



JOINT EVALUATION OF THE  
GHANA-DENMARK DEVELOPMENT COOPERATION  
1990-2006

evaluation

2008.03





**Joint Evaluation  
of the Ghana-Denmark  
Development Cooperation  
1990-2006**



**AUGUST 2008**

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The views and opinions expressed in the report do not necessarily correspond to the views of the Ministry of Foreign Affairs of Denmark.

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## Preface

Denmark has provided development assistance to Ghana since independence in 1957. Up to the end of the 1980s the assistance was comprised of social support through NGOs and various projects funded by Danish government loans and grants tied to industrial purposes, water, electricity supply, cold stores, and agricultural equipment. A Danish Embassy was opened in 1961, but closed in 1983 as a consequence of the continuous political and economic decline in the country. Ghana was among the first Danish 12 programme cooperation countries identified in 1989, and in 1991 the Danish Embassy was reopened in Accra. The Ghanaian-Danish development cooperation has expanded gradually from 1990 until the present day. In 2005 Ghana was the second largest receiver of Danish bilateral assistance, while in 2006 it ranked fourth. The total Danish funded assistance during 1990-2006 has been close to DKK 4 billion.

A Ghana Joint Assistance Strategy (G-JAS) between key development partners is currently being developed. In early 2007, a general, common part had been submitted by the development partners in Ghana to the Government of Ghana for comments. Denmark is participating in the process. The current Danish strategy for development cooperation with Ghana covers the period 2004-08 and links the Danish assistance to Ghana's own poverty reduction strategy. The considerable long-term Danish development cooperation with Ghana has been partly evaluated through a number of sector-wide or thematic evaluations and performance reviews, however, an evaluation of the substantial Danish-Ghanaian development cooperation in its totality has so far not been carried out. Thus, this current evaluation could be regarded as an appropriate assessment of lessons learned from bilateral development assistance keeping the G-JAS in perspective.

To further the partnership principles the management of the evaluation has been undertaken in close cooperation between the Evaluation Department in the Ministry of Foreign Affairs (EVAL) in Denmark and the National Development Planning Commission (NDPC) in Ghana which is responsible for overall monitoring and evaluation of Ghana's development policies and strategies. EVAL has taken a lead role as regards funding, contracting and implementation management. At the same time, participation of NDPC can be seen as a contribution to the development of evaluation capacity in NDPC and the joint experience gained could be useful for future country programme assessments, in particular for future evaluations of the joint assistance strategies.

The main purpose of the evaluation is to evaluate achievements against the overall development objectives as formulated in development strategies, including the development strategy presented by Ghana in Paris in June 1993; the Ghana Vision 2020; the Ghana Poverty Reduction Strategy from 2002; the Interim Poverty Reduction Strategy (2000-02); the Ghana Growth and Poverty Reduction Strategy (September 2005) as well as the Danish Strategy 'Partnership 2000' and the country strategies for collaboration between Ghana and Denmark published in 1993, 1998 and 2004. The efforts and achievements are assessed against the contemporary context and standards prevailing at the time, when decisions were made. The approach of this evaluation has been inspired by debates among partners in the DAC Network on Development Evaluation concerning evaluations of development assistance at country level and draws on the approach developed for the Evaluation of Danish Assistance to Uganda from 2006. The evaluation assesses the Danish contribution to the development efforts in Ghana in view of the general develop-

ment efforts made in Ghana during the evaluation period and in view of the combined efforts by development partners to support these. The assessment of the contribution of Danish financed activities to Ghana's development and lessons learned concerning strategic choices, implementation modalities and other aspects of the Ghana-Denmark development cooperation comprises the main bulk of the evaluation, however.

The evaluation has been carried out by a team of external consultants headed by Mr. Georg Ladj from the German company Particip GmbH. It has been conducted in accordance with the DAC's evaluation guidelines and quality standards for evaluations.

This synthesis report presents the final conclusions and recommendations of the evaluation. The perception study and various thematic papers conducted as part of the evaluation as well as the appendices to the evaluation are contained in the attached CD-ROM. The report and thematic papers may also be found at [www.evaluation.dk](http://www.evaluation.dk) and at [www.ndpc.gov.gh](http://www.ndpc.gov.gh)

We thank all stakeholders and evaluation participants for their valuable contributions without which the evaluation could not have been completed.

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The Evaluation Report has been prepared as follows:

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<b>1 Synthesis Report</b>	Georg Ladj, contribution by all other team members
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Ten Appendices to the Synthesis Report

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## **2 Thematic Papers (TPs)**

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TP 1: Context and framework conditions of Danida's support to Ghana	Jørgen Estrup, Georg Ladj
TP 2: Water and sanitation	Elijah Yaw Danso
TP 3: Health	Emmanuel Boadi
TP 4: Transport	John Clifton
TP 5: Business / private sector support	Jørgen Estrup
TP 6: Democratisation, human rights and good governance	Marilyn Aniwa
TP 7: Capacity development	Georg Ladj
TP 8: Gender in Danida support to Ghana: Major issues and assessment of achievements	Patience Agyare-Kwabi

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<b>3 Perception Study</b>	Georg Ladj, contribution by all other team members
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- Appendix 2: Evaluation schedule
- Appendix 3: Persons met
- Appendix 4: A thematic chronology of major events relevant for Ghana-Denmark development cooperation (1989-2007)
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- TP 1: Context and framework conditions of Danida's support to Ghana
- TP 2: Water and sanitation
- TP 3: Health
- TP 4: Transport
- TP 5: Business / private sector support
- TP 6: Democratisation, human rights and good governance
- TP 7: Capacity development
- TP 8: Gender in Danida support to Ghana: Major issues and assessment of achievements

#### **Perception Study**

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## Acronyms and Abbreviations

<i>AFD</i>	Agence Française de Développement
<i>AfDB</i>	African Development Bank
<i>ARB</i>	Association of Rural Banks
<i>B2B</i>	Business to Business Programme (present name)
<i>BOG</i>	Bank of Ghana
<i>BSPS</i>	Business Sector Programme Support
<i>BUSAC</i>	Business Sector Advocacy Challenge Fund
<i>CAS</i>	Country Assistance Strategy
<i>CASA</i>	Country Assistance Strategy Assessment
<i>CBO</i>	Community-Based Organisation
<i>CC</i>	Commercial Court
<i>CDD</i>	Center for Democratic Development
<i>CDF</i>	Comprehensive Development Framework
<i>CG</i>	Consultative Group
<i>CHRAJ</i>	Commission on Human Rights and Administrative Justice
<i>CIDA</i>	Canadian International Development Agency
<i>CONIWAS</i>	Coalition of NGOs in the Water and Sanitation Sector
<i>CSGF</i>	Civil Society Governance Fund
<i>CSO</i>	Civil Society Organisation
<i>CWSA</i>	Community Water and Sanitation Agency
<i>DA</i>	District Assembly
<i>DAC</i>	Development Assistance Committee
<i>Danida</i>	Danish International Development Assistance
<i>DDF</i>	District Development Fund
<i>DFID</i>	Department for International Development
<i>DFR</i>	Department of Feeder Roads
<i>DKK</i>	Danish Kroner
<i>DO</i>	Desk Officer
<i>DP</i>	Development Partners
<i>DSDA</i>	Danish Support Programme to District Assemblies
<i>DWD</i>	District Works Department
<i>EC</i>	Electoral Commission
<i>ENRECA</i>	Enhancement of Research Capacity in Developing Countries
<i>EQ</i>	Evaluation Question
<i>ERP</i>	Economic Recovery Programme
<i>EU</i>	European Union
<i>EVAL</i>	Danida's Evaluation Department
<i>FDI</i>	Foreign Direct Investments
<i>FM</i>	Framework Memorandum
<i>FOAT</i>	Functional & Organisational Assessment Tool
<i>FSS</i>	Financial Sector Support
<i>GBS</i>	General Budget Support
<i>GDP</i>	Gross Domestic Product
<i>GG</i>	Good Governance
<i>GGHR</i>	Good Governance and Human Rights
<i>GGHRP</i>	Good Governance and Human Rights Programme
<i>GHC</i>	Old Ghanaian Cedi

## ACRONYMS AND ABBREVIATIONS

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<i>GHS</i>	New Ghanaian Cedi
<i>GHBC</i>	Ghana Business Code
<i>G-JAS</i>	Ghana Joint Assistance Strategy
<i>GLSS</i>	Ghana Living Standards Survey
<i>GNI</i>	Gross National Income
<i>GoG</i>	Government of Ghana
<i>GPRS</i>	Ghana Poverty Reduction Strategy
<i>GPRS I</i>	Ghana Poverty Reduction Strategy I
<i>GPRS II</i>	Growth and Poverty Reduction Strategy II
<i>GPS</i>	Ghana Partnership Strategy
<i>G-RAP</i>	Ghana's Research and Advocacy Programme
<i>GRSP</i>	Global Road Safety Partnership
<i>HDI</i>	Human Development Index
<i>HIPC</i>	Highly Indebted Poor Countries
<i>HIRD</i>	High Impact Rapid Delivery
<i>HIV/AIDS</i>	Human immunodeficiency virus/Acquired immune deficiency syndrome
<i>HR</i>	Human Rights
<i>HSPS</i>	Health Sector Programme Support
<i>IDA</i>	International Development Agency
<i>IGI</i>	Independent Governance Institution
<i>IMF</i>	International Monetary Fund
<i>IPPD</i>	Integrated Personnel and Payroll Database
<i>I-PRSP</i>	Interim Poverty Reduction Strategy Paper
<i>LDC</i>	Least Developed Countries
<i>LGA</i>	Local Grant Authority
<i>LGSS</i>	Local Government Service Secretariat
<i>LOGNET</i>	Local Government Network
<i>LSDGP</i>	Local Service Delivery and Governance Programme
<i>M&amp;E</i>	Monitoring and Evaluation
<i>MDAs</i>	Ministries, Departments and Agencies
<i>MDBS</i>	Multi-Donor Budget Support
<i>MDG</i>	Millennium Development Goals
<i>MFA</i>	Ministry of Foreign Affairs
<i>MMDAs</i>	Metropolitan, Municipal and District Assemblies
<i>MoFEP</i>	Ministry of Finance and Economic Planning
<i>MoH</i>	Ministry of Health
<i>MoLGRDE</i>	Ministry of Local Government, Rural Development & Environment
<i>MoPSD</i>	Ministry of Private Sector Development
<i>MoPSR</i>	Ministry of Public Sector Reform
<i>MoWAC</i>	Ministry of Women and Children's Affairs
<i>MSMEs</i>	Micro, Small and Medium Enterprises
<i>MTEF</i>	Medium-Term Expenditure Framework
<i>MWRWH</i>	Ministry of Water Resources Works and Housing
<i>NDAP</i>	National Decentralisation Action Plan
<i>NDPC</i>	National Development Planning Commission
<i>NGO</i>	Non Governmental Organisation
<i>NHIS</i>	National Health Insurance Scheme
<i>ODA</i>	Overseas Development Assistance
<i>ODI</i>	Overseas Development Institute
<i>OECD/DAC</i>	Organisation for Economic Cooperation and Development / Development Assistance Committee

<i>PAF</i>	Performance Assessment Framework (for MDBS)
<i>PAMSCAD</i>	Programme of Action to Mitigate the Social Costs of Adjustment
<i>PFM</i>	Public Financial Management
<i>PHC</i>	Primary Health Care
<i>PIU</i>	Project Implementation Unit
<i>PMMS</i>	Policy, Monitoring and Management Support
<i>POW</i>	Programme of Work
<i>PRSP</i>	Poverty Reduction Strategy Paper
<i>PS</i>	Private Sector
<i>PSD</i>	Private Sector Development
<i>PSDP</i>	Private Sector Development Programme (initially ‘PS-programme’; now ‘B2B’)
<i>PSDS</i>	Private Sector Development Strategy
<i>RDE</i>	Royal Danish Embassy
<i>RFSP</i>	Rural Financial Services Project
<i>RG</i>	Reference Group
<i>RSDP</i>	Road Sector Development Programme
<i>SAP</i>	Structural Adjustment Programme
<i>SEA</i>	Strategic Environmental Assessment
<i>SI</i>	Spot improvement
<i>SNEP</i>	Strategic National Energy Plan
<i>SPEED</i>	Support Programme for Enterprise Empowerment and Development
<i>SPS</i>	Sector Programme Support
<i>SSA</i>	Sub-Saharan Africa
<i>SWAp</i>	Sector Wide Approach
<i>TA</i>	Technical Assistance
<i>ToR</i>	Terms of Reference
<i>TP</i>	Thematic Paper
<i>TSPS</i>	Transport Sector Programme Support
<i>TSSP</i>	Trade Sector Support Programme
<i>UN</i>	United Nations
<i>UNDP</i>	United Nations Development Programme
<i>UNICEF</i>	United Nations International Children’s Emergency Fund
<i>USD</i>	United States Dollar
<i>WB</i>	World Bank
<i>WRC</i>	Water Resources Commission
<i>WSS</i>	Water and Sanitation Sector

**Exchange Rates for Euro and US Dollars (Annual average, exchange rates – spot)**  
(DKK per 100 units of foreign currency))

Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Euro	n.a.	n.a.	743.56	745.37	745.21	743.04	743.07	743.98	745.19	745.91	745.06
US Dollars	660.86	669.70	698.34	809.03	831.88	788.12	658.99	598.93	600.34	594.70	544.56

Source: National Bank of Denmark, Predefined tables – Exchange rates

**Exchange Rates for US Dollars to New and old Cedis<sup>1)</sup>**  
(Annual average)

Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
GHC/GHS	2,321.13	2,691.51	5,337.52	7,138.69	7,864.39	8,491.67	8,929.70	9,049.92	9,173.41	0.94	0.97

Source: Bank of Canada, average annual exchange rates (own calculation based on source)

1) On 1st July 2007 the Old Ghanaian Cedi (GHC) was replaced by the New Ghanaian Cedi (GHS) with an exchange rate of 10,000 GHC = 1 GHS.

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# Executive Summary

## Evaluation objectives and approach

The main purpose of this exercise is to evaluate the achievements of Ghana-Denmark development cooperation against the overall development objectives as formulated in the development strategies of the Government of Ghana (GoG), in the Danish aid strategies, and in the country strategies for collaboration between Ghana and Denmark published in 1993, 1998 and 2004. While the evaluation covers the whole period from 1990 to 2006, the main emphasis is on lessons learned from 1998 onwards (i.e. during the second Country Programme). The evaluation was required to focus on Danish bilateral assistance to Ghana, including support to non-governmental organisations (NGOs) and to the private and business sectors.

The evaluation is mainly based on documentary analysis and on interviews with a broad range of relevant stakeholders. The synthesis report brings together the analyses and assessments made in the eight thematic papers. It furthermore seeks to place Danish aid to Ghana within the overall perspective of development in Ghana. It follows the logic of the Terms of Reference (ToR), which was further refined by the Evaluation Team during the course of the evaluation.

## Ghana's development between 1990 and 2006

Democracy in Ghana is thriving. The country made a peaceful transition from military rule to democracy in 1992, as well as a peaceful transfer of power between elected presidents in 2000. The government has encouraged open dialogue and made efforts to overcome the country's regional, religious and ethnic divisions that led to conflict in the past. An important element of these efforts is the policy of transferring more authority to the districts. Even if the implementation of this decentralisation policy is very slow and concerns about corruption and the slow speed of reform implementation remain, the efforts to consolidate democracy and improve governance have been acknowledged by donors.

Ghana is a poor and predominantly agricultural country, but has made economic progress in recent years. It ranks 135<sup>th</sup> on the United Nations Development Programme's Human Development Index<sup>2)</sup>, with a Gross National Income (GNI) *per capita* of USD 520 and "the proportion of Ghanaians described as poor in 2005/06 was 28.5%, compared to 39.5% in 1998/99 while those classified as extremely poor reduced from 26.8% to 18.2% over the same period"<sup>3)</sup>. However, 20 years of structural reforms led to Ghana reaching the HIPC (Highly Indebted Poor Countries) completion point in 2004. Economic progress is clearly visible in the urbanised south and centre. However, development has been uneven, with particularly the rural northern districts lagging behind.

2) *UN Human Development Report 2007/2008.*

3) *See: Government of Ghana/National Development Planning Commission (NDPC) (2007): The Implementation of the Growth and Poverty Reduction.*

A significant internal economic barrier is the low diversification of Ghana's exports. Additionally, the poor state of infrastructure is a major constraint to increasing non-traditional agricultural exports.

Ghana's first Poverty Reduction Strategy Paper – Ghana Poverty Reduction Strategy (GPRS I), issued in 2003 – reflected a policy framework primarily directed at attainment of the Millennium Development Goals (MDGs). Ghana's current strategy, published in 2005 – and renamed the Growth and Poverty Reduction Strategy (GPRS II), introduced a shift of strategic focus from pure poverty reduction to enhanced economic growth. GPRS II has the ambition of bringing Ghana within reach of becoming a middle-income country by 2015. The extent to which this target is realistic remains a question referring back to the so-called Vision 2020, Ghana's first attempt in 1994 at ensuring vertical and horizontal linkages in development programming. The country also significantly benefits from overseas remittances of about USD 1.5 billion per year<sup>4)</sup> from Ghana's large population living abroad.

### **The role of aid and impact of combined donor efforts**

External aid represented more than 50% of government expenditure in the early 1990s<sup>5)</sup>, and in most years comprised about 8% of the Gross Domestic Product (GDP), with a peak of more than 20% in 2004. Between 2003 and 2005, actual disbursement of aid increased from USD 872 million to USD 1,109 million, equivalent to a tenth of GDP and a third of government expenditure, the latter also being valid for 2007. Foreign aid is therefore of considerable macro-economic importance.

A number of macro-economic support measures by the donor community have been implemented in Ghana over the last decades, including:

- the Economic Recovery Programme (ERP), mainly of the 1980s;
- the Comprehensive Development Framework (CDF) from 1999;
- the Multi-Donor Budget Support (MDBS) process since 2003, aiming at ensuring a continuous flow of aid to enable the government to finance its poverty-related expenditures within the operational framework of the GPRS;
- more recently, the Ghana Joint Assistance Strategy, which brought together a group of development partners (DPs), including Danida.

While CDF support has helped prepare GPRS I, an AFRODAD study<sup>6)</sup> states that the increase in DP assistance to Ghana since 2003 has been largely attributed to the MDBS mechanism and to a number of reforms aimed at improving public sector efficiency and transparency. There is some evidence that donor support for a number of these reforms has had a positive impact on macro-economic performance. Moreover, there is a general tendency for multi- and bilateral Overseas Development Assistance (ODA) to focus increasingly on tackling the framework conditions for support.

4) *This figure is in GPRS II. According to OECD/DAC, net private flows were USD 749 million.*

5) *World Bank (2005): 'Evaluation of the Comprehensive Development Framework (CDF) – Ghana Case Study' Report.*

6) *African Forum and Network on Debt and Development – AFRODAD (2007): A Critical Assessment of Aid Management and Donor Harmonisation in Ghana. A Case Study.*



Overall, there is reason to believe that donor support has contributed to improving framework conditions for more effective aid delivery. However, at sectoral level not all policies have been put in place, or, such as the water policy, have only been put in place recently. Other policies, such as decentralisation, lack effective implementation, thus constituting severe obstacles to more effective aid and government service delivery.

A study by Darkwa, Amponsah and Gyampoh (2006) revealed that a major weakness of Civil Society Organisations (CSOs) in Ghana is “the low level of financial and technological resources”. As a consequence, the CSO sector is marked by a significant dependence on foreign donors raising the question of sustainability. Nevertheless, donor support seems to have contributed to making civil society more vocal, thereby also increasing public sector transparency and accountability.

ODA to Ghana is increasingly becoming aligned, harmonised and more predictable. It is hoped that the increase in sectoral and general budget support will increase efficiency. In certain sectors, capacity-building efforts are at least partly bearing fruit, and the need for external technical assistance (TA) has consequently decreased. Overall, it seems transaction costs have been reduced in recent years, not least as a result of the MDBS.

Much still remains to be done to empower the poor and vulnerable and to reduce poverty. While the continued growth over the period 1990-2006 has impacted strongly on the general level of poverty, the distributional outcome is more mixed. While poverty has been declining, inequality has increased significantly, particularly since 1998/99, and particularly in the Upper (northern) regions (despite considerable donor and NGO support to these areas). Continuing growth may well result in continued increases in inequality.

Nevertheless, major progress appears to have been achieved in other areas, particularly in primary education, and combined donor efforts have definitely impacted positively on Ghana's development. Without the aid that it received, Ghana's economic growth would certainly have been slower, policy reforms might not have been undertaken or might have been more delayed, and political stability might even have been threatened.

## **The Danish contribution to development in Ghana**

Ghana has been a partner country for Denmark since 1989. Initially, Danish support consisted of a multitude of separate projects in many sectors, as outlined in the first country assistance strategy in 1993. Following the 1994 *Strategy for Danish Development Policy towards the Year 2000*, with its sector programme focus, Danish-Ghanaian cooperation from 1998 to 2002 was based on the second five-year strategy, and is currently being implemented with the Country Strategy 2004-08 as the strategic framework.

Denmark contributes ODA worth USD 58 million (2005/06 average), making it Ghana's tenth largest donor (sixth largest bilateral donor). The Ghanaian-Danish development cooperation expanded gradually from 1990 until 2006. Accumulated Danish support to Ghana totalled Danish Kroner (DKK) 3.874 billion at the end of 2006 (period 1990-2006), covering 43 major Danida projects, sector programme support in six areas, 54 PSDP main projects, 18 individual NGO projects above the DKK 3 million threshold, and three framework NGO programmes, as well as personnel support.

Health, transport, water and sanitation, and support for the private and business sectors are the major areas of support – although with shifting budgetary importance. The roads sector takes the largest share of the budget. This means that there is a certain continuity in areas supported (especially since 1998), with some broadening of focus evident in the 2004-08 programme in which macro-economic and institutional reforms are more explicitly addressed, and in which the poverty reduction specifically targets the extremely poor and vulnerable. Poverty focus is emphasised in all strategies, and the selection of sectors has been justified against this background.

These sectors were complemented by the energy sector which received particular attention in the 1990s before being abandoned, as Danish aid was required to focus on fewer sectors and as structural problems had so constrained investments in the sector that assistance to it could no longer be justified (despite the considerable investment already undertaken).

Good governance, human rights and democratisation are important themes underlying the programme, and the figures alone do not do full justice to the importance of Danish interventions in this area. Owing to its very nature, such support is usually rather dispersed or does not necessarily need much financial investment. The current Country Strategy takes account of this formerly scattered nature and brings the different types of projects together under the umbrella of the Good Governance and Human Rights Programme (GGHRP).

Although agriculture has neither been a major element of the Country Strategies at any time, nor been supported as an individual sector, a number of agriculture and environment-related projects were also supported during the 1990s.

Though a relatively small donor like Danida must be selective, it may be asked whether leaving aside support to agriculture and related economic activities (linked to private sector support) was the most appropriate approach to narrowing the Country Programme focus. Though this might have resulted from Danida's overall portfolio balance, Danida's experience in the field might have been beneficial for Ghana, even though numerous other donors are involved in the sector.

The spectrum of Danish aid is complemented by numerous small and medium activities approved mostly under the Local Grant Authority, often focusing on good governance, human rights and gender.

Starting mostly at local and regional levels, often in the poorest regions of the country, almost all support was broadened step-by-step to accommodate components at national level, usually in the sectoral ministries or semi-autonomous bodies, and mostly involving support to policy development or capacity development. Some sectors also developed towards some form of programme support with earmarked funds or Sector Wide Approaches.

All these activities can be considered to have been relevant over the entire period. They were central to Ghana's Vision 2020 and to GPRS I and II, and potentially influential as contributors to poverty reduction.

## Overall assessment

### Relevance

Danish support was relevant to national objectives where they were already expressed in the form of policies and strategies. There are cases, however, where Danida was actually a – or even the – driving force behind the further development of such objectives (e.g. decentralisation). Aiming at poverty reduction since the early 1990s, Danida has strongly sought to support regions with a high incidence of poverty (e.g. health and decentralisation in Upper West Region and Volta Region and water in Volta Region), but with the more pronounced move towards sector programme support, this focus seems to have become partly invisible, hidden in basket funding (health) or the MDDBS respectively.

Danish support was consistently relevant in the nature of the aid offered, providing grants rather than loans. Denmark's readiness to work with a range of partners – NGOs and civil society as well as government – was also relevant. Increasing collaboration, coordination and harmonisation with other donors has been both appropriate and responsive to the national strategy, and the evaluation must acknowledge the considerable efforts Danida has undertaken in this regard, thus contributing significantly to the combined donor efforts in respect of coordination and harmonisation.

### Effectiveness

Overall, the programmes and interventions produced mixed results in terms of effectiveness. While especially the support to water and sanitation and health, but also to good governance, human rights and gender, can be assessed as reasonably effective, effectiveness in other sectors (e.g. transport) has been much more constrained by a lack of policy or institutional frameworks. In some cases, though Danida support may have been effective, as it was for the water and sanitation sector, its impact beyond its own direct support has remained limited, as Danida support can only cover a certain number of regions, while the overall level of investment in the sector is too low to achieve the country's targets.

As for the Private Sector Development Programme (PSDP)<sup>7)</sup>, it has, until recently, had little or no focus on cross-cutting issues (with the exception of environmental concerns) or on other country-specific objectives in the design of the programme. This makes it impossible to thoroughly assess its effectiveness in Ghana. The indication is, however, that the PSDP is somewhat less effective when judged by the few mutual, long-term partnerships established (the reason for this probably being a depressed business climate in Ghana for a major part of the period).

### Efficiency

Interviews often revealed Danida support as highly efficient compared to other donors in terms of disbursement schedules, procedures, etc., especially for the sectors water and sanitation, health, transport and gender. In the health sector this may be partly attributed to the strong technical support from the Health Sector Support Office and the adherence to the programme's effective monitoring and evaluation system. Programme manage-

7) *The Private Sector Development Programme (PSDP) initiated 1993 was initially termed the 'PS-programme' and later after redesign in 2006 renamed 'B2B-programme'. In the text PSDP will be used as a general reference to the programme irrespective of the particular phase of the programme.*

ment arrangements have generally been well adapted to requirements, and efforts have been undertaken to make them more efficient by aligning them, where appropriate, with GoG systems and by coordinating with other donors.

However, there is a problem of efficiency in the implementation of some activities in the Good Governance and Human Rights (GGHR) sector, not on the part of Danida but of the GoG. This particularly concerns the Judiciary, Parliament and the decentralisation process.

Danish support to the private and business sector being of a different nature, efficiency issues also differ: while general support to the financial sector was implemented efficiently, implementation of the Business Sector Programme Support (BSPS) has been dominated by massive and generally laudable efforts to align and harmonise support to the Ghanaian private sector. These efforts are subject to the dilemma – and crucial issue – of ‘timing’, while it is supposed that in the longer run this effort will pay off. This has, at times, tended to crowd out ordinary implementation activities and is a major reason for the serious, albeit variable, implementation delays.

The decentralisation of aid management by the Ministry of Foreign Affairs, giving more freedom to the Royal Danish Embassy, has certainly impacted positively on the efficiency of implementation. In addition, the reduction of Local Grant Authority-approved projects since 2004 and the “outsourcing” of numerous small-scale human rights and good governance projects to the G-RAP (Ghana’s Research and Advocacy Programme) and to Component 4 of the GGHRP (support to civil society) implemented by the NGO Ibis have also contributed to enhancing efficiency.

### Impact

The picture regarding the impact of Danida support is generally positive. Overall, Danida’s continuous support to the transport sector has increasingly contributed to social development and economic growth facilitated by improvements in accessibility and transport services, especially in rural areas. As for water and sanitation, in specific communities the positive impact of water supply is quite apparent, ranging from reduced time spent in fetching water to eradication or reduced incidences of water-borne diseases. However, the recent resurgence of some water-borne diseases in parts of Ghana that have not been reached by project interventions is an indication of the enormity of the effort still required to maintain the desired impact from water supply improvement across the country. Regarding health, the impact of Danish support has been substantial, contributing to increased geographical and financial access to services, improved quality and efficiency and increased use of services, and increased enrolment in Primary Health Care training institutions. Impact on some health outcomes (e.g. infant, children under five and maternal mortality) has been positive, although there has been recent concern about stagnation or even downward trends in some of these outcomes.<sup>8)</sup>

8) *Shortcomings in budget execution that lead to inefficiency at the operational level contribute significantly to the stagnation of Infant and Under-5 mortality performance. Another likely factor for performance stagnation may be the increasingly dysfunctional exemption system, leaving poor children without access to health services.*

As for Danida support to the private sector, impacts are mixed. Rather positive results were recorded for technology transfer and capacity development of individual enterprises through the PSDP, but the contribution to strengthening private sector development in Ghana as such was low and sustainability of results was thus also mixed. The prospects of achieving the 2008 targets of the Country Strategy do not seem promising. As regards the BSPS, overall impact is rather low and only parts of the 2008 targets of the Country Strategy appear to be achievable.

The impact of capacity development and institutional development of CSOs and community-based organisations (CBOs) has, in general, been very substantial, particularly for CBOs supported within the GGHRP, but also in the framework of support to G-RAP, which is aimed at enhancing processes and activities of Ghana's research and advocacy institutions that aim at influencing pro-poor policy-making processes within the government.

According to ODI/CDD (2007)<sup>9)</sup>, the most significant immediate effects of MDBS have been in relation to policy dialogue and conditionality. It has been associated with important improvements in Government policy ownership and prioritisation, target setting and monitoring. The scope and number of reforms since 2003 has been exceptional and the existence of MDBS has most likely contributed to the intensity of these efforts. However, implementation of reforms has been slow and political commitment has been variable and incomplete.

Danida support for gender-specific projects has had a high impact as interventions have contributed towards, for example, changes in the passage of laws and in the Criminal Code in 1999 to cover the enslavement of girls. Furthermore, Danida support to advocacy, lobbying and dissemination on domestic violence has contributed, among other things, to the overall efforts, especially in the national commitment to the passage of the Domestic Violence Act. Danida support for NGOs helped them improve their management structures and procedures, and has led to many of them now being able to position themselves as credible, well-organised regional groups that are able to implement many more projects covering numerous regions, districts and communities.

### **Sustainability**

Sustainability is a recurrent issue across all sectors of support. Policies, strategies, appropriate institutional frameworks and resources must all be available to permit adequate functionality. There continue to be serious deficiencies in some or all of these prerequisites. Consequently, the sustainability of impacts is at risk. This is the case, for example, across all components of Danida sector support to transport, or concerning gender-related income-generation projects such as the supply of agricultural inputs and micro-credit projects, which suffered from subsequent low repayments of micro-credit, causing benefits to be confined to the project lifespan. This points to sustainability as a major issue for almost all gender-specific projects, but especially to poverty reduction and income-generation initiatives, as well as to the fact that the duration of many of these projects was too short to ensure sustainability of impact.

9) *Overseas Development Institute, Center for Democratic Development-Ghana (2007): Joint Evaluation of Multi-Donor Budget. Support to Ghana. Based on OECD-DAC methodology. June 2007. 2 Volumes.*

Staff retention, rotation and turnover, owing not least to non-existent or inadequate incentive systems, are major issues impacting on sustainability across most sectors and types of stakeholders, whether government, NGOs or CSOs. It will certainly help enhance the likelihood of sustainability if Danida support continues to avoid using Project Implementation Units (PIUs) and parallel systems as far as possible.

### **Coordination, coherence and complementarity**

Overall, Danish support to Ghana has shown strong coherence. It has maintained a balance between social and productive sectors, and between on-the-ground and institutional support, the latter being the more emphasised (including at central government level).

Donor coordination efforts are extensive in Ghana, and Denmark plays a very active part in these efforts. It has been the lead player in the donor decentralisation working group for a number of years. Denmark has also sought coherence and complementarity by participating in joint government-donor coordination mechanisms, working groups, the MDBS, and through discussions on the Ghana Joint Assistance Strategy, which will further enhance rationalisation and division of labour between donors. Danish efforts and contributions to improving coordination are appreciated by other donors, and despite being a relatively small donor, Danida's voice clearly counts.

### **Cross-cutting issues and priority themes**

Altogether, it seems the most obvious cross-cutting issues and priority themes for a specific sector are generally being considered and pursued with some success.

### **Capacity development as an important feature of Danida support**

In general, the relevance of Danida capacity development support to the individual sectors has been highly relevant. The results of Danida support to capacity development in terms of effectiveness are rather mixed. While excellent examples exist (e.g. in the water and sanitation sector or in relation to gender issues and gender mainstreaming), examples of disappointing results are more frequent. This is mainly due to the fact that while Danida support can help address urgent needs regarding policy and organisational and institutional changes in the sectors (as it did in most cases), progress will necessarily remain stalled if the GoG does not progress, or only progresses slowly, with the required policies and changes in institutional frameworks. This is especially the case for the transport sector.

Generally, donor coordination regarding capacity development measures at the level of individual sectors seems to be at an embryonic state. Though there is clearly room for improvement, this will also require a stronger GoG vision to guide capacity development in the sectors.

## **Conclusions, recommendations and lessons learned**

### **Conclusions**

The evaluation concludes that on the whole, across all sectors and during the entire period under evaluation, Danida's contribution to issues driving social and economic development has been substantial and is well appreciated at all levels – government, donors, civil society, and others. Danida support has contributed significantly to strengthening civil society and to enhanced consideration of gender issues in policies and institutions, enhanced democratisation processes, and strengthening of the private sector,

improved institutional and policy frameworks that should contribute to better use and targeting of resources, and improved alignment and harmonisation of support. Danida support has contributed with mixed success to reducing poverty and modestly to improving macro-economic performance with its contributions in the framework of the financial sector support and to the MDBS.

Danida's role and influence on changes in Ghana's macro-economic performance have been appropriate, but modest, which is understandable, given that it is not the "front donor" in this sector. By contrast, laudable examples of Danida contributions to enhancing the policy and institutional framework are numerous in all primarily supported sectors, the most prominent being health, water and sanitation, and in other areas of intervention such as gender and decentralisation. Danida's influence on changes related to institutional frameworks – all needing quite long-term efforts – has been considerable and the impact of its contribution certainly exceeds the percentage it contributes financially to overall ODA to Ghana. However, effective decentralisation remains a problem, with regard to both the institutional and professional capacities available at the decentralised levels.

In some sectors, capacity development efforts are at least partly bearing fruit, and the need for external technical assistance (TA) has consequently decreased. Capacity development successes can also be reported in the various components of good governance and human rights support to NGOs, CSOs and independent governance institutions (IGIs).

Danida capacity development measures have taken numerous forms – from short-term training, to post-graduate courses and TA – with the water and sanitation and health sectors showing the most systematic incorporation of capacity development into all components of their different programmes. Despite the lack of clear policy frameworks for capacity development across all sectors, Danida's efforts have doubtlessly had considerable, although varying, impact. However, the sustainability of these impacts is in doubt. While Danida support has helped build sectoral capacities, it could understandably not fully overcome unfavourable framework conditions, although its support has certainly helped address such issues in numerous cases. Nevertheless, service delivery seems to have improved in the Danida supported sectors, especially in the water and sanitation and health sectors.

Overall, Danida has undertaken considerable efforts in relation to alignment, harmonisation and coordination, thus significantly contributing to combined donor efforts in these areas. Danida has applied a wide array of aid modalities. It is also involved in pool funds with other donors, for example for private sector support and health. Overall, there has been a trend away from projects and towards providing assistance through sector approaches and general budget support. While work is still needed to encourage wider adoption of sector support where appropriate, the current modalities seem to be realistically feasible and implementable, given the various shortcomings in policy and institutional frameworks.

From the very beginning of its programming in Ghana in 1991, Danida has sought to support democratisation and human and civil rights, focusing mainly on strengthening civil society and decentralisation. While the latter remains a major challenge, it must be emphasised that a number of highly valuable policy changes for the benefit of civil society were supported and even initiated by Danida, ultimately leading, for example, to the Domestic Violence Bill, to a strengthened Ministry of Women and Children's Affairs

(MoWAC), to the implementation of Governance Issues Forums, and to advocacy on the Freedom For Information Bill. Danida support to civil society, IGI and the private sector has helped improve levels of service delivery, and in the case of IGIs, their capacity to influence policy changes and empower civil society, for example in relation to gender, where Danida support was very prominent in contributing to improving government performance (e.g. in the MoWAC). However, sustaining gains from capacity enhancement remains a problem.

As for Danida's support to decentralisation, it requires a very long time to bring about real changes (e.g. fiscal decentralisation) that will finally directly benefit the people in the districts. Insights generated under Danida support to Upper West and Volta Regions in the framework of the Danish Support Programme to District Assemblies programmes (1999-2004) finally impacted positively on moves at national level, with the District Development Fund (DDF) expected to be in place during 2008. Support to the Decentralisation Secretariat is critical in this regard.

All programmes emphasise their focus on poverty reduction or alleviation. Sector assessments, however, point to mixed results in the poverty outcomes of Danida support, with some sectors remaining far below their potential, not least due to the lack of adequate policies or policy support. Moreover, it is not only an issue of suitable sector selection, but also of identifying potential synergies between chosen sectors and actively supporting intra- and inter-sectoral collaboration to achieve better poverty outcomes, at least in the long term. Furthermore, while the later Country Strategies stress sustainability in various places, exit strategies remain insufficient for all sectors.

### **General recommendations**

At a general level, there is a need to modify the Country Programme to a certain degree. This process had already been started before the evaluation, and has been continued afterwards. The following recommendations consider these developments to the extent possible.

Given the considerable scope for extending Danida-supported decentralisation methodologies for transport infrastructure to additional districts, the proposed widening of support for District Works Department (DWD) should be pursued for all sectors operating at this level which would involve convergence support at DWD level for water and sanitation and transport. This approach is currently being prepared under the name of Local Service Delivery and Governance Programme (LSDGP). Local Government Service Secretariat (LGSS) is likely to play an important role in this regard, and the whole approach will require considerable capacity development efforts at both district and central levels, for example at the Ministry of Local Government, Rural Development & Environment (MoLGRDE) and at LGSS.

In addition to this envisaged support in the framework of the Local Service Delivery and Governance Programme, other sector capacity issues remain unfulfilled. Danida should therefore continue dialogue in support of better implementation of approved national sector policies and strategies and continue providing support to road safety, a transport indicator database and emission regulation.

As regards water and sanitation, further emphasis should be put on supporting the formulation and implementation of a policy for sanitation similar to, but possibly independent of, the water policy. Efforts should also aim at supporting the water policy's roll-out



and the implementation of a more sector-wide approach under the leadership of the Water Directorate.

Regarding health, Danida has contributed immensely to the development of sector policies and strategies. Given the implementation challenges of the National Health Insurance Scheme, Danida should continue to provide technical support to the Ministry of Health to assist in ensuring, among other things, improved access to health services for the poor – a recommendation that is already being implemented under the HSPS 4 starting in 2008.

Danida support to decentralisation under the umbrella of the GGHRP might be merged with the intended support to LGSS and the LSDGP, thus creating a framework that covers both institutional support at central and decentralised levels, and implementation in the districts. The other remaining components – support to IGIs and civil society – could thus form a second phase of the GGHRP. Support to civil society should be focused on fewer regions.

As for the BSPS, the next phase should explicitly focus on decentralisation, with geographical considerations playing a more prominent role, aimed at extending private sector activities to marginalised, poor regions of Ghana.

Further support to the MDBS has already been granted by Danida until 2010 and active participation of the Embassy in MDBS meetings should continue. A joint evaluation of this support should be undertaken in 2009 or 2010.

#### **Specific recommendations with regard to strengthening development impact**

In order to improve macro-economic performance – and in addition to other stimulators – there is a need for strengthened systems of public finance management, coordination of the Medium-Term Expenditure Framework with annual budgetary allocations, and appropriate timing and transparency of actual disbursements to ministries, departments and agencies, including for procurement. The MDBS is the framework within which these aims can be pursued. With a view to directly contributing to economic growth, Danida may further consider focusing the B2B programme in order to better coordinate with other Danida private sector support. The design of the next phase of the BSPS in favour of agri-business development could also be considered.

Danida should maintain its strong focus on supporting policy development and institutional frameworks in the sectors it supports, as well as a related continued focus on capacity development. Supported by Danida, GoG also needs to increase its own efforts in this field. If districts are supposed to be major nuclei for development, apart from allocating financial resources such as the District Assembly Common Fund and the proposed District Development Fund (DDF), the allocation of human resources and improvements in staff incentive systems are essential pre-requisites for boosting local and regional development and attracting staff<sup>10)</sup>.

10) *The objective of the DDF is to provide additional discretionary development funds – the stress being on development funds and not investment funds – linked to regular performance assessment under the Functional and Organisational Assessment Tool.*

In the transport sector, GoG should urgently eliminate the deficiencies and institutional uncertainties in national sector policies and strategies. In water and sanitation, GoG should step up its efforts to ensure broader implementation of the Local Government Service Act, thereby reducing staff transfers that deplete capacity within the District Assemblies. GoG should also develop a more comprehensive sanitation policy and strengthen the Policy Directorate of MoLGRDE. In governance and decentralisation, GoG needs urgently to put in place the framework required to make decentralisation effective and prepare the relevant measures. As for the private sector, Danida should align the B2B programme with the Private Sector Development Strategy of the GoG. As regards gender, GoG needs to increase the budget allocations to the MoWAC, specifically for implementation of the gender strategic plan, and to ensure that the institutional capacity exists to undertake effective sector-specific gender monitoring of the GPRS II.

There is furthermore a need for GoG to draft clear capacity development strategies for Ghana (at general and sector levels) to better facilitate attainment of the targets set in GPRS II and coordinate donor support. Danida could (perhaps with other donors) support GoG in this regard in the relevant sectors and it should draft a Danida capacity development support strategy for Ghana across sectors (including type, timing, duration, location, modalities, etc.). Such a strategy should inevitably include civil society. Generally, there is a need for long-term approaches when tackling capacity development in each sector.

TA should remain an essential element of Danida support to capacity development. The more Danida support moves away from project-based support with permanent TA, the more small-scale and coordinated TA should become the preferred option. In a context in which aid is increasingly moving away from project-based approaches, Danida should move further towards joint interventions involving joint TA arrangements, wherever possible.

As regards the private sector, further focusing on an enabling environment through capacity development in both public and private sector institutions remains essential to pursuing the growth objective of the GPRS II. Such efforts are equally important for private sector associations, unions and other stakeholders in the private sector.

Danida should support further capacity development so that gender and gender mainstreaming mechanisms become internalised. GoG should support all efforts at building the capacity of decentralised structures through the Local Government Service to promote gender equality.

In terms of improving harmonisation and alignment and adjusting aid modalities, sectoral dialogue should be strengthened by both partners. Danida should aim at continuing to play an important or even leading role in the sectors it has been supporting. This might require additional resources at the level of the Embassy, as participation in dialogue and leadership is time-consuming. There is definitely a need for improved harmonisation and coordination within the field of governance, and Danida's efforts in this regard should continue.

To empower civil society at local level, increased and longer-term support to CSOs in the framework of the GGHRP would be valuable. Short cuts will not help build the needed corps of advocates at district level. In the area of water and sanitation, core funding for CONIWAS (Coalition of NGOs in the Water and Sanitation Sector) should be consid-

ered so as to better regulate its membership and ensure implementation guidelines for better harmonisation.

Given developments in poverty reduction during the last decade, policy and sector dialogue needs to focus or re-focus much more on the issue of poverty targeting, despite the fact that the health dialogue and Danida funding has always been and remains very much pro-poor. The DDF might be a good vehicle for GoG in this regard. Wherever Danida is directly involved in regions and districts, it should continue to constantly emphasise poverty aspects and appropriate targeting of measures.

A significant factor related to sustainability is a well-considered exit strategy. In the case of Danida, this requires thorough internal discussion on the appropriate timing of exiting specific sectors and subsequent negotiations with GoG. GoG needs to clearly define its requirements in terms of support, the indicators that it wants fulfilled with Danida support, and especially the measures it can put in place to sustain investments. This means going beyond the issues in the “Ghana Harmonisation and Aid Effectiveness Action Plan” (G-HAP) to longer-term planning, including at sectoral level. Two to three years are the minimum time-frame needed to prepare a smooth exit from any sector.

### **Lessons learned**

Against a background that has considerably evolved over the evaluation period, the following lessons may be drawn from the experience of Danish support to Ghana:

- **Maintaining sector support as a core element of cooperation:** It has been very beneficial for Danida to be involved in broad policy processes and macro-economic support such as the MDBS. However, direct involvement in sectors should continue to constitute a central element of Danida support, thereby providing a solid basis for leverage in these sectors.
- **Mixing aid modalities:** With regard to the aid modalities of Ghana-Denmark cooperation, experience shows that there is good reason to remain realistic about what is feasible, while maintaining a vast array of modalities. Nevertheless, if deemed necessary, taking risks can also prove to be a worthwhile approach (e.g. MDBS and health SWAp).
- **Approaching good governance and human rights strategically:** Providing support to organisations and institutions of strategic importance for progress in good governance and human rights has proven to be a very effective way of instigating progress in such areas.
- **Maintaining poverty orientation:** Danida has had long-standing and substantial pro-poor involvement. This requires keeping issues of poverty reduction on the agenda in discussions and negotiations with DPs and government. In this context, it seems worth taking risks and trying new approaches, for example testing them at the local/regional level (see health insurance), before feeding them into national level.
- **Long-term engagement versus sustainability:** Staying engaged in the same sectors over a long period has enabled Danida to build up experience and reputation, leading to greater opportunities to make significant recommendations at higher levels regarding changes in policy and in institutional frameworks. However, there

is a risk of staying longer than necessary, and it therefore seems appropriate to draft five-year Country Strategies and sector support programmes based on a long-term vision of ten or more years, ideally elaborated and agreed upon with the government. These should include exit strategies.

