



# Ghana and the Millennium Challenge Corporation: Building a Partnership for Poverty Reduction Through Economic Growth

The Millennium Challenge Corporation (MCC) signed a five-year, approximately \$547 million anti-poverty compact with the Republic of Ghana on August 1, 2006.

Agriculture is the backbone of Ghana's economy accounting for about 40 percent of the country's gross domestic product, employing 60-70 percent of the labor force and generating more than 55 percent of the country's foreign exchange earnings. The compact program focuses on improving the productivity of agriculture, increasing production of high-value commercial and basic food crops, and fostering greater private investment in agriculture. To that end, the compact program also is designed to improve the physical and institutional infrastructure in this critical sector of Ghana's economy.

## About the Millennium Challenge Compact with Ghana

### Agriculture Project

This project is designed to enhance the profitability of commercial agriculture among small farmers. It includes:

- Training for farmer-based organizations (FBOs) and agricultural enterprises to accelerate the development of commercial skills;
- Irrigation improvements with the building of a limited number of retention ponds and small dams requested by FBOs whose success requires access to water;
- Improved land tenure security and transaction support;

*"On behalf of Ghana and on my own behalf, I salute President George W. Bush, the Government, the Millennium Challenge Corporation, and indeed the people of the United States of America for this initiative. The successful implementation in Ghana of the Compact, which we are signing today, will launch an epochal transformation of my country's agriculture into modernity not only in agricultural practices but also in value addition and agro-industrialization with great promise for enhanced productivity, commerce, food security, employment generation, rural development and poverty alleviation."*

*—President of Ghana,  
John Kufuor  
August 1, 2006*

- Facilitation of strategic investments by FBOs and other businesses in post-harvest infrastructure, including cold storage and processing facilities, supported by enhanced compliance with international food protection standards;
- Improved access to credit provided by commercial and rural banks, and non-traditional financing channels; and
- Rehabilitation of up to 950 kilometers of single-lane roads in order to reduce transportation costs and time to domestic and international markets, and social service networks (for instance, hospitals, clinics and schools).

### **Transportation Project**

This project is designed to reduce transportation costs affecting agricultural commerce at sub-regional and regional levels. It includes:

- Upgrading of 14 kilometers of the National Highway (N1) between the International Airport in Accra, the capital city, and the Port of Tema to support expansion of Ghana's export-directed agriculture;
- Constructing or rebuilding of 230 kilometers of two-lane roads in the central Afram Basin area to facilitate the growth of agricultural production and access to social services; and
- Improvements to the ferry service of Volta Lake Transport Company that connects Adawso on the southern shore of Lake Volta to Ekye Amanfrom on the northern shore.

### **Rural Development Project**

The third compact project is designed to expand the availability of basic community services and to strengthen rural institutions that provide services complementary to, and supportive of, agricultural and agri-business development. It includes:

- Construction and rehabilitation of educational facilities, water and sanitation facilities and electrification of rural areas;
- Development of procurement professionals to improve the capabilities of the Government of Ghana; and
- Improvements designed to automate and interconnect the network of small rural banks, and improvements in the national payments systems designed to draw into the financial system people currently not served or under-served.

## Implementation Progress: Changing Lives in Ghana

- Some 60,000 farmers belonging to Farmer-Based Organizations (FBOs) have been interviewed and registered for training to begin in April.
- The Bank of Ghana certified 14 financial institutions as qualified to participate in the compact credit facility with credit disbursements expected to begin in April.
- The N1 Highway design contractor is scheduled to provide a final draft design by March.
- In Phase I of the Community Services component, 25 schools are to be rehabilitated by April. An additional 22 schools damaged by floods in the Northern region have been surveyed and are expected to be rebuilt in the coming months.
- Further significant procurements in all three compact projects are nearing completion, including contracts for roads, agricultural training, cold storage and pack house construction, as well as improved ferry services on Lake Volta.

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*Millennium Challenge Corporation, a U.S. government corporation designed to work with developing countries, is based on the principle that aid is most effective when it reinforces sound political, economic, and social policies that promote poverty reduction through economic growth. For more about MCC, visit [www.mcc.gov](http://www.mcc.gov).*