment and public consensus. When Management designs a Bank CAS in response to the legitimate needs of a country to enable its government to pursue its development objectives, we urge staff to give priority consideration to economic sectors and activities which are prerequisites to growth and poverty reduction, and should be the major pillars of this Bank’s CAS.

Having read the CAS document with interest, I would like to make a few comments and raise the following questions:

1. We express our concern over the projected growth target of 8 percent annually, which is ambitious. Given the physical and institutional constraints in
Ghana, a high external debt and rising domestic debt, low level of official reserves, deteriorating terms of trade, the fluctuation of international prices of cocoa, gold and imported oil, high rate of poverty, and against all these odds we believe that the Government of Ghana should be more realistic in its forecasts. This wishful high growth rate target of 8 percent annually will raise citizens’ expectations and lately disappointment and frustration if this target is not achieved. Moreover, could staff tell me what are the sources of this targeted growth rate? What are the growth sectors in Ghana’s economy?

2. If growth in Ghana is to be pro-poor, the performance of agriculture must improve by increasing productivity in food crops and expanding opportunities in commercial crops. Though the Bank has been active in agriculture for many years, yet progress has fallen short of the goals, and agricultural growth has not accelerated enough to raise consumption appreciably in some regions and among crop farmers. Therefore, Bank’s assistance should target to increase agricultural productivity and diversification, rural extension and access of rural poor to efficient rural infrastructure, microfinance as a major conduit for poverty reduction in rural areas. Despite the fact that agriculture contributed 36% of GDP in 1999, I have not seen any elaboration on the status of the agricultural sector in this CAS document as it was reported in the last CAS document. What is being done among donors in the agricultural and water sectors?

3. What I find missing in this CAS document is the treatment of the banking sector, and how safe and sound is it. Is there a good bank supervision and regulation regime in force? What is the financial status of state owned banks? Moreover, could staff tell us what is being done so far to finalize the proposed Rural Finance Project, which aims at to strengthen rural banks? How much is the government crowding out the private sector through its rising domestic borrowing, which explains the shrinking role of IFC and MIGA in Ghana.

4. Another sector which this CAS does not elaborate on is the industry and manufacturing sector. I have not seen much reference to this sector, how many are employed, whether there are current activities or future projects proposed for this sector which contributed 34.3% of GDP in 1999.
5. Building-up and developing a local managerial and implementation capacity is a priority requirement for any successful reform program. In this regard, intensifying and expanding demand-driven programs in vocational training and managerial skills would be a logical and needed component in every investment project.

6. We hope to see that, through CDF-aid coordination objective, a well defined division of labor among various donors active in Ghana and in particular African Development Bank and United States AID.

7. Finally, we find the proposed Urban V Project to be an integral part of the Bank’s CAS for Ghana, and responds to the legitimate needs and development objectives of the Government. We hope this first APL and the subsequent series of APLs will serve the under-served secondary towns and provide some basic infrastructure services to the participating communities.

In conclusion, we support the CAS and the proposed loan.