- **Enhancing ownership:** Support is more likely to succeed if there is (considerable) overlap of stakeholder interests (government, donor, etc.). Where no ownership can be achieved even after years of inputs, it seems wise to discontinue support. In this context, the GoG needs to be very clear when deciding where it requires support, and needs to analyse more in-depth the implications of investments, maintenance and recurrent costs, including staffing. To put it directly, the question is: “Can we afford this support?” It also calls for exit strategies and a realistic and longer joint planning horizon.
- **Tackling capacity development as a priority:** Capacity development has to be comprehensively included in sector policies and in all efforts aimed at improvements in the institutional frameworks for cooperation. Donors, including Danida, need to prioritise capacity development on the agenda in dialogue with the government. There is also a need for long-term approaches to tackling capacity development in each sector (see above). For its part, the government will need to address staffing policies and rotational systems in a reform process as a matter of priority.

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# Part I: Introduction

This report presents the main findings, conclusions and recommendations of the evaluation of 17 years of Ghana-Denmark cooperation. Specific findings in support of the synthesis report can be found in the Thematic Papers (TPs). The report is structured along the following lines:

- Part I describes the objectives and approach of the evaluation.
- Part II describes and analyses the economic and political environment for development in Ghana since 1990.
- These analyses help to address, in Part III, the question: “To what extent did the international development partner community as a whole contribute to Ghana’s development?”
- Based on the preceding analyses and the sectoral findings, Part IV, the core part of this evaluation, addresses the question: “What has been the value-added of Danish assistance to Ghana’s development?”
- Part V elaborates recommendations for future cooperation, and identifies some lessons learned.

## 1. Objectives and approach of the evaluation

The evaluation objectives are specified in the Terms of Reference (ToR – see Annex 1) and summarised in the box below.

### 1.1 Objectives

#### **Box 1: Objectives of the evaluation**

##### **Main evaluation objective**

The main purpose is to evaluate achievements against the overall development objectives as formulated in development strategies, including the development strategy presented by Ghana in Paris in June 1993; the Ghana Vision 2020; the Ghana Poverty Reduction Strategy (GPRS I) from 2002; the Interim Poverty Reduction Strategy (2000-02); the Ghana Growth and Poverty Reduction Strategy (GPRS II, September 2005) as well as the Danish Strategy ‘Partnership 2000’ and the country strategies for collaboration between Ghana and Denmark published in 1993, 1998 and 2004. The efforts and achievements will be assessed against the contemporary context and standards prevailing at the time, when decisions were made.

While the evaluation will cover the whole period from 1990 to 2006, main emphasis will be on lessons learned from 1998 (second country strategy for collaboration between Ghana and Denmark) to the present. Particular attention should be paid to the lessons learned from implementation of the most recent country strategy (2004-08).

In line with the up-dated Danida Evaluation Guidelines (MFA, Danida 2006a), the evaluation is carried out to generate knowledge and accountability information about development interventions in Ghana and shall contribute to the improvement of development cooperation by collation, analysis and dissemination of experience. Further, the evaluation shall provide parliamentarians and the general public in Ghana and Denmark (as well as other interested parties) with professional documentation on the use and results of development cooperation.

### **Specific evaluation objectives**

Specifically, the evaluation will answer if, and in what degree, Danish assistance to Ghana:

- has adhered to overall Danish and Ghanaian policy goals concerning poverty
- has adhered to policies concerning cross-cutting issues (gender, environment, human rights, popular participation and good governance) and priority themes (children and youth, HIV/AIDS, private sector), as stipulated in the partners' policies
- was relevant in relation to country poverty needs as expressed in national poverty reduction strategies and sector policies and strategies
- was effective in making contributions to the overall political, economical and human development of Ghana – at both national and local levels – and in specific sectors
- was efficient, i.e. compared to different ways of delivering assistance, and efficiently aligned with national policies and harmonised with the assistance programmes of other development partners (DP)
- was sustainable in relation to its choice of modalities, i.e. whether it was developed and undertaken in cooperation with relevant national and local authorities and in different sectors; *and*
- was sustainable in the sense that it strengthened the organisational capacity of relevant national and local authorities or organisations.

Danish assistance will be evaluated in the light of Ghanaian national policies, and in the context of the activities of other development partners. Achievements will, to the extent necessary, be assessed against contemporary goals and standards. Assessment of long-term effects will generally be restricted to the overall level of achievements of the combined support from development partners to Ghana and the country's own efforts.

Finally, the evaluation should review progress against the specific indicators of the Danish 2004 country strategy – and make recommendations for possible adjustments to current and future strategies.

## 1.2 Methodology and evaluation issues<sup>11)</sup>

The synthesis report brings together the assessments made in the Thematic Papers, and tries to place Danish aid to Ghana within the overall perspective of development in Ghana. It follows the logic of the ToR which were further refined by the Evaluation Team in the Inception Report. The ToR specify a framework for the evaluation by emphasising the following four elements:

1. Adherence to Organisation for Economic Cooperation and Development / Development Assistance Committee (OECD/DAC) principles and evaluation criteria.
2. Four headings/levels for<sup>12)</sup>:
  - context and framework conditions (level 1)
  - combined donor efforts (level 2)
  - the contribution of Danish-financed activities to Ghana's development (level 3)
  - implementation modalities of Danish assistance (level 4).
3. An Evaluation Matrix embodying the elements outlined under 2, and sometimes providing additional elements.
4. A Perception Study

### Scope and focus of the evaluation: A general and sector-specific set of Evaluation Questions (EQs)

The evaluation was required to focus on Danish Bilateral Assistance to Ghana, including support for Non-Governmental Organisations (NGOs) and for the private and business sectors. Danish contributions to multilateral organisations and programmes in Ghana are not covered by the evaluation.

Initial work on the evaluation assignment led the evaluation to develop two sets of EQs:

- a general set of EQs applied to all sectors (see following table);
- a sector-specific set, namely EQs for each main sector, based on the ToR and on the first analysis of documents (see Appendix 1).

11) *Appendix 1 provides some further methodological details.*

12) *The evaluation methodology is guided by DAC Room Document 2, Paris, 9 November 2004 as already applied in the Danida evaluation of the Uganda country programme.*

**Table 1: General set of Evaluation Questions**

Issues	Question
Heading levels 1 and 2: Context and framework conditions; and contribution of the combined development partner efforts	<p>What is the economic and political environment for development in Ghana, and how did it evolve from 1990 to 2006?</p> <p>To what extent have national policies and strategies been conducive to broad-based pro-poor growth and poverty alleviation?</p> <p>To what extent is overall economic development reflected in actual poverty reduction, human and social development in absolute and relative terms?</p> <p>To what extent did the international development partner community as a whole contribute to Ghana's development?</p> <p>How has the capacity of organisations and authorities to deliver appropriate services developed during the period of investigation, and what role did the international donor community play in this context?</p>
Heading level 3: Concrete results of Danish financed assistance ( <i>what has been the value-added of Danish assistance to Ghana's development?</i> )	<p>To what extent is Danida (Danish International Development Assistance) support linked to, aligned with and accountable in relation to Ghana's policies and plans (or sector strategies), harmonised with other DPs, and predictable?</p> <p>To what extent has Danish assistance contributed towards the overall macro-economic development of Ghana from 1990 to 2006?</p> <p>To what extent has Danish assistance contributed to the development of organisational and institutional capacity and sustained improved performance of these in Ghana?</p> <p>To what extent were cross-cutting issues and priority themes duly considered in Danish assistance?</p> <p>To what extent has Danish assistance contributed to improving outcomes in the sectors (and regions) supported, with a view to impact on key social and human indicators?*</p>
Heading level 4: Implementation modalities and follow-up	<p>How appropriate was the mix and sequencing of aid modalities used by Danish assistance to Ghana?</p> <p>How appropriate was the choice of regions and sectors of Danish assistance to Ghana?</p>

\* This question is broken into sectoral questions, which are depicted in the Thematic Papers.

As the evaluation required analysis and assessment of the achievements of Danida's support against the stated objectives, the Evaluation Team analysed and organised the objectives of the Country Strategies for the periods 1998-2003 and 2004-08, and, to a lesser extent, for the previous periods, into impact diagrams (see Chapter 8). The impact diagrams mirror the intervention logics as spelled out in the Country Strategies and were complemented, where indicated, by specified objectives stipulated in subsequent and more detailed sectoral planning documents. It is to be noted that, while the evaluation period ends at the end of 2006, where possible the evaluation tries to reflect developments and changes that occurred afterwards, and seemed relevant for demonstrating progress or balancing judgments.



The ToR ask: “Did Danish assistance have any impact on key social and human development indicators?” (see ToR 5.3.2.), a question that complements the general question under heading 3 of the ToR: “What has been the value-added of Danish assistance to Ghana’s development??” In order to be able to identify and assess impacts produced in the different sectors, the starting point had to be the stated intentions: this entailed identifying the kind of impacts or outcomes envisaged by the different programmes. The bases for this data were the Country Strategies and subsequent planning documents wherever required. It is against these stated objectives and impacts that the evaluation assessments were made. Appendix 1 depicts the sector-specific set of EQs for each of the main support sectors, based on the documents mentioned.

Relevant details for each of the questions, in accordance with the grid presented in Appendix 1, are specified in each TP, and in the sector-specific impact diagrams. Most sector-specific EQs have been derived from the sector diagrams – mainly from the level of outcomes or intermediate impacts of the diagrams, thus allowing conclusions to be drawn in a cross-sectoral analysis of the overall impact of Danida support.

### **Tools applied**

Each TP describes the EQs in detail, and indicates a range of tools that was used for answering them. The tools can be summarised as follows:

1. Document analysis and comparison (more than 2,900 documents on two GB of hard disk space)
2. Interviews: individual, in groups, with semi-structured interview guides
3. Focus groups (beneficiaries at different levels: communities, private sector representatives, university).

### **Evaluation management and the Reference Groups**

The evaluation was undertaken as a joint collaborative exercise between Danida’s Evaluation Department (EVAL) and Ghana’s National Development Planning Commission (NDPC), the latter being responsible for coordination of, and the strategy for, monitoring and evaluation in Ghana. Designated officers from both organisations worked together as the Evaluation Management Team (see also Annex 1). Two Reference Groups (RGs – see Annex 1 for a description of their tasks), one in Ghana, one in Denmark, composed of individual resource persons, researchers, and representatives of relevant ministries, guided the evaluation and provided comments and suggestions for improving the methodology and reports. NDPC chaired the Ghanaian Reference Group, EVAL the Danish Reference Group. The Danish Embassy in Accra, and the Ministry of Finance, Planning and Economic Development (MoFEP), respectively representing the Danish and Ghanaian Governments, are responsible for the implementation of Danish assistance to Ghana. As such they are key stakeholders in the evaluation process, and participated in the work of the RGs.

Two workshops were planned with the Accra RG; the first was held on 26 July 2007 in Accra (presentation and discussion of the Inception Report), the second on 13 December 2007. The Copenhagen RG met on 20 July to discuss the first version of the present report; the RG meeting on the final report took place on 18 December 2007. Between 27 June and 4 July 2007 the Ghanaian team members and the team leader held an internal workshop and meetings to ensure a common approach to the assignment; a comparable but shorter workshop was held on the first day of the field mission, to ensure that all steps of the process were understood and would be followed, and to ensure comparability of data within and between sectors.

Based on the ToR, nine TPs were prepared as building blocks for the synthesis report. These papers were circulated and discussed with relevant stakeholders. They are annexed to the synthesis report on a CD-ROM. However, the team would like to emphasise that it does not consider these papers as merely or mostly background papers but as essential pillars of the overall evaluation. In fact, the team considers them as evaluations within the given sectors, focusing on specific issues arising from initial discussions and document analysis.

### **Limitations to the evaluation**

The fact that the evaluation mission had to be planned in such a way that it ended before the so-called mission-free period in Ghana starting on 15 September 2007 had a number of consequences. Access to informants was in some ways restricted:

- a number of parallel Danida missions were taking place at the time of the evaluation: i.e. Business Sector Annual Review, Health Sector Appraisal;
- government officials either had priority commitments on the 2008 budget or were involved in other non-Danida missions and workshops.

This led to cancellation of the focus group with government officials and reduced efficiency in the interview schedule; for instance field missions up-country had to be interrupted to accommodate interviews with government staff in Accra whose availability was restricted. None of this materially reduced the amount of information collected, but it may have reduced the number and variety of opinions recorded for cross-checks.

Moreover, the evaluation did not look in detail into the support rendered by Danish framework NGOs, that is NGOs that have direct agreements with the MFA and implement their own programmes in Ghana outside the Country Programme concluded between the Government of Ghana (GoG) and Denmark. Only a small part of Danish NGO work in Ghana is covered by the evaluation, i.e. the Ibis implementation of Component 4 of the Good Governance and Human Rights Programme (GGHRP) of the Country Programme 2004-08.

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## Part II: Ghana's development between 1990 and 2006

This part describes the economic and political environment for development in Ghana since 1990; it analyses the extent to which national policies and strategies have been conducive to broad-based pro-poor growth and poverty alleviation, and the extent to which overall economic development is reflected in actual poverty reduction, and human and social development in absolute and relative terms. It thus addresses the Evaluation Questions to be answered in levels 1 and 2 (see ToR and Introduction).

This background analysis helps to address, in Part III, the question: "To what extent did the international development partner community as a whole contribute to Ghana's development?" as well as, in Part IV, the question on the value added by Danish support to Ghana.

The 17 years – 1990-2006 – chosen as the period of evaluation is a period of changes and challenges to Ghana and its DPs. It also represents a period of new political vision and increased Ghanaian self-reliance, with the goal of becoming a middle-income country. Appendix 4 shows the major events, policies and so on in Ghana, complemented with changes in Danish policies impacting on Ghana-Denmark development cooperation.

## 2. Trends in economic, social and political development

### 2.1 Macro-economic developments in Ghana

In April 1983, the Government of Ghana adopted an International Monetary Fund (IMF)-World Bank (WB)-supported Economic Recovery Programme (ERP) to stem the decline in the economy of Ghana. Assessments of this programme differ. Nevertheless, the initial years of adjustment in Ghana involving macro-economic stabilisation appear to have been successful. But the early 1990s saw Ghana losing some of the gains made in the 1980s. The first major setback came in 1992 in the run-up to the first parliamentary elections. The associated increase in public spending contributed to a large budget deficit financed by borrowing from the banking system, and as a result money supply expanded by over 50%. Further problems followed in the two subsequent general elections (i.e. 1996 and 2000). While these setbacks delayed the stabilisation process and reduced average growth, the economic recovery always came back on track a few years later, often with the help of IMF-supported programmes and the resumption of donor support.<sup>13)</sup>

13) ODI (1996): *Adjustment in Africa. Lessons from Ghana. – and – IMF (2007): Ghana: Ex Post Assessment of Longer-Term Programme Engagement.*

The Ghanaian economy appeared to have turned the corner in 2001 with real Gross Domestic Product (GDP) growth taking an upward turn from the declining trend seen since 1998. The upsurge in growth in 2001 was mainly due to a recovery in agricultural production aided by improved macro-economic management. This also led to a reduction in inflation, interest rates and to some stability in the foreign exchange rate for the Cedi. Including grants, the overall fiscal deficit declined to 4.5% of GDP in 2003 from 6.8% in 2002. Domestic debt, which rose from 1% of GDP in 1990 to 21% in 1995, reached 29.6% in 2002. The cut in net domestic financing of the budget in 2003 permitted a sharp reduction of domestic debt relative to GDP to an estimated 19.6% by end-2003. In this sense the period from 2003 onwards can be characterised – borrowing IMF wording – as a “quite successful stabilisation” (compared to “not so successful stabilisation” between 1995 and 2002). The most striking improvements were in the fiscal area (despite recent fiscal slippages). This contributed to the creation of favourable overall macro-economic environment.

Despite these continuous improvements, poverty in Ghana is still a serious issue – especially as a disproportionately rural phenomenon, prevalent in the northern, savannah regions (see Chapter 3), with 28.5% of the population still beneath the poverty line in 2005/06.

However, Ghana doubtlessly achieved significant success in improving human development indicators during the 1990s. But even with accelerated growth – weakened by (i) high vulnerability to external shocks, (ii) poor economic management, and (iii) structural deficiencies – Ghana may require substantial additional resources to ensure the attainment of the full set of Millennium Development Goals (MDGs).

## **2.2 Major macro-economic and socio-political milestones between 1989-2006**

One of the most crucial moments in Ghana after 1989 was the inauguration of a New Democratic Constitution in 1992. The document reflects the lessons drawn from the abrogated constitutions of 1957, 1960, 1969, and 1979. In particular, the charter stipulates that “all persons shall have the right to equal educational opportunities and facilities”. The constitution replaced the quasi-military-dominated system of governance ruling Ghana from 1981. Unfortunately, the promising year 1992 – the dawn of the 4th Republic – also saw major economic problems. One of the significant measures taken to tackle the unfavourable situation was a complex of bills removing the last barriers to private investment passed in 1994.<sup>14)</sup>

In the same year there was an attempt at ensuring vertical and horizontal linkages in development programming the Vision 2020. The plan articulated the aim of Ghana becoming a middle-income country by 2020. Now, in 2008, this target has attained a prominent position in Ghana's long-term macro-economic planning and is even linked – to what extent realistically remains a question – to the year 2015. Nevertheless, Vision 2020 failed to adequately engender broad-based and local level ownership countrywide.

<sup>14)</sup> *Important laws in this framework were Ghana Investment Promotion Centre (GIPC) Act, 1994 (Act 478), and the Minerals and Mining (Amendment) Act, 1994 (Act 475).*

Also, sectoral priorities were not adequately reflected in budgetary allocations. The lack of a “technology foresight policy” that would have helped operationalise Vision 2020 appeared to be one particular deficiency.<sup>15)</sup> One of the positive outcomes, however, was the Vision’s emphasis on private sector production and development. The attempt at massive privatisation of major public enterprises between 1996 and 2004 could arguably be considered as one of the Vision’s offsprings. However, and to the WB’s dissatisfaction, the GoG failed to significantly reduce State-ownership in the important companies (i.e. Electricity Corporation, Ghana Railways, Ghana Water Company, National Investment Bank, and Ghana Commercial Bank).

At the political level there was particularly good news in 2000 as the 2000 presidential election resulted in a peaceful transfer of power. Subsequently, in 2001, GoG decided to avail itself of the debt relief possible under the Highly Indebted Poor Countries (HIPC) initiative in order to reduce the large fiscal burden of the external debt. To fulfil one of the conditions under the HIPC initiative, the government has drawn up a poverty reduction strategy which replaced Vision 2020 as Ghana’s policy framework for development – the Ghana Poverty Reduction Strategy (GPRS). The first strategy, GPRS I, was adopted in 2003 and its overall objective was “reducing the incidence of poverty”. GPRS I was followed by GPRS II, adopted in 2005 and focusing on growth acceleration. Both strategies are discussed in more detail below.

### **2.3 Internal economic barriers and drivers, external shocks**

The Ghanaian economy is particularly vulnerable to (i) internal and external shocks originating from international commodity and crude oil markets, and from variations in donor support or natural environment conditions, (ii) the extent of embedded inflation expectations and speculation, (iii) supply bottlenecks, notably in the food industry and (iv) inconsistencies between monetary and fiscal policies resulting from the monetary accommodation of fiscal slippages.

The main problem remains that the country’s economic base is still highly concentrated on a few commodities on which most of its export revenues depend. This implies that long-term macro-economic stability mainly relies (i) on the capacity and willingness of the GoG to maintain the orientation it has adopted in terms of macro-economic policy, and (ii) on the capacity of the country to reduce its vulnerability to shocks. The latter can only be achieved by diversifying the production and export base. Yet, despite policy pronouncements and some overall diversification, Ghana’s exports by commodity have not diversified significantly since the 1970s with cocoa, gold and timber still accounting for a large share (70 %) of total commodity exports. The capacity of the GoG to limit the extent to which such shocks could affect the macro-economic balance is disputable since, for instance, prices of utilities such as electricity are still subsidised.

15) See also: *United Nations Division for Sustainable Development; Expert Group Meeting on Reviewing National Sustainable Development Strategies New York, October 2005; European Commission (2005): CSE Evaluation; Ghana, Volume 1, 2005; IMF (2006): Ghana: Poverty Reduction Strategy Paper.*

One of the major internal obstacles to growth is the state of infrastructure, often cited as a major constraint on increasing non-traditional agricultural exports. There are shortcomings in the areas of telecommunications, roads, electricity networks and in the water and sanitation sector. Particularly striking are inefficiencies in the energy and telecommunications sectors. GoG's investment in infrastructure is increasing slowly, and private participation is low. Major drivers in the Ghanaian economy can be considered as: (i) overseas development assistance, (ii) remittances from Ghanaian diasporas and (iii) agricultural production – which is the backbone of the Ghanaian economy, accounting for about 40% of GDP and employing 55% of the labour force. Other internal drivers include (iv) services and (v) industrial production. Although the contribution of those last-mentioned sectors to overall GDP is considerably lower than for agriculture, their potential to contribute to total GDP growth is self-evident.

**Table 2: Ghana: Sectoral Sources of Economic Growth (in %)**

	1980-2005	1991-1995	1996-2000	2001-2005	2006
Real Growth, annual %					
GDP growth	4.2	4.4	4.2	5.2	6.1
Agriculture	2.7	2.0	3.9	5.5	5.6
Industry	4.6	4.2	4.3	5.3	7.0
Services, etc	6.0	6.8	5.5	5.1	6.3
Indirect tax	3.0	2.4	1.3	4.3	4.4
Real Share as % of GDP					
Agriculture	39	37	36	36	36
Industry	25	25	25	25	25
Services, etc	27	27	29	30	30
Indirect tax	10	11	9	9	9
Contribution to total GDP growth in %					
Agriculture	25	17	34	38	33
Industry	27	24	26	25	29
Services, etc	39	42	38	29	31
Indirect tax	7	6	3	8	6
Discrepancy	1	11	0	0	0

Source: Bogeti, Željko et al 2007

## 2.4 Social and cultural factors influencing development nationwide and locally

The modern Ghanaian State is the direct descendant of a colonial apparatus. The social order which colonialism imposed was unequal and structured by the rules, obligations and entitlements governing kinship and community at local level. Outside the immediate family, relationships between powerful patrons and less powerful clients were of over-

whelming importance. As Ghana developed during the colonial period, the bonds of more-or-less personal loyalty and obligations between patrons and clients became increasingly multi-layered and complex. Eventually, it came to stretch all the way from the village to the level of national movements and the formation of political parties. These relationships are embedded in the Ghanaian culture which encompasses long-standing interactions between the past and the present, the traditional and the modern. It is a dynamic culture that reflects the “duality” inherent in the attempt to blend rich cultural institutions and customs with continuing adaptation to the political, economic, and social exigencies of the modern world.

It is against this backdrop that traditional institutions play important roles in development in Ghana. The traditional institutions of political leadership in Ghana (chieftaincy in its various forms) were until just after independence a formal part of the governmental machinery, endowed with State as well as social authority and power. Even after these formal powers were removed, chieftaincy remained a politically significant institution recognised by government and subject to severe political competition both locally and in national partisan contexts. Chieftaincy is now an institution guaranteed by the Constitution, as well as being an important source of local informal social leadership and authority. Land administration at local level is a cardinal role played by chiefs in Ghana. Some traditional chiefs also play national political roles, although the constitution bars chiefs from engaging in partisan politics.

Religion is inseparable from virtually every aspect of Ghanaian life and is important in the determination of worldview. Many different forms of religion exist in Ghana and tolerance of religious differences is very high. Ghana is now a predominantly Christian country, with 60% of all Ghanaians claiming to be Christians; 16% Muslims whilst the remainder profess belief in various kinds of African traditional or other religions.

The concept of family in Ghana can include extended families spanning three and four generations. Traditional family, marriage, and gender relations affect individual development and are instrumental in determining the overall social organisation of society. In general, a lineage is an extended kinship group living in compounds or towns that are near one another, although increased migration has changed the geographical dimension of the relationship. Lineage systems determine the control and dissemination of property, ensure the maintenance of social laws, and play a vital role in ceremonial and religious rites. They also define the nature of communal identity and the process of political succession. However, the extended family system which provided social safety nets is increasingly losing its hold due to economic decline and increasing elitism.

The most rooted and legitimate identities in Ghana derive from peoples' attachment to their home towns or villages, and to their traditional political units. During the last 20 years, this has been demonstrated in the renewed vibrancy of the most widespread type of Civil Society Organisations (CSOs), the “home town” development association which brings together the residents of a traditional community (village, town or urban quarter) with its elite diaspora (those with connections outside the community and thus the ability to raise funds) – which now includes overseas Ghanaians.

The educational sector is rich in Parent-Teacher Associations (many linked to hometown associations) which raise money and try to improve educational standards. The faith-based organisations (including missions and churches) have come to play a major role in this respect.

The most common social custom in Ghana today is funerals. Elaborate customs and practices are associated with burials and funerals, which are usually held over weekends. The 'funeral economy' has become so complicated that the undertakers and other associated ventures are booming businesses.

In general, Ghanaians value personal interactions. Similar to lineage and family, the needs of a group are valued over those of the individual. This is an important determinant of behaviour in both political and social life of the Ghanaian. The importance of societal "belongingness" and good neighbourliness has tended in many circumstances to be so overarching as to undermine enforcement of rules and regulations.

Ghana's traditional beliefs, practices and sayings generally perpetuate gender imbalances. Among ethnic groups, be they matriarchal or patriarchal, women are not considered the equals of men and this conviction is reinforced by social practices and religious beliefs. This gives rise to social structures that enable men to dominate women, creating inequality in gender roles, economic and social relations and status. In Ghana, as in many other low-income countries, there is a far higher proportion of women within the poverty bracket than men (MoWAC 2005).<sup>16)</sup>

Ghana's diverse cultures and ethnicities set the context of the nature of social organisations and formations. Two main kinship and lineage systems often identified are the matrilineal and patrilineal systems. (A third system, which is often considered analogous or unilineal, has also been identified.) Gender relations differ immensely within these ethnic lineage systems. The two main kinship and lineage systems roughly coincide with the northern and southern geo-political divides of Ghana, although there are social groups in both areas that practice systems other than the dominant ones. In matrilineal systems, kinship is traced to a female figure, a maternal ancestor. Decent and inheritance systems are organized around the female ancestor. What this has meant is that those (males and females) who trace their decent to an ancestral grandmother form an ancestral/family lineage, and that inheritance is through such a lineage. Women in patrilineal systems also inherit female property. The system entails mothers passing on their self-generated acquisitions to their daughters-in-law and/or daughters. In northern Ghana, this might take the form of crockery and clothing while land, houses and animals are passed on to sons when the women (mothers) die.

16) *In view of the level of poverty among women, the MoWAC established a poverty reduction fund for women, the Women's Development Fund, which was launched in December 2001 with an initial sum of 21 billion GHC to address poverty among women in rural communities.*



### 3. Profile and achievements in poverty alleviation

#### 3.1 Poverty alleviation strategies and policies of GoG

##### Structural Adjustment Programme (SAP) and initial targeting of poverty 1989-1995

As already indicated, the ERP of 1983 launched by the Ghanaian government and essentially funded by the WB, the IMF and bilateral donors was basically an austerity programme in a spirit of structural adjustment to overcome several years of economic instability, raising foreign debt and degrading of essential economic institutions. The ERP was successful in boosting economic growth in Ghana and stabilising the macro-economic framework, reducing the rate of inflation substantially and making the currency de facto convertible. Also, prices of agricultural products were increased, contributing to some redistribution between urban and rural areas. However, in line with most SAPs the human costs of the programme were heavy through decreases in public expenditures and social support: the number of public employees was reduced by almost 60%, from 397,000 in 1985 to 160,000 in 1991, and for example subsidies on food prices were removed. Essentially, attempts of poverty reduction were marginalised, thus spurring popular criticism.

Responding to this criticism in 1989, during the last phase of the ERP, GoG launched the Programme of Action to Mitigate the Social Costs of Adjustment (PAMSCAD) in order to deal with the missing policy objective of poverty reduction. The programme sought to create 40,000 jobs for the poorest sections of the community over a two-year period. The programme was funded by donors pledging a total of USD 85.7 million for 23 projects, but the targeting of social needs was very much ad hoc, in respect both of project design and of implementation modalities. Clearly the programme did not manage to target the poor, nearly 80% going to the non-poor, that is to redeployed public sector workers above the poverty line, while the vast majority – over 90% – of the poor received no benefits at all.

In 1991, GoG reached yet another agreement with the WB and other DPs, prolonging aid and credit arrangements conditional on support for private sector development (PSD) within a SAP framework, encompassing (i) further deregulation in favour of private investments, (ii) strengthening of public sector institutional framework to facilitate private investments, (iii) exchange rate reform. Furthermore, there was an increased focus on basic education and primary health-care services. However, in 1992 this commitment to a tight economic policy conducive to private sector growth was already severely undermined through wage increases to civil servants of about 80%, causing the economic stabilisation policy virtually to collapse and compromising for quite some time the fiscal stability of the country.

##### The initiation of the Ghana middle income country vision 1995-2000

In 1995, GoG launched its National Coordinated Programme for Social and Economic Development, called 'Vision 2020'. The programme has the overriding aim of 'the reduction of poverty and general improvement in the welfare of Ghanaians' and presents a vision of Ghana as a middle-income country by the year 2020. Vision 2020 was intended to coordinate and guide development across all the major sectors of the economy and was in two distinct stages: medium term, covering the period 1996-2000 and long term, cov-

ering the full programme period 1996-2020. However, the 1993 Danida 'Ghana Country Strategy'<sup>17)</sup> had already found that the Government strategy presented in the June 1993 Consultative Group (CG) Meeting in Paris included very few concrete plans for improving the social and economic status of all individuals and for eliminating extreme deprivation. Largely as a result of pressure from the donor side, a National Action Plan for Poverty Reduction was developed by the Ministry of Local Government and Rural Development with the aim of achieving the development objectives of the Ghana Vision 2020 and specifying more concrete but still very general medium-term measures.

### **Ghana Poverty Reduction Strategy Papers 2000-2006**

Based on the CDF document presented in 1999, an Interim Poverty Reduction Strategy Paper (I-PRSP) was established hurriedly and therefore did not comply with the participatory process of social dialogue envisaged for Poverty Reduction Strategy Papers (PRSPs). It defined poverty as: "...multi-dimensional with complex interactive and causal relationships between the dimensions...defined as unacceptable physiological and social deprivation" and as caused by a lack of human empowerment and of an enabling economic and social environment. While the I-PRSP basically claims to be based on the Vision 2020 programme, it also seeks – although less obviously – to build on the WB Country Assistance Strategy (CAS) 2000-03. The joint boards of the IMF and the WB approved the I-PRSP in August 2000 and in the follow-up Ghana was granted an IMF loan from the Poverty Reduction and Growth Facility (formerly known as Extended Structural Adjustment Facility) as jointly planned. However, the I-PRSP never became of any real importance for the implementation of Ghanaian economic policy and, with the change of government in December 2000, the PRSP process made a fresh start.<sup>18)</sup>

Development of the medium- to long-term economic planning time horizon for the PRSP took place in the middle of a crisis for the Ghanaian economy, when the Cedi lost half its value in the course of 2000 and the inflation rate reached more than 40% in the first half of 2001. The government had quickly to put a programme of economic stabilisation in place, but also decided to apply for HIPC status. This appeared to be a politically controversial move, from which the outgoing government had refrained.

Responsibility for the development of the PRSP rested with a special task force established within the NDPC and five thematic core teams, with representatives of the relevant Ministries, Departments and Agencies (MDAs), NGOs, civil society and the donors, were formed to supply inputs for the policy framework. The PRSP was scheduled for delivery in October 2001, but only in May 2002 was the final document ready for publication. Late in the year it was approved by the Cabinet and then, at the beginning of 2003, by Parliament. The GPRS I was a comprehensive planning document, aiming at aligning development of the country's social sectors with the overall strategy and policy framework. It is a revolving three-year plan, covering initially the period 2003-05, each year being reviewed and assessed by an annual progress report in cooperation with the WB/IMF.

The problem was, however, that the strategy, which was considered as a policy framework, did not specify how to address and implement priorities, which have to be funded

17) Danida, 'Ghana Country Strategy' 1993, p. 5 (English version).

18) Even though the formal development of a full PRSP was initiated under the previous government just after the approval of the interim version in August.

**Box 2: Ghana Poverty Reduction Strategy I 2003-05: Goals and means**

The Government of Ghana aims to create wealth by transforming the nature of the economy to achieve growth, accelerated poverty reduction and protection of the vulnerable and excluded within a decentralised, democratic environment. This goal will be achieved by:

- ensuring sound economic management for accelerated growth;
- increasing production and promoting sustainable livelihoods;
- direct support for human development and the provision of basic services;
- providing special programmes in support of the vulnerable and excluded;
- ensuring good governance and increased capacity of the public sector;
- active involvement of the private sector as the main engine of growth; and
- partnership in nation building.

The emphasis over the period will be on stabilising the economy and laying the foundation for a sustainable, accelerated and job creating agro-based industrial growth. The GPRS will also focus on providing the enabling environment that will empower Ghanaians to participate in wealth creation and to partake in the wealth created. It will ensure that all Ghanaians irrespective of their socio-economic status or where they reside have access to basic social services such as health care, quality education, potable drinking water, decent housing, security from crime and violence, and the ability to participate in decisions that affect their own lives.

*Source: Ghana Poverty Reduction Strategy I, 2003-05, p. 1*

and anchored in the planning of the different MDAs. Therefore, GPRS I was not able to build a bridge from the long-term vision to the three-year programme of action. However, using GPRS I as a policy framework NDPC issued Guidelines for local-level plan preparation. All districts therefore prepared their Medium-Term Development Plans based on GPRS I. The district plans set out the district's priorities and how to implement those strategies.

Work on formulating the next phase of GPRS was initiated in 2004 by the NDPC and, after a process of consultations with elements of civil society, economic interest groups and government agencies, the new strategy called 'Growth and Poverty Reduction Strategy (GPRS II) – 2006-09' was presented to the public in September 2005. Contrary to GPRS I, the dialogue with professional groups and DPs was not an integrated part of the process, but mainly postponed to the follow-up phase following publication, referring to the document as 'work-in-progress'.

The change in name of the strategy, taking in 'growth' from the outset, was not made by chance: "The present paper, GPRS II, is intended to introduce a shift of strategic focus, although many of the actual programmes which will be implemented under it between 2006 and 2009 will be in the same areas. The central goal of the new policy is to accelerate the growth of the economy so that Ghana can achieve middle-income status within a measurable planning period." (GPRS II, p. i and vi) This represents a major change in objectives and strategy. Having been successful in stabilising the economy after the 2000-01 breakdown and further having been able to avoid the usual '4-year crisis' syndrome at the 2004 elections, the economic policy objectives are now back to 'Vision

2020' and focused on the long-term goal of achieving status as a Middle Income Country – this time with the even more ambitious time-horizon of 2015.

Poverty reduction is still an explicit part of the objectives although no longer the priority. Moreover, the strategy for targeting poverty has been essentially changed: The emphasis of GPRS II is on growth-inducing policies and programmes, which have the potential to support wealth creation and poverty reduction. The emphasis is on continued macro-economic stability and accelerated private sector-led growth, complemented by human resource development, good governance and civic responsibility. Therefore on the whole this can no longer be termed a 'pro-poor growth' strategy as the priority is on growth in the wider context, while poverty reduction is the derived outcome of human resource development and growth itself. GPRS II is building on a 'broad based growth' strategy with poverty reduction achieved through social security measures, human resource development and long term income multiplication effects.

### 3.2 Contribution of pro-poor growth policies to poverty alleviation

The concept of pro-poor growth in actual economic policy is somewhat elusive. The definition of the concept is open to discussion that is whether to look at poverty reduction in absolute or relative terms as the decisive criterion. Additionally, there is the distinction to be made between planned policy and actual outcome. The move from declaratory level to practical implementation is often a challenge. Moreover, some resource gaps still exist. For example, in the GPRS II framework the link between GPRS priorities and budgetary allocations was unclear. This has been effectively addressed by the GoG<sup>19)</sup> but other problems remain such as, for instance, limited capacity at local level.

Generally speaking, although the designed and implemented policies of growth and poverty reduction in the period 1990-2006 gave priority to the need for short-term stabilisation and mainly stressed the growth objective of the strategies, there has been a notable impact on poverty reduction, poverty being measured one-dimensionally either through income or consumption levels.

Real GDP growth rates fluctuated heavily during the 1990s, but throughout the period they exceeded population growth, implying positive real *per capita* growth. This has had a major impact on poverty as measured by individual income, rapidly reducing the percentage of the population living beneath the stipulated poverty line: while the percentage of the population beneath the poverty line fell from 51.7% in 1991/92 to 39.5% in 1998/99 and then to 28.5% in 2005/06, the percentage classified as extremely poor falling from 26.8% to 18.2% between 1998/99 and 2005/06. Thus the first Millennium Development Goal of halving the poverty rate is most likely to be met if the growth of the economy continues to remain high.<sup>20)</sup> Ghana is doing better than average in Sub-Saharan Africa. However, this general and impressive picture needs to be put into perspective: It is important to remember that with the parallel growth in population the

19) *Overall the budgetary process has improved to enable completion of the 2006 budget in November 2005, for the first time in line with the constitutional timeframe., while 2007 and 2008 budgets were approved in November of 2006 and 2007 respectively.*

20) *Government of Ghana/National Development Planning Commission (NDPC) (2007): The Implementation of the Growth and Poverty Reduction Strategy (GPRS II), 2006-09. 2006 Annual Progress Report.*

absolute number of poor people fell proportionately less. Furthermore, poverty has so far only been measured in absolute terms, while measured in relative terms as judged by inequalities the picture is somewhat different. Estimates for the period show an increase in the Gini co-efficient, implying that inequality in Ghana has been increasing during the growth process.<sup>21)</sup>

Clearly poverty – measured by the level of consumption – is negatively correlated with growth, and thus the higher brackets are benefiting most in both absolute and relative terms, thereby deepening inequality. Thus, while by the absolute definition of poverty reduction actual growth in the period 1990-2006 was pro-poor, based on this relative definition of poverty it was not. This has important implications for the impact of actual policy: With increasing inequality a certain average rate of growth will result in less poverty reduction compared with a scenario in which growth rates are the same for all levels of income or consumption.<sup>22)</sup>

### 3.3 Economic and social distribution of poverty

The wide differences in poverty incidence (measured by consumption) between the regions in Ghana are shown in the table below together with the distribution of the population, indicating the weight of the different localities in total poverty:

**Table 3: Poverty incidence by locality (in percent)**

Locality	Poverty Incidence			Population 2005/06	Contribution to total poverty 2005/06
	1991/92	1998/99	2005/06		
Accra (GAMA)	23.1	4.4	10.6	11.8	4.4
Urban Coastal	28.3	31.0	5.5	5.8	1.1
Urban Forest	25.8	18.2	6.9	14.6	3.5
Urban Savannah	37.8	43.0	27.6	5.4	5.2
Rural Coastal	52.5	45.6	24.0	11.0	9.2
Rural Forest	61.6	38.0	27.7	28.0	27.2
Rural Savannah	73.9	70.0	60.1	23.4	49.3
Urban	27.7	19.4	10.8	37.6	14.3
Rural	63.6	49.5	39.2	62.4	85.7
All Ghana	51.7	39.5	28.5	100.0	100.0

Source: 'Pattern and Trends of Poverty in Ghana 1991-2006', Ghana Statistical Service April 2007, p.9

Note: Poverty line = Cedi 3,708,900 ('upper line')

- 21) *The Gini coefficient measures the difference between a completely equal distribution of income (or alternatively consumption) and the observed distribution.*
- 22) *In any case it is widely disputed whether such macro-data are able in a meaningful way to provide information on the development of poverty, which is basically a multi-dimensional problem: "In the light of the foregoing, it will be naïve to use the global poverty data to judge the effectiveness of particular poverty reducing policies or programmes. Distributional issues come in when dealing with different localities and socio-economic groups as well as gender" (Sowa, Nii Kwaku 2005).*

With few exceptions the incidence of poverty has been declining in all localities over the period, but at the same time there are major differences in magnitude: in urban areas poverty incidence has been reduced to about 40% of the 1991/92 level, while in rural areas, where more than 60% of the population is living, it is still at more than 60% of the initial level. In particular rural Savannah with about a quarter of the population still has an incidence of poverty of 60%.

The 2006 Progress Report of the GPRS II has estimated the difference in poverty reduction between urban and rural localities observed since the previous Ghana Living Standards Survey (GLSS) 1998/99, to be as shown in the table below.

**Table 4: Decomposition in poverty headcount 1998/99 to 2005/06**

Locality	Total change	Share of change due to:	
		Growth	Redistribution
National	-10.9	-13.5	+2.6
Urban	-8.6	-8.6	0.0
Rural	-10.4	-13.8	+3.4

Source: Ghana Statistical Service, *Pattern and Trend of Poverty in Ghana, 1991-2006*, April 2007, Tables 3

The figures indicate that growth has been high in rural areas, contributing significantly to the reduction in poverty, but at the same time – in contrast to urban localities – it is also resulting in increased inequality. The national reduction in poverty is thus lower because of increased inequality.

The difference between urban and rural areas of Ghana in relation to the impact of growth on poverty reduction is clearly important. This difference is also obvious when considering the trend in the incidence of poverty by gender.

**Table 5: Poverty incidence by gender**

Household heads by sex in locality	Poverty Incidence (%)						Population 2005/06 (%)	
	1991/1992		1998/1999		2004/2005		Female	Male
	Female	Male	Female	Male	Female	Male		
Urban	24.5	29.4	19.6	19.4	10.7	10.9	10.8	26.8
Rural	56.3	65.9	45.6	50.9	26.4	42.4	12.4	50.0

Source: 'Pattern and Trends of Poverty in Ghana 1991-2006', Ghana Statistical Service April 2007, p.42

Note: Poverty line = Cedi 3,708,900 ('upper line')

Looking at households with either female or male heads, the probability of being poor is much higher in rural areas than in urban, but in addition it is higher in male-headed than in female-headed households. In contrast, in urban areas there are almost no differences in poverty incidence between households in relation to gender. Apparently female-headed households coping with difficult living conditions in rural areas are doing better as this difference has actually tended to increase rather than decrease over the period, particularly since the last survey of living standards in 1998/1999.

In general, however, for those still remaining beneath the poverty lines there has, according to the latest GLSS, apparently not been much benefit from growth: "In summary, although the incidence of poverty has been falling since 1991/92, the depth of poverty for those who remain poor has remained unchanged. The depth of poverty is about the same for both the standard line and the extreme poverty line"<sup>23)</sup> (Ghana Statistical Service 2007).

### **3.4 Human development and differences in poverty**

Differences in access to basic needs, in particular educational and health services, are essential elements in assessing the distribution of poverty and the impact of the growth process.

As for education, comparison of the figures recently published by GLSS 5 show the following trends in enrolment in primary and secondary schools over the period 1991-2006: First, with minor exceptions primary school enrolment rates have been growing over the period for both sexes and all living standard levels. However, enrolment rates have been increasing faster for girls than for boys, resulting in catch-up and gender equality in basic education. Ghana has thus achieved an important milestone of the MDGs. Second, for secondary school enrolment the achievements are more mixed. For the better-off households there has been a continuous increase in enrolment by both sexes, although at a somewhat lower level for girls. Looking at the lowest quintile, however, enrolment rates have been dropping for both boys and girls over the period and even for the slightly better-off families rates have decreased since the 1998/99 survey. This development may contribute to deepening inequality. Enrolment rates at secondary level are still only little more than half those at primary level.

With regard to health the GLSS reported on developments in primary care, distributed according to locality and standard of living. The percentage of consultations with doctors by the ill and injured is – as may be expected – considerably lower in rural than in urban localities. However, what is more surprising is that the percentage of consultations did not increase steadily over the 15 years of growth. Indeed in both urban and rural localities as well as for all standard of living levels, the percentage has wavered and overall increases have been minor. Consultations with doctors are clearly lower for poor than for

23) *"Depth of poverty" looks at the income gap ratio: the proportion by which the average consumption level of poor households falls below the poverty line.*

better-off families, and very much lower for rural-based families. However, differences in access – or usage – appear not to have obviously widened over the period.<sup>24)</sup>

Regarding access to basic services such as water, sanitation and in particular electricity, the GLSS report shows that access to safe water in rural areas has increased continuously during the period and at almost the same pace for all households, reflecting the impact of increased use of water from boreholes or protected wells and diminished use of rainwater, water from lakes, rivers and so on, which is consistent with government priorities for interventions in rural areas. In urban areas, only during the last seven years have major changes occurred, increasing access to potable water, in particular for the poorer urban households. Water borne diseases have generally been on the decline in the last two decades. However, the anticipated eradication of Guinea worm by 2007 suffered a major set back in 2006. In that year, 4,130 cases of Guinea worm infection were reported in Ghana – the second highest number of any country in the world. Moreover, the number of victims seems to be on the rise. By the end of March 2007, over 2,200 cases had been reported, already more than half of the 2006 total. Key stakeholders, including the Carter Center, have intensified their efforts to ensure the eradication of new Guinea worm cases in the county.

