Evaluation of the Ghana-Denmark Partnership 2007-2017
Results, sustainability and transformation

Private Sector Development
Working Paper

(Work in progress)

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1. Introduction

The PSD Working Paper provides information and background data that has been extracted from key documents of relevance for the corresponding section in Main Evaluation Report and underpins statements and observations, and the team's assessment on transformation and transition.

Section 2 provides information on the Ghanaian PSD context, the Ghanaian Government's PSD strategies and business environment. Section 3 presents: 1) an overview of Danish policies and strategies and their aims for private sector development in the partner countries; and 2) and overview of the three PSD programmes in Ghana covering the period from 2003-2020. Section 4 provides key data on the three PSD programme, among others objectives, components, budgets, etc. Section 5 deals with detailed background information, studies and evaluations for the four selected recurrent components concerned with advocacy, rural finance, skills development and climate adaptation and mitigation. Section 5 also presents an evaluation assessment of the components in accordance with the OECD/DAC criteria, except for the climate component that was launched in 2016.

Annex 1presents information on the Labour Market Component of the first PSD programme, but which was not included as a component in the two succeeding programmes. Nonetheless, the advocacy component deals with labour market matters. Annex 2 contains brief summaries of selected PSD projects that were visited during the team's mission in Ghana.

2. Context

2.1 Ghanaian Government's PSD perspective

Ghana Private Sector Development (PSD) has been emphasised in the Growth and Poverty Reduction Strategy (GPRS I 2003-2005 and GPRS II 2006-2009), the Ghana Shared Growth and Development Agenda I (GSGDA I 2010-2015), and Ghana Shared Growth and Development Agenda II (GSGDA II 2014-2017). The central goal of the **GPRS II** was to accelerate the growth of the economy so that Ghana could achieve the middle-income country status. The objective for PSD was to achieve accelerated growth through modernised agriculture led by a vibrant and competitive sector. The challenge to the attainment was to address the structural constraints at the policy and institutional levels. The strategic direction of the **GSGDA I** was to lay the foundation for the structural transformation of the economy through industrialisation especially manufacturing, based on modernised agriculture and sustainable exploitation of Ghana's natural resources, particularly minerals, oil and gas. GSGDA I lists the challenges encountered by large enterprises and MSMS, see the Box below. The thrust of **GSGDA II** continued to be on transformation of the economy. A major objective of the transformation agenda is to create a significant number of quality jobs whilst promoting decent work, especially in the informal sector. Other job creation initiatives will arise from accelerated investments in public infrastructure, promotion of tourism, and provision of financial, technical and ICT services.

Box 2.1: Enterprise challenges

The private sector in Ghana comprises a few large multinational companies and a very large number of Micro, Small and Medium Enterprises (MSMEs). Enterprises face serious challenges. These include: ineffective national strategic agenda; capable but non-responsive public sector; unpredictable macroeconomic conditions; unreliable and expensive infrastructural services; unpredictable legal and regulatory regimes; inadequate managerial skills; inadequate capital base; poor entrepreneurial orientation; obsolete technology; generally low productivity; pervasive corruption; and poor market access. All these obstacles have hampered the growth of the private sector and hence the centrality of the issue of Ghana's private sector competitiveness.

Source: GSGDA II, Chapter 3: Enhancing competitiveness in Ghana's private sector

As part of the GPRS II, the national medium-term Private Sector Development Strategy, Phase I (PSDS I) was developed for the 2005-2009 period. The GoG and 12 development partners signed an MoU, including a commitment to pooled funding. The **PSDS I** had four outputs: 1) Enhancing Ghana's competitiveness position in global and regional markets; 2) Improving the efficiency and accessibility of national markets; 3) Increasing competence and capacity at the firm level; and 4) Strengthening of Government's private sector policy. The PSDS I encountered some challenges, among others changes in leadership, lack of ownership of some key MDAs, and a recognition that investment climate reforms are necessary but not sufficient to achieving economic transformation.[1]

The **PSDS II** (2010-2015) was approved with the vision of a "Thriving Private Sector – creating jobs and enhancing livelihoods for all". The vision was to be achieved by fostering productivity improvements at the firm level as a prerequisite for effective competitiveness and sustained economic growth. By end of 2012, the implementation of the Action Plan. Following the election in 2012, the responsibility for implementing PSDS II was shifted from MoTI to the Ministry for Private Sector Development in the President's Office. The new Ministry was not given a separate budget and hence the contribution was limited. The ambiguity of implementing the PSDS II between MoTI and the new Ministry made the supporting donors (including DFID, SECO and Danida), shift to other MDAs. In the end PSDS II was not implemented as planned, although some of the planned interventions were implemented by MDAs using a project based approach.[2]

[1] GoG. December 2010. Private Sector Development Strategy 2005-2010: Final Performance Assessment and Programme Completion Report.
[2] Ghana-Denmark partnership in the private sector 1992-2016: Technical Paper July 2017.

National Policy on Public-Private Partnerships (PPP)[3]

Infrastructure (roads, power, rail, water and sanitation, sea and airports, among others) is a fundamental requisite for economic growth and development. Fiscal constraints have resulted in the development of new and innovative approaches to the provision and financing of public infrastructure and services. The traditional role of Government as the primary infrastructure and public service provider is gradually being supplemented with private sector expertise and financing. The adoption of a Public Private Partnership therefore reflects the Government's wish to improve the quality, cost-effectiveness and timely provision of public infrastructure and services in Ghana. The GoG is committed to establishing a clear financial, legal and transparent administrative framework and eliminating barriers to PPP arrangements. The 2004 PPP policy guidelines were not operationalized. The 2011 PPP policy framework is enhanced and harmonized with those of 2004.

Government of Ghana – Development Partners Compact 2012-2022[4]

In partnership with the public sector, the private sector is expected to play a critical role in driving the transformation agenda. This entails the development of a private sector that creates jobs and enhances livelihoods for all Ghanaians. The capacity of the private sector to play its role will be enhanced through the implementation of the second Private Sector Development Strategy (PSDS II). Additionally, a Public-Private-Partnership (PPP) framework and policy guidelines have been prepared and launched by GoG to promote the even spread of PPP initiatives across the country to ensure that private sector investments penetrate all spheres of the economy. For Ghana's financial sector to play a stronger role in driving economic transformation, much needs to be done to increase private sector access to credit at competitive cost and to provide innovative products that are better suited to the needs of the private sector. Given Ghana's current limited access to the global market, there is the critical and urgent need to aggressively pursue measures to expand access and share of global trade. Though a number of trade-related policy initiatives have been implemented by way of preferential trade regimes/relations, there still remain a number of pertinent challenges that need to be addressed to achieve real expansion in global market access.

The Coordinated Programme of Economic and Social Development Policies 2017-2024[5]

In continuation of Ghana's poverty and growth strategies (GPRS, GSGDA I and II) as regards private sector development, the "Coordinated Programme of Economic and Social Development Policies 2017-2024" (CPESDP) was presented to Parliament in October 2017, which reaffirmed the Government's commitment to promotion of private sector development. Excerpts from the **CPESDP** policy document are presented below.

The main thrust of private sector development policy is to establish Ghana as the most business-friendly country in Africa. This will entail creating an enabling environment to attract both domestic and foreign investors, with the aim of growing businesses and expanding the private sector. To this end, Government will identify and address the systemic structural and institutional bottlenecks that constrain the environment for business expansion and growth. These will be supported by lowering the overall tax burden on business, and instituting new incentives aimed at rapid industrialisation and agricultural transformation, targeted at agro-processing, pharmaceuticals and light manufacturing, especially garments and textiles. To create a globally competitive private sector environment, specific interventions will aim at: enhancing the business-enabling environment; promoting public-private sector dialogue; improving business financing; supporting entrepreneurship and SME development; promoting export development; enhancing domestic trade; and ensuring consumer protection.

The involvement of the private sector and inclusion of its views in policy and programme formulation is a critical component of policy planning. In view of this, Government will institutionalise and formalise the dialogue between Government, representing policy makers, and the private sector. SMEs

[3] Government of Ghana, Ministry of Finance and Economic Planning, 2011.
[4] Government of Ghana, 2012
[5] Government of Ghana, 2017

serve as a major source of employment, and their capacity to create jobs can be enhanced through the provision of targeted support. Government is determined to create an entrepreneurial culture, especially among the youth, and has launched a comprehensive National Entrepreneurship and Innovation Plan (NEIP), to support start-ups and early-stage businesses with financing and business development services, including incubator hubs and business accelerator services. In addition, Government will tackle the currently poor management of entrepreneurship training facilities across the country.

The growth of agriculture will be the main driving force for rural development and transformation. One of the main objectives of agricultural development is to promote agro-industrial enterprises as the basis for the One District, One Factory initiative. To this end, there will be a complete paradigm shift in agricultural development from a supply driven-approach, to a more strategic, business- centred and demand-driven approach. This new orientation will constitute the new operational framework for agricultural development, while at the same time safeguarding food adequacy in the short term, and food security in the medium-to-long term. Formalising the informal economy is an important medium-term goal of Government. In addition, the strategy for formalising the informal sector will aim at rapidly and sustainably expanding financial inclusion. The structure of the economy has changed significantly over the last 25 years, with significant growth in the service sector (see Table 3.1). Employment is heavily dependent on agriculture, with 80% of employment in informal activities.

