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Aid Harmonization in Ghana reaches New Height *As
World Bank Board Approves Landmark Assistance Strategy and Two New
Projects*

Washington, June 21, 2007 - The Board of Executive Directors of the World Bank today discussed its new Country Program for Ghana, representing US\$1.3 billion for new operations based on the Ghana Joint Assistance Strategy (G-JAS) signed by 16 partners. The Bank's country program will support Ghana in implementing its Growth and Poverty Reduction Strategy (GPRS II) to achieve a middle-income status and ensure that the benefits of the growth are shared.

The Board also approved two projects, an Urban Transport Project financed by an IDA Credit of US\$45 million and a Global Environment Facility (GEF) grant of US\$7 million, and an additional financing of IDA US\$10 million for the Small Towns Water Supply and Sanitation Project.

World Bank Program with Ghana 2007-2010

Under the previous Country Assistance Strategy, Ghana exceeded its two overarching objectives, raising its GDP from an average 5% over the past two decades to an average of 6% during 2004-6. According to a recent Ghana Living Standard Survey (GLSS) report release by the Ghana Statistical Service, poverty indicators also show a remarkable improvement, down to 28.5% in 2005/2006, from 39.5% in 1998 and 51.7% in 1991. This puts Ghana in the lead of its African peers as it positions itself to become the first nation to achieve - ahead of schedule- the poverty MDG of halving poverty by 2015.

The three overarching objectives of the World Bank Program with Ghana are to: (i) sustain economic growth of at least 6% per year; (ii) surpass the millennium development goal of halving poverty to 26%, and (iii) start to reduce inequalities.

The World Bank Program was presented to the Board, along with the G-JAS, which seeks to scale up efforts by Ghana and her development partners to adopt a more harmonized and efficient way of working together to implement Ghana's Growth and Poverty Reduction Strategy (GPRS II) and achieve even better results. A total of 16 partners prepared and signed G-JAS, representing 95% of aid disbursements. During the 4 year implementation period of G-JAS (2007-10), development partners expect to provide about US\$5.7 billion to support Ghana's efforts, while the Government of Ghana is planning to provide roughly

the same amount for priority development programs over the first three years. This information was contained in a communique released at the end of Ghana's 14th Consultative Group Meetings which took place in Accra just two days ago.

Addressing participants at the Meetings, Mats Karlsson, World Bank Country Director for Ghana noted " *We now know that economic growth - through the work of a multitude of farmers, women and men and also children, through investment and toil by businessmen and workers in both the informal and formal industrial and service sectors, through a combination of private initiative and public responsibility - has lifted a million people out of poverty between 1999 and 2006. Despite continued population increase, the number of people living below Ghana's poverty line is decreasing at an accelerating pace of about 150,000 a year. Ghana stands to achieve the Millennium Development Goal of halving poverty levels from 1990 already next year in 2008, perhaps first among its peers. It is an achievement. "*

However, there still exist a number of bottlenecks to further increase Ghana's progress, Poor infrastructure, including in the energy and water sectors, as well as the public sector wage bill are two of the largest constraints.

According to Ghana's Finance and Economic Planning Minister, Hon. Kwadwo Baah-Wiredu, "*Government is taking major steps to close the infrastructure gap in the energy sector, by increasing investment in the sector and investing in growth catalytic infrastructure to create space and improve incentives for private sector development in a competitive market economy.*"

The Urban Transport Project will improve mobility in areas of participating metropolitan, municipal and district assemblies through a combination of traffic engineering measures, management improvements, regulations of the public transport industry, and implementation of a bus rapid transit system. It will help decrease peak-hour public transport vehicle flows and make better use of road space and promote a shift to more environmentally sustainable urban transport modes and encourage lower transport-related greenhouse gas (GHG) emissions along the pilot bus rapid transit (BRT) corridor in Accra.

GEF-funded activities will complement Bank funding and foster reduction of GHG emissions from the urban transport sector by making direct investments on the BR T and removing barriers at local and national level to promote and implement more sustainable and efficient urban transport systems

The Agence Francaise de Developpement (AFD) will contribute US\$20 million equivalent to finance project activities and the Government of Ghana has committed to contribute US\$18 million.

The Small Towns Water Supply and Sanitation Project is the Second Phase of the Community Water and Sanitation program to increase access to small towns water supply and sanitation services in six regions and provide 500,000 people with water supply facilities, and 50,000 people with sanitary facilities.

The additional financing credit which was just approved will enable the completion of original project activities in view of unanticipated cost overruns arising from higher unit costs. These increased costs resulted from a larger share of towns with small population sizes than expected. The proposed additional financing will thus deepen the development benefits and strengthen the sustainability of the final phase of this two-phase Community Water and Sanitation Program Adaptable Program Lending.

The implementation progress and achievement of the original project has been consistently satisfactory. The project has been an important catalyst in deepening decentralization of service delivery in the subsector and has achieved good results. To date, about 300,000 people in 30 small towns have benefited from the provision of new water supply infrastructure and capacity building for sustainable operation and maintenance.