Developments with regard to sanitation are rather different. In urban areas there has been a steady increase in access to toilet facilities over the period for all households and, according to the survey, the reason is mainly large increases in the use of the Kumasi Ventilated Improved Pit toilets. In contrast, in rural areas improvements in access to toilet facilities have been rather slow, in particular during the last seven years and the gap between urban and rural areas has increased severely. Further, in rural areas sanitary facilities are very much correlated with the general standard of living, implying that developments over the fifteen year period have contributed to increased inequality.

As a conclusion, while the process of continued growth over the period has impacted strongly on the general level of poverty in Ghana, the distributional outcome is more mixed. 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. At the same time major milestones appear to have been achieved in other areas, in particular primary education.

24) *Child health outcomes improved nationally between 1993 and 1998 but have not changed significantly from then until 2006. National infant mortality rates fell from 66 to 57 deaths per 1,000 live births between 1993 and 1998 and further dropped to 54 in 2003 but have since worsened (77 per 1,000 in 2006). Likewise, national rates for mortality among children under five fell from 119 to 108 between 1993 and 1998. In 2003, national under-five mortality rate (U5MR) increased to 111 per 1000 and then stagnated in 2006.*



## 4. Institutional transition, public sector capacity and decentralisation

### 4.1 Transition from centrally planned production to private sector development and a market-driven economy

Ghana's long-term economic performance in the early independence years was closely associated with cycles of political instability and shifts in policy regimes, including changes in strategies between State-led and market-led development.

The ERP brought a new focus to national economic management in Ghana. Its reforms led to the creation of a liberalised environment that has brought about a wide range of opportunities for both local and foreign investors. The liberalised environment has allowed private sector entrepreneurs to pursue business in the absence of the regime of rigid controls and regulations that characterised the earlier years. The liberalisation of the trade and payments system, for example, now enables entrepreneurs to transact international trade without going through the cumbersome procedure and anxieties of securing an import licence. The abolition of price controls led to an improvement of the financial health of private enterprises as a result of the opportunity to apply realistic pricing policies, and the re-alignment of prices of production inputs helped improve the allocation of resources by private enterprises. Moreover, the end of exchange controls and the adoption of a flexible exchange rate system provided a strong incentive for private enterprises to access foreign exchange to import raw materials and machinery, and to produce for export.

Over the period there has been considerable growth in the private sector that has spurred the growth of the economy in general. However, the progress made by the private sector has not been without problems which continue to affect the sector. Although many opportunities have been created as a result of the liberalisation of the economy, the private sector still remains weak and is unable to take full advantage of the improved economic environment. In addition, the private sector is impeded by poor infrastructure.

In the infrastructure sector, which also presents one of the major internal barriers to economic growth, Ghana is significantly lagging behind some other Sub-Saharan African countries and similar income peers in terms of private investment in the sector. Despite significant efforts by the authorities in opening up the infrastructure market to the private sector, the results in terms of committed investment are rather disappointing when compared to some Sub-Saharan African or similar income countries.<sup>25)</sup>

To tackle the shortcomings further market-oriented reforms, including an ambitious divestiture programme, were implemented in the latter part of the 1990s. However, weak macro-economic policies and a significant deterioration in the external terms of trade near the end of the decade led to macro-economic imbalances and volatile inflation.

25) *Estache and Vagliasindi (2007): Infrastructure for Accelerated Growth in Ghana: Investments, Policies and Institutions.*

Marked improvements in the same factors – macro-economic policies and external terms of trade – since 2000 have helped the economy to grow at its fastest pace for more than a decade.

In furtherance of its commitment to private sector development, the government introduced a number of significant measures including the creation of a Ministry of Private Sector Development (MoPSD) in 2001 to champion pro-private sector policies within government in close dialogue with the private sector; establishment of the World-Bank-funded Ghana Investors Advisory Council to advise the President on mechanisms for enhancing the investment environment in Ghana; the launch of the National Medium-Term Private Sector Development Strategy and the National Trade Policy which among other things seek to remove legal, regulatory, and institutional bottlenecks which affect the growth of the private sector; and the establishment of a Commercial Court (CC) to improve commercial dispute resolution.<sup>26)</sup>

GPRS II sees the private sector as the key to achieving the overall objective of growth and sustained poverty reduction. A further re-focus of medium-term policy in favour of the private sector under GPRS includes; (i) facilitating private sector access to long-term finance, (ii) promoting entrepreneurial skills, (iii) facilitating reduction of bottlenecks in private sector development, and (iv) generation of employment.

In spite of the considerable progress in addressing the many constraints to private sector development, substantial structural problems still exist. These include lack of access to finance, especially for women; falling but still fairly high interest rates; insecurity and vulnerability in the informal sector where youth and women predominate; weak linkages between the informal sector and the formal sector, and weak institutional and regulatory framework for supporting the small business sector.<sup>27)</sup> Nevertheless, while voicing some complaints, private sector representatives believe that the business environment is now the best since independence.<sup>28)</sup>

#### **4.2 Facilitation of development by central government, national authorities and public sector capacity development**

Without doubt, good governance in Ghana is gaining ground. Good governance indicators such as macro-economic stability, a more secured, safe and peaceful country, increased involvement of civil society in policy formulation, implementation and monitoring, increasing private sector productivity and the confidence level of Ghanaians have all registered positive trends. This clearly indicates a growing consolidation of good governance in the country. The conduct of government business and the relationship between State and non-State entities reflect government commitment to the principles of accountability, transparency and participation. Public policy space for civic engagement and private sector participation in the drive to achieve a stable and prosperous country is expanding.

26) [http://goliath.ecnext.com/coms2/gi\\_0198-415989/Exploring-the-legal-framework-for.html](http://goliath.ecnext.com/coms2/gi_0198-415989/Exploring-the-legal-framework-for.html)

27) *GoG (2006): Implementation of PRA.*

28) *ODI (2007): Budget Support to Ghana: A risk worth taking? ODI Briefing Paper.*

There exist positive developments in terms of strengthening of GoG's capacity, mainly via upgrading of legislation. Progress is evident in the domain of Public Financial Management (PFM), in particular the updating of the Audit Service Act (2000), the adoption of the Financial Administration Act (2003), the Procurement Act (2003) and the Internal Audit Agency Act (2003). There is also an increase in general PFM capacities, as for instance reported in the HIPC-Assessment and Action Plan exercise (2004). Despite those positive trends, there is a shortage of expertise in critical areas of public administration such as (i) policy analysis, (ii) strategic planning and (iii) financial management. In a way this has become an endemic problem of the public sector. The public service has in consequence grown weak, with characteristically low morale. The policy of restoring the service in response to national development imperatives was pursued with a sense of mission in 2004. The subsequent public sector reform(s) sought to overhaul the central government structures and organisation so as to make the central machinery of government more efficient, effective, and private-sector-friendly.<sup>29)</sup> Major factors constraining efficiency are corruption, administrative confusion and complexity, and poorly motivated staff. Addressing corruption and effecting the necessary institutional and organisational changes in government are first steps towards solutions. Beyond this, the detailed problems need to be approached case by case. Insufficient, poorly trained and inexperienced staff, and inadequate or outdated equipment are the main constraining factors, as well as a weak incentive framework. Stakeholders feel that, in many cases, the government can afford much more capacity than it has in place at present.

The often-articulated concern over the GoG's capacity and its effect on the efficient supply of public services are often related to the distribution of available capacity. Areas where capacity could be increased at very low cost but with major returns are sometimes neglected. This would greatly expand the productivity of government expenditure, with substantial returns in terms of macroeconomic performance. For instance, the overall productivity of the government would be improved if some capacity increases took place in the regions and the districts at the expense of Accra and central government (that is, with no overall increase in central government expenditure).<sup>30)</sup>

In this sense, it is in principle positive news that a number of relevant steps in this direction have been taken to enhance the decentralisation process in Ghana. More central government resources (under the District Assembly Common Fund and the HIPC Initiative) were released to all districts for implementation of development projects, thus making services available in hard-to-reach and under-served parts of the country. Programmes have been initiated to improve the service conditions of local government structures as well. This has increased the opportunity for more citizens to participate directly in political decision-making process. The capacity development efforts within the district assemblies are helping to improve service delivery and increase the efficiency of resource use. District Assemblies are becoming more proactive and more responsive to the needs of their local communities. An equally important activity aimed at improving the efficiency of the District Assemblies (DAs) is the preparation of District Development Plans and district composite budgets. In this context, "budget advocacy has developed as a new area of cooperation between civil society and District Assemblies".<sup>31)</sup>

29) IMF (2004 and 2006): *Ghana: Poverty Reduction Strategy Paper Annual Progress Report*.

30) APRM (2005): *Ghana Country Review Report*.

31) IMF (2004 and 2006): *Ghana: Poverty Reduction Strategy Paper Annual Progress Report*.

Nevertheless, the 2006 Public Expenditure and Financial Accountability assessment points out the risks to expenditure control associated with a decentralised payment system. It also stresses the need to ensure that the decentralised payment system does not reduce the Government's ability to conduct efficient treasury management. To further reform PFM the government has drawn up a three-year public financial management plan, with the support of DPs. In view of the need to scale up productive spending to achieve growth and poverty-reduction objectives, the strengthening of public financial management capacity to control, monitor and evaluate the effectiveness of government spending should continue to be a high priority,<sup>32)</sup> especially as capacity constraints have greatly affected the ability of the authorities to design and implement macroeconomic policies for stability and growth.

Moreover, the judiciary also suffers from lack of adequate capacity to administer justice. This affects the easy passage of justice and ultimately compromises the rule of law<sup>33)</sup> – one of the key good governance focus areas in the GPRS along with security, public sector reform and decentralisation.

### **4.3 Achievements in decentralisation and civil society participation**

In 1989, the major programme of local government reform and decentralisation was set in motion. At the time, the objective of the reform was to increase participation by shifting the processes of governance from command to consultation and by devolving power, competence, resources and means to district levels. The Provisional National Defense Council Law 207 provided legal and institutional direction to constitute the first District Assemblies. The process was boosted when the Local Government Act 462 of 1993 was passed. The District Assemblies were expected to create enabling environments geared toward the promotion of public-private partnerships, and to establish the private sector as the engine of growth and development at local level. The concept as such initially (1989-92) generated patriotism among not only the rural population but also the Assembly members.

The District Assemblies are physically closer to the people and their development problems than is central government and Assembly members should therefore in theory be able routinely to identify their problems and attempt to solve them. The concept was initiated to promote popular grassroots participation in the administration of the various areas concerned from the standpoints of planning, implementation, monitoring and delivery of those services which contribute to improving the living conditions of the people and the orderly, fair and balanced development of the whole country. The District Assemblies are part of the broader system of the Metropolitan, Municipal and District Assemblies (MMDAs). The MMDAs have been assigned a wide range of responsibilities, including the provision of basic social services and infrastructure. In addition, the MMDAs are responsible for coordination of local economic development; they thus have a critical role in addressing national poverty reduction objectives and, as such, in achieving the MDGs. Overall, Ghana's public administration system consists of 39 MDAs, around 170 grant-aided agencies, five statutory funds, 34 State-owned Enterprises, 10 Regional Coordinating Councils, 138 District Assemblies, 1,306 Zonal,

32) *Joint Evaluation of MDDBS, ODI, 2007.*

33) *APRM (2005): Ghana Country Review Report.*

Urban, Town or Area Councils and 15,386 Unit Committees. Among other things, all these structures have a shared responsibility for public financial management. The functionality of the vertical and horizontal linkages between the different actors is a determining factor in the performance and management of the local government system in terms of investment and other funding available to MMDAs.

In February 2004 Cabinet endorsed the National Decentralisation Action Plan (NDAP) as the Government's key strategic framework for decentralisation and local government reform. Implementation of the NDAP is coordinated by the Decentralisation Secretariat of the Ministry of Local Government, Rural Development & Environment (MoLGRDE). The NDAP provides for following four programme areas: (i) Policy & Institutional Arrangement for Decentralisation Implementation, (ii) District Development Funding Facility, (iii) Capacity-building and Human Resources Development for Decentralisation, and (iv) Partnership and Participation for Accountable Local Governance. The NDAP seeks to promote convergence of decentralisation efforts. This includes consolidation of the processes of resource allocation and management, Human Resources Development and capacity-building for poverty-targeted development and governance at local level, and promotion of partnerships between local government, civil society, the private sector and traditional authorities.<sup>34)</sup>

The implementation of NDAP is supported by Denmark, the European Union (EU) and Agence Française de Développement (AFD). There have been achievements in two out of four areas; (i) development of a framework for a District Development Fund (DDF) and (ii) development of a performance-based grant system, including harmonised capacity-building for District Assemblies. Progress on the remaining two areas (political and institutional frameworks and civil society collaboration) of the NDAP has been dormant for more than one reason: both the strengthening of political leadership and supporting institutions, and the development of coordination mechanisms for implementation of decentralisation across the various sectors, have suffered from a lack of political commitment and drive. The problem has rested primarily with the MoLGRDE. The performance of the MMDAs is further constrained by the excess of administrative, reporting and implementation arrangements associated with "projectised" financial or capacity development support from DPs and NGOs. The aforementioned District Development Funding is considered a promising tool for improving the performance of the MMDAs. Its performance-based character, development funds being linked to regular performance assessment under the Functional and Organisational Assessment Tool (FOAT), seems to hold promise.

Once operational, good performance under the DDF is rewarded with additional financial resources, while weak performance stimulates tailor-made capacity-building support. Moreover, all three components of the system (performance assessment, funding and capacity-building) are designed as harmonised modalities, fully operating within Government's existing legal, regulatory and policy frameworks. The disbursements to the MMDAs under the DDF will be based on the outcome of the afore-mentioned annual FOAT assessment process. The performance of the MMDAs will be measured against a number of performance indicators agreed upon by GoG and DPs.<sup>35)</sup>

34) *Support to Decentralisation Reform: The National Decentralisation Action Plan, Progress Report January - June 2006.*

35) *MoLGRDE (2007): The District Development Funding Modality: A Performance Based Grant System for Local Government. 03/2007*

Although NDAP envisages promotion of partnerships between local government, civil society, the private sector and traditional authorities, there is no clear mechanism as to how this partnership will work. Many civil society activities revolve around service delivery rather than collaborating in a direct way with the District Assemblies. The increasing prominence of the exercise of District Assemblies' planning functions has led to increased compliance and cooperation between NGOs, both small and large, and Districts. More recently over a dozen international, national and community-based CSOs have established the Local Government Network (LOGNET). LOGNET has stimulated collaboration in rights-based work and has promoted issues of gender equity during successive local government elections. Representatives of LOGNET also provide inputs into policy dialogue associated with decentralisation in Ghana. However, to date the NGOs are still limited in their interactions at local level on service delivery, with limited or no active watchdog role *vis-à-vis* MMDAs.<sup>36)</sup>

36) *Dege Consult (2007): Joint Government of Ghana and Development Partner, Decentralisation Policy Review, Final Report, 02/2007*

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## **Part III: Contributions by the development partners to the development in Ghana 1990-2006**

This part of the report seeks to address how much the international development partner community as a whole contributed to Ghana's development, how the capacity of organisations and authorities to deliver appropriate services has developed during the period of investigation, and what role the international donor community played in this context. More specifically, the questions to be addressed are, to what extent did the combined donor efforts contribute to:

1. The macro-economic development of Ghana?
2. The development of democratic institutions, rule of law, decentralisation and sustainable political development of Ghana?
3. Actual poverty reduction, human and social development?
4. The enhancement of institutional capacity conducive to the development of Ghana?

The assessment draws on analyses of research papers, surveys, evaluations and other reports. These analyses will help to address, in Part IV, the overarching question relating to levels 3 and 4: "What has been the value-added of Danish assistance to Ghana's development?"

It should be mentioned here that the Ministry of Finance and Economic Planning is constitutionally mandated to coordinate external development assistance. As such, officials from MoFEP are involved in all bilateral sector discussions with DPs on assistance. Major donors include the WB, the IMF, UN agencies, Japan, the EU, Great Britain (currently the country's largest bilateral donor), Denmark, the Netherlands, Germany, France, Canada, Italy and Spain.

## **5. Donor involvement and cooperation with Ghana: Major trends and achievements**

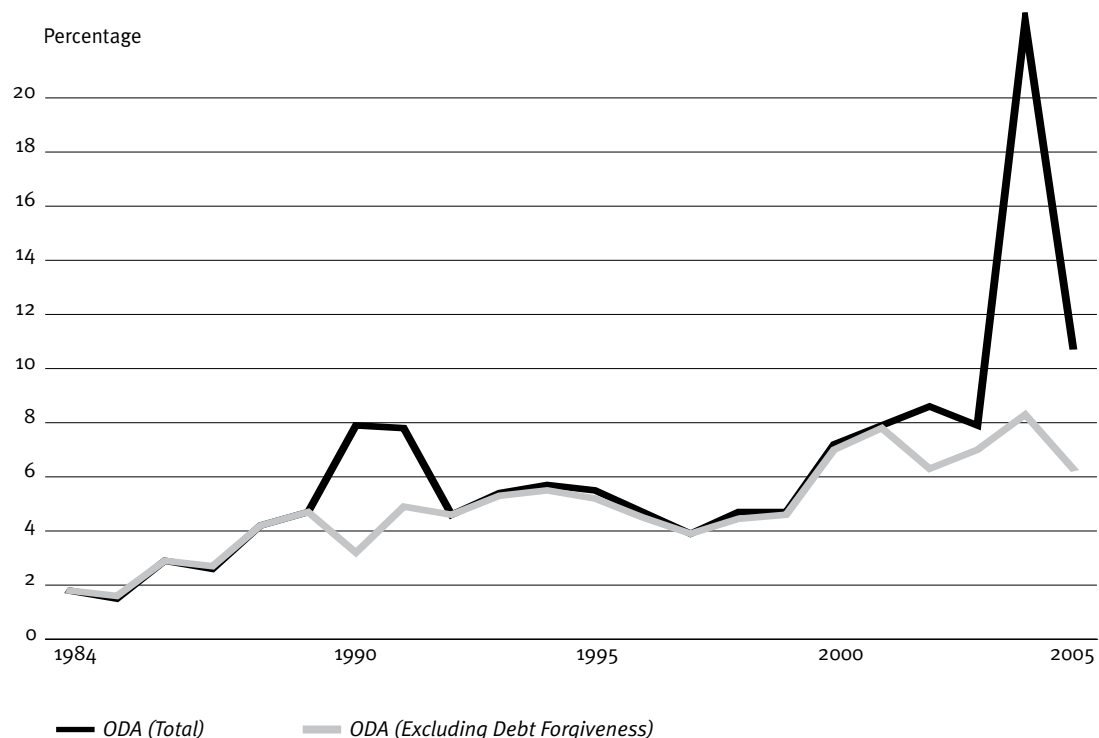
### **5.1 Trends in donor assistance**

#### **Increases in aid flow**

Aid flows were negligible prior to the reforms which began in 1983. Only the economic reforms in the 1980s and 1990s were accompanied by substantial aid inflows, which far exceeded anything realised in previous reform attempts in Ghana. Aid disbursement levels averaged around USD 500 million per annum between 1990 and 1994, increasing to approximately USD 800 million in 1995 and 1996.

It was only in 1999 and 2000 that aid disbursement levels declined owing to budget constraints in the wake of the East Asia financial crisis and donor concern about the high level of off-budget government spending for the 2000 presidential election. Between 2003 and 2005, however, actual disbursement of aid increased from USD 872 million to USD 1,109 million, equivalent to a tenth of GDP and a third of government expenditure. It therefore must be of considerable macro-economic importance. External aid represented more than 50% of government expenditure in the early 1990s.<sup>37)</sup> Figure 1 illustrates these trends in aid flows.

**Figure 1: Aid flows to Ghana as share of Gross Domestic Product (1984-2005)**



Source: Whitfield, Lindsay, Jones, Emily (2007)

### Comprehensive Development Framework (CDF)

Apart from the health SWAp (Sector-Wide Approach) which started already in the mid-1990s, further major efforts to improve the impact of aid in Ghana by promoting aid coordination were launched in early 1999 when the WB launched the CDF initiative and Ghana was selected as one of twelve CDF pilot countries. The CDF aspired to bring external partners together to finance the development programmes formulated by the developing country, rather than to support numerous individual projects, most of which had no country ownership.

The immediate effects of the CDF were (i) formation of fourteen government-led thematic “CDF-groups” for coordinating dialogue between the government and donors;

37) World Bank (2005): ‘Evaluation of the Comprehensive Development Framework (CDF) –Ghana Case Study’ Report.



(ii) hosting of full CG meetings in Accra; and (iii) monthly working lunches between donor representatives. The influence of the CDF notion in the global design of PRSPs is demonstrated by the fact that the processes and activities related to PRSP formulation and implementation aimed to represent the four core principles of the CDF. Hence, the GPRS embodies the CDF principles at macro-level and fulfilled the HIPC pre-requisite. Further discussions on how to make aid more effective led to the formulation of the Multi-Donor Budget Support (MDBS) programme.

### Multi-Donor Budget Support Process

The MDBS in Ghana aims at ensuring a continuous flow of aid to enable the government to finance its poverty-related expenditures. “The Framework Memorandum describes the MDBS as the ‘common basis of support to the implementation of GPRS through the GoG’s budget’ and states that ‘the objectives of MDBS are to harmonise DP’s policies and procedures in order to minimise transaction costs for GoG.’ Emphasis is also placed on increasing the predictability of donor flows.” (ODI/CDD 2007).<sup>38)</sup> The MDBS attains the goal of harmonisation by (i) agreeing on a common benchmark, matrix and system of triggers against which performance is assessed; (ii) improving dialogue between government and the DPs; and (iii) making funding commitments and disbursements conditional on achievement of the agreed targets. The MDBS “established a disbursement schedule explicitly linked to the budget cycle and created a common set of benchmarks for judging progress, based on a Performance Assessment Framework (PAF) matrix.” (ODI/CDD 2007) So-called “triggers” are chosen by GoG and DPs from a set of agreed indicators from different sectors. Neither GPRS I nor GPRS II have been sufficiently specific, as a framework for action planning and monitoring, to provide a basis for assessing progress in reform implementation.<sup>39)</sup>

Following the signing of the Framework Memorandum (FM) in March 2003, the DPs contributing to the MDBS<sup>40)</sup> began providing support for the GPRS under the MDBS framework. The funds were programmed to support implementation of agreed poverty reduction reform programmes grouped into three broad areas, namely (i) those promoting growth, incomes, and employment; (ii) those improving service delivery for human development; and (iii) those improving governance and the public sector as specified in the GPRS and the 2003 budget.

38) *Overseas Development Institute, Center for Democratic Development-Ghana (2007): Joint Evaluation of Multi-Donor Budget. Support to Ghana. Based on OECD-DAC methodology. June 2007. 2 Volumes.*

39) *Although the MTEF, the national budget and the budget expenditure reports are consulted as part of the MDBS monitoring process – particularly to track spending against expenditure areas deemed to be poverty-reducing – the lack of a programmatic presentation and the absence of output and outcome indicators related to programmes render these documents relatively uninformative. The underlying assumption that ‘national plans and monitoring processes are sufficiently robust to be a basis for dialogue and conditionality’ has been shown not to hold true and has necessitated the creation of a new structure – the PAF. “The use of a specially negotiated PAF matrix which is specific to the MDBS does to a certain extent run counter to the alignment objective. Moreover, there is no doubt of the significant transaction costs which the negotiation process entails. However, both GoG and DP stakeholders are agreed that the GPRS monitoring structure is not sufficiently detailed and focused to act as an effective framework for monitoring of key reform actions. The need for the PAF as an additional parallel structure is therefore accepted.” (ODI-CDD 2007)*

40) *The African Development Bank, Canada, Denmark, European Union, France, Germany, the Netherlands, Switzerland, United Kingdom, and the World Bank.*

### The Ghana Joint Assistance Strategy

To further strengthen existing efforts aimed at ownership, harmonisation and alignment, a group of DPs initiated efforts towards a partnership under the umbrella of the Ghana Joint Assistance Strategy (G-JAS). The G-JAS (2007-10) provides a strategic framework for improving the effectiveness of development assistance. It offers a harmonised approach to development insulated from the individual assistance strategy traditions of different DPs. The G-JAS also presents DPs with a platform for harmonising their assistance to GoG while enhancing national ownership, predictability and transparency.

The basis for the Ghana Joint Assistance Strategy is the Ghana Partnership Strategy (GPS), agreed at the November 2005 CG / Annual Partnership Meeting (CG/APM); it was signed in March 2007.<sup>41)</sup> The G-JAS timeframe was adopted in consideration of Ghana's national cycles. It is important to note that the G-JAS is a DP response and aims at attaining the following by the end of the G-JAS period: (i) higher quality dialogue between DPs and the government, (ii) improved aid delivery through better division of labour<sup>42)</sup>, (iii) greater harmonisation in the way development assistance is delivered, (iv) improved predictability in resource flows and reduced transaction costs for government, and (v) better alignment of DP country strategies and resource allocations with GPRS II goals and priorities.

## 5.2 Trends in and policy impact from dialogue between development partners

Little information is available on the nature and quality of policy dialogue between the DPs and its impact during the early 1990s. Apart from the health sector dialogue, overall such dialogue only seems to have grown in prominence in connection with the efforts related to the Paris Declaration. However, there is also a good example of a vibrant dialogue between government and DPs, which had already started in the mid-1990s in the health sector. During that time the Health SWAp was developed which led to a coordinated approach, moving away from a large number of individual, typically donor initiated and extra-budgetary projects towards a single sector strategy and expenditure programme. This included initiatives towards strengthening and utilising government systems and procedures for planning, budgeting and management as well as for procurement, auditing, reporting, monitoring and evaluation. Overall, the development of the health SWAp was country-driven, with strong Ministry of Health (MoH) leadership and vision, but at the same time consultative. The Department for International Development (DFID), Danida, the EU, the WB, Dutch Aid and the Nordic Development Fund have been pooling a part of their funds into a common Health Account managed by the MoH in parallel with the GoG budget.

41) *By Canada, Denmark, the European Union Delegation in Ghana, France, Germany, Japan, the Netherlands, Switzerland, United Kingdom, United States, African Development Bank (AfDB), International Fund for Agricultural Development (IFAD), United Nations, and the World Bank.*

42) *For instance, to make aid more effective in Ghana through the harmonisation of DP practices, DPs are developing new initiatives such as the "silent partnership" and cross-funding mechanisms to reduce the span of their programmes and developing expertise in specific fields.*

Generally, it seems as if the introduction of the MDBS in 2003 significantly strengthened coordination and partnership between DPs. Sector dialogue is also held between GoG and DPs to facilitate alignment of DP priorities with national priorities. According to ODI-CDD 2007, “GoG and DP commentators pointed to the usefulness of the MDBS policy dialogue structures as a way of disseminating knowledge of the Government’s policies and priorities amongst the DPs as a whole”. It should be noted that DPs make significant investments of time and human resources in the MDBS process, which was also confirmed during the evaluation mission. The open sharing of information with partners helps to minimise duplication and contradictions between DPs and enrich dialogue with the GoG. Moreover, MDBS arrangements seem to have fostered a greater degree of policy ownership on the part of the GoG. Another important contribution of the MDBS process has been the creation, within the MDBS process, of a structured process of dialogue between sector ministries, departments and agencies and the MoFEP at the centre of government. The process relies on a network of 18 sectoral and thematic working groups, whose membership comprises representatives of sector MDAs, MoFEP, DPs and CSOs<sup>43</sup>), DPs acting as focal points and partly composed of DPs only. Upon request from the MDBS, these working groups put forward proposals for the policy targets and triggers by which to judge their performance in implementing the GPRS and key sectoral policy priorities. A selection of these targets is in turn incorporated within the MDBS Performance Assessment Framework (PAF). According to ODI-CDD (2007), this process brought a greater level of seriousness to the design and implementation of reforms.

GoG and DP representatives attested to the important role of the MDBS dialogue, having helped sustain commitment to reform. As one donor interviewed during the evaluation put it: “In Ghana there was a policy vacuum in terms of policy discussion within the government. And to some extent the MDBS came in and filled that vacuum...” However, the dialogue framework continues to display a number of important weaknesses. The degree of functionality and the pattern of membership of the working groups is uneven and all rely too much on the contributions of DP representatives. There are also some concerns at sector level about the quality of information flows between the sector working groups and the MoFEP.

A positive feature is that GoG, the MDBS partners and other DPs appear to be well aware of these weaknesses and are working steadily to make improvements.

### **5.3 Achievements in coordination, alignment and harmonisation<sup>44</sup>)**

As can be derived from the foregoing, donor coordination efforts are extensive in Ghana. The baseline has been assessed by OECD/DAC in 2006 (Table 6), and priority actions were defined.

43) See World Bank (2006c): *WB 2006, December 18: Final Report*. However, ODI-CDD 2007 stresses that despite the fact that a sector working group structure had been created, providing new channels for CSO input into GoG policies and reform processes, Civil Society input into the MDBS policy dialogue has remained weak.

44) This section is essentially based on the following documents or web-sites: *Aid harmonisation and alignment* (<http://www.aidharmonization.org/>) and *WB 2006, December 18: Final Report*.

**Table 6: Baseline and targets for Paris Declaration indicators for Ghana**

No.	Indicators	2005 Baseline	2010 Indicative Target
1	Ownership – Operational PRS	C	B or A
2a	Quality of PFM systems	3.5	4.0
2b	Quality Procurement systems	Not any	Not any
3	Aid reported on budget	68%	85%
4	Coordinated capacity development	41%	50%
5a <sup>I</sup>	Use of country PFM systems (aid flows)	64%	76%
5a <sup>II</sup>	Use of country PFM systems (donors)	12	90% of donors
5b <sup>I</sup>	Use of country procurement systems (aid flows)	53%	Not any
5b <sup>II</sup>	Use of country procurement systems (donors)	13	Not any
6	Parallel Project Implementation Units (PIUs)	24	8
7	In-year predictability	92%	96%
8	Untied aid	91%	Progress
9	Use of programme-based approaches	54%	66%
10a	Coordinated missions	30%	40%
10b	Coordinated country analytical work	50%	66%
11	Sound performance assessment framework	C	B or A
12	Reviews of mutual accountability	No	Yes

Source: OECD/DAC (2006): *Survey on monitoring the Paris Declaration. First Draft of the Country Chapter on Ghana. Room Document 5. DAC Senior Level Meeting, 5-6 December 2006*

GoG takes overall leadership in coordinating development assistance. The MoFEP takes the lead in coordination. Some of the Sector Working Groups are well established (agriculture, health, HIV/AIDS, education, roads, water) while others are more informal and *ad hoc* in character (public financial management, public sector reform, vulnerability). Under GoG's leadership, external partners' strategies are aligned with the GPRS. Alignment is being further strengthened through the Ghana Partnership Strategy. A number of donors, including Danida, have decentralised their decision-making processes and established a stronger presence in the country. Silent partnerships are supposedly also facilitating coordination and common understanding between external partners at technical level.

Action is being taken to align external assistance increasingly with the annual budgetary framework. Essential to this effort is the Government's commitment to producing the annual budget on a timely basis. GoG is enhancing fiduciary systems to align them with internationally-agreed standards and plans to use the Public Expenditure and Financial Accountability performance measurement framework to assess progress in enhancing fiduciary systems. Although a remarkable improvement has been achieved, a number of MDAs have not yet established internal auditing departments and procurement officials have not yet been adequately trained to handle the 2003 procurement rules. In 2006 GoG introduced a self-assessment mechanism for monitoring public procurement.

Skills and resources for planning across government institutions need strengthening and action is being taken to this end. Parliament's impact on poverty-related expenditures and budget discussion has been strengthened through capacity development in the

Finance and Public Accounts Committee, as demonstrated in the quality of the Parliamentary debate on the 2006 Budget Statement and Economic Policy.

Alignment with country systems is taking place through budget support and SWAPs, which are helping GoG enhance its fiduciary systems (e.g. health). As for the MDBS, its inputs were explicitly designed to emphasise the harmonised delivery of general budget support. Despite the significant differences in approach between the different MDBS partners, they have succeeded in maintaining a common overall framework and a unified system of performance assessment. There is thus a high degree of harmonisation – a significant achievement given the number MDBS providers and observer agencies.

Where SWAPs are not in place, external partners are taking steps among themselves to harmonise their actions.

Overall, Ghana is moving from using traditional development planning, incremental budgeting and arbitration, and annual resource allocation processes, to using a more structured planning system, policy-based budgeting, and rational resource allocation over a three-year period.

#### **5.4 Participation of national stakeholders in strategy formulation and implementation**

There is a sustainable structure for continuing government-stakeholder dialogue at both national and local levels. However, especially on at local level the effectiveness of the local bodies (e.g. Regional Poverty Monitoring Groups) is often undermined by insufficient funding. There has been a visible involvement of national stakeholders – CSOs in particular – especially in the GPRS I. However, although such interaction contributed to a dialogue within civil society on policy priorities, the impact of this process in shaping government policies remains limited.

The involvement of the private sector has intensified with the formulation of the GPRS II. While private sector representatives were not adequately involved in GPRS I formulation, during GPRS II formulation professional bodies and business associations such as the Ghana Employers Association and the Association of Ghana Industries participated in the Cross-Sectoral Planning Groups. Private sector representatives also participated in national level consultations. The Government has established a MoPSD to interface with the private sector and reform legislation to foster private sector development. There is also a Ghana Investors' Advisory Council that advises the President on policies to improve the business environment for the private sector. Two business associations – the Private Enterprise Foundation and the Federation of Associations of Ghana Exporters – were also involved in GPRS II formulation.

Parliamentary involvement is substantially in place. Since 2002 there has been a special committee on poverty reduction, assembling parliamentarians from different standing committees to report to the plenary on the focus, content and adequacy of the GPRS. An early draft of the GPRS II was submitted to Parliament in April 2005, leading to a consultative workshop with the parliamentary committees on finance and poverty reduction. In August 2005, a new draft was discussed with the committee on poverty reduction and the final draft was submitted to Parliament in October 2005.

## 6. Contribution to development impact of the combined donor efforts

What has been the development impact of all efforts of Overseas Development Assistance (ODA)? There is no simple answer to such a question. Nevertheless, the evaluation has identified a number of factors which can – to a certain degree – help address it.

### 6.1 Improving macro-economic performance

The MDBS Evaluation compared the period 1999-2001 with 2003-05, where aid inflows had increased by nearly two-thirds.<sup>45)</sup> It concludes that over the period the aid increase was neither absorbed through the balance of payments nor spent through the budget. In effect, ODA flows facilitated the rebuilding of the country's international reserves and contributed to the government's policy of reducing its domestic debt obligations (which declined from 23.7% of GDP at end-2002 to 10.8% at end-2005).

Overall, the increase in DP assistance to Ghana since 2003 has been largely attributed to the MDBS mechanism as well as to a number of public reforms aimed at improving efficiency and transparency in the public sector.<sup>46)</sup> The Medium-Term Expenditure Framework (MTEF) budgeting system introduced in 1998 has been strengthened to facilitate the move from line-item to activity-based budgeting. The National Procurement Act established in 2003 also increased donor confidence in the capacity of public bodies to acquire goods and services in a transparent manner. The capacity of the Office of the Auditor-General of Ghana has also been bolstered to enable it execute its mandate as prescribed in Article 187(2) of the 1992 Constitution.

So at a general level there seems to be some evidence that donor support for a number of these reforms has had positive impacts on macro-economic performance.

### 6.2 Enhancing the overall policy and institutional framework

There is a general tendency for multilateral and bilateral ODA to address the framework conditions for support, and thus for influencing policy-making and direction. This is a move away from pure a project approach at local level to frequent use of programme- or other forms of non-project-support. At the same time processes of governance, democracy and human rights are becoming increasingly prominent.

45) See Annex 4 in *ODI-CDD-Ghana: Joint Evaluation of Multi-Donor Budget Support to Ghana*. June 2007. 2 Volumes.

46) E.g. development of an automated Budget and Public Expenditure System (BPEMS) to track government expenditure more accurately, introduction of an Integrated Personnel and Payroll Database (IPPD II), and the Treasury Realignment System to facilitate fiscal decentralisation.

Donors have contributed considerably to the establishment of the GPRS; numerous sector policies and guidelines have been developed with their support, while the CG and other mechanisms aim to strengthen policy changes, public finance management improvements are receiving support, and so on.

At sectoral level however, not all policies have yet been put in place; in some cases this has happened only recently, as with the water policy. In general policies are often not matched by effective implementation. Decentralisation is an example, giving rise to severe obstacles to increased aid effectiveness and more effective government service delivery. Nevertheless, providing active support for improving policy and institutional frameworks bears clear risks: The designed policy framework may be excellent but the political will to implement such a policy and provide the necessary resources may be absent. Another danger is that the assistance provided can prove counterproductive if too donor-driven. This was the case, for instance, with the National Trade Policy and Trade Sector Support Programme where, “despite good intentions, in practice the donors required so much central planning that the Ministry was left with little flexibility, which in turn inhibited implementation. Frustrated with the process and extremely high transaction costs involved, the Ministry resorted to using its own government allocated funds, which led donors to believe that little was being implemented.” (Whitfield/Jones 2007) Finding the right balance between ownership and “imposition” seems to be sometimes delicate.

Nevertheless, there is reason to believe that overall donor support for changes in overall policies and the related institutional frameworks has been helpful. There have been a good number of cases where externally-driven improvements in framework conditions resulted in more effective aid delivery.

### **6.3 Improving harmonisation and alignment**

ODA to Ghana is increasingly becoming aligned and harmonised, and more predictable. It can therefore be deduced that overlaps, duplication of effort and contradictory approaches (e.g. in the same regions of intervention) are being increasingly reduced. It is to be hoped that the move to an increase in sectoral and general budget support will accelerate efficiency.

Capacity development efforts are at least partly bearing fruit, depending on the sector, and thus the need for external technical assistance (TA) has fallen, although it is still required in a number of areas.

Effectiveness of implementation of the various policy frameworks is, however, still lacking, owing not least to problems of staff attraction and retention in the relevant government services. Also, the fact that the implementation of decentralisation reform efforts is slow considerably reduces the potential impact of aid. Without the political will to implement the required decentralisation effectively and to put in place the required resources and organisational structures, the impact of (combined) donor efforts will remain limited.

## 6.4 Reducing transaction costs

Reduction of transaction costs has become a prominent aim of ODA, with a view to achieving greater effectiveness of aid. The minimisation of transaction costs to government is one of the stated objectives of the MDBS and one of the main advantages commonly attributed to the budget support modality.

A WB study<sup>47)</sup> finds that in Ghana, for every USD spent designing and supervising its Poverty Reduction Support Credit and Grant Project (the WB's contribution to the MDBS), USD 242 has been committed, as compared with "only" USD 33 for Specific Investment Loans and Adaptable Program Loans. However, these figures do not say anything about transaction costs to government but, to the extent that these may be assumed to follow the same pattern of distribution, it suggests that budget support is a significantly more cost-effective modality. According to ODI-CDD (2007), MoFEP staff believes that transaction costs to government are significantly lower for the MDBS than for projects and common basket funds.

## 6.5 Strengthening civil society

Civil society does not yet overall have a major influence on Ghanaian society. However, organisations such as the media, trade unions and international NGOs, as well as business associations, have some, although limited, influence.<sup>48)</sup>

Between the beginning of 2003 and December 2006, an assessment of the Civil Society terrain was carried out with support from various donor agencies as part of the global Civil Society Index initiative. The study<sup>49)</sup> noted that "Ghanaian Civil Society presents a structure characterised by widespread citizen participation at community level, although non-partisan political involvement is sporadic. Financial resources are limited and heavily dependent on foreign funding, while most CSOs are concentrated in urban areas, mainly due to infrastructural needs. As a consequence, the CSO sector is marked by a significant dependence on foreign donors." The UNDP sponsored Civil Society Resource Center lists 106 sources of funding for the almost 1800 CSOs identified, mostly funding from DPs. Nevertheless, donor support to civil society in Ghana is scattered and often neither sufficiently aligned to GoG policies nor well harmonised. Taking into account the close collaboration between the State and the donor community, this is an issue which needs to be seriously addressed. However, it seems as if the support provided has been contributing to making civil society more vocal, thus also increasing the transparency and accountability of the public sector. Despite those fragmented results, it should be borne in mind that the dependence of Ghanaian civil society on foreign donors calls sustainability into question.

47) *The World Bank (June, 2005): Poverty Reduction Support Credits: A Stocktaking.*

48) *Akosua Darkwa, Nicholas Amponsah and Evans Gyampoh; Civil Society in a Changing Ghana; An Assessment of the State of Civil Society in Ghana, World Bank/GAPVOD, June 2006.*

49) [http://www.civicus.org/new/CSI\\_Ghana.htm](http://www.civicus.org/new/CSI_Ghana.htm)



## **6.6 Empowering the poor and vulnerable, poverty impact of aid**

According to the ODI-CDD evaluation the “General Budget Support (GBS)” tool has favoured important developments in policy and public spending which seem to be having some positive impact on poverty reduction. There has been an increase in both the real resources and the relative shares allocated to ‘poverty-reducing’ spending areas. These improvements augur well for the ability of the Ghanaian economy and the Ghanaian government to reduce poverty. But they are not enough: for a growing economy to serve the needs of the poor, there must be opportunities for the poor to participate directly in the growth process. For increased spending on ‘poverty-reducing’ areas to have an impact, resources need to be utilised efficiently, effectively and equitably.

For such developments to impact systematically and effectively on poverty, one needs confidence in the ability of the government system (i) to convert increased allocations for poverty reduction into concrete programmes of investments and service delivery actions; (ii) to formulate and implement pro-poor policies effectively; and (iii) to undertake actions to empower the poor to take advantage of the opportunities generated by faster growth. This confidence only partially exists.

Overall, therefore, there is also a risk that increased growth will favour increases in inequality that might have to be remedied.

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## Part IV: The Danish contribution to development in Ghana

This core part of the evaluation is structured as follows:

- Chapter 7 briefly summarises the context in which Danish aid to partner countries is provided, also presenting some major trends over the years.
- Chapter 8 presents the three Ghana – Denmark Country Strategies covering the period 1990-2006, with their logic, foci and approaches.
- Chapter 9 assesses these strategies *vis-à-vis* the same criteria used in Part III to analyse the combined contribution of donor efforts to development in Ghana, thereby trying to identify how Danish support overall contributed to these critical issues and drivers of development.
- Chapter 10 includes an assessment of Danida support for individual sectors, partly summarising the findings, conclusions and recommendations of the respective TPs, but also providing additional information and analysis regarding sectors or instruments that were not subject of TPs.

### 7. The Danish aid context<sup>50)</sup>

Denmark's development cooperation approach benefits from a solid legal grounding, based on the 1971 Act on International Development Cooperation, which has been amended several times, most recently in 2002. The consensual style that characterises the Danish political environment, associated with a long history of minority governments, has resulted in broad support for development assistance. The Ministry of Foreign Affairs (MFA) maintains an open dialogue with various constituencies, including parliament and NGOs, and this strengthens the MFA's support base and reinforces political ownership of the aid programme. As a result, the government has now secured political agreement for maintaining ODA volume at a level of at least 0.8% of Gross National Income (GNI).

Danish aid has always implicitly, and recently more explicitly, focused on poverty reduction, allied to strong concerns for democratic governance and high accountability standards. The 1994 statement of Danish aid strategy made poverty reduction a more explicit concern than it had been hitherto and also heralded a focus on explicit country strategies and on sector programmes rather than isolated projects. The political foundation for Denmark's development policy was reaffirmed in Partnership 2000, a major aid strategy

50) Chapter mainly based on OECD/DAC 2007, *Peer Review, Denmark*.

statement adopted by parliament in 2000. This confirmed poverty reduction as the overarching objective of Danish development cooperation. In recent years, a new emphasis has been placed on the MDGs on the one hand, and on the other on the challenges and opportunities of globalisation and how they may affect poverty reduction strategies. Development assistance is becoming more closely connected to trade and security policy efforts. For instance, the 2005 Danish Africa policy aims to create better coherence between Denmark's support for peace and economic growth and development.

Since 1989 the government has endeavoured to harmonise development objectives with profiles of potential partner countries so as to ensure ownership and effectiveness. There are currently 16 "programme countries" where long-term partnerships are established. In 2005 55% of Danish geographically-distributed bilateral assistance was allocated to African countries, and 52% to Sub-Saharan Africa. This strong focus reflects Denmark's overarching objective of poverty reduction and support for the MDGs, and is in line with its new Africa policy developed in 2004. Danish aid is also highly concentrated in least developed countries (LDCs), which represented 54% of its geographically-allocated bilateral ODA in 2005, significantly above the DAC average of 23%. This is consistent with the poverty reduction focus of Denmark's aid programme, and also places Denmark well above the UN target of 0.15% of GNI allocated to LDCs, with a ratio of 0.22% in 2005.

More than 70% of aid flows to the following main sectors or thematic areas: education, health and population, production, debt relief, economic infrastructure and other social infrastructure.

Regarding aid modalities, Denmark was an early advocate and practitioner of partnership with recipient governments and of the use of government systems to build capacity and promote ownership. It was an early mover away from isolated projects to sector-level programmes. However, it has been cautious about disbursing through government financial systems, and has had reservations about budget support (reflecting concerns both about accountability and about the need for distinct visibility of Danish aid).