Table 3.1: Structure of the economy (% GDP)

	1992	2002	2012	2016
Agriculture	45.0	39.2	25.3	20
Industry	17.4	28.2	25.6	28
Of which: Manufacturing	9.4	10.1	6.9	8
Services	37.6	32.6	49.1	52

Source: World Bank

2.2 Ghanaian Government's Trade Policies

Ghana Trade Policy 2006-2010[6]

The Trade Sector Support Programme (**TSSP**) is designed to systematically implement the Ghana Trade Policy and deliver rapid and strategic expansion of Ghana's productive base. It is informed by practical experience of rapid economic change in other countries, which has been tailored to Ghana's context. The TSSP takes a new approach to international trade capacity building in that it is centred on strengthening local capacity both in the public and private sectors to deliver long-term sustained change. The TSSP will be implemented over a five-year period, from January 2006 to December 2010. It seeks to contribute to accelerated sustainable economic growth as well as increased incomes and employment for the people of Ghana. This will be achieved by increasing Ghana's competitiveness in international and domestic markets and improving the legal and regulatory environment for business and consumers. The TSSP covers the following ten thematic areas and a management and coordination component:

- Multilateral Trade
- Import-Export Regime
- Trade Facilitation
- Production Capacity
- Export Trade Support Services
- Standards
- Domestic Trade and Distribution

[6] Government of Ghana/ Ministry of Trade and Industry, 2006

- Competition and Government Procurement
- Consumer Protection
- Intellectual Property Rights
- Management and Coordination

Ghana National Export Strategy for the Non-Traditional Sector 2013-2017[7]

The overall objective of the National Export Strategy (**NES**) is to develop the potential of the non-traditional export (NTE) sector to enable it make maximum contribution to GDP growth and national development to consolidate and enhance Ghana's middle-income status, create formal decent job opportunities and ensure high standards of living for the people. Despite the attractions of oil revenues, the government has taken a bold policy decision to stay focused on developing the non-oil/ non-traditional export sector.

The NES is driven by four outputs one of which is the "Capacity of GEPA, Metropolitan, Municipal and District Assemblies enhanced to promote export so that every District is able to develop at least one significant export product preferably from the Priority Product List". The Metropolitan, Municipal and District Assemblies (MMDAs) have a responsibility in the NES to develop at least one significant agro-based export product from amongst the products in which they have comparative and potential competitive advantage. Preferably, an export production and processing zone should be established as a cluster within a value chain. Each export production and processing zone should have the full complement of infrastructure, services and the network of actors with complementary resources, activities and linkages. This should impact on overall national non-traditional export growth, contribute to improved physical and social infrastructure, employment creation, increased personal incomes, increased revenues to the Districts; contribute to the diffusion and adoption of skills, technologies and best practices within the export sector with a spill-over effect into other sectors of the MMDA areas and the nation as a whole.

While providing an environment for maintaining the high performance and contribution of the product sectors that have traditionally accounted for the export revenues of the NTE sector, the following constitute the priority sectors in which Ghana has to invest in order to grow its exports over the period of the current NES:

1. Fresh chilled/frozen and processed fish (e.g. canned tuna, fresh/ chilled fish, prepared fish)
2. Vegetable oils and seeds, tree crop oils and seeds (e.g. raw and processed shea/karite nuts, cashew nuts, oil palm, groundnuts, soya, sunflower, etc.)
3. Fresh and processed fruits and vegetables (e.g. fresh pineapples, banana, mangoes, papaya, citrus, chillies, melons, cut fruit, tomato paste)
4. Root crops such as yams, cassava, and sweet potatoes
5. Grains and legumes such as rice, maize and cowpeas
6. Natural plant product preparations/nutraceuticals (medicinal plants and parts, culinary herbs, high nutrient plants, etc.)
7. Natural rubber and rubber products
8. Processed cocoa products
9. Products of the creative arts industries

[7] Government of Ghana/ Ministry of Trade and Industry, 2013

Export and Trade as elaborated in the CPESDP 2017-2024[8]

Promoting Export Development: In view of the need for a clear national export strategy aimed at diversification, competitiveness and the development of more export markets for an expanded range of products, Government will implement a number of interventions such as:

- Develop and implement a comprehensive, project-based export diversification action plan, based on the national export strategy;
- Restructure the operations of the Ghana Export Promotion Authority (GEPA) to enhance export diversification and take advantage of EPA, AGOA, and intra-African trade; and,
- Provide support for organisations such as the Association of Ghana Industries (AGI), Ghana Exporters' Association (GEA), and the Ghana Chamber of Commerce (GCC) for export promotion activities.

Enhancing Domestic Trade: To create the enabling environment to facilitate domestic trade, medium-term interventions will focus on the following:

- Improving the macro-economic fundamentals, including minimizing exchange rate uncertainties, reducing inflationary pressures and lending rates, rationalising taxes and the high cost of utility services, and reducing excessive bureaucracy, corruption and high charges at the ports;
- Introducing reforms in port clearing systems and benchmark Ghana's ports against best practices;
- Restructuring the Customs Division of the GRA to improve its operational efficiency;
- Ensuring that rules and regulations regarding the reservation of areas of the retail trade for Ghanaians, are strictly enforced;
- Introducing a local content law, that will require that a substantial proportion of all Government of Ghana (GoG) contracts and procurements are executed by domestic corporate entities;
- Introducing a Competition Law; and
- Developing modern markets and retail infrastructure in every district to enhance domestic trade.

2.3 Ghanaian business environment

Economic policies in the 1990s and 2000s did not result in substantial advances in export diversification, increasing agricultural productivity, industrial upgrading or deepening, or increasing the technological capabilities of locally owned firms and farms. In short, new productive sectors were not developed that generated exports or substitutes for imports and created forward and backward linkages on a scale that significantly broadened and deepened the "fragile" economic structure. Furthermore, governments continued to overspend, largely due to distributive expenditures, and finance fiscal deficits through domestic and external debt. As a result, the country found itself back in a macroeconomic crisis after the 2012 elections, and the NDC government had to ask for an IMF bailout in 2014.[9]

From 2015 to 2017, Ghana endured a difficult period of economic adjustment, which tested the government's ability to respond adequately. Economic performance fell below expectations due to negligence and mismanagement over previous years, and recent circumstances beyond the government's control. While corrective policies were quickly introduced, especially policies developed in close cooperation with the IMF under an elaborate adjustment program, few positive results are yet

[8] Section 4.2.5 Private Sector Development, p. 67

[9] L. Whitfield. 2018. Economies after Colonialism: Ghana and the Struggle for Power.

visible. High inflation, problems with public debt, a volatile exchange rate, recurring power cuts and low prices on the world market for Ghana's major exports have negatively affected the livelihoods of Ghanaians. The December 2016 election resulted in a new government dominated by the NPP. On the economic side, the IMF agreement is continuing to perform according to expectation and, with the new government in place, the likelihood of economic improvement has increased. However, the seemingly uncontrollable rate of inflation continues to be a major stumbling block, while economic inequality, poverty and environmental degradation have not been adequately addressed. The task for the new government remains substantial. To overcome divisions within the country, especially between the impoverished north and more affluent south, additional policies are urgently required to avoid lasting damage to the fabric and stability of Ghanaian society.[10]

Ghana's business environment and competitiveness fall short of their potential. Ghana has been generally stagnant or declining in areas of competitiveness and business reform over the last few years. The World Bank's Doing Business Report and the Word Economic Forum's Global Competitiveness Index (GCI) inform about a significant drop compared to its own performance 8 years ago or benchmarked against comparator countries. Although Ghana is one of the regional leaders in overall Doing Business rankings, its inability to sustain reforms severely affects its competitiveness globally. The country's macroeconomic challenges have had a significant impact on the private sector's competitiveness. Over the past five years, the primary constraints to growth within Ghana's private sector have remained consistent, with low access to credit, unreliable power supply and high utility tariffs being the consistent of the top five constraints. The private sector performance was further weakened by lower key export commodity prices and a severe energy crisis in 2014. In the last 3 years, energy rationing, high inflation, high borrowing cost, energy costs and higher value-added taxes (VAT) have increasingly crowded out the private sector.[11]

Despite a focus on private sector development Ghana's national development strategy, international as well as national surveys indicate significant challenges to private sector growth. The complex challenges faced by the private sector in Ghana are exasperated by the lack of an effective dialogue between the private and public sectors on how best to prioritize dynamic constraints, identify practical solutions and monitor the progress of reforms. Low levels of coordination and inclusiveness in the policymaking process have limited opportunities to demand that the Government undertake the types of wider growth-supporting reforms that the private sector needs to become and remain competitive in the global economy. The success of the business regulation reform relies on establishing dialogue mechanisms with clear rules of accountability and systematic monitoring of progress. Inviting inputs on priority reforms from private sector stakeholders will be essential to build confidence and trust in the public-private dialogue. Political commitment to the business reform agenda is a first-order priority. A positive early step would be to reenergize Ghana's dialogue and reform mechanisms for private sector development; this would be widely welcomed by the private sector. Ghana also needs to develop the ability to prioritize, design, plan and implement business reform programs based on broad stakeholder engagement.[12]

Economic Indicators

Indicator	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
DB rank	94	87	92	60	63	62	67	112	111	108	120	-
GCI index			3.61	3.44	3.55	3.64	3.79	3.69	3.71	3.58	3.68	3.72
GCI rank			102	114	114	114	103	114	111	119	111	-
FDI							6.8	8.7	8.5	8.2		
Inflation CPI							11.6	15.5	17.1	17.5		
GDP %	4.3	9.1	4.8	7.9	14.0	9.3	7.3	4.0	3.9	3.6	6.1	-

DB: Doing Business, World Bank
GCI: Global Competitiveness Index, World Economic Forum (WEF)

[10] BTI. 2018. Ghana Country Report
[11] World Bank. June 2017. Shifting Ghana's Competitiveness in to Higher Gear: Ghana Economic Update.
[12] Ibid footnote 11

FDI: Foreign Direct Investment & of GDP
CPI: Consumer Price Index

Ghana has been subject to WB/IFC Enterprise Surveys in 2007 and 2013. The objective of the surveys is to obtain feedback from enterprises on the state of the private sector and building a panel of enterprise data that will make it possible to track changes in the business environment over time, thus allowing, for example, impact assessments of reforms. Through interviews with manufacturing and services sector firms, the surveys assess the trends of private sector growth. The 2013 Survey included 720 firms, which saw the access to finance being the main constraint followed by the reliability of electricity services. The 2007 Survey included 616 firms, which saw the reliability of electricity services as the main constraint followed by access to finance. The surveys have a total of 57 indicators distributed between: corruption; regulations, taxes and business licensing; firm indicators; finance; infrastructure; trade; crime; and innovation and workforce. A subset of indicators from 2013 and 2007 are presented in Table 3.1. The positive trends include increased trust in the court system, increased use of Emails, improved water supply services. The negative trends include: increased difficulties in accessing finance; longer duration for obtaining operating license, import license and clearance of imports from custom; and reduce share of female workers.

