



**MINISTRY OF FOREIGN AFFAIRS
OF DENMARK**
Danida

SEPTEMBER 2018

EVALUATION OF THE GHANA – DENMARK PARTNERSHIP (2007- 2017)

*Results, sustainability
and transformation*





**MINISTRY OF FOREIGN AFFAIRS
OF DENMARK**

Danida

EVALUATION OF THE GHANA – DENMARK PARTNERSHIP (2007- 2017)

*Results, sustainability
and transformation*



SEPTEMBER 2018

Production: Evaluation Department, Ministry of Foreign Affairs of
Denmark, September 2018

Cover: Luc Gnago/Reuters/Ritzau Scanpix

Graphic Production: OTW A/S

ISBN: PDF: 978-87-93616-82-0
ISBN: HTML: 978-87-93616-83-7

This report can be downloaded through the homepage of the Ministry of Foreign
Affairs www.um.dk or directly from the homepage of the Evaluation Department
<http://evaluation.um.dk>.

Contact: eval@um.dk

Responsibility for content and presentations of findings and recommendations
rests with the authors.

CONTENTS

Acknowledgements	6
List of Abbreviations	7
Executive Summary	10
1 Introduction	20
1.1 Objectives, scope and purpose of the evaluation	20
1.2 Overview of the report	21
2 Approach and Methodology	22
2.1 Limitations and Challenges	24
3 Context of the Danish-Ghanaian Cooperation 2007-2017	26
3.1 Framework for Ghana-Denmark partnership	34
4 Sector Level Findings	40
4.1 Private Sector Development	40
4.2 Governance	56
4.3 Health	71
4.4 Tax	80
5 Transformational and Cross-Sectoral Analysis	85
6 The Transition Process	98
7 Conclusions	110
8 Recommendations	114

The following annexes to the Evaluation Report can be downloaded as separate PDF files from evaluation.um.dk.

Annex A: Terms of Reference

Annex B: List of Persons Consulted

Annex C: List of Documents Reviewed

Annex D: Elaborated Methodology

Annex E: Sector Theory of Change and Hypotheses

ACKNOWLEDGEMENTS

The evaluation would like to acknowledge the many individuals who have contributed with their time, knowledge and views in support of this evaluation.

Thanks to the large number of key stakeholders in Ghana, who have contributed with valuable inputs to the evaluation process through their participation in meetings, interviews and site visits. Thanks to the National Development Planning Committee (NDPC) for their attendance in meetings and for comments to the draft report.

The evaluation would like to express a very special thanks to management and staff at the Danish embassy in Accra for their continuous support to the planning and implementation of the evaluation missions, for a number of fruitful discussions at the embassy and through skype meetings as well as for very constructive comments and feedback to the report drafts.

Finally, the evaluation also wishes to thank our client and the many members of the Evaluation Reference Group, who have contributed through discussions throughout the process.

LIST OF ABBREVIATIONS

ADR	Alternative Dispute Resolution
AGRA	Alliance for a Green Revolution in Africa
ARB	Association of Rural Banks
AVCF	Agricultural Value Chain Facility
B2B	Business-to Business
BUSAC	Business Sector Advocacy Challenge
BSD	Business development services
BSPS	Business Sector Programme Support
CET	Common external tariff
CHRAJ	Commission on Human Rights and Administrative Justice
CHAG	The Christian Health Associations of Ghana
COTVET	Council for Technical and Vocational Education and Training
CPESDP	Coordinated Programme of Economic and Social Development Policies
CSO	Civil Society Organisation
DACF	District Assemblies Common Fund
DB	Doing Business
DBE	Danida Business Explorer
DBF	Danida Business Finance
DBP	Danida Business Partnerships
DDF	District Development Facility
DFC	Danida Fellowship Centre
DFID	Department for International Development
DP	Development Partners
DPF	Decentralisation Policy Framework
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EQ	Evaluation Question
EU	European Union
EVAL	The Evaluation Department in the Danish Ministry of Foreign Affairs
FDI	Foreign Direct Investment
FGD	Focus Group Discussion
FSS	Financial Sector Support

LIST OF ABBREVIATIONS

GAC	Ghana AIDS Commission
GAS	Ghana Audit Service
GCI	Global Competitiveness Index
GCIC	Ghana Climate Innovation Centre
GDP	Gross Domestic Product
G-JAS	Ghana Joint Assistance Strategy
GGHR	Good Governance and Human Rights
GHSE	Ghana Health Service
GII	Ghana Integrity Initiative
GLSS	Ghana Living Standards Survey
GoG	Government of Ghana
GPRS	Ghana Poverty Reduction Strategy
GRA	Ghana Revenue Authority
GSGDA	Ghana Shared Growth and Development Agenda
HIPC	Heavily Indebted Poor Countries
HRBA	Human Rights Based Approach
HSPS	Ghana Health Sector Support Programme
IFU	Investment Fund for Developing Countries
IGF	Internally Generated Funds
IMF	International Monetary Fund
INE	Independent National Entity
LGSS	Local Government Service Secretariat
MDA	Ministries, Departments and Agencies
MDBS	Multi Donor Budget Support
MDG	Millennium Development Goals
MMDA	Metropolitan, Municipal and District Assemblies
MSME	Micro, Small and Medium Enterprises
MoE	Ministry of Education
MoF	Ministry of Finance
MoH	Ministry of Health
MoTI	Ministry of Trade and Industry
NACAP	National Anti-Corruption Action Plan
NDPC	National Development Planning Commission
NES	National Export Strategy
NHIA	National Health Insurance Agency
NHIS	National Health Insurance Scheme
NPP	New Patriotic Party
OHLGS	Office of the Head of Local Government Service
OPS	Office of the Special Prosecutor
PFI	Participating Financial Institutions

PFM	Public Financial Management
POW	Programme of Work
PSDP	Private Sector Development Programme
PPP	Public Private-Partnership
PSD	Private Sector Development
PWD	People with disability
PSDS	Private Sector Development Strategy
R2P	Responsibility to Protect
RCBs	Rural Community Banks
RDF/RF	Rural Development Fund/Rural Finance
RFWF	Rural Finance Wholesale Fund
SDG	Sustainable Development Goals
SDF	Skills Development Fund
SMTDP	Sector Medium Term Development Plan
SPEED	Support Programme for Enterprise Empowerment and Development
SPSD	Support to Private Sector Development
SRHR	Sexual Reproductive Health and Rights
SSC	Strategic Sector Cooperation
SWAp	Sector-wide Approach
TA	Technical Assistance
TC	Trade Council
ToC	Theory of Change
TPR	Trade Policy Review
TVET	Technical and Vocational Training and Education
T&DP	Tax and Development Programme
WB	World Bank

Ghanaian Cedi (GHS) is the unit of currency of Ghana. 100 Cedi is equivalent to approximately USD 21 (based on September 2018 exchange rates).

EXECUTIVE SUMMARY

Evaluation background and objectives

Denmark has provided development assistance to Ghana since it gained independence in 1957. The Embassy of Denmark in Accra was opened in 1961 but linked to political developments, the embassy was closed between 1983 and 1991. Based on the Danish Strategic Action Plan of 1988, Ghana was among the first 12 Danish programme cooperation countries identified in 1989. The Danish assistance (including NGO-support) grew substantially from DKK 6.9 million in 1990 to a high of DKK 536 million in 2010, before decreasing to approximately DKK 230 million by 2015.

The main areas of cooperation in the period from 2007 to 2017 have been general budget support, governance (including decentralisation and human rights), health, tax/customs and private sector development. In this period, other activities such as business-to-business programmes, research collaboration and the Danish-Ghanaian Culture and Development programme have been managed centrally from Copenhagen. The current Denmark-Ghana Partnership Policy 2014-2018 envisages a transition of the partnership from primarily development cooperation to a strategic partnership, mainly based on political and commercial cooperation.

The objective of the evaluation is to assess the results achieved and their sustainability in light of the fact that the development cooperation between Ghana and Denmark will be reduced and gradually taken over by the new strategic partnership. The evaluation examines the current state of the Ghana-Denmark partnership on the basis of past achievements and future opportunities. The evaluation was undertaken between January and August 2018 through a combination of desk study, key informant interviews and fieldwork in Ghana.

Key findings from the evaluation

SECTOR-LEVEL FINDINGS

Support to private sector development

By co-chairing the Private Sector Development (PSD) Working Group with the Ministry of Trade and Industry for six years, Danida has been a driving force in the efforts to coordinate the debate and influence the dialogue on PSD policy and implementation issues. However, despite

the government's commitment to PSD, major reforms have not been implemented during the evaluation period. Danida's main contribution at national level has been related to business advocacy, especially public-private dialogue to improve local and national business environments.

In the absence of progress on the overall policy framework, Danida decided to focus on enterprise level support while also addressing the business environment at local and national levels through business advocacy and public-private sector dialogue. Given the complex policy circumstances, the emphasis on local level achievable results was the better option at the time.

Support to governance

Danida has played an instrumental role in the acceleration of the decentralisation reform process in Ghana over the past 10 years. The institutional framework is partly in place and the Metropolitan, Municipal and District Assemblies have improved their capacity including their abilities to engage with civil society. It is, however, hard to document changes in service delivery during the period, since survey data have not been systematically collected.

The area of civil society is where Danida in collaboration with other like-minded Development Partners (DPs), have left the most significant mark. The role of Ghana's already active and vocal civil society has been consolidated during the evaluation period. Danida has also contributed to the strengthening of the Commission on Human Rights and Administrative Justice (CHRAJ) and the Judiciary. However, major challenges still persist with regard to the efficiency of the two institutions and they remain largely under-resourced. The Danish focus on vulnerable groups has contributed to improved access to justice for the vulnerable (e.g. unsentenced prisoners). The programme interventions have reached the grassroots and remote areas.

Support to the health sector

Danida's support to developing the National Health Insurance System (NHIS) has been instrumental in transforming the provider payment system, i.e. the form, scale, quality and scope of health service delivery. Danida has advocated in particular for the NHIS to incorporate a pro-poor exemption policy so as to ensure inclusion of poorer and more vulnerable groups and data shows that a positive development towards exempting the poor from paying premium has ensued. Danida is also recognized for maintaining a strong voice and influence in policy dialogue, especially within more sensitive areas such as abortion and support to vulnerable groups, during a crucial time when most DPs were withdrawing from such areas. On the other hand, the limited time span of support to HIV/AIDS prevention led to lost opportunities for policy influence in this area.

Support to tax reforms

The Danish support to tax reforms has been a late attempt in the Danish-Ghanaian development cooperation to support one of the main key democratic “backbone institutions” in Ghana. The programme has suffered from limited planning and implementation time and has been through significant revisions to lower its level of ambition and generate more ownership within the Ghana Revenue Authority (GRA). The interventions now focus mainly on the GRA Customs Division. Although the Danida-supported interventions reportedly have contributed to some improvements in clearance time for goods at the ports, progress within the supported areas is still limited and may not be sustainable.

TRANSFORMATIONAL AND CROSS-SECTORAL ISSUES

The transformative analysis has examined the extent to which profound and radical structural changes have taken place in the Ghanaian economic, institutional and social development context during the evaluation period and how Danida has contributed to these processes.

An important component of the Danida-supported development interventions has been directed towards some of the key backbone institutions for democracy and socio-economic development. These institutions (e.g. Judiciary, CHRAJ and GRA) have often been extremely complex to work with and it has required a good insight and patient building of trust to achieve progress. The long-term partnerships and commitments, which have characterised the Danish-Ghanaian development cooperation, have been important in this context.

Several of the key assumptions related to the Danish programme support in the period of evaluation were not fulfilled, e.g. assumptions related to macro-economic stability, improved business environment, corruption and anti-corruption, revenue collection, and allocation of financial and human resources for social sectors. These critical shortcomings have not been effectively monitored and addressed through high-level policy dialogue. Therefore, opportunities for eventually re-aligning the Danish programme support in accordance with realities on the ground have largely been missed. As a consequence of this, it has been difficult to generate lasting, transformative changes through the supported development interventions.

TRANSITION

Transition refers to the process where development programmes are gradually being phased out and replaced by a stronger focus on commercial and political cooperation in the Danish-Ghanaian partnership. The “Denmark-Ghana Partnership Policy 2014-2018” has constituted the framework for the transition process.

After a slow start, a number of new and innovative business-related initiatives have now been launched from the Danish embassy including

both development as well as different trade and investment instruments. The health and maritime sectors provide particularly good examples of areas where the commercial platform for Danish companies has been strengthened through targeted and combined efforts from the development and trade sections at the embassy. The recent mobilising of a Danida Ghana Alumni network with more than 100 highly skilled Ghanaian professionals who have lived and studied in Denmark through fellowship courses, presents an interesting potential for leveraging and facilitating of the transition. The political cooperation has been addressed in a less strategic and coherent way, partly due to unclear division of responsibilities between the Danish Ministry of Foreign Affairs (MFA) and the Danish embassy.

There is not full coherence between objectives and targets in the development programmes and those outlined in the Partnership Policy. This relates partly to differences in focus areas and sector priorities. As a result of this, it has in some cases been difficult for the Danish embassy to manage development and commercial partners' different interests.

Main Conclusions

PROGRAMMING

The enabling environment in Ghana has not been conducive for provision of development assistance in the period of the evaluation. Furthermore, the Danida-supported development interventions have not sufficiently been adjusted to Ghanaian political-economic realities. Taken together these two factors have affected the prospects for achieving transformational and longer-term changes within the supported sectors.

Despite these shortcomings in relation to the Danish support, Danida has made an important contribution to the democratisation process in Ghana, with a strengthening of non-state actors, an important legacy from the Danish engagement. Likewise, Danida has been a key driver among the DPs in supporting reform processes in the decentralisation and the health sectors, including development of relevant legislation and procedures and formalising of institutional structures.

As regards the Danish support to private sector development, the lack of a clear sector implementation strategy or policy dialogue has made it difficult to contribute to fundamental changes within this sector. On the other hand, at enterprise level, there are indications that Danida's support has resulted in many successful projects with potential for up-scaling. However, the experiences from this support are not well documented (no surveys have been conducted to assess the leveraging effects of almost 2,000 PSD projects implemented since 2004).

The Danish support to governance and health has provided examples of how long-term partnerships, based on a consistent and critical high-level policy dialogue, combined with flexible technical assistance tools, can be an effective approach for generating trust and commitment for achievement of results within partner institutions. On the other hand, weak government capacity and serious budget constraints, together with other DPs planning to leave Ghana, have prompted Danida to support the establishment of new and alternative financing and institutional arrangements, in particular in areas where Danida's development assistance has been significant (e.g. different examples of public-private partnerships (PPPs) in the health and service sectors).

TRANSFORMATION

During the first part of the evaluation period the Multi-Donor Budget Support policy dialogue, in which Denmark participated actively, was an important contributor to the development process in Ghana, which resulted in Ghana's achievement of lower middle-income country status in 2011. While the democratic development in Ghana have been further consolidated, also in the period after 2011, Danida (together with other DPs) has not managed effectively to support a transformation of economic and productive sectors to sustain the growth process. Only a limited number of structural reforms and transformational changes have taken place in the Ghanaian economy, as evidenced by the continuous deterioration in Ghana's ranking on the business and competitiveness index during the period.

A highly complex political settlement in Ghana, a serious deterioration of the policy dialogue between the government and DPs, and a more fragmented DP support are the main reasons for the limited transformation that has taken place. At the same time, structural financial constraints (i.e. low revenue collection, high debt financing), together with government expenditure prioritisation of non-social sectors and DPs' phasing-out of support to social sectors, are creating serious challenges for Ghana in meeting Sustainable Development Goals (SDG) targets.

Likewise, despite some progress in combating extreme poverty, the drivers of poverty and inequality in Ghana have not been fundamentally addressed during the period of evaluation. Relatively more progress for the extreme poor in recent years (compared to those living close to the poverty line) may, however, be partly attributable to Danida's particularly strong attention to gender equality, vulnerable groups and the use of a human rights-based approach, in particular in governance and health sector interventions.

TRANSITION

The transition process has served as an interesting demonstration of innovative approaches, synergies and working modalities at the crossroad between development and commercial/political cooperation.

Some of the experiences would be very useful for other embassies to learn from. Overall, however, there is still need for development of a clearer conceptualisation and better guidance for implementation of the Partnership Policy, as well as for a stronger linkage to the development programme interventions.

The Danish embassy has been facing some important dilemmas during the implementation of the Partnership Policy. One dilemma is related to the need for balancing development priorities (e.g. support to domestic private sector development) with support to Danish companies (e.g. facilitation of platforms for Danish companies to access the Ghanaian market). In some instances, Denmark and Ghana may simply have diverging interests. A second dilemma relates to the process of selecting partnerships for the last phase of development cooperation. The embassy has been considering whether to continue supporting long-term partnerships (which may show little traction) or to engage in new more prospective partnerships for the transition to future commercial cooperation (such as, e.g. partnerships in the energy sector). A third dilemma has been how to deal with highly complex national institutions, which are backbone institutions for the transformational and transitional processes in the country, but which show little traction (such as the GRA). Finally, in relation to the political cooperation, the unclear division of responsibility between the Danish MFA and the embassy has made it difficult to link this dimension of the Partnership Policy to the development programming.

Strategic recommendations for the Department for Technical Quality Support (KFU) in the Danish MFA, the embassy in Accra and for Danish embassies in developing countries in general)

ON PROGRAMMING:

A more flexible, adaptive and opportunity-driven programmatic approach (e.g. aligned to the Problem Driven Iterative Approach), with more frequent and critical decision points on who (engagements/partnerships) and how (approach/modality) to work should be piloted in a country with a highly complex political settlement (like Ghana), based on what is possible within existing Danish MFA financing and budgeting frameworks. A more thorough political-economic analysis should be used in programming and during programme implementation.

Development programming should aim at creating greater synergies between governance and private sector-supported interventions by focusing on specific constraints (such as corruption) that slow down sustainable growth. In this sense, the anti-corruption network established by the Danish embassy in Ghana provides a unique and innovative mechanism

that should be replicated by other embassies as it provides important support to Danish companies in the country.

In general, development programming should include requirements for establishing more effective data collection systems (baselines, surveys) in order to measure and document outcomes and impact from development interventions supported through long-term Danish engagements. In Ghana, this relates to both the supported PSD interventions (jobs created, increase in production and productivity level, leveraging effects, etc.) and to governance (e.g. improvements in local service delivery as a result of decentralisation).

It should be made explicit how development engagements, the selection of partnerships and the supported interventions during the last phase of development cooperation are expected to contribute to achievement of the targets and priorities established in the Partnership Policy (Transition Process). In particular, decision as to which development engagements to support and which partners to work with should be more explicitly linked to the Partnership Policy and transition process.

Sustainability aspects should be more critically addressed earlier in the phase-out process and more responsibility placed on national partners in terms of co-funding arrangements. Danida funding should be gradually phased out over a three to five-year period in accordance with a mutually agreed exit strategy, including action plans for partner institutions to fill in financial gaps.

ON TRANSFORMATION:

While Danida should continue and further strengthen its commitment and voice for protection of gender equality, distributional issues and inclusion of vulnerable groups in its programming, more attention needs to be given to analysing and addressing root causes of inequality in the partner countries. In addition, more attention should be given to continuous monitoring of progress within these areas, including specification of result indicators, targets and means of verification.

In view of the serious underfunding of social sectors, undermining ability to achieve critical SDG targets (this is the case in Ghana but also in other African countries), Danida should explore possibilities for supporting alternative funding mechanisms within these sectors. This could be done through a more strategic SDG partnership approach, involving larger and more strategic private sector engagement in areas where Denmark may have comparative core competencies. The experience from Ghana provides several good examples of Danish companies' involvement in PPPs with nation-wide socio-economic impact and the SDGs could possibly provide a more strategic frame for leveraging of PPPs within partner countries. Danida should also consider how development research could

contribute to this process, e.g. by promoting and identifying potential partnership areas.

ON TRANSITION:

The development of a Partnership Policy should include direct involvement and ownership by the partner government. This should contribute to a clear understanding of the extent to which (and through which mechanisms) the two parties may equally benefit from the partnership agreement. The Exit Plan for the development programmes should refer to the Partnership Policy.

A Partnership Policy should be an adaptive document, including mutually agreed targets and means of verification, in order to be able to make use of the document for operational guidance. It should be clear how results from the development programmes are expected to contribute to achievement of targets in the Partnership Policy.

A mechanism for joint annual review and follow-up on the Partnership Policy should be established between the partner government, the embassy and the Danish MFA. This should ensure the continued relevance of the Partnership Policy document during the period of transition.

Roles and responsibilities between the Danish MFA and the embassy should be clearly outlined within the strategic pillars in the Partnership Policy. This is in particular the case for an area such as “political cooperation”, which will include initiatives and support from the Danish MFA as well as from the embassy.

It should be explored whether a modality could be established, through which Danish embassies would have the ability to access a pool of (small) funds to follow up on strategic development processes in the partner countries, for a period (e.g. up to five years) after the official development assistance has been phased out. This could become an effective mechanism to ensure continued embassy presence within strategically important ministries and partner institutions in order to push for improvements in, e.g. enabling environment factors, which could eventually facilitate achievement of political/commercial targets in the Partnership Policy. Such funds may also provide an opportunity for supporting civic engagement and/or policy research (Thinks Tanks/CSOs) in relation to key development topics/events considered of particular relevance and priority within the Partnership Policy.

Specific recommendations for the Danish embassy in Accra

The following recommendations may be considered by the Danish embassy in relation to development of an Exit Plan for the period 2018 to 2020:

Anti-corruption should be a high priority for the continued Danish commercial interest in Ghana and the embassy should consider supporting the roll-out of the Special Prosecutors Office to support the current Presidency in its anti-corruption drive if the support requested can supplement what other DPs are offering. This collaboration could among others take the form of a government-to-government collaboration between the Special Prosecutors Office and the Danish State Prosecutor for Serious Economic and International Crime.

The embassy should continue the political dialogue with Ghana in view of the International Anti-Corruption Conference (IACC) 2018 hosted by Denmark, including subjects such as tax evasion, illicit financial flows, beneficial ownership disclose and identifying and addressing the critical links between corruption, trade and sustainable development.

The focus and value-added of the Tax and Development Programme should be critically reviewed with a particular view to supporting implementation of the Partnership Policy 2014-2018. Given the persisting institutional challenges in relation to implementation of this programme, it is not recommended that a government-to-government cooperation between Denmark and Ghana be initiated in the tax sector.

The leveraging effects of Danida-supported governance and private sector interventions at the local level warrant further assessment. The embassy should commission a study to look into what types of support to the private and governance sectors have had relatively more impact in promoting district level socio-economic development; and whether there are any national level-derived effects.

The transition process should be intensified by including "Aid to Trade" as a permanent agenda point in the Support to Private Sector Development III Coordination Committee meetings. The Investment Manager for the Investment Fund for Developing Countries should become a member of the Committee.

Business advocacy and public-private dialogue concepts should be anchored at a business or university entity to enhance evidence-based actions. The prospect of continuing the support to business advocacy in some form should be discussed with DPs that continue to provide support to the private sector.

Demand-driven skills development targeting enterprises in growth sectors should be promoted to complement supply-driven technical and vocational education and training. The embassy should facilitate the adoption of the Skills Development Fund concept – as practiced by Danida – by other DPs.

1 INTRODUCTION

1.1 Objectives, scope and purpose of the evaluation

In order to assess results, changes and transformation brought about by the Danish-Ghanaian Partnership between 2007 and 2017, Danida's evaluation department (EVAL) commissioned Nordic Consulting Group (NCG) and Orbicon A/S to undertake an independent evaluation.¹

Denmark has provided development assistance to Ghana since it gained independence in 1957. The Embassy of Denmark in Accra was opened in 1961 but linked to political developments, the embassy was closed between 1983 and 1991. Based on the Danish Strategic Action Plan of 1988, Ghana was among the first 12 Danish programme cooperation countries identified in 1989. The Danish assistance (including NGO-support and technical assistance (TA)) grew substantially from DKK 6.9 million in 1990 reaching a high in 2010 of DKK 536 million but reduced to approximately DKK 230 million by 2015.

The main areas of cooperation in the period from 2007 to 2017 have been budget support, governance (including decentralisation and human rights), health, tax/customs and private sector development. During this period, other activities such as business-to-business programmes, research collaboration and the Danish-Ghanaian Culture and Development programme have been managed centrally from Copenhagen. The current Denmark-Ghana Partnership Policy 2014-2018 envisages a transition of the partnership from primarily development cooperation to political and commercial cooperation.

The objective of the evaluation is to assess the results achieved and their sustainability in light of the fact that the development cooperation between Ghana and Denmark will be reduced and gradually taken over by the new strategic partnership. The evaluation will evaluate the current state of the Ghana-Denmark partnership on the basis of past achievements and future opportunities. The evaluation will assess Denmark's contribution to addressing the national development challenges, how

1 The evaluation team comprised: Carsten Schwensen (Team Leader), Marina Buch Kristensen, Per Kirkemann, Louise Scheibel Smed, Abdallah Ali-Nakyea and Alex Korshie Nazzar.

the partnership is perceived now and where it leaves the partnership in the future, different cooperation.

1.2 Overview of the report

Following this introduction, the approach and methodology is briefly presented in Chapter 2 (for a more thorough description of the methodology please refer to Annex D). Chapter 3 provides the contextual framework for the Danish-Ghanaian collaboration during the period of evaluation. In Chapter 4, findings from the Danish sector level support (private sector, governance, health and tax) are presented, focusing on development results, particular Danish contribution and sustainability aspects. Chapter 5 presents findings from the transformational and cross-sectoral analysis and Chapter 6 discusses the transition process from aid to trade. Based on the findings presented in Chapters 4-6, conclusions are drawn in Chapter 7, followed by learning and recommendations in Chapter 8.

2 APPROACH AND METHODOLOGY

The following is a brief presentation of some of the key elements from the applied evaluation approach and methodology. For a more detailed description, please see Annex D.

CONTRIBUTION ANALYSIS AND USE OF THEORY OF CHANGE

The evaluation analysis focuses on the *contribution* from the Danish-supported interventions to developments and changes within and across the supported sectors. The assessment of contribution effects is closely linked to the Theory of Change (ToC) approach. The evaluation focuses on what difference the supported interventions have made (in terms of results achieved) as well as on *why* and *how* observed results have been achieved (or not). The particular role played by Danida vs. the influence of other stakeholders and external factors is also assessed.

The evaluation has aimed at pointing out particular contributions from the Danish support. This is most easily done in areas where Danida has been the only or a dominant partner. In other areas, where the Danish support was provided as joint support or as part of a SWAp (e.g. support to decentralisation and CSOs), the evaluation has aimed at assessing the relative importance of the Danish support, partly by looking at the relative Danish financial contribution (the quantitative aspect) and partly by including assessment of qualitative aspects such as the use of approaches introduced by Danida, selection of partnerships, long-term engagement etc.

The evaluation has made use of the ToC approach as a key instrument for answering the Evaluation Questions (EQs). The ToC has been used to critically assess how key assumptions and causalities have contributed to achievement of results and changes within and across the supported sectors, as well as in the transition process.²

As a key element of the ToC approach, hypotheses have been developed for testing during the data collection and subsequent analysis. Hypoth-

2 ToCs developed for the transformation and transition processes are presented in the respective report sections and ToCs related to the sector and sub-sector interventions are included in Annex E. While a narrative ToC is available from the most recent sector programme documents, this is not the case for the earlier programme phases. In those cases, where ToCs have not been developed for the programmes, the evaluation used the results framework for reconstruction of the ToCs.

eses were developed in relation to each of the sector assessments as well as for the transition process and these have guided the discussion and analysis within these sections.

An Evaluation Matrix (see Annex D) was used to guide the data collection and analysis process throughout the evaluation in order to answer the EQs. The matrix is structured around three evaluation levels: results, transformation/cross-cutting and transition. The ToR outlines nine specific EQs. In line with the evaluation team's above-mentioned focus on contribution analysis and the ToC approach, the OECD/DAC evaluation criteria have been used to structure the answering of the EQs throughout the main report sections. The results are mainly discussed in the sector-specific sections (Chapter 4), transformation issues are discussed in Chapter 5 and transition issues in Chapter 6.

ANALYTICAL PRINCIPLES AND TOOLS APPLIED

The evaluation has mainly used secondary quantitative data to indicate any possible changes and outcomes occurring as a result of support from Danida, supplemented with data collected directly from the field.

The evaluation has made use of different qualitative methods (focus groups, interviews, site observations), both to fill in gaps, where limited or no quantitative data are available, as well as to help explain any possible data observations. The approach has taken into account the many complexities associated with these types of large portfolios, containing a multitude of actors and interests, and with a diverse set of outputs, outcomes and potential longer-term impacts at different levels.

Main activities carried out:

Review of available documentation and data (including programme documents, other evaluation studies, statistical and data publications etc.).

Skype and personal interviews (from Denmark) with key stakeholders in and outside Ghana (including previous and current Danida staff, previous Danida programme advisors, resource persons and consultants).