A high proportion of bilateral assistance goes to long-term sector programmes and this is increasing. They accounted for 60% of Danish bilateral assistance to programme countries in 2005, compared to 54% in 2001. At the same time, the share of stand-alone projects decreased from 21% to 12%. General budget support for programme countries remains low at around 6%. Another bilateral trend includes a declining, albeit still considerable, level of technical cooperation as part of the development cooperation.

Denmark has developed a strong policy framework of cross-cutting issues and priority themes. Gender equality, environmental sustainability, and human rights, democratisation and governance are all cross-cutting issues, while HIV/AIDS, private sector promotion, children and youth, reproductive health, conflict prevention, trade and development, and indigenous people are so-called priority themes to be considered in each programme, as relevant. According to the Danida Performance Report 2005 (MFA, 2007), achievements are mixed and include examples of good practice as well as areas where more could be done.

In 2003, Denmark's bilateral development cooperation in programme countries was decentralised, in order to facilitate harmonisation and alignment at partner country level. Decentralisation means that, while major policy issues and final funding decisions remain in Copenhagen, Danish embassies have a key role in preparing new programmes.

Once a programme is approved, the Embassy concerned is responsible for day-to-day management, including reallocations of up to 10% of aid volume. However, reviews of major programmes with participation from headquarters are also conducted; they may take place annually or biannually and should preferably be carried out jointly with other DPs.

As for Danish NGOs, in 2005 almost 80 NGOs received funds direct from MFA for development assistance and humanitarian assistance, with the bulk of the grants going to Africa (44%). Asia and Latin America received 22% and 15% respectively. Overall, the percentage of ODA to and through NGOs has remained constant in recent years (around 7-8% of total net ODA), with Danish Kroner (DKK) 932 million in 2007, which reflects the DAC average. A number of Danish NGOs also obtain their own financing through fundraising and membership fees. Since 2005 all six NGOs that have a four-year framework agreement with the MFA ("framework NGOs") are required to source 10% of their programme funds themselves.

## 8. Danish aid to Ghana: An overview

Dating back to the 17<sup>th</sup> century there has been a close historical relationship between Ghana and Denmark. Ghana gained its independence from Great Britain in 1957 and its 50th anniversary, celebrated in 2007, coincides with half a century of Danish development assistance to Ghana. However, it was not until 1989 that Ghana gained clear priority status, when the country became one of the first 12 cooperation countries selected for Danish development assistance.

In this context the year 1990<sup>51)</sup> is thus a natural starting point for an evaluation of the Ghana Country Programme. Moreover the 1990s saw significant changes in Ghana: (i) the gradual transition from military rule to democracy and (ii) the transition from central government planning to emphasis on private sector ownership and the market economy. In response to the changing political situation the Danish Embassy (RDE) in Accra, having been closed down since 1983, reopened in 1991 and the first Danish country strategy for bilateral assistance to Ghana was launched in 1993.<sup>52)</sup> Initially Danish support was composed of a multitude of separate projects within many sectors, as outlined in the Country Assistance Strategy (CAS). Following the 1994 'Strategy for Danish Development Policy towards the Year 2000' with its sector programme focus, Danish-Ghana cooperation from 1998 was based on the second five-year strategy up to 2002. In 2002 an assessment of the Danish-Ghanaian cooperation was carried out by national consultants, providing lessons learned to be fed into development of the third strategy for 2004-08.

The support programmes have been regularly reviewed, and Danida's Quality Assurance Unit undertook performance reviews of the Ghana programme in 2004 and 2007. However, an evaluation of the Danish-Ghanaian development cooperation in its totality has so far not been carried out, although there exist a number of sectoral or thematic evaluations.<sup>53)</sup>

Appendix 4 shows the major components – events, policies and so on – making up the framework in which Ghana-Denmark development cooperation is embedded.

51) *A study of the baseline conditions and perspectives of making Ghana a priority country for Danish development assistance was commissioned by Danida through Denconsult A/S: 'Situations- og perspektivanalyse: Ghana', København, December 1990 (in Danish only).*

52) *See 'Landestrategi for Ghana – Strategi for dansk bilateral bistand til Ghana', Danida, oktober 1993 (in Danish with an English summary translation of March 1994).*

53) *Capacity development within water and sanitation and decentralisation in 2005, private sector development in 2001 and 2004, health in 2000, human rights and good governance in 1999, etc. Also, a joint evaluation of the road sub-sector from 2000 was produced. The most recent study is the joint evaluation of MDDBS to Ghana (for exact titles please refer to Appendix 10, References).*

## 8.1 Ghana-Denmark Partnership 1993-97

At the time of devising the 1993-97 Strategy, the Danish development assistance programme consisted of the following main elements:

- strengthening of physical infrastructure in rural districts;
- drinking water and sanitation projects in rural districts;
- strengthening of the primary health care services;
- environmental projects in agriculture and forestry;
- the private sector development (PS) programme;
- support for the democratisation process.

The 1993-97 Strategy was built around four axes: poverty alleviation, private sector support, environmental protection, decentralisation and democratisation. The main thrust was put on social and economic infrastructure, each of which was expected to command over 40% of the total budget. The productive sectors were supposed to receive between 15% and 20% with emphasis on environmental-protection-related projects. The following indicative planning figures were set for the five-year period 1993-97: 1993 DKK 120 million, 1994 DKK 140 million, 1995 DKK 170 million, 1996 DKK 180 million, 1997 DKK 190 million.

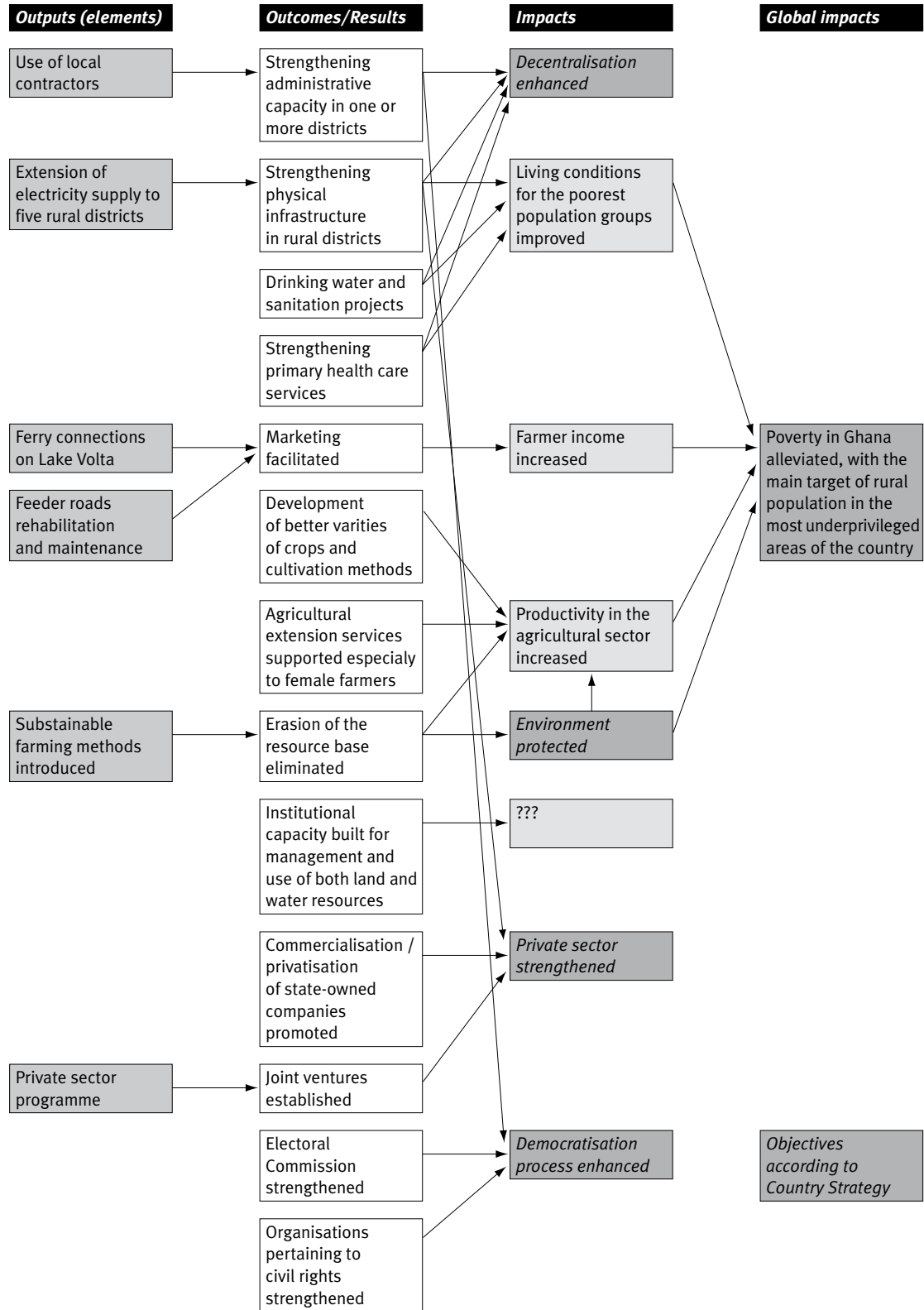
The Strategy already foresaw “that in the long term Denmark will grant sector-programme assistance to one or more priority areas. The provision of definitive programme assistance from Denmark will, however, depend on experience gained within relevant sectors and on their administrative capability. Project assistance will be the most likely form of assistance in the years ahead.”

Most Danish development activities aimed at rural areas, especially those regions experiencing the most hardship. The Strategy states that poverty-related problems in rural districts were to be tackled from several angles, which is also reflected in Figure 2 which shows the intervention logic for the overall strategic focus of the Country Programme, according to the strategy document.

As can be seen from Figure 2, there are some gaps in the logic, and relations between the different levels are not always fully clear, for example between outputs and outcomes. Also, the Strategy does not always explain links between the so-called axes – decentralisation, democratisation, private sector and poverty reduction. The team deduces the following major strands from the document:

- Strengthened physical infrastructure through rural water and sanitation projects, development of primary health care services and extension of electricity supply to five rural districts.
- Enhanced poverty reduction through improved market access for farmers by rehabilitating feeder roads and establishing a maintenance organisation, and by improving ferry connections on Lake Volta.
- Improved productivity in the agricultural sector through development of better crop varieties and cultivation methods, and through support for the agricultural extension service, especially to female farmers.

Figure 2: Ghana-Denmark Partnership – Overall strategic focus 1993-97 (impact diagram)



- Systematic building-up of institutional capacity for the management and use of both land and water resources (environmental projects in agriculture and forestry).
- Support for the democratisation process with assistance to the Electoral Commission (EC) on voter registration, support to activities and campaigns of statutory and voluntary organisations as they pertain to civil rights, and support to various interest groups involved in training programmes on legal rights. Denmark has also been investigating the possibility of supporting the newly established Commission on Human Rights, and helping the mass media improve the quality of news coverage. “Besides developing infrastructure in various districts, the decentralisation process will be supported directly in one or more districts where the administrative capacity will be strengthened.”

According to the Strategy, infrastructure projects would aim at supporting decentralisation once district capitals have adequate electricity supplies and district road networks are developed. Further, the PS programme was planned to run provisionally for a two-year pilot period, promoting the commercialisation or privatisation of a few state-owned companies and helping to establish joint ventures between a limited number of Danish and Ghanaian firms. The Strategy also envisaged examining the telecommunications sector more closely with a view to improving communications in rural areas.

The Strategy continues by stating that “The assistance programme reflects the fact that projects have been selected and developed within national sector strategies. Priority sectors and activities have been chosen, assuming that their long-term sustainability can be assured with national funds.” It also emphasised that project activities “should be locally based and drawn up in such a way that operation and maintenance costs can be borne by the local communities. The enhancement of Ghana’s public authorities at national, regional and district levels is an important component of the aid programme’s main elements. In many cases projects also comprise aid to local professional bodies. The objective here is to strengthen the various sectors’ capacity to independently plan and implement projects in the future.”

Based on an analysis of changing public attitudes to NGOs, it was decided that “in the years ahead, however, the Embassy will gradually develop cooperation with NGOs which demonstrate the necessary competence. This also applies to the new and fast expanding circle of NGOs working within the area of human rights which have emerged with democratisation.” This analysis seems to be the driving force behind considerable subsequent Danida activity in this field, initially mainly through local grant and appropriation authorities.

In 1993, Danida supported two Danish NGOs active in Ghana, the Danish-Ghanaian Friendship Association and the Danish UNICEF Committee (United Nations Children’s Fund), the first having received support since 1987 for development and self-help projects in a district of northern Ghana. The Danish UNICEF Committee has received assistance for rural water supply and sanitation projects in two districts.



## 8.2 Strategy for Danish-Ghanaian Development Cooperation 1998-2002

The second Strategy for Danish-Ghanaian Development Cooperation (1998-2002) was based on the Danish Government document, 'A Developing World, Strategy for Danish Development Policy towards the Year 2000'. The fundamental principle of this Strategy was the combating of poverty. It stressed the importance of increased provision and management of support within the recipient country itself and, in line with its priorities, balancing those priorities with Danish expertise and areas of competence.

**Figure 3: Ghana-Denmark Partnership – Overall strategic focus 1998-2002 (impact diagram)**

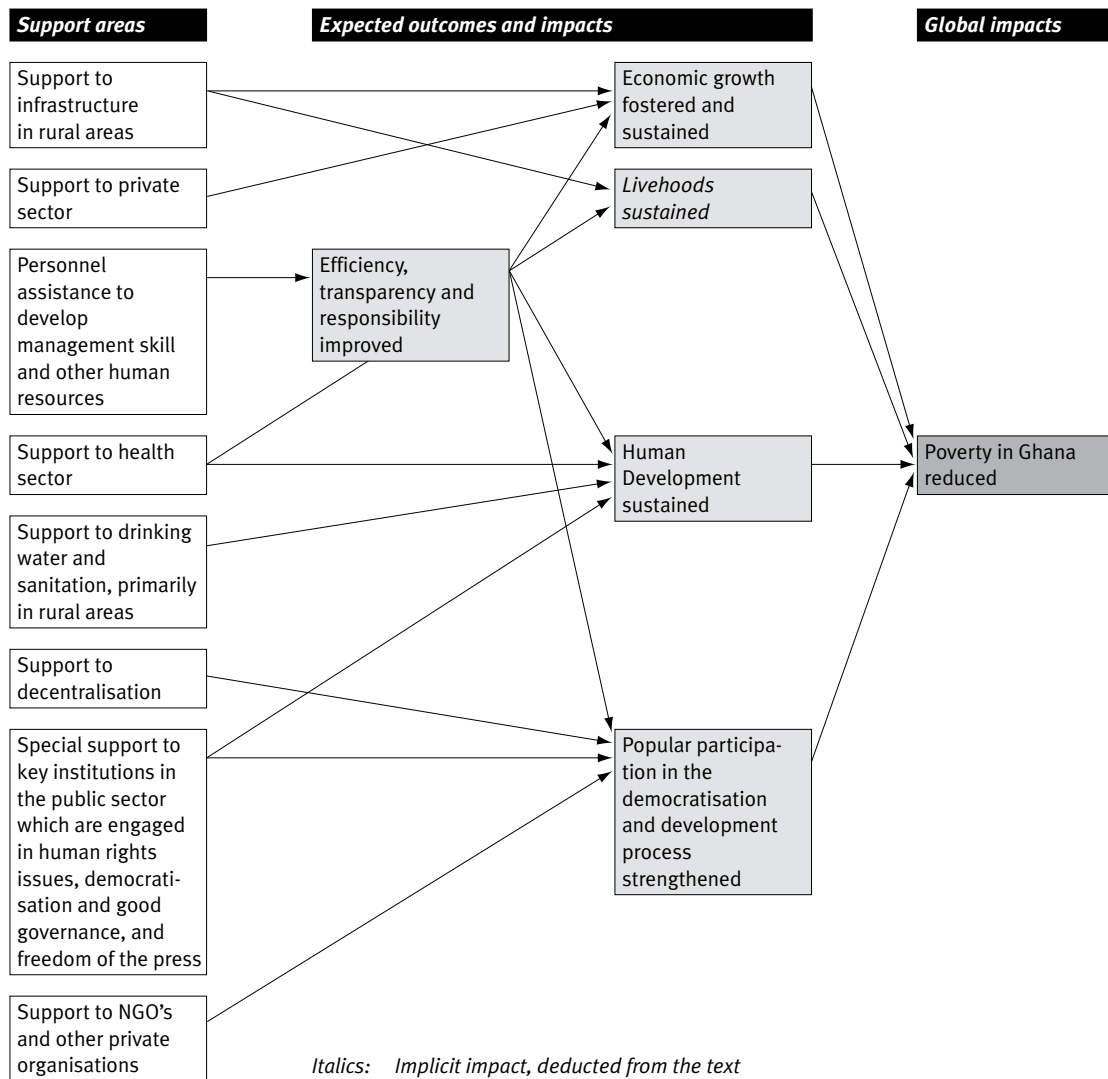


Figure 3 depicts the objectives of the Strategy as outlined in the document. Concentration was to be put on four sectors: health, water and sanitation, transport and energy<sup>54</sup>), with a view to improving the efficiency and effectiveness of Danish assistance. “In this way opportunities for providing sector-programme support are promoted, and Denmark’s opportunities to enter into qualified policy dialogue with the Ghanaian authorities and other donors, primarily the WB and the EU, are enhanced. The sectors are selected on the basis of the overall objectives of Danish assistance, Ghana’s own development priorities, and the availability of a qualified Danish resource base. In addition, experience has been gained from successful cooperation within the sectors to which Ghana attaches high priority. Previous work in these sectors, over the past three to four years, has built considerable knowledge of specific conditions in Ghana at the Embassy in Accra, at the MFA, and among the Danish resource base. This knowledge has helped Denmark to gain the respect of local authorities and other donors, and to exert significant influence on policies.”

In addition, support was envisaged for the private sector outside the Country Programme framework, and for democratisation, human rights, and “women’s participation in development”. Furthermore, Danish assistance identified or supported the following framework for action:

- active participation in the ongoing development of policies at all levels, in the prioritised sectors supported;
- support for the development of sector strategies and plans in areas where the Ghanaian government has not yet prepared its own programmes;
- provision of assistance over a longer period and with greater flexibility so that specific activities can be adjusted in relation to developments in the sector and to any changes in Ghanaian policy;
- concerted efforts in favour of better donor coordination, to ensure that development in each sector is consistent and in accordance with declared policies;
- personnel assistance to develop management skills and other human resources with a view to improving efficiency, transparency and responsibility, with emphasis on local resources, including consultants and short-term consultancy assistance;
- extension of the budget support component of Danish assistance as the Ghanaian sector institutions’ technical and administrative capacity increased;
- high priority on developing, with the government and other donors, joint procedures and regulations with the aim of furthering transparency and accountability in the administration.

54) *The Danish support to the energy sector has not been the subject for a detailed Thematic Paper. It is dealt with in a synthesised way as part of this report (see also Appendix 8).*

Total Danish development assistance to Ghana over the period 1998-2002 was expected to increase from DKK 180 million in 1998, to DKK 250 million in 2002. Budgetary allocations were as follows: roughly 25% to each of health and transport, 30% to water and sanitation, 12% to energy, and the remainder to other projects, for example in the field of good governance and human rights (GGHR).

With regard to support to the energy sector, interviews held confirm that, during the preparation of the 1998-2002 strategy, discussions about whether or not to stay with this sector were already intensive, reflecting the then given problems. Here it seems as if the decision to continue rather had to do with the overall Danida portfolio balance across all countries (see also Section 10.8).

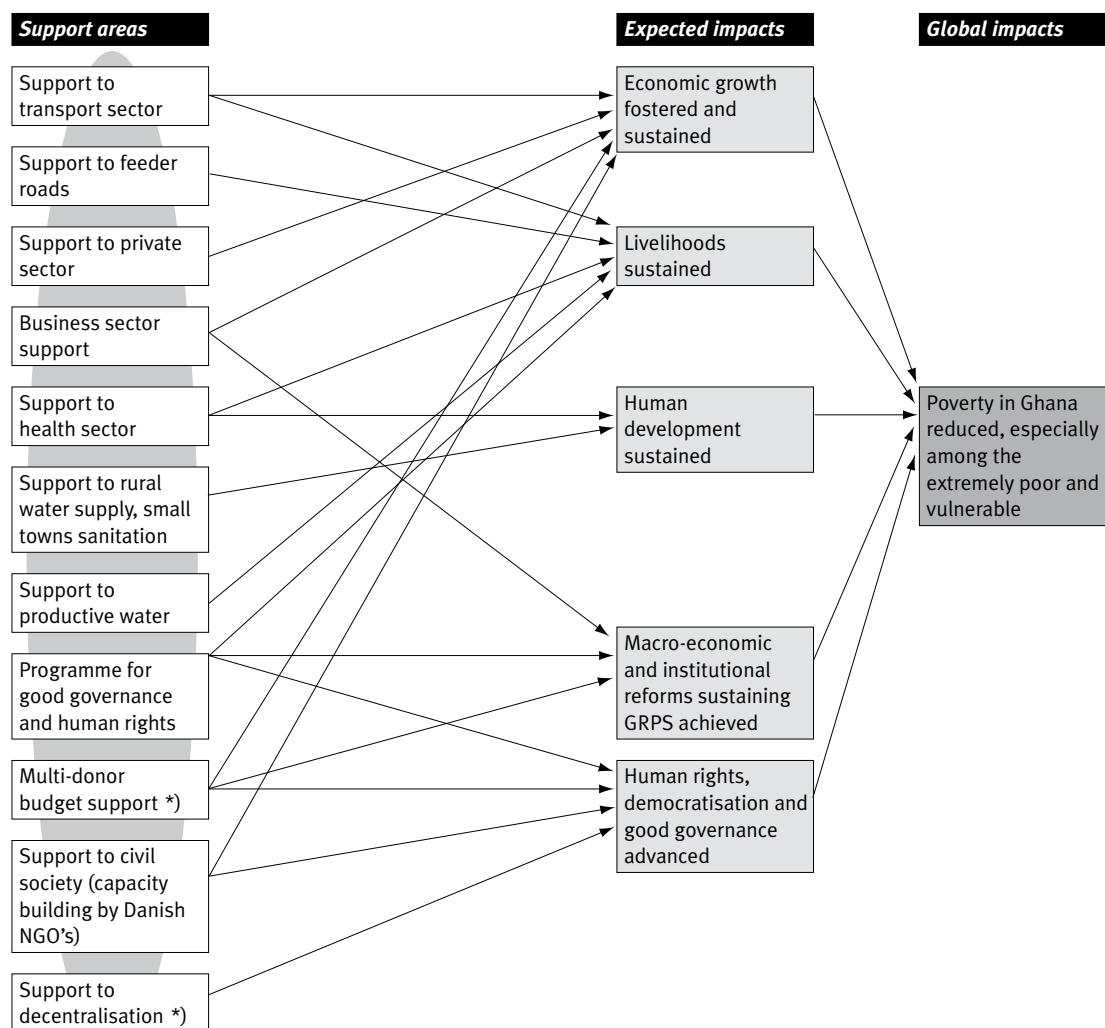
Assistance channelled through Danish NGOs is financed outside the Country Strategy framework. Only a few Danish NGOs were active in Ghana at the time of writing the Country Strategy. At that time Danish support for research was already mainly provided outside the Country Strategy framework, some research activities being financed through the Local Grant Authority (see Section 10.9).

### **8.3 Ghana-Denmark Partnership: Strategy for Cooperation 2004-08**

The third and latest strategy covers the period 2004-08. An assessment of Danish-Ghanaian cooperation, carried out by Ghanaian consultants in 2002, found that the choice of sectors for support was compatible with the national objectives set out in Ghana's own poverty reduction strategy (i.e. GPRS I). Significant results had been achieved through the Danish support. The assessment concluded that the Danish support had 'contributed immensely' to assisting partners in developing and refining sector policies and strategies as well as promoting greater interaction and dialogue with partner sectors and other donors, thereby – and most importantly – contributing to more efficient use of resources. The assessment also pointed to the weaknesses of the Danish support, namely that *inter alia* sustainable livelihoods, cross-cutting issues (gender, environment, human rights) and strategic linkages between the various sectors had not been adequately addressed. In addition, the assessment found weaknesses in the poverty targeting and participatory methodology applied. Another important observation was that policy dialogue opportunities with the government, especially annual consultations, could have been used more effectively to promote pro-poor, gender-sensitive interventions.

The new strategy therefore linked the Danish assistance more closely with Ghana's poverty reduction strategy. Within this framework, Denmark endeavoured to:

- enhance ownership of the development strategy by aligning support for the GPRS I;
- promote the role of the private sector;
- strengthen the decentralisation process;
- enhance poverty targeting and mainstreaming in the sector support programmes;
- promote good governance.

**Figure 4: Ghana-Denmark Partnership – Overall strategic focus 2004-08 (impact diagram)**

\*) *Not explicitly mentioned*

*Capacity building within relevant sector institutions with a view to enabling national district and bodies to deliver as expected.  
 Collaboration of Danish research institutions for all focal sectors.  
 Support to strengthening in-country competence and knowledge base of Ghanaian research institutions.*

Figure 4 shows the intervention logic for the overall strategic focus of the Country Strategy. From this structure the following pillars of cooperation were derived:

- Sustainable human development (through support for the health sector, rural water supply, small towns sanitation, civil society)
- Sustainable economic growth (through support for the transport sector and the private sector)

- C. Macro-economic and institutional reforms sustaining the GPRS, and which promote accountability (through the programme for good governance and human rights as well as business sector support)
- D. Sustainable livelihoods and conflict prevention (through feeder roads, productive water, civil society empowerment, health sector support and in particular through a good governance and human rights programme)

The Country Programme indicates that “Key areas A and B were selected based on commitment from 1998 on long-term partnership in the areas where sector support is possible. Areas C and D have been added after extensive consultations in Ghana to the high priority assigned to pro-poor growth and poverty reduction in the GPRS”. It was proposed that support to these key areas be carried out through four sector programmes (health with 20% of budgetary allocation; water and sanitation with 20%; transport with 30%; and business with 12%); a Thematic Programme for Good Governance and Human Rights with an allocation of 12%; and “others” with 6% of the total budget. Details of objectives and budgets of these individual key areas are set out in Chapter 10. Overall the strategy for 2004-08 upheld the selected sector programme support (slightly adjusted) and “added” a thematic programme on good governance and human rights, the latter including general budget support and support for decentralisation as two of the four components. It should be noted, as outlined in the strategy and confirmed during the evaluation, that structural problems had so constrained investments in the energy sector that assistance to the sector could no longer be justified. Furthermore, losses in the State-owned energy enterprise continued to drain the public budgets to such an extent that it was considered impossible to maintain a sufficient poverty focus in the energy sector. In addition, Danish aid was supposed to focus on fewer sectors.

As with the previous strategy, it is envisaged that “engagement of Ghanaian research institutions in implementing the sector support ... to ensuring impact and analysing lessons learned. To assure sustainability, it is essential to strengthen the in-country competence and knowledge base. Consequently, Danish research institutions engaged in advancing the supportive role of research in development will be encouraged to collaborate with Ghanaian counterparts in the respective focal sectors of this strategy.”

The strategy recognises moreover that “the challenge is to enable national and district bodies to deliver as expected. To meet this challenge, an incremental part of the Danish sector support will focus on capacity development within relevant sector institutions. Additionally, Denmark will engage in a dialogue with GoG and other donors on how to improve capacity. It is also expected that the recent decentralisation (2003) of Danish development assistance – where increased delegation of responsibility in programme design, budgeting and management has been assigned to the Danish Embassy in Accra – will provide a more relevant, dynamic and flexible framework for alignment and harmonisation of the Danish support.”

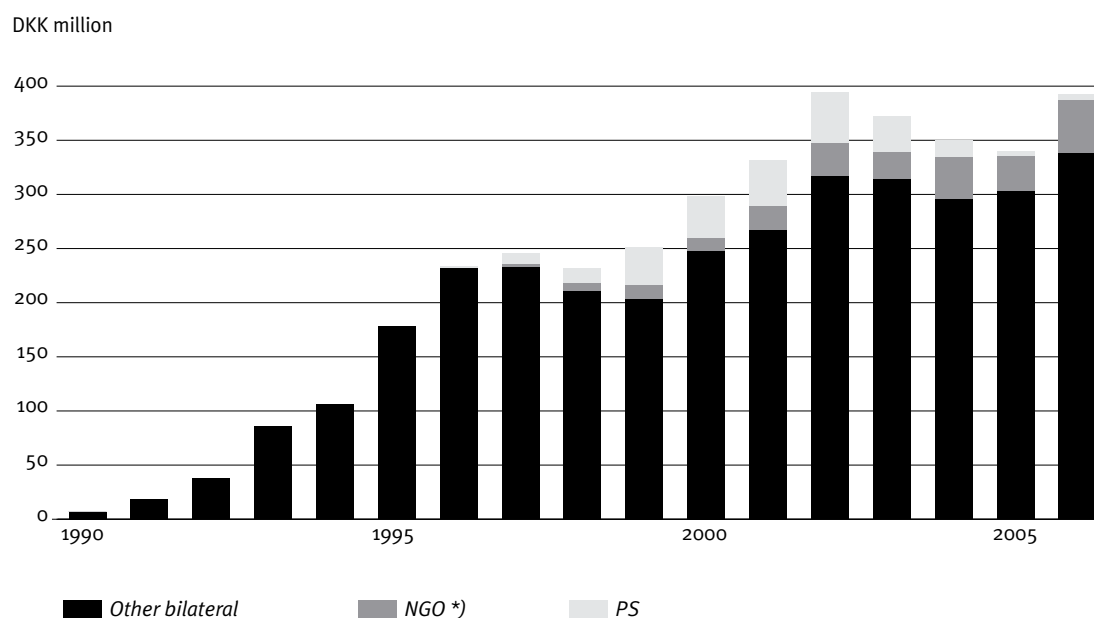
## **8.4 Sectoral allocations**

Denmark contributes ODA of about USD 58 million (2005/06 average) to Ghana which makes it Ghana’s tenth largest donor (sixth largest bilateral). At the same time, this amount shows that Ghana is an important partner for Denmark, ranking fifth among Denmark’s partner countries and third among countries in Sub-Saharan Africa. Ghana has been a partner country for Denmark since 1989.

The Ghanaian-Danish development cooperation has expanded gradually from 1990 until the present day. Development cooperation activities in Ghana totalled DKK 3.874 billion at the end of 2006 (1990-2006), covering 43 major Danida projects, sector programme support in six areas, 54 Private Sector Development Programme (PSDP)<sup>55)</sup> main projects, 18 individual NGO projects above the DKK 3 million threshold and three framework NGO programmes, as well as personnel support.

Figure 5 presents total Danish expenditures for the Ghana development cooperation programme during the period 1990-2006 by type of expenditure<sup>56)</sup> while Figure 6 presents expenditure distributed by sector (see also Appendix 6). Overall, “other bilateral assistance” covers 88% of the total expenditures, and the PS programme and NGO projects 6% each. Details on Danida project and programme start- and end-years for all programmes including major programmes within the respective Country Programmes are depicted in Figure 7.

**Figure 5: Danish expenditures 1990-2006 per expenditure type**



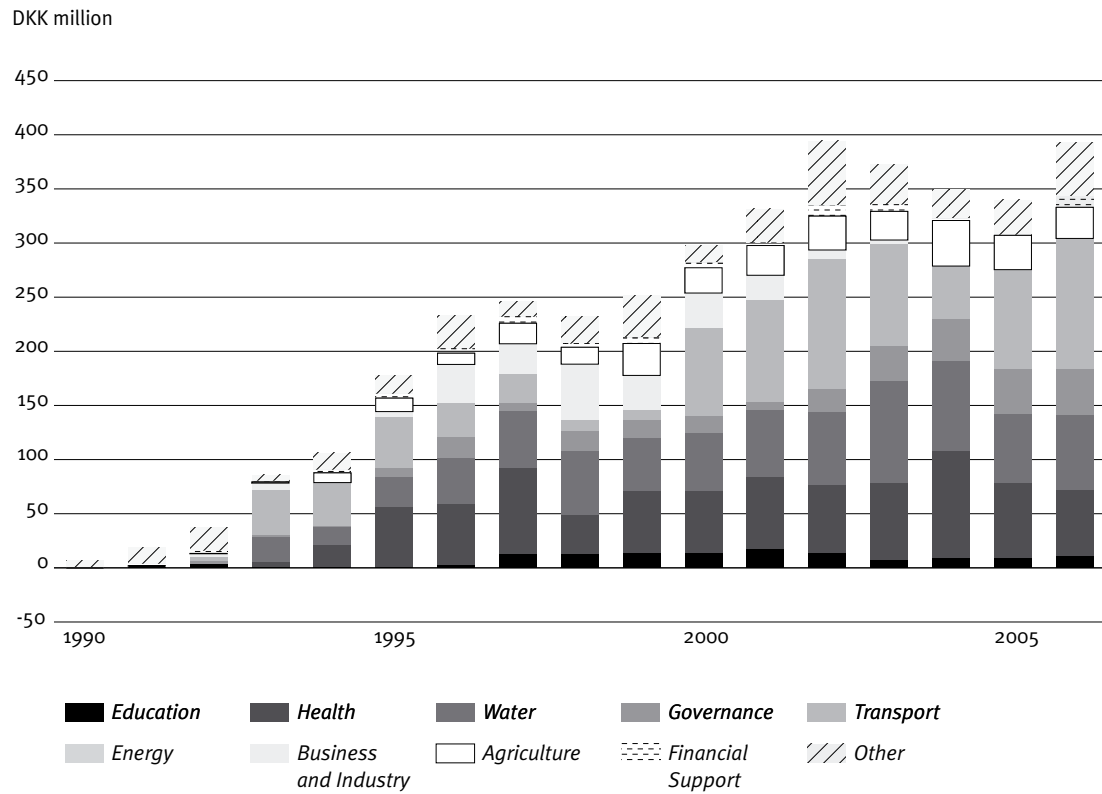
\*) For 1990-94 the NGO-figures are included in the “Other bilateral”-figures

Source: Pre-study

55) The Private Sector Development Programme (PSDP) initiated 1993 was initially termed the ‘PS-programme’ and later after redesign in 2006 renamed ‘B2B-programme’. In the text PSDP will be used as a general reference to the programme irrespective of the particular phase of the programme.

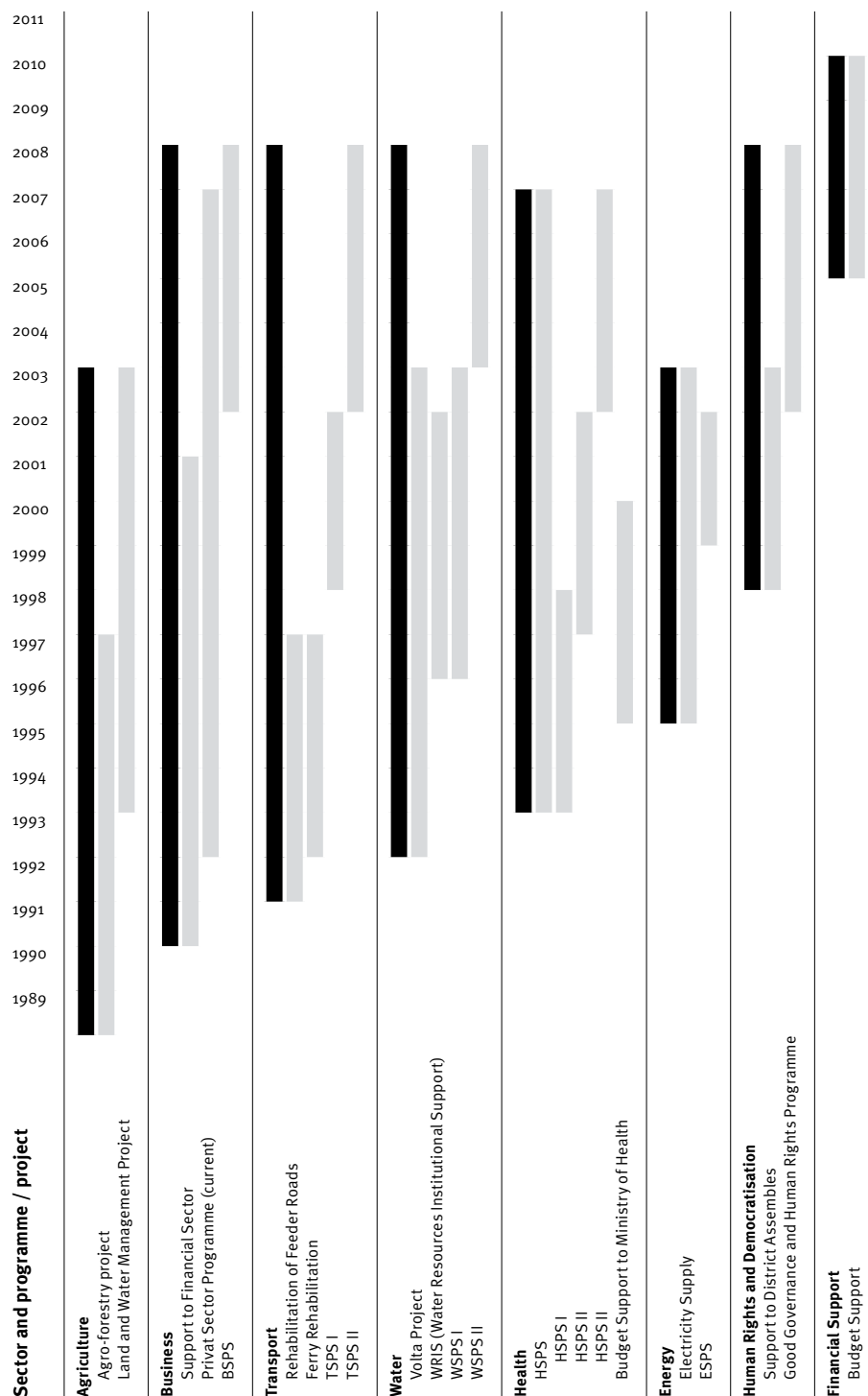
56) According to the pre-study conducted by Nordic Consulting Group, the MFA financial systems have not been easily able to generate information on appropriation and expenditures for all projects and programmes. Danida’s Programme Database department has retrieved information on expenditures by combining information from the present and former financial systems. The figures presented are thus the most accurate information retrievable from the MFA on expenditures for Ghana 1990-2006. The financial system was not able to provide the same figures for appropriations.

**Figure 6: Danish expenditures per DAC sector**



Source: Pre-study (see also Footnote 55)

**Figure 7: Timelines for sector programme support and other larger programmes and project interventions<sup>57)</sup>**



Source: Pre-study situation as at January 2007

57) *Agriculture: Agro-Forestry project. (To note that a focal sector "Agriculture" was never defined as such in the strategies.)*

*Energy: The Energy Sector Programme Support was planned to cover a five year period until 2005, but was discontinued at the end of 2002.*



## 8.5 The role of NGOs in Danish assistance to Ghana

Some Danish NGOs – CARE Denmark, Ibis, and Ulandssekretariatet – have or have had framework agreements with Danida to provide assistance in various partner countries, including Ghana. The funding for these NGO programmes does not figure in the Country Programmes, as they have their own programmes and budget allocations from Copenhagen. Within the framework of the Country Programme Ibis is currently implementing one sub-component of the Good Governance and Human Rights Programme complementing its own programme in the field of civil society support entitled “Popular Participation in Local Governance Programme”.

OECD/DAC 2007 considers these programmes as complementary to the Country Programmes, “as the NGO programmes tend to be in community social services (health, education, and water supplies). Their assistance is expected to reach areas which official funding might not reach. With official funding of these NGOs as high as 80-90% of their income, some of these organisations appear to be more GO than NGO, and they are vulnerable to fluctuations in official funding.” The NGOs maintain good relations with the Embassy and discuss issues arising in the field.

Apart from the framework NGOs, other Danish NGOs also operate in Ghana; for example the Ghana Friendship Groups engage in small business and microfinance activities in the rural Northern Region, the International Medical Cooperation Committee supports Sissala District Health Service, and the Danish Association of the Blind is working together with the Ghana Association of the Blind on the rehabilitation of visually handicapped persons. A list of these NGO projects is provided in Appendix 6. A total of DKK 316 million has been allocated to these programmes (1987-2009).

## 8.6 Main elements of the strategies

Summarising the major elements of the three strategies, the following can be said:

- Health, transport, water and sanitation, and support for the private sector and business are the major pillars that have been supported in one way or another, almost since the early 1990s – although with shifting budgetary importance. This means that there is a certain continuity in the types of area supported (especially from 1998 onwards) and the impacts researched, with some broadening evident in the 2004-08 programme in which macro-economic and institutional reforms are more explicitly addressed, and in which the poverty reduction focus specifically targets the extremely poor and vulnerable. Poverty focus is emphasised in all strategies. The selection of sectors has been justified against this background.
- These sectors are complemented by the energy sector which received particular attention in the 1990s before being abandoned (despite the already considerable investment) and by the “other” category which summarises numerous small and medium activities approved mostly under the Local Grant Authority (see Section 10.9).
- Although, as indicated above, agriculture has neither ever been a major element of any Country Programme, nor supported as an individual sector, a number of agriculture and environment-related projects were supported (see Section 10.8) between 1989 and 2003.

- Good governance, human rights and democratisation are important themes underlying the programme. The figures alone do not do full justice to the importance of Danish interventions in this area. Owing to its very nature, such support is usually rather scattered or does not necessarily need much financial investment. The current Country Programme take account of the formerly scattered nature, and bring the different types of projects together under the umbrella of the GGHRP. The road sector takes the largest share of the budget.
- The importance of further alignment, to the greatest possible extent, of strategies and sectors to the existing policy frameworks is more and more emphasised, especially since the GPRS came into existence.

Looking at the overall balance between economic and social sectors, the following can be summarised:

- The PS programme was initially operated independently from the Country Programmes, and only in 2003 was the Business Sector Programme started under the Country Programme. Together with the transport sector and rather minor interventions in agriculture, these comprise the economic sectors supported.
- On the other hand, strong emphasis was put on the social sectors of water and sanitation and health, and on issues of governance, human rights and democratisation, as well as decentralisation.

It is clear that a small donor like Danida cannot cover all sectors and must be selective. However, it is legitimate to ask whether leaving aside support to agriculture and related economic activities (linked to private sector support) was the most appropriate approach to narrowing the Country Programme focus. The evaluation understands that this might also have to do with Danida's overall portfolio balance, but believes that Danida's experience in the field might also have been beneficial for Ghana, even though numerous other donors are involved in the sector.

## 9. Overall Assessment of the Country Programme

This overall assessment seeks to draw conclusions regarding concrete results of Danish financed assistance, that is an answer to the question “What has been the value-added of Danish assistance to Ghana’s development?” and also with regard to implementation modalities and follow-up. To determine the value added of Danish assistance, this chapter brings together key findings and conclusions of the various TPs and cross-analyses them, applying the same criteria as those used in Chapter 6 to answer the question “To what extent did the combined donor efforts contribute to: the macro-economic development of Ghana; to the development of democratic institutions, rule of law, decentralisation and sustainable political development of Ghana, to actual poverty reduction, human and social development, and to the enhancement of institutional capacity conducive to the development of Ghana?”

However, it is worth briefly summarising some major highlights of the Perception Study to shed some light on how Danish support is perceived and what is the “image of Danida/Danish support” in the eyes of those who have benefited from the support or have been involved in other ways.

### 9.1 How is Danida perceived by stakeholders involved in its programmes? Some highlights

As revealed by the Perception Study, Denmark is seen as an early supporter of the Ghanaian government. Denmark was one of the first donor countries to come to Ghana at the end of the 1980s. Danida informants from the period emphasise the importance of this early support. They report that Danida’s representatives on the ground were given considerable flexibility in setting up the initial programme, and that this was instrumental in enabling them to move rapidly and to establish a genuine partnership with the government. The same informants consider that with today’s rules and regulations such rapidity would not be possible.

Also, both Danida and non-Danida informants believe that Danida was the first donor to provide support to a number of sectors. In particular, water, decentralisation and governance are highlighted as early important components of the Country Programme, as confirmed by the evaluation.

The Perception Study highlights the following:

- Professional quality of Danida: there is generally a good perception of RDE staff, its professional quality, comportment, commitment and communication skills.
- Stakeholder involvement and partnership forging by Danida: involvement of staff from both sides, Danida and the Ghanaian partners, is generally intensive and integrated. Danida builds good partnerships with many stakeholders at numerous levels.

- Dialogue and openness: Danida openly and critically participates in dialogue and policy discussions and is responsive to urgent requests. It also applies its own strategies to external inputs from local stakeholders and reviews them accordingly.
- Strategic thinking within Danida: Danida is not always in line with GoG because it sometimes takes on new themes and approaches not yet covered by GoG. All interviewees very much appreciate the fact that Danida had already taken the risk in the 1990s to opt for sector-wide approaches, and to take the sector lead when feasible. However, aside from being innovative, funding, implementation and follow-up of such new initiatives may suffer from lack of operationalisation, financial investment and focus.
- Danida is sometimes a front-runner tackling new innovative subjects not yet covered by GoG policy. It is also seen to be willing to sustain support in difficult areas, very often focusing on the poorest areas and regions.
- Rigidity and flexibility: Danida is sometimes seen as rigid, for instance in its insistence on adherence to commitments or its requests for verification of correct use of funds, but also as very flexible in finding solutions to difficult situations, or in offering advisory support to partners during the implementation of programmes.