Table 3.1: Comparison of Enterprise Survey indicators for 2013 and 2007

Selected indicators	2013	2007	Difference
% of firms expected to give gifts to get an Operating License	19.1	22.8	+3.7
Days to obtain Operating License	24.5	6.4	-18.1
Days to obtain Import License	14.6	10.3	-4.3
Value of collateral needed for a Loan (% of the Loan Amount)	240.0	128.2	-111.8
Number of Power Outages in a typical month	8.4	9.7	+1.3
Number of Water Shortages in a typical month*	2.7	10.6	+7.9
Average time to clear Direct Exports through Customs (days)	7.8	7.8	0
Average time to clear Imports from Customs (days(	14.8	6.8	-8.0
% of firms believing the Court System is fair, impartial and uncorrupted	44.4	59.8	+15.4
% of firms using Email to communicate with clients/suppliers	64.9	27.1	+37.8
% of full time Female Workers	24.7	34.8	-10.1

Source: WB/IFC Ghana Country Profiles 2013 and 2007: Enterprise Surveys
*Manufacturing sector only.
Note: + indicates a positive trend, and – a negative one.

3. Denmark's support to private sector development in Ghana

3.1 Danida policies and strategies on PSD

Private sector development in Danish development strategies:

- A World of Difference: *The Danish Government's Vision for New Priorities in Danish Development Assistance 2004-2008*, (2003). Trade liberalisation and market access are seen as important elements in developing partnerships with developing countries, especially improving access to developed countries' markets. Increased coherence between trade and development should be pursued.

- Globalisation – Progress through Partnership 2006-2010, (2005). The paper presents the Government's development policy priorities and economic framework for 2006-2010; and how it can support developing countries in their efforts to exploit the full potential of globalisation. The Government will among others focus on the following areas: Targeted efforts to promote the MDGs – especially in Africa; Increased focus on promoting economic growth – as a way out of poverty; strengthened environmental efforts – a prerequisite for sustainable development; Better climate – emphasis on global solutions; and Human rights and democracy – a free and fair world.

- Business Growth and Development: *Action Programme for Danish support to Private Sector Development in the Developing Countries*, (2006). Contribution to an enabling business climate that increases the innovative capacity of the private sector and facilitates a high level of domestic and foreign investments in sustainable development. Increased liberalisation of world trade would have positive effects for most countries and concessions should be considered for the developing countries.

- A World for All: *Priorities of the Danish Government for Danish Development Assistance 2008-2012*, (2007). Promotion of development oriented and forward looking trade policy in relation to developing countries, and general support to micro-financing in connection with business and agricultural sector programmes.

- Freedom from Poverty - Freedom to Change: *Strategy for Denmark's Development Cooperation*, (2010). Promotion of increased free trade, market access for developing countries, and better integration into the global economy; market-based economic growth with focus on employment; and advancing access to new technology and innovation.

- The Right to a Better Life: *Strategy for Denmark's Development Cooperation*, (2011). Promotion of private sector-led economic growth and job creation in order to foster inclusive and sustainable development that benefits the poor. Development of a more enabling international environment fro green growth and for greater coherence between policies in the areas of trade, agriculture, environment, energy, climate and development policy.

- Strategic Framework for Priority Area: *Growth and Employment 2011-2015*, (2011). Promotion of an inclusive, market-driven growth and productive employment, particularly for young people. Agriculture is the largest private sector in many developing countries and therefore provides a good opportunity for promotion of growth and employment.

- Government Strategy on Export Promotion and Economic Diplomacy: *More trade. New jobs*, (2014). The strategy comprises 9 measures, where the 6th measure concerns "Better cohesion between development aid and commercial efforts" with focus on developing countries' growth potential. Danish companies can make significant contributions to solving key challenges faced by developing countries, boosting sustainable growth and job creation.

"The World 2030", Chapter 6 (January 2017) states that:

- Denmark will contribute to the business sector's transition to sustainable production and trade;

- Many of the SDGs presuppose an active contribution from the private sector, e.g. in connection with energy, climate, health and food;
- The employment in agriculture and food sector must be the driver;
- Increase contribution to, e.g. agricultural and small and micro enterprises in the informal economy becoming integrated in the formal economy;
- Prioritise initiatives within clean water and sustainable energy;
- Enhanced integration in the international and value creation locally.

The "Denmark-Ghana Partnership Policy 2014-2018" reiterates that Denmark's support for the private sector in Ghana will continue to stimulate the private sector as a key engine of growth, to promote employment and to make the initiatives greener. In the period 2014-2018 development cooperation to promote growth, social progress, human rights, and equality also within the context of decentralization, will continue, though within a gradually reduced financial framework. Hence other strategies are required to strengthen the efforts. Inclusive and green growth lends itself well to the ambition of creating better synergies between different instruments at hand in Denmark's foreign, development and trade policy.

The Danish Embassy in Accra issued "The Ghanaian-Danish Partnership in Transition: From Aid to Trade, September 2017" which is clearly related to Denmark's overall strategy, The World 2030 and consistent with Ghana's CPESDP that has a strong emphasis on trade. The private sector development programmes in Ghana (2003-2020) – promoting Ghanaian MSMEs – has only to some extent focussed on export promotion and trade. From Aid to Trade could have two dimensions: 1) Danish companies trading with Ghana; and 2) Ghanaian companies trading with domestic and foreign customers – some of which could be with Danish companies, as is currently the case.

3.2 Overview of the three private sector programmes in Ghana 2003-2020

Denmark has provided support to private sector development (PSD) in Ghana since the early 1990s. Most of the support in the early 1990s was project-based support to individual companies with technical assistance, grants and or loans. The transition from project-based approach to a programmatic approach started in the mid 1990s that made poverty reduction a more explicit aim and related to country strategies and sector programmes. Danida took part in the Financial Sector Support (FSS 1993-2001) that was implemented in three consecutive phases contributing to capacity development in the banking sector – but gradually targeting the rural banks and rural communities more directly. The Danish Private Sector Development Programme (PSDP 1993-2006) was launched to facilitate the transition from a state-governed to a market-led economy and was replaced by the Business-to Business Programme (B2B 2006-2011), which in turn was replaced by Danida Business Partnerships (DBP 2011-2014). The PSDP, B2B and DBP supported partnerships between Ghanaian and Danish enterprises. The 2008 Country Evaluation (1990-2006)[13] concluded that positive results were achieved regarding technology transfer and capacity building of individual enterprises, but also revealed that contribution to private sector development was low.

Denmark has supported three PSD sector programmes during the period 2003-2017. Two have been completed and the third is ongoing. The private sector programmes are:

- Business Sector Programme Support, Phase 1(BSPS I 2003-2010)
- Support to Private Sector Development, Phase 2 (SPSD II 2010-2016)
- Support to Private Sector Development, Phase 3 (SPSD III 2016-2020)

The timeline for Ghana's growth and PSD strategies and Danida's PSD programmes is shown in Table 3.1. The BSPS I coincided with the Government's "Engine of Growth" and had a pro-poor strategy aiming at equitable growth and a competitive business sector. The SPSD II was aligned with the Ghana

[13] Danida. 2008. Joint Evaluation of the Ghana-Denmark Development Cooperation, 1990-2006.

Shared Growth Agenda (GSGDA 2010-2013) and had the overall objective of "Creation of sustainable and decent jobs". Efforts were also made to align BSPS I and SPSD II with Ghana's Private Sector Development Strategy (PSDS) Phase I (2004-2009) and Phase II (2010-2015). The SPSD Phase III was designed to consolidate results from past business interventions with the objective of "promotion of inclusive and greener economic growth through private sector development leading to increased income and better welfare of Ghanaians" and shares characteristics with the Coordinated Programme of Economic and Social Development Policies" (CPESDP 2017-2024).

Table 3.1: Timeline for Ghana's Growth and PSD Strategies and Danida's PSD Programmes

<table>
<tr><th>2006</th><th>2007</th><th>2008</th><th>2009</th><th>2010</th><th>2011</th><th>2012</th><th>2013</th><th>2014</th><th>2015</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th></tr>
<tr><td colspan="4">GPRS II 2006-2009</td><td colspan="4">GSGDA I 2010-2013</td><td colspan="4">GSGDA II 2014-2017</td><td colspan="3">CPESDP 2017-2024</td></tr>
<tr><td colspan="4">PSDS I 2005-2010</td><td colspan="6">PSDS II 2010-2015</td><td colspan="5"></td></tr>
<tr><td colspan="4">BSPS I 2003-2010</td><td colspan="7">SPSD II 2010-2016</td><td colspan="4">SPSD III 2016-2020</td></tr>
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Table 3.2 provides an overview of the three programme phases. As the three sector programmes combined cover the period from 2003-2020 (see Table 3.2) it will not be feasible to focus entirely on the 2007-2017period, as the beginning and ending of the private sector development support constitute important elements for the evaluation.

