Statement by Jan Piercy  
Date of Meeting: March 30, 2000

**Ghana - Country Assistance Strategy**

1. This CAS is rightly focused on poverty reduction, good governance, public sector management and privatization. It tracks well with OED's Country Assistance Evaluation and we commend staff for addressing and incorporating insights from past experience. As the CAE illustrates, however, Ghana has not been consistent or steadfast in implementing its reform agenda. Privatization has lagged, with only 25 percent in value of public enterprises privatized, illiteracy among women is an unacceptable 47 percent and public sector reform has been slow and uneven.

2. Ghana was the African pioneer of free market reform and has been at it for almost twenty years with substantial assistance including more than $2 billion in World Bank funding. Given a stable political environment and substantial external support, Ghana should have by now achieved significantly greater gains in economic development. The shortfall can be attributed to governance and corruption weaknesses and reluctance to explore and support the role a dynamic private sector can play in achieving growth.

3. The first step toward improving the current trend is genuine attention to good governance. While the CAS addresses governance reforms, it does not focus clearly enough on the need for fundamental changes in the way government does business. Corruption, lack of transparency and inefficiency appear to characterize government operations. In participating in the World Bank Institute's pilot corruption course program, Ghana made a commitment to tackle corruption with concrete, measurable and visible actions. The CAS makes no reference to Ghana's anti-corruption team and we would appreciate knowing how these efforts are going as Ghana's failure to confront corruption reduces its ability to achieve and sustain its development objectives.

4. The slow rate of privatization has hindered Ghana's development. Only the Government can improve the rate of privatization, but to date Government ambivalence, coupled with an
inefficient public sector that sacrifices sound macroeconomic policies for political expediency has hampered progress. This was the diagnosis ten years ago and it unfortunately still applies. Without serious rethinking of the Government's interest in creating an environment conducive to private sector growth, 8 percent growth targets are unattainable.

5. The CAS documents Ghana's cautious pursuit of decentralization, but the necessary commitment to capacity building is missing. Without commitment in the central government decentralization cannot succeed. Ugandan and Bolivian experiences illustrate that decentralization requires time to build institutional capacity and internal controls to ensure efficient allocation and use of funds at the local level. We see no evidence of this commitment in Ghana.

6. Spending levels on education have been high with disappointingly mixed results. Given the situation in which the Bank must operate, it is clear that development impact will be far below results that could be achieved in a growth-oriented policy framework.

7. As a CDF pilot, Ghana has had unique opportunities that they seem to have squandered. Progress in the social sectors, particularly education, has lagged. The Government's failure in education has stemmed from weak delivery systems. Better donor coordination focused on results could contribute significantly to addressing the critical gaps in the education delivery systems. We would appreciate more information on donor coordination in this sector in terms of the CDF process.

8. Ghana's Poverty Reduction Strategy does not provide clear benchmarks in the key areas of governance, corruption, public financial management and decentralization. The Government of Ghana appears to rely on IDA and other foreign assistance to pick up the slack for their refusal to embrace genuine economic and governance reforms.

9. We regret making a statement so focused on shortcomings over accomplishments, especially in light of clear strides in participation and transparency. However, Ghana's potential -- especially in light of its commendable political stability and upcoming democratic electoral transition -- is too substantial an opportunity to overlook. Not to measure Ghana's performance in relation to its potential and in relation to its own aims would be patronizing. We call on Government and civil society to meet their own ambitious goals and on the World Bank to support them in doing so.