Overall, Danida uses appropriately the influence that goes with funding and is vocal and constructively critical. Danida in general provides support in the context of GoG policies and strategies and does not impose its will on GoG. The importance of this is highlighted by explicit comparisons of interviewees with the less-favoured behaviour of other donors.

## 9.2 Improving macro-economic performance

*Key findings:* Danida assistance to the financial sector was an important contribution to stabilisation and capacity development in Ghanaian banking, including the Bank of Ghana. It took place in a period of serious macro-economic difficulty and contributed, together with the efforts of GoG and other DPs, to improving the macro-economic performance of the country. Furthermore, through its institutional capacity development and development of an enabling environment for private sector activity, the Business Sector Programme Support (BSPS) is contributing to improved macro-economic performance in Ghana and achievement of the growth objectives of the GoG.

The 2007 MDBS evaluation tries to identify the immediate effects of MDBS on macro-economic performance. Overall, their conclusions are:

- MDBS resources have facilitated a reduction in the fiscal deficit, simultaneously with a recovery in public spending and reductions in domestic interest payments and in the domestic debt stock;
- predictability of MDBS resources facilitated cash management;
- MDBS has added to the financial leverage associated with IMF programmes.

*Conclusions:* Summing up, the authors judge that the influence of the MDBS on macro-economic performance has been positive but of second-order significance, compared, for instance, with its significance in relation to policy dialogue. This statement therefore also applies to Danida's modest financial contribution to the MDBS.

Danida's role and influence on changes in the macro-economic performance of Ghana have been appropriate, but modest, which is not surprising given the fact that it is not the lead donor on these issues.

### **9.3 Enhancing the overall policy and institutional framework**

*Key findings:* Already the Country Assistance Strategy Assessment (CASA) 2002 found that Danish support had 'contributed immensely' to enabling partners to develop and refine sector policies and strategies as well as promoting greater interaction and dialogue with sector partners and donors, thereby – and most importantly – contributing to more efficient use of resources. Numerous are the examples of Danida contributions to enhancing the policy and institutional framework in the supported sectors:

- **Water and sanitation:** The long awaited sector policy that has come into effect recently has only materialised as a result of the unwavering support received from Danida. Danida's intervention in the establishment of the Water Directorate and in improved capacity for policy development is most relevant to the country's needs in capacity development in the sector. The development of capacities within the various Water Resources Information System institutions as well as the Water Resources Commission (WRC) was required to ensure comprehensive water management in the country. The role of the Community Water and Sanitation Agency (CWSA) as the facilitating agency for community water delivery required varying skills and capabilities which Danida has been instrumental in establishing.
- **Health:** Danida was a key participant in the development of the first Medium Term Health Strategy and the Programme of Work (POW) I as well as subsequent versions. It has also supported development of POWs and sector plans through provision of short-term TAs (on request by MoH). Danida's contribution to the health account, alongside other donors, has contributed to the development of government policies in the sector, strengthening of health reforms, and building of the institutional framework.
- **Private sector:** Danida's financial sector support made an obvious impact through the establishment of the National Banking College and the strengthening of the Association of Rural Banks (ARB). During preparation of the BSPS a number of initiatives were taken by Danida to develop the policy framework needed, form an organisational platform for legislative reform, and clarify the feasibility of institution-building. Prominent examples are the development, jointly with DFID, of a National Trade Policy, the Trade Sector Support Policy, the Business Law Division in the Ministry of Justice, the Policy, Planning, Monitoring & Evaluation Division of the MoPSD and the CC.
- **The MoLGRDE,** as a result of support received, moved to establish the Local Government Service Council and its secretariat in 2004, following the enactment of the Local Government Service Act. The provision of TA to the MoLGRDE is

aimed at building a corps of professional staff within the Ministry. Activities related to implementation of the NDAP include an initial assessment of sub-district structures and local-level CSOs for the entire country, and preparation of guidelines for inclusion of TAs and CSOs in local governance processes. In general, however, progress in making these policies operational has been weak.

- Gender: Despite the modest budgetary resources that went into support for gender projects, impact has been considerable in respect of changes in policy frameworks and institutional changes. Examples are provided in Chapter 10, for example the Ministry of Women and Children's Affairs' (MoWAC) gender and children's Policy and National Gender Strategic Plan, Health Gender Policy, passage of the Domestic Violence Act, 2007 (Act 732), etc.

Some failures in addressing policy development and improving institutional framework must also be noted:

- Water and sanitation: To date, support to the Policy Directorate of the MoLGRDE has not led to the adoption of a cross-cutting sanitation policy of the same character as the National Water Policy.
- Transport sector: Danida interventions under the Transport Sector Programme Support (TSPS) 1 and 2 contributed to setting out GoG intentions and commitments with respect to the various sector programmes including the Road Sector Development Programme (RSDP). However, overall reform progress is slow in the transport sector; institutional reform studies and preparation of sector policies and strategies which began in 2004 (in response to comments on lack of strategic direction in the sector ministries' reform plans) have still not been formally approved by GoG and it must therefore be concluded that implementation of institutional reform must still be some years in the future.
- Private sector: Although Danida support to the financial sector contributed to its institutional development, it also met with barriers as the plans for strengthening the ARB apex organisation were overtaken by the political decision to establish an Apex Bank for the rural banks. Another example of a constructive reform initiative that nevertheless failed was the BSPS formation of the Business Law Division in MoJ, where the unclear administrative and organisational position of the unit blocked its potential for developing the planned business law reforms, and eventually resulted in its dissolution.

Danida's institutional start-up support for new concepts such as integrated water resources management, the Mutual Health Organisations in health and the Area Office concept in the transport sector, have provided government with opportunities or alternatives to build on.

The only sector where, to some degree, Danida departed from its stated strategy of working within the institutional arrangements of the sector was the private sector. This was caused, apart from the sector's not having a ministry of its own until 2001, mainly by the PSDP not being specific to Ghana. It was designed to work in a number of countries in Africa, Asia and Latin America. The programme is neither rooted in any ministry nor in the policies, strategies or programmes of the GoG, but is a Danish Government-driven project, although it does not contradict the development goals of Ghana. The parameters

of ownership in the case of the PSDP reside more with the Danish and Ghanaian private sector operators, who enter into business and commercial partnerships, by mutual request. The design of the programme – renamed Business to Business Programme (B2B) – was somewhat changed recently so as to facilitate better integration and coordination with other Danida business support instruments, including BSPS, but its essence is still the formation of commercially viable partnerships between Ghanaian and Danish enterprises.

*Conclusions:* Looking at the different foci of the individual sectors supported over a longer period (transport, health, water and sanitation, decentralisation and good governance, private sector), there is an overall tendency towards working at “higher levels” than at the beginning of the cooperation. This also reflects a general trend in aid. Danida had already been working in the sectors for a while before bringing policy changes and changes in institutional frameworks within its focus. The evaluation sees this as a comparative advantage, allowing scope for making substantial suggestions at the “higher levels”, suggestions that in many cases have been taken up by GoG.

In general, Danida’s influence and impact on policy changes and changes in the institutional framework that help increase aid effectiveness have been commendable, and were, during the evaluation mission, usually very much appreciated by the interviewees that had been or were still involved in such processes. Moreover, mainly until 2002, and “in line with its strategy to support the development of sector strategies and plans in areas where the Ghanaian Government had not yet prepared its ‘own’ programmes, Danida has been courageous in providing start-up funding for new institutions, in the sectors it has assisted, where it became necessary.” (CASA 2002) This applies to the water sector for instance (WRC, national water policy).

Overall Danida must be praised for its role and influence on policy changes, and changes related to institutional frameworks in Ghana. Its contribution certainly goes beyond the nominal percentage it contributes financially to overall ODA to Ghana. Considerable changes have been achieved, that needed quite long-term efforts. However, effective decentralisation remains a problem, both with regard to institutional and professional capacities available at the decentralised levels. Decentralisation, which truly transfers power and responsibilities to the citizenry, requires political will.

## **9.4 Developing capacity**

Ghana benefits from a very high level of external donor involvement and is highly aid dependent. The (cross-cutting) field of capacity development is no exception, but rather a case in point. Although sometimes carried out on an intermittent and unstructured basis, donor involvement is a crucial element of capacity development. One of the major challenges is achieving a sound balance between capacity development efforts oriented to the public sector, civil society or the private sector and, beyond that, the different or dual dimensions and aspects of each sector (e.g. policy dialogue versus service delivery).

*Key findings:* OECD/DAC has stated in 2007 that it considers Danida an innovative donor at the forefront of policy guidance for capacity development. They observe that “long before the Paris Declaration put an emphasis on capacity development, Denmark has considered this dimension as a key element in its development assistance programme, and its strategies and guidelines have emphasised capacity development support. As its aid moved from a project to a programmatic approach, the focus on capacity develop-

ment support has moved from a focus on individuals or individual organisations to developing institutional or organisational capacity at sector level, or at government level through support to various reform endeavours.” This can also be confirmed in the case of Ghana.

OECD also stated that Danish support to capacity development has been focusing mainly on building government capacity rather than on strengthening civil society. The evaluation, however, found that Danish support to capacity development did not only target government institutions; Danida support has indeed gone into strengthening civil society, not necessarily always directly to grassroots organisations but to intermediaries that advocate for civil society rights, transparency, accountability, and so on. Overall the evaluation found that the support is reasonably balanced between the two levels, thus satisfying the OECD’s (2007) desire that there is “a need to ensure an appropriate balance between these two levels of support in each context, based on an analysis of specific situations”. In the case of the private sector, Danida not only focused on support via the PSDP and the BSPS, but also played an important role in the framework of support to other sectors enhancing private sector capacity.

Danida capacity development measures have taken numerous forms – training, short and long courses, TA, and others. The water and sanitation and health sectors are those that show the most systematic incorporation of capacity development into all components of their different programmes.

Whether explicit or implicit, and to a variable extent depending on sector, Danida’s implementation strategy seems to have been along the following lines: while focus on project level was still high in the 1990s, external TAs (line function) had local co-managers; later in the 1990s, Ghanaian institutions seem to have increasingly become lead players (e.g. CWSA for the water sector, or MoH), the role of TA shifted towards advisory functions, while nowadays, despite the fact that Danish TAs are still providing permanent support, short-term support seems to have had a more prominent role to play. Generally the quality of TAs and their effectiveness and impact has been rather positive across the sectors. However, there have also been problems with some aspects of consultancy services, mostly in the transport sector where, overall, considering the huge TA support given to this sector over more than a decade, the impacts of such support appear modest.

But generally, the role of TA still remains of considerable importance in the current context where focus on supporting organisational and institutional and policy changes is becoming more and more prominent.

Sustainability of capacity development is a perennial issue in Danida support. It is directly related to the level of resources made available and to the institutional framework within which a function is carried out, but also to the political will. Policies, strategies, appropriate institutional frameworks and resources must all be available to permit adequate functionality. Genuine commitment must be confirmed and consolidated. Looking at capacity development in terms of institutional or organisational development, the most striking examples can be found in the water and sanitation and health sectors, and also at the level of Danida support to gender projects.

It is positive that, despite the lack of clear policy frameworks regarding capacity development across basically all sectors, Danida’s efforts had considerable, although varying, impact. However, the sustainability of these impacts is in doubt. Danida support has



helped build sectoral capacities, but could, understandably, not fully overcome unfavourable framework conditions, although its support has certainly helped address such issues in numerous cases. Across the sectors supported, however, there continue to be serious deficiencies in some or all of these pre-requisites such that whatever modality of capacity development is attempted, results must necessarily remain limited, vulnerable and possibly transient. It is worth noting in this context that, generally, donor coordination regarding capacity development measures at the level of individual sectors seems to be at its embryonic state. Though there is room for improvement, it will also require a stronger GoG vision to clearly guide capacity development in the sectors.

Nevertheless, service delivery overall seems to have improved in the Danida-supported sectors, especially in the water and sanitation sector, and also in the health sector where it has impacted positively on the sector's capacity, thereby enhancing its performance. This is reflected in an increased utilisation of health services and improvements in some key health outcomes. On the other hand, impact on service delivery seems to be lower in the transport sector. However, overall, Danida support contributed to improved levels of administrative and financial management among the supported organisations. This must be seen in conjunction with considerable efforts usually directed to instigating or supporting organisational changes in these bodies.

Danida support to civil society, Independent Governance Institutions (IGI) and the private sector has helped improve their levels of service delivery; and specifically in respect of IGIs, their capacity to influence policy changes and empower civil society, for example in respect of regarding gender, where Danida support was very prominent in improving government performance MoWAC.

Sustaining the gains from capacity enhancement was and remains a problem. The issue also relates to the high staff turnover of the various MDAs and CSOs as well as to transfers and changes in organisational structure. Attrition rates are usually considerable, especially in the health sector, but also among organisations dealing with Good Governance and Human Rights or gender. Overall, numerous trained staff were later moved to other units in the MDAs, or to other districts in the same or other regions, involving schedule changes which often did not necessarily require the application of the knowledge and skills acquired. Nevertheless, at national level, expertise gained is not necessarily lost (except in health and, partly, the transport sector, with examples of nurses, doctors and engineers working abroad), as it is being channelled into other programmes, regions, or districts.

*Conclusions:* There is a need to constantly tackle and possibly prioritise progress or reform in the institutional frameworks in which capacity development should be embedded, that is to say supporting the setting of framework conditions for capacity development within institutions. There is also a need to generally think in long time horizons when tackling capacity development in each sector, especially in the field of GGHR: Danida support to capacity development of civil society and IGIs needs to be sustained over a rather long time span, thus developing a critical mass to better achieve accountability and transparency at all levels, and to participate in policy decision making. Without adequate organisational and institutional capacity in good governance and human rights, implementing institutions will not be able to achieve the intended objectives.

TA should remain an essential element in Danida support to capacity development. The more Danida support moves away from project-based support with permanent TA, small-

scale and coordinated TA should become the preferred option, thus responding positively to OECD/DAC 2007, which states that “coordination with other donors on TA has increased, but there is still room for improvement”.

In 2006 a guidance note on capacity development was issued by Danida.<sup>58)</sup> The note insists on the need to conduct a thorough institutional capacity analysis before preparing a new programme. It proposes a methodology with a step-by-step approach, corresponding to the identification, formulation and appraisal phases of a project. The focus should be on individual organisations that are part of Danish-supported programmes, with a specific assessment for each organisation supported. The impact of capacity development support should be measured against the outputs delivered by each organisation, and benchmarks and targets should be designed for changes in these outputs. Both internal and external factors should be considered when analysing organisational change. In addition, both “political” factors, such as commitment to change processes, and “functional-rational” factors such as legal mandates, must be considered. A framework for analysing such factors was designed.

Although Danish support for capacity development has in general been successful, the evaluation assumes that, had such a structured framework existed for a number of years, a more structured approach could have been applied to capacity development in Danida’s support to Ghana. But overall, the mix of measures used implies that most of the four dimensions of organisational change suggested by the Guidance Note have been applied, although perhaps rather intuitively, thus contributing to the relative success of capacity development measures, at the levels of both government and civil society.

## **9.5 Improving harmonisation and alignment, adjusting aid modalities**

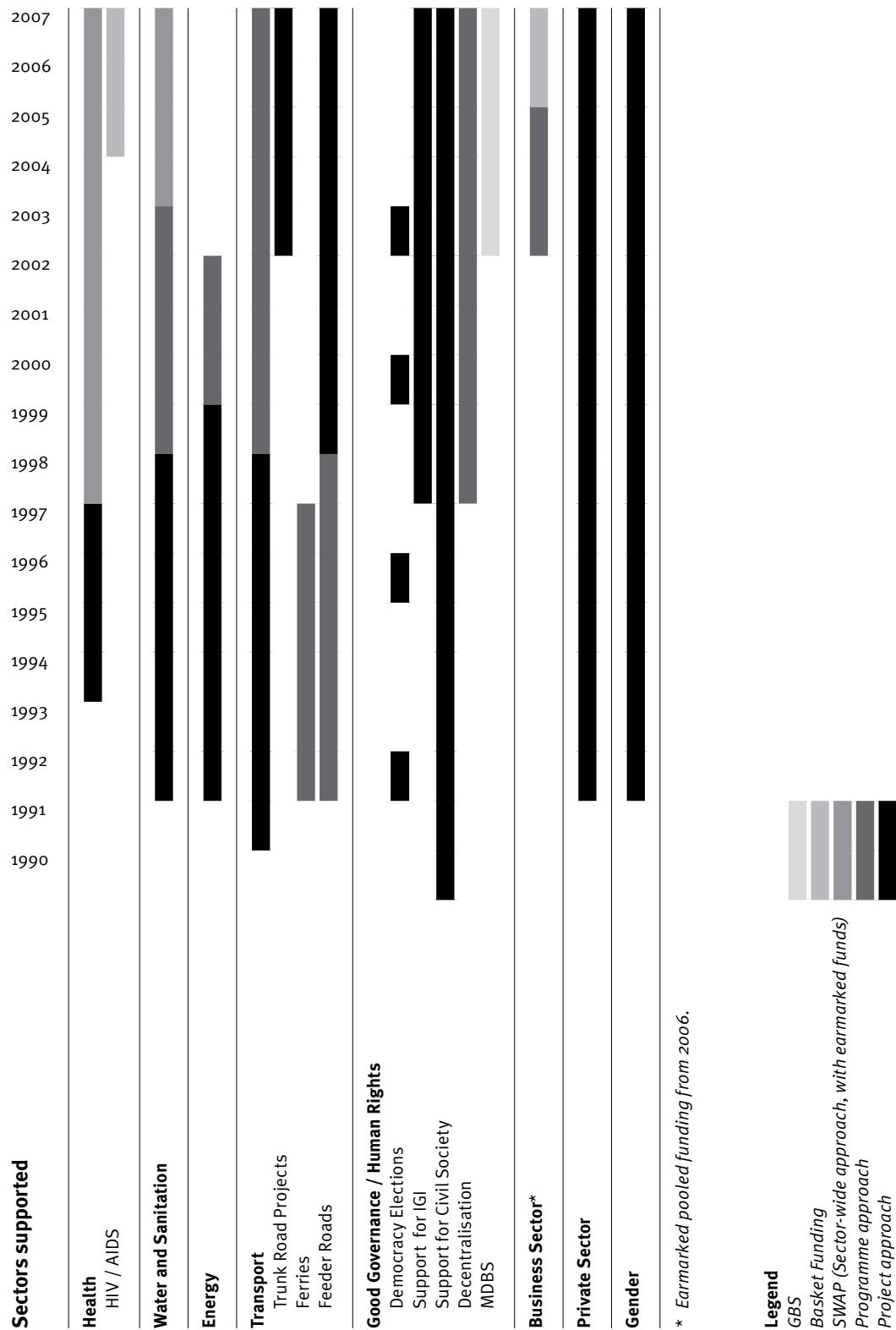
The Danish programme endeavours to promote Ghanaian ownership through better alignment and harmonisation, in line with the principles of the Paris Declaration on Aid Effectiveness.

### **Aid modalities and reduction of transaction cost**

The different ways in which Danish support has been provided over the years is depicted in the following figure.

58) MFA, Danida. *Technical Advisory Services (2006): Guidance note on Danish support for capacity development.*

Figure 8: Danish support to Ghana: Shifts in aid modalities over time (per sector)



*Key findings:* Overall, the sectors of Danida support are aligned with GPRS I & II. Regarding the issue of predictability, all interviews confirm the quality of Danish support in this regard. There has been a trend away from projects towards providing assistance through sector approaches and the MDBS. Danida is also involved in pool funding mechanisms with other donors, for example for private sector support. Furthermore, Danida has also been promoting joint analysis, for example in the health sector, and was involved in formulating a Ghana Joint Assistance Strategy promulgated in 2007. For a number of years Danida has been leading the thematic group on decentralisation.

*Conclusions:* While work is still needed to encourage the sectors to move further towards forms of sector support where appropriate, the current modalities used in the different sectors seem to be those that are realistically feasible and implementable, given the various shortcomings in policy and institutional frameworks. Moves towards forms of sector support however seem to be required in the transport and water sectors, while for the private sector the priority is to successfully implement the current modalities. In the health sector there have been changes in funding arrangements over the period during which Danida has supported it; in all cases the funding arrangements for the sector had been found suitable. The envisaged shift from SWAp to Sector Budget Support in 2008 is favoured by the MOFEP rather than by the MoH. One possible reason might be that the Ministry may not have the technical capacity to negotiate with the MoFEP for adequate resource allocation to the sector under MDBS.

Shifts in aid modalities towards forms of sector or general budget support seem to be leading to a reduction in transaction costs. Figures on Danida's transaction costs are however not available. By the end of 2007 Danida had closed the PIU in the health sector. The business unit in the embassy is staffed in a way that mirrors the special problems of implementing the mix of business sector support instruments offered by Danida, including the BSPS and the B2B programme. The unit represents a constructive first move towards improving coordination of rather different interventions and increasing efficient and effective implementation, thus gradually reducing transaction costs.

#### **Alignment, harmonisation, coordination**

*Key findings:* The 2004-08 country strategy sets out five targets and indicators for enhancing alignment and harmonisation (see Appendix 5). According to OECD/DAC, in 2006 65% of Danish aid for the government sector was on budget, similar to the donor average (68%). Denmark uses the government's financial reporting and auditing systems. While only 28% of Denmark's aid was programme-based, Denmark participates in some pooled funding in sector approaches and contributes to the MDBS, with a level of just over 10% of its total commitments. In 2006 63% of Denmark's missions in Ghana were coordinated with other donors. Furthermore, there is relatively little tied Danish TA, and what remains is declining further.

Already the Country Assistance Strategy Assessment (CASA) of 2002 indicated, "Danida has been an active participant in donor coordination arrangements in the sectors it has been assisting. This includes formal events such as the annual donor conferences like the health summit, sector CDF groups, as well as the CG and mini-CG meetings. In addition it participates in informal activities including regular discussion, and on-going support for donor coordination e.g. the MLGRD.<sup>59)</sup> In some instances, it has given sub-

59) *Ministry of Local Government and Rural Development, now MoLGRDE.*

stantial funding to joint donor activities like the Joint Evaluation of the Road sub-sector.” This describes a pre-Paris Declaration picture that has significantly improved at the overall level, not least due to the MDBS. As for Danida, it has been confirmed by numerous interviews during this evaluation that Danida is still actively involved in aid coordination mechanisms. Danida is seen by donors as a strong and constructive player in promoting harmonisation, having played a vital role in the decentralisation donor group, contributing to MDBS dialogue, actively participating in the water sector group activities, and generally pressing for increasing harmonisation and alignment.

Danida has engaged in active promotion of improved donor coordination which in the transport sector is good at programme level, owing in part to the Donor Coordination Unit in the Ministry of Roads and Transport. The joint evaluation of the Sector Development Programme in 2000 (and follow-up study in 2006) are good examples of this coordination, but if the detail of the interventions of individual sector donors is examined, then there does not appear to be much collaboration, standardisation of approach, harmonisation of procedures, use of national systems or lesson learning.

Furthermore, in every second year there are high-level consultations to discuss matters of political importance to Denmark related to the development cooperation between Denmark and Ghana, such as anti-corruption strategies, gender issues or political commitment to decentralisation.

*Conclusions:* Overall, while harmonisation and alignment of Danida support to Ghana are well advanced, the OECD/DAC analysis finds that still “further action is needed to strengthen the alignment and harmonisation objective.” There are some left-over projects, notably a major roads project, but this is being phased out in 2007. Also with regard to alignment, harmonisation and coordination the evaluation acknowledges the considerable efforts Danida has undertaken, thus contributing significantly to the combined donor efforts in these areas (see Chapter 6).

## **9.6 Strengthening civil society and decentralisation**

*Key findings:* Since the reopening of the embassy in Accra, efforts have been undertaken by Denmark to support democratisation and human and civil rights initiatives in the country. Civil society has become more vocal during this period, with at least some impact on transparency and accountability. Danida support to numerous initiatives, partly together with other donors, has certainly made its contribution to this development.

Generally, the “Evaluation of Danish Support to Promotion of Human Rights and Democratisation 1990-98” concluded that the strategy chosen to support a large number of very small initiatives had to be reconsidered. The support was felt to be too scattered and not enough to strengthen institutions designed to alleviate the serious problems in the area of Human Rights and Democratisation. This recommendation was taken on board in the design of the GGHRP in 2002, the programme now covering support to specific institutions.

The activities of most CSOs supported by Danida over the last 10 years reveal a rights-based approach and, wherever communities were involved, there is evidence that in most cases support contributed to changing the attitude of community members (e.g. under

the component “Community-Based Organisations (CBOs) implemented by Ibis). After years of support widely spread across the country, with a degree of focus on Accra, on IGIs, and on gender projects, there has been a marked shift towards rather exclusive direct support to Civil Society in the framework of the GGHRP. This has been accompanied by support to IGI and the G-RAP (Ghana’s Research and Advocacy Programme), *de facto* restricting widespread efforts mainly to Greater Accra. Community engagement platforms initiated by the CBOs and supported by the GGHRP have made it possible for communities to understand issues of basic human and civic rights as well as accountability issues. The objective of the platforms is to bring communities closer to the public institutions in order to bridge the gaps between them and to create room for community members to demand and access basic services such as education, health, human and economic opportunities, among others. However the GGHRP support to civil society, implemented by Ibis is also scattered over too many regions and will require restriction to fewer regions to make the benefits visible.

On the whole, and from a strategic point of view, it must be emphasised that a number of highly valuable policy changes for the benefit of civil society were initiated or at least supported by Danida. This applies to the Domestic Violence Bill, a strengthened MoWAC, support through G-RAP to Institute of Democratic Governance to undertake the Governance Issues Forums, support to Institute of Economic Affairs which led the advocacy on the Freedom for Information Bill, ABANTU for supporting women contesting District Assembly elections, among others.

In the water and sanitation sector, Danish support helped establish the CONIWAS coalition of NGOs which has played a key role in the organisation of the “Mole series”<sup>60)</sup> that has created a platform for engagement on water issues between donors, government and civil society. However, for CSOs and CBOs fully to engage with government, considerable capacity development remains necessary. Civil society has been engaging with government since the advent of the re-democratisation process in 1996, when CSOs were part of the push for democratisation. However support to building capacity and strengthening CSOs began in the later 1990s. There is, however, still a need to develop a critical mass over a period of time, and some solid foundation still needs to be laid down during the coming years.

As for Danida support to decentralisation, the essence is that it requires a very long time to make real changes happen (e.g. concerning fiscal decentralisation) that finally directly benefit the people in the districts. Danida support to Upper West and Volta in the framework of the Danish Support Programme to District Assemblies (DSDA) programmes provided elements that demonstrate how decentralised district development could work and what it might require. These are important steps that finally positively impacted on developments at national level, with the DDF expected to be in place during 2008.

60) CONIWAS organises the annual national sector conference known as the Mole conference. In 1989, WaterAid Ghana and its partners organised a national conference in the Mole game reserve bringing together policy makers and practitioners in the water and sanitation sector. The objectives were to create a forum for debate on sector issues and to build the capacity of partner organisations in assembling and articulating their experiences and ideas. Participants included NGOs, the CWSA and MoWH, District Chief Executives and donors. Following the success of this forum (dubbed Mole I), a decision was taken to make it a permanent feature in the work of NGOs, to be organised annually.

Support to the Decentralisation Secretariat is critical because it will embody the lessons learned from the implementation of DSDA I & II and also serve as conduit for obtaining Government buy-in and development of the necessary policy framework to support effective decentralisation.

Nonetheless, the institutional reforms proposed under decentralisation continue to pose serious constraints, for example to both the location of water supply and to its centrality in efforts to reduce poverty. Water supply responsibilities at the district level are intended to be assigned to the future District Works Departments (DWD). The present institution responsible for water supply and sanitation at District level is a District Water and Sanitation Team, an *ad hoc* institution bringing together staff seconded from three separate institutions – Community Development, Environmental Health, and sometimes a technical person co-opted from the Public Works Department.

*Conclusions:* Both a strengthened civil society and operational decentralisation are important for Ghana's development and with a view to achieving the Government's medium-term goals. Both areas are therefore strategically very relevant for Danida support, but complex with progress either being slow or else becoming visible only after a long period of support. Danida has taken up these challenges and was thus able to contribute to important changes that certainly also go beyond what one perhaps might realistically have expected, given the framework conditions. Major challenges remain, however, demanding further GoG and DP efforts.

## **9.7 Empowering the poor and vulnerable, poverty impact of Danida support**

Table 7 shows regions covered by major programmes or projects supported by Danida.

*Key findings:* The table shows that almost all the support programmes have had components at national level, usually in the sectoral ministries or semi-autonomous bodies, and also mostly involving support for policy development or capacity development.

All Country Strategies emphasise their focus on poverty reduction or alleviation. The following figure shows the development of poverty incidence in Ghana since 1991: compared to 1998/99, the incidence of poverty has declined in all regions except Greater Accra and Upper West Regions. Poverty incidence in the Greater Accra Region was about 5% in 1998/99, having declined from about 26% in 1991/92. However, it increased significantly to over 11% in 2005/06. The highest poverty incidence occurs in the Upper West Region, where the figure increased from about 84% in 1998/99 to about 88% in 2005/06. The most significant reductions in poverty occurred in the Eastern and Central regions (CR), which were considered to be the two regions with the highest poverty incidence in the southern part of the country in 1998/99, but which in 2005/06 were respectively the regions with the second and fourth lowest incidence of poverty in the country.

Regarding the poverty or pro-poor relevance of Danida support, the following can be said in general terms:

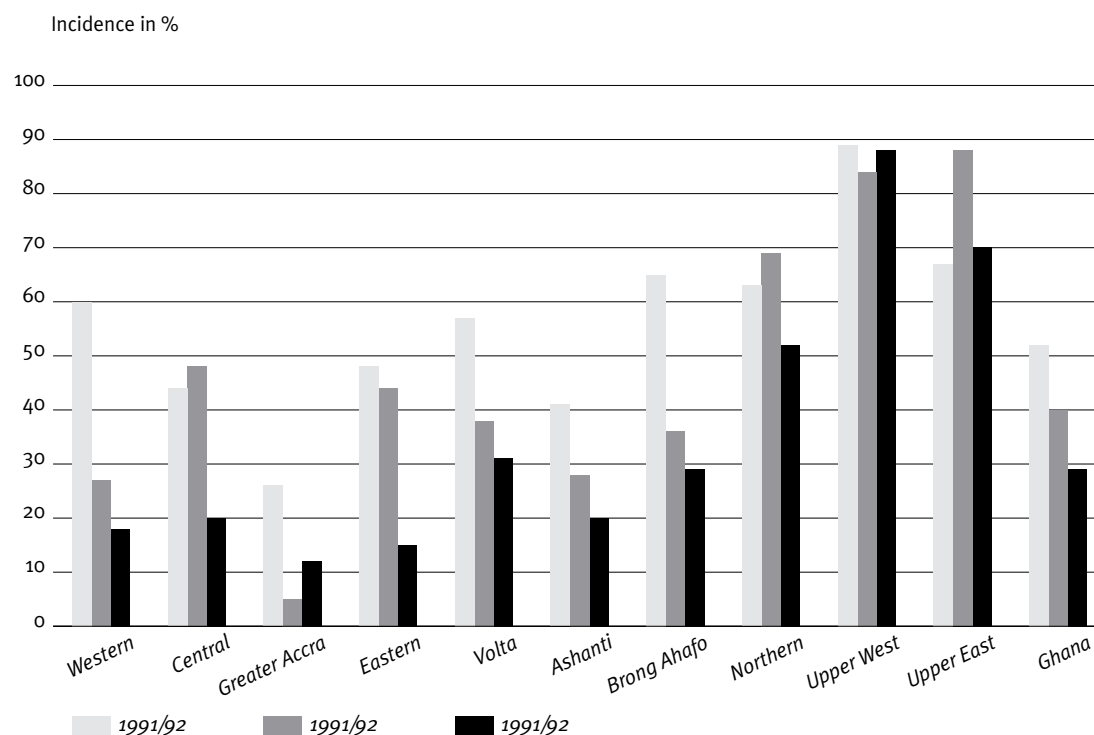
- When Danida support was still very projectised it was heavily targeted on the Volta, Upper West, and Northern Regions, which were among the five (out of 11) regions with the highest incidence of poverty in Ghana, and usually scoring above the country-wide average.<sup>61)</sup>

**Table 7: Major regions of intervention of Danida support (1990-2006)**

Sectors supported	National	Greater Accra	Eastern	Central	Volta	Northern	Upper East	Upper West	Western	Brong Ahafo	Ashanti
Health / HIV	■		■					■			
Water	■	■	■	■	■						
Energy	■			■	■			■			
Transport	■	■	■		■	■	■	■	■	■	■
<b>Good Governance / Human Rights</b>											
Support for IGI		■									
Support for Civil Society		■		■	■	■	■	■		■	
Decentralisation	■				■			■			
Support for MDBS	■									■	■
<b>Business / Private Sector</b>	■	■									
<b>Cross-cutting Issues / Gender</b>	■	■			■	■	■	■			

61) It must be noted that regional differences in poverty trends may very well mask the real locational and socio-economic differences of the poor, which means that, for instance, some districts in Region A might record poverty levels close to, or higher than, those in Region B. But if a regional approach to support is selected, this will usually work on the basis of regional averages, thus possibly excluding consideration of districts in Region A. It will however be difficult to avoid that kind of inequity.



**Figure 9: Poverty incidence in Ghana by administrative region 1991/92 to 2005/06**

Source: Ghana Statistical Service (2007): *Patterns and Trends of Poverty in Ghana 1991-2006*

- Danida has given considerable support for development or refinement of policies and strategies that are pro-poor or pro-vulnerable – for instance in the health sector through its support for the health insurance system, or through its support for the MoWAC on gender issues, or for the transport sector through establishment of road safety and environmental considerations in road design, and integration of HIV/AIDS considerations into the sector.
- Further, support for all facets of decentralisation has been highly relevant, as they can provide opportunities for local decision-making and therefore better targeting of the poor and vulnerable.<sup>62)</sup> However, given the fact that government is lagging behind its own ambitions, the support could not fully deliver its potential results.

While numerous gender-oriented projects focused on the most deprived sections of society, no special efforts were made in the water and sanitation sector to institute differentiated water tariffs at either national or local level to the advantage of the poor.

62) *The CASA 2002 stated: "Identification of the poor, where they are located and the issues of concern to them are key to any poverty reduction strategy. However, simply targeting a geographical area like a region or district is not enough. There is the need to identify the poor community, household, family or individual as the case may be." The evaluation finds that such an approach goes beyond an approach that a bilateral donor can realistically achieve on its own. It needs the appropriate institutions in place with the right focus. And this is exactly what Danida tried to promote.*

With regard to health, Danida has been supporting programmes that aim at increasing access to health services, especially for the poor and vulnerable, that is pre-paid health financing schemes and exemptions. This support has not only been very great in financial terms but crucial and timely in the operations of the schemes. It can be said that Danida contributed immensely to the major preparatory work for the smooth take off of the National Health Insurance Scheme (NHIS) through support for community-based mutual insurance schemes and technical support for the NHIS. Danida support to the exemption has enabled poor and vulnerable people, including pregnant women, to have access to health services.<sup>63)</sup> As for transport, more recent studies indicate that better roads will not automatically have 'trickle down' impact and translate into poverty reduction *via* improved access to services and improved livelihoods, as assumed by the RSDP. Pro-poor transport strategies are also necessary, an issue that in the end seems to be addressed more directly by sector policies. It is therefore not surprising that there is little direct consideration of pro-poor aspects in TSPS components (there is greater reference in TSPS 2 than TSPS 1). The reasons for this apparent weakness include the following: the Ministry of Roads and Transport and road agencies have few socio-economic specialists or capacity; sector organisations are predominantly managed by engineers who tend to concentrate on concrete 'things'; in a situation of insufficient resources these are concentrated on what are perceived to be core issues (i.e. infrastructure works).

As for the PSDP, the CASA 2002 was of the opinion that the PSDP was not targeted strongly on the decentralised levels, although the critical poverty mass in Ghana is located at the rural and district levels, and among food crop growers. This is still the case. Moreover, the study had already noted that it "was a special programme of Danida, which was initiated in Copenhagen for three pilot countries including Ghana, and consequently did not conform to Danida's strategy framework of supporting Ghana's own initiatives, although attempts were made to tailor it to the needs of Ghana." This is still the case although the programme has recently (2006) been redesigned and better integrated with other business support instruments, aiming also for development of an enabling environment for private sector activities. In principle the programme is pursuing the same objectives as Danida's assistance in general, including poverty reduction. Like the BSPS, the PSDP – now B2B – is supposed to achieve poverty reduction indirectly through the (pro-poor) growth process.

The BSPS aims at an equitable economic growth process and poverty reduction through geographically- and socially-balanced interventions. So far, however, partly due to considerable delays in implementation, interventions have mainly targeted the Accra region. The private sector activities of the programme will in future reach out further than the capital.

63) *The national budget for exemptions was far less than the actual number of exemptions, to the extent that the Northern Region, which performed very well in making exemptions available to clients, received a total of GHC 1 billion to cover exemptions in 2000, whereas total claims for that year amounted to GHC 2.2 billion. Danida financed the difference for that particular year. In addition, Danida disbursed an amount of GHC 1.644 billion to the UWR in 2006 to offset outstanding exemption bills for 2005-06.*

Apart from the PSDP, the part of BSPS supporting the private sector directly and the support to civil society under the GGHRP, Danida sought to work within the existing institutional framework of the sectors. This might “have constrained it in terms of the extent to which it could attain its poverty outcomes”, as the CASA of 2002 noted. In the water and sanitation sector access to water for the poor is hampered by cash contributions and selection criteria that depend on the level of accessibility of target communities to the implementing institutions. On the other hand, using these frameworks to try to build capacity and to influence and support processes related to the development or refinement of sector policies and strategies, as well as piloting of new concepts, are appropriate means of indirectly aiming at poverty reduction, provided that support ends with adoption of such policies and strategies and with mainstreaming of new concepts (as was the case, at least to a certain extent, with the Danish Support to the District Assemblies).

With regard to governance, the Judicial Reform Project reveals mixed reactions to the semi-computerization of six district courts in the three northern regions. The case loads of these courts have not increased as expected, despite the hoped-for expansion which was supposed to facilitate better access for the poor to justice through the formal court system. It appears that the poor are more comfortable with the traditional modes of conflict resolution or using the extended family to settle disputes and conflicts. There is a perception of courts being too legalistic, relying mainly on documented evidence which the poor do not normally have. Additionally, it is perceived that it is only literate persons who can access such courts. Added to this is the lack of knowledge about the hierarchy/structure of courts and how they work. In fact a RDE review in 2005 raised concerns about the range of potential barriers to access to justice for the poor which were not addressed by the sub-component outputs. Also DSDA experience indicates difficulties in translating the considerable capacity development activities into interventions for the poor, but perhaps the support was too short-lived for this to happen.

Another issue is the extent to which Danida support aimed at improving livelihoods through income and production opportunities. It seems as if after having dropped its efforts towards agriculture, Danida did not address these issues as part of poverty reduction efforts, as the CASA 2002 had already stated.

Causes of poverty are multi-dimensional and therefore so must be interventions to reduce poverty. A commonly-mentioned reason for limited poverty impact is that one sector on its own cannot bring about appreciable reductions in poverty. The CASA 2002 already stated that “weak intra- and inter-sectoral linkages in programme strategies, due to the emphasis on individual sectors and sub-sectors in Danida’s programming have constrained the poverty outcomes of its strategy.”

Discovering and using possible synergies between the components of the Country Programmes at different points in time somehow seems often to have become lost in the process of implementation. This is the case for instance in the private sector, where the PSDP has until recently been implemented in isolation from other private sector activities, implying that potential synergies with other Danida business instruments have not been exploited. This has obviously reduced the effect of the PSDP in achieving its intermediate objective and made it somewhat less effective.

Very few attempts have been made to exploit synergies between the three private sector projects or programmes. This is partly due to the unusual aid modalities of the PSDP, making this assistance a stand-alone programme which is neither aligned nor harmonised

with the private sector activities of government and other DPs, and moreover to a large degree separated from other Danida assistance to Ghana. With regard to the BSPS the strong and not successfully balanced focus on harmonisation *vis-à-vis* implementation has tended to weaken the focus on internal programme coordination and possible synergies between public and private sector activities. Recently, in the spring of 2007, initiatives were taken by programme staff to overcome some of these shortcomings.

The CASA 2002 report indicated that in the road sector there is recognition that working too independently of each other by the various players leads to expensive and unproductive disconnects between their efforts and that there is a need for intra-sectoral planning and synchronising of road construction, especially between institutions responsible for feeder roads and highways, as well as for inter-sectoral planning towards poverty reduction. But even in 2007 the individual highway agencies were still not noticeably working together and indeed were spending much time in protecting their “turf”.

CASA 2002 found that “within Danida, the opportunities to work consciously to bring about cross-sectoral synergies within its own assistance to transport, rural water supply and its support for decentralisation (DSDA II), e.g. in the Volta Region, were not optimised.” Although Danida supported decentralisation it did not link up its work with some of the independent governance institutions such as CHRAJ, the Judiciary and Parliament.

In the water sector, a more holistic perspective of integrated water resources management, which encompasses drinking water, water for year-round agricultural production, and watershed and environmental management, could lead to an increase in access to and utilisation of water, as well as improvements in livelihoods and, taken together, a reduction in poverty, but this needs to be studied further.

Danida support for decentralisation appears to have moved faster than has GoG (or perhaps Danida took at face value earlier GoG assurances regarding the commitment to change). However, GoG now appears to be increasing the pace of decentralisation to the extent that previous Danida-supported interventions in water and sanitation and transport could serve as a starting point for replication and expansion in support of wider decentralisation. Finally, given the convergence of sectors at DWD level it appears that an opportunity may have been lost as a result of Danida’s support to the water sector not having included support at DWD level.

*Conclusions:* From the above one may conclude that the results of Danida support in respect of poverty orientation and outcomes are mixed to positive, with some sectors or themes, especially support to decentralisation but also transport and the private sector, achieving well below their potential, owing not least to the absence of policies or policy support. Poverty orientation was clearly and directly visible during the first two Country Strategies, targeting regions with the highest incidence of poverty in Ghana. It might have become less visible, but still remained significant, in the later Country Strategies, where support often succeeded in developing or refining policies and strategies that are pro-poor or pro-vulnerable.

Overall, and also for the period 2003-06, the results of the present evaluation mission thus confirm the findings of the CASA 2002 report which had examined the 1998-2002 Country Strategy and which already stated, “the sector assessments point to mixed results in the poverty orientation and outcomes of Danida support.”

Moreover, it is not only an issue of choosing the right sectors but also of identifying and using potential synergies between the chosen sectors to support actively intra- and inter-sectoral collaboration, thus achieving better poverty outcomes, at least in the long term. It is evident that it is first and foremost the task of the GoG, with support from the DPs, to ensure that such synergies are recognised and exploited. This may require strengthened inter-sectoral and intra-sectoral coordination.

## **9.8 Long-term engagement, sustainability and exit strategies: How to address sustainability?**

*Key findings:* Critical to achieving better poverty outcomes is the duration of Danida's support to a sector, and the emphasis during implementation on making investments sustainable. Generally, Danida has adopted a long-term commitment to the sectors selected for support, which gave room for developing concepts and approaches, for tackling critical issues at a steady pace, and for generating impacts.

However, numerous small projects with durations of sometimes only a few months or little more than a year would have yielded better results if they had been extended and had incorporated a proper exit strategy (DSDA II being a case in point, Danida having pulled out of the districts after four years of support).

Provided exit strategies are properly addressed, there is no definite reason why Danida should stay more than, say, ten to fifteen years in a sector. In general, long time horizons have certainly been appropriate for the health, transport and water and sanitation sectors, and have facilitated the building of systems, capacities, institutions, policies, strategies, and service delivery. It must be noted in this context that Danida's long-term engagement in all these sectors is highly appreciated by beneficiaries at all levels, for example in the transport sector.

Sustainability is a perennial issue directly proportional to the level of resources made available but also to the institutional framework within which a function is carried out. Policies, strategies, an appropriate institutional framework and adequate resources must all be available to permit adequate functionality. There continue to be serious deficiencies in some or all of these prerequisites such that whatever modality of capacity development is attempted, results will be limited and transient. Thus sustainability is at risk, as for example across all components of Danida's sector support to transport. Designing a programme robust enough to sustain such risk is difficult but a long-term period of support may be the only realistic solution.

Projects funded under the Local Grant Authority (LGA) often had too short a life span to be able to sustain benefits beyond direct support (e.g. through appropriate accompanying measures).

While the later Country Programmes stress sustainability in various places, exit strategies<sup>64)</sup> remain problematic:

- In water and sanitation, the move towards more decentralised implementation and district control is aimed at ensuring local ownership and a gradual increase in local investments in the sector at district level with a gradual withdrawal of Danida. However, there is little evidence of increasing DA investment in the sector. In October 2007, i.e. after the end of the field mission of the evaluation a road map for the exit of Danida from the sector has been defined, indicating that direct support to water and sanitation will cease at the end of 2011.<sup>65)</sup>
- In health, most of the promising systems put in place, especially in the Upper West Region (UWR), could not be sustained. However, there are instances where systems and innovative ideas developed (e.g. implementation of “community decision systems” in the Birim North district, which is a replication of the “health committees” concept developed in the UWR and transport system) with Danida support have been replicated either at national level or in some region.
- In transport, the unilateral declaration by Danida in 2003 that support to trunk roads would cease might be considered as a kind of exit strategy, a decision, however, that was received with dismay by the sector institutions although there is a continuing Danida commitment to sector support. Moves towards decentralisation and support for more functions of DWDs, coupled with possible Sector Budget Support, give indications of an exit strategy although, in practical terms, support to rural roads will constitute a significant proportion of support to DWDs intended to be channelled through DDF.
- In the private sector, and with regard to the SPEED Programme<sup>66)</sup>, OECD/DAC 2007 stresses that “the SPEED II programme is not sustainable in its current form, and the Embassy stressed that this institution was a temporary support at the wholesale level to enable service providers to support the retail level. Nonetheless, it remains to be seen whether the joint private sector activities will create an alternative institutional arrangement for what is ostensibly a Danish programme.”

