

No. 21808

**UNITED STATES OF AMERICA
and
GHANA**

**Agreement for the sale of agricultural commodities (with
agreed minutes). Signed at Accra on 31 March 1981**

Authentic text: English.

Registered by the United States of America on 31 March 1983.

**ÉTATS-UNIS D'AMÉRIQUE
et
GHANA**

**Accord relatif à la vente de produits agricoles (avec procès-
verbal approuvé). Signé à Accra le 31 mars 1981**

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 31 mars 1983.

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF GHANA FOR THE SALE OF AGRICULTURAL COMMODITIES UNDER PUBLIC LAW 480 TITLE I PROGRAM

The Government of the United States of America and the Government of Ghana have agreed to the sales of agricultural commodities specified below. This Agreement shall consist of the preamble, parts I and III of the April 14, 1980 Agreement² together with the following part II:

PART II. PARTICULAR PROVISIONS

Item I. **COMMODITY TABLE**

<i>Commodity</i>	<i>Supply period (U.S. Fiscal Year)</i>	<i>Approximate maximum quantity (metric tons)</i>	<i>Approximate maximum export market value (millions of U.S. dollars)</i>
Wheat/wheat flour (grains equivalent basis)	1981	26,300	5.5
Rice	1981	14,400	7.2
TOTAL		40,700	12.7

Item II. **PAYMENT TERMS: CONVERTIBLE LOCAL CURRENCY CREDIT (40 YEARS)**

1. Initial payment: five (5) percent.
2. Currency use payment: ten (10) percent for section 104(A) purposes.
3. Number of installment payments: thirty-one (31).
4. Amount of each installment payment: approximately equal annual installments.
5. Due date of first installment payment: ten (10) years from date of last delivery of commodities in calendar year.
6. Initial interest rate: two (2) percent.
7. Continuing interest rate: three (3) percent.

Item III. **USUAL MARKETING REQUIREMENT TABLE**

<i>Commodity</i>	<i>Import period (U.S. Fiscal Year)</i>	<i>Usual marketing requirement (metric tons)</i>
Wheat/wheat flour (grain equivalent basis)	1981	113,800
Rice	1981	21,000

Item IV. **EXPORT LIMITATIONS**

A. The export limitations period shall be U.S. Fiscal Year 1981 or any subsequent U.S. Fiscal Year during which commodities financed under this Agreement are being imported or utilized.

¹ Came into force on 31 March 1981 by signature, in accordance with part III(A).

² United Nations, *Treaty Series*, vol. 1222, p. 247.

B. For the purpose of part I, article III(A)(4) of the Agreement, the commodities which may not be exported are for wheat/wheat flour: wheat, wheat flour, rolled wheat, semolina, farina or bulgur (or the same products under a different name); and for rice: rice in the form of paddy, brown or milled.

Item V. SELF-HELP MEASURES

A. The Government of the importing country agrees to undertake self-help measures to improve the production, storage, and distribution of agricultural commodities. The following self-help measures shall be implemented to contribute directly to development progress in poor rural areas and enable the poor to participate actively in increasing agricultural production through small farm agriculture.

B. The Government of Ghana agrees to undertake the following measures and in doing so to provide adequate financial, technical, and managerial resources for their implementation:

1. Undertake activities to adjust agricultural price policies and subsidies to encourage increased domestic production of food crops. As part of this effort, the Government of Ghana will:
 - (a) Designate a unit within the Ministry of Agriculture to undertake a comprehensive study of agricultural price policies of the Government of Ghana and their relationship to costs of production, returns to producers, and level of domestic agricultural production. The study will provide guidance to the Government of Ghana during future decisions on pricing policy and subsidy adjustments, as part of the development of a long-term policy to guide the gradual elimination of controlled prices for basic food commodities, as domestic food production increases.
2. Implement programs to increase the production of food crops by small-scale farmers in Ghana. These efforts should include:
 - (a) Improving the availability of agricultural inputs, including improved seeds, tools, spare parts, fertilizer, and pesticides, while at the same time eliminating subsidies and expanding lending operations through the Agricultural Development Bank and related institutions to allow farmers access to credit for necessary inputs.
 - (b) Expanding and improving small-scale irrigation schemes in the Northern and Upper Regions.
3. Implement programs to improve the storage, marketing, and distribution of agricultural production throughout Ghana. These efforts should include:
 - (a) Upgrading and repairing local food and feed storage facilities in each of the regions, and as part of this effort, providing training in grain storage management and planning to appropriate Government of Ghana officials.
 - (b) Improving farm-to-market food distribution, including programs of transportation service and feeder road construction, repair, and maintenance.