Two missions to Ghana (Inception Mission from 23 to 25 January 2018, and Field Mission from 6 to 16 March 2018) including the following main activities:

- Interviews and workshops with key stakeholders in Accra (including implementing partners, representatives from ministries and related institutions and agencies, other Development Partners (DPs), CSOs and Think Tanks, consultants, researchers, current and former advisors and embassy staff).

- Short field visits to Eastern Region and Tema (private sector development, governance, health and tax programme activities).

While the Danida-supported interventions have been carried out in locations all over Ghana, it has only been possible for the evaluation team to visit a few of these locations, due to time and resource constraints. The locations have been selected in order to be able to cover a variety of activities within the sectors supported.

2.1 Limitations and Challenges

For some of the interventions implemented in the earlier programme phases, the availability and usefulness of baseline data are limited. Although the 2006 evaluation report provides some baselines, it has still been difficult to document specific results and potential impact from the interventions.

In relation to the assessment of contribution effects, it has not been possible for the evaluation team to undertake a comprehensive assessment of all other programmes and projects supported within the sectors. In cases where other development interventions have been supporting the same sectors or areas, the relative Danish contribution has been assessed based on an indicative assessment of the importance of the Danish support vs. that of other partners (see above).

The most recent available Ghana Living Standards Survey (GLSS) assessments are from 2005/2006 (GLSS round 5) and 2012/2013 (GLSS round 6). While this has allowed the evaluation team to assess development in various poverty and inequality-related indicators in the first half of the evaluation period, it has not been possible to make this assessment with the same strength for the period after 2013. The GLSS round 7 was implemented from October 2016 to October 2017, but the results from this survey are yet to be published.

Due to resource constraints, the field mission was limited to a duration of 10 days, out of which four days were spent outside Accra (Eastern Province and Tema). This only allowed the team to visit a few districts and a limited number of end-beneficiaries. Furthermore, due to time constraints, the sites chosen for the field visit (districts within Eastern Province) were not selected as a representative sample but were based on travel and logistical considerations and the wish to be able to visit a broad sample of interventions supported through the governance and PSD programmes, and to some extent also health. This has obviously not allowed the evaluation to make any kind of in-depth assessment of the concrete experiences and results from the supported programme interventions at field level.

It has not been possible for the evaluation to undertake cost-efficiency analysis as part of the efficiency assessment. Although the evaluation has included overall assessments of the extent to which resources have been put to good use in the programmes, this has been done more pragmatically in relation to discussion of achievements from the programme interventions.

In a few cases, the Danish support to partner institutions has been stopped due to irregularities in the management of the financial support within these institutions, or commitment from the partner institution has in some periods been low. This has influenced on the interest from management within these institutions to engage with the evaluation team.

3 CONTEXT OF THE DANISH-GHANAIAN COOPERATION 2007-2017

Ghana was the first West African country to gain independence from colonial rule. Since multi-party democracy was restored in 1992, seven consecutive competitive general elections have been held, resulting in three transfers of power between the ruling party and the main opposition party. Ghana has over the past three decades made substantial progress in consolidating its democracy and is often referred to as a success story of democratisation in Africa. The last general elections in Ghana were held in December 2016 where Nana Akufo-Addo from the opposition New Patriotic Party (NPP) was elected President, defeating incumbent President John Mahama of the National Democratic Congress (NDC).

Ghana's population has doubled in the period from 1990 to 2018 (from 15 to 30 million). In the same period, there has been a steady migration of the population from rural into urban areas: while around 70% of Ghana's population lived in rural areas in 1990, there are now more people living in urban than in rural areas. In addition to this, it is estimated that 3-4 million Ghanaians are living abroad, contributing with remittances to Ghana in the amount of USD 2 billion (approximately 5% of GDP).³

MACROECONOMIC DEVELOPMENT

The period from 2007 to 2011 was characterized by sustained growth of the Ghanaian economy, peaking with a 14% growth in 2011. The growth in this period was largely driven by the oil and gas sector. Together with a rebasing of the country's GDP, this resulted in Ghana advancing from a low-income country to lower middle-income country classification in 2011.

After the December 2012 elections, Ghana's economy started to experience a macroeconomic crisis, which led to a severe economic downturn. The GDP growth rate fell continuously from 2011 to 2016 (3.6%), where it reached its lowest level in two decades. The December 2016 elections resulted in a new high fiscal deficit in the country.

3 Global Knowledge Partnership on Migration and Development (www.knomad.org).

At the same time, Ghana's classification as a lower middle-income country reduced the country's access to concessional development finance where Ghana, after a transition process, was no longer eligible to receive IDA funding. Although Ghana's economic performance improved significantly in 2017 (the GDP growth rate increased to 8.5% and the fiscal deficit was 6% of GDP in 2017, down from 9.3% in 2016), the fiscal turnaround was achieved primarily through expenditure cuts, which were imposed on recurrent and capital expenditures.⁴ Total revenue (including grants) underperformed in 2017.

The government has not yet managed to develop and implement a coherent strategy and a national financing framework to compensate for the macroeconomic consequences. The current economic rebound is mainly due to the revival of the oil and gas industry, which is also expected to increase public sector revenue in the short term. Both the IMF and the World Bank predict that oil revenues will be peaking in the coming years (2019-2023); however, the GoG is also warned that the oil sector will only bring temporary increases in public revenue.

STRUCTURAL ISSUES RELATED TO THE GHANAIAN ECONOMY

Limited economic transformation has taken place in Ghana since its independence.⁵ Ghana has remained a rather fragile economy, suffering from a number of structural economic challenges such as limited diversification, high dependence on exports⁶ and low agricultural productivity. This has made exports vulnerable to fluctuating global demand and volatile world market prices.

Various Ghanaian governments have been unsuccessful in implementing industrial policies that could catalyse an economic transformation process in the country. There has been limited focus on establishing backward and forward linkages between industrial branches in the economy, industrial upgrading by moving into the production of more complex technological activities within national industries and global production networks. From a structural economic perspective, Ghana has not yet succeeded in bringing domestic demand in line with domestic production, by diversifying exports and by increasing agricultural production and productivity.

The structure of the Ghanaian economy today is still very similar to the one inherited at independence in 1957 in relation to production capabilities of local firms; narrowness in terms of the basket of exports and their

4 World Bank Overview, April 2018.

5 Lindsay Whitfield, *Economies after Colonialism – Ghana and the Struggle for Power*. 2018.

6 Almost all of the main export goods (cocoa beans, gold, diamonds, manganese and timber) depend on world market prices, because the goods are not consumed domestically.

complexity; and thin in terms of linkages within the economy among domestic producers of intermediate goods and services.

The structural challenges facing the Ghanaian economy have origins in the economy inherited at independence and the political struggles for power that emerged during decolonization, structures which have proven very difficult to break. Weak domestic capitalists and a lack of mutual interests have meant that ruling elites in Ghana have not typically pursued industrial policies in collusion with a group of domestic capitalists.

Ruling elites have traditionally distributed state resources and economic opportunities linked to the state as patronage to keep the ruling political coalition together and as a strategy to win elections. However, the high degree of elite fragmentation within political coalitions has meant that no group of ruling elites has been able to centralise control over the distribution of resources and opportunities.

Thus, the dispersion of power within the ruling coalition has made it difficult for ruling elites pushing industrial policies to secure the financing required for large state interventions, making it difficult for bureaucrats designing and implementing the policies to resist distributional demands from within the ruling coalition that could distort the economic objectives and implementation of such policies.⁷

For external reviewers⁸ it is still hard to understand why successive governments in Ghana have not been able to place the country's economic development on a more stable and sustainable pathway, especially given the country's strong democratic record in recent decades compared to most African countries and its rich resource base. Ghana has for many years suffered from a chronic problem of importing more than it exports (including basic agricultural products, where the country is considered to have strong potential), limited capital inflows (through foreign direct investment or portfolio investments) to make up the deficit, and of spending more than what can be covered by government revenues, leading to the accretion of domestic and external debt.

POVERTY REDUCTION STRATEGY FRAMEWORK

The economic development that has taken place in Ghana over the past nearly three decades has contributed to a significant reduction in poverty⁹ in the country. Households in urban areas continue to have a much lower average rate of poverty than those in rural areas (10.6% versus

7 Lindsay Whitfield, 2018.

8 Interviews with key stakeholder in Accra.

9 The Ghana Poverty and Inequality Report, using the 6th Ghana Living Standards Survey. UNICEF 2016.

37.9%). It is important to note that although the proportion of people living in poverty has declined by a quarter since 2006, the number of people living in poverty has only declined by 10% (from 7 million to 6.4 million), meaning that poverty reduction has not kept pace with population growth.

Ghana issued its first Growth and Poverty Reduction Strategy (GPRS I) in 2003 to cover the period 2003-2005. It established five areas of intervention, described as 'pillars', namely: infrastructure development, agricultural development, enhanced social services delivery, strengthening of governance institutions and private sector development. In 2005, Ghana issued the successor, GPRS II (2006-2009) which intended to introduce a shift of strategic focus with the aim of accelerating economic growth so that Ghana could achieve middle-income country status.¹⁰

A new national development strategy, the Ghana Shared Growth and Development Agenda (GSGDA I), was formulated for the period 2010-2013. The strategic direction of the GSGDA I was to lay the foundation for a structural transformation of the economy through industrialisation, especially manufacturing, based on modernised agriculture and sustainable exploitation of Ghana's natural resources, particularly minerals, oil and gas. In order to overcome persistent concerns of misalignment of resource allocation that characterized the GPRS, the GSGDA focussed on addressing imbalances and stabilising the Ghanaian economy in order to place it on a path of sustained accelerated growth and poverty reduction towards achieving the Millennium Development Goals (MDGs) and middle-income status. This was complemented by a number of Public Financial Management (PFM) reforms.

However, after four years of GSGDA I implementation the misalignment persisted, exacerbated by weaknesses in the planning and budgeting process and poor donor coordination.¹¹ The actual resource distribution during the period 2010-2013 was contrary to the pattern of distribution envisaged under the GSGDA I costing framework: 32% of the funding was devoted to "Ensuring and sustaining macroeconomic stability, including debt servicing" (compared to only 2.1% allocated in the costing framework) and 24% for "Oil and gas development" (compared to only 15% allocated in the costing framework). 14% went to "Transparent and accountable governance" (compared to only 6% in the costing framework). On the other hand, the actual releases for "Human development, productivity and employment" were only 13% of the total (compared to 25% in the costing framework), 11% for "Infrastructure and human

10 The Ghana Trade Policy 2006-2010 (MoTI 200) and the corresponding Trade Sector Support Programme (TSSP) were centred on strengthening local capacity both in the public and private sectors to deliver long-term sustained change.

11 NDPC, 2015.

settlement” (compared to 39% in the costing framework) and 0.5% for “Enhancing competitiveness in Ghana’s private sector” (compared to 8% in the costing framework).

With a view to overcoming the problem of misalignment of resource allocation observed under the GSGDA I, and in order to operationalize the broader policy proposals outlined in the Coordinated Programme for Economic and Social Development Policies (CPESDP) (2014-2020), a GSGDA II (2014-2017), was prepared. The GSGDA II followed the structure and main lines of its predecessor and contained specific strategies to be implemented to systematically position the country towards the attainment of President Mahama’s vision and goals under the CPESDP (2014-2020). The thrust of GSGDA II continued to be the transformation of the economy. A major objective of the transformation agenda was to create a significant number of quality jobs whilst promoting decent work, especially in the informal sector. Accelerated growth should be achieved through modernised agriculture led by a vibrant and competitive sector.

With the change in government from January 2017, a new CPESDP (2017-2024) was prepared and presented to Parliament in October 2017. Like its predecessor, the CPESDP (2017-2024) outlines the medium-term vision for the development of the country and the broad policy measures to be implemented to achieve medium-term development objectives and goals. There is a specific target of at least doubling per capita GDP by 2024 and stimulating growth to an average of at least 7.2% between 2017 and 2024.

The CPESDP (2017-2024) reaffirms the new government’s commitment to promotion of private sector development¹² and presents strategies for promotion of export development and domestic trade. The growth of agriculture is set out to be the main driving force for rural development and transformation. One of the main objectives of agricultural development is to promote agri-industrial enterprises as the basis for a “One District, One Factory” initiative. To this end, there will be a complete paradigm shift in agricultural development from a supply-driven approach, to a more strategic, business-centred and demand-driven approach.

MAJOR INSTITUTIONAL REFORMS

The first Decentralisation Policy Framework (DPF I) was launched in 2010 accompanied by a five-year Action Plan (NDAP 2010-2014). An Inter-Ministerial Coordinating Committee Secretariat was established as the key institutional mechanism for policy coordination and for ensuring that

12 GoG. 2017. The Coordinated Programme of Economic and Social Development Policies 2017-2024.

the objectives of the DPF were attained. A specific legislative instrument, the “Local Government Instrument” (L.I.1961), was enacted in 2009 and came into force in early 2010. It initiated the creation of 17 deconcentrated ‘Departments’ in the districts (Departments of the Metropolitan, Municipal and District Assemblies (MMDAs)) and established the Local Government Service (LGS), transferring over 30,000 civil servants working in the districts and the regions from the Civil Service to the LGS.

A number of reform projects have been implemented in the tax administration system in recent years to increase mobilization of domestic revenue. So far however, only limited improvements have been registered in addressing the problem of tax evasion, rationalizing tax exemptions and improving the link between tax and social expenditures to raise taxpayers’ morale.¹³ The Ghana Statistical Service in 2016 estimated that non-taxpaying businesses make up 62% of all commercial enterprises. In this regard, the new government is prioritizing digitalization as a way to formalize and modernize the Ghanaian economy. Two institutional reforms, both related to creating a national identification system, have been initiated in 2017 with the aim of broadening the tax base while at the same time improving formalization of the economy: (i) The Ghana Card and (ii) the Digital Address System (DAS). Together, these two initiatives are meant to help the GRA identify taxpayers.

Many plans and initiatives are still new, and it is too early to assess their potential effects, but analyses already undertaken indicate that these reform plans will not be able to solve the more fundamental problems in the Ghanaian economy, including the high debt level, and more comprehensive and ambitious reforms, including institutional reforms, have therefore been suggested.¹⁴

HUMAN DEVELOPMENT

Although Ghana’s score in UNDP’s Human Development Index¹⁵ has gradually improved from 0.53 in 2007 to 0.58 in 2015, Ghana has gradually been dropping down on the ranking list, from rank 128 in year 2000, to 135 in 2007 and 139 in 2015 (out of 188 countries).¹⁶ Ghana is placed within the group of countries classified with “medium human development”.

13 Mobilizing and Managing External Development Finance for Inclusive Growth. Ghana Country Report. May 2016. ACET (2017).

14 Institute for Fiscal Studies, Ghana.

15 The HDI launched by the United Nations Development Program (UNDP) on annual basis measures country’s performance in terms of improvement in life such as life expectancy, education attainment, health indicators and increase in real incomes.

16 UNDP’s 2016 Human Development Report, released on 21 March 2017.

In terms of gender equality, Ghana is ranked 59 out of 144 countries in the Global Gender Gap Index, with a score of 0.705 (the maximum is 1). This is a relatively good ranking for an African country, although lower than a country like Rwanda. In terms of economic participation, the ranking is even higher; here Ghana ranks number 10 in the world. On the other hand, Ghana's ranking is much lower when it comes to health and survival (rank 85), political empowerment (rank 95)¹⁷ and, especially, education (rank 119) where the rank for primary enrolment is 1 (full equality) but drops in regard to secondary schools to 107. Other assessments confirm this mixed account, as the Gender Inequality Index (GII) did not improve during recent years (2014: 0.554; 2010: 0.573).

CORRUPTION

Several administrations since Ghana's return to multi-party democracy have declared their commitment to curbing corruption. As a result, the legal framework against corruption has been strengthened and efforts have been made to simplify many bureaucratic procedures in order to make the government more efficient and reduce the risk of corruption. Several anti-corruption bodies have been established since the 1990s, such as the Commission on Human Rights and Administrative Justice, the Economic and Organised Crime Office, the Public Procurement Authority, the Policy Evaluation and Oversight Unit as well as the Office of the Special Prosecutor (OPS).

Despite these efforts, there are still important gaps in the legal framework and the country continues to face corruption challenges. Patronage networks are deeply rooted and there have been several corruption scandals in public procurement over the past few years. Petty corruption also seems to be on the rise, as reflected by surveys such as the Afrobarometer¹⁸ and Transparency International's (TI's) Global Corruption Barometer. TI ranked Ghana 81 (out of 180 countries) in 2017, scoring 40 out of 100 points.¹⁹ This is lower than African countries such as Rwanda, Namibia, Senegal and Burkina Faso. It is also a significant drop from rank 69 in 2007 and rank 61 in 2014 (scoring 48 out of 100 points) and from a record high of rank 50 in 2002.

Despite the drop in ranking and performance on TI's index, there seems to be a perception among Ghanaians that the government is making greater efforts to combat corruption. A recent survey carried out by the Afrobarometer²⁰ showed a significant rise in public confidence in Ghana

17 In Parliament, women only take up 29 of 275 seats.

18 The Afrobarometer is a pan-African, non-partisan research network that conducts public attitude surveys on democracy, governance, economic conditions, and related issues in more than 35 countries in Africa.

19 0 means highly corrupt while 100 means very clean.

20 Afrobarometer Round Survey in Ghana, 2017. Previous surveys have been conducted in Ghana in 1999, 2002, 2005, 2008, 2012 and 2014.

on the government's efforts to combat corruption. The percentages of Ghanaians who think the government has performed "very or fairly well" in fighting corruption increased from a low of 25% in 2014 to 60% in 2017. The period from 2008 to 2014 represented a steady decline from 56% to 25%.

POLICIES AND STRATEGIES FOR DEVELOPMENT COOPERATION AND FINANCING

With the attainment of middle-income status in 2011, the prospects of large increases in ODA flows to Ghana became unlikely, even as the prospects of aid effectiveness improved. During the previous decade Ghana had been exploring new partnerships, leading to a reorientation of the country's trade and investment flows, a process driven mostly by trade and investment capital inflows from the large economies of Brazil, Russia, India, China and South Africa.²¹

Within this perspective of declining relative ODA shares as a percentage of Ghana's GDP, the GoG and the DPs agreed on a new partnership paper, "The Compact, 2012-22"²². The main objective of the Compact is to ensure an effective and strategic use of ODA and other forms of development finance and cooperation, in support of the GSGDA I. Partners to the Compact reaffirmed their commitment to the aid effectiveness principles agreed on in the Paris Declaration (2005), the Accra Agenda for Action (2008) and the Busan Partnership for Effective Development Cooperation (2011). The Compact also included considerations for a financing strategy, which has never been implemented. The paper has, however, received renewed attention under the present government and President Nana Akufo-Addo's vision and ambition of developing a "Ghana beyond Aid".

The present government envisages a new partnership with DPs,²³ building on the commitments of the Addis Ababa Agenda for Action²⁴ and the SDGs. According to a policy proposed by the GoG, it intends to mobilize funds from DPs to complement domestic resources with the view to graduating from lower middle-income to upper middle-income status by building a resilient economy. The policy states that in the medium to long term, ODA will continue to be a relevant source of financing to support the government's growth and development agenda. The aim is to maintain a diverse portfolio of external assistance delivered through various financing instruments. Both concessional and non-concessional

21 Key stakeholder interviews.

22 Leveraging Partnership for Shared Growth and Development. 2012-2022.

23 Development Cooperation Policy. Inclusive Growth & Sustainable Development. 2018-2022.

24 Addis Ababa Action Agenda, UN 2015.

financing will be mobilized for high-priority growth related investment projects, particularly those that will help to stimulate private investment.

The government intends to consider a range of innovative financing mechanisms to raise additional funds for development through market-based transactions and leveraging private capital. It also plans to leverage South-South cooperation, and Ghana is strengthening relationships with non-traditional donors and forging stronger business ties with countries such as China, Russia, India, Mexico, Brazil and Japan.

3.1 Framework for Ghana-Denmark partnership

MAPPING OF THE GHANA-DENMARK PARTNERSHIP (2007-2017)

Ghana's national development strategies

Denmark-Ghana cooperation is defined by Danish priorities and Ghana's national development strategies and framework as reflected above. The overall national development strategies defining the period covered by this evaluation are listed below.

GHANA'S NATIONAL DEVELOPMENT STRATEGIES/ FRAMEWORKS:

- Ghana Poverty Reduction Strategy (GPRS I, 2002-2005), 2002
- Growth and Poverty Reduction Strategy (GPRS II, 2006-2009), 2005
- Poverty Reduction Strategy Paper. *Ghana Shared Growth and Development Agenda (GSGDA) 2010-2013*, 2010
- *Ghana Shared Growth and Development Agenda (GSGDA) II, 2014-2017*, 2015
- *Leveraging Partnership for Shared Growth and Development – Government of Ghana-Development Partners Compact 2012-2022*, 2012

With the expectation that development assistance to Ghana would decrease due to its re-classification as a lower middle-income country, the GoG-DP compact was launched in 2012. The compact supplements the GSGDA and emphasizes the increasing need to mobilize domestic revenue, prioritize strategically important sectors for national development and strengthen revenue institutions, accountability and transparency, in order to ensure a smooth transition from dependency on development aid to reliance on domestic resources.

Contrary to expectation, the ODA commitments (in real terms) to Ghana were at the same level in 2015 and 2016 as they were in 2010 and 2011, despite a dip in 2013 and 2014. In terms of ODA composition, it is particularly notable that there was an increase in the level of bilateral grants and multilateral loans that re-boosted ODA commitments in 2015 and 2016 compared to 2013 and 2014. Over the period, the ODA

composition has been more volatile than the level of the commitments, which may have potential implications for sector allocations, in addition to those imposed by fiscal management constraints by a move from grants to loan commitments.²⁵

Ghana sector strategies

There are a substantial number of sector strategies in Ghana and therefore only strategies of direct importance for the Ghana-Denmark partnership are presented in the box below in chronological order. It is interesting to note that whereas private sector development has been a key priority for the entire evaluation period and even before, strategies within the governance sector have been developed at a later stage.

KEY GHANA SECTOR STRATEGIES AND POLICIES

- Private Sector Development Strategy (PSDS 2004-2009), 2004
- National Health Policy, 2007
- Decentralisation Framework, 2010
- Private Sector Development Strategy II (PSDS II 2010-2015), 2010
- National Export Strategy, 2011
- Ghana Industry Policy, 2011
- Commission on Human Rights and Administrative Justice, Five-years Strategic Plan 2011-2015
- Financial Sector Strategic Plan, 2012
- National Anti-Corruption Action Plan (NACAP), 2014
- PFM Reform Strategy 2015-2018
- Electoral Commission Ghana Strategic Plan "Gearing for Greatness", 2016-2020

Danida strategies and policies

Denmark's overall strategies and policies for development cooperation have guided Danish priorities in the Danish-Ghanaian cooperation from 2007 to 2017. These are listed in the box below. The overall aim of Danish development cooperation is to alleviate poverty, and this was explicitly emphasized in the Partnership 2000 policy. This policy marks a shift from a focus on economic growth to poverty reduction. The World 2030 refers explicitly to the SDGs and defines security, migration, inclusive sustainable growth and freedom as main strategic aims. Hence poverty reduction is less explicit in this most recent strategy.

25 Graduation and development finance in the SDG era: a case study of Ghana, Danish MFA, May 2018.

DANIDA POLICIES AND STRATEGIES:

- Denmark's Development Policy, Partnership 2000
- A World of Difference: *The Danish Government's Vision for New Priorities in Danish Development Assistance 2004-2008*, 2003
- A World for All: *Priorities of the Danish Government for Danish Development Assistance 2008-2012*, 2007
- Freedom from Poverty - Freedom to Change: *Strategy for Denmark's Development Cooperation*, 2010
- The Right to a Better Life: *Strategy for Denmark's Development Cooperation*, 2011
- The World 2030. *Denmark's strategy for development cooperation and humanitarian action*, 2017

Key strategies and policies for the Ghana-Denmark partnership

The box below lists the cooperation strategies for the Ghanaian-Danish partnership from 2007 to 2017.

STRATEGIES FOR DENMARK – GHANA PARTNERSHIP FROM 2007-2017

- Ghana-Denmark Partnership. Strategy for Development Cooperation 2004-2008
- Ghana Joint Assistance Strategy (G-JAS). Commitments by partner to work toward GPRS II goals and harmonisation principles (2007-2010). 2007
- Denmark-Ghana. Partnership Policy 2014-2018
- European Partners Working Together in Ghana. Joint Co-operation Strategy 2017-2020

The main sectors of support under the Ghana-Denmark Partnership 2004-2008 country strategy were health, transport, water and sanitation, as well as private sector support. As described above, private sector development has been key for GoG which is reflected in the private sector strategy from 2004. Further, good governance, human rights and democratisation were thematic areas underlying the country programme where Denmark played an important role. However, these areas were less prominent in sector strategies and the first national strategy within the sector is the decentralisation strategy from 2010.

The country programme applied two modalities: earmarked funds for sector programmes and projects, and the Multi Donor Budget Support (MDBS). These thematic areas covered human development, PFM, decentralisation and public sector reform, and Denmark specifically emphasized capacity development of relevant ministries as part of the

MDBS collaboration, so as to ensure a proper implementation of the GPRS. This priority has been key to the Denmark-Ghana cooperation throughout the evaluation period.

Harmonisation of development assistance is emphasized in the cooperation strategy from 2004 and culminates with the G-JAS strategy from 2007, where a joint donor strategy replaces a bilateral Denmark-Ghana strategy. The aim of the G-JAS is to support the GoG to implement GPRS II during a four-year period 2007-2010; hence the strategy is fully aligned with national development strategies. As illustrated in the box below, more sectors were included in this joint donor programme compared to the previous country programme from 2004 to 2008. It is interesting to observe how the energy sector, which Denmark discontinued supporting with the 2004 strategy due to a number of structural challenges, is again introduced under the joint donor strategy.

Energy and in particular renewable energy is also a continued focus in the current Denmark-Ghana Partnership Policy 2014-2018, with the overall objective of greening the economy. The policy envisages a transition of the partnership from primarily development cooperation to political and commercial cooperation. The strategy emphasized consolidating results in development programmes and includes promotion of inclusive and green growth, increased commercial cooperation and strengthened political cooperation in areas such as maritime security, gender equality and human rights, including sexual reproductive health and rights.

In 2017, European partners agreed on a joint strategy for assisting Ghana's transition to a consolidated middle-income country. The strategy explicitly refers to the SDGs, which is evident in the objectives of the strategy. Denmark continues supporting private sector development, decentralisation, PFM and tax but is not present in agriculture and energy sectors, although these are included in the DPs' collaboration with GoG. With this strategy the intention of harmonising development aid is again in focus, although a bilateral cooperation policy is still in force.