Table 3.2: Danida supported PSD programmes 2003-2020

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

1. BUSAC: Business Advocacy Challenge Fund in cooperation with EU and USAID with Danida as the lead partner.
2. DKK 20 million was added from the Climate Envelope.
3.GCIC: The WB provides the Trust Fund mechanism for the implementation of the GCIC. Danida is the lead donor and has contributed about USD 11 million out of the total budget of USD 18 million. The Dutch has committed USD 4 million. There is a funding gap of USD 4 million.

The BSPS 1 was originally designed for a five-year period (2003-2008), but implementation dragged out and was extended to 2010. A key finding from the 2008 Joint Evaluation of the Ghana-Denmark Development Cooperation(1990-2006)[14] was that the 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'. The 2008 Country Evaluation concluded that positive results of Danida's

[14] Danida. 2008. Joint Evaluation of the Ghana-Denmark Development Cooperation, 1990-2006.

support were achieved regarding technology transfer and capacity building of individual enterprises, but also revealed that contribution to private sector development was low.

Similarly, SPSD II was planned for a five-year period but was extended to 2016. Considerable efforts were made to align SPSD II to PSDS II causing some delays. The partnership with ARB Apex Bank on Rural Finance were not continued and the revolving funds have been transferred to a new Rural Development Fund, where IFU will replace the Embassy as member of the board.

SPSD III is an exit phase and will consolidate the results of previous successful and resilient interventions. The SPSD III emphasises the need to structure the support to increase collaboration with other Danish business instruments (Danida Market Development Partnership, Danida Business Explorer and Danida Business Finance) as well as the Trade Council (TC), the Investment Fund for Developing Countries (IFU) and the Export Credit Fund (EKF). In the period 2014-2018 development cooperation to promote growth, social progress, human rights, and equality also within the context of decentralization, will continue, though within a gradually reduced financial framework. Hence other strategies are required to strengthen the efforts. Inclusive and green growth lends itself well to the ambition of creating better synergies between different instruments at hand in Denmark's foreign, development and trade policy.

The thrust of the evaluation is on the sector programmes' recurrent themes, i.e. **BUSAC, RF/RDF, SDF, and GCIC** for which Danida has made substantial contribution and has been a long-term partner (the GCIC was launched in 2013 and started implementation in 2016). The four thematic themes are included in SPSD III. Private sector development is an essential element of the Denmark-Ghana Partnership and will remain so in the transition 'from aid to trade'. The selected themes have been subject to complementary studies that have provided more in-depth knowledge on results and processes.

4. Key data on the Danida private sector programmes

4.1 Business Sector Programme Support (BSPS I) 2003-2010

National Agencies:	Ministry for Private Sector Development, Ministry of Trade and Industry, Ministry of Finance and Economic Planning, Ministry of Justice, the Judiciary, Bank of Ghana, business and labour organisations.
Duration:	Five years
Starting Date:	October 2003
Overall Budget Frame:	DKK 196.8 million plus DKK 8.4 million for technical assistance

BSPS comprises five components:

- Legal and Judicial Reform
- Strengthening the Culture for Business
- Business Support Instruments
- Better Access to Markets
- Strengthening of the Labour Market (added 2006)

Table 4.1: BSPS I objectives

Development objective	Equitable growth in production and employment achieved through development of a competitive and vibrant business sector.
Intermediate objectives - one for each component	1. Responsiveness, accessibility and efficiency of the legal sector and judicial environment for business in Ghana strengthened 2. Culture for business in Ghana strengthened 3. Enhanced development of growth-oriented MSMEs through socially and geographically balanced financial and non-financial business development support instruments 4. Ghana's benefit from the multilateral trading system and the globalisation process improved.
Immediate objectives	
1.Legal and Judicial Reform	1. Strengthened legislative and regulatory environment for business 2. Improved delivery of streamlined business registry services 3. Responsive, accessible and efficient commercial dispute resolution
2. Strengthening of the Culture for Business	1. Strengthened advocacy capacity for the business sector 2. Improved business practices 3. Improved public sector customer services for businesses
3. Business Support Instruments	1. Lending to Micro and Small Enterprises (MSE) through appropriate credit schemes increased 2. Availability and access of Micro, Small and Medium sized Enterprises (MSME) to adequate non-financial business support services enhanced 3. Small and Medium Enterprises (SME) have expanded their level of operations through equity capital injections 4. Access of SMEs to relevant ICT enhanced
4. Better Access to Markets[15]	1. Articulation of Ghana's interests in international trade negotiations improved 2. Implementation of international trade agreements in Ghana improved 3. Capacities to meet international standards in exports improved.
5. Strengthening of the Labour Market	An immediate objective was not elaborated at the time of elaborating the Programme Document.

[15] This component will be finally defined when a comprehensive trade policy is formulated by GoG.

The total contribution of Danida for BSPS is estimated at DKK 196,800,000 for the 5-year period October 2003 to September 2008.

Table 4.2: BSPS I Tentative Budget October 2003-September 2008

Item	DKK 1,000
Component 1: Legal and Judicial Reform	**40,500**
1. Legislative and regulatory environment.[16]	9,500
2. Business registry services	9,300
3. Commercial dispute resolution	18,200
Audits	500
Contingencies, Component 1	3,000
Component 2: Strengthening the Culture for Business	**41,000**
1. Advocacy capacity (BUSAC Fund)	28,570
2. Business practices	4,760
3. SIRF	4,760
Audits	400
Contingencies, Component 2	2,510
Component 3: Business Support Instruments	**74,000**
1. SPEED Fund	35,410
2. IDEAS	19,390
3. Venture Capital Fund	8,000
4. ICT activities	7,000
Audit	500
Contingencies, Component 3	3,700
Component 4: Better Access to Markets	**15,000**
Review, monitoring, research etc.[17]	**8,500**
Programme Coordination[18]	**5,300**
Sub-total	**184,300**
Unallocated funds[19]	**12,500**
GRAND TOTAL	**196,800**

BUSAC: Business Sector Advocacy Challenge Fund
SIRF: Service Improvement Responsive Fund
SPEED: Support Programme for Enterprise Empowerment and Development
IDEAS: Innovation and Development in Enterprise Assistance Scheme

Labour market: Unallocated funds were set aside for new initiatives and unforeseen needs, especially in the domain of labour market issues. Different parties have expressed a need for such a specific component related to labour market issues in light of the planned revision of the labour dispute resolution system and the introduction of more flexible labour market regulation mechanisms. Planning related to such a new area of support is anticipated to be initiated in the beginning of 2005 when the newly adopted labour law has been operating for some time. Further details are presented in Annex 1.

Development Cooperation 2004-2008: According to the recently approved strategy for Danish development cooperation with Ghana 2004-2008, the Danish support aims at maintaining the momentum of the past decade, where efforts to reduce poverty, enhance economic growth and consolidate democracy were fruitful.

Implementation constraints: Outside the joint implementation (i.e. PSDS, pooled funding) remained those parts of the BSPS which were being funded directly with no change of the aid modalities. Changes have impacted adversely on the pace of implementation, limiting programme disbursement by September

[16] A Danida advisor, legal expert, for 36 months will be financed outside the budget (DKK 2.7 million)
[17] Including support to PPME of MPSD (estimated at DKK 3 million) to be decided upon after the review of the front-runner
[18] An international coordinator of the Danish support (60 months) and two national programme officers (120 months), all three to be placed at the RDE, will be financed outside the budget (DKK 5.7 million)
[19] Including possible labour market component.

2007 to only DKK 90.6 million (44%) of the total DKK 205.2 million budget. The varied and changing BSPS aid modalities have been an important factor in delaying implementation. Despite the the complications of aligning to PSDS, major improvements were nonetheless achieved: the number of days to register a business was reduced from 31 days to 2 days; the number of days for solving commercial disputes were reduced from two years to two months; BUSAC reached out to all 10 regions; and the number of participating financial institutions increased from 5 to 59.

Gender: Although the gender dimension is frequently considered in the GPRS and gender mainstreaming is a preoccupation of the paper, no coherent national gender policy or strategy per se exists. However, in collaboration with the Ministry of Women and Children's Affairs and women's organisations, the UN System has drafted a programme for promoting gender equality. The programme focuses on institutional capacity building, advocacy and policy development for mainstreaming gender in development processes.

Ministry for Private Sector Development (MPSD): The Ministry, which is a ministry directly under the President's Office, is intended to be 'an innovative service ministry to coordinate and harmonise the efforts of all relevant ministries and agencies to make them efficacious in their support for the development of the private sector'. MPSD is still in its infant stage and has a very limited staff. Besides, MPSD is still in a process of defining its role vis-à-vis the Cabinet ministries. MPSD has received start-up (front-runner) assistance from Danida in relation to planning in collaboration with the NDPC of a system for monitoring and evaluating development of the private sector. This support will be reviewed in the first half of 2004 in order to inform decisions on possible future Danish support to MPSD.

Ministry of Trade and Industry (MoTI): MoTI is the main centre regarding Ghanaian trade policy. Currently three professional staff work within the Ministry: one on WTO issues, one on EU-ACP issues and one on ECOWAS issues. In MoTI there are currently five persons dealing with international trade issues, the area considered for Danida support. MoTI receives assistance from DFID and World Bank. MoTI has recently established a directorate for promotion of SMEs.