64) *For the purpose of this evaluation, “exit strategy” is defined as “a plan for ending donor support”, either only towards the end of a project or programme cycle, or (preferably) as “a broader concept of exit strategy that includes measures taken earlier in the intervention cycle – in the preparation phase and during implementation – to ensure that the donor will be able to exit in due time without jeopardising the sustainability of what has been jointly achieved.” (Swedish International Development Cooperation Agency, Department for Evaluation and Internal Audit (2005): Exit Strategies – A Concept Note for a Joint Evaluation.)*

65) *E-mail information provided by the RDE on 10 April 2008.*

66) *Support Programme for Enterprise Empowerment and Development, Component 3 of the BSPS.*

- In the case of support to water supplies and feeder roads, the intention is to merge both activities into the decentralisation programme as these activities are transferred to district control (DWDs). At the time of writing this report a Danida support for the period 2009-13 is being prepared jointly by GoG and the RDE, that is a Local Service Delivery and Governance Programme (LSDGP) The LSDGP is seeking to support the decentralisation of tasks and resources to District levels. There will be direct support to district level implementation in respect of water, sanitation and feeder roads for the first three years, after which it is envisaged that support will go through the discretionary DDF. There will thus not be anymore sector-specific funds, but rather a flow of funds directly to the districts for the fulfilment of their annual development plans. The proposed approach (which responds to GPRS II) tries to bring together previous Danida support to decentralisation with sectoral support (water and transport) programmes, both of which have had independent sector approaches to decentralisation.

Throughout the whole programme, there will be capacity-building of the districts to enable them to deliver better services, and also institutional support to and capacity-building of central and regional level agencies (Department of Feeder Roads, Community Water and Sanitation Agency, Local Government Service Secretariat (LGSS) and the DDF Secretariat under the MoLGRDE). The latter support is intended to support the required national decentralisation reforms and systems and enable the relevant agencies better to support the districts in performing their service delivery tasks. The approach is thus not only focused on strengthening of the districts, but also on the systems and agencies at central and regional levels supporting decentralised structures.<sup>67)</sup>

*Conclusions:* Across the sectors of support it seems as if the issue of sustainability and exit strategies needs far more attention than was given during previous programmes, also given the fact that most sectors have already been supported over quite long periods. Merging transport and water and sanitation under the umbrella of the DWDs seems to amount to a kind of exit strategy which, however, risks requiring considerable effort and long-term engagement. Moreover, it is evident that progress in that aspect will require adequate policy and institutional frameworks to be in place, support to which has been planned, and appropriately trained and qualified human resources, be it at the level of the supported institutions or at the level of civil society, equipped with the skills and capacities needed to tackle poverty reduction at all levels.

<sup>67)</sup> *Information from RDE, April 14, 2008.*

## 10. Assessment of Danida support for individual sectors

This chapter presents the main conclusions and recommendations as formulated in the TPs. Detailed findings can be found in the TPs. The chapter is complemented by presentations and assessments of sectors or issues which, by agreement, were not extensively covered in TPs. For agriculture and energy, the presentations are mainly based on document reviews while the role of the Local Grant Authority was also examined and analysed during the evaluation mission.

### 10.1 Transport

The main themes of Danida's programmes of support to the transport sector comprise participation in policy development, support for development of sector strategies, contribution to donor coordination, promotion of transparency and regulation, development of human resources, support for decentralisation and development processes, and rehabilitation and periodic maintenance. Danida disbursed to the transport sector some DKK 579 million over a period from 1999 to 2006.

Support from 1990 to 1998 consisted of a project approach to supporting ferry transport on Lake Volta (including rehabilitation and spares for three ferries and one cargo/passenger vessel, plus construction of concrete access ramps) and feeder roads (including TA and capacity development). Thereafter a sector programme approach was adopted for TSPS 1 & 2 (Transport Sector Programme Support 1 from 1999-2003, 2 from 2003-08) involving continuing support for maintenance and rehabilitation of feeder roads (plus support to decentralisation of Department of Feeder Roads (DFR) responsibilities, programming of Road Maintenance Programming and Budgeting System and training for DFR and contractors), support to DWDs, trunk road rehabilitation and institutional support for road safety and environmental issues.

*Key findings:* Despite an absence of nationally-approved transport sector policies and institutional inertia in the highways sub-sector over most of the period considered by the evaluation, Danish sector support has been among the most consistent and focused of all the donor inputs to the sector. Although the programme has matured over the years there has been a predictable and highly relevant focus on improving and sustaining basic access to facilities and transport, especially in rural areas as a means of facilitating rural development and economic growth, thereby contributing to poverty reduction.

Danida's programme is fully coherent with higher level strategies such as the GPRS I & II and the RSDP, is relevant to sector needs, is fully coherent with other sector donor programmes, and is highly predictable. Donor coordination has consistently improved over the programme period but there has been little progress on harmonisation of procedures or use of national systems. The choice of regions for TSPS 2 was highly relevant to targeting of poverty in a region of above-average poverty levels although the choice of the southern sector districts for TSPS 1 seems to have been based more on logistical pragmatism than any consideration of poverty levels. In both programmes support to DWDs



was combined with support to rehabilitation and periodic maintenance of feeder roads, combined with community access interventions.

Whilst not of the same direct relevance to poverty reduction, Danida support to road safety is highly appropriate whilst support to the development of emission control is less so and support to related policy development and institutional change (not taken up) may have longer term significance with the eventual adoption of sector policies aligned to GPRS II. Sector capacity development efforts are highly relevant to major capacity constraints but capacity development support by most sector donors over more than a decade has been disappointing as arguably these constraints have as much to do with the lack of resources made available to sector institutions as with a lack of individual capacity. Training of private contractors in this context can be considered good practice but the lack of work continuity and late payments have reduced the impact of such training supported by Danida. However, the overall effectiveness of Danida support to the private sector is difficult to gauge given the paucity of information and monitoring data. Danida sector support is relevant to cross-cutting issues at the policy level although this seems to have been less easy to translate to the lower project level where some of the issues become less precise (e.g. gender issues), with the result that relevance was reduced and mainstreaming not achieved, apart from raising awareness of HIV/AIDS.

Targets set have usually been achieved but have been subject to time delays. Reaching a satisfying effectiveness level remains a challenge in a context involving provision of support in a sectoral and institutional environment in which, despite major efforts by the donor community including Danida, did not really evolve to match sector needs. For instance, decentralisation continues to be a slow process, capacities being uniformly low; TSPS interventions in connection with decentralisation (i.e. support to DWDs) have been effective in improving fragile capacities at district levels but this may be threatened by the institutional weakness of LGSS as the putative 'home' of decentralised institutions. Moreover, feeder roads rehabilitation has been consistently constrained by the Department of Feeder Roads' (DFR) institutional capacity. However, given these constraints, Danida aid modalities (with the exception of tied aid for consultancy services and contractors) are perceived as effective given the current institutional situation. It must also be noted that Danida's contribution to problem-solving has been a feature of a flexible management style that is much appreciated by sector partners.

There have been high initial impacts of all physical interventions with considerable employment generation due to the use of labour-based methods in feeder road construction, although impact assessment (on poverty) is impeded by lack of documentation. High impacts are reported especially at community level and in road safety. This also applies to the support for the Lake Volta ferries, which resulted in high immediate impact as the revitalised services allow hugely reduced journey times and improved access to markets and services and, importantly, allow the 'bridging' of socially coherent groups separated by the lake waters)

Overall, therefore, Danida's continuous support for the transport sector has increasingly contributed to social development and economic growth facilitated by improvements in accessibility and transport services, especially in rural areas. Unfortunately quantification of the impacts of such support on poverty reduction is only now being improved through development of transport indicators and better application of social impact techniques. Recent work on developing monitoring indices and monitoring and evaluation (M&E) systems has helped quantify the development impact of road sector investment; and early

analysis confirms that road sector investment in rural areas needs to be accompanied by other related interventions to maximise impacts.

It should be mentioned that Danida found solutions to difficult situations that tended to turn out to be for the benefit of the stakeholders involved. The manner in which serious contractual complications on the Kumasi-Konongo road were resolved show a level of commitment and flexibility (by Danida, Ghana Highway Authority, contractor and consultant) which could justify a case study with a view to determining whether similar dispute-resolution techniques could be used on other donor-funded capital works contracts in Ghana (and elsewhere), although it is possible that this outcome would not have been possible under some donor procedures.

*Conclusions:* Whilst road maintenance activities might continue on the basis of national Road Fund financing, capital works can only be continued with donor funding. Human resources, safety, environmental and non-motorised transport aspects are also largely dependent on donor funding. Sustainability of investments is at risk across all components of Danida sector support owing to lack of maintenance, institutional shortcomings and lack of resources. Moreover, axle load control continues to falter, resulting in accelerated deterioration of road surfaces, to the extent that many roads continue to deteriorate prematurely and require early rehabilitation. Overall, therefore, there remains a need for donors to further support the transport sector in Ghana, but, on the other hand also a need for GoG to allocate more resources to road maintenance and to strictly control axle loads in conformity with its own regulations. Danida, having made valuable contributions to sector programmes, and in some ways ‘punching above its weight’, should continue its support. However, there is a need for exit strategies based on progress milestones or assumption of responsibility rather than time-scale. Given the development of a national poverty reduction strategy, support for feeder roads and decentralised services is increasingly relevant while, as the condition of the major road network improves, the need for trunk road rehabilitation for sustaining of national and international connectivity becomes less urgent (although continuing maintenance neglect would be a threat). Regarding decentralisation, institutional ownership of the emerging decentralised service delivery structure (i.e. LGSS) is evident but on the other hand there is little evidence of accompanying capacity or resources to manage this process.

*Recommendations:* Thus, for continuing sector development it is crucial that GoG expedite preparation, approval and implementation of new sector policies and strategies (including long-expected institutional reform) which would inform moves towards sector budget support or a SWAp. Apart from its envisaged support in the framework of the Local Service Delivery and Governance Programme, Danida could thus support implementation of approved policies and strategies including continuing support to road safety, a transport indicator database and emission regulation (but not enforcement without credible policy and strategies for enforcement); and at the same time engage in continuing policy dialogue on these issues. Within this policy and institutional framework future Danida support to the sector should include widening of support for DWD roll out (for all sectors operating at this level) although the starting point must be the current situation. In this context, the current moves towards institutional support of LGSS by basing the Team Leader of current TA to TSPS in LGSS are endorsed, but considerable longer-term support is likely to be essential. There is also definitely a need to link up this support with Danida support to MoLGDRE and the Decentralisation Secretariat, thus creating synergies between these two pillars of support.

Danida support to rural access interventions and intermediate means of transport should be increased in terms of budget and geographical coverage where local commitment to operation and maintenance is expressed, and there should be investigation of low-cost surfacing options for strategic feeder roads using contract documents and specifications that are methodology-neutral but facilitate the use of labour-based techniques for routine maintenance where appropriate. Issues considered to be cross-cutting should be defined for future programme support and a time-bound issue management plan prepared with implementation indicators.

## 10.2 Water and sanitation

Denmark has directly supported water supply and sanitation in Ghana since 1993, and water resources management since 1997. Over that period a total amount of DKK 991 million has been committed to the sector through varying programme and project support, of which over 75% has already been expended. The major focus of Danida support over the period has been improved water access, particularly for rural communities, institutional strengthening and capacity development across the sector, and promotion of integrated water resource management with emphasis on decentralised approaches.

*Key findings:* Support to the water sector is given on the basis of sector programme support which to a large extent has elements of a SWAp approach with earmarked funds for various programme components such as integrated water management, policy management and monitoring support. At the same time support is regionalised, that is to say given to specific selected administrative regions for implementation at district level. The absence of an overarching sector policy over long periods has been one of the main reasons for the very slow move towards SWAp which Danida has, since the 2004 Country Programme, indicated as the preferred aid modality in the water sector.

For improved water access, Danida's focus has been on supply to rural communities and this has progressed steadily over the years. Danida's specific interventions in water supply is considered effective but overall effectiveness in tackling the water and sanitation problems is limited by the generally low investment in the sector, especially by GoG. Danida's support has been acknowledged at all levels to be effective in its delivery mechanisms and implementation has followed agreed paths. In specific communities, the impact of water supply is quite apparent, ranging from reduced time spent in fetching water to eradication or reduced incidence of water-borne diseases. However, the recent resurgence of some water-borne diseases in other parts of Ghana, outside the areas supported by Danida and unreached by other project interventions, is an indication of the magnitude of the effort still required to maintain the desired impact in water supply across the country.<sup>68)</sup>

68) *The resurgence in Guinea worm infection in particular has been attributed to the inadequate water supply in Northern Ghana, the inadequate effort in awareness creation among endemic communities and the less than adequate commitment to fighting the scourge As noted by President Jimmy Carter ... "Ghana must do more to raise public awareness and ensure a sense of urgency to finally put an end to the social injustice of Guinea worm, an unnecessary and preventable disease. ... The country has the wealth and ability to eradicate Guinea worm disease. But there needs to be more commitment of officials and health staff at all levels to keep people with Guinea worm disease from contaminating sources of drinking water." (Press Release; Fight Against Guinea Worm Disease: President Carter, Ghana Ministry of Health Issue Urgent Call to Action. The Carter Center. February 8, 2007)*

Capacity development has been a cornerstone of Danida support at all levels in the sector. Danida has been instrumental in supporting the establishment of the Water Directorate and the development of the National Water Policy resulted from the steady support from Danida which provided all the funding needed in the process chain for policy development. The institutional capacities of the various Water Resources Information Systems institutions, WRC and the CWSA have been built to the extent that they are now very effective in delivering their various mandates. Similarly, district level capacities for project management and decentralised administration have also been focused on. At community level the capacity of Water & Sanitation committees in the management of water and sanitation facilities has been strengthened.

Support by Danida in the sector is considered highly efficient. The development of a sector-wide monitoring framework and support through the Policy, Monitoring and Management Support (PMMS) component provides a good basis for improved efficiency. Capacity development in the institutions has also improved efficiency. Flexibility in the disbursement mechanisms allows for more efficient implementation of projects. Budget allocations are made on the basis of agreed proposals and accounting for disbursement is also done efficiently.

Overall, the Danish support to the water and sanitation sector (WSS) in Ghana has been consistent with national policy. Many policy and institutional development issues have been addressed and the rate of implementation has increased. In the sector Danida has shown itself to be a flexible and reliable partner, providing significant support not only in the provision of water facilities but also in its commitment to capacity development in the sector. Danish support has made a significant contribution to access to clean water (and to a lesser extent sanitation). Danida is a pace setter in the implementation of decentralised water supply and private sector involvement in the construction of water and sanitation facilities. In terms of Integrated Water Management, the Danish support remains to date the only significant investment in that direction.

*Conclusion:* It is worth noting that GoG investment in the in the water sector remains very low. The 5% level of investment is inconsistent with the oft-stated government position of water and sanitation being a priority sector. A refocusing and prioritisation of water and sanitation as a means to poverty reduction is needed from GoG, necessitating a higher budgetary allocation to the sector, for instance as part of a preventive health care allocation. Additionally, for better quality service delivery, decentralised implementation of water delivery is inevitable for effectiveness and Danida's commitment in that direction is unquestionable. However, the current capacities at district assembly level present major challenges to delivery at that level.

Concerning sanitation it is important to point out that coverage is very low throughout Ghana and disposal of solid waste remains a tremendous challenge to all district assemblies. Over the period Danida's investment in the sanitation component of programmes has been slightly below 20% of its total commitments to the sector. The current approach of targeting attitudinal and behavioural changes in sanitation through hygiene education targeted on school children is a longer-term strategy of which the impacts can only be measured in the future.

The model of support to the Water Directorate and also to the WRC, in which the establishment of the Water Resource Management Account has increased sustainability, is a worthy example of how institutional strengthening of public bodies can improve performance and create synergies in the sector.

The Coalition of NGOs in the Water and Sanitation Sector (CONIWAS) has the potential to help promote the optimal contribution of NGOs to sector development. The organisation could also play a role in checking the increasing incidence of non-compliance by NGOs with the National Community Water and Sanitation Programme. However, with limited resources from member contributions and little support from the PMMS component, CONIWAS is unlikely to fulfil its expected mandate.

*Recommendations:* As a first step in ensuring sustainability, a refocusing and prioritisation of water and sanitation as a means to poverty reduction is needed from GoG, and this will necessitate a higher budgetary allocation to the sector, for instance as part of a preventative health care allocation.

Danida should support design and implementation of a clearly thought out capacity development programme for all DWD responsibilities as well as for the other technical agencies, as part of decentralised delivery through the assemblies. This will also require a programme of reorientation of key District Assembly personnel such as the DCD, the DFOs and the Planning Officers.

With the setting up of the Water Directorate, the passing of the National Water Policy and the steps being taken towards clarifying the policy framework and strategies for implementation, a more coordinated sector is expected. This will provide opportunities for more sector-wide support. Effort should now be channelled into an accelerated implementation of the national water policy. Danida should provide support for the roll-out of the policy and the Water Directorate should provide leadership in developing a SWAp in the sector based on the policy. Harmonisation of approaches across the sector would promote the effectiveness of CWSA in playing a more facilitative role, which is currently frustrated by multiple approaches employed by different external support agencies. The Water Directorate also needs to exercise leadership in this area.

A national policy framework is needed for the implementation of interventions in environmental sanitation and innovative concepts should be developed for household sanitation in particular. Danida, in concert with the other DPs in the sector, should concentrate efforts on supporting the formulation and implementation of such a policy in sanitation akin to the water policy. Having been subsumed under the water sector, sanitation receives less than adequate attention and funding. It is recommended that in future programmes, sanitation be considered on its own merit and treated as a sector.

Lessons learned from the support to WRC and the establishment of the Water Resource Management Account should be applied to supporting the Policy Directorate of MoLGRDE to create a suitable innovative funding mechanism to sustain it.

Any support to a sector-wide programme should consider the NGO sector as an important ally in the achievement of the sector's targets and make provision for core-funding of such a coalition. Although Danida's intention is to move towards the LSDGP, such support would still be relevant. Danida might also encourage other donors to provide funding for the coalition.

### 10.3 Health

During the period covered by the evaluation (1990-2006), Danida provided support for the implementation of three major programmes in the health sector, and had spent a total of DKK 794 million as at December 2006. The direct project support adopted during Phase I (1994-97) shifted to a SWAp in subsequent phases. An estimated 66% to 75% of Danida support to the sector was channelled through the health account for the implementation of the Medium Term Health Strategy / Programme of Work. Earmarked funds ensure sustainability of ongoing Danida activities, maintain some visibility and secure funding for areas of crucial importance to the success of the POW II which would otherwise be at risk of being sidelined. The poor and vulnerable have been the major focus of Danida support in the health sector and Danida has succeeded in contributing to increased access to health services for the poor and vulnerable through exemption and community insurance schemes. Development and implementation of the sectoral policies and strategies, development of health systems, infrastructural development, and capacity development have been the main intervention areas of Danida support to the sector.

*Key findings:* Danida support to the sector has been relevant and consistent with the national and sectoral policies and strategies of Ghana and addresses priority health needs (capacity development, access to health care, improved health status and primary health care). The effectiveness of Danida's contribution through the SWAp can only be measured through an assessment of the entire health sector performance, although some level of attribution can be made; the failure or success of government with the SWAp is a failure or success of Danida. Generally, however, the earmarked support to the sector has been effective in building systems and improving access to health services. Danida investments in capacity development, health infrastructural development including construction and rehabilitation of health facilities and Primary Health Care (PHC) Training Institutions, strengthening of districts and sub-districts, and the establishment and development of the Estate Management Unit, have all been highly effective. The support for fellowships for postgraduate courses outside the country has contributed to achievement of the programme objectives.

The development of a sector-wide monitoring system with harmonised indicators has provided a good basis for improved efficiency. Flexibility in the disbursement mechanism through the Health Fund allows for efficient implementation of programme activities. Inadequate investment in service delivery of the health sector by GoG is however affecting efficiency.

Overall, the impact of Danish support to the health sector in Ghana has been substantial; the support has contributed to increased geographical and financial access to health services, improved quality and efficiency of health services, increased enrolment in PHC training institutions, and general utilisation of health services. Impact on some health outcomes over the period, for example infant, under-5 and maternal mortality levels, has been positive, although there has been recent concern about stagnation or downward trends in some of these outcomes. The evaluation aligns itself with the recommendation of the Human Resource Development Report (UNDP 2007), which indicates that greater investments in basic social services, especially in deprived and poor areas; education of parents; improvements to nutrition and sanitation; and adequate provision of safe drinking water, especially for poor, deprived communities and excluded groups; will all contribute to reducing infant and child mortality.

The sustainability of Danida support was open to question, and the doubts have proved justified in a few instances. Some of the promising systems put in place, especially in UWR, could not be sustained. There are, however, instances where systems developed by Danida in other regions have been replicated either at the national level or in other regions. Cross-cutting issues such as environment, gender and good governance and HIV/AIDS (a priority issue in Danish development assistance) are relevant to the health sector, and these are being mainstreamed into the support programme.

Donor coordination in the sector has consistently improved over the period and Danida is a major player in donor coordination in the sector. Harmonisation of procedures, use of national systems and alignment of programmes have all improved over the period.

*Conclusions:* Overall, Ghana's health sector has seen improvements in many spheres over the last 17 years. Danida's contribution to the major changes in the health sector during the period under review is significant; these changes included institutional reforms and development of a vision for health service delivery policies and procedures that aimed at a transfer of service delivery to district level and at the introduction of the NHIS. During the same period the MoH pioneered the SWAp approach, harmonised programmes in the sector and enjoyed flexibility in funding from its partners. Moreover the Ministry has been in the driving seat; it initiated, leads and owns the sector programmes. Dialogue between donor partners and MoH improved considerably and a common funding mechanism was adopted for all donor partners. Danida had a strong voice and influence.

In spite of these achievements, major constraints in the sector include stagnation or worsening of some health outcomes, particularly those relating to infant, under-five and maternal mortality; a brain drain of health professionals, especially medical officers and nurses; a continued lack of career development for certain categories of health professionals, for example Community Health Nurses; and inadequate and infrequent releases of funds for services, especially at district and sub-district levels.

In conclusion, Danida support to the health sector has contributed to increased access to health services, improved quality and efficiency of health service delivery and strengthened district capacity to plan, budget and monitor programme implementation. The support has also helped the MoH build up health systems in the sector, which has contributed to improved quality and efficiency of service. Danida's continued support to the sector is still relevant to achieving the goals of the health sector policies and programmes.

*Recommendations:* Danida should continue to extend support to the capacity development efforts in the sector, especially in the areas of short- and long-term TAs, external postgraduate programmes and implementation of the NHIS. Government should increase central government funding for services and ensure improvement in disbursements, especially at district level. Danida and other donors could use the policy dialogue to discuss with government the possible setting aside of a certain proportion of the health sector budget for service provision, especially at district level. Government and DPs should take immediate measures to address the stagnation or worsening situation in respect of selected health outcomes to ensure that the country meets its MDG targets.<sup>69)</sup>

69) *The decreasing funding for service delivery (in spite of increasing funding to the health sector) and the brain drain of health professionals seeking 'greener pastures' outside the country or moving from the more deprived areas to wealthier areas may have contributed to the worsening situation.*

Incentive packages should be instituted and sustained for Private Health Care (PHC) professionals, to stem the brain drain. Government, with support from DPs, should address the lack of career development for certain categories of health professional such as PHC providers. The Human Resource Division of MoH should be supported in implementing the new approach to human resource planning, development and management that it has developed.

#### **10.4 Private sector**

Danida has assisted the private sector since 1992 through three fully separated programmes, using very different aid modalities:

- 1992-2001: Financial Sector Support via three consecutive projects, contributing to capacity development and institutional upgrading centrally and locally, in particular by the network of rural banks.
- Since 1993: PSDP on a business-to-business basis, supporting commercially feasible partnerships of a long-term, mutual nature between Ghanaian and Danish enterprises; revised as the B2B programme in 2006, and integrated with other Danida business support instruments.
- 2003-08: Business Sector Programme Support (BSPS), providing capacity development to public and private institutions in support of the development and upgrading of an enabling environment for private sector activity. Since 2006 the public sector part has been funded by a multi-donor 'pooled fund mechanism'.

*Key findings:* All parts of the Danida assistance to the private sector have been clearly relevant, supporting the persistent drive of the Ghanaian authorities since the 1980s towards improved private sector economic activity, growth and poverty reduction, initially through the SAP of the ERP and later through 'Vision 2020' and the GPRS I. The financial sector projects and in particular the BSPS have been closely aligned with the policies, plans and procedures of the GoG as well as closely harmonised with the activities of other donors. This is not, however, the case with the PSDP that until recently (2006) was basically a stand-alone programme thus making it somewhat less relevant.

##### **Financial Sector Support (FSS)**

From 1992 Danida took part in FSS in Ghana, offering management training courses as part of the Bank of Ghana (BoG) programme for modernisation of the sector, recognising that the private sector had responded more slowly to the ERP than expected. In 1993 long-term support up to 1998 started, with eventual appropriations totalling DKK 17.8 million. The third phase (1998-2001) was seen as 'a logical continuation of the previous assistance', gradually targeting Danish support more directly on the rural population, and also supporting targeted rural banks and partially micro level activities (budget: DKK 15.2 million). The FSS was implemented as traditional projects, and sequenced in such a way that the focus was shifted progressively from macro-, through meso- and then partially to micro-level, ensuring that the interventions of the different phases were mutually supportive.

*Key findings:* The FSS was efficient and effective during the first two phases, but unforeseen institutional changes in the Ghanaian financial sector made implementation of the



third phase somewhat problematic. These obstacles were, however, treated in a flexible way and altogether the projects were able to achieve positive impact on capacity development in the banking sector, identifiable impacts being the established National Banking College and capacity development in the banking sector as such, including BoG and the ARB, which may be sustainable with the recent consolidation of the ARB Apex Bank. The FSS was a precursor of the multi-donor Rural Financial Services Project sponsored by International Fund for Agricultural Development, International Development Agency (IDA) and AfDB which started in 2001.

The conduct of pilot activities within micro-finance was stipulated as a separate output, described as 'an investigation into new methods to target the poorest and least organised groups, thus also indicating a future focus area for Danida. The gender aspect, with credit facilitation particularly targeting women, was explicitly stressed. Unfortunately, these objectives were apparently never addressed in implementation.

### **Private Sector Development Programme**

In 1993, Danida decided to initiate the PSDP for a three-year pilot period in India, Zimbabwe and Ghana based on a collective draft for the three countries. The basic motivation of the programme was to find ways of supporting private sector development, recognising that in a number of countries a transition from State-governed to market-led economies was taking place.

The PSDP was made permanent in 1996 with wider country coverage, but still with a universal design without country specificity, that is by definition tied to partnerships between local and Danish enterprises, addressing only fully feasible commercial projects, complying with market conditions and thus limiting Danida staff to a facilitation role. The programme employs direct funding, mainly as grants of up to 90% of expenses, although up until 2006 also with a loan facility.

Key findings: At the end of Phase 2 in 2001, an evaluation of the PSDP concluded that the programme lacked impact on private sector development as such, further recommending a programme redesign as well as reconsideration of objectives and strategy. Only, however, in follow-up to comprehensive Danida reviews and analyses in 2005, focusing in particular on the 'McDonald-concept' of the PSDP, was the programme redesigned and renamed B2B, maintaining the focus on projects with Danish partners, but redesigning instruments in a country-specific way and integrating them with other commercial instruments both locally and within the MFA. At the RDE, Accra the Business Unit was formed in 2006 in response. In Ghana approx. DKK 200 million within the PSDP has been disbursed since 1993.

The present evaluation, focusing in particular on the performance of the PSDP since 2001, basically confirms the conclusions of the 2001 evaluation. Until recent redesign, the PSDP explicitly neglected any sector focus, had little or no focus on cross-cutting issues – with the exception of environmental concerns – or on other country-specific objectives in the design of the programme, which makes it impossible to assess thoroughly its effectiveness in Ghana. The evidence suggests, however, that the PSDP is somewhat less effective when judged by the rather low rate of mutual, long-term partnerships established, the reason probably being a depressed business climate in Ghana. But even in later years with more vibrant economic circumstances, results have been in decline. It must also be noted that the criteria for accepting partnerships have been applied in a very 'flexible' way, while the loan facility, from its start in 1994 through most

of its 10-year duration, was administered in an unduly generous way, frustrating later efforts to retrieve outstanding debt and thus realising a very high grant percentage in spite of the declared principles. However, for the main partnerships established enterprise survivals have been fairly high, indicating successful technology transfer and capacity development for individual enterprises.

Impacts are, however, mixed, with rather positive results for technology transfer and capacity development of individual enterprises, but also revealing that the contribution of the PSDP to strengthening private sector development in Ghana was low and sustainability of results thus also mixed. The prospects for achieving the 2008 targets of the Country Strategy do not appear promising. It should be noted that, until the introduction of B2B (2006), it was not part of the programme objective to achieve a direct impact on poverty reduction.

### **Business Sector Programme Support**

The BSPS was launched in 2003, coinciding with the GoG's implementation of its policy of treating the private sector as the 'Engine of Growth' and the current decade as the 'Golden Age of Business', emphasising the role of the private sector in reducing poverty. The BSPS pursues a pro-poor strategy with the development objective of 'equitable growth in production and employment achieved through development of a competitive and vibrant business sector', its rationale being public and private capacity development for furthering of an enabling private sector environment. Initially the programme was designed with four intervention areas: 'legal reform', 'business culture', 'business instruments' and 'market access', later (2006) extended with a fifth area: 'labour market'.

*Key findings:* Since programme inception in November 2003 BSPS implementation has been influenced through major external developments in GoG Private Sector Development Strategy (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 the BSPS, transferring public sector interventions to joint PSDS implementation under its Oversight Committee and to multi-donor 'pooled funding'. Outside joint implementation remain those parts of the BSPS which are being funded directly. Changes have impacted adversely on the pace of implementation, limiting programme disbursement by September 2007 to only DKK 90.6 million (44%) of the total DKK 205.2 million budget.

The basically laudable efforts by the RDE in alignment and donor harmonisation have contributed to this outcome, thus necessarily also reducing efficiency and limiting impacts to date, and highlighting the dilemma of 'timing' in such efforts, while in the longer run it is expected that these efforts will pay off. Periodically it has tended to crowd out ordinary implementation activities and is a major reason for the serious, although varied, delays experienced. BSPS programme staff are generally lauded by DPs and stakeholders for their commitment and flexibility, but a general lack of adequate staffing resources is also acknowledged, probably accentuating the impasse in balancing harmonisation and implementation of BSPS activities.

Also, the varied and changing BSPS aid modalities have been an important factor in delaying implementation and reducing the quality and quantity of the results achieved. However, interventions relating to the CC have been successful and clearly effective, contributing to faster commercial conflict resolution, albeit experienced exclusively in the

Accra region. Also the BUSAC Fund<sup>70)</sup> has been effective in strengthening the advocacy capacity of the private sector, probably contributing to enhancing public-private dialogue, although interventions are still lacking in geographical outreach.

In contrast the seriously delayed SPEED support for business instruments cannot be assessed as effective and the lack of risk-neutralising incentives may lead to crowding out of the socially and geographically most vulnerable enterprises. The capacity development thus produces a mixed picture of outcomes.

The IDEAS Fund (Innovation and Development in Enterprise Assistance Scheme) may have strengthened the capacity of business development service providers, in particular through the Small Business Services Network, but reaching out to BSPS target groups of Micro, Small and Medium Enterprises (MSMEs) may require changes in SPEED interventions so as to better balance commercial principles with development concerns.

Overall impact is rather low and only parts of the 2004-08 Country Strategy targets for the BSPS appear to be achievable. Sustainability of the CC needs authorisation for retention of fees sufficient to cover its costs, and in other respects, too, BSPS's impact on private sector activity will only become sustainable with further institutional support from the GoG. As for cross-cutting issues, the BSPS focus is rather weak and only recently have efforts been made to deal with major shortcomings.

*Conclusions:* There is a need to overcome the separation of micro-(B2B) interventions from those at macro and meso (BSPS) levels. In this regard, guidelines are needed for resolving conflicts in B2B modality principles, for aligning it with GoG policies and procedures and for coordinating with BSPS interventions. In particular, for the Ghana PSDP there is a need for better-documented results, documentation having been insufficient throughout the life of the programme.

Regarding staffing at both implementing agencies and the RDE, the evaluation noted – as did the OECD/DAC review team – the exceptional workloads, leading to less-than-optimal programme monitoring, mentoring and follow-up. This also relates to the conclusion that BSPS timing of efforts, in alignment and harmonisation, both present and future, needs to be better balanced with possible implementation progress.

Furthermore very few initiatives have been taken to exploit synergies in and between private sector interventions implemented during the evaluation period, an issue that also needs to be addressed to increase potential impact.

Last but not least, enhancing pro-poor economic growth and decentralising private sector activities in Ghana will need an increased focus on how to boost agricultural development.

*Recommendations:* To further develop the implementation efficiency of the RDE Business Unit, a 'tool box' strategy, an action plan and mutual linkage of the separate private sector programme M&E systems should be put in place. In this context, the MFA/ERH should establish more detailed guidelines as well as guidance in how to coordinate better with, in particular, the BSPS interventions, as local staff are only facilitating, not implementing, the B2B projects.

70) *BUSAC Fund: Business Sector Advocacy Challenge Fund, component 2 sub-component of the BSPS.*

Regarding the Ghana B2B programme documentation, a comprehensive set of output and performance or synergy indicators should be established. Such information will also support the coordination initiatives that should be launched by the RDE Business Unit, implying regular and formalised meetings between management of BSPS components and sub-components and linked to the PSDS process as well as the B2B programme. Through appropriate M&E and the PSDS Oversight Committee, coordination of public and private interventions for private sector development should also be actively supported.

To cope with these private sector implementation challenges, strengthening of technical staff availability, both locally and centrally, might be an issue to consider; alternatively, reducing the ambitions of the various programmes to more realistic objectives within given staffing levels could be a necessary option.

Furthermore, to improve efficiency and effectiveness in private sector implementation it is important that possible future reductions in transaction costs from improved alignment and harmonisation are not pursued at the cost of predictable increases in transaction costs from reduced implementation efficiency.

Overall and in the framework of the BSPS, support for the Ghanaian authorities' drive for economic growth will require a stronger emphasis on present and future private sector interventions in favour of agri-business development and rural areas, thereby enhancing pro-poor economic growth and the decentralisation of private sector activities.

Beyond these recommendations that mainly focus on improvements in implementation, the next phase of BSPS should explicitly focus on decentralisation, with geographical considerations playing a more prominent role, the aim being an extension of private sector activities to marginalised, poor regions of Ghana.

## **10.5 Good governance, human rights, democracy**

Danida support to Good Governance first began as a scattered and incoherent intervention of Human Rights and Democratisation which eventually, in 2004, became the Good Governance and Human Rights Programme. Overall, DKK 281 million have been allocated to support of Good Governance (corresponding to 7% of the total allocations), out of which DKK 59.5 million was disbursed between 1990 and 1998, that is during the early period of Danish support.

Danida's assistance to the democratisation process and human rights between 1990 and 1998 is characterised by a broad range of rather small-scale projects combined with some strategic input into crucial areas comprising the electoral process and decentralisation. Four major areas of intervention were identified: Justice, Constitution and Legislation; Free and Fair Elections; Media (free press); Popular Participation and Empowerment.

The period 1998-2008 has been characterised by two Country Programmes in which Good Governance and Human Rights have played a prominent role. The focus of the first phase (1998-2003 – "Democratisation, human rights, and good governance") was twofold: (i) Support to public institutions and reforms (electoral process, decentralisation, reinforcement of the Commission on Human Rights and Administrative Justice (CHRAJ)), (ii) Support to CSOs, especially targeting community development and par-

participation, women's rights and empowerment (implemented by Ibis on behalf of the RDE), and institutions for political analysis and advocacy.

The Good Governance and Human Rights Programme, covers a five-year period with an overall budget allocation of DKK 230 million for 2004-08. It is also aligned to the governance objectives of GPRS I and covers contributions to the MDDBS facility, the NDAP, key governance institutions (IGIs) and civil society. This programme is realised variously through the joint-donor funded G-RAP, which provides core funding and support for strategic planning to CSOs operating mainly at the national level, and through support to local community-based organisations working on empowerment, awareness and advocacy for the poor, contracted to Ibis and implemented with the help of annual calls for proposals for projects to be funded by the Civil Society Governance Fund (CSGF). It should be noted that considerable effort was put into the preparation of this programme, encompassing broad consultations with the GoG, IGIs, civil society and other DPs, e.g. during workshops at Atimpoku.

*Key findings:* Overall, Danida support to the GGHR sector has been impressive. Danida has kept faith with the sector and, in cases where no donor has provided the needed support, Danida has stepped in to provide the resources and support. In this context, Danida's support to capacity development and institutional building in general can be lauded as one of its strong points. Danida support to the sector has made much progress in areas where it matters, especially when Danida once took the lead in the donor group on decentralisation.

Danida support is very relevant to Ghana's needs. In some instances policy lessons have been translated into policy programming, for example in Danida's support to districts: capacity development and setting-up of structures at district level have been successful. Moving from there to national level to support the MoLGRDE, in turn through support to the NDAP and the Decentralisation Secretariat, can be seen as a bottom-up approach which must be commended, giving decentralisation a new focus and making it very relevant to the needs of the government. As for institutional capacity at national level, the ability of the Ministry to design and put together a document such as the NDAP and the passage of the Local Government Service Act, suggests that the capacity of the Ministry to develop and conceptualise solutions to the decentralisation process is improving. There is however still much to be done, particularly in implementation of the national policy framework which is lagging behind and out of the control of Danida – and for that matter of other DPs in the sector.

The most challenging aspects of Danida support under the GGHRP have been support to the IGIs. The quality of the cooperation between the Embassy and the various institutions varies, and it has been time consuming and has made little progress in terms of expected outcomes and even budget spent to date, especially regarding Parliament. Danida had programmed the support to be demand-driven by the recipients but it ended up rather more supply-driven as that is what the institutions have been familiar with.

As for the GGHRP, not all the desired results are currently evident. Progress is noted in some sub-sectors but there is room for improvement. Support to decentralisation reform resulted in effective donor coordination and backing. Policy dialogue on decentralisation was vibrant and DPs in the sector sought to align their programmes to the NDAP. However, the political will to go beyond establishment and inauguration of relevant bodies such as the Presidential Advisory Committee, the Local Government Council, and

the Inter-sectoral Working Group has not been that strong. These key bodies have very few operational resources thus constraining their abilities to live up to their mandates. The reluctance or slowness in launching some key reforms such as fiscal decentralisation remains a key challenge in Ghana. The problem of lack of capacity at all levels is still pervasive. Key actors such as the Decentralisation Secretariat, regional planning and coordination units, and district and sub-district assemblies still lack key personnel. At district level, recent staff movements within the Ghanaian Civil Service exacerbate the situation.

There is a clear problem of efficiency in the implementation of some activities in the GGHR sector, not only on the part of Danida but on the part of GoG, the IGI and civil society. This cuts across all components.

Overall, government accountability to the governance institutions may have improved to some extent, probably because the general public now demands it. What one cannot tell is whether it is as a result of Danida support. The impact of capacity development and institutional development of CSOs and CBOs has been very great, particularly CBOs benefiting from support through the CSGF within the GGHRP.

In general, sustainability in the governance sector is rather problematic. In institutions where Danida support has been implemented through the organisations' own structures, there is a likelihood of sustainability, for example the DA and sub-district structures. Danida must be commended that support to IGIs has involved staff of these institutions thereby guaranteeing sustainability when the project support ends. In fact staff of CHRAJ and parliament confirm they have through the project learned a lot with regard to project management which is currently being transferred to other functions within their institutions

Over the last two years, donor coordination was said to have improved. However, issues such as harmonised procedures and other measures to reduce transaction costs are being discussed between DPs which should result in some framework to guide DPs in their engagement with GoG and other institutions. The level of coherence, coordination and complementarity would not fully meet the criteria for classifying the GGHRP as a kind of "Sector Programme" owing to the nature of the sector. Coherence and coordination in the sector is still a long way from being achieved. Apart from the decentralisation sector, the differing roles and responsibilities of the IGIs make it difficult for DPs to harmonise procedures. It is not surprising that support is still projectised, there being little hope of arriving at a form of basket funding in the near future. It is envisaged that the Canadian International Development Agency (CIDA) will coordinate basket funding, particularly with regard to support to Parliament. Discussions are still continuing in the donor governance group as to how this will work.

Donor coordination and backing for the decentralisation secretariat has been encouraging. The policy dialogue has been vibrant and key partners have sought to align ongoing and upcoming programmes with the NDAP. Resource commitments, however, remain a great challenge. The tendency to focus on individual development partners' project-specific objectives and approaches is a critical constraining factor in some cases.

*Conclusions:* Having supported the sector since 1993, from a sometimes scattered and incoherent programme of Human Rights and Democracy to the GGHRP, Danida has over the years reviewed and re-evaluated its strategies and redesigned its programming in

the sector to conform to the needs of the institutions as well as the government of Ghana. This has considerably helped in establishing and providing a platform to engage all the actors in the governance sector that matter. However, governance does not lend itself automatically to linked interventions, not to forget the entrenched self-perceptions of some institutions as superior to others. Therefore, the question remains as to what will be the best way for Danida to support governance. In this regard the evaluation would suggest the following:

*Recommendations:* Danida support to governance would have to remain as it is, that is the IGI's would have to be supported independently from each other until institutional mechanisms within the IGI's are strengthened enough to be capable of innovative development. Currently, a SWAp for all IGI's seems unrealistic, but SWAps for individual IGI's might be feasible. However, there is the need for Danida to support continuous institutional mentoring either from similar Danish institutions or elsewhere, as was the case with Danish Ombudsman for CHRAJ or the Canadian Judiciary support and exchange programme with the Judicial Service. In other words, there is the need to link the IGI's to institutional partners that provide the same kind of service that is professional exchanges in which critical technical mentoring takes place.

For the IGI's the evaluation recommends that:

- support to CHRAJ should be continued as noted in the phase two document on the GGHRP;
- Parliament should be considered for another phase despite the poor showing in terms of achievement of programme objectives;
- although the results of the Judicial Reform Project with regard to the semi-automation of six district courts in the three northern regions are mixed, it is recommended that future support be designed in collaboration with officials of the Judicial Service, ensuring that the intended objectives and results are acceptable to all;
- further continuous support to the Electoral Commission, particularly to the regional offices, should be considered.

Support to decentralisation might be linked to the intended support to LGSS. Support to the Decentralisation Secretariat will have to be continued as it is just beginning to put in place the structures for the DDF to take off. Support to the Decentralisation Secretariat is indirectly support to the ministry. As NALAG is still considered weak and not achieving the necessary desired impact, Danida should undertake further consultations with NALAG, review its support, and if necessary explore other modes by which the institution can be strengthened.

Currently, there is no clear link between the decentralisation component and the components covering support to the IGI's and civil society. The strategy would be to explore a common link to engage CSOs. However, Danida support to civil society (currently implemented by Ibis) and to G-RAP should be continued but funding levels and duration of support per CSO must be increased. Moreover, the CSGF should also aim at increased support to gender-based CSOs and CBOs, as well as to gender-related activities.

Moreover, there is a need to design a Gender Strategy for the GGHRP. Sector institutions receiving support from Danida would then have to tailor their gender interventions to both Ghana's and Danida's gender strategies bearing in mind current steps towards alignment. The Gender Theme Group, made up of representatives of donors and the MoWAC, is already working towards ensuring proper alignment of strategies and prioritisation of gender supported programmes and projects. Targets and indicators can then be agreed upon.

## 10.6 Multi-Donor Budget Support

In June 2003, nine DPs committed themselves to support the GoG in implementing the MDBS within the GPRS framework. Denmark took an active part in the design of the MDBS and decided to participate in the mechanism in order to ensure active involvement in the strategic discussions related to GPRS particularly including issues pertaining to governance. The MDBS was considered as an important vehicle for a joint GoG and DP policy dialogue on key issues, including funding, in relation to GPRS implementation. However, a major shift to general budget support linked to the GPRS was seen as premature, hence the decision to be an active partner in the MDBS but with only a modest contributions of DKK 10 million a year.

Starting from 2004, Danida made biannual contributions to the MDBS, a fixed tranche to be released in the first half of each year, and a performance tranche to be released in the second half of each year. Disbursement of the base tranche was conditional on the government being on track with the IMF Poverty Reduction and Growth Facility programme. Disbursement of the performance tranche depended on the government's fulfilment of the triggers, to be agreed on an annual basis between the GoG and the DPs for the subsequent year. This mode has been adjusted in 2007 from 'in-year' disbursement decisions to a situation where the assessment in year 'n' determines disbursements in year 'n+1'.