3 CONTEXT OF THE DANISH-GHANAIAN COOPERATION 2007-2017

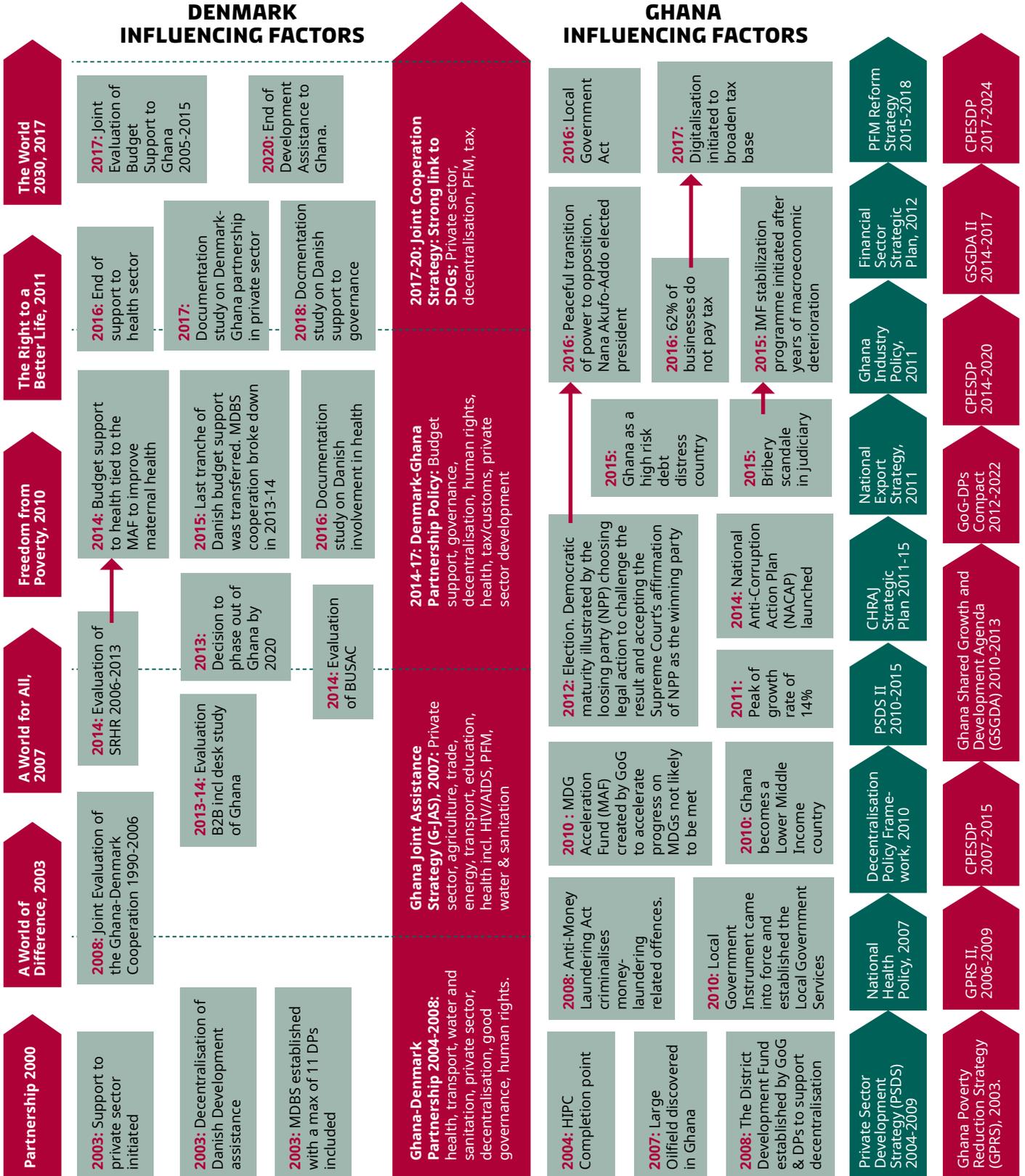
TABLE 1. STRATEGIC PRIORITIES IN THE DANISH GHANAIAN COOPERATION FROM 2007 TO 2017

Strategy	Overall objectives	Main Sectors
<i>Ghana-Denmark Partnership. Strategy for Development Cooperation 2004-2008</i>	<ol style="list-style-type: none"> 1. Enhance national ownership (alignment to GPRS) 2. Promote the role of the private sector in development (new initiatives and participation in development processes) 3. Strengthen the decentralisation process (support local governments on service delivery and use CSOs to reach the poor) 4. Enhance poverty targeting and mainstreaming in the sector support programme (identification of poor in programming, participation, service delivery for poor) 5. Promote good governance (accountability and transparency of sector institutions) 	<p>Transport</p> <p>Health</p> <p>Water & Sanitation</p> <p>Good Governance & Human Rights</p> <p>Business</p>
<i>Ghana Joint Assistance Strategy (G-JAS). Commitments by partner to work toward GPRS II goals and harmonization principles. 2007.</i>	<ol style="list-style-type: none"> 1. Support to Private Sector Competitiveness to improve Ghana's access to regional and global markets and improve the business and investment climate for private sector investors. 2. Support to Human Development and Basic Services to enhance the role of education, health and water/sanitation sectors in raising the productive capacity of the population, enabling them to work more effectively in the productive sectors of the economy. 3. Support to Good Governance and Civic Responsibility to strengthen democratic practice and public accountability by providing support to oversight, human rights and justice institutions. 	<p>Agriculture including natural resource management</p> <p>Private Sector</p> <p>Trade</p> <p>Energy</p> <p>Transport</p> <p>Health incl. HIV/AIDS</p> <p>Education</p> <p>Water & Sanitation</p> <p>Public Financial Management</p> <p>Public Sector Reform</p> <p>Decentralisation</p> <p>Governance</p>
<i>Denmark-Ghana. Partnership Policy 2014-2018</i>	<ol style="list-style-type: none"> 1. Strengthened political cooperation based on shared values 2. Promotion of inclusive and green growth 3. Economic diplomacy and increased commercial operations 4. Consolidation of results in development programmes 	<p>Private Sector Development incl. promoting green growth in private sector</p> <p>Human Rights incl. SRHR</p> <p>Governance</p> <p>Decentralisation, Tax/custom</p>
<i>European Partners Working Together in Ghana. Joint Co-operation Strategy 2017-2020</i>	<p>Build an industrialised, inclusive and resilient economy through enhanced competitiveness and support the private sector; employment policy, skills development and social protection; energy generation and supply, including renewable energy; agriculture, agribusiness and rural development in line with SDGs 1, 2, 5, 7, 8, 9, 12, 13, 14, 15, 16</p> <p>Build effective, efficient and dynamic institutions through decentralisation; PFM, tax policy and tax administration support; accountability, anti-corruption and rule of law in line with SDG 1, 10, 16, 17</p>	<p>Private Sector Development, Employment, Social Protection</p> <p>Decentralisation</p> <p>PFM</p> <p>Tax</p> <p>Energy incl. renewable energy*</p> <p>Agriculture*</p>

* Denmark does not support these sectors, but they are included in the joint strategy.

FIGURE 1. TIMELINE

The timeline below provides an overview of the major events influencing the Danish-Ghanaian development cooperation in the period of evaluation.



4 SECTOR LEVEL FINDINGS

The following sections on Private Sector Development, Governance and Health include: a brief overview and description of relevance of sector support; development results and longer-term changes; Danish contribution and value-added; and sustainability aspects. The tax section focuses mainly on the relevance and contribution perspective.

4.1 Private Sector Development

GHANAIAN POLICIES FOR PRIVATE SECTOR DEVELOPMENT

In a continuation of Ghana's poverty and growth strategies (GPRS, GSGDA I and II) as regards private sector development, the CPESDP 2017-2024 reaffirmed the government's commitment to promotion of private sector development and presented the government's strategies for promotion of export development and domestic trade.²⁶ *Export promotion* will among others include: i) restructuring of the Ghana Export Promotion Authority operations to enhance export diversification and take advantage of the Interim Economic Partnership Agreement,²⁷ the African Growth and Opportunity Act,²⁸ and intra-African trade; and ii) provision of support to organisations such as the Association of Ghana Industries, Ghana Exporters' Association, and the Ghana Chamber of Commerce for export promotion activities. The enhancement of the enabling environment for facilitation of *domestic trade* will include among others: i) improvement of the macro-economic fundamentals (for example: exchange rate uncertainties, inflationary pressure, lending rates, rationalising of taxes, cost of utility services, etc.); ii) reforming of the port clearing systems;²⁹ iii) introduction of a Local Content Law and a Competition Law; and iv) development of modern markets and retail infrastructure in every district.

26 Government of Ghana. 2017. Coordinated Programme of Economic and Social Development Policies 2017-2024.

27 The Interim Economic Partnership Agreement between Ghana and EU was ratified in August 2016.

28 The African Growth and Opportunity Act (AGOA) is a United States Trade Act enacted in May 2000 and was extended to 2025 in June 2015.

29 Ghana introduced the 'Single Window System' in 2002, which is a secure trade platform that facilitates the exchange of information between GoG and the logistics community.

The CPESDP built on, among others, the National Export Strategy (NES) 2013-2017, the objective of which was to develop the potential of the non-traditional export sector to: enable this sub-sector to make maximum contribution to economic growth; consolidate and enhance Ghana's middle-income status; and create formal decent job opportunities. Despite the attraction of oil revenues, the government took a bold policy decision to stay focused on developing the non-traditional export sector. MMDAs were allocated the responsibility to develop at least one significant agri-based export product from amongst the products in which they have a comparative and potential competitive advantage. The priority products in which investments should be made are mainly related to agricultural and fishery products.³⁰

As part of the GPRS II, the national medium-term Private Sector Development Strategy, Phase I (PSDS I) was developed for the 2005-2009 period. The GoG and 12 DPs, including Danida, signed a MoU and agreed to a pooled funding arrangement. The PSDS I encountered some challenges, among others changes in leadership, lack of ownership of some key Ministries, Departments and Agencies (MDAs), and a recognition that investment climate reforms were necessary but not sufficient for achieving economic transformation.³¹ The PSDS II (2010-2015) was approved with the vision of a "Thriving Private Sector – creating jobs and enhancing livelihoods for all". This vision was to be achieved by fostering productivity improvements at the level of individual firms as a prerequisite for effective competitiveness and sustained economic growth. Following the 2012 election responsibility for implementing PSDS II was shifted from Ministry of Trade and Industry (MoTI) to the Ministry for Private Sector Development in the President's Office. The new ministry was not given a separate budget and hence GoG's contribution to further private sector development was limited. The ambiguity of implementing the PSDS II between MoTI and the new ministry made the supporting donors (including DFID, SECO and Danida), shift to other MDAs. In the end PSDS II was not implemented as planned, although some of the planned interventions were implemented by MDAs using a project-based approach.³² A Public-Private-Partnership (PPP) framework and policy guidelines were prepared in 2011 to complement PSDS II and promote the even spread of PPP initiatives across the country, with a view to ensuring that private sector investments penetrate all spheres of the economy.³³

30 GoG, Ministry of Trade and Industry. 2013. Ghana National Export Strategy for the Non-Traditional Sector, 2013-2017.

31 GoG. December 2010. Private Sector Development Strategy 2005-2010: Final Performance Assessment and Programme Completion Report.

32 Ghana-Denmark partnership in the private sector 1992-2016: Technical Paper July 2017; and SPSD II Review 2013.

33 GoG, Ministry of Finance and Economic Planning. 2011. National Policy on Private Public Partnerships.

4 SECTOR LEVEL FINDINGS

Despite succeeding governments' emphasis on private sector development in their policy statements since 2001 and varying political inclinations, a pro-market development never really took off. Pro-state policies remained the prevailing mechanisms for private sector development, which did not succeed in driving private sector-led growth to significantly raising productivity and competitiveness. When governments *did* pursue productivity-enhancing expenditures, they chose state-led investments in agriculture and manufacturing rather than industrial policies that incentivized private investments. As a result, state-led industrial policies were poorly implemented.³⁴ Structural transformation requires raising productivity and achieving competitiveness in increasingly higher-valued activities. The more underdeveloped the initial organisational capabilities are and the more difficult it is to discipline firms given the characteristics of the political settlement, the less likely is it that generalized policies of support for firms will be effective in achieving competitiveness. Nevertheless, experiences of successful improvements in organisational capabilities in low-income countries show that appropriately designed support policies can work in developing skills and organisational capabilities to create competitive industries.³⁵

DENMARK'S SUPPORT TO PRIVATE SECTOR DEVELOPMENT IN GHANA

Denmark's development strategies have since 2004 consistently emphasised private sector-led growth and productive employment; advancing access to new technology and innovation; and promotion of coherence between development and trade.³⁶ "The World 2030" (January 2017), Chapter 6 "Inclusive and Sustainable Growth" states that:³⁷

- Denmark will contribute to the business sector's transition to sustainable production and trade;
- Many of the SDGs presuppose an active contribution from the private sector, e.g. in connection with energy, climate, health and food;
- The employment in agriculture and food sector must be the driver;
- Increase contribution to, e.g. agricultural and small and micro enterprises in the informal economy becoming integrated in the formal economy;

34 Lindsay Whitfield. 2018. *Economies after Colonialism: Ghana and the Struggle for Power*.

35 M. H. Khan. 2018. *Knowledge, Skills and Organizational Capabilities for Structural Transformation*.

36 PSD Working Paper, Section 3.1: Private Sector Development in Danish development strategies.

37 Ministry of Foreign Affairs of Denmark/Danida. January 2017. *The World 2030: Denmark's strategy for development cooperation and humanitarian action*.

- Prioritise initiatives within clean water and sustainable energy;
- Enhanced integration in the international markets and value creation locally.

The “Denmark-Ghana Partnership Policy 2014-2018” reiterates that Denmark’s support for the private sector in Ghana will continue to stimulate the sector as a key engine of growth. The Danish embassy in Accra issued “The Ghanaian-Danish Partnership in Transition: From Aid to Trade, September 2017”³⁸ which is clearly related to Denmark’s overall strategy “The World 2030” and is also consistent with Ghana’s CPESDP that has a strong emphasis on PSD and trade. The PSD programmes in Ghana (2003-2020) – promoting Ghanaian Micro, Small and Medium Enterprises (MSMEs) – have only to a limited extent focussed on export promotion and trade. From Aid to Trade could have two dimensions: 1) Danish companies trading with Ghana; and 2) Ghanaian companies trading with domestic and foreign customers – some of which could be Danish companies, as is currently the case.

Denmark’s private sector programmes in Ghana

Denmark has supported three PSD sector programmes during the period 2003-2017.³⁹ Two have been completed and the third is ongoing. The timeline for Ghana’s growth and PSD strategies and Danida’s PSD programmes is shown in Table 2. As the three sector programmes combined cover the period from 2003-2020 (see Table 3) it will not be feasible to focus entirely on the 2007-2017 period, as the beginning and end of the private sector development support constitute important elements for the evaluation. The main thrust of the three programmes’ development objectives has been on increased production and employment leading to increased income and better welfare for Ghanaians.

TABLE 2. TIMELINE FOR GHANA’S GROWTH AND PSD STRATEGIES AND DANIDA’S PSD PROGRAMMES

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
GPRS II 2006-2009				GSGDA I 2010-2013				GSGDA II 2014-2017				CPESDP 2017-2024			
PSDS I 2005-2010				PSDS II 2010-2015											
BSPS I 2003-2010				SPSD II 2010-2016								SPSD III 2016-2020			

38 Danida. September 2017. The Ghanaian-Danish Partnership in Transition: From Aid to Trade – An account of Danida’s private sector support and future perspective.

39 PSD Working Paper, Chapter 4: Key data on Danida’s private sector programmes in Ghana.

4 SECTOR LEVEL FINDINGS

TABLE 3. DANIDA SUPPORTED PSD PROGRAMMES 2003-2020

Programme	Component/Engagements	Year	Grant DKK mn
Business Sector Programme Support BSPS I	1. Legal and Judicial Support 2. Strengthening of the Business Culture (BUSAC I) ¹ 3. Business Support Instruments (Rural Finance - SPEED) ² 4. Better Access to Markets 5. Labour Market (2006)	2003-2010	196.8
Support to Private Sector Development SPSD II	1.1 PSDS Pooled Funding (to MDAs) 1.2 BUSAC II 2.1 Skills Development Fund (SDF I) 2.2 Agricultural Value Chain Facility (AVCF) 2.3 Rural Finance Wholesale Fund (RWF) 2.4 Ghana Climate Innovation Centre (GCIC 2013) ⁴	2010-2016	420.0 ³
Support to Private Sector Development SPSD III	A. BUSAC III B. Skills Development Fund (SDF II) C. Rural Development Fund (RDF) D. Ghana Climate Innovation Centre (GCIC)	2016-2020	140.0
Total funding from 2003-2020			756.8

1. BUSAC: Business Advocacy Challenge Fund in cooperation with EU and USAID with Danida as the lead partner.

2. The GTZ was implementing a programme with a similar focus. It was decided to deepen donor cooperation and to form a joint GTZ/Danida "Support Programme for Enterprise Empowerment and Development (SPEED).

3. DKK 20 million was added from the Climate Envelope.

4. GCIC was funded under SPSP II, but due to delays it started in 2016 as part of the SPSP III. The WB provides the Trust Fund mechanism for the implementation of the GCIC. Danida is the lead donor and has contributed about USD 11 million out of the total budget of USD 18 million. The Dutch has committed USD 4 million. There is a funding gap of USD 4 million.

A key finding from the 2008 Joint Evaluation of the Ghana-Denmark Development Cooperation (covering the period 1990-2006)⁴⁰ was that the BSPS implementation has been influenced by major external developments in GoG PSDS and policy as well as by donor harmonisation, setting the stage for private sector support in Ghana. These developments implied considerable changes in the planned implementation of

40 Danida. 2008. Joint Evaluation of the Ghana-Denmark Development Cooperation, 1990-2006.

the BSPS, transferring public sector interventions to joint PSDS implementation under its Oversight Committee and to multi-donor 'pooled funding'. The 2008 Country Evaluation concluded that positive results from Danida's support were achieved regarding technology transfer and capacity development of individual enterprises, but also revealed that the contribution to private sector development was low. Considerable efforts were made to align SPSD II to PSDS II, causing some delays. In the end the PSDS II was only implemented in part.

The Ghanaian-Danish cooperation on commerce and trade has been ongoing for many years, but the prospects for tapping the synergies between aid and trade have not been exploited to any great extent during BSPS I and SPSD II; the aspect of attaining such synergies has, however, been highlighted in SPSD III. A SPSD III Coordination Committee (CC) has been formed to promote synergies between the four engagements/components. The CC is comprised of the heads of the engagements, the embassy programme coordinator, and when necessary trade team members. The first CC meeting took place on 13 December 2017. SPSD III is in exit phase with the intent of consolidating the results of previous successful and resilient interventions. The SPSD III emphasises the need to structure the support to increase collaboration with other Danish business instruments (Danida Market Development Partnership, Danida Business Explorer and Danida Business Finance) as well as the Trade Council (TC), the Investment Fund for Developing Countries (IFU) and the Export Credit Fund. Inclusive and green growth lends itself well to the ambition of creating better synergies between Denmark's different trade and policy instruments.

The thrust of the evaluation is on the sector programmes' recurrent themes, i.e. business advocacy (BUSAC), rural finance (RF/RDF), skills development (SDF), and clean technology/climate adaptation (GCIC), in respect of which Danida has made substantial contributions and been a long-term partner (with the exception of the GCIC, which was launched in 2013 and only started implementation in 2016). The four thematic themes constitute the SPSD III.

RELEVANCE

The GoG has since the GPRS consistently emphasised the achievement of accelerated growth through modernised agriculture and promotion of MSMEs – seen as the main employment basis for the majority of Ghanaians working in the formal and informal sectors. Despite the revenue prospects that will accrue from oil production, the government decided to remain focussed on non-traditional export sectors (the traditional export sectors being oil, gold and cacao) in order to expand the employment base. The recent policy statement (CPESDP 2017-2024) reiterates the government's commitment to private sector development – the government will institute incentives aimed at industrialisation and agricultural transformation, while also promoting export development and

4 SECTOR LEVEL FINDINGS

domestic trade. Correspondingly, Denmark's private sector development strategies have since 2004 focussed on promotion of private sector-led growth, trade liberalisation and market access.

Although some improvements in the Ghanaian business environment have taken place – as recorded in the WTO Trade Policy Review (TPR) report⁴¹ (referring to the 2001-2008 period) – the general sentiment is that the business environment has encountered serious constraints in recent years despite the government intention to reform the enabling business environment, as repeatedly emphasised in its poverty and growth policies. Danida pursued a sector-wide approach with other DPs by aligning their support to the PSDS with the intent of enhancing the relevance of the joint contributions. The DPs have had limited influence over the overall business environment through their respective interventions and policy dialogue, due to the political impasse of implementing policy reforms. Nonetheless, Denmark continued its support to the private sector; and consequently, the private sector interventions have gradually driven in the direction of the enterprise level and their business associations, where opportunities for improving the enterprises' performance could be tapped and positive results achieved. The Danish assistance as provided through BUSAC, Rural Finance, SDF and GCIC has been well aligned with Ghana's and Denmark's development policies and strategies throughout the evaluation period; and is generally relevant for the direct beneficiaries in meeting their needs by enhancing income and employment opportunities through increased productivity and value addition.

DEVELOPMENT RESULTS

The development results achieved from the Danish-supported private sector interventions should be seen in the light of the evolving Ghanaian business environment. The business environment had a positive trend until 2013 but deteriorated markedly from 2014 and onwards (see Table 4). Macro-economic instability was the main cause of the deterioration of business indicators in 2014.⁴² Given the scope of Denmark's support, it is not likely that the support could have had a significant impact on the national-level business environment. However, the declining trends in the business indicators from 2014 and onwards demonstrate the increasing challenges involved in doing business in Ghana.

The Ghanaian business environment

The WTO TPR 2008 states that Ghana's macroeconomic fundamentals have improved considerably since the last TPR in 2001. The steps taken

41 WTO. January 2008. Trade Policy Review – Ghana 2008.

42 Ref. IMF Press Release, April 2015 – stating “After two decades of strong and broadly inclusive growth, large fiscal and external imbalances in recent years have led to a growth slowdown and are putting Ghana's medium-term prospects at risk.

to liberalize the trade regime, through *inter alia* the reduction of its applied 'most favoured nation' tariffs and structural reforms, have helped Ghana to achieve higher growth rates. Attracting investments to other sectors of the economy than gold, oil and cocoa remained a policy challenge according to the 2014 WTO TPR. Ghana has passed laws to facilitate small and medium-size enterprises' access to private credit, which are often listed as a primary obstacle to production and trade in sub-Saharan Africa. In 2013, ECOWAS⁴³ members concluded the negotiations on a common external tariff (CET) for the region, and those on the EPA with the EU, Ghana's main trade partner.⁴⁴ Overall, ECOWAS integration is slow in taking hold. Widespread tariff and other import duty exemptions schemes available in Ghana's statutes effectively allow many operators to avoid paying customs duties, other duties and charges, VAT or other taxes. About 25% of the otherwise payable import duties is foregone annually in exemptions of various sorts. This reflects inconsistencies between Ghana's economic structure and its tariff regime. The application of the ECOWAS CET could stabilize Ghana's tariff regime and address some of these inconsistencies.⁴⁵

Ghana was the subject of WB/IFC Enterprise Surveys in 2007 and 2013. The objective of the surveys was to obtain feedback from enterprises on the state of the private sector in order to: track changes in the business environment over time, assess the trends of private sector growth, and assess the impact of private sector reforms. The 2013 Survey included 720 firms, which saw the access to finance as the main constraint followed by the reliability of electricity services. The 2007 Survey included 616 firms, which saw the reliability of electricity services as the main constraint followed by access to finance.⁴⁶

The WB "Shifting Ghana's Competitiveness in to Higher Gear: Ghana Economic Update, June 2017" elaborated that despite a focus on private sector development in Ghana's national development strategy, international as well as national surveys indicate significant challenges to private sector growth. The complex challenges faced by the private sector in Ghana are exacerbated by the lack of an effective dialogue between the private and public sectors on how best to prioritize dynamic constraints, identify practical solutions and monitor the progress of reforms. The WB's Doing Business Report and the World Economic Forum's Global Competitiveness Index (GCI) describe a significant drop compared to Ghana's performance eight years ago or benchmarked

43 The Economic Community of West Africa States (ECOWAS) was established in 1975. The treaty was revised in 1993.

44 The ECOWAS CET came into force in 2016.

45 WTO. May 2014. Trade Policy Review – Ghana 2014.

46 World Bank/International Finance Cooperation. 2007 and 2013. Ghana Country Profile.

4 SECTOR LEVEL FINDINGS

against comparator countries. Ghana's inability to sustain reforms severely affects its competitiveness globally. The country's macroeconomic challenges have had a significant impact on the private sector's competitiveness. Over the past five years, the primary constraints to growth within Ghana's private sector have remained consistent, with low access to credit, unreliable power supply and high utility tariffs being among the top five constraints.⁴⁷ The decline in the Doing Business (DB) indicators was mainly related to: Getting Electricity; Paying Taxes; Trading across Borders; Enforcing Contracts; and Resolving Insolvency. The decline in indicator performance from 2016 to 2017 occurred for all indicators, except for 'Starting a Business'.⁴⁸

TABLE 4. BUSINESS AND ECONOMIC INDICATORS

Indicator	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
DB rank	94	87	92	60	63	62	67	112	111	108	120	-
GCI index	n/a	n/a	3.61	3.44	3.55	3.64	3.79	3.69	3.71	3.58	3.68	3.72
GCI rank	n/a	n/a	102	114	114	114	103	114	111	119	111	-
FDI	5.6	9.5	9.1	7.9	8.2	7.9	6.8	8.7	8.5	8.2	-	-
Inflation CPI	10.7	16.5	13.1	6.7	7.7	7.1	11.7	15.5	17.2	17.5	12.4	8.4*
GDP %	4.3	9.1	4.8	7.9	14.0	9.3	7.3	4.0	3.8	3.7	8.4	6.3*

*Projected

DB: Ease of Doing Business (WB)

GCI: Global Competitiveness Index, World Economic Forum (WEF)

FDI: Foreign Direct Investment % of GDP (IMF/WB)

CPI: Consumer Price Index (IMF)

GDP: Gross Domestic Product (IMF)

Danida development results

The Danida development objectives for the private sector interventions have generally been formulated more broadly compared to the results achieved or likely to be achieved, given the stagnant reform and development process of the Ghanaian business environment; for example, a competitive and vibrant business sector, enhanced local and foreign investor confidence, and increased income and welfare for Ghanaians. In many cases increased income and welfare was achieved for those that

47 World Bank. June 2017. Shifting Ghana's Competitiveness in to Higher Gear: Ghana Economic Update.

48 The assessment is based on the World Bank Doing Business reports 2013-2018, ref PSD Working Paper Section 2.3.

benefited directly from the support,⁴⁹ but the spill-over effects to the local community have not been assessed. There is a higher degree of coherence between the immediate objectives and the achieved results so far. The targets of the key performance indicators by end of 2015 (end of SPSP II) for BUSAC, Rural Finance and SDF have largely been achieved (GCIC commenced implementation under SPSP III).⁵⁰

A brief overview of the four components and their results is provided below:⁵¹

- BUSAC:** A total of 797 grants were provided between 2004 and 2016 and implemented in all 10 regions. BUSAC's management has improved its financial management and disbursement mechanisms to grantees to minimise the risk of ineligible expenses, as reported in some audit reports for the first part of the period. Non-grant programme costs were high compared to the total value of grants awarded, but the ratio of non-grant costs to facility costs provides good value for money benchmarked against similar grant facilities.⁵² Grantees reported positive effects in terms of the sector or industry-specific issues they were seeking to address. Advocacy actions addressing issues within the domain of local authorities and single advocacy issues with limited budgetary implications showed the most encouraging results. Farmer-based organisations and small community-based associations appear to have been best at achieving the intended objective of their advocacy actions. At the national level the business environment remains difficult to improve due to the general constraints present, as indicated in Doing Business reports and other studies (ref. Table 4). Despite some important successes for BUSAC grantees resulting in policy change or improved enforcement of existing policies, less evidence was found to demonstrate whether BUSAC grantees were influential at the national level.⁵³ In the past it has proved difficult to improve the national-level business environment, but results have been achieved with BUSAC's increased national focus, as evidenced in recent advocacy projects. However, it is not possible to establish a clear link between BUSAC-funded advocacy actions and the overall business environment, and the link is even more tenuous in relation to growth and employment. Due to its amended focus, BUSAC III is likely to have better

49 BUSAC Grantee Survey, 2015; and PEMconsult. 2015 Verification of Results and Sustainability Study of the SDF.

50 Danida/ EY. 2017. Close-out report for SPSP II.

51 More detailed information on the four components can be found in the PSD Working Paper, Chapter 5.

52 Danida. 2014. Evaluation of the Business Sector Advocacy Challenge Fund.

53 This paragraph draws on the "Danida. 2014. Evaluation of the Business Sector Advocacy Challenge Fund.

4 SECTOR LEVEL FINDINGS

prospects for achieving national-level results that may contribute to transformational change, as the PSOs' advocacy capacity is strengthened, and the private sector policy environment appears to become more conducive to public-private sector dialogue. BUSAC has contributed to creating a more conducive climate among the involved public and private sector project stakeholders for public-private dialogue; and made duty bearers appreciate the value of consulting private business representatives on issues affecting them. Right holders similarly aware that changes can be achieved through advocacy actions.⁵⁴

- **Rural Finance:** SPEED (BSPS I 2003-2012) was efficient in on-lending to Rural and Community Banks (RCBs), which in turn provided loans to farmers and enterprises, the number of which exceeded the set targets. The loan portfolio of the SPEED partners increased significantly, which implies that more enterprises are accessing services and increasing their savings. SPEED development loans with TA support played a vital developmental role in relation to the RCB sector. SPEED achieved a high degree of financial literacy activities in the rural banking sector and among their clients.⁵⁵ The RFWF (SPSD II 2010-2016) replaced SPEED and was equally efficient in on-lending to RCBs. The RFWF further promoted the RCB sector through its nationwide cooperation network. The growth of the total assets of RCBs increased substantially as they were able to mobilise more deposits and accumulate assets. By end of 2013 there was strong evidence of the important role played by the RCBs. The stronger RCBs were filling an important niche in the financial sector that was served neither by the commercial banks nor the NGO financial institutions, in both rural, peri-urban and urban areas. The Bank of Ghana believes that RCBs have an important future role in promoting access to finance in agricultural value chains and thus in transforming the rural banking sector.⁵⁶ AVCF (SPSD II 2010-2016) was efficient in reaching farmers in the Northern Region with technical training, support and business development services. However, AVCF failed to make credit available for productive investments to the farmers to the extent envisioned, thus reducing the effectiveness of the Facility. AVCF contributed significantly to improved agricultural practices by introducing new crop varieties, adopting the Integrated Soil Fertility Management technologies, as well as by improving post-harvest management, which resulted in increased crop yield with

54 Selected advocacy project reviews and interviews.

55 Danida. 2014. BSPS Programme Completion Report.

56 Danida. 2013. Support to Private Sector Development, Phase II: Final Review Report, p. 12.

reduced acreages and increased net revenue.⁵⁷ The SPEED and the RFWF have contributed to a more effective rural banking sector by expanding access to financing, which in turn has promoted the supported farmers' and enterprises' productivity and growth. The RFWF/RCBs provided 283 loans and disbursed GHS 19.7 million, mainly to small rural enterprises. SPEED and the RFWF were reviewed in 2014 with the objective of finding a long-term solution for the institutional anchoring.⁵⁸ Eventually, the embassy decided to discontinue the support to rural finance under SPSD II and launched the Rural Development Fund (RDF) as part of SPSD III, to be managed under a single, accountable and efficient management structure. The intention is that RDF will reach out to a wider range of financial intermediaries, including universal banks and savings and loan companies. RDF was established as a Company limited by guarantee, was duly incorporated and commenced business on 5 October 2016.