Item VI. ECONOMIC DEVELOPMENT PURPOSES FOR WHICH PROCEEDS ACCRUING TO IMPORTING COUNTRY ARE TO BE USED

A. The proceeds accruing to the importing country from the sale of commodities financed under this Agreement will be programmed jointly by the Government of Ghana and the Agency for International Development and used for financing the self-help measures set forth in item V above and for the agriculture and rural devel-

opment sector, in a manner designed to increase the access of the poor in the recipient country to an adequate, nutritious, and stable food supply.

B. In the use of the proceeds for these purposes emphasis will be placed on directly improving the lives of the poorest of the recipient country's people and their capacity to participate in the development of their country.

IN WITNESS WHEREOF, the respective representatives, duly authorized for the purpose, have signed the present Agreement.

DONE at Accra, in duplicate, the 31st day of March, 1981.

For the Government
of Ghana:

[Signed]

By: Prof. GEORGE BENNEH
Title: Minister of Finance and Economic Planning

For the Government
of the United States of America:

[Signed]

By: THOMAS W. M. SMITH
Title: Ambassador

OFFICIAL AGREED MINUTES OF NEGOTIATING SESSIONS OF PL 480
TITLE I AGREEMENT WITH THE GOVERNMENT OF GHANA

On March 11, 1981 at 0915 hours, both teams opened negotiations in the Office of Minister of Finance and Economic Planning. Those present were:

Ghanaian Negotiating Team

Prof. George Benneh . . . Minister of Finance and Economic Planning
Mr. S. P. Agyarko Acting Principal Secretary, International Economic
(Leader of Technical Relations Division, Ministry of Finance and Economic
Team) Planning
M. E. Armah Ministry of Finance and Economic Planning
J. O. Oturoku Ministry of Finance and Economic Planning
Haruna Maamah Ministry of Finance and Economic Planning
Irene Hervie Ministry of Finance and Economic Planning
A. K. B. Sagoe Ministry of Trade
L. R. A. Satuh Ministry of Foreign Affairs
S. K. A. Quayson Grains Warehousing Company Limited
E. Asara Bank of Ghana
A. O. Darko Bank of Ghana
E. Yiadom-Boakye Controller and Accountant-General's Department
E. O. Larbi-Siaw Ghana National Procurement Agency
Kathleen Quartey Attorney-General's Department
E. H. K. Amankwah Ghana Food Distribution Corporation
C. B. Kpangilparf Ministry of Agriculture

United States Negotiating Team

Ambassador Thomas
W. M. Smith U.S. Ambassador
Mr. Gerald Zarr Director, USAID
(Leader of Technical
Team)

Larry Saiers USAID
Robert Coe U.S. Embassy
Michael Zak USAID
Emmanuel Atieku USAID

Greetings were exchanged and Prof. Benneh welcomed members of both teams to the negotiation session.

Ambassador Smith read from a prepared statement quoting dollar amounts and tonnages for this year's PL 480 Title I program. He encouraged constructive measures in the area of economic reform and praised the Government of Ghana's priority commitment to self-sufficiency in basic food production.

Professor Benneh, in reply, said he anticipated fruitful results from the negotiations stating that the Ghanaian team had evolved new procedures to eliminate delays in shipments and demurrage charges. The Minister informed the U.S. negotiators that the sum of C26.5 million in 1979 and another C34.4 million in 1980, being local currency proceeds from PL 480 Title I commodities, had been paid into the Counterpart Fund Account at the Bank of Ghana. His Ministry was awaiting confirmation of expenditures of the 1979 account but the 1980 amount had not yet been utilized. He thanked the U.S. Government for its continuing support for Ghana. He said he considered the PL 480 Title I assistance as a temporary relief measure until basic food sufficiency is realized.

The general meeting was then adjourned. The negotiating teams with the exception of Professor Benneh and Ambassador Smith adjourned to the Conference Room of the Central Bureau of Statistics to continue technical level discussions.