In 2006 an appraisal mission took place to plan new Danida support to the MDBS. The team saw Danish participation in the MDBS as complementary to other interventions. They were also of the view that Danish participation provides value added to the MDBS dialogue by providing knowledge of the practical results of cross-sector initiatives at both sector and local levels. The appraisal recommended the continuation and increased levels of Danish support to MDBS amounting to a total financial frame, including reviews and studies, of DKK 250 million for the period 2006-10, increasing annual amounts gradually from the DKK 20 million recorded in 2005 to DKK 70 million in 2010. This second phase of support to the MDBS was started at the end of 2006; it is therefore not covered by this evaluation.

*Key findings:* According to ODI/CDD (2007), the most significant immediate effects of MDBS have been in relation to policy dialogue and conditionality. It has been associated with important improvements in Government policy ownership and prioritisation, target setting and monitoring. MDBS resources seem to have helped the Ghanaian Government to reduce the fiscal deficit and cut the outstanding stock of debt while raising public spending. Moreover, according to ODI, the MDBS "probably had an influence on the decision to create the MoPSR" (Ministry of Public Sector Reform) and its PAF provisions seem to have been helpful in translating general objectives into specific actions. The scope and number of reforms since 2003 has been exceptional and the existence of MDBS has most likely contributed to the intensity of these efforts. However, implemen-



tation has been slow and political commitment has seemed variable and incomplete. With regard to the improvement of the provision of social services with a view to supporting poverty reduction, which was a core motivation for taking risks through budget support, the evidence from results so far is mixed.

With regard to governance and accountability, since 2001 policy-making and budget processes have evolved towards greater involvement of Parliament and Non-State Actors. While decentralisation reforms, at least until recently, had stalled on all fronts – administrative, political and fiscal<sup>71)</sup> – improvements in governance and democratic accountability during the MDBS period have followed a steady, well-established path of ongoing political reforms.

However, the overall role of the MDBS programme has been more one of facilitation than clear-cut influence on any single major outcome. MDBS has provided funds which have helped the Government simultaneously reduce the public debt and raise allocations to poverty-reducing expenditures simultaneously. It has created structures for dialogue on cross-cutting and sectoral policies, helping to generate policy responses to specific concerns and to sustain reform processes. While there is no single area where the MDBS dialogue is viewed as having been decisive, it has been supportive of the pro-poor developments in policy and public spending recorded earlier. It is unlikely that these achievements would have been secured through other aid modalities. MDBS augmentation of budget resources has helped the Government apply funds in response to needs, which earmarked resources could not have done. Similarly, the scope of the policy dialogue could not have been reproduced at sectoral level because it covered important cross-cutting issues. GoG has progressively become much more attentive and there are recent and clear examples where the MDBS group has been able to influence Cabinet decisions. It must be emphasised that Danida played a more prominent role in the donor group (e.g. actively participating in debates) than its modest financial contribution would theoretically lead to expect, actively participating in debates. This has been widely acknowledged by DPs.

*Conclusions:* Overall, therefore, the evaluation is of the opinion that participating in the MDBS was beneficial for Danida, as it has helped in gaining access to information, participating in high-level policy dialogue, and contributing to an aid modality that seems able to create broader benefits than just support at sectoral level, with potentially positive repercussions for Danida-supported sectors (e.g. positive developments in reform processes). The objectives set in the programme document for the first phase of the MDBS support have been fully achieved. The evaluation considers that the rather prudent way in which Danida acted in budgetary terms was appropriate given the considerable risks associated with moving towards GBS. Based on the experience with the MDBS, the decision to continue support and set up a separate programme for 2006-10 out of the MDBS component of the GGHRP also seems justified.

*Recommendations:* Active participation of the Embassy in MDBS meetings should continue. A joint evaluation of MDBS should be undertaken in 2009 or 2010, comparing the performance of the MDBS modality with other modalities, especially sector budget support and SWAps.

71) See also Thematic Paper on “Context and Framework Conditions”.

## 10.7 Gender as a “sector” and as a cross-cutting issue

This chapter addresses both gender-specific projects financed by Danida and gender as a cross-cutting issue, as these are historically very much interlinked in the context of Ghana-Denmark cooperation.

In Ghana the basic guarantees of equality are enshrined in the 1992 Constitution of the Fourth Republic and there have since been considerable efforts at law reform to enhance the status of women in the country. A range of policies and legislation frames the issue of gender in Ghana: Ghana Vision 2020; GPRS I&II and the National Gender and Children’s Policy (2004), the last-mentioned particularly setting the agenda for improvements in the status of women and children within the framework of national development. There has been extensive legislation which has also by and large contributed to the promotion of gender equality and women’s rights and these include the Intestate Succession Law (1985) and the Domestic Violence Law. The Criminal Code of Ghana was also amended through legislation in 1994 (Act 484) and 1998 (Act 554). This was to constitute the criminal framework to help address the concerns of women and children in relation to harmful traditional practices against women such as the Trokosi practice (ritual servitude of girls and young women) and Female Genital Cutting or Mutilation. In this context, the establishment of the MoWAC in 2001 is considered as a major stride towards the institutionalisation of gender mainstreaming in Ghana.

During the period 1994-2005 Danida’s allocations to gender are estimated at DKK 37 million, a period during which focus shifted away from individual, gender-specific projects to mainstreaming of gender into other sectors.

*Key findings:* Danida support for gender-specific interventions has been extremely relevant to the goals and objectives of gender equality, and promotion and protection of women’s rights in Ghana. Direct support for NGOs implementing women’s human rights projects has been very relevant for addressing gender discrimination in Ghanaian society. Danida support for women and gender issues in the period 1990-2006 was also critically relevant, and consistently offered support for projects oriented to the freedom and rehabilitation of Trokosi women and girls. This support, coupled with effective stakeholder collaboration, contributed to the reform of existing laws, for example the amendment of the Criminal Code (1998) and the passage of the Domestic Violence Law in March 2007. Danida has, for instance, supported national attempts to promote gender equality and equity in line with the constitutional guarantees of equality, the GPRS I and II and the National Gender and Children’s Policy, and it especially assisted local NGOs and CBOs in their support for greater focus on women and gender issues (Women’s Poverty Reduction Programmes). Moreover, capacity development in the gender and women’s sector ministry MoWAC has been timely, crucial and relevant. The initial support introduced, and ensured, MoWAC’s adoption of a framework for monitoring the GPRS I and subsequently contributed to ensuring gender mainstreaming in implementation of national gender policies.

It must also be emphasised that Danida support to gender projects has covered the entire country, poverty reduction projects focusing on three poor regions – Northern, Upper East and West – which have higher levels of discriminatory practices against women and girls, especially in family relations. In these parts of the country numerous traditional and culturally discriminatory practices against women and girls exist.

Danida support for gender and women's projects has been very effective. Support for the Promotion and Protection of women's rights has had high impact as interventions have contributed towards, for example, changes in the passage of laws and in the Criminal Code in 1999 to cover enslavement of girls. Also Danida support for advocacy, lobbying and dissemination on domestic violence contributed, along with other influences, to the overall effort, especially the national commitment to the passage of the Domestic Violence Act. Danida's support for NGOs helped in improving their management structures and procedures.

However, the initially high impacts of income-generation projects, such as supply of agricultural inputs and micro-credit projects, suffered from subsequent low repayments of micro-credit, causing benefits to be confined to the project lifespan. This points to sustainability as a major issue for almost all gender-specific projects, but especially to poverty reduction and income-generation projects, and to the fact that the duration of many of these projects was too short to ensure sustainability of impact. Another issue is the high staff turnover in NGOs and also in government MDAs, which adversely affects gender mainstreaming being fully institutionalised in the long term.

The introduction of Danida's new gender equality strategy in 2004 helped to clearly direct Danida's position and strategy in respect of gender mainstreaming in the assisted projects and programmes. The support for projects was very much in line with the MDG goal of halving poverty and also with addressing gender inequality. Danida's gender equality strategy also reaffirmed its position in support of activities directed to addressing negative discriminatory cultural practices including all forms of violence against women and girls. This is in line with the Convention on Elimination of All forms of Violence Against Women (CEDAW), and also the Beijing Plan of Action.

In line with gender mainstreaming as a critical cross-cutting issue, Danida was able to support integration of gender issues into its sector programmes, thus strengthening consideration of gender issues, for instance in the draft health sector gender policy and in the gender management plan for the transport sector. The impact of gender mainstreaming in the water, transport and health sectors clearly relates to general improvements in the socio-economic wellbeing of women, men and children in Ghana, especially in communities, districts and regions which benefited from Danida-supported programmes. The socio-economic component of TSPS II particularly supported gender-specific activities in both the feeder and trunk road construction sub-components. This proved an effective means of mainstreaming gender, supporting women and communities along the road corridor by integrating the particular needs of women into road construction, and thus impacting on the livelihoods of communities and also female vendors. These activities were the first of this kind in Ghana.

As for the business sector, mainstreaming of gender was initially very general, but since 2005 there have been specific attempts to ensure greater inclusion of women. For example a considerable part of BUSAC Fund grantees are females or members of organisations with major female participation, thus contributing favourably to an improved gender balance in private business support. This assertion is corroborated by programme stakeholders at district level and also by government partners and project beneficiaries.

*Conclusions:* Overall, Danida support to gender through gender-specific interventions and gender mainstreaming was strategic and successful in directly and indirectly promoting gender equality in Ghana. There was also significant support to the promotion and pro-

tection of women's rights as well as economic empowerment. These actions were supportive of women meeting the poverty needs of women, men and children in accordance to the Beijing Platform for Action and Ghana's poverty reduction strategy. The gender mainstreaming strategies employed supported the capacity enhancement of individuals and organisations at all levels. Gender mainstreaming in sector support programmes has been valuable but in need of more direction and clearer strategies.

*Recommendations:* Efforts should be undertaken by GoG to scale up promotion of gender equity in line with its National Action Plan and strategy; there is a need in this context to strengthen MoWAC structures at the decentralised levels. Danida could support these efforts, but as a minimum stronger collaboration with MoWAC is required in the sector programmes to further institutionalise gender mainstreaming. Current efforts by the Ghanaian government to undertake a gender budgeting initiative highlighted in the last budget statement need to be greatly commended; support and monitoring by Danida as well as by other DPs supporting gender equality promotion should be considered. In the future, consideration should be given to efforts to identify emerging issues in gender including the achievement of GPRS and MDG goals. As a member of the Gender Theme Group Danida, in partnership with other DPs, should intensify dialogue and lobbying on achievement of gender equity goals. It should crucially support advocacy on women's participation and representation at all levels of decision-making. Moreover, both Danida and Ghana have a commitment to ensuring that efforts at gender mainstreaming are guided by established gender-specific plans, guidelines and strategies for each sector support programme along with clear monitoring indicators. Both need to increase their efforts in this regard. Danida has previously supported NDPC and MoWAC to develop monitoring indicators for gender targets in the GPRS I and these can be adopted for sectorspecific programmes.

## **10.8 Other sectors**

### **Energy**

The most important source of energy in Ghana is biomass in the form of firewood and charcoal, which accounts for more than 70% of total energy consumption. Ghana's electricity supply comes primarily from hydroelectric plants. In the late 1980s Ghana prepared overall guidelines and objectives for the energy sector as laid down in the country's development strategy. In 1989 the Government decided to expand electricity supplies produced at Lake Volta to the entire country by 2020. Two of the long-term goals of the strategy were: (i) establishing an efficient, reliable and integrated energy supply and distribution network, and (ii) diversifying the country's energy-supply base by supporting development and efficient use of sustainable energy resources.

Between 1990 and 2006 Danida spent some DKK 233 million on the energy sector in Ghana in five major projects and programmes and a range of smaller undertakings. Danida's first Country Programme 1993-97 included a main thrust on social and economic infrastructure, and a specific focus on strengthening physical infrastructure in rural districts. Part of the latter was extension of the electricity supply to five rural districts. Danida had already supported the National Liquid Gas Promotion Programme by supplying Liquefied Petroleum Gas cylinders (1992-95).

The intensive phase in energy investment occurred between 1996 and 2001. Major interventions concerned support to the Ghana National Electrification Project, support to traditional energy supplies, and promotion of solar energy.

Up to the year 2000, two projects approved in 1996 accounted for most of the Danida energy sector budget. These were the Danish components of the national electrification project and of the electricity production company's (Volta River Authority) training centre. In 2000 support for the Energy Sector Programme started as a major Danish initiative in the energy sector. Further smaller projects were implemented between 1999 and 2002 under the Local Grant Authority.

However, by 2001 it had become clear that Danida would pull out of energy sector support in Ghana. The Country Assessment of 2002 formulated: "The reason being that in spite of many attempts, it had not been possible for Danida or other DPs to develop a comprehensive sector support programme due to the lack of reforms and the lack of transparency in decision-making related to the sector." The Country Strategy 2004-08 took this further by stating that "losses in the state-owned energy enterprise continued to drain the public budgets to such an extent that it was considered unfeasible to uphold a sufficient poverty focus in the energy sector." This confirms the findings from the Perception Study that Danida is quite content to remain in a sector over a long period, but also prepared to take the necessary decisions if the pre-requisites for support are not put in place, despite a long period of opportunity. Besides the sector-related problems, the fact that Danish aid had to focus on fewer sectors might have influenced the decision to pull out of the sector.

*Key findings:* Overall, Danida's contributions to the energy sector were judged relevant with some reservations as to the Renewable Energy Development Project.<sup>72)</sup> As regards effectiveness, the results were ambivalent, some projects being successful while others achieved only part of their objectives or were even assessed as unsuccessful. Efficiency results were also mixed, with project weaknesses related to complex organisational set-up, implementation delays and weak national institutions. Positive impacts were achieved in capacity and institutional strengthening, and increased awareness of traditional energy sources and renewables. Direct socio-economic benefits related to lighting in rural areas, and improved social services in respect of water supply, health and education. A good level of sustainability was achieved by projects with intensive participation. Others were judged more critically owing to problems in technical design, cost recovery, maintenance issues or negative external influences.

*Conclusions:* Danida's support to the energy sector had ambivalent results, as confirmed by a number of reviews<sup>73)</sup> and completion reports.<sup>74)</sup> Difficulties encountered were caused partly by Danida and partly by the Ghanaian partners, and showed that partner commitment, clear attribution of roles and responsibilities in organisational set-up, and timely implementation are important success factors.

72) *The evaluative assessment of Danida support to the energy sector is mainly based on document review.*

73) *Danida (1998c); Danida-Ramboll (2001); Danida (2001e).*

74) *New Energy (2002); Carl Bro (2002); PB Power Limited (2002); Energy Sector Support Programme (2003).*

A positive lesson to draw from the support is Danida's strength to draw consequences and disengage from a sector after a time of commitment, if framework conditions do not allow agreed aims to be pursued with success.

### **Agriculture and environment**

Ghana's main productive sector is agriculture, dominated by small family units producing mainly for their own consumption and to a lesser degree for sale locally. Local cash crops include roots, maize and vegetables. The country's most important cash crop is cocoa, of which Ghana is the world's second largest exporter. The greatest environmental problems are land degradation, deforestation and reduction in the vegetative cover due largely to shifting cultivation in agriculture, pollution from mines and other industries, contamination of water resources and uncontrolled discharge of waste. Population growth is putting considerable pressure on available land for agricultural production and other forms of land use. For instance, agricultural land availability *per capita* declined from 1.56 ha in 1970 through 1.11 ha in 1984 to 0.74 ha in 2000.

At the beginning of the 1990s the GoG designed sector-wide umbrella programmes to deal with the issue of environmental degradation and management. Two such programmes – the Ghana Environmental Resource Management Programme and the Natural Resource Management Programme were multi-donor-funded and were aimed at ensuring the sustainability of natural resources and the environment so as to provide the right environment for increased agricultural production.

Between 1990 and 2006, Danida spent some DKK 66 million on the agricultural and environment sector in Ghana in three major and some minor projects and other NGO undertakings implemented through framework agreements. The major projects were undertaken alongside other donors which were supporting different components of the programmes, Danida's support for these programmes mainly focused on building the capacities of the respective institutions.

Agriculture as a sector was struck out of the country assistance programmes as Danida focused on fewer sectors at the beginning of the Millennium. Environment has also been considered as a cross-cutting issue since 1998 and has been mainstreamed across all sectors, with no specific environmental sector programmes running at the time of writing. Since then agricultural projects of over DKK 2 million have been implemented only through framework NGOs, that is outside the Country Programme framework.

*Key findings:* Danida's contributions to the agricultural and environment sector were judged relevant<sup>75)</sup> while they lasted. The different projects were judged to be effective in meeting their set objectives but at the same time recognised as incapable of addressing all the issues they were designed to handle. Regarding the efficiency of the projects, considerable delays in implementation were noted (except for the projects implemented by NGOs), mainly due to joint financing difficulties. To the extent that the projects focused on building capacity the sustainability of the agricultural and environment projects was assured. To ensure the sustainability of project activities, the projects were integrated within existing institutions and supported the process of organisation and coordination and directly involved the institutions and staff in the responsibility for implementing project activities.

75) *The evaluative assessment of Danida support to agriculture and environment is also mainly based on document review.*

*Conclusions:* Given Danida's focus on poverty reduction and the fact that poverty in Ghana is most prevalent among small crop farmers, the withdrawal from the agricultural sector seems paradoxical. This takes on even bigger significance when viewed against the priority Ghana gives to agricultural improvement as a major strategy for poverty reduction. A focus on the sector with an emphasis on support to small-scale farmers could have had a direct impact on poverty reduction. It is understood, however, that one of the reasons that informed Danida's shift from the agricultural sector was the large number of other donors already funding the sector.

## 10.9 The role of the Local Grant Authority

*Key findings:* From the very beginning of Danida's engagement in Ghana, following reopening of the Embassy, the LGA played a major role in minor and mini-projects. A total of 208 projects were financed under the LGA between 1991 and 2006, with a total of DKK 218 million allocated. An attempt to structure the support reveals the following main headings under which the projects could be classified:

- capacity development, mainly outside universities, including democratisation, human rights and governance issues, and independent governance institutions, but also in ministries, e.g. MoWAC and MOFEP
- support for a variety of NGOs in a variety of fields
- gender (see also TP on Gender)
- community development of different kinds, including economic activities
- refugees and post-conflict assistance
- children and youth
- cultural activities (arts, history, books, etc.) and activities in the field of education
- various studies.

Unfortunately the RDE archives contain only limited documentation on a considerable number of these projects. It was confirmed during the evaluation mission that these projects were mostly financed in a demand-driven way, proposals being forwarded to the RDE, discussed and approved if satisfactory.

Project locations are scattered all over the country, with a resultant need for considerable effort to ensure monitoring of all these activities. In addition the fact that the smaller the budget, the greater the proportionate administrative charge, usually makes these projects a considerable administrative burden. This, at times, led to a situation where the local officer in the RDE spent 75% of his time on them. Moreover, considerable accounting problems occurred over the years which led to a situation where numerous projects could not be closed, and where in the summer of 2007 Project Completion Reports still had to be finalised for projects approved and implemented some years before.

To avoid such situations in future as far as possible, and in addition to the requirements set out in the revised LGA Guidelines of 2004, the Embassy's internal procedures were changed to ensure that, before a new minor project is approved, it is reviewed by an external consultant who assesses the capacity of the recipient organisation to administer the grant. The RDE completes the required appraisal note before a new minor project is approved. Moreover, in 2003 a decision had been taken at Embassy level to scale down the LGA step-by-step. This decision must be lauded as it helped reducing the administrative burden at the RDE. Further, when Ibis was contracted to address small civil society

requests in the specific fields under the umbrella of the GGHRP, the number of local grants that had to be addressed directly by the Embassy dropped. This can be considered a useful way of “outsourcing” of tasks and certainly helped reduce transaction cost for such grants, given also the changes in the overall aid context.

Despite the management problems, there are a number of noticeably positive aspects of LGA projects:

- Small grants helped the RDE in its early years to familiarise itself better with the Ghanaian context; they gave access to influential people in the country, and contributed to strengthening of development and opinion leaders who could engage with members of government or parliament.
- LGA projects are likely to have been very relevant at local level as they often emanated from local communities. Spreading the projects thinly over the country was certainly not the best approach, especially when the Country Programmes became more and more clearly structured and focused.
- Local benefits were often immediately visible, for example in transformation, empowerment and engagement; but experiences could not be generalised or used for scaling-up and replication, which is especially regrettable in a situation where projects had an innovative character as in the case, for instance, of the project “Solar Lighting and Water Pumping in Northern Ghana” in Tamale (New Energy as the NGO), where preparatory work for spreading innovation had been done, but could not be further extended or disseminated as Danida had ceased its cooperation in the energy sector.
- Danida support under LGA was considerably oriented to strengthening civil society and supporting democratisation and governance processes in Ghana, the focus ranging from support for infrastructure to support for the Electoral Commission in its work of supervising the election process. Numerous organisations were supported, some still supported under the GGHRP.
- Additionally, in respect of support for gender-related minor and mini-projects there is ample evidence of exemplary successes of Danida support to NGOs (funding of the activities of the Association of Women Lawyers and of training of the Ghanaian Police Force and the Judiciary in the handling of domestic violence cases, or projects to address discrimination and human rights abuses of women).

However, it is difficult to judge the overall sustainability of LGA support. There exist numerous examples of bridging financing, which implies situations where further efforts are required to sustain investments.

*Conclusions:* Overall, the evaluation has considerable doubts about the manageability of numerous small grants within an Embassy which usually has limited staff. This has also been confirmed by the recent OECD/DAC mission, which states: “While small projects account for very little of the budget, they take up a lot of administrative time. We understand that there are times when new political requirements emanate from headquarters (e.g. HIV/AIDS), but there is no accompanying instruction to downgrade a previous commitment.”



*Recommendations:* Only if strategically chosen and within a medium-to-long-term perspective might small grants potentially have high impact, justifying human investment at RDE level and influencing developments both locally and country-wide (e.g. policies), if they are going to be scaled up or taken up by others – for example the Domestic Violence Act. Less can mean more!

### **10.10 Capacity development regarding higher education**

A special case of capacity development is the bilateral Programme for Enhancement of Research Capacity in Developing Countries (ENRECA), a partnership arrangement between Danish and host-country institutions with the purpose of promoting mutual learning through collaborative research and research capacity enhancement. It is a demand-driven global programme and does not form part of the Country Programmes, that is to say it is managed completely outside these programmes, with the embassies usually only marginally involved in preparation and implementation.

Since 1992 Danish support to higher education to Ghana under the ENRECA programme went mostly to a number of departments of the University of Legon, Ghana, and a small amount also to the Kwame Nkrumah University of Science and Technology in Kumasi. ENRECA's means of building capacity is through twinning arrangements, which assume that the host country institution already has some degree of research capacity and that the Danish partner will supply the missing areas of competence.

In addition, however, some projects related to capacity development in Ghanaian research were also financed under the LGA, independently of the ENRECA programme. Currently no research project is being financed under LGA. Together with the projects financed under LGA, an approximate total of DKK 120 million has been spent on support to higher education, including support to improving remote sensing capacity, libraries, hydro-geological laboratories, construction work at the Institute for African Studies, exchange programmes, and others.<sup>76)</sup>

*Key findings:* Among one of the ENRECA evaluation<sup>77)</sup> findings was that, at that time and as an exception to the general rule, there was quite intense communication between ENRECA projects and the Embassy to the extent that a senior member of Danida staff were designated to ensure smooth communication between the two sets of activities. The evaluation states that “the improvement since this has happened has been remarkable. Otherwise, Sector Programme Support (SPS) staff are involved in ENRECA only in administrative matters or when they are asked to comment on proposals.”

76) *Among the Danish partners are the Institute of Geography, University of Copenhagen, the Centre for International Studies, Aalborg University, the Geological Institute and the Institute of Geography, University of Copenhagen, Department of Dairy and Food Science, Royal Danish Veterinary and Agricultural University, Copenhagen, the Centre for Medical Parasitology (for Malaria Research), Copenhagen University Hospital, the Institute of Medical Microbiology & Immunology, Royal Danish School of Pharmacy, Copenhagen, the Centre for Tele-Information, Technical University of Denmark, Department of Human Settlements, the Royal Danish Academy of Fine Arts, Copenhagen.*

77) *The ENRECA programme was evaluated in 1999; see: Danida (2000a): Evaluation of Danida's Bilateral Programme for Enhancement of Research Capacity in Developing Countries (ENRECA). January 2000.*

Overall, as confirmed by the present evaluation, Danish support to capacity development is highly appreciated by the institutions which have benefited from ENRECA, as it has helped develop structures and human resource capacity through exchanges, researcher visits and so on, while maintaining good and collaborative cooperation along with the necessary flexibility sometimes required, especially with regard to administrative matters. Interviewees confirm considerable increases in outputs, that is Master degrees and Doctorates, research papers and publications. Also, research findings are partly used outside the academic world; for example hydrological research has been used by CWSA and the Ghana Atomic Energy Commission. All this led to the building of a reputation in the concerned fields, to the extent that students from other countries are now applying to undertake research, for example in hydrogeology. It must be emphasised not only that all supported Masters and Doctorate students not only found jobs after their studies, either inside or outside the University, but also that these jobs also corresponded to their level of education.

The benefits of Danish support to higher education have been created not only on the Ghanaian side, but also on the Danish side: Danish students continue coming to Ghana for their field research.

Support to higher education has been given on a project-to-project basis – be it through ENRECA or through LGA, with some ENRECA projects extending over more than a decade. However, these projects have never been included in an overall framework of support, that is in the budget of the institutions supported, with a view to creating more ownership at the level of university management, and thus to ensuring sustainability of the investments made, continued contributions by the universities to running and maintenance costs, and so on. This means that sustainability is generally at risk, although some institutes have found ways of generating revenue (e.g. the Business School).

*Conclusions:* On the whole, Danida support to higher education can be assessed as relevant and effective, with considerable impact, mostly short and medium term. This confirms the findings of the ENRECA evaluation that states: “Overall, the ENRECA programme seems to be an imaginative and effective example of how a relatively small amount of money may be used to build public sector research capacity in developing countries.”

*Recommendations:* Making recommendations regarding ENRECA would overstretch the mandate of the evaluation. However, if further (innovative) support under LGA to enhance research capacities is considered, such support should be embedded in the overall multi-annual budget of the institutions, with a view to ensuring sustainability of the investments. To that end, revenue generation mechanisms might have to be included in the project design.

### **10.11 Cross-cutting issues and priority themes**

Gender as a crosscutting issue has already been covered above. Cross-cutting issues and priority themes in Danish development assistance are numerous, and are tending to become even more so. Not all are really relevant to all sectors supported. It is therefore not surprising that in some sectors efforts to address these adequately and systematically have been limited.

*Key findings:* Issues of environment have mainly been dealt with in the transport and health sectors. In the transport sector, Danida has successfully supported an integrated approach to mitigation of such impacts on the Kumasi-Konongo trunk road through a raft of measures addressing road safety and social issues including walkways, drainage structures, market areas, latrines, bus stands, fencing to adjacent schools, pedestrian refuges and market stalls. In the health sector, for instance, the Estate Management Unit has designed more cost-effective and environmentally-friendly incinerators and provided guidelines for the incineration of hospital waste at all levels, and has actively collaborated with the MoLGRDE and built up the capacity of their staff in waste management. Furthermore, the MoH has established partnership between many entities involved in environmental health and management. However, in the private sector, too, the PSDP has throughout its existence supported an environmental facility, offering substantial environmental grants to Ghanaian companies involved in commercial partnerships with Danish companies; in this way the execution of environmental impact assessment for each project is also ensured.

As a result of the Strategic Environmental Assessment (SEA) of the GPRS I undertaken in 2003 and 2004, SEA has now become an integral part of the policy and planning process in Ghana. The water sector is the key sector that has to integrate SEA into its policies and planning processes. This is supported by Danida through the Water and Sanitation Sector Programme Support (WSSPS), Phase II, using the SEA funds reserved for this purpose. The SEA activities are designed as an integral part of the PMMS and the Integrated Water Resources Management components. Additionally, the SEA sub-component has assisted the introduction of SEA principles into the district water and sanitation planning process. In terms of addressing good governance as a cross-cutting issue, there are mixed results. While good governance has not been specifically mainstreamed in the transport sector – although some governance issues have been implicit in some components, for example financial management and decentralisation – Danida's support to health was more active in this regard.

Efforts to engage more meaningfully the participation of communities in health sector governance were made, including support for workshops on community participation and mobilisation as well as support for training activities in the lead Community-based Health Planning and Service districts in community entry and participation. Danida support to community participation addresses a priority area of the POW priority areas which require empowerment of households and communities and establishment of community linkages. However, owing to lack of capacity and inadequate time and effort on the part of the Ministry of Health to engage communities in health sector governance as well as resolve conflicts in communities, linkages between the health sector and communities in policy formulation and implementation are weak and bureaucrats and professionals dominate the policy development process within the health sector.

Public and financial accountability measures have also been instituted by MoH including systems for planning, budgeting, accounting, procurement and reporting. Danida has supported the ministry by putting these systems in place and building the capacity of the ministries to operate them.

As for private sector support, a majority of BSPS interventions are supporting development of good governance, either through the reforms and capacity development in public sector MDAs and in the Judiciary, or through development of improved business practices such as the Ghana Business Code (GHBC), enhancement of private sector advocacy

skills, and promotion of public-private dialogue through BUSAC, all aiming at an enhanced enabling environment for private sector activities. The sub-component supporting the reform activities of the Ministry of Public Sector Reform (MoPSR) addresses in particular the relationship between business clients and the MDAs providing public services, with the aim of making public administration more efficient and transparent. However, except for the CC, these interventions have not yet produced clear results in respect of improved good governance and moreover all of them – including the CC and partially BUSAC – are so far concentrated in the capital area.

However, it should be mentioned that issues of governance and human rights were constantly on the agenda of the annual High Level Consultations between the GoG and the Danish Government, thus further sensitising the GoG in that regard.

The HIV/AIDS issue was more systematically addressed, especially in transport, water and sanitation, and, naturally, the health sector. Danida supports the mainstreaming of HIV and AIDS into sectoral plans and has provided funding to six ministries to enable them to mainstream HIV and AIDS into their interventions, focusing on prevention and control activities.

HIV/AIDS was considered under the socio-economic sub-component of Danida support to TSPS 1 & 2 as well as to trunk road and feeder roads interventions. Accordingly, it has been actively covered in all interventions. However, all these activities relate to prevention (awareness raising, distribution of condoms to agency and contractor staff, service providers and communities in 'catchment areas' of roads) and there has been little attempt to assess the effectiveness or impact of these activities, in particular how and to what extent higher levels of awareness result in changed behaviour. That said, activities relating to HIV/AIDS awareness are arguably the cross-cutting or priority issue that comes closest to being mainstreamed into transport sector interventions.

The key role played by improved water supply and sanitation in caring for HIV/AIDS victims is well recognised by the CWSA. Hence the District Based Water and Sanitation Component has integrated HIV/AIDS education and information into community mobilisation training and hygiene education on issues such as hand-washing. Significant steps have been taken to mainstream HIV/AIDS education in community level activities. CWSA staff working in the four beneficiary regions are convinced that mainstreaming of HIV/AIDS awareness campaigns is helping the beneficiary towns to attain a better understanding of the subject, thus demystifying it and encouraging open discussion. However this HIV/AIDS education is not being monitored, and thus the direct benefits from the programme cannot be directly assessed.

As for the private sector as a priority theme, again transport, health and water and sanitation sectors are those covering it adequately. In trunk road rehabilitation interventions there has been a significant effect in the provision of the social components both in short term employment during construction and longer term economic benefits (e.g. market stalls) whilst in feeder road rehabilitation local contractors and consultants have been engaged to undertake construction works.

In water and sanitation, the private sector is considered important in implementation of the sector support programme and Danida strongly supports its involvement. It is to be noted that strategic use of private sector operators in the sector is a common approach in WSS by all the external support agencies. Different capacity enhancement activities have

been undertaken to make the players in the private sector more effective in their respective roles. Danida's interventions are however primarily channelled through the public sector with limited involvement of CBOs, NGOs and civil society. NGOs are mainly involved as consultants for capacity development (service delivery). Private sector operators as such are important for urban water systems, but hardly in rural systems. Small-scale contractors are targeted in the Water and Sanitation Sector Programme Support II. However, the private sector has not yet fully taken over the supply chain for spare parts.

In the health sector, Danida support has targeted the private sector, including in the implementation of health sector programme support. Moreover, the Christian Health Association of Ghana (CHAG), the Ghana Registered Midwives Association and the Ghana Private Medical Practitioners Association have been active in Danida support as part of the implementation of the Health Sector Programme Support (HSPS). Also Danida-supported construction activities, including health facilities and health training institutions, were contracted out to private sectors enterprises. Also during earlier support focusing on Upper West region, the private sector was adequately involved; for example the Centre for the Development of People was partnered to implement the community participation and women empowerment component of the support to UWR.

All Danida support to the private and business sector *per se* is aimed at strengthening these sectors.

The issue of children and youth seems to be the least systematically addressed as a priority theme. It only figures prominently in the health sector, where Danida interventions in exemptions and High Impact Rapid Delivery (HIRD) were geared to improving maternal and child health.

Surprisingly, cross-cutting issues have not been appropriately integrated into the GGHRP, and especially not into support for IGIs. Component 4 of the GGHRP, which addresses support for CSOs and CBOs, has to some extent integrated cross-cutting issues such as gender, HIV/AIDS and the environment into interventions, depending on the focus of the NGO.

*Conclusions:* Overall, the evaluation concludes that in the transport sector, major relevant cross-cutting issues and priority themes were addressed, although concentration of effort was on provision of infrastructure. In health support some significant results could be achieved, despite the fact that the picture is still mixed. Implementation of cross-cutting issues has not been a major focus of the BSPS, but the interventions already made are relevant and in line with the formulation of the joint GoG-Danida preamble to the BSPS Programme Document. However, the results have so far not been entirely convincing and the September 2007 joint review concluded: "Cross-cutting issues with special emphasis on gender, as well as information and awareness of HIV/AIDS should be more vigorously pursued by the BSPS implementing partners."

HIV/AIDS, and, to a lesser extent, environment as cross-cutting issues have been mainstreamed in the water and sanitation sector. The focus on decentralisation is assumed to promote good governance. However, since there is no explicit targeting of good governance and human rights in the sector, and these have not been measured, effectiveness in respect of cross-cutting issues has been mixed as the strategies have in some cases not translated into action plans and activities at project level.

Altogether, it seems as if the most obvious cross-cutting issues and priority themes for a specific sector are in most sectors being considered and pursued with some success, as the examples given show.

*Recommendations:* Pursuing cross-cutting issues requires time by all parties, be they Danida, government or others.

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## Part V: Recommendations and lessons learned

### 11. Overall recommendations at the level of the Country Programme

This chapter focuses mainly on elements of a strategic nature with regard to the overall programme, its structure and its continuation.

At a general level, there is a need to modify the Country Programme to a certain degree:

- Given the considerable scope for extending Danida-supported decentralisation methodologies for transport infrastructure to more districts or to other regions, the proposed widening of support for DWD roll-out (for all sectors operating at this level) and merging of water & sanitation and transport should be pursued. But the starting point must be the current situation. Experience of institutional support and change, implementation and the timescale necessary for change in Ghana must inform this further support (which must also be flexible enough to accommodate the various possibilities for higher-level sector institutional reform).
- There remains a need for donors to further support the transport sector in Ghana. Apart from its envisaged support in the framework of the Local Service Delivery and Governance Programme, Danida should therefore support implementation of approved policies and strategies including continuing support to road safety, a transport indicator database and emission regulation.
- As regards water and sanitation, considering this sector independently of a possible merger with transport, a number of recommendations have already been made in Chapter 10, aiming overall at supporting the launch of more sector-wide support, as well as support for the roll-out of the policy under the leadership of the Water Directorate. Further emphasis should be put on supporting the formulation and implementation of such a policy for sanitation similar to the water policy, and possibly independent of “water”, as a “sector” in its own right.
- Regarding health, the MoH launched a new National Health Policy in 2006 to guide the country’s health efforts until 2015. Danida could provide technical support to the implementation of approved policies and strategies to help achieve the goals and objectives of the health sector.<sup>78)</sup>

78) *Under Phase 4 of the HSPS, which began 1 January 2008, two full time, Danida-financed expatriate TAs have been posted in the MoH. They work in the Office of the Director of Policy, Planning, Monitoring and Evaluation, one being a senior economist (public finance expert), the other an institutional development adviser. In addition, a sum of DKK 3 million has been put aside for short-term TA, etc. for a period of five years.*

- Danida support to decentralisation under the umbrella of the GGHRP might be merged with the intended support to LGSS and the Local Service Delivery and Governance Programme, thus creating a framework that covers both institutional support at central and decentralised levels, and implementation in the districts. The other remaining components – support to IGIs and civil society – could thus form a second phase of the GGHRP. Support to civil society should be focused on fewer regions.
- As indicated in Chapter 10, the next phase of BSPS should explicitly focus on decentralisation, with geographical considerations playing a more prominent role, aiming at extending private sector activities to marginalised, poor regions of Ghana.
- Further support to the MDBS has already been granted by Danida until 2010; as indicated previously, a joint evaluation of this support should be undertaken in 2009 or 2010.



## 12. Recommendations with regard to strengthening development impact

Referring to the conclusions identified in Chapter 9, and with a view to further increasing the targeting, effectiveness and impact of the Country Programme and Ghana-Denmark cooperation, the following recommendations might guide future cooperation. They refer to the criteria used to assess Danida support aimed at improving macro-economic performance, the policy and institutional framework, and so on.

### 12.1 Improving macro-economic performance

Further support to the MDDBS is already being financed by Danida. This is intended to help improve macro-economic performance. For this to work, however, there is a need for strengthened systems of public finance management, coordination of MTEF with annual budgetary allocations, and timing and transparency of actual disbursements to MDAs, including procurement. However, this will certainly not be sufficient, and part of the solution also lies in a reduction in the wage bill which at present is relatively high.<sup>79)</sup>

Danida may consider focusing the B2B programme, in order to better coordinate with other Danida private sector support. The design of the next phase of the BSPS in favour of agri-business development may also be considered, thereby promoting diversification and value-added processing in agriculture, while at the same time extending private sector activity to rural areas.

### 12.2 Supporting the overall policy and institutional framework

GoG should take the necessary steps to improve its own administrative capacity and performance at central and district levels. If districts are to become the major nuclei for development in Ghana, allocation of both capital resources (DDF) and human resources are essential pre-requisites for boosting local and regional development. In this context, GoG should staff sectoral ministries in such a way that they are in a position to discern their roles fully, with appropriately qualified staff. It should work towards improvements in its staff incentive systems to allow this to happen, as part of the civil service reform.

Further support for improving administrative capacity and performance should be provided by Danida. However, partners should agree on a set of performance indicators in this regard that indicate the need for increased or diminishing support.

Danida should maintain its strong focus on supporting policy development and institutional frameworks in its support sectors.

79) According to an IMF press release of April 10, 2008, the GoG is developing administrative measures to keep the wage bill within budgeted levels.

Major sectoral recommendations, mainly directed to GoG, include the following:

- **Transport:** GoG should urgently eliminate the deficiencies and institutional uncertainties in national sector policies and strategies (including institutional reform), thus providing a stronger foundation for management of the sector on a more commercial basis, including the 'user-pays' principle. There is a need for continuing dialogue between GoG and sector partners on effective implementation of sector policies and strategies; other issues related to potential Danida support, for example road safety, a transport indicator database and emission regulation (but not enforcement without a credible policy and strategy for enforcement) are also of importance. In this context GoG allocation of greater resources to road maintenance and axle load control and concentration on better value for money would generate significant impacts.
- **Water and sanitation:** GoG should step up its efforts to ensure broader implementation of the Local Government Service Act in order to ensure that the DAs can exercise control over staff placed in the DWD. In this way staff transfers that deplete capacity within the DAs can be minimised. GoG should also develop a more comprehensive sanitation policy and strengthen the Policy Directorate of MoLGRDE; GoG needs to prioritise and consistently increase the proportion of investment in the sector. Overall an increase in government investment in the sector to the levels achieved obtained in the early 2000s (12%) will be required to sustain the sector and demonstrate GoG's prioritisation of the sector.
- **Health:** Improved salaries and other measures implemented by government in recent years have reduced attrition and improved the retention of health workers. Government should consider introducing other innovative non-financial incentives to improve pro-poor staff distribution in the country. Again, one of the major challenges of the sector now is to increase its focus on the poor and difficult-to-reach. In order to achieve the MDGs, it is not only important to have programmes and systems in place, but also to systematically target the poor in terms of resource allocation.
- **Governance and decentralisation:** GoG needs urgently to put in place the framework required to make decentralisation effective and prepare the necessary measures.
- **Private sector:** GoG should ensure the proper functioning of the PSDS 'pooled funding' mechanism. Danida should align the B2B programme with the PSDS of the GoG.
- **Gender:** GoG needs to increase budget allocations to the MoWAC specifically for implementation of the gender strategic plan and to ensure the institutional capacity exists for effective sector-specific gender analysis monitoring of the GPRS II, which will ultimately also benefit the quality of its implementation.

### 12.3 Developing capacity

By its very nature, capacity development is often very much linked to the policy and institutional framework. GoG needs to increase its own efforts in capacity development, supported by Danida and other DPs. Furthermore, Danida support to civil society and IGI should be maintained, and GoG should play its part wherever required (e.g. in support of IGIs). Combined efforts should lead to improved service delivery.

There is a need for GoG to draft clear capacity-development strategies for Ghana (at general and sector levels) that might better facilitate attainment of the targets set in GPRS II, and also coordination of donor support. Danida (perhaps with other donors) could support GoG in this regard in the relevant sectors and it should draft a Danida capacity development support strategy for Ghana across sectors (including type, timing, duration, location, modalities etc., using the Guidance Note), and for each support sector. Such a strategy should include civil society.

Moreover, there is a need to constantly tackle and possibly prioritise progress or reform in the institutional frameworks in which capacity development should be embedded, that is to say supporting the setting of framework conditions for capacity development within institutions. There is also a need to think generally in long time horizons when tackling capacity development in each sector, especially in the field of GGHR. GoG is required to address capacity development more comprehensively in its sector policies, in the institutional framework it sets for the sectors and in the conditions of service for public servants. Danida should undertake further efforts to bring or keep capacity development on the agenda of donor groups and in dialogue with the government. It might try marketing its capacity development approach to the donor community and to GoG. Danida should further apply its capacity development methodology in support of the ongoing preparatory exercises for the next Country Programme within the context of the G-JAS.

To quote the WB (2005) “the critical problem is the ‘system’ that causes talented people to leave the country or perform below their capability” or else they are moved around the country. This contributes to reducing development impact at the local level. GoG should therefore rethink its staffing policies and rotational systems, while at the same time devising incentives for performance. Danida might support government in this regard. GoG (with donor support) needs to be more insistent that the resources and benefits of capacity development programmes are fielded and experienced outside the capital region. This should include directing resources to service delivery sites in areas of high poverty.

TA should remain an essential element in Danida support to capacity development. The more Danida support moves away from project-based support with permanent TA, small-scale and coordinated TA should become the preferred option, thus replying to OECD/DAC 2007, which states that “coordination with other donors on TA has increased, but there is still room for improvement”. In a context where aid increasingly moves away from project-based approaches, Danida should wherever possible move further towards interventions involving joint TA arrangements. This would also help broadening the TA resource base available, especially as increasingly specialised advice will be required.

At sectoral level,

- Capacity development of DWDs and district administrations is crucial for continuing and possibly expanding support to decentralisation. Capacity development in central institutions should be considered with the aim of defining more clearly the objectives of the capacity development including the role of TA in the short and medium terms.
- As for Danida's envisaged support to the DWD, merging support to transport, water and sanitation, there is evidence that this will require considerable capacity development efforts, at both district and central levels, for example at the MoLGRDE and at LGSS.
  - GoG with support from DPs should move quickly to implement the NDAP. This can be achieved by engaging CSOs extensively in implementing programmes at district level in order to promote effective decentralisation.
  - GoG needs to clearly define its requirements in terms of support to operationalising decentralisation, especially in the context of DWD and LGSS. GoG needs to staff and equip LGSS appropriately.
  - Danida should coordinate its approach and support closely with both GoG and other donors as, after years of testing and different approaches, there is a need to move much faster along the path to more decentralisation.
- Health: Danida should continue to support the sector's capacity development efforts as the current aid modality permits, especially short- and long-term TAs, external postgraduate programmes and implementation of the NHIS. Furthermore, assistance could be extended to the implementation of the new National Health Policy launched in 2006. MoH should engage the private-sector more and should mainstream private public partnership into all policies, strategies, guidelines and agencies of the sector.
- Private sector: Furthering an enabling environment for private sector activities through capacity development in both public and private sector institutions is essential to pursuing the growth objective of the GPRS. However, equally important is capacity development in private sector associations, unions and with other stakeholders in the private sector. The input needed for capacity development varies according to the nature of improved performance sought.
- Support to civil society and IGIs must be continued over a longer time period of about 5-10 years in order to lay a solid foundation for sustaining the impacts achieved. Danida should ensure that all project documents include strategies for civil society involvement in key governance activities such as support to decentralisation and the IGIs.
- Capacity development regarding gender and gender mainstreaming needs further efforts in order for mechanisms to be internalised. Danida should support capacity enhancement in gender mainstreaming in this regard, ensuring that skills in gender analysis and gender mainstreaming are consistently pursued. GoG should demonstrate commitment to gender equity by providing the required financial and human resources for national gender policies, strategies and action plans to be implemented.