- **SDF:** A total of 705 grants have been awarded during 2012-2017, distributed among all 10 regions of Ghana. It is estimated that some 7,800 enterprises benefitted from the fund and that about 24,000 workers were trained.⁵⁹ The results have been achieved at high operational expenses, especially in the areas of marketing and promotion, project administration and evaluation, resulting in low cost-efficiency. SDF I exceeded seven of the nine targets of the key performance indicators. The target of direct women beneficiaries was set at 50%, but only 31.5% was achieved. Grantees generally reported on productivity gains and significant benefits in term of increased value of sales in the year following the completion of the grant activities, the increased demand being due to a combination of better product quality and variety. Improved quality, application of new techniques, and improved management practices among farmers have contributed substantially to growth in tonnage and exports. Profits tended to increase due to lower wastage, higher productivity and product quality – resulting in higher customer satisfaction and demand.⁶⁰ The majority of grant projects may have had a wider impact in the communities in which they were implemented through increased economic activity and employment, but the leveraging effect has not been assessed. The introduction of demand-driven skills development linked to the

57 Danida/ AGRA. 2015. Report on the final evaluation of Danida funded AVCF for the Northern Region of Ghana.

58 Inspired International. September 2014. Technical Review of Danida's support to Rural Finance in Ghana with particular focus on the Rural Financial Wholesale Fund and the SPEED Funding Facility.

59 Danida. 2015. Support to Private Sector Development, Phase II: 4th Review, Final Report.

60 PEMconsult. 2015 Verification of Results and Sustainability Study of the SDF.

4 SECTOR LEVEL FINDINGS

needs of specific private enterprises – an alternative to the prevailing supply-driven approach – has proved to be an effective way of improving enterprises' productivity.⁶¹ Danida has (jointly with the WB during 2012-2016) contributed with alternative methods for provision of technical and vocational training and education to private sector enterprises, linked directly to the individual beneficiary's needs for capacity development. The awareness of the demand-driven SDF approach may, due to the high number of grants, be relatively high among the involved stakeholders, but the economic impact at the national level may not be significant.

- **GCIC** has clear linkages, collaboration and synergy opportunities with BUSAC, SDF and with RDF as regards access to finance, which will also be offered by GCIC. The GCIC is an incubation hub designed to provide local clean technology ventures with financing, mentoring, training and business advisory services. GCIC focuses on five key economic sectors: energy efficiency, solar energy, climate-smart agriculture, waste management, and water purification and management. With the objectives of addressing climate challenges and creating opportunities for job creation and inclusive economic growth, the GCIC is expected to generate more than 430 companies, 10,000 jobs and mitigate over 200,000 tons of CO₂ over 10 years.⁶² The first cohort of 11 entrepreneurs was selected in April 2017 (the main themes being energy efficiency, solar energy and solid waste management), the second cohort of 12 entrepreneurs on December, and a third is anticipated to be selected in May 2018.

Key findings on cross-cutting issues: The PSD components were generally designed to comply with the Danish policy priorities. The 2015 SPSD II Review stated that human rights issues are considered to a certain extent in all subcomponents; the review team was however of the opinion that BUSAC and SDF could have paid more attention to issues of CSR and occupational health and safety. Grant applications for BUSAC and SDF and loan applications for rural finance all have elements of the Human Rights Based Approach (HRBA), rule of law, gender equality, OHS, environmental management, and also where relevant climate change. However, none of the targets listed in the M&E Framework for SPSD II (EY, May 2017) relate to cross-cutting issues except for one for SDF, which is "Percentage of direct female beneficiaries". BUSAC III and SDF II apply Danida's HRBA, UN Guiding Principles on Business and Human Rights, the International Labour Organisation's (ILO) Convention

61 WB. June 2017. Implementation Completion and Results Report for Ghana Skills and Technology Development Project.

62 WB/infoDev. 2013. Ghana Climate Innovation Centre Business Plan: Building competitive clean technology industries in Ghana.

on Decent Work and the UN Global Compact. The underlying principles including labour rights and occupational health and safety, payment of taxes and contribution to government revenue, gender equality, good corporate governance and business ethics, and improvement of environmental performance by addressing environmental challenges, are incorporated in the criteria for screening applications and training packages.

District level effects: The evaluation's visit to the Akwapim District in Eastern Region (approx. 70 km from Accra) revealed that knowledge about the role of private sector development among the District's administrative staff and councillors was surprisingly limited, despite the proximity to the Greater Accra Area. There was no knowledge of BUSAC, RDF and SDF. A similar situation was observed in the Lower Manya District, also located in Eastern Region. Even though only two districts were visited, this may indicate that knowledge about private sector development is generally low in many district assemblies across Ghana – despite the fact that the government's PSD policies have a strong local focus. There is an interdependency between public services (communication, electricity, roads, water and sanitation, etc.) and prospects for private sector development. The transformative change at district level due to the Danida-supported PSD interventions is not well documented, as no surveys have been conducted to assess the leveraging effects of almost 2,000 PSD projects being implemented between 2004 and the present date. Synergies with Danida's support to decentralisation seem not to have been fully exploited.

DANISH CONTRIBUTIONS

The main contributions of Danida's support can be summarised as follows: i) change in stakeholders' attitude to the transformative role of advocacy and public-private dialogue and appreciation of the associated enhancement of the local and national business environments; ii) consolidation of the rural banking system and its expanded capacity for providing credits to MSMEs, which for many of the enterprises may have been the only possible source for accessing credit for performance improvements; and iii) introduction of the enterprise-focused and demand-driven skills development approach, the effectiveness of which is in contrast to the traditional supply-driven training services. The Danish support is consistent with SDG 8 especially as regards targets 8.2, 8.3, 8.5, 8.8 and 8.10, but cuts across a number of other SDG targets (e.g. SDGs 2, 6, 7, 9, 12, 13, 14, 15, 16, and 17). Danida's support to PSD has been harmonised with other DPs and provided in cooperation with the WB, EU, USAID, DFID, GTZ and DGIS (Dutch MFA) at various stages during the implementation of the three PSD programme phases (2004-2020). Danida co-chaired the Working Group for Private Sector Development with MoTI from 2010 to 2016 and has as such been instrumental in coordinating the debate and influencing the dialogue on PSD policy and implementation issues. MoTI was not very active in the debate and as a

4 SECTOR LEVEL FINDINGS

result, major improvements of the private sector policy framework were not achieved.

While Danida and the cooperating DPs were not able to influence the private sector reform process to achieve substantial improvements of the national level business environment, Danida continued its support to MSMEs and their associations at the local level. In response to the recommendation from the 2014 BUSAC Evaluation, SPSD III increased its focus on the national level, anticipating that despite the government's inability to implement a major part of their private sector policies, some improvements could still be achieved. While the scope of the Danish local-level PSD intervention was not likely to have major national level implications in the immediate term, the incremental and micro-level approach applied at the local level may generate results which over time would improve the local business environment and eventually contribute to the national business environment. At the time it became apparent that the support to PSDS II could not continue, the support to the BUSAC, Rural Finance and SDF components was well underway (SPSD II 2010-2016) and their implementation continued as planned, subject to some modifications stemming from programme reviews and evaluations. The situation did not give rise to a major overhaul of the overall strategic approach. The three components were incorporated in SPSD III (2016-2020) with some changes, but basically adhering to the same main implementation principles.

SUSTAINABILITY

There are two dimensions of sustainability aspects: 1) the sustainability of the support provided to enterprises, PSOs and the RCBs; and 2) the sustainability of the institutional arrangements set up for delivering the support.

Project sustainability: The 2014 Evaluation estimated that as many as 95% of the BUSAC grantees may not be able to carry out advocacy to a similar standard as that they achieved with BUSAC assistance. This situation is likely to improve with BUSACs greater attention to national level associations, and even more so if these associations acquire the capacity to assist their members to embark on specific local issues. SPEED and RFWF supported the RCB partners to build adequate capacity in the areas of good internal controls and internal audit, and also supported the establishment of efficient treasury management departments. Generally, the strong emphasis on capacity development has enhanced the sustainability aspects of RCBs operations. The sustainability of formal enterprises – whether supported by BUSAC, credits or SDF – depends on having internal training and management mechanisms to continuously improve productivity and trade. Strengthening of informal sector associations is critical; most of the associations involved indicated that they planned to continue the training, usually by using their dues to pay for some of their trained members for on-the-job training. Capacities attained are

likely to be sustained in those trades that involve apprenticeships. The sustainability of new training concepts and the support to technology centres depend on the continued use of the acquired competencies in future training activities. In conclusion, project sustainability depends almost entirely on the supported enterprises own initiatives, but it is also likely that they would benefit from government's potential measures to improve the business environment.

Institutional sustainability: Except for SDF I, which was managed until mid-2016 by a Project Support Unit in the Council for Technical and Vocational Education and Training (COTVET), an institution under the Ministry of Education (MoE). All components of the three PSD programmes have been implemented outside government entities. The BUSAC Fund was established as an autonomous entity managed by an internationally recruited fund manager. The Rural Finance components were managed through various arrangements: SPEED as a limited liability company; RFWF was implemented through the Association of Rural Banks (ARB) Apex Bank; and AVCF through the Alliance for a Green Revolution in Africa (AGRA), in cooperation with private banks for handling the credit facility. RDF and SDF II are – like BUSAC – set up as autonomous entities managed by internationally recruited fund managers, and as such SPSD III is detached from direct government involvement in implementation. However, government representatives from Ministry of Finance (MoF) and MoTI are members of steering committees and fund boards to ensure consistency and coherence with government policies and strategies, together with members from the private sector and academia. The steering committees and fund boards also serve as fora for policy dialogue and public private dialogue.

The key challenge is to consolidate the results of the four PSD components and enhance their sustainability through other institutional arrangements – as elaborated in the SPSD III – and to transfer the implementation to other entities, while also promoting the interface with the embassy's trade activities. A study was conducted in 2017 to consider options for hosting BUSAC III after 2020, but the recommended options were not considered feasible.⁶³ The general sentiment today is to host BUSAC, or some form of it, with a university institution that is engaged in private sector development and which could facilitate evidence-based advocacy. No conclusion on hosting of BUSAC has yet been made. The IFU has agreed to replace the Danish embassy's membership and role on the RDF board, which will ensure sustainability beyond 2020. IFU's accept of its management role in the RDF board is seen as a major achievement for ensuring sustainability. The MoE is considering

63 Sustainable Partnership Initiatives. 2017. Final Report: A Study to Screen and Identify Potential 'Host' Institutions to Sustain the Business Sector Advocacy Fund Challenge Fund (BUSAC III) after 2020.

4 SECTOR LEVEL FINDINGS

reorganising COTVET to become a semi-autonomous body with the possibility of being supported by the WB, the African Development Bank (AfDB) and EU under the 12th EDF. MoE is considering establishing a new skills development fund that could be financed in part via an enterprise levy mechanism, but no decision has yet been made. Sustainability of the demand-driven SDF concept depends in part on the government's willingness to introduce a skills training levy. The WB/infoDEV and the Netherlands will in all probability continue to support GCIC beyond 2020, even without Danida support.

4.2 Governance

DANISH GOVERNANCE PROGRAMMES

Denmark has been supporting democratic and financial governance in Ghana in the period 2007-2017 with a mix of support to civil society, human rights, access to justice, anti-corruption, decentralisation and local service delivery. Danida has to a large extent been supporting the same institutions and modalities throughout the period. Danida has supported independent governance institutions such as the Commission on Human Rights and Administrative Justice (CHRAJ) and the Judicial Service (10% of the funds).⁶⁴ Civil society and media have been supported through grant-making mechanisms such as G-RAP and STAR (13% of funds). Finally, Danida has spent substantial resources on decentralisation programmes in the period (more than 75% of the total funds).

64 Not of the total funds allocated to governance in the period, but of the total funds of the interventions selected for analysis.

TABLE 5. GOVERNANCE PORTFOLIO UNDER EVALUATION

Programme	Components	Year	Grants
Good Governance & Human Rights Programme	Decentralisation 2004-2008 Independent Governance Institutions Support to CSOs Other engagement in the programme falls outside the scope of the evaluation (Support to General Election Support, Budget support (MDBS), Support to National African Peer Review Mechanism, Media Foundation for West Africa)	Period: 2003-2009	Total budget: DKK 230 million
Good Governance and Human Rights Programme in Ghana, phase II	Independent governance institutions Civil society and the independent media	Period: 2009-2013	Total budget: DKK 170 million
Local Service Delivery and Governance Programme	Institutional Support and Capacity Building Support to Service Delivery and Local Governance Support to Ghana Audit Service	Period: 2009-2013	Total budget: DKK 600 million
Right to Services and Good Governance Programme	Human rights, good governance and Access to Justice Service delivery and Local Governance Support to Civil Society	Period: 2014-2018	Total budget: DKK 250 million
Total funding DKK 1,250,000,000 in the period			

RELEVANCE

The situational analysis in 2007 was relatively optimistic.⁶⁵ Several good governance indicators registered positive trends. However, it was also recognized that serious weaknesses, especially related to government efficiency, needed to be addressed. Most of the weaknesses identified at that time are still apparent today, and some have even worsened. Ghana's political settlement, as described in the context section, impacts on all reform efforts in the governance arena. This has a particularly strong influence on policy decisions, with a premium being put on visible, short-term actions, as opposed to longer-term structural reforms. The persistence of clientelist and political patronage systems are for example illustrated by the difficulties in changing the system of presidentially-appointed members on district assemblies. This has put a strain on improving the allocative efficiency of public spending and

65 MFA "Joint evaluation of the Ghana-Denmark Development Cooperation" 2008:03.

4 SECTOR LEVEL FINDINGS

on achieving greater transparency and accountability in governance, especially at the local level.⁶⁶ Ghana shows consistently low scores in terms of local democracy.⁶⁷

DPs, including Danida, cannot directly change the political settlement in Ghana. They can instead adapt their strategies to what might be feasible in the Ghanaian context. Danida has not used any specific political-economy or political settlement analysis to guide programming in the period. This type of analysis could have enriched the understanding of how bureaucratic inefficiencies often stem from policy/state capture and how to most realistically build support for reforms given these constraints. Danida has largely been “working with the grain” in the governance sector but they have had too limited focus on how to build horizontal (i.e. across various actors and organisations) support for reforms. As an example, business interest in favour of specific reforms in a sector (e.g. to overcome corruption-related market restrictions) could have been linked up with consumer groups or others to push for specific reforms.⁶⁸

The Danida focus in Ghana has been on improving access to justice and services, more inclusiveness and participation of vulnerable groups in the development process and closing the inequality gap. The support to civil society has been relevant as a means to deepen and consolidate democracy in Ghana and to ensure that the government actually delivers on its commitments in terms of improving indicators on non-discrimination, participation, transparency and accountability.

Attempting to make the court system more efficient while also introducing alternative ways of accessing justice has been relevant in a country where the cost of legal processes is high and often unaffordable for the poor. The support to the Judiciary has addressed pertinent issues such as major delays in the resolution of cases.⁶⁹ Danida has supported automation of the courts, Alternative Dispute Resolution (ADR), a programme for speedy resolution of the cases of unsentenced/remand prisoners and the setting up of special Gender-Based Violence Courts. The support to CHRAJ has likewise been relevant in the sense that it was aimed at enhancing access to justice for people in rural areas.

The Danish strategy for decentralisation has been relevant as it is aligned with the GoG’s commitment to implement the constitutional and legal provisions on transferring powers, responsibilities and resources

66 EC “*Joint evaluation of budget support to Ghana*”, 2017.

67 See the V-Dem Institute and the data set for Ghana for more information.

68 See World Bank WDR 2017 “*Corruption Spotlight*” for more information on horizontal enforcement mechanisms.

69 Major delays have in particular serious implications for the poor, who can’t bribe their way to a quicker trial.

to local government institutions. It would have been appropriate if DPs including Danida had had a stronger analytical focus on identifying the reasons behind the inconsistency between laws, lack of clarity of roles and administrative coordination at district and sub-district levels, and the systemic problem of weak financial management and inadequate accountability and transparency in the utilisation of the District Assemblies Common Fund (DACF) and other resources at the district level. It could have enriched Danida's theory of change for the decentralisation area, if the assumption of government's political will to create a coherent structure for decentralisation had been challenged by a deeper understanding of the vested interests and how corruption is not only a consequence, but also a cause, of poorly implemented decentralised governance.

Ghana has a relatively strong legal anti-corruption framework in place with a number of anti-corruption bodies. Nevertheless, Ghana still faces serious implementation failures in practice.⁷⁰ Recent studies also indicate that various types of corruption have taken root. This includes petty corruption, with over a third of Ghanaian citizens reporting that they have paid a bribe during the last year⁷¹, as well as corruption affecting the private sector, with almost half of the firms identifying corruption as a major constraint.⁷² The perception of impunity for corruption has also risen.⁷³ Politics is often accompanied by corruption, and in the context of a political system like the Ghanaian one, where the costs of gaining and retaining political office are dramatically increasing, the risk of corruption grows exponentially.⁷⁴ This undermines the ambitions of deepening democracy, achieving private sector-led development and improving social services.

Despite these challenges, Danida has had a limited focus on corruption for most of the period. For example, there was a strong indication that the Judiciary was very corrupt⁷⁵ but the Danish support to rooting out corruption in the institution has come very late. In general, there is only limited evidence of Danida or other DPs taking a serious interest in corruption or anti-corruption initiatives until recently.

70 Governance indicators such as the World Bank's Country Policy and Institutional Assessment and Mo Ibrahim Index are stagnating or in some cases deteriorating. 2013.

71 Brierley et al "*Petty Corruption in the provision of public service in Ghana*", 2018.

72 According to the World Bank Enterprise Survey (2013).

73 From 10% (2008/09) to 30% (2013/14) according to the Afrobarometer.

74 'campaign' costs for a candidate to run in 2012 parliamentary election were GHS 46,411, the equivalent spent in 2016 was more than double at GHS 109,717. See Westminster Foundation/CDD "*The cost of Politics in Ghana*", 2018

75 As highlighted in the GPRS II from 2006.

4 SECTOR LEVEL FINDINGS

It would have been appropriate if Danida had pursued a sector wide approach to justice and accountability and if Danida had extended the support to CHRAJ and the Judiciary in collaboration with other DPs.⁷⁶ There are missed opportunities for collaboration between the two institutions, for example in relation to concrete issues such as ADR and public awareness campaigns on the rights of vulnerable groups (e.g. people in detention), as well as for joint advocacy in terms of the broader enabling environment (resource constraints of independent governance institutions). Extending support in closer collaboration with other DPs would furthermore have given Danida a stronger voice and more leverage in the dialogue with the Ghanaian institutions.

Today, as Denmark and Ghana are moving towards commercial relations, the Danish priorities have partly shifted towards anti-corruption as a key ingredient in an enabling environment for doing business. There has been a change in the Danish approach in the last few years with more emphasis on anti-corruption in relation to uncovering corruption and irregularities in the institutions supported by Denmark (Judiciary, CHRAJ, LSGG/ Office of the Head of Local Government Service (OHLGS) and MMDAs). 32 new corruption cases were opened by the embassy since 2015. Punitive action has been taken by the Judiciary following a corruption scandal,⁷⁷ among others strongly encouraged by Denmark, in terms of suspending or dismissing most of the involved judges. Danida is further supporting companies operating in Ghana to avoid corruption (the Danish Anti-Corruption Network hosted by the Embassy of Denmark). This stronger emphasis on anti-corruption is largely due to changes in embassy management and changing priorities.

76 The GPRS II highlighted that the existing anti-corruption institutions were weak in terms of their collaboration and that there was a need for them to form a united front to effectively rid society of corrupt practices.

77 Ghana's judiciary was thrown into crisis in September 2015 following the release of a video documentary that implicated 34 judges and scores of officials in acceptance of bribes.

HOW TO DO BUSINESS IN A CORRUPT ENVIRONMENT?

Ghana has a solid democratic tradition and offers a relatively stable and predictable political environment for foreign investors. The government has made increasing FDI a priority and acknowledged the importance of having an enabling environment for the private sector to thrive. However, corruption poses an obstacle for businesses operating or planning to invest in Ghana. Corruption ranks third in a list of the most problematic factors for doing business in Ghana (Global Competitiveness Report 2017/18).

The Danish Anti-Corruption Network is a very good example of how Danish development programmes can be used as an enabler of Danish trade and investments in Ghana, and a good case study of what can be achieved if embassy management have a strong focus on anti-corruption. The partnership forum gives Danish companies an opportunity to share experiences on corruption and how to maneuver when doing business in Ghana. The forum was launched by the Danish embassy in Accra in early 2017. 11 of the Danish companies operating in Ghana have so far joined the partnership and meet at the embassy on a regular basis. In this closed forum, companies share ideas and experiences – good and bad – on how to tackle the very delicate dilemmas they often face. The companies discuss challenges in different sectors and mitigation strategies. What can a company do, for example, if clearing of imports or a necessary approval from the fire authorities drags on and on and seems to be conditional on paying a ‘little something’? The forum has also been used to share lists of responsible and ‘clean’ auditors and lawyers.

The embassy has access to other networks and contacts *qua* development engagement than the companies do. It has access not only to the GoG but also to the Ambassadors Forum and the EU, which are major players in Ghana. This is useful especially when companies are faced with sensitive cases involving collusion and political corruption. It also gives the embassy a hands-on insight into problems in practice which they can use to raise issues with relevant authorities, of course without naming the actual companies involved. There are also concrete examples of how the embassy has embarked on policy dialogue on the basis of issues mentioned during the forum meeting and has been successful in amending proposed legislation in the direction of a more enabling environment for foreign investment.

DEVELOPMENT RESULTS

Important results have been obtained during the period. The Danish focus on vulnerable groups has contributed to improved access to justice for the vulnerable (e.g. unsentenced prisoners, reaching people at the grassroots and remote areas). The most significant results have been obtained in relation to decentralisation and civil society. The groundwork has been done in terms of decentralisation in Ghana. The institutional framework is partly in place and MMDAs have improved their capacity, including their ability to engage with civil society. Civil society is however the area where Danida in collaboration with other likeminded DPs have

4 SECTOR LEVEL FINDINGS

left the most significant mark.⁷⁸ The role of Ghana's already active and vocal civil society has been consolidated. Danida has also contributed to the strengthening of CHRAJ and the Judiciary; however, major challenges still persist as regards the efficiency of the two institutions, which remain largely under-resourced.

With regard to the Judiciary, the support to ADR has reduced the backlog of cases and ensured better access to justice for Ghanaians in poorer regions of the country.⁷⁹ If the geographical reach of the ARD could be extended and the legal profession brought on board (judges have been reluctant to refer cases to ARD), the scheme might begin to make a real impact.⁸⁰ The Justice for All Programme has also contributed to reducing the number of unsentenced/remand prisoners and increased access to justice especially for the poor. There has been a significant reduction in the number of unsentenced/remand prisoners during the period 2007-2017, from 35% to 12%.⁸¹ However the Justice for All Programme has not, and is not designed to, address the systemic root causes of the problem, including the lack of capacity on the part of the law enforcement and judicial authorities to efficiently and effectively investigate, prosecute, process and manage cases.⁸²

The Danida support has been instrumental in improving CHRAJ's outreach in rural areas. CHRAJ is now present in 110 districts.⁸³ Their service, which is for free, is especially attuned to the needs of poor and vulnerable people, particularly young women who would normally be afraid to take these kinds of cases to court or who cannot afford to do so.⁸⁴

78 See the sector working paper for more examples of results from the civil society support.

79 Danida "Value for Money Study- Support to the Judicial Service 2013-15", 2016.

80 Richard C Crook et al "Popular Concepts of Justice and Hybrid Judicial Institutions in Ghana", 2011.

81 Senanu, Amuza & Associates (CHRAJ) "The State of Human Rights in Ghana", 2017, Danida "Value for Money Study, Ghana" April 2016, Interviews in Accra, Statement on the Visit to Ghana" by the UN Special Rapporteur on Extreme Poverty and Human Rights from April 2018.

82 See also the "Statement on the Visit to Ghana" by the UN Special Rapporteur on Extreme Poverty and Human Rights from April 2018.

83 Richard C Crook et al "Popular Concepts of Justice and Hybrid Judicial Institutions in Ghana", 2011.

84 District case statistics show that the majority of complainants going to CHRAJ were women bringing cases against men for maintenance of children, disagreement over custody of children, breaches of promise to marry, and maintenance after separation or divorce, often mixed with accusations of domestic violence and abuse. See Richard C Crook et al "Popular Concepts of Justice and Hybrid Judicial Institutions in Ghana", 2011 and Senanu, Amuza & Associates (CHRAJ) "The State of Human Rights In Ghana", 2017.

However, the latest figures from a perception study in 2017⁸⁵ indicate that the basic knowledge of human rights in Ghana is still wanting despite massive public education campaigns carried out by CHRAJ in the period.

CHRAJ as an institution has suffered from difficulties in prioritising its activities. These difficulties stem from the mandate of the institution, which is very broad and includes anti-corruption, administrative justice and human rights. It also stems from the fact that the leadership has not been able to prioritise, given its mandate and limited resources. The organisation has never had a strategic plan or prioritized work plans or activity plans. The National Anti-Corruption Action Plan (NACAP) anchored by CHRAJ was also very broad and CHRAJ has been struggling to implement a large part of the plan. Only 12% of the plan was implemented by 2016 (against a target of 38%).⁸⁶ Another option could have been a more narrowly tailored NACAP focused on a small number of specific problems or institutions. A narrower strategy could have drawn greater public attention to a small number of major corruption problems and created a platform for a sequence of successes. Danida could have engaged in more pro-active dialogue over the years to facilitate a strategic shift in the way the Commission prioritised its operations, based on the results of a solid institutional analysis.

The question is what else Danida could have done differently in the case of CHRAJ? It could have started by asking CHRAJ to live up to what was agreed. There were several warnings that CHRAJ was not being focused and strategic in its operations. The support to CHRAJ commenced in 2009 without the promised strategic plan⁸⁷ and again in 2013 the appraisal report highlighted major difficulties, as implementation of the programme action plan was about 18 months behind schedule and preparation of the next plan had not yet begun.⁸⁸ Danida continued however to provide the support despite these repeated warnings. After the corruption scandal broke in 2014, where the then Commissioner was accused of misappropriating funds, Danida suspended funding to the

85 According to the study 59% of Ghanaians are aware that children and juveniles do have rights. However, only 53% of respondents were aware that women had rights and for LGBTI, migrant workers and persons in detention 88%, 81% and 78% respectively of respondents believed that these groups do not have rights. See reference to the perception study in Senanu, Amuza & Associates (CHRAJ) *"The State of Human Rights in Ghana"*, 2017.

86 British Academy *"Swimming against the tide; implementation of Ghana's anti-corruption action plan"*, 2017, Danish embassy, CHRAJ Results Study, 2016, Interviews in Ghana.

87 From the programme document 2009-13 "CHRAJ has not completed the process of developing a strategic plan for its activities to replace the by now largely inoperative plan for the period 1999-2009".

88 Appraisal of the Right to Services and Good Governance Programme (2014-18) from 2013.

4 SECTOR LEVEL FINDINGS

organisation. The EU instead opted for channelling the funds through the Spanish foundation FIAAP, which now manages the budget while CHRAJ retains control over the planning, strategy, and implementation of the programme.⁸⁹ It would however have been difficult to justify continued Danida support to CHRAJ. Danida commissioned an independent financial audit of CHRAJ following the alleged misappropriation. The audit report revealed issues of ineligible and unsupported expenditures. The repayment of these funds remains outstanding and the embassy is currently pursuing this with the Ministry of Finance.

