

# Ghana and Millennium Challenge Corporation

## Building a Dynamic 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. The Compact is being implemented through the Millennium Development Authority (MiDA).

Agriculture is the backbone of Ghana's economy accounting for about 43 percent of the country's gross domestic product, employing 60 percent of the population and generating about 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;
- ★ Improvements to community irrigation schemes to increase FBOs' access to water;
- ★ Implementation of a pilot activity to secure land tenure;
- ★ Strategic investments in post-harvest infrastructure, including cold-storage and processing facilities;
- ★ Improved FBO access to credit provided by commercial and rural banks, and

- ★ Rehabilitation of up to 362 kilometers of single-lane feeder roads to reduce transportation costs and time to market and social services (i.e., 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) in Accra between Tetteh Quarshie Interchange and Mallam Junction, the main thoroughfare between the production areas and the International Airport and the Port;
- ★ Constructing or rebuilding of 77 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 strengthen rural institutions that provide services to rural communities. It includes:

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

## Implementation Progress: Changing Lives in Ghana

- ★ The Ghana Compact is being leveraged through Public-Private Partnership:
  - A major international fruit company is considering long-term supply contracts with large-scale Ghanaian pineapple producers to supply their European market, and
  - MiDA, AGRA, and Standard Bank of Ghana will collaborate on a guarantee facility to extend financing to value-chain operations (i.e. input suppliers, millers, processors) which will benefit smallholder farmers.

- ★ MiDA is collaborating with several international development partners to advance Compact activities:
  - \* MiDA and AGRA partnered to support the drafting of new national seed and plant protection laws;
  - \* the Carter Center's efforts to tackle Guinea Worm is supporting MiDA's water and sanitation activities as a part of the Rural Development Project, and
  - \* MiDA and USAID/Ghana signed a Memorandum of Understanding by which USAID will provide Community-Based Teachers to MiDA-built schools in remote communities.
- ★ More than 16,700 farmers were trained in the first round of FBO training which ended early 2009; the next phase of more than 17,000 farmers will begin training in June 2009.
- ★ More than \$10.5 million in credit has been extended by local banks to FBOs, farmers and agro-businesses.
- ★ The Bank of Ghana accredited 42 Participating Financial Institutions including 31 rural banks, nine commercial banks and two savings and loan banks, to lend to credit recipients.
- ★ Several nucleus farmers received assistance with Compact funding being provided to their association then loaned to them to procure walk-in coolers for their farms; this will keep their produce fresh longer and help meet international market standards.
- ★ MiDA signed a \$42 million contract to complete the first of two portions of the N1 Highway and construction began in January 2009. The contract for the second portion is scheduled to be signed by mid--September 2009.
- ★ Ghanaian students are benefiting from the rehabilitation of 65 newly rehabilitated schools including 35 in flood affected zones. MiDA will soon commence construction on dozens of new schools as well. Local carpenters are supplying the schools with desks and benches and USAID has partnered with MiDA to train and place over 250 teachers in the new schools.