Draft gender sector-specific policies and strategies should also be finalised and implemented. GoG should support all efforts at building the capacity of decentralised structures, through the local government service, to promote gender equality.

#### **12.4 Improving harmonisation and alignment, adjusting aid modalities**

Quality of sector dialogue differs from sector to sector, and sectoral dialogue should be strengthened, where necessary, further continuous efforts are being needed by both partners. Danida should aim at playing or continuing an important or even lead role in the sectors it has been supporting for a long time, with a view to further challenging sector strengthening and progress in deficient sub-areas (e.g. in water and sanitation, where Danida co-leads with DFID). This might require additional resources at the level of the embassy, as participation in dialogue and leadership is time-consuming.

Leadership of GoG in policy dialogue needs to improve in some areas, especially in the transport sector and in relation to decentralisation. GoG should also further accelerate sectoral processes and efforts towards increased alignment, with the objective of possible sectoral budget support wherever this is deemed the most appropriate solution.

There is definitely a need for improved harmonisation and coordination within the field of *governance*; Danida efforts in this regard should continue. For now IGI's will have to continue being supported independently from each other until institutional mechanisms within the IGI's are strengthened enough for innovative development, for example in the form of institutional SWAps.

A key question concerns the implications of further emphasis on harmonisation and alignment with a view to meeting the targets set in the Paris Declaration. The OECD/DAC peer review of 2007 suggests: "Like many other donors, Denmark faces challenges in restructuring its staffing in the light of the aid effectiveness agenda, not just in numbers but also in terms of background and skills. To be involved in sector discussions, embassy staff need to understand financial management systems and institutional development as well as specific sectoral issues. ... in Ghana, further staffing adjustments are needed to support the programme adequately and facilitate effective alignment" (p. 51). It is clear that such adjustments would lead to increased transaction costs, but the improvement in implementation cost-effectiveness would clearly justify such a move.

Altogether and in the medium term, these changes might yield some reduction in transaction costs.

#### **12.5 Strengthening civil society and decentralisation**

Recommendations on decentralisation have already been made (see Chapter 11 and Section 12.3 in particular). However, for civil society to become more involved and vocal at local level, Danida would have to increase funding support to CSOs and its duration in the framework of the GGHR. Short cuts will not help build up the needed corps of advocates at district level. In the area of water and sanitation, core funding for CONIWAS should be considered to enable it to better regulate its membership and ensure implementation guidelines for better harmonisation.

As regards the transport sector and the planned Local Service Delivery and Governance Programme, Danida strategies should include support for direct participation by disadvantaged groups, especially women and the very poor, in project implementation, including consultations with local communities during detailed design, and improved access to jobs and entrepreneurial opportunities.

In the health sector, government should engage CSOs more actively in participation in policy dialogue and issues affecting the sector. Danida can use its reputation and influence in the sector at the policy dialogue to press for active participation by CSOs as key partners.

## **12.6 Empowering the poor and vulnerable and increasing poverty impact**

The CASA study of 2002 recommended that pro-poor policies should “emanate from the sectors themselves. To this end, Danida could assist and support the sector ministries to build strong Policy Coordination Units. This support could include training and capacity development for these units.” This is still valid. However, it is for government to ensure that resources reach the targeted population. Policy coordination units should be linked to regions and districts. This is a task Danida might support. Moreover, given developments in poverty reduction during the last decade, policy and sector dialogue need to (re-)focus much more on the issue of poverty targeting. GoG might seek improvements in its policy and budgeting in this regard, and in its implementation. The DDF might be a good vehicle. Wherever Danida is directly involved in regions and districts, for example in decentralisation or the water and sanitation sector, it should constantly continue to emphasise poverty aspects and targeting of measures.

In addition, earmarked funds in some sectors might also help enhance poverty targeting, but it is preferable that targeting be included in the government’s approach and budget planning.

With a view to increasing the impact of the civil society component of the GGHRP, a focus on fewer regions than at present, and further extension of the duration of support to individual CBOs so as to enhance sustainability prospects, is recommended.

## **12.7 Long-term engagement, sustainability and exit strategies**

The evaluation supports the OECD/DAC 2007 suggestion that “Denmark will need to consider longer-term exit strategies.” This requires thorough discussions within Danida on the appropriate time for exiting and subsequent negotiations with GoG. For this to materialise, GoG needs to clearly define its requirements in terms of support, the indicators that it wants fulfilled with the support of Danida, and the measures it can put in place to sustain investments. This means going beyond the issues in the “Ghana Harmonisation and Action Plan” to longer-term planning, also at sectoral level. The evaluation finds that two to three years is the minimum time-frame needed to prepare for a smooth exit.

Now is certainly the appropriate moment to tackle such a strategy for the health sector, a new support phase having started in early-2008.

Merging support to transport and water and sanitation, thus focusing on district level service delivery (LSDGP 2009-13) is likely to be a long-term commitment by Danida which may extend well beyond 2013. It can be considered as a form of exit strategy from support to the individual sectors. However, it is recommended that LSDGP appraisal addresses development of a longer term scenario that includes options for exit strategies expressed in terms of progress milestones or assumption of responsibility rather than time-scale. As indicated above, and beyond the merger, the evaluation recommends continuation of some sectoral support for transport (e.g. road safety, a transport indicator database) and for water and sanitation, with a view:

- for transport, by means of continuing dialogue between GoG and sector partners on effective implementation of sector policies and strategies, to eliminating deficiencies and institutional uncertainties in national sector policies and strategies (including institutional reform), thus providing a stronger basis for management of the sector on a more commercial basis including the ‘user-pays’ principle;
- through the sector group mechanisms, to encouraging other development partners to better engage in the decentralised implementation of the sector support and promote measures that improve the proportion of GoG investment in the sector.

As regards the private sector, planning of the next phase of the BSPS is imminent and any changes in programme focus will urgently need design of clear and acceptable exit strategies for both public and private sector activities.

## 13. Lessons learned

The context of Danish aid to Ghana has considerably changed in the evaluation period. Ghana has changed since 1990, and so have the concepts that inform aid programmes. This is manifested in assumptions about appropriate economic policies for different contexts, about the need for poverty reduction strategies, about the role of the government in development, about good governance, about the importance of country ownership for capacity development and sustainability, about the most appropriate aid modality, and so on – all aspects of what constitutes effective aid and good practice in aid delivery. Against this background, the present chapter identifies a number of lessons that may be drawn from the experience of Danish development cooperation with Ghana.

### **Maintaining sector support as a core element of cooperation**

It has been very beneficial for Danida to be involved in broad policy processes and macro-economic support such as the MDBS. However, direct involvement in sectors should continue to constitute a central element of Danida support, thereby providing a solid basis for leverage in these sectors, including policy and institutional frameworks and capacity development on all fronts.

### **Mixing aid modalities**

With regard to the aid modalities of Ghana-Denmark cooperation, experience shows that there is good reason to remain realistic about what is feasible. Nevertheless, if deemed necessary, taking risks can also prove to be a worthwhile approach (see MDBS or health SWAp). Danida should maintain its vast array of modalities and continue to thoroughly assess what is feasible. In this context, the field of good governance and human rights turned out to be rather problematic and certainly requires further innovative ideas with regard to the most appropriate modalities for different types of support to different stakeholders (for example SWAps for individual IGIS).

### **Approaching good governance and human rights strategically**

Providing support to organisations and institutions that are of strategic importance for progress in good governance and human rights has proven a very effective way of instigating progress in such areas. Despite the difficulties in managing a multitude of small grants, the LGA has been a useful tool in that regard, as have the new mechanisms under the GGHRP, G-RAP, and the civil society support component implemented by Ibis.

### **Maintaining poverty orientation**

Direct poverty orientation may be more easily achieved in a projectised approach than in others. However, while resulting improvements usually only occur locally, leverage is much higher in sector approaches for making impact on a broader population, for instance in the health sector where Danida has had long-standing and substantial pro-poor involvement, which includes support for the exemption policy for the vulnerable and also for the institution of the mutual health insurance schemes in the country. This requires keeping issues of poverty reduction on the agenda in discussions and negotiations with DPs and government. In that context, it seems worth taking risks in testing new approaches and ways of doing things, for example at the local/regional level (see health insurance), before feeding them into the national level. Failures are inevitable, but can still aid a better focusing of subsequent assistance.



**Long-term engagement versus sustainability**

Over the years, Danida could operate at a significant scale in its chosen sectors. This facilitated its access and legitimacy in voicing concerns to government, as well as *vis-à-vis* other donors, and finds confirmation in the high appreciation of Danida expressed not only by government and donors, but also at beneficiary level.

There is considerable value in staying engaged over a long period in the same sectors, this practice having enabled Danida to build up experience and comparative advantage in these sectors, including health, transport, water and sanitation, decentralisation and other facets of good governance, human rights and democracy. Better coherence and consistency in its strategies and a higher reputation than other donors in the same sectors is a result of this approach, even to the extent that Danida is sometimes referred to as being too fast – compared to government. A second result is a greater opportunity to make substantial suggestions at higher levels regarding changes in policy and in institutional frameworks.

However, there is a risk of staying longer than necessary, and of “eternalising” support. It seems therefore appropriate to draft five-year Country Programmes and sector support programmes based on a long term vision of ten or more years, ideally elaborated and agreed upon with the government. This would provide a long-term horizon and should include exit strategies.

**Enhancing ownership**

If aid programmes are not owned by a government, they tend not to be sustained and to fail. For this not to happen, there must be an overlap of government and donor interests, so that the scope for collaboration in the design, implementation and monitoring of effective programmes and policies can be widened. And there must also be the political will to proceed along the agreed lines (although at the same time it is clear that Danida cannot dictate policies). While this was the case for the health sector, the MoLGRDE welcomed support given by donor partners for the development of the NDAP but felt the whole process needed Cabinet approval to give it the necessary national character. Where no ownership can be achieved – even after years of inputs – it seems wise to discontinue support.

Further, without the political will to prioritise necessary reforms and related actions for sustainability, the effectiveness and impact of support will be largely undermined. This hints at the point that the government needs to be very clear when deciding about where it requires support – this calls for much more in-depth analysis regarding conditions for sustainability that need to be met and for calculation of the implications of investments, maintenance and recurrent costs, including staffing. To put it directly, the question is: “Can we afford this support?” It also calls for exit strategies and a realistic and longer joint planning horizon.

**Tackling capacity development as a priority**

Capacity development across all support sectors requires strong focus and constant effort. Without enhanced and sustained capacities, support is ultimately useless. Capacity development has to be comprehensively included in sector policies, and in all efforts aimed at improvements or reform in the institutional frameworks for cooperation. Donors, including Danida, need to bring or keep capacity development on the agenda of donor groups and in dialogue with the government, and prioritise it.

In this context, there is also a need to think generally in long time horizons when tackling capacity development in each sector, that is to say looking beyond a 5-year period that Country Strategies cover.

On the side of the government, staffing policies and rotational systems including fielding of experienced staff outside the capital region, as well as appropriate incentives for performance, play an important role that a government needs to address in a reform process as a matter of priority.

### **Taking risks**

It seems to be worthwhile taking risks in testing new approaches and ways of addressing issues as Danida has done in its support to Ghana's health sector. Danida was one of the few initial DPs to support the implementation of the health SWAp in the country. The successful implementation of the Ghana SWAp eventually encouraged other DPs to join. Danida also was the first partner to support decentralised structures right down to the sub-structures, which in itself is a risk. Interestingly the mode of disbursement of funds was such that monies disbursed at that level were mostly accounted for.

There might then be situations where the invested funds only show that an approach does not work or that it is too early for it to work, as the context, policy and institutional framework are not yet in place – but already such a result may help better focusing of subsequent assistance.

### **Staying flexible and pragmatic, but also rigid when required**

Danish support is usually characterised as being flexible, and, provided convincing arguments are deployed, reactive in the sense that changes can be introduced into given planning and budgeting frameworks. However, when it comes to accounting, this is where flexibility ends.

On the other hand, pragmatism can turn out to be really rewarding, otherwise solutions to difficult situations such as the contractual complications of the Kumasi-Konongo road cannot be found.

### **Learning lessons and understanding the context**

The process of preparing the 2004-08 Country Strategy involved consultations and workshops with a wide range of stakeholders, not only at central level but also in the regions. Appreciation of this approach was expressed by a number of respondents during the evaluation mission. Subsequently and also as a consequence of the CASA 2002 study, changes were introduced into this programme *vis-à-vis* the earlier one. The GGHRP was also conceived in this context, drawing on the experience of the rather scattered previous efforts in this area. This underpins Danida's general willingness not only to learn, but also to listen (see also Perception Study).

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# Annex 1 Terms of Reference

*Ref. 104.A.1.e.65.  
14 March 2007*

Terms of Reference  
Joint Evaluation of the Ghana-Denmark  
Development Cooperation from 1990 to 2006

## 1. Introduction

A Ghana Joint Assistance Strategy (G-JAS) between key development partners is currently being developed. In early 2007, a general, common part had been submitted by the development partners in Ghana to the Government of Ghana for comments. Denmark is participating in the process. By the end of 2007, it is expected that a specific individual part, describing the future Danish development assistance for 2008-10, will be drafted.

Denmark has provided development assistance to Ghana since independence in 1957. Up to the end of the 80s the assistance was comprised of social support through NGOs and various projects funded by Danish government loans and grants tied to industrial purposes, water, electricity supply, cold stores, and agricultural equipment. A Danish Embassy was opened in 1961, but closed in 1983 as a consequence of the continuous political and economic decline in the country. Initiated by the Danish Strategic Action Plan of 1988 Ghana was among the first Danish 12 programme cooperation countries identified in 1989, and in 1991 the Danish Embassy was reopened in Accra. The Danish assistance (including NGO-support and technical assistance) has grown substantially from a modest contribution of DKK 6.9m during 1990 reaching a high peak in 2002 of DKK 404m to a reduced level of about DKK 340m in 2005 and DKK 367m in 2006. At the turn of the millennium Ghana was the fourth largest receiver of Danish bilateral assistance, and in 2002 even the second largest. Ghana also ranked second among recipients of Danish bilateral assistance in 2005, while in 2006 it ranked fourth. The total Danish funded assistance during 1990-2006 has been about DKK 3.8 billion.

Many development partners have contributed to Ghana's own development efforts, which have been seen as a positive example of country-led development and partnership, with an encouraging peaceful transition from military regimes to democracy and rule of law. The Danish development assistance has been a relatively stable part of all the international development assistance to Ghana. From an inception level of less than 1% of all multilateral and bilateral aid it reached 9% in 2002, and is now again at the level of 5-6% of all aid. The total aid delivered to Ghana during 1990-2005 is estimated at the level of US\$10 billion equivalent of about DKK 70 billion. The Danish aid contribution thus is at the level of 5% of all aid to Ghana during the last 15 years.

Ghana's political, social and economic development since independence has been turbulent, but since the end of the 80s steady improvements have been observed. Some of the key steps forward and results have been:

- Introduction of a decentralisation reform in 1988, and regular holding of election to the District Assemblies in 1989, and every fourth year since then.
- Transition from military government, adoption of a new Constitution establishing a parliamentary democracy and elected government in 1992; subsequent Presidential and Parliamentary election in 1996 (re-election of President Jerry Rawlings); elections held in 2000 (of President John Kufuor), and re-election in 2004.
- After several years of domestic economic imbalance, and massive terms-of-trade shock by the end of the 90s, the economy is in a more positive track with growth rates of about 5% through 2002-05.
- Ghana is one of the few African countries with a potential to achieve most of the Millennium Development Goals. The first Ghana Poverty Reduction Strategy was adopted in 2002, and a second GPRS for 2006-09 was approved by the parliament in November 2005.<sup>80)</sup>
- Infant and child mortality rates have almost halved in the last 20 years, and the total fertility rate shows a drop from 6.4 to 4.6 children per woman.

However, many challenges are still to be faced, including the following:

- Although the incidence of poverty<sup>81)</sup> declined from 52% in 1991/92 to below 40% in 1998/99, large regional disparities persist.
- The maternal mortality rate is still high compared to many African countries. About a quarter of all children under five are stunted and underweight.
- In spite of the stabilisation of the economy and some economic growth, Ghana remains a poor country, with an average per capita income of US\$380 in 2005. Moreover, the country is dependent on income from few sources such as cacao, gold and minerals.
- Ghana is also heavily dependent on aid (and remittances from abroad). Many sectors remain under-financed and financial sustainability is a key concern e.g. in the health, education and water & sanitation sectors.
- The country is facing increasing problems of energy supply (excessive dependency on hydro-power from the Volta Lake region).

Initially, the Danish support was composed of a multitude of separate projects within many sectors, as outlined in the first country assistance strategy in 1993. Following the general 1994 Strategy for Danish Development Policy towards the Year 2000 containing a sector programme focus, from 1998 the Danish-Ghana cooperation was based on the second five-year strategy up to 2002 focussing on support to four sectors: health, transport, energy, and water & sanitation. In addition, support was given to the private sector

80) *The poverty reduction strategies are available i.a. from the NDPC website: [www.ndpc.gov.gh](http://www.ndpc.gov.gh)*

81) *The poverty surveys conducted in Ghana mainly refers to consumption (rather than income) poverty.*

development, and to democratisation, human rights and good governance. A country evaluation of the Ghana programme was expected in 2000, as part of the readjustment of the strategy. However, this was not undertaken, but in 2002 an assessment of the Danish-Ghanaian cooperation was carried out by national consultants providing input on lessons learned for the development of the third strategy for 2004-08. This strategy sustained the chosen sector programme support (adjusted to cover health, water & sanitation, transport, and business), and a thematic programme concerning good governance and human rights including general budget support and support to decentralisation as two out of the five components.<sup>82)</sup> However, the strategy also linked the Danish assistance much closer to Ghana's poverty reduction strategy. The support programmes have been regularly reviewed, and Danida's Quality Assurance Unit has undertaken Performance Reviews of the Ghana programme in 2004 and 2007 respectively.

The considerable long-term Danish development cooperation with Ghana has been partly evaluated through inclusion in a number of sector-wise or thematic evaluations (capacity development within water & sanitation and decentralisation in 2005, private sector development programme in 2004 and 2001, Danish assistance to health in 2000, and human rights and good governance in 1999, etc.). The joint evaluation of the roads sub-sector from 2000 is also available for possible comparison. The most recent is the joint evaluation of the general budget support (MDBS) to Ghana, which will most likely be ready by April or May 2007. However, an evaluation of the substantial Danish-Ghanaian development cooperation in its totality has so far not been carried out.

The Danish Development Cooperation with Uganda through 1987-2005 has recently been evaluated (MFA, Danida 2006c). This evaluation approach has shown the benefits of conducting a country programme evaluation together with the partner government at a stage prior to embarking on a joint assistance strategy in order to finalise and collect the valuable experiences from the bilateral development cooperation during the past decades. It is expected that future evaluation of the impact of the Danish development assistance to Ghana, as stated in the 2004-08 Ghana-Denmark Strategy, will be based on the total results of activities supported by the group of development partners and the Government of Ghana, to be carried out as a joint evaluation of the Ghana Joint Assistance Strategy (G-JAS), probably led by the Government.

The Terms of Reference includes the following chapters: Ch. 2 includes the evaluation purpose. Ch. 3 outlines the main users of the evaluation. Ch. 4 presents the evaluation approach and Ch. 5 the evaluation questions. Ch. 6 includes the timetable and Chapter 7 the composition of the evaluation team. Ch. 8 has a description of how the evaluation will be managed, and finally Ch. 9 lists the expected evaluation outputs. There are two annexes to the Terms of Reference: Annex I is the Evaluation Matrix and Annex II the List of references.

82) *Lately a separate and increased allocation for general budget support has been approved for 2006-2010.*

## 2. Purpose of the Evaluation

### 2.1 Main evaluation objective<sup>83)</sup>

The main purpose is to evaluate achievements against the overall development objectives as formulated in development strategies, including the development strategy presented by Ghana in Paris in June 1993; the Ghana Vision 2020; the Ghana Poverty Reduction Strategy from 2002; the Interim Poverty Reduction Strategy (2000-02); the Ghana Growth and Poverty Reduction Strategy (September 2005) as well as the Danish Strategy 'Partnership 2000' and the country strategies for collaboration between Ghana and Denmark published in 1993, 1998 and 2004. The efforts and achievements will be assessed against the contemporary context and standards prevailing at the time, when decisions were made.

While the evaluation will cover the whole period from 1990 to 2006, main emphasis will be on lessons learned from 1998 (second country strategy for collaboration between Ghana and Denmark) to the present. Particular attention should be paid to the lessons learned from implementation of the most recent country strategy (2004-08).

In line with the up-dated Danida Evaluation Guidelines (MFA, Danida 2006a), the evaluation is carried out to generate knowledge and accountability information about development interventions in Ghana and shall contribute to the improvement of development cooperation by collation, analysis and dissemination of experience. Further, the evaluation shall provide parliamentarians and the general public in Ghana and Denmark (as well as other interested parties) with professional documentation for the use and results of development cooperation.

### 2.2 Specific evaluation objectives

Specifically, the evaluation will answer if, and to which degree, Danish assistance to Ghana:

- Adheres to overall Danish and Ghanaian policy goals concerning poverty
- Adheres to policies concerning cross-cutting issues (gender, environment, human rights, popular participation and good governance) and priority themes (children and youth, HIV/AIDS, private sector), as stipulated in the partners' policies
- Was *relevant* in relation to country poverty needs as expressed in national poverty reduction strategies and sector policies and strategies?
- Was *effective* in making contributions to the overall political, economical and human development of Ghana – both at the national and local level – and in specific sector.

83) *In line with articles 32 & 45 of the recent Paris Declaration on Aid Effectiveness of April 2005, all efforts to ensure common arrangements and alignment with the partner country to the maximum extent possible will be taken for this evaluation, in particular through a close collaboration with the National Development and Planning Commission, the designated focal point for overall monitoring and evaluation in Ghana.*

- Was *efficient*, i.e. compared to different ways of delivering assistance, and efficiently aligned with national policies and harmonised with assistance of other development partners.
- Was *sustainable* in relation to its choice of modalities, i.e. whether it was developed and undertaken in cooperation with relevant national and local authorities and in different sectors?
- And was *sustainable* in the sense that it strengthened the organisational capacity of relevant national and local authorities or organisations.

Danish assistance<sup>84)</sup> will be evaluated in light of Ghanaian national policies, and in the context of activities of other development partners. Achievements will, to the extent necessary, be assessed against contemporary goals and standards. Assessment of *long-term effects* will generally be restricted to the overall level of achievements of the combined support from development partners to Ghana and the country's own efforts.

Finally, the evaluation should review the progress against the specific indicators of the Danish 2004 country strategy – and make recommendations to possible adjustments of the current and future strategies.

### **3. Intended Users of the Evaluation**

The main users of the evaluation are Ghana's National Development Planning Commission (NPDC, which carries the overall responsibility for monitoring progress on the Ghana Poverty Reduction Strategy, GPRS); the Board of Danida and Danish and Ghanaian parliamentarians as well as relevant Ghanaian partners (ministries, public and private plus civil society institutions), the Royal Danish Embassy, Accra, the country desk and other relevant departments in Ministry of Foreign Affairs, Copenhagen.

The general public and civil society in Denmark and Ghana will constitute secondary target groups for the evaluation.

### **4. Approach and Methodology**

The evaluation must be carried out in accordance with the DAC Quality Standards (2006) and the Danida "Evaluation Guidelines" (October 2006). There are two main components of the evaluation:

84) *The evaluation will comprise Danish bilateral assistance to Ghana, including NGO assistance, and the Private Sector Programme. Danish contributions to multilateral organisations and multilateral programmes supporting Ghana (e.g. EU and UNDP) are not included.*

1. Danida has initiated a *pre-study* aimed at collecting and systematising available documentation at the Ministry of Foreign Affairs in Copenhagen as well as at the Danish Embassy in Accra. The pre-study will identify key issues for the evaluation; establish a documentary-based overview of sectors, programmes and projects; identify significant changes over the period covered by the evaluation; establish an overview of the financial resources involved, the key resource persons involved; and of the agreements and policy dialogue between Denmark and Ghanaian authorities. The pre-study will be conducted from January through May 2007 and a final report will be submitted before 11 May 2007. The pre-study will provide an important preparatory input to the work of the main evaluation team. The pre-study consultants have been commissioned by a separate contract, and the consultants are to be available for briefing the evaluation consultant during the inception phase.

2. External independent consultants contracted through international tendering will carry out the *main evaluation*. The evaluation team should commence its work as early as possible after the contract clarification meeting scheduled for 14 May 2007. The evaluation work will comprise desk and field studies, including a *Perception Study* based on interviews of Ghanaian and other partners.<sup>85)</sup> Based on the input from the desk-study major key issues of debate, implementation modalities and observed results of the Danish assistance will be empirically founded and analysed through the Perception Study, which is to be carried out in the field by local consultants. The methodology for the Perception Study used in the recent evaluation of Danish Assistance to Uganda should be applied.

Other elements of the main evaluation will be focus-group discussions, analysis of national and regional statistics and poverty profiles, international development trends, etc. To the extent that district or regional poverty profiles can be identified, such profiles should be made use of e.g. in order to evaluate possible effects of geographically specific interventions funded by Danida. *Thematic papers* covering key aspects of the evaluation should be prepared as part of the evaluation process.<sup>86)</sup> Finally, an *evaluation report* will be prepared covering the main findings and recommendations of the evaluation.

The incumbent consultancy team should present details on the methodology and a work plan for the evaluation based on the proposed evaluation methodology (see Chapter 4 and 5 in the ToR as well as the Evaluation Matrice in Appendix 1) in the Tender Document. The incumbent consultant will further refine the methodology and work-plan based on desk-review of background documentation (to be made available to the incumbent evaluation team only) in the Inception Report. This report will be discussed

85) *Persons to be interviewed include representatives of different public and private institutions in Ghana that have been working with Danida during the period covered by the evaluation. Civil society representatives – including representatives from institutions and geographical areas that have not benefitted from Danish assistance – should be consulted with a view to revealing their perception of strategic choices made (selection of sectors and geographical emphasis of the country programme). Danida staff who have been working with Danish development cooperation with Ghana and representatives of other donors will also be consulted.*

86) *Such thematic papers may cover e.g. general issues such as the political, economic, social and cultural development trends in Ghana; cross-cutting issues (e.g. gender) or priority themes (including e.g. support to private sector development), but might also focus on particular sectors targeted or modalities used in the development cooperation*



in Reference Groups in both Accra (Ghana) and Copenhagen and should be approved by the Management Group (see Chapter 9). Draft versions of the various documents (including thematic papers, the Perception Study and the synthesis report) produced by the evaluation team will be commented upon at workshops before being finalised. While the synthesis report and the Perception Study will be published (hard-copies), thematic papers and other background documents will, when finalised, be published on the web-site of the Evaluation Department and the web-site of the National Development and Planning Commission in Ghana.

The approach to the Evaluation is inspired by current debates among partners in the DAC Network on Development Evaluation concerning evaluations of development assistance at country level. As noted by the DAC, most country programme evaluations are concerned mainly with the activities of individual development partners at project, sector and programme levels. Evaluations that are limited to the perspective of a single development partner leave out important aspects of the interaction or incoherence of the contributions of different actors to the same process.

As an alternative approach, the DAC Room Document 2 (Paris, 9 November 2004) suggests a hierarchy of evaluation of aid effectiveness:

- i. Evaluation of the *impact of the combined support from development partners to a particular country and the country's own efforts* – an assessment of development outcomes; based on the policies and priorities of the Government, using the quantitative and qualitative data available as indicators, etc., increased capacity of national institutions, changes in international context.
- ii. Evaluation of the *effectiveness of the development cooperation itself* (total ODA contribution), focussing on questions concerning partnership, alignment of support, harmonisation (e.g. comparison without the ODA-inputs), government revenues, remittances, possible negative effect of ODA.
- iii. Evaluation of the *contribution of an individual development partner* to the effectiveness of the larger development cooperation effort: whether the agency and to what extent it operates in a supportive manner, and which contribution to the development results?
- iv. Evaluation of the *internal effectiveness of a particular development partner*, questions concerning the institutional effectiveness, and of the *efficiency of delivery of support*.

The principles suggested by DAC were used in the Uganda evaluation and have proven to be a valuable framework for assessing the development cooperation at country level, even if they may not solve all methodological problems related to assessments of total ODA at country level.

## 5. Evaluation Questions

Inspired by the DAC Room Document 2 referred to above, the evaluation questions are structured under four headings or levels. The main emphasis of the evaluation will be at level three and four, which relate to the contribution of Danish financed activities to Ghana's development and to the modalities used. The four levels are:

**1. Context and framework conditions relating to overall development processes in Ghana:** Questions concern changes in the context and the framework conditions for the Danish financed efforts and the developments achieved as a result of the combined Government and development partner efforts. In particular the national poverty reduction plan(s), good governance, general reforms of public institutions, including decentralisation of the administration, the legal system and control bodies and reform of legislation will constitute a significant point of focus in the evaluation.

**2. Combined development partner efforts and their effects on development trends in Ghana:** Questions concern the effects of the combined development partner effort. The focus will be on questions concerning partnership, alignment of support, harmonisation (e.g. comparison without the ODA-inputs), government revenues, remittances, and possible negative effect of ODA. Questions related to the relative importance of development aid (vis-à-vis e.g. trade and remittances) should be discussed and likewise the implications of changes in the aid structure (including emergence of new donors) should be assessed to the extent possible.

**3. The contribution<sup>87)</sup> of Danish financed activities to Ghana's development.** Questions concern relevance and effectiveness of the assistance. The evaluation will document the processes and concrete results achieved through Danish efforts and assess the long-term effects of Danish support, not least as regards cross-cutting issues (gender, environment and human rights, good governance, democracy and popular participation).

**4. Implementation modalities and follow-up to Danish development cooperation with Ghana:** Questions include strategies used for capacity development at different levels, exit strategies, and the efficiency and sustainability of the assistance. This includes the utilisation of parallel systems vs. national systems (i.e. use of project, programme and financial assistance such as general budget support), adviser assistance, NGO assistance, accounting procedures, cost-efficiency and monitoring systems, i.e. important aspects of harmonisation and alignment as reflected in different international declarations (Rome, Marakech and Paris).

The focus – and hence the major part of resources – will be allocated to heading three and four, i.e. on the *contribution of Danish financed activities* to the effectiveness of the larger development cooperation effort and implementation modalities. Headings one and two will also be covered in the evaluation, but to a limited extent and based almost exclusively on *existing* data and knowledge<sup>88)</sup> and performed mainly as a desk study. The Perception Study of effects, issues and modalities of the Danish assistance will provide a major input to the headings three and four. The evaluation approach is outlined in the appended Evaluation Matrix for guidance. In the following, questions are further detailed under each of the four headings:

87) *In this part of the evaluation, a distinction is made between contribution (results of Danish assistance that was achieved because of a combined effort by Danida, Government and/or other donors), and attribution (results achieved primarily as a direct result of Danish financed activities).*

88) *World Bank reports and reports from other development partners, including e.g. recent evaluations of DfID, EU and CIDA's development cooperation with Ghana.*

## 5.1. Context and framework conditions

The evaluation will (primarily as a desk study using secondary information) at a macro level provide an overview of the general development of Ghana since 1990. The overview will look at economic, political, socio-cultural and human as well as institutional aspects of development and the links between these. The combined government and efforts by development partners have contributed to development under each of these aspects.

### 5.1.1. Overall economic and political development and context

*Evaluation questions concerning economic aspects: What level of development has Ghana achieved in absolute terms and relative to that of comparable countries? What have been the key obstacles – and positive driving forces – to economic development in the country?*

To understand the conditions for providing development assistance, it will be important to describe the overall macro-economic development of the country and compare it to similar countries that have received similar levels of development assistance. Also, a relationship between sound economic policies of governments/development partners and positive economic results may be assumed, and vice versa, even if combined government and development partner efforts can obviously be overtaken by international events (marginalisation of the African continent, international oil crisis, international financial crisis, etc.).

The section should be based on general indicators of economic development available from known sources (GRSP reviews, World Bank, African Development Bank, UNDP, Bureau of Statistics, University of Legon). The indicators assessed should include i.a.:

- Government revenue
- GDP, GNI, etc
- Multiplication effect, and hence expected effect of development investment
- Investment climate, Participation in “globalisation”, FDI
- Trade – import/export, including variations of international coffee prices
- Debt and debt ratios over the period
- Credit ratings from IBRD, IMF and international credit institutions
- Trade quotas under the Cotonou and Lomé conventions
- Remittances and their importance to the Ghanaian economy and to different population groups
- Overall aid levels compared to Government expenditure and per capita.

The Ghana indicators should be compared to relevant international standards and where feasible developments over time in the Ghana rating should be included, taking into consideration the Ghanaian government’s ambition to reach status as a middle-income country by 2015.

*Evaluation questions concerning political aspects: How does the foreign policy condition of the country affect political choices made and the development climate in general? Which economic policies did the Government of Ghana follow from 1990-2006? And which general significant reforms/policies have been implemented? Have national policies and strategies been conducive for broad-based pro-poor growth and poverty alleviation? In which way has the dialogue with development partners developed during the period, and has the dialogue influenced overall political choices made?*

Discussions concerning Danish assistance to Ghana were resumed in 1985-86 after a long period of political and economic decline, including various rounds of military coups. Key challenges in the first years of support related to the stabilisation of the economy and democracy (including human rights) of the country. During the first years, Danish support was mainly given in the form of tied grants and multilateral assistance. Bilateral projects and programmes only took off from 1990 onwards.

It is important to go back to policy statements and plans that were launched and discussed at the beginning of the period and to recall what were the risks and opportunities that could be seen at that time. The evaluation should:

- Consider the policy dialogue between government and its development partners and efforts concerning state building, including poverty reduction strategy process, public sector reform, civil service, etc.
- Consider the democratisation process, multiparty system, role of Parliament, etc.
- Consider progress and outcomes of the decentralisation reform
- Consider the progress in people's security and democratic rights in light of the post-conflict situation and the country as a key regional player
- Military expenditure compared to overall public expenditure<sup>89)</sup>
- Corruption levels and policies

The political economy of Ghana plays a significant role for development potentials. The evaluation should describe national policies followed – including their strengths and weaknesses in terms of achieving broad-based economic growth and development – and consider the dialogue between Government and its development partners concerning these policies. The evaluation should consider i.a.:

- Policies of establishing/reducing trade barriers
- Policies of establishing/reducing investment barriers
- Policies characterised as either “open-or-closed economy” policy
- Privatisation policies and practices
- “Liberal” or state-controlled enterprise and investment policy
- Progress in land reform, and access to other factors of production,
- Taxation policies, in particular seen from an equity perspective.

### 5.1.2. Overall socio-cultural and human context and development

*Evaluation question: Is overall economic development reflected in actual poverty reduction, human and social development in absolute and relative terms? How do social and cultural factors such as e.g. religion, gender and ethnicity influence development trends in the country?*

Human and socio-cultural development, including not least poverty reduction, is the ultimate goal of government efforts and international development assistance. Many countries experience impressive growth rates, increased investment, and greater participation in globalisation without this necessarily having any positive effect on the living conditions of the majority of the population. This is often the case for middle-income countries and may not be the case in Ghana, but the question should nevertheless be assessed.

89) *Realistic and full data on the subject can be difficult to come by and use as Ghana has considerable income from the posting of soldiers on UN-missions.*

The evaluation should provide answers to the general development concerning key Ghana indicators like:

- Human Development Index
- Poverty reduction (using district and regional poverty profiles and comparing development in (regional) poverty over time)
- Gender-specific and aggregated indicators on health, social status, education and participation in decision-making at various levels
- Equity of income, property and access to land and capital according to gender, ethnicity and other socio-economic lines of division
- Environment
- HIV/AIDS.

### 5.1.3. Overall organisational capacity context and development

*Evaluation question: How has the capacity of organisations and authorities developed during the period of investigation? How has service delivery developed and is the institutional context in general facilitative for development?*

The organisational capacity context in Ghana (like in any other developing country) provides an important framework for the provision of international development assistance. Hence, it is important to describe the context – and assess organisational development during the period being evaluated, including both public (national and local authorities) and private organisations. Changes in the organisations' outputs, i.e. their service delivery and products, should be indicators of development in capacity of the organisations.

Specific data sources of this aspect would be service delivery tracking studies, reports from the local governments, reviews of individual organisations and institutions, client's surveys, etc. If possible, studies of the development of employment conditions and salaries of public and private employees should be included.

### 5.2. Contribution of the combined development partner efforts

*Evaluation questions: How did the international development partner community as a whole contribute to Ghana's development, to which degree was the support aligned with the national strategies and delivered in partnership with the Government and other partners, to which degree were the development partners harmonising their support, and how can the dialogue between the international community and the Government be described?*

The evaluation will at a general level assess how the combined development partner efforts have contributed to the development of Ghana since 1990 as concerns economic, political, social and human as well as organisational development aspects. At this level, the evaluation will for instance describe development partners' share of the combined development and recurrent budget on a sector basis. At this level, the evaluation should also consider

- Contribution to the PRSP-process, and results of the HIPC process
- The Public Expenditure Reviews (PER)
- The IMF assessments
- The content of SWAps

- The use of budget support
- Cooperation with lending institutions and use of loans, mixed credits, etc.<sup>90)</sup>

The evaluation should consider the policy dialogue between Government and its development partners, and the strategic choices taken by development partners in selecting and supporting the various sectors, as well as how the organisational and capacity development of specific organisations has been supported. Key areas like e.g. the judiciary, land reform, decentralisation, Parliament, specific line ministries, and NGO could be assessed as examples at this level. Describing these aid forms, the proportion of external support in comparison with total budgets, their quantity and quality will provide a framework for comparison with Danish assistance.

New trends in the aid structure (emerging development partners, increased importance of remittances as compared to development assistance etc.) should be assessed to the extent relevant and possible.

### 5.3. Concrete results of Danish financed assistance<sup>91)</sup>

Danish financed activities have been undertaken within the framework of the overall context and conditions/development trends in Ghana during the period under evaluation.. And Danish financed activities have constituted smaller or larger shares of the overall government and development partner financed activities in the respective areas and sectors. Results of Danish financed activities can thus not be assessed in isolation from overall efforts made and overall results achieved. The key question is: *what has been the value-added to Ghana's development by Danish assistance?*<sup>92)</sup>

A primary source of evaluating this issue will be the *Perception Study* in which the “voice” of stakeholders (Ghanaian public and private institution representatives, representatives of civil society; representatives of Danida and other development partners) will be heard. After identification of a number of important issues experienced during the delivery of the Danish assistance key stakeholders from political and administrative positions as well as civil society representatives, academia, other development partners and relevant representatives of the general public will be questioned on their perception (which by definition is subjective, but none the less important) of the relevance, modalities and performance of the Danish financed assistance.

#### 5.3.1. Contribution of Danish financed activities to overall macro-economic and political achievements

*Evaluation questions concerning economic aspects: To which degree has Danish assistance contributed towards the overall macro-economic development of Ghana from 1990 to 2006?? What was the content of the policy dialogue on economic policy – and which impact, if any, did it have on the policies followed by the Ghana Government?*

90) Note that Danida has only provided grants and un-tied aid.

91) Note the distinction between contribution and attribution mentioned in note 5.

92) As concerns assessment of impact this will normally be restricted to level one of the evaluation and to a lesser degree to the second level. Analysis of contra-factual outcomes (non-intended or non-planned, negative or positive) should, if possible, be most relevant at level three of the contribution of the individual donor.

The evaluation will collect and analyse information on the following indicators:

- The Danish financed share of total ODA.
- The Danish financed assistance compared to national budgets and contributions from other development partners.
- Involvement in productive sectors (industry, agriculture, infrastructure, research & development, transfer of knowledge).
- Export/import between Denmark and Ghana.
- FDI from Denmark.
- Private Sector cooperation in general, etc.
- Content of policy dialogue on economic policy, compared to e.g. IBRDs, IMFs and major bilateral development partners.
- Consider relevance, effectiveness, efficiency, and sustainability.

Evaluation questions concerning political aspects: To which degree has Danish assistance and the policy dialogue with Ghanaian authorities contributed towards the country's political development?

The evaluation should:

- Consider achievements against specific indicators of the previous and the current country strategy (2004-08).
- Consider the contribution to the GRSP-process.
- Consider the role of security and democratic rights for the people.
- Consider the role of the country as a key regional player.
- Consider the government/Danish policy dialogue concerning democratisation, gender issues, land reform, multi-party system, decentralisation, etc. in light of the historical development in Ghana including different periods of conflict.
- Consider relevance, effectiveness, efficiency, and sustainability.

### 5.3.2 Contribution of Danish financed activities to human and social development achievements

*Evaluation questions: Did Danish assistance have any impact on key social and human development indicators? Did Danish assistance pay due consideration to cross-cutting issues? In which way does Danish assistance distinguish itself from that of other development partners in terms of poverty orientation? In which way was Danish policy dialogue able to influence policies of the Government in the field of social development and poverty orientation?*

The specific Danish contribution towards the overall development in key human, social and poverty indicators should be assessed. Hence, Danish involvement should be described and assessed, its significance (in volume, space – district distribution – and quality) compared to that of other development partners should be assessed, and the policy dialogue with the Government described:

- Consider achievements against specific indicators of previous and the current country strategy.
- Poverty reduction (general and gender specific).
- The general indicators: health status, social status, education status according to gender, ethnicity and other relevant socio-cultural lines of division.

- Cross-cutting issues (gender, environment, human rights, good governance, democratisation and popular participation) and priority themes (children and youth; HIV/AIDS, private sector development etc.).
- Performance as assessed in the Annual Performance Report of Danida.
- Relevance, effectiveness, efficiency, sustainability of Danish priorities and activities.

Particular emphasis should be given to documentation of achievements relating to the improvement in the situation of women and on gender equality.

### 5.3.3. Contribution of Danish financed activities to organisational capacity achievements

*Evaluation question: To which degree has Danish assistance contributed to organisational and institutional development in Ghana? And how has the policy dialogue between Danish and Ghanaian authorities affected Government priorities and policies? What are the major similarities/differences between Danish assistance and the international assistance in general?*

Provision of assistance towards organisational and institutional capacity development may be more difficult than physical. Building roads have significant impact on development potentials – and may be relatively easy compared to supporting good governance. On the other hand, support to good governance may – although often very difficult and with results forthcoming only in the longer run – prove to be a highly effective way of supporting the overall development of a country. The key indicator of capacity development will be progress in outputs of the organisations (service delivery, policies or plans, production, etc.).

- Consider achievements against specific indicators of previous and the current Danish country strategy.
- Consider the Government – Danish policy dialogue, and the strategic choices made by Danida in supporting key organisations (e.g. organisations with a key impact on good governance and human rights, land reform, decentralisation, parliament, etc), in making choices on support to different Ghanaian regions, districts, etc.
- Consider changes in outputs of selected Danish-supported organisations, both at central and local government level and within 2-3 sectors.
- Consider relevance, effectiveness, efficiency, and sustainability.

### 5.4. Implementation modalities

*Evaluation question: What specific aid modalities characterise the Danish assistance that has affected the economic, political, social & human and institutional development? What effects have changes in the use of different modalities had and what effects can be observed from different modalities in terms of organisational capacity development and the sustainability of this development? Which perception of the implementation modalities of the Danish assistance is prevailing among representatives of the Ghana Government, civil society and development partners?*

- Consider to which degree Danish assistance policies and strategies and different Ghana Governments' strategies have been aligned.
- Consider the policy dialogue on aid modalities and strategic choices regarding sector involvement.
- Consider to which degree Danish assistance is harmonised with the assistance provided by other development partners.



- Consider choices made between general budget support, sector programme support (central government), support at local government level and support to civil society/ NGOs.
- Consider choices made concerning modalities: bilateral, multilateral, EU and NGO support.
- Consider how issues of corruption and possible misuse of Danish funds have been addressed taking into consideration the Danida zero-tolerance policy vis-à-vis corruption.
- Consider whether exit strategies have been formulated, how they have been implemented, and which are the sustainable effects?
- Consider whether TA (technical assistance) has been implemented in accordance with contemporary requirements of Denmark and Ghana.

The Perception Study will be a major source of data for the assessment of the implementation modalities of the Danish assistance. The pre-study will provide data and documentation on preparation, implementation, reviews and evaluation of completed (and current) projects and support programmes, and involved desk officers, advisers and counterparts. Time lines of major events and decisions (by Danish or Ghanaian offices) should be established, and key documents like appropriation, minutes of annual consultations, programme document, appraisal, review and evaluation should be available in electronic format. Based on the pre-study identification of key issues, the Perception Study will assess how Danish assistance has been perceived among the Ghanaian and other development partners.

*Note: For the full text of the Terms of Reference, please see the CD-ROM.*



# Map of Ghana



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## JOINT EVALUATION OF THE GHANA-DENMARK DEVELOPMENT COOPERATION 1990-2006

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This evaluation focuses on the development cooperation between Ghana and Denmark during the period 1990 to 2006. It was commissioned by the Department for Evaluation of Development Cooperation in the Ministry of Foreign Affairs of Denmark in cooperation with the National Development Planning Commission (NDPC) in Ghana.

The main purpose of the evaluation has been to evaluate the outcomes of the development efforts and distill lessons learned for future development cooperation. The report is based on an extensive amount of documentation concerning the development cooperation as well as on interviews and group discussions with key stakeholders in Ghana and Denmark.

**Danida**



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