The decentralisation efforts are assessed to be positive in the medium term with significant progress in the decentralisation reforms in recent years.⁹⁰ Some major aspects of the reform are still to be implemented⁹¹ but the groundwork has been completed and has led to the development of major pieces of draft legislation for overall guidance of local governments (the 2016 Local Governance Act), as well as draft bills for the decentralisation of several important functions, not least education and health. Nevertheless, important challenges remain. The transfer of resources from the centre to the sub-national level is still only 3% (2016).⁹² The political settlement and the persistence of clientelist and political patronage systems are the main factors behind the difficulties in achieving fiscal decentralisation and changing the system of presidentially-appointed members on district assemblies. This has worked counter to the aim of achieving greater transparency and accountability in governance at the local level.⁹³

It is not possible to directly link the District Development Facility (DDF) – a funding pool supported by Denmark – to development outcomes in terms of improved service delivery and poverty reduction. Nevertheless, the impact of the DDF projects is still perceived to be significant by the beneficiaries and the MMDA stakeholders. The DDF has not systematically measured the impact of the DDF funded projects. However, district spot checks by DDF have provided evidence that beneficiaries perceive the projects to have improved the community situation and quality of life.⁹⁴ The consistent support to the decentralisation over many years has thus produced some transformative changes. A good example is also the pilot support to capacity development of districts in terms of feeder roads and water and sanitation in selected districts under the

89 H el ene Champagne, GIGA – German Institute for Global and Area Studies “Case study reports on control of corruption and EU funds” 2016.

90 EC, *Joint Evaluation of Budget Support to Ghana Volume 2a*, 2017.

91 The legal and policy framework for fiscal decentralisation has not changed fundamentally over the last 10 years. See EC, *Joint Evaluation of Budget Support to Ghana*, 2017.

92 NDPC, *Annual Progress Report 2016*.

93 EC, *Joint Evaluation of Budget Support to Ghana*, 2017.

94 KfW “Ex-post evaluation of the DDF 2009-2013”, 2015.

Local Service Delivery and Governance Programme (2009-2013). This was eventually translated into support for capacity development and performance grants to all MMDAs. A key result is the institutionalization of the works departments at district level.

MMDAs' planning and budgeting capacities have gradually improved since 2008, and Denmark has contributed to this outcome. The capacity building support for improving MMDAs planning and budget capabilities have largely come from DDF funding- to which Denmark has been a major contributor. The close cooperation that the embassy has had – and still has – with the Ghana Audit Service (GAS) in relation to the decentralisation programme has also contributed to improving the accountability of the MMDAs. In the former phase, GAS was one of the partners, and in the current phase the embassy has several times worked closely with GAS in the follow-up to critical audit reports to help the districts to understand the requirements to good practice; e.g. concerning procurement, documentation of decisions etc.⁹⁵

The DDF has further had performance grants conditioned on transparency, accountability and inclusiveness. This includes for example public hearings and publishing budgets. In general, however, there has been limited progress in non-state actors' involvement in local governance over the years, although there are good examples of how civil society has been able to use the openings provided by the decentralisation reforms and the new emphasis on transparency, accountability and inclusiveness. Various elements of the decentralisation efforts have reinforced the ability of the MMDAs to engage with citizens and civil society,

95 Interviews with embassy staff.

HOW TO IMPROVE THE PARTICIPATION OF VULNERABLE GROUPS IN LOCAL GOVERNANCE?

In the Upper and Lower Manya Krobo districts in the Eastern Region, the support to civil society extended through STAR has contributed to empowerment of the disabled as a group and to enhanced transparency and accountability in the use of money intended for them.

In the past People with Disability (PWD) were aware of the mandatory provision of 2% deduction of the disability fund from the District Assembly Common Fund (DACF) to support activities of PWDs; however, they were not aware of the details of the guidelines for the management of the allocation of the disability fund and were not represented in the Disability Fund Management Committees (DFMC) as stated in the guidelines. The disbursement and management of this Fund was solely and discretionally done by the District Assemblies (DA) without involvement of the PWD and with serious allegations of favouritism in allocation of the money. This led to tension among and between the PWDs and DAs.

Before the project PWDs were scattered and not working together; however now with the support of STAR and the local CSO YOWE, their organisation has been strengthened and an advocacy group has been formed that engages the DA. Funds have been released following the disbursement criteria and the requirement for a PWD to be involved in the management committee for the disabled funds at the DA has been put into practice. This is likely to significantly reduce the agitations, misunderstandings and conflicts that typically occur between the DAs and PWDs, members of vulnerable groups and the general citizenry.

YOWE has been able to ensure that PWD themselves are in the driving seat but they have offered orientation on the legal framework and guidelines, a platform for engagement among PWD, facilitated public consultation and continuous one-to-one mentoring of both PWD and the DA. It has enhanced both the credibility and outreach of YOWE that their office is situated on the outskirts of town among the community members that they engage with. This strategy has made it possible for the beneficiaries to own the project which will ensure its sustainability.

This case also demonstrates good synergies between support to civil society and to decentralisation. The support to decentralisation has stimulated and reinforced the transparency and the accountability of the district assembly. Awareness of the requirement of public consultation to qualify for DDF funding has resulted in increased involvement of local people in local governance. The district assemblies visited by the evaluation team confirmed that the DDF requirement and the new mandatory requirements of public consultation and involvement in the Local Government Act 2016 have encouraged them to be more attentive to the involvement of members of local communities in local governance.

Democracy in Ghana has been further consolidated over the last 10 years. CSOs have become more active as more people get involved and as policy-makers increasingly consult these organisations when important policy changes are being considered, including the framework for oil/gas governance and positive changes in the health and education

sectors. The quality of election processes has furthermore improved significantly. Electoral irregularities have been common historically in Ghana; however, a gradual improvement has been observed in recent years in terms of registration of fraud, systematic irregularities, government intimidation of the opposition, vote buying, and election violence.⁹⁶ The support to civil society over the years has contributed to this deepening of democratic governance in Ghana by enhancing the role of CSOs and non-state actors in the election process, including women, community members, faith groups and volunteers etc., and by generally contributing to reduced conflicts and violent clashes during elections.⁹⁷ The Danish support to Regional and National Peace Councils for early warning systems of conflict during election time has also contributed to the same.

CSOs in Ghana are heavily dependent upon monetary support from outside the country.⁹⁸ Donor support including Danish support to CSOs through the various grant-making mechanisms has thus been instrumental in facilitating these results. The MDBS (to which Denmark has also contributed) has further created opportunities for civil society. The donors recognised, at an early stage, the important role played by civil society in the country's policy processes. Substantial efforts were made to actively involve them in policy dialogue and MDBS performance reviews.⁹⁹ Synergies between the MDBS modality and grants to CSOs have thus contributed to enhancing the role of CSOs in national policy processes.

DANISH CONTRIBUTIONS

Danida's added value is that it provides more flexible institutional support to strategic plans as opposed to earmarked support, which increases the likelihood of relevance, ownership and sustainability. Danida has also followed this practice in much of its support to OHLGS, CHRAJ and the Judiciary. On the other hand, Danida has largely moved away from core institutional support aligned to strategic plans in its support to civil society.¹⁰⁰

Danida has been a valued and trusted partner of the Judiciary. Danida has had "staying power" and is regarded as flexible.¹⁰¹ The long-term

96 See the V-Dem Institute and the data set for Ghana for more information.

97 STAR, *"End of Election Call Evaluation,"* 2016, Interviews with STAR secretariat, CSOs, Think Tanks, Development Partners and Members of Parliament.

98 CIVICUS *"The State of Civil Society in Ghana"* 2013.

99 EC, *Joint Evaluation of Budget Support to Ghana,* 2017.

100 Danida continues to core fund few selected CSOs (IMANI and GII) under tax programme.

101 This perception of Danida is shared widely and has been confirmed in meetings with the GoG including the institutions supported directly, members of Parliament and other development partners.

4 SECTOR LEVEL FINDINGS

partnership has ensured sustained and stable funding and Danida has also played a critical role in supporting the Judiciary in its response to the corruption scandal a few years ago (funding for strategic plan, critical dialogue, and TA for the formulation of an anti-corruption action plan). Danida priority areas (gender, HRBA) have had a positive impact on improving access to justice for women and marginalised groups.

Denmark has also been a long-term, reliable and trusted partner on decentralisation and has played an instrumental role in the acceleration of the reform process and in maintaining a constructive policy dialogue during the last 10 years. Danida has contributed positively to aid effectiveness and donor harmonisation in the sector and is regarded by other DPs as a team player.¹⁰² Danida has provided substantial financial (20-40% of the financial support to DDF)¹⁰³ and technical capacity development assistance to the Local Government Service Secretariat (LGSS), now the OHLGS. Danida has had a strong capacity development focus and technical advisors have played multiple roles, including conceptualization of legislative instruments, clearing of the backlog of district audits and development of the performance assessment framework to name a few.¹⁰⁴ These technical advisers have been highly appreciated.

The results achieved under the support to the Judiciary and CHRAJ can to a large extent be attributed to Danida. Danida has been the main and at times the only donor to these institutions for most of the period. In terms of decentralisation, Danida has been one of many donors. Even so, Danida has been a key contributor to the DDF and to capacity development of LGSS and the MMDAs and new capabilities can largely be attributed to Danida's involvement. The support to civil society has been extended as part of a basket arrangement with other DPs (DFID, EU and USAID)¹⁰⁵ and it is therefore not possible to detect a specific Danish fingerprint. Danida has, however, consistently supported civil society throughout the period and has thus used the specific Danish modality of ensuring checks and balances by supporting both the supply and demand side of state-building as well as independent oversight institutions.

The relationship between Danida and its partners has been cordial and almost "family-like". The partnerships have been built up over many years. The evidence from Ghana is that long-term funding and a close and friendly partnership can produce good results. However, when an institution such as CHRAJ fails time and again to deliver the intended

102 Interviews with Development Partners (decentralisation), February 2018.

103 Figures provided by OHLGS for the period 2013-15.

104 Interviews with Development Partners (decentralisation) and LGS, February 2018.

105 USAID supported under the first phase of STAR-Ghana (2010-2015).

results (e.g. in terms of anti-corruption), a more critical dialogue is necessary. As also evidenced in Ghana, a more critical dialogue can be effective. The new embassy management for example took immediate action when a corruption scandal was uncovered in the Judiciary, which contributed both to disciplinary measures being taken action and a new anti-corruption action plan put in place. It is thus possible to use the goodwill gained in long and trusting partnerships to raise difficult questions and with good results.

SUSTAINABILITY

In general, the severe resource constraint is a key challenge which cuts across and affects all areas of human rights realisation and anti-corruption in Ghana. Almost all state institutions that work to protect and respect rule of law and fulfil human rights in Ghana are grossly under-resourced, including both CHRAJ and the Judiciary, not just in relation to financial but also human and logistical resources. This is a general concern that impacts on the sustainability of the governance interventions.

The assumption of the relative independence of the Judiciary in Danida's Theory of Change seems to hold (see Annex E). The Judiciary's ability to exercise restricting power over the executive has increased over the years.¹⁰⁶ This enhances the prospect of sustainability of the Danish reform efforts. The Danish capacity development of the Judiciary has focused on changes at the organisational level and a number of institutional policy and guiding documents have been signed off by the Chief Justice. Denmark has also in recent years been advocating for more structural legal reforms¹⁰⁷ of the enabling environment in high level policy dialogue between the Danish ambassador, the Minister of Justice & Attorney-General, and the Chief Justice. Further, Danida has been supporting an NGO that advocates for legal reforms.¹⁰⁸ The adoption of such reforms is, however, unlikely in the short to medium future.¹⁰⁹ The longer-term sustainability of the support to both the Judiciary and CHRAJ is threatened unless the wider issues related to the enabling environment are resolved. This includes for example the ongoing lack of

106 The Global Integrity Survey indicator 2 of 2015 reports that, in practice, Ghanaian judges were not influenced in their decisions, and the judiciary was effective in exercising checks over public institutions. Judges give reasons for their rulings, referencing specific laws they used to decide the matter.

107 In areas such as community service, parole, plea-bargaining, the narcotics law etc.

108 Danida has in the past indirectly supported the POS Foundation through STAR-Ghana. Currently Danida supports POS through a direct grant from the embassy (2017/18). The legal reforms advocated for are in areas such as community service, parole, plea-bargaining, the narcotics law etc.

109 GoG does not think that it has needed structures and resources to introduce such reforms. See minutes of meetings between from 3th May 2017 between the Danish ambassador and the Minister of Justice & Attorney-General.

4 SECTOR LEVEL FINDINGS

financial and other resources, problems with the mandate of the CHRAJ, structural problems related to Ghana's legal framework¹¹⁰, as well as coordination issues with other justice and accountability institutions.

The anti-corruption reforms are likely to gain more momentum under the current Presidency. The President, Nana Addo Dankwa Akufo-Addo, came to power on an anti-corruption platform. Among other things he promised at the time he was elected to office to set up an independent office to investigate and prosecute crimes of corruption. The office of an independent Special Public Prosecutor has since been adopted in Parliament and an outspoken former Attorney-General, also known as the "Citizens Vigilante", has been approved by Parliament as Special Prosecutor. It is believed that he has the necessary integrity and credibility to occupy this office.¹¹¹

There are good prospects for sustainability of the decentralisation efforts. The legal framework for decentralisation is in place. A merger between the DACF and DDF is in the pipeline, which enhances the prospect of sustainability of the gains in the decentralisation sector. The purpose of the merger is to have *one* nationally-owned performance-based fiscal transfer system with a single set of performance criteria.¹¹² There are also good prospects for financial sustainability with several DPs continuing to extend support to decentralisation, at least in the short to medium term.¹¹³ The recently adopted Local Government Act (2016) further incorporates large sections on the involvement of non-state actors in local governance. The creation of new MMDAs, however, brings with it new challenges, as existing districts are not fully functional (and sub-district structures even less so) due to resource constraints. This may well jeopardize the gains achieved and lead to setbacks in efforts to achieve improved service delivery for the poor.

In terms of decentralisation, the current President has committed himself and the ruling party to hold a referendum on direct election of all district assembly members next year. The Danish embassy is supporting this process (through direct support to the think-tank IDEG).¹¹⁴ The

110 This includes the lack of laws on non-custodial sentencing, the Narcotics Law and no probation options.

111 Interviews with Parliament, civil society and development partners.

112 Interview with Ministry of Local Government & Rural Development and OHLGS.

113 The EU has signed a new Sector Budget Support agreement with EUR 45 million for the period 2018-2020, KfW and the Swiss will continue their decentralisation support through DACF-DDF with KfW extending EUR 21 million for the period 2018-2019 with possible extension post 2019 and the Swiss extending 19 million Swiss Franc. AfD is also considering a possible return to support DACF-DDF.

114 IDEG is rolling out a major awareness raising campaign in advance of the referendum in the whole country.

abolition of the system of presidentially-appointed members on district assemblies would strengthen local democracy in Ghana and would complete the decentralisation efforts as it would create the conditions for genuine local participation in decision-making processes at the sub-national level.

Finally, the financial and institutional sustainability of the support to civil society is a serious concern. Firstly, the lack of core institutional support has had implications in terms of CSOs and think-tanks ability to produce research and is likely to have consequences for their ability to sustain more evidence-based campaigns for social and political change in the future. Secondly, CSOs in Ghana face general constraints in terms of funding as the majority are 100% dependent on external donor financing. Mobilisation of resources from local philanthropy, government and internally generated revenue are all but absent. There is serious concern that many of the CSOs currently present in the sector may disappear in the near future because of lack of funding.¹¹⁵ There is furthermore a danger that the CSO campaigns that have extended over a long period and have produced good results (mining royalties, domestic violence bill, free secondary education, health insurance and free maternal health among others) will not be carried out in the future because CSOs are not able to mobilise financial support which would allow them to continue to carry out this type of campaigning.¹¹⁶ STAR Ghana will continue to receive donor and consortium support until 2020¹¹⁷. It is currently exploring the possibility of transforming itself into an Independent National Entity (INE) effective from the last quarter of 2018. An INE is an interesting and innovative idea and would have the benefit of being a fully Ghanaian owned and managed facility. The financial sustainability of such a facility is however a concern beyond 2020 by which time many DPs will have phased out their support to Ghana, and as it is difficult to see where ongoing funding will come from.

4.3 Health

GHANAIAN POLICY FOR THE HEALTH SECTOR

Since 1997 the health sector has been guided by medium-term health strategies (MTHS) supplemented with a five-year Programme of Work (POW) developed jointly by the GoG and DPs.¹¹⁸ In 2007 the National Health Policy was developed, and this policy now provides the frame-

115 Interviews with CSOs, Think Tanks and Development partners, STAR semi-annual report, 2017, Civicus *"The State of Civil Society in Ghana"*, WACSI *"The State of Civil Society Organisation's Sustainability in Ghana"*, 2015.

116 Interviews with CSOs and Think Tanks in Ghana.

117 Both DFID and the EU is supporting STAR-Ghana until 2020.

118 National Health Policy, 2007.

4 SECTOR LEVEL FINDINGS

work for priorities in the health sector together with MTHS and POW. The policy defines three inter-related health objectives: *“a) ensure that people live long, healthy, and productive lives and reproduce without risk of injuries or death; b) reduce the excess risk and burden of morbidity, mortality, and disability, especially in the poor and marginalized groups; and c) reduce the inequalities in access to health, population and nutrition services and health outcomes”*.

The Ministry of Health (MoH) is responsible for health sector policies and strategies, formulating health programmes and monitoring the country's status and progress in the sector over time. Ghana Health Service (GHSE) is responsible for planning and coordinating service delivery at the national, regional, district and sub-district levels. However, the situational analysis of 2007 indicated that there are overlaps between the functions of these two agencies. Further, the intended decentralisation of responsibility for service delivery to DAs had not occurred, and the active involvement of DAs varied from district to district.¹¹⁹ The Christian Health Associations of Ghana (CHAG), is another key service provider, especially in remote areas. CHAG is an umbrella organisation for church hospitals and health centres consisting of 162 bodies in 2007. Today, CHAG represents 291 health facilities.

DANISH HEALTH PROGRAMMES

Danish support to health in Ghana has focused on achieving the MDGs and hence reduction of child mortality, improving maternal health and combating HIV/AIDS, malaria and other diseases. Danida has used a two-pronged approach of support to the public health system, supporting both public institutions such as the MoH, GHSE and Ghana AIDS Commission (GAC) and actors in the private/not-for-profit health sector, primarily the CHAG. The overall objective for the health support in Phase IV and V has been *“to contribute to socio-economic development and wealth creation by promoting health and vitality, ensuring access to quality health, population and nutrition services for all people living in Ghana and promoting the development of a local health industry”* which is in alignment with the priorities set out in the National Health Policy. The components included in this evaluation (HSPS IV and V, refer to Table 6 below) support the implementation of the Programme of Work (POW) III and, in the second phase, the Health Sector Medium Term Development Plan (HSMTDP).

Danida's support to the health sector ended in 2016. After 2010 several key performance indicators stagnated and progress only occurred slowly, which led to majority of DPs moving to earmarked support around 2014 with disbursement triggered by performance of agreed indicators. In this context, Danida decided to channel the last two years

119 Ghana Health Sector Support Programme, HSPS Phase IV (2008-2012).

of budget support (2014-2016) through the Millennium Development Goals Acceleration Framework (MAF), which was established by the GoG to focus specifically on addressing child (MDG 4) and maternal mortality (MDG 5). The Evaluation of the Danish Strategy for the Promotion of Sexual Reproductive Health and Rights (SRHR) from 2014 identified high levels of unsafe abortion and poor and inconsistent use of family planning as the principal contributors to maternal mortality, and Danida's contribution was therefore tied to combating these two problems.¹²⁰

TABLE 6. HEALTH PORTFOLIO UNDER EVALUATION

Programme	Components	Year	Grants (million DKK)
Ghana Health Sector Programme Support (HSPS) IV 2008-2012	1: Financial support for the Programme of Work (POW) III 2: Support to strengthening of the private sector (primarily CHAG) 3: Support to implementation of the National Strategic Framework for HIV/AIDS (NSF)	2008-2012	425
Ghana Health Sector Programme Support (HSPS) V 2012-2016	1: Support to the implementation of the HSMTDP 2: Support to the private not-for-profit health sector (primarily CHAG)	2012-2016	400
Total funding from 2008-2017			825

RELEVANCE

The SRHR evaluation found Danida's support to be very relevant throughout the support period. This was also confirmed by the EC Joint Evaluation of Budget Support to Ghana (2005-2015), where the support to the health sector provided by Denmark, the Netherlands, UK and later joined by EU was found to be relevant and fully aligned with national policies; i.e. the National Health Policy. The majority of Danida support (70-90%) was channelled through the national health sector, primarily to MoH, and hence national policies framed the Danish support.

Denmark has emphasized a focus on SRHR in Ghana and on improving women's and vulnerable groups access to health services. This is in line with MDG 4 and 5 and later the SDGs, in particular SDG 3 "Good health and well-being" and SDG 5 "Gender equality"; the Ghanaian National Health Policy and the three inter-related health objectives mentioned above; as well as the Danish strategy the "Right to a Better Life." Further,

120 Evaluation of the Danish Strategy for the Promotion of Sexual and Reproductive Health and Rights 2006-2013; Exit Strategy for the last two years of the Danish Support to Ghana Health Sector 2014-2016.

4 SECTOR LEVEL FINDINGS

MoH declared the continued high maternal mortality rate a national emergency and support to the MAF strategy was fully aligned to the High Impact Rapid Delivery strategy implemented by MoH and GHSE.

A key challenge throughout the support has been that although abortion is legal in Ghana under certain circumstances, including when the mental health and wellbeing of the woman is endangered, the lack of information about the circumstances in which abortion is legal and lack of knowledge about abortion methods available continued to contribute to a high level of unsafe abortions in the country. By earmarking funding, Danida ensured that its support was targeted to vulnerable populations and key Danida priorities; however, it also created less flexibility for GoG to use funds according to changing priorities.¹²¹

Support to CHAG has generally been considered relevant in terms of providing health service delivery in remote areas and reaching the most vulnerable people. Danida supported CHAG's development of a five-year strategic plan and the subsequent implementation of the plan with the overall aim of building institutional capacity of the CHAG secretariat to coordinate service delivery (and thereby support implementation of the POW) as well as to conduct advocacy towards GHSE.

DEVELOPMENT RESULTS

Substantial achievements have been realized in the health sector during Danida's more than 20 years of engagement in the sector. The MDG 1 of halving extreme poverty and hunger was achieved in 2006, performance in relation to a range of communicable diseases such as measles improved markedly, and smallpox was eradicated by 2007.¹²²

However, child and infant mortality did not reach the MDG targets, although it improved from 119 under 5 mortality in the mid-1990's to 60 in 2014 and 52 in 2017. Infant mortality per 100,000 live births fell from 66 in the mid 90's to 41 in 2014 and 37 in 2017. Maternal health improved from a staggering 760 per 100,000 live births in the mid-1990's to 380 in 2014, however progress in the last five years occurred slowly; the MDG 5 target on maternal health was not reached by 2015 and only went down to 319 by 2017. Further, HIV/AIDS prevalence rate was estimated at 2.4% in 2016 and although this is an improvement from 3.6% in 2003 it is a step back from 2014 where the rate was 1.6%. Hence, for many of the health indicators progress has occurred but not to the expected level. When compared with other countries with similar level of

121 EC. Joint Evaluation of Budget Support to Ghana (2005-2015), 2017.

122 National Health Policy, Creating Wealth through Health, Ministry of Health, 2007.

investment, it appears that Ghana underperforms in key areas related to, especially, MDG 4 and 5.¹²³

DPs earmarking of funds and withdrawing support¹²⁴ in around 2014 caused a clear budget gap in the health sector. At the same time, salaries and emoluments took up around 94% of the health budget leaving limited funds for service delivery and goods. This obviously had an effect on the efficiency of the health sector, which is also confirmed by the SRHR evaluation. A key reason for this is a PFM bottleneck and the lack of a consistent framework for health sector-strengthening. Considerable investments in strengthening PFM have not yielded the intended results and this indicates that the root causes of the PFM bottleneck have not been properly analysed or addressed.

According to an analysis of the flow of SBS funds between 2009-2011¹²⁵ there were no systemic concerns in the procedural steps for transfers between MoH, MoF and the districts. Nevertheless, transfer of funds from MoH to the districts was very time consuming and this was still a key challenge in 2016.¹²⁶ This obviously impacts on the districts' ability to implement activities. Lack of accountability and poor performance on macro-economic indicators resulted in long periods of project suspension by the EU.

In 2005 the National Health Insurance Scheme (NHIS) was launched as a *"social protection policy with the objective of improving financial access to quality health services."*¹²⁷ The coverage steadily increased with 17% of the population receiving health services with little or no payment by 2006, the NHIS rapidly becoming a key player in the health sector. According to recent data, 38.4% of the population now have active NHIS membership. 70.1% of NHIS beneficiaries are in the exempt category and 45% of these are children.¹²⁸ Membership of the NHIS has hence increased substantially but still does not reach sufficient numbers of people who need the exemption or people who should be contributing to the scheme through premiums.

123 Assessment of the Need for Danida's continued involvement in the health sector in Ghana after the current Health Sector Programme Support, Phase V ends in 2016, Danida, May 2013.

124 EC. Joint Evaluation of Budget Support to Ghana (2005-2015).

125 Conducted by Danida, DFID and the Netherlands and referenced by the EC budget support evaluations.

126 Assessment of the Need for Danida's continued involvement in the health sector in Ghana after the current Health Sector Programme Support, Phase V ends in 2016," Danida, May 2013; Interviews with health stakeholders.

127 National Health Policy, Creating Wealth through Health, Ministry of Health, 2007.

128 Statement on Visit to Ghana 8-18 April 2018, by Professor Philip Alston, United Nations Special Rapporteur on extreme poverty and human rights.

4 SECTOR LEVEL FINDINGS

DPs have contributed to establishing and broadening the coverage of the NHIS. The NHIS has transformed the provider payment system, the mode, scale, quality and scope of health service delivery and has transformative potential. However, the NHIS does not provide preventive services and the health system has therefore been skewed towards curative services and not a holistic health approach. Furthermore, poor reimbursement and unreliable drug¹²⁹ and supply practices have driven people away from public NHIS-accredited facilities to private unaccredited and herbal health practitioners.

As mentioned above, CHAG has continued to grow, from 25 health institutions in 1967 to 291 health facilities and health training institutions in 2015 owned by 25 different Christian Church Denominations.¹³⁰ They cover all 10 regions of Ghana, are primarily present in remote areas and they have supported implementation of POW by delivering services in remote areas.

A key focus of the support to CHAG has been capacity development and human resources, including training of nurses. The doctor-to-population ratio increased 7.1%, with one doctor to 8934 individuals in 2015 to one doctor per 8301 in 2016. A similar increase occurred in the nurse-to-population ratio with 865 individuals per nurse in 2015 to 834 in 2016. Nevertheless, there are still great regional variations with Upper East and Western having the worst ratio in terms of doctors and Northern region performing worst in terms of nurse ratio.

The sector budget support (SBS) to health has focused on equity and inclusion in terms of improving regional disparities and enhancing gender equality. This approach has been successful, and gender and inclusion have been mainstreamed into health sector policies and these topics were found to be key issues debated in health sector dialogue.¹³¹

Nevertheless, key stakeholder interviews conducted by this evaluation confirm that considerable challenges remain in the health sector, mainly related to systemic weaknesses in the MoH such as insufficient internal organisation and leadership.¹³² This indicates that the root causes for the health sector's underperformance have not yet been sufficiently addressed.

129 Assessment of the Need for Danida's continued involvement in the health sector in Ghana after the current Health Sector Programme Support, phase V ends in 2016," Danida, May 2013.

130 CHAG Annual Report 2015.

131 EC. Joint Evaluation of Budget Support to Ghana (2005-2015).

132 Assessment of the Need for Danida's continued involvement in the health sector in Ghana after the current Health Sector Programme Support, phase V ends in 2016," Danida, May 2013.

DANISH CONTRIBUTION

Danida has supported the health sector together with a number of other DPs such as the Netherlands, DFID, EU, and JICA, and the specific Danish contribution is therefore difficult to isolate. Danida's financial contribution has been relatively small compared to Global Fund or USAID but Danida has on the other hand played a key role in SBS and implementation of the POW and HSMTDP.

Danida's contribution to NHIS has been significant. During the first phases of health support between 1997 and 2007, Danida supported the community-based Health Insurance Schemes in four of the poorest regions in Ghana (Northern, Upper West, Upper East and Central). The Danida-supported schemes in Dangme West District became the foundation and inspiration of the NHIS. Hence, Danida support was instrumental in developing the NHIS. Also, Danida advocated for the pro-poor exemption policy of the NHIS in order to ensure inclusion of poorer and more vulnerable groups. As mentioned above 70.1% of NHIS beneficiaries are currently in the exempt category.

TA has been a key priority for Danish support, and long-term advisors have been provided to CHAG, MoH and the National Health Insurance Agency (NHIA), which is in charge of implementing the NHIS. The Danish contribution to enhancing capacity in these institutions has been appreciated by stakeholders and in 2014 there were indications of enhanced capacity in the health sector. Senior and middle level staff members were found to be qualified and dedicated, illustrated by high quality of operational policies, guidelines etc. within SRHR; and collaboration with private sector and CSOs was rather successful.¹³³ In 2017, however, this picture changed and reports of high staff turn-over in senior management at the central level risked weakening policy continuity.