It was agreed at the outset by both parties that detailed official minutes of negotiating sessions would be kept and initialled. The representatives of both teams agreed that the FY 1981 Title I Agreement reinforces the United States' long-standing commitment to Ghana's economic development. Both teams recognized the need for the implementation of basic reforms—some of which were already being undertaken. It was hoped that the Government of Ghana would soon conclude an agreement with the International Monetary Fund to implement a medium-term economic stabilization program.

The U.S. team was pleased to note the highest priority given to agriculture and food production by the Government of Ghana as reflected in the President's Sessional Address to Parliament last October. They looked forward to the implementation of specific measures to stimulate food production and to improve food storage and distribution facilities, as evidence of this commitment to agriculture.

Both teams agreed that the costly and damaging delays that occurred in implementing last year's Agreement in the opening of letters of credit for commodity and ocean freight should be avoided this year. The Ghanaian team accordingly gave assurances that the Government of Ghana would make prompt transfer of funds to cover initial payments and ocean freight costs on commodities purchased under the Agreement, and that operative commodity letters of credit would be opened and confirmed by United States commercial bank(s), prior to the booking of ocean freight.

It was further agreed that a committee be set up at this time, possibly as a subgroup of members present at the session, to coordinate all activities concerning implementation of the Agreement, including banking arrangements, compliance and self-help reporting and most importantly, the use of local currency proceeds. If all

these activities were to be properly carried out, the timely and concerted efforts of various agencies would be required.

Both teams realized the importance of the timely submission of all reports relating to the PL 480 program as required in accordance with part I, article III (C) and (D) Exhibit D of 10 FASR 300, "Field compliance responsibilities for certain operations under Title I of the Agricultural Trade Development and Assistance Act, as amended". These reports are the Quarterly Compliance Report, Shipping and Arrival Report as well as reports on self-help measures, and on the generation and programming of sales proceeds.

The Ghanaian negotiators gave assurances that all compliance reporting would be both current and accurate and that usual marketing requirements (UMR's) would be strictly adhered to in accordance with the provisions of the April 1980 Agreement. Their attention was drawn to the fact that there were UMR shortfalls on agreed amounts of commercial imports in U.S. Fiscal Year 1980.

The Ghanaian negotiators sought clarification on how amortization schedules and UMR levels were worked out. The U.S. representatives reviewed the UMR concept. It was agreed that the representative from the Controller and Accountant-General's Department would meet with the USAID Controller to clarify how amortization schedules are developed.

In order to expedite the implementation of the new Agreement after signature, the Ghanaian negotiators were reminded to make an early request through their Embassy in Washington for purchase authorizations (PA's) from the Office of the General Sales Manager/United States Department of Agriculture. The USAID should be promptly informed of the person in the Ghana Embassy in Washington who would be backstopping the FY 1981 program.

To expedite the issuance of the PA's the Ghanaian negotiators have agreed to submit the following information in writing to USAID at this time:

- a) The type and grade of commodities to be purchased in accordance with official U.S. standards;
- b) The proposed schedules for contracting and delivering commodities to U.S. ports;
- c) Port breakdown on amounts of commodities to be delivered to Tema and/or Takoradi respectively.

The Bank of Ghana, the Ghana Commercial Bank and the Chemical Bank (New York) were designated as the banks through which operations would be handled and through which letters of credit for commodity and ocean freight would be opened.

The U.S. negotiators agreed to the request of the Ghanaian negotiators to use the U.S. Embassy communication facility as a backup channel to regular communications facilities with the Ghana Embassy in Washington for all instructions, information and authority necessary to ensure timely implementation of the Agreement.

The Ghanaian negotiators said they would retain St. John's International as their purchasing and shipping agent and that they would so notify the General Sales Manager, United States Department of Agriculture, and provide a copy of the proposed agency agreement for approval by the Office of the General Sales Manager in accordance with the regulatory standards designed to eliminate certain potential conflicts of interest. USDA is to notify the Government of Ghana through USAID/Accra as soon as [the] Agent is approved. For all transactions the Agent is to communicate directly with importer(s) but must send copies to relevant government institutions.

The Ghanaian negotiators have agreed (1) that the purchase of commodities under the Agreement should be made on the basis of invitations for bids (IFB's) publicly advertised in the United States and on the basis of bids (offers) which must conform to the IFB, and that bids must be received and publicly opened in the U.S.; (2) that all awards under IFB's would be consistent with open, competitive, and responsive bid procedures; and (3) that the terms of all IFB's (including IFB's for ocean freight) should be approved by the General Sales Manager, United States Department of Agriculture, prior to issuance.

