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CONSULTATIVE GROUP FOR GHANA

At the third meeting of the Consultative Group for Ghana, held in Paris on November 19 and 20, 1985, donors expressed high praise and strong support for the Government of Ghana's sustained outstanding progress on its program of economic reform launched in April 1983. The reform measures were characterized as "bold and far-reaching", and were being observed with great interest in other African countries.

A major theme of this year's meeting was a shift in emphasis by both the Ghanaian Government and donors toward a multi-year framework. In this connection, the Government presented a comprehensive three-year program of investment and further reform. The Chairman underlined the importance of donors putting their aid on a multi-year basis as well, and expressed appreciation for those donors that are already doing so.

The Group, comprising 16 bilateral donors and multilateral institutions, met under the chairmanship of the World Bank's Regional Vice President for Western Africa, Mr. Wilfried P. Thalwitz. The Ghana delegation, led by the Provisional National Defense Council (PNDC) Secretary for Finance and Economic Planning, Dr. Kwesi Botchwey, included Dr. J.L.S. Abbey, High Commissioner to Canada and Secretary of State and H.E. Mr. Joseph Quao Cleland, Ambassador to France.

Dr. Botchwey in his speech recounted the major achievements of the past year. As a result of policy reforms, together with good rains, the economy had turned round and was now climbing upwards. Production was up 5%. Most of the physical shortages that characterized the economy since 1982 had largely disappeared. The rate of inflation had continued to drop sharply with the continuation of fiscal and monetary discipline, and pressure on the balance of payments was reduced. He said the Government was now able, and intended, to substantially increase the relative emphasis put on medium- and long-term programs aimed at ensuring sustained and orderly growth. The thrust of major macroeconomic policies pursued hitherto -- prudent fiscal and monetary policies, improved resource mobilization, a flexible exchange rate policy, production incentives, price and incomes policies -- would be maintained. In addition, new initiatives would be undertaken, especially to promote more vigorous and efficient growth of key sectors and of exports, expand and strengthen Government development programs, rehabilitate Ghana's human capital through

expenditures on social services, improve the performance of state enterprises, and strengthen public sector management. To support these reform efforts, Ghana would require additional aid commitments, especially in quick-disbursing form.

Members of the Consultative Group warmly applauded Ghana's continued progress on its ambitious Economic Recovery Program. They noted nonetheless that much remained to be done in the context of implementing the Government's medium-term program -- further progress on the exchange rate, further improvement in production incentives, in public sector management and expenditure policies, and in Government's implementation capacity. The Group agreed overall with the Government's proposed agenda for continued reform and observed that substantial technical and financial assistance would be needed in its implementation.

Donors gave preliminary indications at the meeting that their new commitments in 1986 would exceed the US\$500 million figure recommended by the Bank. Several bilateral donors substantially increased their support to Ghana and others indicated that increases might be forthcoming in the course of 1986.

Members of the Consultative Group attending the meeting were Canada, France, Germany, Italy, Japan, Switzerland, United Kingdom, United States, the African Development Bank, the Commission of the European Communities, the European Investment Bank, International Fund for Agricultural Development, International Monetary Fund, United Nations Development Programme, World Food Programme and the World Bank Group. The following countries and institutions were represented as observers: Brazil, Korea, the Netherlands, Spain, the Kuwait Fund for Arab Economic Development, the Organization for Economic Cooperation and Development, and the Saudi Fund for Development. Representatives of FAO and UNICEF also attended the meeting.