Danida has funded a long-term M&E advisor in MoH. The M&E framework has evolved and improved over time and annual reviews take place at all levels of the PoW. Monitoring of results has also improved and the general assessment of capacities and systems for M&E of public policies have been strengthened.¹³⁴

Danida established the Health Sector Support Office (HSSO) in 1994 during the Health Sector Support Programme (HSSP) I with the initial mandate to monitor, supervise and coordinate the health sector support. In HSSP II this mandate was broadened to include TA to MoH/ GHSE during implementation of POW as well as CHAG, CSOs and private sector actors, and to facilitate policy dialogue and ensure monitoring of

133 Evaluation of the Danish Strategy for the Promotion of Sexual and Reproductive Health and Rights 2006-2013.

134 EC. Joint Evaluation of Budget Support to Ghana (2005-2015), Vol 2 b.

4 SECTOR LEVEL FINDINGS

Danida priority areas. The HSSO was continued until the end of HSPS IV in 2011.¹³⁵

Danida is recognized for having a strong voice and influence in policy dialogue,¹³⁶ especially concerning more sensitive areas such as abortion care and support to vulnerable groups such as men who have sex with men and commercial sex workers at a crucial time where most DPs were withdrawing from such areas.¹³⁷ Since 2017 Denmark has been funding a long-term advisor in the UNFPA Office in Accra to promote Danish priorities within SRHR.

However, lost opportunities for policy influence were also identified and the limited time span of support to HIV/AIDS prevention reduced the potential to positively influence policy dialogue in this area.¹³⁸

Stakeholders also point to the support to CHAG as key in establishing the partnership between GHSE and the private health service. During the exit phase Danish TA was instrumental in enhancing CHAG's advocacy role and ensuring that CHAG was fully involved in the MAF. Today CHAG is considered an equal partner in the health sector and is fully involved in policy dialogue and developing new strategies to improve the sector's outreach to remote and marginalized population groups. The Danish focus on addressing gender gaps and reaching more vulnerable segments of the population was noted in the EC evaluation. The mixture between strengthening the national health system and supporting CHAG to serve hard-to-reach populations combined with advocacy has been effective.

New partnerships have also been the result of the Danish support. This is exemplified by a partnership between Maternity Foundation, the University of Copenhagen and University of Southern Denmark who jointly developed the Safe Delivery App to support skilled birth attendants to provide safer births by providing direct and instant access to evidence-based and up-to-date clinical guidelines on Basic Emergency Obstetric and Neonatal Care. The current Danish-funded advisor in UNFPA also provided support to the Maternity Foundation in this regard.

135 Danida's involvement in the Ghanaian health sector 1994-2015; Joint Evaluation of the Ghana-Denmark Development Cooperation 1990-2006, 2008.

136 Danida's involvement in the Ghanaian health sector 1994-2015; Evaluation of the Danish Strategy for the Promotion of Sexual and Reproductive Health and Rights 2006-2013; Joint Evaluation of the Ghana-Denmark Development Cooperation 1990-2006, 2008.

137 Evaluation of SRHR 2014.

138 Evaluation of the Danish Strategy for the Promotion of Sexual and Reproductive Health and Rights 2006-2013.

Another strong aspect of the Danish contribution to health system strengthening has been the provision of scholarships and support for ongoing professional training to various cadres of health workers, for example a Masters of Public Health programme or leadership courses in Denmark. This has the potential to impact the health sector positively as many of those who returned are now employed in influential positions in different health institutions, including in the districts.¹³⁹ One particularly successful example of impact can be found in Upper West Region where the initial Danida support targeted leadership and capacity building for District Directors.

SUSTAINABILITY

As mentioned above the performance of the health sector has been quite mixed in recent years, indicating that achievements on several indicators have not been sustained. The health budget from DPs is diminishing and GoG has not filled the resource gap sufficiently. DPs have withdrawn from the health sector without a consolidated exit strategy and this is likely to have consequences for the sustainability of results achieved.

The development of the NHIS has been key in terms of setting up systems for sustainability and in substituting external support finances with domestic sources of funding. There are however several concerns about the sustainability of the NHIS. A review conducted in 2016 pointed to financial, political and operational threats including political interference, poor quality of NHIS-accredited health facilities as well as illegal modification of exemption policy and delayed reimbursement of claims.¹⁴⁰ Further, as mentioned above the NHIS still does not sufficiently reach people who need the exemption or people who should be contributing to the scheme through premiums.¹⁴¹

As the SWAP approach changed from joint basket funding to a more fragmented earmarked approach, so did donor engagement. Previously bilateral donor support (including Denmark) used to include long-term TA in the form of individual advisors or implementing units embedded in the health system with designated counterparts; this is no longer the case. In addition, health DPs are represented by an HDP lead in all dialogue with the MoH, and this has led to less direct dialogue on the ground between stakeholders. At the same time, some of the more vocal

139 Danida's involvement in the Ghanaian health sector 1994-2015; Evaluation of the Danish Strategy for the Promotion of Sexual and Reproductive Health and Rights 2006-2013.

140 Robert Kaba Alhassan, Edward Nketiah-Amponsah and Daniel Kojo Arhinful: Review of the National Health Insurance Scheme in Ghana: What Are the Sustainability Threats and Prospects? 2016.

141 Statement on Visit to Ghana 8-18 April 2018, by Professor Philip Alston, United Nations Special Rapporteur on extreme poverty and human rights.

4 SECTOR LEVEL FINDINGS

“traditional” DPs such as Denmark, Netherlands, EU and UK have left or are in the process of leaving the health sector. Some stakeholders find that the dialogue has become more fragmented and is mainly focused on operational issues and service provision. As mentioned above, Danida is funding a long-term advisor in UNFPA who is ensuring that the Danish support to SRHR continues and provides sparring with Danish health sector actors such as the Maternity Foundation.

CHAG’s sustainability is at stake with the reduced financial and technical support from DPs. CHAG benefitted from substantial technical support from Danida to capacity strengthening interventions and the withdrawal of this support as well as financial support is affecting the sustainability of the organisation. Further, CHAG is challenged by long delays in reimbursement from the NHIA counting up to eight months in 2015.¹⁴²

4.4 Tax

The Tax and Development Programme (T&DP) has been a late attempt in the Danish-Ghanaian development cooperation to support one of the absolute key backbone institutions in a democracy with aspirations to becoming ‘aid-free’. The programme grew out of the frustrated MDDBS scheme, thus the preparation and planning of the T&DP took place within a relatively short time frame.

The original T&DP covered the period from 2015-2018 and included support to 49 out of the 105 projects included in the Ghana Revenue Authority (GRA) Second Strategic Plan, encompassing taxation, customs and related capacity-building measures with the assistance of three Danida long-term advisors (one covering customs, one financial management, and the third focused on institutional development and monitoring) assisted by a range of short-term expertise. The T&DP was expected to contribute to an improved business climate, good governance, improved transparency and accountability and reduced corruption, and ultimately to the achievement of the SDGs.¹⁴³

It became clear that the T&DP was much too ambitious, partly because it had been formulated too quickly and without conducting a thorough institutional analysis of the GRA. Following the recommendations from a review, the programme was redesigned in 2017 to refocus support on a reduced number of projects (26), mainly related to the Customs Division within the GRA.

142 CHAG Annual Report 2015.

143 Tax and Development Programme Document, 2017.

The support is focusing on strengthening customs processes and procedures and on integrated border management including support for training of customs staff in intelligence, investigation and risk management to prevent/reduce revenue leakages at the country's borders; including use of the GFTrade system. Collaboration between the two principal border operatives (GRA and the Ghana Immigration Service) is also included in the Danish support.

The key T&DP partners are the MoF, GRA, IMANI Ghana and Ghana Integrity Initiative (GII). The duration of the programme has been extended to cover the period 2015-2019 (60 months). The programme budget of DKK 171 million is being disbursed as follows:

TAX AND DEVELOPMENT PROGRAMME – BUDGET IN DKK MILLION

Thematic Programme	DKK Million
Development engagement GRA (including Danida TA in the original programme design and the Management Consultancy Company in the revised programme)	140.0
Development engagement IMANI Centre for Policy and Education	7.5
Development engagement GII	9.0
Short-term consultancies, reviews & studies	6.0
Unallocated	8.5
Total	171.0

RELEVANCE

Overall, the Danish support to the T&DP has been in line with GRAs Second Strategic Plan 2015- 2017, the GSGDA II and the Ghana-Denmark Partnership Policy 2014-2018. Support to the GRA is critical to the economic and social development of Ghana, especially in the transition from Aid to Trade to enable GoG to strengthen its revenue administration to make up for the possible shortfall in inflows of donor funding when Danida and other DPs exit from development cooperation. Thus, the T&DP is relevant to ensuring enhanced revenue mobilization and strengthened revenue administration on the part of the GRA. The involvement of GII and IMANI Ghana is critical in the efforts to achieve a reduced level of corruption and an increase in the level of transparency and accountability as needed for increasing of taxation and customs revenue.

The T&DP aims to facilitate opportunities for trade and doing business with Ghana, which is of strategic importance to both Ghana and Den-

4 SECTOR LEVEL FINDINGS

mark¹⁴⁴, and is also intended to build on the success already achieved in this area and to address the fact that there is limited support to customs from other DPs despite significant capacity gaps and needs. One of the areas supported by Danida as part of the 26 priority projects is the procurement of the GFTrade system, a risk assessment tool that should enable customs officers to determine if goods are priced outside typical ranges for comparable goods and enabling the proper valuation of goods. It still remains to be seen if the GRA can utilise this system to improve domestic resource mobilisation.

Danida is also funding Commodity Specialist Training for customs officers so they do not become overly reliant on other regulatory institutions, since over-reliance sometimes leads to delays when the officers of those institutions do not show up early for inspections. The T&DP is supporting the dissemination of best practices and building the capacity of staff in line with international norms. Part of the Danish support is being used for the construction of additional classrooms at the customs training academy to ensure that staff receive the requisite training on entry as well as in service, and that succession planning within the GRA receives sufficient attention so that the reforms being supported are sustained.

DEVELOPMENT RESULTS

Despite considerable efforts, a number of challenges still persist in relation to the implementation of the paperless system at the ports of entry. Currently the system only covers local consumption goods, not other areas of customs operations such as warehousing and Free Zones. Likewise, the interface between GCNet and the paperless system is still a challenge. This gives rise to over- and under-invoicing by importers.¹⁴⁵ There is also a delay in the rollout of TRIPS as 10 out of the 67 offices have still not been linked up.

The GRA still remains unable to meet its revenue collection targets. In 2016, the GRA was charged to collect GHS 29 billion but it was only able to collect GHS 27 billion, recording a shortfall of GHS 2 billion. Even though the 2016 target was not achieved, the revenue performance represented nominal growth and real growth rates of 25.4% and 6.6% respectively over the 2015 collection.¹⁴⁶

144 It is noted that, given the shifting relationship between Denmark and Ghana to more focus on trade and business than development cooperation, the original programme also focused more on customs than tax (as evident by the fact that there was a technical adviser specifically focused on customs and no adviser focused on tax), and this focus is now increased by reducing the level of support to 'tax' projects.

145 According to the Global Financial Integrity Report (2014), Ghana had more than USD 14 billion in misstated invoices, equivalent to 6.6% of its GDP.

146 Ghana Revenue Authority.

On a positive note, clearance time for goods at the ports has reportedly improved by about 40% in terms of days and time, depending on the transaction volume.¹⁴⁷ However, it is pertinent to mention that challenges still exist owing to the problem of weak IT infrastructure which derails the otherwise quick clearing time such that some importers still suffer delays in clearing their goods. This highlights that further measures are still required to make the clearing system more effective as the quick turnaround time of three days to one week is still not being wholly attained. Revenue collection has also increased by 23% between 2016 and 2017, as a result of the paperless system. There has also been a reduction in the forging of documents used in clearing goods from the port, owing to the introduction of the paperless system.¹⁴⁸

DANISH CONTRIBUTION

While it is too early to assess the impact of Danida's support for trade facilitation, some of the outputs achieved, or in the process of being achieved, during the evaluation period can largely be attributed to the support from the T&DP.

Danida has made an important contribution to the efforts of reducing clearance times at the ports as well as reducing the incidence of forged documents being used to clear goods from the ports, despite a number of challenges still prevailing in these areas. Danida has also contributed to an update of the database of the Customs Division and leakages in revenue mobilization are being addressed. These contributions are generally facilitating trade and helping to improve the business environment.

In other areas where Danida support is also expecting to contribute to improvements in the business environment, progress is so far more limited. These include areas such as intelligence gathering, combatting of illicit financial flows, and strengthening investigations, including those related to transfer pricing.

A key challenge related to the T&DP has been that funds have been spread too thinly owing to the focus on too many projects. The capacity building workshops for staff of the GRA have been found to be costly owing to the fact that these are usually held outside Accra and sometimes outside Ghana. Procurement procedures have been lengthy, leading to some projects being stalled. The Customs Division of GRA has focused project spending on the acquisition of hardware, cars, etc.

147 Information provided in a meeting with Dr. Okoh-Appiah, Assistant Commissioner of Customs in charge of Tema Port and his Deputy Mr. Adu Kyei.

148 Ibid.

4 SECTOR LEVEL FINDINGS

instead of areas such as risk assessment and analysis that could assist in collecting more revenue.¹⁴⁹

SUSTAINABILITY

Significant challenges still persist in the project areas supported through the T&DP. Continued and strengthened support will be required to the Customs Division of the GRA to sustain the investments from the T&DP. This is the case in areas such as IT infrastructure, where internet functionality remains a challenge and causes system failures and shut downs.

To ensure long-term sustainability after the T&DP, there would be a need for provision of training facilities and much-needed equipment to ensure an increased revenue collection through customs.¹⁵⁰ GRA itself is committed through the approval of the work programme to provide a share of the capacity-building costs and to take up the sponsorship of such initiatives as the GFTrade system when the T&DP ends in 2019. It remains however to be seen whether this will actually happen.

It is evident that with the recent change in the management of the GRA, the necessary goodwill exists to implement the T&DP objectives; however, Danida needs to be focused on the core objectives and projects and be realistic about what can possibly be achieved within the limited period of time remaining for the T&DP. A more critical high-level policy dialogue with the GoG has begun and a closer monitoring of progress in relation to agreed milestones is on-going. A technical review of the programme is planned for the last quarter of 2018, to take a critical look at implementation progress and assess whether the outcomes planned for are likely to be achieved within the remaining programme period. The review will thus provide the embassy with the opportunity to make any necessary adjustments to ensure completion of the programme by the end of December 2019.

Finally, in order to ensure sustainability of investment in the systems, there is an urgent need to address the lack of institutional collaboration within the GRA, that is the Customs Division and Domestic Tax Revenue Division, as well as between the GRA and other institutions like the Financial Intelligence Centre (FIC) and Organized and Economic Crime Office (EOCO) for the tracking and tracing of illicit financial flows out of Ghana. The GRA itself requires assistance to conduct an organisational change management process.¹⁵¹

149 Interviews with key stakeholders.

150 Tax and Development Document, 01-03-2017, p. 11.

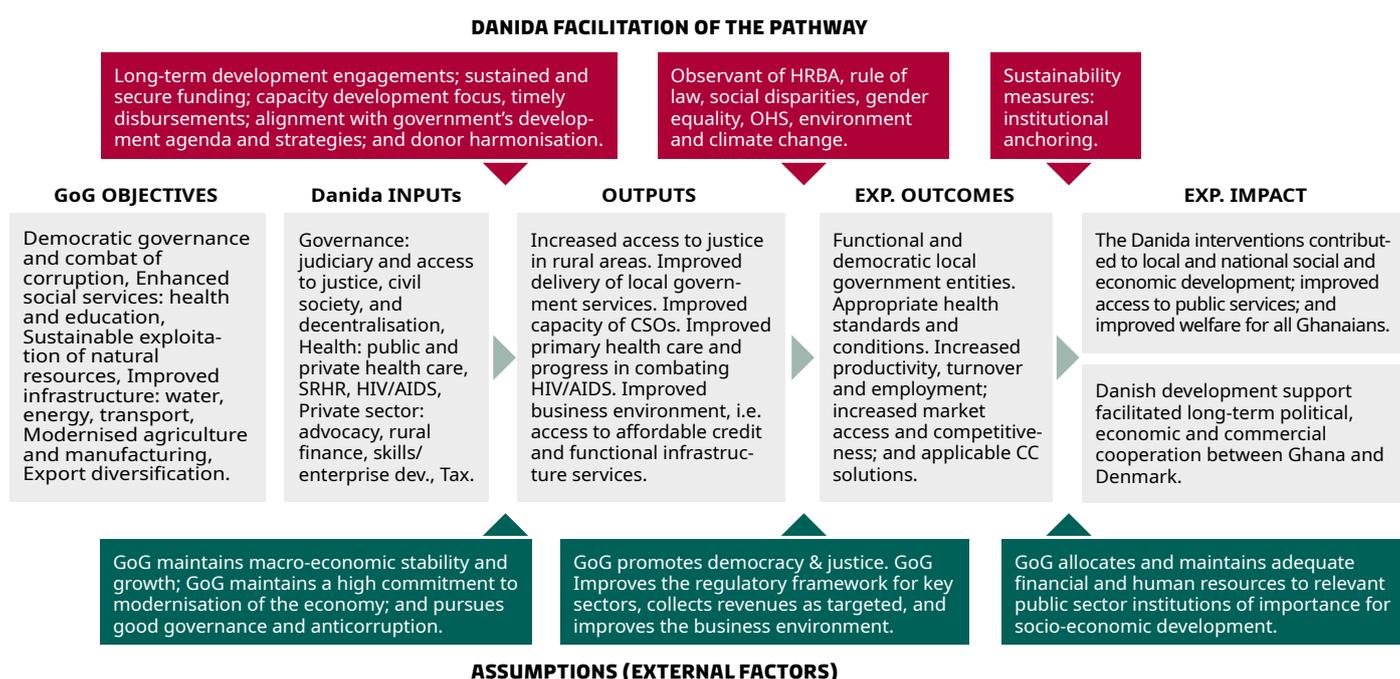
151 Workshop with tax key stakeholders in Accra, January 2018.

5 TRANSFORMATIONAL AND CROSS-SECTORAL ANALYSIS

This part of the evaluation analysis is related to the transformation and cross-sectoral development process with the Ghanaian national perspective and development results as point of departure to shed further light on Ghana's status as a middle-income country and the contribution from the Danish-Ghanaian partnership 2007-2017 to this process. The assessment of this transformation process discusses the particular contribution from the Danish-Ghanaian partnership 2007-2017 to systemic changes in the Ghanaian political-economic context as well as the continued ability of Denmark to assist Ghana in further exploitation of its development potential. This includes an assessment of how cross-sectoral results and impacts resulting from the supported interventions may have influenced the Ghanaian transformation process.

The evaluation has reconstructed the ToC related to the intended contribution from the Danish-Ghanaian partnership 2007-2017 to the Ghanaian transformation process (see Figure 2). This chapter will mainly discuss the outcome and impact levels, together with the key assumptions. The discussion and analysis in this chapter is closely linked to the macro-level development presented in the context and sector chapters.

FIGURE 2. THEORY OF CHANGE – TRANSFORMATION (RECONSTRUCTED)



As a general finding, a number of the key assumptions presented in the ToC were not fulfilled during the evaluation period. This relates to e.g. the assumptions of macro-economic stability, improved business environment, revenue collection, and allocation of financial and human resources for social sectors. In view of this, the Danish embassy has not during the period of evaluation effectively managed to monitor and address these critical short-comings through high-level policy dialogue with the GoG. The opportunities for eventually re-aligning the Danish programme support in accordance with realities on the ground has therefore largely been missed. As discussed in the following, this has in different ways affected the ability of the Danish programmes to contribute to expected transformative changes in the Ghanaian economy.

POLICY DIALOGUE

Maintaining a critical and constructive high-level policy dialogue between the GoG (Ministry of Finance) and DPs was by many key stakeholders considered important in order to most effectively assist Ghana in its transformation process.

Up to the time when Ghana obtained middle-income status, the MDDBS framework was accompanied by intense policy dialogue, in which the Danish embassy also took active part. This created opportunities to enhance policy formulation in various policy areas, strengthen intra-sectorial collaboration (e.g. in the area of decentralisation) and develop capacities within key public entities. Policy monitoring, which was an integral part of the MDDBS dialogue and accompanying measures, helped partners (GoG and DPs) to maintain attention on priority spending actions.

The MDDBS framework also contributed to enhancement of policy dialogue at sector level, which consolidated the link between the MoF and key sector stakeholders, and to a strengthening of the national aid architecture. As part of this process, Danida was a front-runner among other DPs in emphasising the important role played by civil society in the country's policy processes and actively involving them in the policy dialogue frameworks.¹⁵²

Unfortunately, the policy dialogue framework started to deteriorate from around 2011/2012, where a decreasing engagement of the GoG and DPs in the partnership around the MDDBS occurred for a variety of reasons. While there have been attempts to continue engaging in high-level policy dialogue afterwards, the modality has increasingly become reduced to a financing planning tool with limited policy effectiveness.

152 Evaluation of Budget Support to Ghana 2005-2015 (EC, 2017) and key stakeholder interviews.

According to key stakeholders, at least two main dynamics contributed to the undermining of the policy dialogue from 2011/2012 onwards. First, GoG decision-makers' priorities became more and more skewed by the important transformations of the national economy and the political context resulting from the country's sustained economic growth and discovery of oil, which eventually gave Ghana middle-income status in 2011. The GoG's access to new sources of finance (including oil revenues and international capital markets) was accompanied by a decreasing commitment to engaging in a genuine partnership and dialogue over development cooperation. Second, the DPs' engagement declined due to significant changes in development co-operation at global level occurring in the wake of the global financial crisis and a perception of decreased leverage as a result of the evolution of the national political context. Moreover, it is the view of some key stakeholders that important issues related to macroeconomic management in that period were relegated to discussions between the GoG and the IMF due to inadequate capacity among the DPs present in the country at that time.¹⁵³

Around 2013-2014, the collapse of the MDBS framework precipitated the overall decline in development coordination efforts and donor harmonisation that had started already some years earlier. Since that time, it has not been possible to re-establish the same level of dynamics in the high-level policy dialogues between the GoG and the DPs, although the OECD/DAC Heads of Mission Group has an Executive Group¹⁵⁴ that meets regularly with the Government Economic Management Team, chaired by the Vice President.

In the absence of a dynamic high-level policy dialogue, the sector level policy dialogues became more important, but with varying level of engagement of the respective ministries and partners. In the health sector there has been a well-functioning sector cooperation and also in the area of decentralisation it has worked relatively well, largely due to Danida's efforts to maintain and strengthen these mechanisms for cooperation and dialogue (see more details in the respective sector sections). Within other sectors, including the private sector, it has been difficult to establish a forum for joint dialogue/joint meetings with the respective ministries, since they have preferred to meet individually with the development partners.

The new government that came to power after the December 2016 elections seem to have created opportunities for a renewed partnership

153 Key stakeholder interviews.

154 Currently led by Germany and with the EU ambassador as a permanent member.

and dialogue¹⁵⁵ and most DPs now seem to be more optimistic and see opportunities for improved future engagement with the GoG. However, the expectations among key stakeholders are that this process of defining the best suitable architecture for future dialogue between the GoG and the DPs with reference to “Ghana Beyond Aid” may take a while to complete. Although the strategic development plans presented recently by the GoG look overly ambitious to most DPs, there is an appreciation that the plans are pointing in the right direction and, not least, seem to recognize the role of the private sector as a driver for continued growth and development in the country.

ESTABLISHMENT OF FUNCTIONAL BACKBONE INSTITUTIONS FOR DEMOCRACY

At the transformational level, an important part of the Danida-supported development interventions has intended to address some of the key structural issues in the Ghanaian development context, related to establishment of functional backbone institutions for democracy. These institutions have often been extremely complex to work with and it has required thorough insight and building of trust to get things moving within these settlements. This has only been possible to achieve through long-term partnerships and commitment.

One of the best examples provided is the Danish support to strengthening of the Judicial Service (see Governance section). Another good example is the long-term and targeted Danish support to the process of decentralisation which has been important to support Ghana in formulating its constitutional and legal provisions on transferring powers, responsibilities and resources to local government institutions. This support has also been of potential benefit for supported interventions within health and PSD.

The decision by the Danish embassy to include the T&DP in the programme portfolio from 2015 was intended to address some of the largest institutional inefficiencies in the Ghanaian economy, the GRA, an institution marred with vested interests and corruption, and hence very difficult to reform from within. While poor planning and design of this programme has contributed to its limited effectiveness, the T&DP also highlights an important dilemma facing the embassy in its decision to support an institution that, on the one hand, is a key institution in the Ghanaian transformation process while, on the other hand, has so limited internal capacity and incentives to implement the programme.

155 A Draft Development Cooperation Policy paper was prepared by the GoG and submitted to the DPs for comments by the end of 2017. This paper is not considered to be legally binding but rather serve as a strong foundation for dialogue. The content of the paper includes a number of unclear statements that have been addressed by the DPs in a response to the GoG and now awaiting further clarification.

PUBLIC SERVICE DELIVERY

The Danish-Ghanaian partnership has made a major contribution to the rollout and consolidation of the decentralisation process in the country. This has been achieved through a long-term, reliable and trusted partnership with a number of other key stakeholders in the sector, combined with substantial financial support and technical capacity development assistance to the LGSS. A flexible Danish TA support has played a very important role in this process, as a complement to the budget support provided by other DPs.

In the health sector, Danida's support has been instrumental in developing the NHIS. Initially, Danida supported the community-based Health Insurance Schemes in four of the poorest regions in Ghana and this later became the foundation and inspiration of the NHIS. Danida has advocated for a pro-poor exemption policy of the NHIS in order to ensure inclusion of poorer and more vulnerable groups and data shows that a positive development to exempt the poor from paying premiums has been achieved.

Danida is also recognized for maintaining a strong voice and influence in policy dialogue, especially within more sensitive areas such as abortion care and support to vulnerable groups, at crucial times where most DPs were withdrawing from such areas. On the other hand, a limited time span of support to HIV/AIDS prevention led to a lost opportunity for policy influence in this area.

More than 18,000 new health workers were hired between 2009 and 2015 to facilitate a service delivery upgrade, and continued support from the donor community to the sector has enabled an increase in per capita health spending over the past decade. There is, however, concern about public capital investments in the sector and progress in coverage of essential health services has not been impressive. A focus on both allocative and technical efficiency of health spending is therefore called for.

The new government has re-emphasised PPPs as an important financing instrument in response to the existing huge infrastructure and service delivery gaps. PPP is not new in Ghana¹⁵⁶ and has been promoted through the Danish PSD support as well as through the Partnership Policy 2014-2018 (see next section). However, the experience with PPP in Ghana is still limited and significant challenges and capacity gaps need to be addressed before investments from the private sector can be leveraged in any significant way through this instrument. This is in particular related to the absence of a solid legal and regulatory PPP

156 PPP became a national policy in Ghana in 2004 and was followed by another policy that was formulated in 2011. However, none of these policies have ever been operationalised.

framework which makes it difficult for private sector operators to enter into investment projects on a legally and regulatory firm, conducive platform for PPP. Also, although there are no legal restrictions in respect of participation of foreign companies in PPP projects, the GoG policy of the local content requirements in foreign investment projects works to deter private investors.

One of the best examples of a PPP that is presently being implemented in Ghana is the cooperation between a Danish company and the government on production of identity cards to all Ghanaians (see further explanation and discussion of this as well as other PPP cases with involvement of Danish companies in Chapter 6 (the Transition Process)).

EMPLOYMENT, PRODUCTIVITY AND COMPETITIVENESS

In the area of PSD, the support provided through the Danish-Ghanaian partnership has only to a limited extent contributed to structural reforms and transformational changes within the sector during the evaluation period, as the business environment has not been conducive to change. The Danish as well as other DP's support to PSD in Ghana has not sufficiently managed to address root causes to challenges in the Ghanaian political-economy (the political settlement) or how these are providing constraints and barriers for development of a sustainable economic growth path in the country.

Official unemployment figures in Ghana are low, stating that only 4.1% of the Ghanaian labour force are without jobs. This statistic however, ignores the large informal sector in which many people are "employed" but engaged in activities with limited productivity and very low associated incomes. According to the most recent Ghana Living Standards Survey in 2012/2013, the informal sector engaged about 40% of all employed persons. About 60% of the employed urban population is engaged in the informal sector. In rural areas, the main source of employment is in agriculture, and in general, the agricultural sector still employed about 45% of the workforce. Taken together, the employment in the informal and agriculture sector accounted for 88% of all "jobs". Agricultural productivity has remained low in Ghana compared to other countries in Sub-Saharan Africa, partly due to weak farmer education and an unfriendly policy environment.¹⁵⁷

As also discussed under private sector development, there has been a continuous deterioration in Ghana's business and competitiveness index ranking over the period. The latest WB "Doing Business" survey¹⁵⁸ ranked Ghana 120 among 190 economies. This is a very low ranking

157 Boosting Agricultural Productivity and Food Security in Africa: A Case Study of Ghana. 2018.

158 World Bank, 2018.

and a deterioration from rank 108 in 2016 and Ghana's highest ranking of 60 in 2010. A breakdown of the data in the period from 2007 to 2017 shows that while some improvements have been noted in relation to border trading over the past few years, it has remained difficult to start up a new business and deal with construction permits. In the Global Competitiveness Index, Ghana has this year been ranked the 111th most competitive nation (out of 137 countries). This is lower than the record high of 102 in 2009 but an improvement from the record low of 119 in 2016. The index value has increased from 3.58 in 2016 to 3.82 in 2018.