4.2 Support to Private Sector Development Phase II (SPSD II) 2010-2016

Start-End Date: 1 January 2010 – 31 December 2014 (5 years), extended to 2016
Support Budget: DKK 400 million

Components and implementing agencies:

1. **Business Environment**
   - 1.1 PSDS Pooled Funding: Ministry of Trade and Industry (MoTI) and selected Ministries, Departments and Agencies (MDAs);
   - 1.2 BUSAC: Contractor on behalf of funding development partners for Business Advocacy;
2. **Enterprise Growth and Job Creation**
   - 2.1 Skills Development Fund: Council for Technical and Vocational Education and Training (COTVET);
   - 2.2 Agricultural Value Chain Facility: The Alliance for a Green Revolution in Africa (AGRA) and commercial banks;
   - 2.3 Rural Finance: ARB Apex Bank of the Rural and Community Banks.

Component objectives:

Development objective of SPSD II: which is aligned and contributing to these policy goals and the PSDS II vision, is defined as: Creation of sustainable and decent jobs.

Objective of Component 1: Business Environment: Improved conditions for business operation including enhanced local and foreign investor confidence.

Objective of Component 2: - Enterprise Growth and Job Creation: Increased productivity and employment through broad-based enterprise growth.

While Component 1 is designed to improve the environment for business, Component 2 is designed to provide direct support to enterprises, in particular MSMEs, and farmers and their organisations with the view of contributing to the SPSD development objective. The development objective is one of the pathways towards achieving government's overall goal of reducing poverty and improving the livelihoods of all Ghanaians. Broad-based enterprise growth, increased productivity and employment are essential elements of increasing jobs that provide better incomes for all Ghanaians.

Table 4.3: Components, Sub-components, Implementing Partners and Budget

Components/Sub-components and Budget Lines		Implementing Partner/ Responsible Agency	DKK million
1	**BUSINESS ENVIRONMENT**		
1.1	Private Sector Development Strategy (Pooled Fund)	**MoTI + MDAs**	45.0
1.2	Business Advocacy (BUSAC) – with (DFID), EU, USAID	Private Contractor COWI	40.0
	Unallocated	Steering Committee	20.0
Sub-total Component 1: Business Environment			**105.0**
2	**ENTERPRISE GROWTH AND JOB CREATION**		
2.1	Skills Development Fund	**COTVET** – SDF division within the COTVET Secretariat	65.0
2.2	Agricultural Value Chain Facility	**AGRA, Commercial Banks**	89.5
2.3	Rural Finance	**ARB Apex Bank**	86.0
	Unallocated	**Steering Committee**	40.0
Sub-total Component 2: Enterprise Growth and Job Creation			**280.5**
REVIEWS, STUDIES AND MONITORING		Royal Danish Embassy	**14.5**
TOTAL BUDGET FOR SPSD II			**400.0**

BUSAC II was funded by Danida as the lead partner with approximately 77 million DKK. At the inception of BUSAC II Danida had allocated 40 million DKK leaving a funding gap of 80 million DKK. In two Delegated Cooperation agreements signed in 2011 both USAID and EU decided to join as funding partners while leaving the lead to Danida. USAID and EU contributed with 4 million USD and 3.3 million Euro respectively, which together with additional funding from Danida 37 million DKK resulted in a fully funded BUSAC II. The additional funds from Danida were reallocations from PSDS II to BUSAC II (within the same Component 1).

Ghana Business Code (GHBC): Implementing partners will be encouraged to adopt the principles of the GHBC as a guide to compliance with cross-cutting issues and priority themes. The GHBC builds on the ten principles of the UN Global Compact with prescriptions on human rights, labour standards, gender equality, environment and anti-corruption. Many of the principles relate to the cross cutting issues of gender equality, human rights and democracy and environment. The Ghana Business Code is unique to Africa and commits signatory enterprises to concrete safeguards and affirmative action, such as: (i) offering 12 weeks maternity leave to women, and for men, where necessary, paid compassionate leave on grounds of parental responsibility, ill health, birth and death; (ii) not dismissing a woman because of absence from work as a result of pregnancy; (iii) dealing proactively with HIV/AIDS and providing access to basic health services; (iv) abolish child labour and only hire apprentices and employees above the age of 15; (v) not discriminate against an employee on the basis of gender, religion, colour, HIV status etc. and pay women and men equally for the same work; (vi) reduce negative impacts on the environment and employ preventive measures: and (vii) not permit payment or receipt of bribes and keep income and expenditure data for six years.

Gender: As compared to African averages, Ghanaian women play an unusually significant role in private business, e.g. female participation in ownership of medium and large enterprises is above 50%. With respect to Component 2, all three partners will provide *gender disaggregated data* on their services. This is already an integrated part of the reporting of AGRA and the ARB Apex Bank. Some 45% of the clients of the Rural and Community Banks are women and AGRA has special focus on women farmers, including promotion of equal access to land. The new Council for Technical and Vocational Education and Training will introduce gender disaggregated reporting for the management of the Skills Development Fund.

Environment: With respect to the environment, the interventions supported by the Business Environment Component are assessed to have neutral or in some cases positive impact. A positive impact is expected on occupational health and safety from the labour market component to be financed under the PSD Pooled Fund. BUSAC may support advocacy on environmental themes. AGRA does in its support for agricultural value chains prioritise sustainability, and where feasible the use of open pollinated seed varieties that may be replicated by the farmers, as reflected in two of AGRA's policy statements: "*AGRA will guard against potential overuse of fertiliser that could harm the environment*" and "*AGRA supports the rights of farmers to conserve and utilise their own seeds*". AGRA is currently integrating climate change strategies into its overall strategic framework.

HIV/AIDS: Regarding HIV/AIDS, Ghana is compared with many other African countries in a fortunate position with HIV/AIDS prevalence of around 2%. While SPSD II does not contain specific interventions to address the HIV/AIDS issue, the promotion of the Ghana Business Code will contribute towards better handling of the issue among private sector partners.

4.3 Support to Private Sector Development Phase III 2016-2020

SPSD III consists of four engagements:

A: Business Advocacy Challenge Fund Phase III (BUSAC III), DKK million 35;

B: Skills Development Fund Phase II (SDF II), DKK million 95;

C: Rural Development Fund (RDF), financed by BSPS I and SPSD II;

D: Ghana Climate Innovation Centre (GCIC), financed by SPSD II.

BUSAC III and SDF II will continue engagements from SPSD II. The RDF primarily represents activities previously funded by SPSD II and BSPS I and will consolidate and manage these revolving funds, and as such the RDF constitutes a continuation of previous engagements. The RDF is therefore included as an engagement area of SPSD III but with no additional funding included in the budget for SPSD III. The GCIC is an existing engagement under SPSD II, but due to delays in mobilisation, implementation will start in 2016 and continue through to 2020. GCIC is included under SPSD III as an engagement due to the fact that there are clear linkages, collaboration and synergy opportunities towards the other engagements and in particular access to finance which will be offered by both RDF and GCIC. No additional funding will be required for GCIC from Danida.

The thematic objective of the SPSD III is the *"Promotion of inclusive and greener economic growth through private sector development leading to increased income and better welfare of Ghanaians"*. This objective is in line with the Government of Ghana and Development Partners' Compact on Leveraging Partnership for Shared

Growth and Development. Likewise, it is in line with the Denmark-Ghana Partnership Policy.

Engagement A – The Business Advocacy Challenge Fund, the BUSAC III Engagement will provide funds and technical assistance for advocacy initiatives of rights holders, for supporting establishment of private-public dialogue platforms and to ensure that successful advocacy initiatives are implemented/enforced by duty bearers (post advocacy initiatives). Support will also be provided to enable SMEs to take advantage of improved business environment. The BUSAC III engagement outcomes are: *"Policies, laws and regulations relating to the private sector have been enhanced and contribute to an improved enabling environment for business at national and local levels"* and *"Strengthened institutional, technical and financial capacity of PSOs to pursue business advocacy actions and to become more sustainable"*.

Engagement B – Skills Development Fund, phase II (SDF II), will provide funds and technical assistance for skills training in new technologies of formal enterprises and informal organisations. New innovative skills training courses as well as management courses will be supported. The outcome of the SDF II is: *"Increased labour productivity, turnover and product quality through demand-driven skills development initiatives and capacity for internal training of staff"*.

Engagement C – Rural Development Fund (RDF) will provide refinancing, guarantees, capitalisation and technical assistance to rural FIs to increase the access to working capital and long term finance for rural enterprises, agribusinesses and sustainable energy related businesses. The RDF engagement outcome is: *"Increased access to finance for agriculture, agribusiness, rural micro/small and medium enterprises, renewable energy and energy efficiency"*.

Engagement D – The objective of the Ghana Climate Innovation Centre (GCIC) is *to establish local institutional capacity to support Ghanaian entrepreneurs and new ventures involved in developing profitable and locally-appropriate solutions to climate change mitigation and adaptation.* Through its programs, activities and financing, the GCIC and its network of partners and stakeholders will provide a country-driven approach to solving climate, energy and resource challenges and support economic development through job creation.

From Development Cooperation to Commercial Cooperation: The SPSD III will be implemented in the midst of a Danish and Ghanaian transition from development cooperation to commercial cooperation. This transition will include a major shift in the bilateral relations between Ghana and Denmark towards a new strategic partnership focusing on political and commercial cooperation. The commercial cooperation will include increasing the focus on trade, investments and business partnerships between Danish and Ghanaian companies, as well as increasing synergies between the SPSD III and other Danish business instruments including the Investment Fund for Developing Countries (IFU), Trade Council (TC), Denmark's Export Credit Agency (EKF) and other Danish business instruments.

Budget: The budget for programme coordination is managed by the Embassy. The synergy efforts will focus on sensitizing and assisting interested Ghanaian enterprises supported under the SPSD III to take advantage of the opportunities that are provided in the range of new Danida support business instruments, as well as to support Ghanaian enterprises in gaining a better understanding of the opportunities that collaboration with Denmark and Danish companies may offer. The synergy and transition agenda will be funded initially with DKK million 2.

