



**MILLENNIUM
CHALLENGE
CORPORATION**
REDUCING POVERTY THROUGH GROWTH

 **Fact Sheet**
August 6, 2006 ★ www.mcc.gov

Ghana and Millennium Challenge Corporation: Building a Dynamic Partnership for Poverty Reduction through Economic Growth

The Millennium Challenge Corporation (MCC) has signed a five-year, approximately \$547 million anti-poverty Compact with the Government of Ghana.

Background

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 foreign exchange earnings. The program proposed under the Compact would operate in the northern area, the central Afram Basin area and the southern horticultural belt area. Overall poverty rates in the target areas are generally above 40 percent. In the north, as well as in parts of the central Afram Basin area, poverty among the rural population is as high as 90 percent.

Through an act of its Parliament, the Government of Ghana created the Millennium Development Authority (MiDA), a public corporation that will serve as the accountable entity for the implementation of the five-year program. MiDA will be governed by an independent board of directors consisting of representatives of key government ministries, the private sector, and the non-governmental organization (NGO) community, with observers from the target areas and the environmental community. The 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 program will also improve the physical and institutional infrastructure in this critical sector of Ghana's economy. The program has been designed through a consultative process that included input by farmers, agricultural processors and marketers, NGOs, government ministries, international donors and others.

Agriculture (\$241 million):

The largest of the three components 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;
- 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 major domestic and international markets, and social service networks (including, for instance, hospitals, clinics and schools).

Transportation (\$143 million):

This component 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 between the International Airport in Accra, the capital city, and the Port of Tema to support an expansion of Ghana's export-directed agriculture;
- Construction 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 to Ekye Amanfrom on the northern shore.

Rural Development (\$101 million):

This component 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 that will draw into the financial system people currently not served or under-served.

Administrative costs of the program are budgeted at \$62 million (including \$15 million for the cost of monitoring and evaluation).

Expected Results

The overall economic rate of return of the Compact is estimated at 20 percent. The program is anticipated to help directly alleviate the poverty of over 230,000 Ghanaians and to enhance the livelihood and welfare of one million Ghanaians in total.

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Millennium Challenge Corporation (MCC), a United States government corporation designed to work with some of the poorest countries in the world, is based on the principle that aid is most effective when it reinforces good governance, economic freedom, and investments in people that promote economic growth and elimination of extreme poverty