Ghana's inability to sustain reforms severely affects its global competitiveness. The country's macroeconomic challenges have had a significant impact on the private sector's competitiveness. Over the past five years, the primary constraints to growth within Ghana's private sector have remained consistent, with low access to credit, unreliable power supply and high utility tariffs being consistently included among the top five identified constraints.

NATIONAL AND LOCAL ECONOMIC DEVELOPMENT

In the period up to 2011, Denmark contributed to Ghana's achievement of lower middle-income country status partly through the MDDBS (which at the time served as the main DP engine for support to government priorities, through its dual purpose of supporting priority spending and public reforms) and partly through the long-term and consistent Danish support to decentralised, democratic development in Ghana.

While democratic development in Ghana has been further consolidated in the period after 2011 and has provided a strong fundamental basis for continued economic growth and development in the country, the period from 2011 up to now has been characterised by declining economic growth and recurrent macroeconomic crises in Ghana. Despite promises by all governments since the GPRS,¹⁵⁹ Ghana's attainment of lower middle-income status has not yet been accompanied by a transformation in the country's economic and productive sectors to sustain the growth process (diversification of export, industrial upgrade and deepening, and building of technological capabilities within local firms). The most recent policy statement (CPESDP 2017-2024) reiterates the government's commitment to private sector development, including that the government will institute incentives aimed at industrialisation and agricultural transformation, while also promoting export development and domestic trade.

159 All governments since the GPRS have consistently emphasised that accelerated growth should be achieved through modernised agriculture and promotion of MSMEs – seen as the main employment basis for the majority of Ghanaians working in the formal and informal sectors.

The industrial policies that have been implemented in Ghana during the period have tended to place the state in a central role as manager or owner of the productive investments (to take credit and control over economic opportunities and accumulation), rather than with a view to incentivize private investments and support private domestic firms to develop their capabilities. Combined with an existing political patronage system and opportunistic spending of public funds by political parties (see more detailed explanation of this in the context section) and lack of capacity in public investment departments, this has seriously impeded the ability to address existing constraints in the Ghanaian economy, as envisaged in the national strategy and policy documents.¹⁶⁰

At the same time, the high growth in the Ghanaian economy up to 2010-2011 gradually made MDBS of less importance to the economy. This also resulted in less interest by the government to continue the policy dialogue established through the MDBS modality. Thus, while the MDBS had been useful for donor harmonisation and for creating a forum for policy dialogue, it turned out not to be an effective way of stimulating progress within the more difficult policy reform areas within the Ghanaian economy, which were essential for the transformation of the economy.

POVERTY, INEQUALITY AND SOCIAL DEVELOPMENT

Between 1992 and 2013 Ghana's national poverty rate fell by more than half (from 56.5% to 24.2%), and the MDG1 target on extreme poverty and hunger was achieved in 2006. However, the annual rate of reduction of the poverty level has slowed substantially from an average of 1.8 percentage points per year in the 1990s to 1.1 percentage points per year reduction since 2006. Moreover, GLSS data shows that children are about 40% more likely to live in poverty than adults. This is a major increase since the 1990s, when children were only 15% more likely to live in poverty than adults.¹⁶¹

Poverty therefore remains prevalent in many areas in Ghana, in particular in rural areas. Urban poverty has in recent years dropped much faster than rural poverty and as a result the gap between urban and rural areas has doubled – rural poverty is now almost four times as high as urban poverty compared to twice as high in the 1990s.¹⁶² The poverty levels are highest in agriculture¹⁶³ and, as discussed in the context section, the

160 Lindsay Whitfield, 2018.

161 Edgar Cooke et al, *The Ghana Poverty and Inequality Report: Using the 6th Ghana Living Standards Survey* (2016).

162 World Bank (2015), *Poverty reduction in Ghana: Progress and challenges*.

163 Andy Mckay, Jukka Pritillä, & Finn Tarp, *Ghana: Poverty Reduction over Thirty Years in "Growth and Poverty in Sub-Saharan Africa"* (2016).

agricultural sector has shown significantly slower growth and has not been seen as a policy priority.

At the regional level, the Northern, Upper East, and Upper West Regions continue to have the highest poverty rates. Of greatest concern is the Northern Region, where 70% of residents are in the bottom 20% income group, 47% of men have no education, only 27% of women are literate, almost a quarter of students do not complete primary school, 111 of every 1,000 children born die before the age of 5, 82% of the children are anaemic, one-third are stunted, and one-fifth are underweight.¹⁶⁴ Since the 1990s overall, the Northern Region has seen the smallest progress in poverty reduction, from 55.7% to 50.4%. The poverty incidence in the Northern Region is a major issue for the country given that the region now makes up the largest number of poor people of any of Ghana's 10 regions (1.3 million). This development indicates that the Danida-supported implementation of the AVCF in the Northern Region, focusing on increase in employment and productivity, has not yet had any significant regional impact.

While the rate of reduction of national poverty has not slowed since the 1990s, progress has been made in cutting *extreme* poverty in the period since 2006 (from 16.5% to 8.4%). This means that relatively more progress has been made for the extreme poor in recent years than for those living close to the poverty line. This finding is interesting in view of the particular attention provided to the most vulnerable groups in the Danish sector support, most notably in governance and health (see sector sections). Although it is hard to assess the concrete results from these efforts (the results frameworks include only a few tangible gender/HRBA indicators), there is no doubt that the particularly strong Danish focus on gender and HRBA issues has contributed to increased attention on these areas.

Inequality has been on the rise in Ghana since 1992, though as measured by the Gini this rise has stalled since 2006. The Gini coefficient rose from 37 to 41 between 1992 and 2013. The lowest level of inequality is found in the Greater Accra Region. This means that districts, communities or groups of people in certain regions, especially in the North, are being left behind and are missing out on economic growth.

While it is clear that the poor have experienced some important benefits from growth, a recent report by UNICEF¹⁶⁵ concludes that Ghana has not yet achieved inclusive growth (i.e., growth that benefits the poor dispro-

164 Statement on Visit to Ghana 8-18 April 2018, by Professor Philip Alston, United Nations Special Rapporteur on extreme poverty and human rights.

165 The Ghana Poverty and Inequality Report, using the 6th Ghana Living Standards Survey. UNICEF 2016.

portionately more than the wealthy) since the wealthiest are still benefiting the most. Some deepening of inequality has occurred, widening the gap in poverty as measured by consumption between urban and rural localities and also with regard to some public goods. A particular spike in inequality between the north and the south of Ghana between 1999 and 2006 is said to have slowed down the impact of growth on poverty reduction and involved low rates of growth for the poor. According to the UNICEF report, this differential between north and south accounted for 10% of national inequality in 2013, while rural versus urban inequalities accounted for 17.6% of national inequality.

Inequality in Ghana is manifesting itself in several other ways. For example, the gap between rich and poor in relation to child mortality rates between 2006 and 2011 has doubled. Children in wealthier families are now twice as likely to survive as poor children. Greater Accra recorded a much greater decline in childhood mortality than the three northern regions.¹⁶⁶

Therefore, while Danida's particular strong focus on vulnerability may have contributed to the relative decline in extreme poverty in Ghana, it has not in the same way been successful when it comes to combatting inequality issues. This finding indicates that the root causes of inequality in Ghana may need to be more thoroughly analysed and understood in order for transformative changes to take place in the country.

GENDER AND HUMAN RIGHTS

Gender equality is guaranteed by the Ghana Constitution, and the government has created a Ministry of Gender, Children and Social Protection. Gender equality in primary school enrolment is a notable achievement, although female dropout rates are much higher in some regions. In terms of representation in public office, the present government has committed to a quota of 30% and an important number of women are in the ministry. But in 2016, women held just 10.9% of the seats in the national parliament and accounted for only 30% of tertiary education enrolments.

Because many of the discriminatory practices that still negatively affect women seem to be rooted in customary law and traditional practices, about 80% of rural land is regulated by customary law. In practice, however, male family heads of household are in charge of establishing land ownership. Hence, women's access to and use of land is mediated through their male counterparts.

166 Andy McKay, Eric Osei-Assibey, *Inequality and Poverty in Ghana*, in Ernest Aryeetey and Ravi Kanbur "The Economy of Ghana Sixty Years after Independence", 2017.

Though agriculture in Ghana is predominantly practiced by small-holder farmers, it contributes about 21% of GDP and 12% of total tax revenues. Women make up around 50% of the agricultural labour force and are estimated to produce between 50% and 70% of the food crops. Nevertheless, they earn less than 10% of the total income generated. There would seem to be powerful arguments for the government to revisit the inevitably controversial issue of female land ownership and map out ways to achieve change that is essential if the rights of women are to be fully respected and their economic productivity is to be unlocked.

Danida's support to governance has included a particular focus on setting up of special Gender-Based Violence Courts and on improving access to justice for women and marginalised groups. In the support to the health sector, Denmark emphasized a focus on SRHR and on improving women's and vulnerable groups' access to services. The MDBS to health had a strong focus on equity and inclusion in terms of improving regional disparities and enhancing gender equality. As a direct result of this, gender and inclusion have now been mainstreamed into health sector policies. In the support to PSD, all grant application forms have included gender equality and HRBA selection criteria.

SUSTAINABILITY – THE SUSTAINABLE DEVELOPMENT GOALS

For Ghana as a lower middle-income country, the adoption of the SDGs by the UN in 2015 and the call made at the Third International Conference on Financing for Development in Addis Ababa for strengthened efforts to mobilize all forms of finance for development, has implied particular challenges. The government is pledging to use the public budget as their main instrument to push forward the SDGs, and the recent public financial management reform is intended to provide the necessary budget credibility, predictability and comprehensiveness necessary to reach this goal.

However, a combination of growth slowdown, large and persistent fiscal and current account deficits, a rising debt burden and debt service commitments, and low public investment levels are posing a challenge for the government, while it is at the same time trying to implement a strategy for the fulfilment of the SDGs. As discussed in other sections of this report, these constraints are largely related to the absence of a functional tax and redistribution system as well as of a regulatory environment that is conducive to private investments (e.g. conducive laws and regulations, an operational PPP framework, etc.).

Ghana's public investment management capacity is weak, and reforms are needed. Recent GoG expenditure reports show that government spending is around 20% of GDP, with only about one third of the expenditures earmarked for social sectors (education and health). Most of the remaining two thirds of the expenditures are related to public administration (including debt management). Social and economic

expenditures have decreased substantially as a share of GDP in recent years, and there are serious concerns about whether fiscal management will 'crowd out' focus on sectors that are important for fulfilling the SDGs, such as the social sector and those sectors crucial for agricultural development.¹⁶⁷

Although education spending currently represents the largest share of the government's social sector spending activities, it has not increased as a share of the total government budget in recent years. Likewise, compared with the overall development in Ghana the health sector is lagging behind, and public health spending in Ghana is low by international standards. With the current fiscal budget challenges, Ghana's external development partners will have to continue to play an important role in financing prevention focused public health programmes if the country is going to stay on track regarding fulfilment of the SDGs.

Current GoG budget spending on social assistance and protection is very low and disadvantages the poor. A recent academic study concluded that very little fiscal redistribution takes place through the budget, and that apart from in-kind benefits from health and education spending, the overall effect of government spending and taxation would actually increase poverty in Ghana.¹⁶⁸ The WB observed in 2016¹⁶⁹ that Ghana spent only 1.4% of GDP on social protection and 0.5% of GDP on social assistance including scholarships (compared to a global average of 1.6% of GDP among developing countries). In the 2018 budget, the GoG again only allocates 0.5% of GDP to social protection.¹⁷⁰ Given the very low level of social spending in the budget in general, and the fact that some 90% of the Ministry of Gender, Children and Social Protections' goods and services spending is said to come from DPs¹⁷¹, there is an urgent need for identifying new financing mechanisms for social areas.

The IMF report also emphasizes that there is no more room in the Ghanaian budget for expenditure cuts.¹⁷² The IMF stresses that fiscal consolidation has to be revenue-based since further spending cuts are not sustainable as government capital spending is already low at 3% of GDP. Thus, if revenue is to be raised to pay for significant social protec-

167 Fiscal Consolidation to Accelerate Growth and Support Inclusive Development: Ghana Public Expenditure Review. World Bank, 2017.

168 Stephen D. Younger, Eric Osei-Assibey, and Felix Oppong, "Fiscal Incidence in Ghana," *21 Review of Development Economics* (2017).

169 World Bank (2016) Ghana: Social Protection Assessment and Public Expenditure Review.

170 National Development Planning Commission.

171 Statement on Visit to Ghana 8-18 April 2018, by Professor Philip Alston, United Nations Special Rapporteur on extreme poverty and human rights.

172 Fifth and sixth reviews (2018) of Ghana's economic performance under the IMF support programme and interview with Natalia Koliadina, IMF Resident Representative in Ghana, March 2018.

tion programmes, additional revenue needs to be raised. Several studies have been undertaken pointing to the options that exist to raise taxes; however so far very little has been done to redress the situation.

The agricultural sector is crucial for the future development of Ghana and the likelihood of it's fulfilling the SDGs, even though it constitutes a relatively modest share of GDP. The main reason is that a relatively large share of the 300,000 people entering the work force each year must be employed in agriculture. However, public spending on agriculture continues to be significantly lower (2.6%) than the public budget benchmark committed to under the Maputo Declaration (10%).

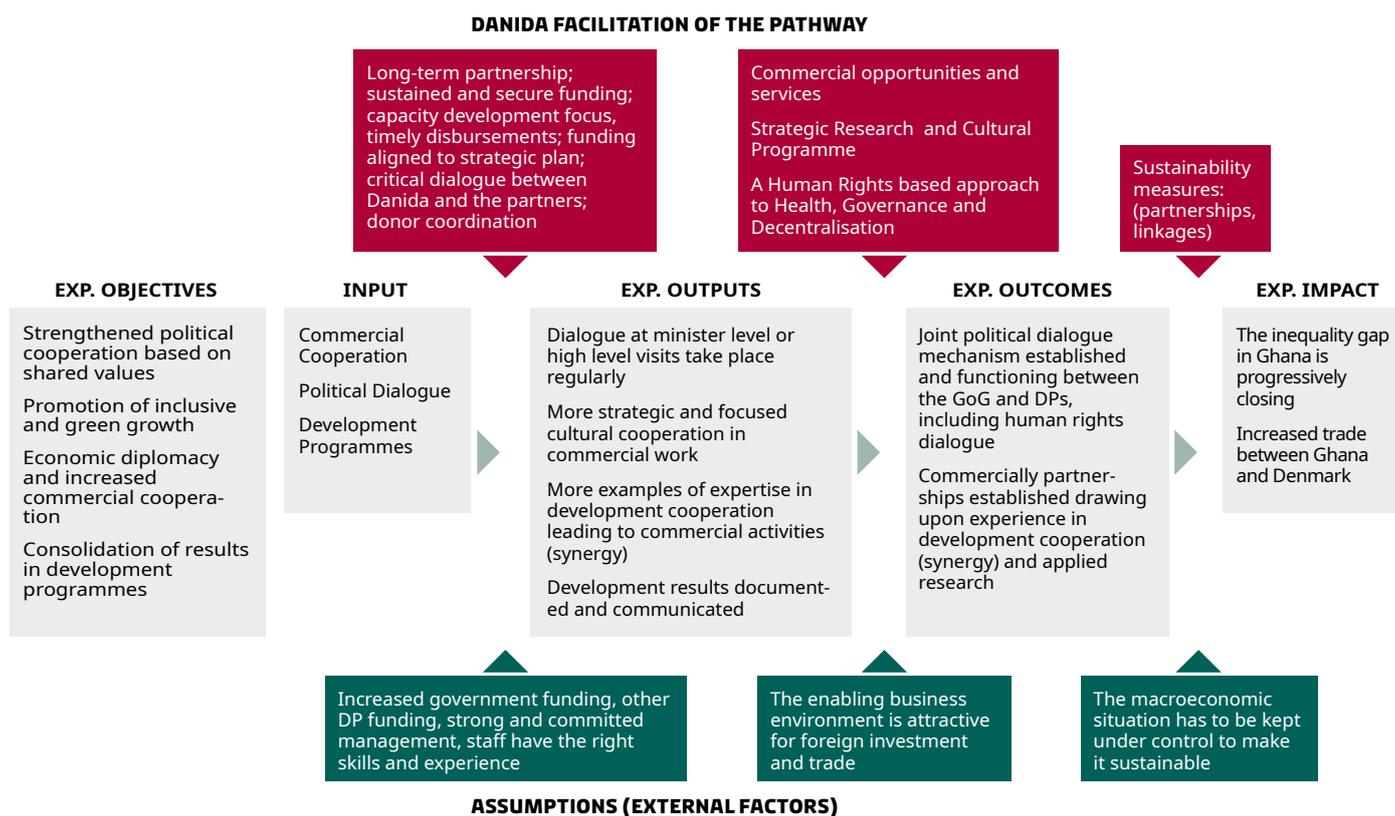
Overall, the general underinvestment in agriculture and poor targeting of investments have resulted in the sector being relatively uncompetitive. Besides serious underinvestment in the agricultural sector, public resources have been allocated to relatively few agricultural sub-sectors, with the majority share accruing to the cocoa sector. DPs have financed a large part of investment expenditures in agriculture but targeting has been weak and too focused on the cocoa sector.¹⁷³ Given Ghana's current fiscal situation, short- to medium-term agriculture investments will likely hinge on the DPs. However, since ODA has been a major source of agricultural investment financing for decades in Ghana, without a clearly successful outcome, the GoG and the DPs must jointly rethink how to promote agriculture development.

173 Fiscal Consolidation to Accelerate Growth and Support Inclusive Development: Ghana Public Expenditure Review. World Bank, 2017.

6 THE TRANSITION PROCESS

The “Denmark-Ghana Partnership Policy 2014-2018” envisages a *transition* of the partnership from primarily development cooperation to political and commercial cooperation. During this period, Denmark’s support for the private sector in Ghana was planned to continue to stimulate the private sector as a key engine of growth, to promote employment and to make the initiatives greener. The creation of stronger trade relations between Denmark and Ghana was seen as an important part of ensuring sustainable development for Ghana. The evaluation’s reconstruction of the overall ToC for the transition process is presented in the figure below.

FIGURE 2. THEORY OF CHANGE – TRANSFORMATION (RECONSTRUCTED)



In the period 2014-2018 development cooperation to promote growth, social progress, human rights, and equality has continued, though within a gradually reduced financial framework. Hence other strategies have been required to strengthen the efforts. The Danish embassy in Accra issued “The Ghanaian-Danish Partnership in Transition: “From Aid

to Trade" (September 2017) which is clearly related to Denmark's overall strategy, "The World 2030" and consistent with Ghana's CPESDP¹⁷⁴ which has a strong emphasis on business and trade. The Danish-supported PSD programmes in Ghana (2003-2020) – promoting Ghanaian MSMEs – have only to some extent focused on export promotion and trade.

As in the case of transformational changes (Chapter 5), the transition process has also been affected by unfulfilled assumptions in the Ghanaian political-economic context (macro-economic stability, improved business environment, revenue collection etc.). Likewise, the Danish embassy has not consistently monitored these developments or regularly assessed the potential consequences for the transition process. As discussed below, this has resulted in slow progress on some of the indicators (e.g. trade and investment related indicators).

PROGRESS IN DEVELOPMENT OF COMMERCIAL ACTIVITIES BETWEEN DENMARK AND GHANA

"Increased trade between Ghana and Denmark" is one of the key indicators outlined in the "Denmark-Ghana Partnership Policy 2014-2018". Although the trade statistics show an increase in Danish exports to Ghana over the period, they are still at a relatively low level and takes place mainly within already well-established areas such as the maritime sector (services), beverages and supply of special machinery for industry. Ghanaian exports to Denmark slightly exceed Danish exports to Ghana but have not increased over the period.

It is not possible to provide an exact figure of the level of Danish investment and business activities in Ghana, since some Danish companies are working through agents and subsidiaries. Today, 20 Danish companies have established offices in Ghana. This is an increase compared to 2014.¹⁷⁵ Danish companies are first of all attracted by Ghana's peace and stability, relatively well-functioning institutions, opportunities for making good revenues, relatively short travel distance and limited time zone difference with Denmark. The newly established A.P.M Capital places Ghana in the top-three of all African countries, and even at the top of this list. On the other hand, challenges related to the Ghanaian business environment such as corruption and bureaucracy, together with a relatively limited market size, appear to have been the major reasons for limited interest from Danish companies to establish in Ghana so far.¹⁷⁶

174 During the recent launch of the CDESDP in Accra, the President of Ghana stated that it is informed by the need to establish a strong economy, that "creates opportunities, inspires people to start businesses, stimulates expansion of existing businesses, and, ultimately, leads to the creation of jobs, increased economic growth and higher incomes".

175 According to the Danish TC in Accra.

176 Interviews with representatives from Danish companies, the embassy and TC.

6 THE TRANSITION PROCESS

The Danish Trade Council (TC) in Accra is reporting increased levels of activity and interest from Danish companies, in particular after the Danish State Visit to Ghana in November 2017.¹⁷⁷ This visit provided an extraordinary opportunity for the Danish embassy and the TC to jointly promote and explore business opportunities for Danish companies in Ghana (37 Danish companies were represented in the business delegation). The TC is still in the process of following-up on the various requests that were received in relation to the State Visit.

The Danish embassy in Accra is one of four embassies in SSA which has regional TC cooperation. The embassy, alongside its regional 'partner embassies', facilitates regional demands from Danish companies and participates in Regional Industry Teams, focussing on specific sectors. This development has led the TC in Accra to expand, hiring new staff, increasing its focus on specialisation within specific sectors and producing a specific strategy for growth in trade between Ghana and Denmark.

SYNERGIES BETWEEN DEVELOPMENT ASSISTANCE, COMMERCIAL ACTIVITIES AND DEVELOPMENT OF PPPS

The transition period (2014-2018) has marked a new and increased level of interaction and formalisation¹⁷⁸ in the cooperation between the development team, the trade team (the TC) and the investment fund (IFU)¹⁷⁹ at the Danish embassy. At the same time, new innovative business initiatives have been launched and tested. In this sense, the embassy has served as a laboratory for testing of synergies and working modalities between and across development assistance and different trade and investment instruments.

As a result of a stronger integration, the trade, investment and private sector staff at the embassy now feel more confident when advising and guiding companies contacting the embassy for support. IFU notes that more companies are now directed from the TC to IFU for potential financial cooperation and that management and private sector development staff at the embassy are increasingly being requested to make use of their contact network and entry points into national ministries and institutions to arrange (and in some cases also attend) meetings together with Danish companies.

Although most of this higher and more integrated commercial activity level at the embassy has not yet resulted in visible changes on the trade balance, the TC reports of pipeline and investment agreements that

177 TC earnings: 2016: DKK 320,000 / 2017: DKK 853,764 / 2018: 725,800 (invoiced up until April 1).

178 TC and IFU signed a framework agreement in 2017.

179 IFU has been active in Ghana since 1991. 14 investment projects have been completed, and currently there are eight active projects.

could potentially lead to a significant increase in the level of Danish commercial arrangements in Ghana over the next few years. One of these projects is a recently signed (March 2018) joint development agreement between IFU¹⁸⁰ and Emerging Markets Power Holdings Limited (co-owned by Vestas) of a 90 MW hybrid wind and solar project in Osudoku, Accra.¹⁸¹ This project is the result of a long planning and negotiation process that has involved substantial support from both the embassy, the TC and IFU,¹⁸² thus demonstrating the high potential of the integration of development, trade and investment functions at the embassy.

A successful innovative experiment that has been implemented at the embassy during the transition period has been the opening of two incubator offices. The offices are located within the premises of the Danish embassy and can be rented by Danish companies interested in establishing a business in Ghana. The purpose of the incubator offices has been two-sided; on the one hand it has allowed companies easy access to embassy and trade staff while, on the other hand, it has provided the opportunity for embassy and trade staff to obtain close insight into the challenges related to starting a business in Ghana.

Based on the experiences so far, the incubator project is fulfilling both purposes. According to embassy and trade staff, the incubator experiment has improved their practical understanding of how bureaucratic and administrative procedures provide challenges for establishing new businesses and of what kinds of support will be needed to effectively assist and guide companies through the initial phase of establishment.

Bluetown (a Danish telecommunication company, offering relatively cheap connectivity solutions in areas where there are no internet connections or where 3G is too expensive to roll out) was the first company to rent one of the incubator offices (in December 2015). Assisted by a close relationship to the embassy and TC staff, Bluetown has successfully piloted PPPs with the Ghana Investment Fund for Electronic Communication. Bluetown is now in close dialogue with the National Information

180 Three other major IFU projects in Ghana are: a) West African Fish (established in 2009 by Royal Danish Fish Group and a local partner) concerned with breeding Tilapia in Lake Volta for the domestic market; b) Tema Container Depot – an inland bonded depot (established in 2011 by APM-Maersk and an international partner; and c) Arial & Maritime Ltd. Ghana (established in 2016 by GomSpace and an international investor) concerned with operation of nanosatellites for monitoring the location of civilian aircrafts and vessels.

181 It is estimated that Osudoku will supply up to 5% of Ghana's electricity. 70 MW will be provided from wind power and 20 MW from solar power. The total project investment is estimated to USD 171 million and it is expected that production can start within two years' time. When fully completed, Osudoku will provide electricity to 300,000 households and yearly CO₂ savings of 110,000 million tons.

182 IFU gets a 30% ownership share in the project.

6 THE TRANSITION PROCESS

Technology Agency and the Ministry of Communication on future PPPs. Bluetown's need for incubation is coming to an end as they are now so well established that they can manage mostly without assistance from the embassy. There will, however, still be a need for support from the embassy in cooperation on Global Public Affairs.

Bluetown has also benefitted from the long-term Danish support to the decentralisation process in Ghana, due to the demand that has been created for establishing reliable communication channels between centralised and decentralised departments to ensure local government service delivery. In addition, Bluetown is benefitting from the increased regional focus of the commercial and trade services delivered by the embassy and the TC in Accra, due to the company's wishes to penetrate the West African market through its office in Accra.

Other Danish companies have also managed successfully to develop PPPs (which was one of the areas that was supposed to be explored during the transition process) through support from a combination of Danish business support instruments and with direct link to the Danish development assistance. Margins ID Group recently won a large government contract to produce identity cards to all Ghanaians. One of the expected benefits of the ID Cards will be an improvement of effective tax collection in Ghana, an area also supported through Danida's development assistance to tax reforms. Margins ID Group is the result of a joint venture between a small Ghanaian and a Danish company, which has benefitted from support from the DBF (formerly mixed credits), the IFU as well as from Danish experiences with PPPs. Within the health sector, Novo Nordisk has benefitted from a positive Danish reputation built up through long-term development assistance to the sector, to engage in a PPP. Novo Nordisk has financed the building and equipping of Diabetes Support Centres at a number of hospitals all over the country,¹⁸³ while the running costs of the centres are paid for by the GoG.¹⁸⁴

It should be noted that a Strategic Sector Cooperation between Statistics Denmark and Ghana Statistical Service is currently being discussed. It is expected that this cooperation could lead to improved use of electronically available data from the MoH, thereby further strengthening the impact of the long-term Danish support to this sector. Likewise, the above-mentioned roll-out of identity cards for all Ghanaians will make data on citizens' unique identity numbers available electronically and this would also provide a potential focus area for this strategic sector cooperation, to further maximise impact of the collected data.

183 Part of the Novo Nordisk initiative "Reaching the Base of the Pyramid".

184 The centres are not obliged to prescribe diabetes medicine from Novo Nordisk, although Novo hopes that it will get a longer-term economic benefit from the investment.

An example of direct synergy between interventions supported through the Danish private sector development programme and Danish commercial engagements is provided from cashew production. Together with other exporting companies in the sector, the survival of the IFU-supported, Danish-owned MIM Cashew became threatened by a lack of regulation of the sector. Through an effective advocacy campaign from BUSAC, the GoG eventually decided to intervene in the sector and introduce the required regulatory framework.

According to key stakeholders, the long-term development cooperation between Denmark and Ghana has given Denmark a strong reputation as a neutral and trusted partner, based on values such as reliability and integrity. This has created a strong Danida “brand” in Ghana that now facilitates access for Danish companies into the Ghanaian market together with the contacts, goodwill and experience offered and provided by the embassy and the TC.