Area	**2016**	**2017**	**2018**	**2019**	**2020**	**Total**
BUSAC III	10.0	7.5	7.5	7.5	2.5	**35.0**
SDF II	12.1	20.4	27.5	27.5	7.5	**95.0**
Programme coordination (M&E, TA, reviews, audits, coordination, synergy and transition from aid to trade, etc.)	1.3	2.1	2.9	2.9	0.8	**10.0**
Grand total - Danida	23.4	30.0	37.9	37.9	10.8	**140.0**

Note: Counterpart funds (USD million 1) will be provided in 2017 to cover among others things the payments of the additional and extra-curricular work of the BUSAC III and SDF II Steering Committee members employed by Ministries, Departments and Agencies.

Special considerations: In the SPSD III more emphasis will be on applying the Human Rights Based Approach (HRBA) strategy in providing support to private sector development. This will imply that criteria for sup- porting private enterprises and business associations will strive at following internationally recognised environmental, social and governance requirements in enterprises to which SPSD III will provide support and therefore strive to achieve higher business integrity and standards. Any grant provided through the SPSD III and any partnership promoted through Danida business instruments should pursue that grantees should contribute to responsible business development, including an improved work environment. This entails that the United Nations (UN) Global Compact principles should be promoted and strive at creating shared value by:

- Respecting and promoting all basic human rights, including labour rights and occupational health and safety (OHS), and address adverse human rights impacts that the support may cause or contribute to[20];
- Enhancing positive development effects, including creation of jobs, increase in income, payment of taxes and contribution to government revenue, gender equality, community health and other corporate social responsibility related activities;
- Securing good corporate governance and business ethics, including anti-corruption, anti- fraud, transparency and stakeholder engagement;
- Improving environmental performance that addresses environmental challenges, including climate change, loss of biodiversity and land use changes.

Identifying impacts and effects in relation to these issues will be an integrated part of the assessment process of grant proposals. During the screening of project applications, special attention will be given also to the OHS situation of the potential beneficiary (for BUSAC III this will apply to the members of associations requesting support). The support may include assistance to improve the OHS situation of the grantee. Grantees are required to comply with Ghanaian standards as well as international standards based on numerous UN, ILO and Organisation for Economic Co- operation and Development (OECD) conventions, declarations, agreements and principles. Included in the due diligence, where relevant, should be an assessment of whether e.g. the FPIC (Free, Prior and Informed Consent) principles are adhered to.[21]

To receive grants through any SPSD III engagement, the grantees will be required to ensure that non-discrimination will take place and promotion of gender equality will be made. The grantees must respect women's rights and promote financial, social and political equality between men and women.

[20] UN Guiding Principles for Human Rights and Business.

[21] E.g. The Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests (VGGT)

5. Component observations

Private sector development relates specifically to SDG 8, but cuts across a number of other SDGs' targets (e.g. SDG 2, 6, 7, 9, 12, 13, 14, 15, 16, and 17). The selected themes are all implemented nationwide, except for the Agricultural Value Chain Facility that focused on the poorer parts of Northern Ghana. There is a high degree of interface with the Governance Sector as regards the regulatory framework, rule of law and anti corruption.

5.1 BUSAC

Business Sector Programme Support 2003-2009

<u>Programme Document 2003:</u> The "Strengthening the Culture for Business" component will contribute to an improved enabling environment for the private sector by addressing three areas which are found to be particularly unconducive to private sector development: a) the limited nature of effective dialogue on private sector policy and reforms between the public and the business sector, due largely to the limited capacity of private sector associations and labour organisations to formulate policy proposals and lobby for reform; b) a generally poor business culture amongst the private sector, revealing itself for example in non-compliance with legal and contractual requirements; poor accounting practices; bad debts and low ethical standards; c) a poor 'customer service' culture in the public sector with regard to the private sector, resulting in policies, laws, regulations and administrative practices that hamper, rather than facilitate, private sector development. The component comprises the following three sub-components:

1. Advocacy capacity
2. Business practices
3. Public sector customer services.

Re. 1: The *Business Sector Advocacy Challenge Fund* (BUSAC) sub-component, will be set up with the purpose to make grants on a competitive basis to private sector organisations, labour organisations and media organisations in order to support business sector advocacy. The fund will be managed outside Government by an internationally recruited fund manager, and grants made in a transparent and fair manner through competition against laid down criteria. Outreach and capacity building activities will take place so that the Fund reaches and is available to marginalized groups (for example groups of micro enterprises) whose voice in the policy debate and reform process is currently particularly weak or non-existent. The BUSAC will initially be piloted in three out of Ghana's ten regions (Greater Accra, Ashanti and Brong Ahafo).

Re. 2: The "*Improved Business Practices*" (IBP) sub-component

The IBP sub-component will be implemented outside Government by a private sector organisation mandated to work with private sector and labour organisations to develop, introduce and make effective codes of business practice. The intention is that appropriate codes will be developed for all sections of the private sector, ranging from multi-nationals to micro enterprises. Key to the effectiveness of such non-statutory codes will be the development of enforcement systems – which may include annual rating systems; incentives such as awards; and 'naming and shaming'.

One outcome was the <u>Ghana Business Code</u> (GHBC) which had influence the understanding and thinking on CSR within the business sector and in the public debate in Ghana. Several discussions and and media articles made reference to GHBC. A GHBC brand was created and recognised by both private and public sector entities. The political leadership pledged their support to GHBC, including the Minister for Trade and Industry, the Minister for Employment and Labour, and the presidents of Association of Ghana Industries (AGI), Ghana's Employers' Association (GEA), and Ghana National Chamber of Commerce and Industry (GNCCI). Although the GHBC was considered a success initially, it became clear that it did not have the accepted buy in from the trade and business associations, which led the GHBC to eventually fold up. The achievements of GHBC initiatives were later picked up by a broader initiative working with the UN Global Compact. (Ref. BSPS I Programme Completion Report, 2014).

Review 2007: Sub-component 2.1 is implemented through a private consultancy company (COWI) contracted by the Danish embassy in February 2004. The immediate objective is "Strengthened advocacy capacity for the business sector". Total Danida budget for the sub-component is DKK 41 mill. including funds for grants and operational management of BUSAC. In addition, DFID has committed USD 5 mill. to the Fund and USAID has committed USD 0.5 mill. Day-to-day management of activities is undertaken by a team of international and national experts headed by an International Long Term Adviser (BUSAC Manager). The BUSAC Fund is experiencing significant change as it i) refocuses efforts on building intermediary and beneficiary capacity in advocacy management and implementation, ii) develops new systems and procedures for fund management, and iii) establishes a new monitoring and evaluation framework.

In spite of a turbulent environment it is RTs assessment that BUSAC is well on track. It is also RTs assessment that BUSAC would be able to put additional resources to productive use within the existing programme management framework. There appears to be a range of opportunities that remain unexploited due to funding constraints. The opportunities include funding of more projects, longer duration projects, adding value to existing grants by including further services and capacity building, adding one more call, etc. In this connection the RT emphasizes the importance of the linkages between the support to private sector advocacy that is undertaken through BUSAC and the support that is extended under PSDS at the institutional and macro levels to improve the business environment. BUSAC should focus more on this important linkage.

BSPS Programme Completion Report 2014[22] – rating satisfactory a. The BUSAC Fund was national in scope. The country wide scope enabled to intervene in a wide range of issues that would otherwise not have been addressed. This ensured that a significant number of national issues – irrespective of their roots were identified. The main areas were within agriculture, manufacturing, services, tourism, trade, transport, natural resources management, and general business issues. A total of 362 grants were awarded worth of GHS 11.6 million to business groups and associations in all ten regions. The issues the advocacy addressed within the main areas were: 1) access to credit, markets, extension services and land; 2) capacity building; 3) competition; 4) enforcement of laws, policies and standards; 5) enactment/ or reviews of laws/ policies; 6) and fee fixing at district assemblies; 7) establishment of standards; and 8) sensitisation on laws/ policies and regulations.

BUSAC was the only private sector business association advocacy project. It processed applications from about 80% of all registered business association and could pick the best with a higher probability of attaining relevant results. The government was receptive and responsive to advocacy issues at all levels and listened to advocacy arguments – and removed some of the barriers to doing business when persuaded. The role of the consultant is dynamic and changed at the various stages of the project. The need for use of consultants was underestimated at the inception and and affected the speed of the implementation. The skills of the consultants needed constant upgrading during the life of the project. Holding costs constant reduced and inhibited the interaction with grantees at the grass root level. A decentralised and regional representation would have enhanced the outreach and possibly the efficiency of project management. The rural banking system that was used for disbursement of funds to associations in the hinterland proved slow and challenging. This was due to internal procedures in ARB Apex Bank which were slow to get funds to their respective rural banks on time.

BUSAC Evaluation 2014

According to the 2014 evaluation of BUSAC I and II (2004-2014)[23] that included a sample of 39 projects, grantees reported positive effects in terms of the sector or industry specific issues they were seeking to address. Advocacy actions addressing issues within the domain of local authorities and single advocacy issues with limited budgetary implications showed the most encouraging results. Farmer Based Organisations (FBOs) and small community-based associations appear to have been best at achieving the intended objective of the advocacy actions. At the national level the business

[22] BSPS completion date was December 2009

[23] Danida. 2014. Evaluation of the Business Sector Advocacy Challenge Fund, Ghana.

environment remains difficult as shown by continued constraints indicated in the DB reports and other studies. Despite some important successes for BUSAC grantees resulting in policy change or improved enforcement of existing policies, in general, less evidence was found that BUSAC grantees were influential at the national policy level.