They however requested that all such approvals be promptly communicated to them through USAID channels.

The U.S. negotiators drew the attention of the Ghanaian negotiators to the following:

a) That commodity and ocean freight suppliers may refuse to load vessels when acceptable letters of credit for commodities and ocean freight are not available at the time of loading. This can result in costly claims by vessel owners (i.e., demurrage) and by commodity suppliers (carrying charges).

b) That, promptly after contracting for U.S. flag shipping space, and not later than 48 hours prior to the presentation of vessel for loading, the Government of Ghana (or purchasing agent authorized by it) must open an operative letter of credit in favor of the supplier of the ocean transportation for 100 percent of the estimated cost of ocean freight.

The Ghanaian negotiators said they would in fact do this not later than two weeks (14 days) prior to the presentation of vessel for loading.

c) That in accordance with section 17.9 (M) of the Title I financing regulations, where the ocean freight contract provides for demurrage/dispatch, 90 percent must be paid promptly on arrival of cargo. The remaining 10 percent, less dispatch if any, should be paid promptly to the carrier upon completion of the laytime statement. If there is any dispute as to the amount of dispatch, the owner should receive payment of 10 percent balance less adjustments for dispatch, only upon submission of required documentation. The U.S. negotiators promised to provide the complete text of section 17.9 to the Ghanaians.

The Ghanaians expressed concern about the manner in which they are made to pay demurrage charges outright without first investigating how they came about.

They would also like all future charter party agreements to have 500 MT as daily discharge rate rather than the usual 750MT. This is in view of prevailing port discharge capabilities.

PL 480 legislation requires that at the time of delivery of Title I commodities, the receiving country has the capability to receive, store and distribute such commodities. To comply with this legislation, the Ghanaian negotiators agreed to compile and submit an arrival schedule to the Office of Food for Peace, USAID Mission to Ghana on other shipments to be delivered in the period June—September 1981, so that USAID can determine that ports will not be congested, adequate storage space will be available to prevent spoilage and waste and that normal marketing activities will not be disrupted. Since this same legislation further stipulates that concessional Title I sales should not act as a substantial disincentive to local agricultural production, a written statement attesting to this will also be submitted.

The following specific assurances were given to the United States negotiators:

1. *Priority berthing.* The Government of Ghana will, to the best of its ability, grant priority berthing at Ghanaian ports to vessels carrying PL 480 Title I commodities under this Agreement.

2. *Utilization.* The Government of Ghana, to the best of its ability, will intensify its efforts to ensure that PL 480 Title I commodities are distributed in accordance with the provisions of article III paragraphs (3) and (4) of part I of the Agreement, and that no exports of Title I wheat/wheat flour and rice will be allowed.

3. *Receiving, storing, distribution.* The Government of Ghana will give full assurances of their Government's ability to adequately receive, store and distribute all PL 480 Title I commodities. Also, that normal marketing will not be disrupted because of Title I imports.

4. *Access.* The Government of Ghana will permit representatives of the U.S. Government to have continuous access to receiving, storage and distribution points of PL 480 Title I commodities.

5. *Usual marketing requirements and export limitation.* The Government of Ghana will assure that they will meet their Usual Marketing Requirements and Export Limitation commitments.

6. *Self-help and compliance reporting.* The Government of Ghana will meet all their reporting obligations.

Finally, in order to avoid delays in getting cedi counterpart fund backing for USAID projects for which the Government of Ghana has made commitments, the U.S. negotiators proposed the setting up of a trust fund of about C 825,000 from the proceeds of Title I commodities.

The leader of the Ghanaian technical team agreed to have his Ministry consider the trust fund concept once a proposal concept paper is received from the USAID Mission.

DONE at Accra, Ghana, in duplicate, this 31st day of March 1981.

For the Government
of the United States of America:

[Signed]

THOMAS W. M. SMITH
U.S. Ambassador

[Signed]

EDWARD L. SAIERS
Acting Director, USAID

For the Government
of Ghana:

[Signed]

Prof. GEORGE BENNEH
Minister of Finance and Economic
Planning

[Signed]

S. P. AGYARKO
Acting Principal Secretary, International
Economic Relations Division, Ministry
of Finance and Economic Planning