The previously supported Health Sector Programme provided the embassy unique access to high level policy dialogue, which in turn made it possible for Novo Nordisk to establish an MoU and later initiate a PPP with the GoG. The Water & Sanitation Programme also provided access to high level policy dialogue, and through it access for Danish companies working with water and sanitation technologies to the Ghanaian market.

In addition to this, the particular efforts made by the Danish embassy to host events and facilitate spaces for the Danish business community are highly appreciated and valued by the Danish companies. The Danish Anti-Corruption Network, launched by the embassy in early 2017, has been a particularly popular initiative among Danish companies operating in Ghana. Today, as Denmark and Ghana are moving towards commercial relations, the Danish priorities have partly shifted towards anti-corruption as a key ingredient in an enabling environment for doing business. The Danish companies who have decided to join this network meet on a regular basis at the embassy and share experiences in a closed forum. This also helps the embassy to get a hands-on feeling on these issues and where relevant to raise concerns with relevant authorities.

The Danish Anti-Corruption Partnership is based on inspiration from a similar initiative by the Danish shipping companies represented in Ghana. They decided to establish a forum to discuss anti-corruption issues related to the maritime sector, an initiative which has been further strengthened by the presence of a Maritime Counsellor at the embassy (see below).

SOME MISSED OPPORTUNITIES

Despite the above-mentioned notable progress in the transition process and in the efforts to link and create synergies between development

6 THE TRANSITION PROCESS

assistance, commercial and financial support instruments, the evaluation has also come across some missed opportunities.

In line with “The World 2030”,¹⁸⁵ the Danish TC in Ghana has selected three priority sectors (Water and Environment, Food and Energy). These sectors are considered to present particular strong potentials for future Danish commercial engagements in Ghana. Within these three sectors, the TC is making particularly strong efforts to promote Danish investments by enhancing knowledge and developing network relations to assist interested Danish companies in identifying suitable local partners (matches).

It is notable that the embassy does not currently have development engagements that involve direct partnerships with any of the ministries in charge of the three TC priority sectors. In the process of formulating the SPSD III it was originally planned to include an engagement on “Sustainable Energy for Business”, which would focus on energy efficiency, agri-waste to energy, and renewable energy, with the Energy Commission as the Implementing Partner. However, given a reduction in SPSD III’s budget combined with the challenges of implementing a new engagement with a new partner and a time horizon of only five years, it was decided to abandon this engagement from the SPSD III programme.

In hindsight, the decision not to include energy as a development engagement is seen by various key stakeholders as a missed strategic opportunity for Denmark in view of the transition from development assistance to commercial cooperation. As mentioned above, energy has been selected as one of the Danish commercial priority sectors in Ghana and it was a key issue in the 2016 Presidential election campaign, which included the promise to increase private sector investments and accelerate renewables penetration in the power sector. A Danish engagement in the energy sector could therefore have allowed for influence and contribution to development and planning processes within the sector at a critical point in time, while at the same time preparing a more robust platform and easier access for Danish commercial engagements into the sector.¹⁸⁶

With the decision not to include a development engagement on “Sustainable Energy for Business”, the Danish contribution to a greening

185 According to the “World 2030”, Denmark will invest in inclusive, sustainable growth and development in the developing countries, focusing on energy, water, agriculture, food “as areas where Denmark has special knowledge, resources and interests” (p. 7).

186 Experience from phasing-out processes in other Danish programme countries (e.g. Indonesia and Bolivia) clearly demonstrates how Danish energy companies (larger companies as well as SMEs) are benefitting from Danish development engagements in the energy sector.

of the economy in Ghana has mainly been through the PSD support to the GCIC that was supposed to “set the private sector in the driver’s seat towards a greening of Ghana’s economy”. The long-term goal is to make the GCIC a state-of-the-art synergy site where Danish development assistance to the private sector would go hand in hand with the Climate Investment Fund managed by IFU and with TC activities. There is still a long way to go to achieve this goal: The GCIC has been established, but with a considerable delay, and the first group of entrepreneurs have just recently completed their training. It is therefore still too early to conclude anything in terms of results and future funding scenarios for CIC. It was noted by the evaluation that the GCIC management team did not know about IFU, which would seem to be a potential funding source for the entrepreneurial projects, as also emphasised in the transition plan.

The emerging opportunities to push for a more thorough private sector policy dialogue through the PSD-supported interventions have not been effectively utilised. In particular, BUSAC has provided a good entry point for enhancement of the sector policy dialogue around business advocacy issues; however, BUSAC management has only to a limited extent made use of the possibility to request engagement of embassy management in these processes. The opportunities for policy dialogue have been further limited by the difficulties in ensuring the involvement and commitment of the MoTI, including for the Steering Committee meetings.

PARTNERING WITH DENMARK IN GHANA

The Partnering with Denmark facility promotes long-term bilateral relations between public authorities in Denmark and in partner countries and provides support to improving policy, regulatory and capacity development frameworks. The facility applies two instruments: a Strategic Sector Cooperation (SSC) and deployment of Growth Counsellors.

The SSC is a partnership between a Danish public authority and counterpart authority in the supported partner country. In Ghana, a SSC programme was developed comprising three focus areas: i) Furthering of Ghana’s implementation of international maritime regulations and enforcement of IMO standards; ii) Strengthening of the pilotage and skills development of maritime pilots; and iii) Introduction of digital navigation instruments for enhancement first of maritime security and subsequently inland water security. The programme includes activities such as facilitating skills development in e-navigation and training of ship surveyors and pilots.

A Maritime Growth Counsellor took up the position in 2015 with the dual purpose of improving the framework conditions for Ghana’s maritime sector and providing support to Danish companies that wanted to engage in the maritime sector. The Maritime Counsellor facilitates the

6 THE TRANSITION PROCESS

cooperation between the Danish Maritime Authority and the Ghana Maritime Authority.

The Partnering with Denmark facility, and in particular the role of the Maritime Counsellor, has contributed to a significant improvement in the framework conditions for Danish companies working within the maritime sector in Ghana. Building on this collaboration, the Maritime Counsellor has been able to establish a productive policy dialogue with relevant public authorities in Ghana, which has also created synergy between sector development programmes and commercial activities, e.g. in the area of anti-corruption and through the network established by the Maritime Counsellor with Danish maritime companies. This has indirectly led to Global Public Affairs assignments to the Trade Council in the embassy in Accra.

On the other hand, the experience from Ghana with involvement and influence of the Maritime Counsellor in important and politically sensitive 'local content' discussions also emphasise an important dilemma related to this kind of support, in cases when it may become counterproductive to the objectives of development cooperation.

DEVELOPMENT RESEARCH

The strategic framework for Danish support to development research focusses on establishing a closer linkage between the supported research projects and the development programme portfolio. The strategy places amongst other things greater emphasis on an increased use of research results (applied research) in development cooperation, including in commercial engagements. This includes use of specific scoring criteria related to the private sector and PPP relevance in the process of assessing research applications.

Despite considerable efforts and interest from the embassy in this subject, it has continued to be a challenge to effectively link development research projects to development assistance interventions. So far, the health sector presents the best examples of applied research, e.g. in relation to malaria. In the agricultural sector, ongoing research projects are expected to be applicable to private sector development interventions.¹⁸⁷

In terms of policy development, there is strong consensus among key stakeholders in Ghana that there is an urgent need for more evidence-based policy making. This would include a better guiding of researchers

187 It should be mentioned that the issue of linking development research to practical development cooperation is not only a challenge in Ghana but also in most other countries where Danida works. This is documented in evaluation studies from these countries.

on the top research priorities within the respective sectors in order to better link policy research products to policy needs.

ESTABLISHING OF ALUMNI NETWORK

The Danida Ghana Alumni network was established in 2016 and now has more than 100 members. This group of professionals is highly skilled and familiar with Danish culture after spending longer periods of time in Denmark and at Danish universities. Many of the alumni now have high-ranking, decision-making positions within Ghanaian ministries, governmental agencies and private companies. The mobilizing of this network therefore has potentially interesting potential for leveraging and facilitating the transition from development to trade and commercial cooperation.¹⁸⁸

The Danida Ghana Alumni network has been very well received by the Danish business community in Accra, which sees great opportunities in collaborating with these technically very competent professionals, who have a strong national network and can provide an effective bridge between Danish and Ghanaian culture. So far, there are interesting examples of collaboration from the health sector,¹⁸⁹ where alumni from the network have contributed to facilitation of cooperation between Danish investors and Ghanaian hospitals.

COMMUNICATION OF DEVELOPMENT RESULTS

The embassy has made considerable efforts to document and communicate key issues and results from development cooperation between Denmark and Ghana more widely in the period since 2014, thereby responding to an area that is emphasised explicitly in the Partnership Policy. The embassy has developed an outline for a communication strategy that has been discussed internally at the embassy and a new internship has been created, assigned with specific responsibility for communication activities. Together these initiatives have made an important contribution to the institutionalisation and strengthening of the embassy's communication efforts.

Specific results from communication efforts include publication of a number of documentation studies to present results from Danish development assistance within the supported sectors. These studies include a study on the Danish support to the health sector; a technical paper on the Ghana-Denmark partnership in the private sector as well as a study on the Danish support to governance (currently in preparation). A number of articles have also been published in the media in

188 In total, more than 2,000 Master students and PhDs from all over the world, have received their education in Denmark.

189 More than 200 Ghanaians have completed a Master in International/Global Health at University of Copenhagen since 2000.

6 THE TRANSITION PROCESS

both Denmark and Ghana, including in relation to commercial and trade aspects. The Aid-to-Trade document has been a particularly important contribution.

In addition to this, the embassy has made extensive communication efforts on social media as well as through radio and television programmes. The embassy has also taken opportunities to participate in several large conferences with the President, the Vice President, various ministers and with other key DPs.

POLITICAL COOPERATION

The Partnership Policy envisages that the transition process will include a strengthened political cooperation between Ghana and Denmark based on shared values such as human rights, democracy, security, and regional integration. The intention is that these values should be promoted through close political cooperation at multilateral, regional and bilateral levels, focusing on a limited number of core issues of shared political priority. It reflects a shift in Denmark's strategic and multifaceted approach to the African continent, towards a more holistic approach in working with security and development.

The strengthening of the political cooperation was envisaged to take place through several different mechanisms: i) regular dialogue at minister level or high-level visits; ii) the establishment of a joint political dialogue mechanism between the GoG and the DPs; iii) as well as through one or two thematic conferences per year on national/regional political issues, organised jointly by Denmark and a relevant Ghanaian counterpart.

In practice, it has proved difficult to create these spaces for maintaining a regular political dialogue between the two countries. On the one hand, and as discussed elsewhere in this report, it has been very difficult to engage the GoG in national level dialogue with DPs during the period. On the other hand, the division of roles and responsibilities between the Danish MFA and the embassy on this particular topic have not been clearly outlined in the Partnership Policy. As a result of this, the political cooperation between the two countries has been less strategic than was anticipated in the Partnership Policy.

Despite these challenges, some concrete results have nevertheless been achieved in the area of political cooperation. One of the most notable has been Ghana's joining of the global anti-torture initiative, which was launched by Denmark in 2014 and facilitated by the Danish UN Mission in Geneva. The embassy in Accra draws on many years of support for human rights and good governance in Ghana, taking the issue of combatting torture to the political level. Ghana has now become the focal point of the anti-torture initiative for Africa, while Denmark has the same position within Europe.

In the area of Responsibility to Protect (R2P), Denmark and Ghana have also successfully partnered to unfold and advance the operational R2P agenda. In 2013, Denmark and Ghana co-organised the first international meeting of R2P focal points outside New York, in order to underscore that R2P is first and foremost about what is done at the national level. Denmark has since collaborated with Ghana on training¹⁹⁰ of officials from Ghana and other African nations on R2P principles and implementation.

Other results from political cooperation include participation of Ghana's Minister of Foreign Affairs in a side event on climate change organised by Denmark during the UN General Assembly in 2015, and the participation of Ghana's Minister of Gender' in the UN Women conference in 2016.

Ghana has been invited to the International Anti-Corruption Conference (IACC) to be hosted by Denmark in 2018 with the participation of representatives from both OECD and non-OECD countries. The purpose of the conference is for the participating countries to demonstrate joint leadership in tackling corruption at national and global level.

190 Hosted by the Kofi Annan International Peacekeeping Training Centre in Accra.

7 CONCLUSIONS

The evaluation formulated at the planning stage a set of hypotheses, based on developed ToCs, both for the sector interventions as well as for the transformation and transition processes. The testing of these hypotheses has been an important element for conceiving the evaluation findings as well as for formulation of the conclusions. The sector hypotheses and ToCs are included in Annex E.

Below follow the main conclusions, based on the findings from the evaluation.

On Programming:

Overall, the enabling environment in Ghana has not been conducive for provision of development assistance in the period of the evaluation. This has affected the prospects for achieving transformational and longer-term changes within the supported sectors. At the same time, development interventions have not been sufficiently adjusted to Ghanaian political-economic realities. Although the Danida-supported development interventions in Ghana during the period 2007 to 2017 have been highly relevant in view of national development strategies and policies, a number of the key assumptions outlined in the programme documents were never fulfilled and the supported interventions were not adjusted accordingly.

Danida has made an important contribution to the process of democratisation in Ghana. Strengthening non-state actors including CBOs, national level advocacy organisations and think-tanks is an important legacy from the Danish engagement in Ghana. Deepening democratic governance is an objective in itself to ensure effective citizen engagement and safeguarding of for example political rights. It is moreover a contributing factor in ensuring an enabling environment for doing business in Ghana and is as such an important part of the growth-employment agenda.

Danida has been a key driver among the DPs in supporting reform processes in relation to both decentralisation and health sector systems. This includes support to government agencies and institutions for developing relevant legislation and procedures and to formalise institutional structures. This has contributed to establishing solid platforms for further rollout of these processes nation-wide. Danida's focus on development of relevant procedures and protocols, together with a constructive sector policy

dialogue and a strong and flexible TA approach have been core values for and provide valuable inputs to these processes.

Without a clear sector implementation strategy and policy dialogue on how to influence the private sector agenda in Ghana, and with limited interaction across Danida's private sector components, it has been a challenge for the supported interventions to contribute to more fundamental changes within the sector, despite many successful enterprise projects at local level. The government's intention to enhance the enabling framework for private sector-led growth did not take off as policies were not implemented and adequate budgets not allocated to support the reform process, resulting in DPs choosing targeted and project-based interventions. In the absence of progress on the overall policy framework, Danida decided to focus on enterprise-level support while also addressing the business environment at local and national levels through business advocacy and public-private sector dialogue. Given the complex policy circumstances, the emphasis on local level achievable results appeared to be the better option at the time.

Danida has demonstrated how long-term partnerships, based on a consistent and critical high-level policy dialogue, combined with flexible technical assistance tools, can be an effective approach to generate trust and commitment for achievement of results within partner institutions. The Danish support to Judiciary provides a good example of this. On the other hand, the partnership with CHRAJ (and to some extent also with GRA) shows the challenges when critical and high-level dialogue is not consistently maintained.

Weak government capacity and serious budget constraints, together with other DPs planning to leave Ghana, have prompted Danida to encourage new and alternative financing and institutional arrangements, in particular in areas where Danida's development assistance has been significant. Examples are in particular provided from the health sector, where the Danish development engagement has been followed by Danish private investment projects in hospitals and health clinics. Examples of PPPs involving Danish private companies and expertise are also provided from the service sector, building on the Danish support to the decentralisation process. In relation to the PSD components, which are mainly implemented through challenge funds, a pioneering arrangement has been agreed with IFU in relation to continuation of the RDF.

In the areas of PSD, governance and health sector support, the opportunities for generation of synergies, both within and across the programmes, have mostly been missed or not yet fully capitalized. This is for example the case in relation to the Danish support to the decentralisation process, which could have focussed more on establishing of PSD and health sector support functions at district level. Some missed opportunities may be explained by the use of the SBS modality and unearmarked funding,

7 CONCLUSIONS

which raises a clear dilemma on the extent to which synergy interventions can be required from the partner institutions.

On Transformation:

While the MDDBS policy dialogue around government priority spending and public reforms contributed to Ghana's achievement of lower middle-income country status in 2011, the GoG and supporting DPs have not managed to generate a transformation in the country's economic and productive sectors to sustain the growth process. This is partly explained by the complex political settlement in Ghana and partly by the deteriorating policy dialogue and more fragmented DP support that has taken place in the period since 2011.

Despite some progress in combatting extreme poverty, the GoG and supporting DPs have not managed to fundamentally address and tackle the drivers of poverty and inequality in Ghana, which has remained high during the period of evaluation. Danida has been in the forefront on support to gender equality, vulnerable groups and the use of HRBA in governance and health sector interventions, which has contributed to relatively more progress for the extreme poor in recent years, compared to those living close to the poverty line. Gender issues were well integrated into the national policy framework through the MDDBS; however, many of these initiatives have more recently come to a standstill. In general, the results frameworks and monitoring of gender- and HRBA-supported interventions are weak, and it is thus difficult to assess contribution effects.

The GoG and supporting DPs have not managed to establish an encouraging outlook for meeting a number of the SDGs, mainly due to low level of financing on social sectors. Structural financial constraints in the country (i.e. low revenue collection, high debt financing), government expenditure prioritisation of non-social sectors and DPs' phasing-out of support to social sectors represent key challenges for meeting SDG targets.

On Transition:

The Danish embassy in Accra has launched a number of innovative and pioneering initiatives that have now started to be effective in transforming large, long-term investments in development activities into opportunities for commercial partnerships between Ghana and Denmark.

This process can be seen as a return on the huge Danish investments in capacity development of institutions and individuals (including a large number of alumni) in Ghana, of intended mutual benefits for the two countries. This includes support to establishing of PPP's, an incubator facility at the embassy, a large Danida Ghana Alumni network linked to

the Danish business environment and stronger cooperation between the development and trade sections at the embassy.

The current development programme interventions are not sufficiently aligned and contributing to achievement of the objectives of the Denmark-Ghana Partnership Policy 2014-2018, which raises important dilemmas and ethical questions related to trade development between the two countries. The PSD-supported interventions have only to a limited extent included the trade aspects of the Ghanaian SMEs and have thus not targeted the transition process for increasing of export/import and trade relations between Ghana and Denmark. In addition, Danida does not have development engagements in any of the three sectors selected by the Trade Council in Accra as those being “the most promising for future commercial cooperation” (export from Denmark). At the same time, there are cases where the embassy could face ethical dilemmas and where bridging of development engagements with Danish commercial interests will be difficult (e.g. in cases where a Danish company may want seek support for the export of goods that are not in accordance with the values supported through the development programmes).

The decision by Danida to continue support to some long-term partnerships into the last phases of development cooperation, despite a clear lack of traction, raises important dilemmas related to partnership selection in view of the transition process. The partnership selection has not been done with a particular view to support the implementation of the Denmark-Ghana Partnership Policy 2014-2018 and has lacked critical reflection on progress and traction as a basis for continuing some of the partnerships.

Cooperation arrangements within the maritime sector have provided an interesting example on how a cooperation between Danish private sector stakeholders and Danish authorities can facilitate improved access of Danish companies into a sector, although it also raises certain dilemmas, e.g. in relation to discussions of local content. The presence of a Maritime Growth Advisor at the Danish embassy in Accra has been a driving force in this process, including discussions of important pieces of legislation (Local Content) and by addressing the anti-corruption agenda.

8 RECOMMENDATIONS

Recommendations for the Department for Technical Quality Support (KFU) in the Danish MFA (and for Danish embassies in developing countries in general):

ON PROGRAMMING:

Learning:

When development assistance is implemented within a complex political settlement, it may be necessary to apply a more flexible, adaptive and opportunity-driven programmatic approach with shorter-term planning and implementation cycles and decision points. When institutional and capacity development interventions are not based on thorough institutional analysis, with a particular view to power relations and how these are affected by internal and external factors, it is difficult to achieve lasting results. The application of a dual implementing approach, working with both government and CSOs/Think Tanks/PSOs, is an effective and preferred means by which to promote and support multi-stakeholder dialogue.

Recommendations:

A more flexible, adaptive and opportunity-driven programmatic approach (e.g. aligned to the Problem Driven Iterative Approach), with shorter planning/implementation cycles and more critical decision points on who (engagements/ partnerships) and how (approach/modality) should be piloted in a country with a highly complex political settlement (like Ghana), based on what is possible within existing Danish MFA financing and budgeting frameworks. A more thorough political-economic analysis should be used in programming and during programme implementation.

The continued use of a dual approach (funding channelled through both governmental institutions and CSOs/Think Tanks/Universities etc.) provides the most effective platform for implementing of such a programmatic approach.

Development programming should aim at creating greater synergies between governance and private sector supported level interventions by focusing on specific corruption-related constraints that slow down sustainable growth. In a context such as the Ghanaian where levels of development and political settlement do not yet allow for the effective enforcement of formal rules, anti-corruption strategies could sequen-

tially attack corruption at critical points where tangible improvements are both feasible and will have a high impact on development, rather than on more generalized anti-corruption plans. Danida can unleash productive sectors' potential by facilitating bottom-up anti-corruption strategies in a sector and by focusing on specific corruption processes. In this sense, the anti-corruption network established by the embassy in Ghana provides a unique and innovative mechanism that should be replicated by other embassies as it provides important support to Danish companies in the country.

In general, development programming should include requirements for establishing of more effective data collection systems (baselines, surveys) in order to measure and document results and impact from development interventions supported through long-term Danish engagements. In Ghana, this relates to both the supported PSD interventions (jobs created, increase in production and productivity level, leveraging effects, etc.) and to governance (e.g. improvements in local service delivery as a result of decentralisation).

It should be more clearly explained how development engagements, the selection of partnerships and the supported interventions during the last phase of development cooperation are expected to contribute to achievement of the targets and priorities established in the Partnership Policy (Transition Process). The decision on which development engagements to support and which partners to work with should be more explicitly linked to the Partnership Policy and transition process e.g. with a view to providing a strong platform for release of future commercial potentials between Denmark and the partner country.

Sustainability aspects should be more critically addressed earlier in the phase out process and more responsibility should be placed on national partners in terms of co-funding arrangements (e.g. that Danida funding will be gradually phased out over a three to five year period in accordance with a mutually agreed exit strategy and that the partner institution will develop and implement a fundraising strategy in parallel to this). In some cases, (e.g. in the case of Think Tanks) it could make sense to consider these institutions within the below-mentioned SDG partnership approach, linking them up to potential funding from the private sector and development research.

ON TRANSFORMATION

While Danida should continue and further strengthen its commitment and voice for protection of gender equality, distributional issues and inclusion of vulnerable groups in its programming, more attention needs to be given to analysing and addressing root causes of inequality in the partner countries. In addition, more attention should be made to continuous monitoring of progress within these areas, including specification of result indicators, targets and means of verification.

8 RECOMMENDATIONS

In view of the serious underfunding of social sectors, undermining ability to achieve critical SDG targets (this is the case in Ghana but also in other African countries), Danida should explore possibilities for supporting alternative funding mechanisms within these sectors, e.g. through a larger and more strategic private sector engagement in areas where Denmark may have comparative core competencies. The experience from Ghana provides several good examples of Danish companies' involvement in PPPs with nation-wide socio-economic impact and the SDGs could possibly provide a more strategic frame for leveraging of PPPs within partner countries. As part of this exercise, Danida should consider how development research could contribute more strategically to this process, by promoting and identifying potential partnership areas.

ON THE TRANSITION PROCESS:

Learning:

Increased trade does not necessarily provide equal benefits to Denmark and the partner country, in particular if the focus is on increasing Danish exports and no aid/development element is linked to the trade. Support to PSD in the partner country may not necessarily lead to increased trade with Denmark, e.g. if target groups in the PSD (SME's) are different from Danish exporters (larger companies) and if the thematic sector focus does not match Danish core competencies. A clearer definition of the success criteria related to a target of "increased trade" is needed to explore whether this could create any ethical conflicts in view of the support provided being financed by development aid. The decision as to which development engagements to support and which partners to work with needs to be explicitly linked to the Partnership Policy and transition process if it is to provide a strong platform for release of future commercial potentials between Denmark and the partner country. Increased political cooperation between Denmark and Ghana requires clear division of roles and responsibilities for planning and implementation between the Danish MFA and the embassy in order to become effective.

Recommendations:

In order to ensure a smooth transition from development to commercial/political cooperation, the following is recommended in relation to development of a "Partnership Policy" (transition programme):

The development of a Partnership Policy should include direct involvement and ownership by the partner government. This should contribute to a clear understanding of the extent to which (and through which mechanisms) the two parties may benefit equally from the partnership agreement.

A Partnership Policy should be an adaptive document, including mutually agreed targets and means of verification, in order to be able to make use of the document for operational guidance. It should be clear how results

from the development programmes are expected to contribute to achievement of targets in the Partnership Policy.

Roles and responsibilities between the Danish MFA and the embassy should be clearly outlined within the strategic pillars in the Partnership Policy. This is particularly the case for an area such as “political cooperation”, which will include initiatives and support from the Danish MFA as well as from the embassy.

A mechanism for joint annual review and follow-up on the Partnership Policy should be established between the partner government, the embassy and the Danish MFA. This should ensure the continued relevance of the Partnership Policy document during the period of transition.

It should be explored whether a modality could be established, where Danish embassies would have the ability to access a pool of (small) funds to follow up on strategic development processes in the partner countries, for a period (e.g. up to five years) after the official development assistance has been phased out. This could become an effective mechanism to ensure continued embassy presence within strategically important ministries and partner institutions in order to push for e.g. improvements in enabling environmental factors, to facilitate release of political/commercial potentials as identified in the Partnership Policy. Such funds may also provide an opportunity for supporting civic engagement and/or policy research (Thinks Tanks/CSOs) in relation to key development topics/events, considered of particular relevance and priority within the Partnership Policy.

RECOMMENDATIONS FOR THE DANISH EMBASSY IN GHANA:

The following recommendations may be considered by the Danish embassy in Accra in relation to development of an Exit Plan for the period 2018-2020:

Anti-corruption will be of relevance for the continued Danish commercial interest in Ghana and the embassy should consider supporting the roll-out of the Special Prosecutors Office to support the current Presidency in its anti-corruption drive if the support requested can supplement what other DPs are offering. This collaboration could among others take the form of a government-to-government collaboration between the Special Prosecutors Office and the Danish State Prosecutor for Serious Economic and International Crime.

The embassy should continue the political dialogue with Ghana in view of the International Anti-Corruption Conference (IACC) 2018 hosted by Denmark, including on subjects such as tax evasion, illicit financial flows, beneficial ownership disclosure and identifying and addressing the critical links between corruption, trade and sustainable development.

8 RECOMMENDATIONS

The focus and value-added of the Tax and Development Programme (T&DP) should be critically reviewed with a particular view to supporting implementation of the Partnership Policy 2014-2018. In view of slow progress within some key areas supported through the T&DP, it is recommended that the Danish embassy insist on a more critical and frequent high-level policy dialogue with the GoG¹⁹¹ on the continuation of the T&DP support. There may be a need for further reduction in the number of project activities supported in order to become more focussed on achievement of strategically important results. Given the persisting institutional challenges in relation to T&DP implementation, it is not recommended that an authority-to-authority cooperation between Denmark and Ghana be initiated in the tax sector.

The leveraging effects of Danida-supported governance and private sector interventions at the local level warrant a further assessment. The embassy should commission a study to look into what types of support to the private and governance sectors have had relatively more impact in promoting district level socio-economic development; and whether there were any national-derived effects.

The transition from 'Aid to Trade' process should be intensified by including this theme as a permanent agenda point in the SPSD III Coordination Committee meetings. The agenda should among others include: the anticipated scenario for aid and trade by 2020 to provide direction for the transition process; the warranted 'transformational qualities' of trade and business activities; continued interaction with EU and other DPs to sustain economic diplomacy after 2020; and interface with the Multi-lateral Aid to Trade Programme. The IFU investment manager should become a member of the Committee.

Business advocacy and public-private dialogue concepts should be anchored at a business or university entity to enhance evidence-based actions. The embassy should support and facilitate the transfer of BUSAC concepts to a 'neutral' business or university entity to ensure that such mechanisms can contribute to improving the business environment in future – with or without external funding. The prospect of continuing the support to business advocacy in some form should be discussed with DPs that continue to provide support to the private sector.

Demand driven skills development targeting enterprises in growth sectors should be promoted to complement supply-driven technical and vocational education and training. The embassy should facilitate the adoption of the Skills Development Fund concept by other DPs in due consultation with MoE/COTVET. The embassy should enter into a dialogue with WB, EU and AfDB to emphasise the demand-driven approach in connection with the DPs' upcoming support.

191 The evaluation is aware, that the Danish embassy has recently initiated such steps.

EVALUATION OF THE GHANA – DENMARK PARTNERSHIP (2007- 2017)

**MINISTRY OF FOREIGN AFFAIRS
OF DENMARK**

2 Asiatisk Plads
DK-1448 Copenhagen K
Denmark

Tel +45 33 92 00 00
Fax +45 32 54 05 33
um@um.dk
www.um.dk

ISBN: PDF: 978-87-93616-82-0
ISBN: HTML: 978-87-93616-83-7