A self-assessment survey in 2015[24] that involved 695 grantees from BUSAC I and II, 264 (38%) reported that the objective of their projects were achieved, 301 (43%) reported that the objective was partially achieved, and 130 (19%) reported that the objective was not achieved. 505 (73%) grantees recorded that their members' had experienced growth; and 484 (70%) recorded that market access had improved. Three BUSAC projects were reviewed during the visit to the Eastern Region (see Annex 2). Labour market organisations, i.e. employers' associations and trade unions are an important part of the BUSAC portfolio. The labour market organisations are likely to have a greater potential for national level impacts – provided the government is responsive to evidence-based arguments.

<u>BUSAC data</u>
The number of grants for BUSAC I and II is shown in Table 5.1. There is a quite varied distribution by regions with Greater Accra having the highest number. The type of grantees is shown in Table 5.2. By far, the business associations represent the highest number of grantees.

Table 5.1: Distribution of Grants by region BUSAC I & II

Region	**BUSAC I** No. of Grants	**BUSAC II** No. of Grants	**Total** No. of Grants	**Percent** %
Ashanti	45	16	61	8
Brong Ahafo	66	51	117	15
Central	21	47	68	9
Eastern	20	19	39	5
Greater Accra	88	153	241	30
Northern	10	30	40	5
Upper East	15	31	46	6
Upper West	18	19	37	5
Volta	50	18	68	9
Western	29	51	80	10
Total	**362**	**435**	**797**	**100**

Source: BUSAC

Table 5.2: Distribution of grantees

Type of grantees	**BUSAC I** No. of Grants	**BUSAC II** No. of Grants	**Total** No. of Grants	**Percent** %
Business Associations	309	320	629	78.9
Farmer Based Organisations (FBOs)	26	104	130	16.3
Trade Unions	12	4	16	2.0
Media Houses	15	7	22	2.8
Total	**362**	**435**	**797**	**100**

Source: BUSAC

<u>Women's right to land[25]</u>

This report presents key findings and recommendations from an Analysis on the possibility of improving women's right to land in Ghana with the possibility of adopting the "BUSAC FUND Model" The consultancy was commissioned by DANIDA and was expected to especially focus on the results achieved by BUSAC Fund and women organizations in strengthening women's rights to land.

In Ghana, as in many African countries, gender and kinship relations play a central role in the way in which land rights and production relations are determined. Under customary land tenure systems, control over

[24] BUSAC Grantee Survey, 2015.
[25] Patience Agyare-Kwaby. 2015. An analysis of the possibility to improve women's right to land through the BUSAC Fund Model: Final Draft Report.

resources generally follows clearly defined gender-segregated patterns based on traditional norms, which operate in such a way as to limit the land rights of women as compared to men. To a large extent, women's access and control over productive resources including land are determined by male-centred kinship institutions and authority structures, which tend to restrict women's land rights in favour of men. Land ownership trends are fast changing. Generally, rural people, majority of whom are women, rarely have access to formal legal procedures due to the complexity and cost of procedures involved and the lack of awareness of legal provisions. As a result, their rights exist in a state of legal limbo, which places them in a position of considerable insecurity with regard to their land rights.

The analysis revealed that a more holistic approach to address the many issue relating to women's land rights. BUSAC should consider supporting more sustained activities in a medium-term perspective, since most of the research and advocacy studies and actions will take time to achieve its intended results. One of the concerns is the need for continuous capacity programmes to build the confidence of the female leaders in PSOs to be able to dialogue with community leaders, chiefs and other opinion leaders. The analysis presented some practical ways of targeting women's PSOs to deal with women's lands rights issues, which among others include: i) Targeted Research into gender and land rights issues on the critical agricultural value chain; ii) Advocacy skills training for Women's groups and leaders to be able to dialogue effectively with stakeholders on their land issues; and iii) Gender Sensitization for PSOs, Traditional Authorities, Landowners, Government Authorities.

Close-out Report, May 2017

Table 5.3: BUSAC II key performance indicators by end of 2015

Above target	On target		Below target
Key Indicators	**Actual end of 2015**	**Targets for 2015**	**Status end of 2015**
Percentage of agreed advocacy actions implemented by targets achieving the intended results	52%	50%	104%
Number of functional public-private dialogue structures	35	20	175%
Percentage of advocacy actions rated successful?	52%	75%	69%
Percentage increase in fee paying membership of PSOs	67%	50%	134%
Number of service providers providing other services to grantees outside the BUSAC Grants	45	85	53%
Number of new business programs and advocacy actions covered by the media without BUSAC support	1,365	1000	137%
Percentage of districts with BUSAC targets/grantees	72% (Based on 170 districts)	80%	90.0%
Percentage of grants approved /Approval rate	50%	40%	123

BUSAC III Engagement Document A, February 2016:
By end of BUSAC II in mid 2016 a total of 797 grants were awarded related to agriculture, industry and services. BUSAC III builds on previous experience, but will concentrate on fewer larger associations – operating at national, sectoral and local levels – that have nationwide membership as well as building the long-term sustainability of the PSOs to continue with structured and evidence-based business advocacy – in the absence of external support. The expected outcome of BUSAC III is "Improved business environment through enhanced advocacy of private sector organisations and creation of platforms for public-private dialogue. In contrast to BUSAC I and II, BUSAC III support will be provided through five 'windows' to facilitate a more strategic focus:

- Window 1 caters for district, community and rapid response business advocacy actions;
- Window 2 addresses advocacy issues of national and/or sectoral significance;
- Window 3 is a facility for creation of platforms for private-public dialogue;
- Window 4 is a post-advocacy facility; and
- Window 5 will support PSOs to provide business development services (BSD).

The BUSAC III 2017 Annual Report informs that USAID was yet to finalise the signing the Delegated Agreement with Danida and could thus not advertise its first nationwide call for proposals for all windows.

The first call for concept notes was announced by mail to past BUSAC grantees in March 2017. 390 concept notes were received of which 140 applicants were evaluated, and of these 131 from windows 1-5 were approved by the Steering Committee. A study was conducted in 2017 to consider option for hosting BUSAC III after 2020.[26] The general sentiment today is to host BUSAC, or some form of it, with a university institution that is engaged in private sector development and which could facilitate evidence based advocacy. No conclusion on hosting has yet been made.

Evaluation assessment:

The evaluation assessment below is based on discussions, observations during the visits to Ghana and the 2014 BUSAC Evaluation:

Relevance: BUSAC I and II were relevant to Danida policies and objectives in Ghana and to Danish development objectives more generally. BUSAC was also largely coherent with, even if not directly focused on, cross-cutting objectives of Danida, particularly with regards to democratisation, through encouraging debate between government and representative organisations, as well as support for organisations representing relatively excluded groups. BUSAC II was aligned with the Danish Government's 2012 development agenda "The Right to a Better Life" which emphasises inclusive green growth and a rights-based approach, through providing grants to projects that contribute to these objectives. BUSAC I and II were well aligned with GoG's development strategies. At the grantee level BUSAC has responded well to the issues that are prioritised by the grantee and hence grant project ownership was high.

Efficiency: Grant selection, award, monitoring and grantee capacity building activities were highly structured and, on balance, provided good value for money. The wholesale nature of the BUSAC facility and its nationwide coverage does not lend itself to close grantee activity supervision by the management team. In general, the BUSAC facility review was positive in terms of assessment of governance and management processes. BUSAC's management performed well in providing an efficient process for awarding and managing grants, although instances were noted where valuable opportunities to improve efficiency and effectiveness were missed. Non-grant programme costs are high compared to the total value of grants awarded, but the ratio of non-grant costs to facility costs provides for good value for money (VfM) benchmarked against similar grant facilities.

Effectiveness: Grantees reported positive effects in terms of the sector or industry specific issues they were seeking to address. Advocacy actions addressing issues within the domain of local authorities and single advocacy issues with limited budgetary implications showed the most encouraging results. FBOs and small community-based associations appear to have been best at achieving the intended objective of the advocacy actions. Sub-sector or product-based associations such as associations of shea nut growers, livestock farmers, mango growers, taxi drivers and herbalists tend to have had a relatively high success rate, suggesting that it is simpler to identify and advocate for a solution for single issues of limited complexity. Some positive results were also noted at the regional level. Media representatives and some interviewed grantees reported that the media has increased reporting activity levels and demonstrate increased capacity and knowledge on business environment issues.

At the national level the business environment remains difficult as shown by continued constraints indicated in the DB reports and other studies. Despite some important successes for BUSAC grantees resulting in policy change or improved enforcement of existing policies in general, less evidence was found that BUSAC grantees were influential at this level; in part reflecting the lack of focus on such issues even within the invitational grant window. This reflects the difficult state-business environment, the diffuse political responsibility for business sector reform and organisational constraints around policy making in relation to the private sector issues. Even in situations where there is agreement on a specific issue, grantees often find it difficult to get firm commitments by duty bearers to act.

Impact/ transformation: There is evidence from results achieved that the capacity to advocate has

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

improved. Formerly it proved difficult to improve the overall level business environment, but national level results have been achieved with BUSAC's changed focus. However, it is not possible to establish a clear link between BUSAC-funded advocacy actions and the overall business environment and the link is even more tenuous to growth and employment. In BUSAC II the chain in leading to final impacts is more coherent, reflecting its greater national focus, as is the case with BUSAC III as well. The transformation of the national business environment appears to be a long-term process, but a dialogue culture is gradually being built up, but major changes will depend on the government's reform process. Due to its amended focus, BUSAC III is likely to have better prospects for achieving national level results that will contribute to transformational change, as the PSOs' advocacy capacity is strengthened and the private sector policy environment appears to be more conducive to public-private sector dialogues.

