Statement by Ilkka Niemi
Date of Meeting: March 30, 2000

**Ghana - Country Assistance Strategy**

1. We welcome the opportunity to discuss the joint Bank Group Country Assistance Strategy for Ghana. We are particularly pleased to do so on the basis of last week’s discussion on the Government’s Development Strategy for Poverty Reduction and the CODE discussion of the Country Assistance Evaluation. These discussions have given us an excellent up-date on Ghana’s development challenges and the context in which the Bank operates in Ghana. We are also pleased with the constructive and frank nature of the Ghana discussions and the sequence of the two-pronged CDF-CAS. We commend Management and the country team for well-planned sequencing and for having prepared a frank and well-written CAS.

2. In general, we find that the Bank Group’s proposed support to the Government’s Development Strategy is appropriate and adequate. Poverty orientation must be a general cross cutting theme attached to all programs and we welcome the efforts by the Bank to orient itself closer towards the poor and focus on areas of critical importance in Ghana’s development program.

3. However, to sharpen the focus on poverty we find that the Bank should do more to include gender mainstreaming in its program. Apart from support to education services for girls and women, the Bank does not propose measures to combat the growing poverty among women. Women form the majority of the absolute poor in Ghana and it is essential to recognize that gender based inequalities and discrimination creates poverty. Therefore, a program seeking to address poverty must also address gender imbalances. It would be appropriate for the Bank to state this in its program and to suggest specific instruments and benchmarks for this purpose.

In the case of the agricultural sector, women have restricted access to employment, land ownership and credit. Greater efforts need to be made to recognize the need of female farmers, in terms of crop research and agricultural processing, and to promote training of women as extension agents.
The Bank has already published numerous research papers on these issues as well as an excellent Tool Kit on Gender Issues in the Agricultural Sector. Since the present CAS focuses on the agricultural sector, the Bank should include its own recommendations on gender in the CAS.

4. We support the three broad themes on which the Bank focuses in the CAS. However, we are concerned about the present prospects for private sector development in Ghana. Ghana is in a vicious circle of crowding out private sector investment by heavy domestic borrowing and private sector doubts about the commitment of GoG to private sector-led growth. This dilemma somehow is reflected in the role of the Bank, IFC, and MIGA, which appears unbalanced. For example it is difficult to understand that IFC’s portfolio has decreased and we wonder why IFC has not been more active in areas such as transportation, power, and water where it will not be possible to expand access and improve quality without more private sector participation. Progress on this front would lower the cost of doing business in Ghana and promote a buoyant private sector.

Against this background it is gratifying to note that the Bank Group’s support to private sector participation in infrastructure would integrate the services and available products from the Bank, IFC, and MIGA as mentioned in para. 22.

5. Regarding Ghana’s difficult economic situation caused by declining world market prices for cocoa and gold and increased oil prices, we wonder if it would be possible for the GoG and the Bank to prepare for this external shock? We realize that it is difficult to forecast and manage such risks and make the program flexible enough to respond to negative external factors. A discussion and analysis of this in the CAS would, however, be of interest in order to propose possible measures to respond to the situation and similar situations in the future.

In addition to external shocks, the upcoming election could have a negative impact and lead to fiscal excess. As stated in the Country Assistance Evaluation, “sustained macroeconomic stability remains uncertain until after the elections”. Under the circumstances, there might be a need for special safeguards and monitoring mechanisms. We also wonder which Bank lending and non-lending instruments are most appropriate in the situation. What, for example, would be an appropriate mix between adjustment and investment lending? On this note, we find that lending under a Sector Wide Approach (SWAP), as in the health sector program offers opportunities to adjust the program inputs in accordance with the situation. This may be more difficult in other sectors such as in infrastructure programs, but we would like to learn Management’s views on this, especially given the situation in an election year.

6. As mentioned above, we welcome the CDF approach taken in Ghana. The CDF process has lead to closer partnerships and has been a catalyst for better aid co-ordination. In addition, it has clearly differentiated among well functioning ministries and the ministries, which need to be more efficient and transparent. The best partnership is with the Ministry of Health where a constructive cooperation has developed between the Government and the Bank, EU, DFID, Netherlands, NDF, and Denmark. It is also the only program having reached the step in the CDF process where common reviews and analysis are an integral part of the cooperation.
We welcome the linkages between the CDF, the CAS and Common Country Assessment. However, we find that cooperation with the UN system could be improved. We therefore, would like to know Management’s views on Bank-UN cooperation in Ghana.

We appreciate the very useful overviews presented in the CAS matrix in Annex B9 and the CDF matrix in Annex C. However, considering Ghana’s leading role as a CDF pilot the CDF matrix does not live up to our expectations. We would like the matrix not only to be a “CDF Matrix for Capacity Building” but a truly comprehensive matrix. Thus, support offered by the various actors could be much more elaborated and private sector participation should also be reflected. And it would be even better if the CDF matrix appeared in part I of the CAS prepared by the GoG, thereby reflecting the Government’s role in aid coordination.

7. We support the Urban Development Program and the use of long term Adaptable Program Lending. We wish to emphasize the need to strongly base the project on the Government’s decentralization initiative. It therefore should be avoided to create new and parallel structures in addition to those used under the decentralization program. Thus, capacity should not be built for the sake of the Urban Project, but for the sake of establishing the appropriate relationship in terms of budgeting, accounting etc. between central and local governments. In addition, close coordination among all actors involved in the decentralization program is crucial in order to coordinate approaches and procedures, and we expect the Bank to take a strong role in such coordination.