Sustainability: Despite sustainability being part of the considerations at application stage for grantees, with three evaluation criteria related to this, sustainability of high quality advocacy is a major issue for many of BUSAC's grantees; and without further financial support it was estimated that as many as 95% of grantees will not be able to afford to carry out advocacy at this standard. This situation is likely to improve with BUSACs greater attention to national level associations – and even more so if these acquire the capacity to assist their members to embark on specific local issues.

Danish contribution: BUSAC has contributed to create a more conducive climate among the involved stakeholders for public-private dialogue and made duty bearers appreciate the value of consulting private business representatives on issues affecting these, and right holders similarly aware that changes can be achieved through advocacy actions.

5.2 Rural Finance

BSPS I Programme Document 2003

The "Business Support Instruments" Component 3 addressed the critical shortage of business support services, which was identified as one of the main constraints hampering business growth, in particular the development of micro, small and medium enterprises (MSMEs). Although a wide range of business support had emerged in Ghana in previous years, the majority of enterprises still lacked access to credit, equity capital, non-financial services such as accounting, marketing including export market promotion, product development and improvement - to name a few only -, and access to appropriate ICT solutions. Whereas business support instruments were heavily subsidized and dependent on public and donor funds, it was assumed that a more market oriented approach to business services was a better option to ensure that appropriate, demand-driven, relevant and affordable services. The planned interventions strived to strengthen and deepen the market forces in the provision of business support. Four sub-components of the business support instruments component were structured by type of service to be assisted:

1. Support to financial services to MSEs
2. Venture capital for SMEs
3. Support to non-financial services to MSMEs
4. Access to information and communication technology

As the German GTZ already ran a project with similar focus, it was decided to deepen donor cooperation in the field and to form a joint GTZ/Danida *Support Programme for Enterprise Empowerment and Development* (**SPEED**). The first three sub-components are envisaged to be implemented under this joint programme structure.

Review 2007 of BSPS I:

The total Danida budget for the component was DKK 74 million for financing of programme activities. GTZ has committed EUR 3 million for funding of the technical assistance (a private consortium contracted by GTZ) including EUR 200,000 for programme activities Following the restructuring of Component 3, SPEED comprises three sub-components:

- Business Development Services (BDS) to MSMEs;
- Technical Assistance to development of the financial sector; and
- The funding facility.

All three Sub-components are implemented through SPEED. SPEED is managed by a private consortium contracted by GTZ (whereas Danida provides funds for programme activities). Activities undertaken since October 2006 have mainly concentrated around undertaking sector studies in five selected sectors under Sub-component 3.1, training workshops, short listing of service providers and customer education programme under Sub-component 3.2, as well as registering the Funding Facility and processing loan applications under Sub-component 3.3.

The TA team informed the RT that according to their assessment it would be impossible within the frame of the present contract with GTZ to utilise the funds available within Sub-component 3.1 and 3.2. Either the funds would have to be reduced significantly or additional human resources would have to be provided to SPEED to implement the funds. Whereas it remains a question if the budget frame provided under Sub-component 3.1 and 3.2 can be fully utilised within the remaining BSPS programme period there appears to be untapped opportunities under Sub-component 3.3. This was confirmed during consultations with the international long term consultant managing the Funding Facility. The RT was informed that, of the remaining DKK 20 mill. available in the budget for the Funding Facility 6 mill. DKK had already been committed, and two more applications were in the pipeline to the amount of app. 6 mill. DKK. With an average loan size of 4 mill. DKK the remaining balance of 8 mill. DKK would cover two more applications only. More funds could thus be allocated to this Sub-component.

BSPS Programme Completion Report 2014 – rating satisfactory a.

The Component is refereed to as SPEED and the sub-components have changes titles over time to:
- Sub-component 3.1: Business Development Services;
- Sub-component 3.3: TA to Microfinance Institutions;
- Sub-component 3.3. SPEED Funding Facility

Sub-component 3.1: The Business Development Services sub-component worked with four key Business Membership Association in the tourism and wood product sectors. The associations were targeted as intermediaries and equipped through TA and capacity development to deliver relevant services to their members on a commercially sustainable basis in the long run.

Sub-component 3.2: The TA to Micro Finance Institutions (MFIs) sub-component provided direct support to MFIs in all technical areas needed to improve their performance. It also dealt with strengthening supervisory capacities of apex institutions, and fostered the dialogue between between the government and the private sector by actively participating in micro finance platforms. The sub-component also worked to improve financial literacy and carried out consumer education campaigns that involved both users and service providers.

Sub-component 3.3: The SPEED Funding Facility sub-component operated as a limited liability company and provided wholesale financing for regulated financial institutions with a MSME portfolio. The Fund developed two new risk sharing products, i.e. Development Loan with TA as well as Medium-Term Repayment Loans. The TA support activity played a vital development role in relation to the Rural and Community Bank sector.

The Support Programme for Enterprise Empowerment and Development (SPEED) Funding Facility (2003-2012 a facility under the BSPS I) operated as a limited liability company and provided wholesale financing for regulated financial institutions with a MSME portfolio. The Fund developed two risk sharing products, i.e. Development Loan with TA as well as Medium-Term Repayment Loans. The TA support activity played a vital development role in relation to the Rural and Community Bank sector. The SPEED Fund portfolio extended from 5 Participating Financial Institutions (PFIs) to 59 PFIs at the end of 2012 with PFIs in all regions. The loan portfolio of the 18 partners increased by 50%, which showed not only that more micro entrepreneurs were accessing services, but also that the average saving was higher. It can therefore be implied that that businesses improved by these increased margins of savings with the banks. More so the statistics on financial performance indicate that the financial literacy campaign had a significant impact.

Extensive training was provided to the MFIs' Board of Directors leading to better managed banks and performance. Capacity was also developed in the areas of client and customer service management. Several MFIs developed adequate products as well as customer care policies. One issue that was not addressed was the low and sometime non-cooperation of some members of the ARB – they saw change as a mean of giving up their 'territory' and importance – and regrettably such perceptions were not addressed. Planned change management for the group of MFIs would have been most useful. Total and committed support by all stakeholders was the key to a successful project. Participation was a key success factor, which was mainly observed in all financial literacy activities. The positive impact was largely due to the fact that all relevant stakeholders were from the beginning to the end of each activity. Tailor made approaches showed much more positive results and thus much more relevant – although it is more intensive in terms of efforts and funding.

The sustainability of the SPEED project was not in doubt because its advantages in terms of application by clients – as evidenced in the results, i.e. increased client base and deposits were a catalyst for MFIs to continue and improve on whatever had been taught to aid them to enhance their shareholder value. SPEED supported MFI partners to build adequate in the area of good internal controls and internal audit and also by setting up efficient treasury management departments. The aptitudes of MFIs had increased in terms of credit credit methodology and monitoring portfolio.

SPSD II Programme Document, November 2009

The SPSD II (2010-2016) introduced two rural finance mechanisms: 1) the Rural Finance Wholesale Fund (RFWF) with the Association of Rural Banks (ARB) Apex Bank as the implementing partner – with the intent that the RFWF should replace the SPEED Funding Facility; and 2) the Agricultural Value Chain Facility (AVCF) with the Alliance for a Green in Africa (AGRA) as the implementing partner.

The aim of the **RFWF** was to promote access to financial services through rural and community banks for productive activities. The Danida support was provided through five facilities: A) Rural Finance Wholesale Fund; B) Technical Assistance for RCB Mergers; C) RCB Capacity Development Fund; D) Human Resources Development in the ARB Apex Bank; and E) Technical Assistance. On lending from the RFWF was relatively successful, whereas RCB mergers and RCB capacity development fell short of the targets. The funding for RCB mergers was transferred to the RFWF. The RCBs provided 283 loans and disbursed GHS 19.7 million – mainly to small rural enterprises. The interest of the RCB loans were above 30%. (Visits were made to two RCBs in the Eastern Region: 1) the Adonten RCB that provided one loan only; and 2) the South Akim RCB that provided 49 loans).

Ghana-Denmark Partnership: Technical Paper July 2017

Difficulties were encountered for the Bank in managing funds for Danida and in the end Danida carried out a Technical Review (TR) of the RF sub-component with a particular focus on the fund management activities. The TR concluded that the fund management should rather be managed by another institution as it is unusual for an institution (like ARB Apex bank) with regulatory authority to lend to and invest in the banks that it regulates. The Danida support was provided though the following facilities: Rural Finance Wholesale Fund (DKK 40.0 m); Technical Assistance Fund for RCB Mergers (DKK 15.0 m); RCB Capacity Development Fund (DKK 25.0 m); Human Resource Development in Apex Bank (DKK 1.0 m); and Technical Assistance (DKK 5.0 m).

Close-out Report, May 2017

Key performance indicators for the RFWF by the end of 2015

Above target	On target		Below target
Key Indicators	**Actual end of 2015**	**Targets for 2015**	**Status – end of 2015**
Percentage of RFWF Seed Fund with Apex Bank accessed by the RCBs	133%	100%	133%
Percentage of non - performing loans between RCBs and their clients	12.8%	7%	55%
Total value of loans with tenor of +2 years as percentage share of total RCB loan portfolio	1.1%	5%	22%
Number of mergers completed	1	1	100%
Percentage of RCBs satisfying BOG's minimum capital requirements (300, 000 Ghana Cedis)	94%	95%	99%
Percentage real growth in assets of the RCBs	162%	24%	674%
Percentage of RCBs satisfied with services provided by Apex Bank	TBP		TBP
Percentage of respondents who rated overall impression of training as '3' or '4' in the Course Evaluation Form	TBP	80%	TBP

Ghana-Denmark Partnership: Technical Paper July 2017

The **AVCF** (2010-2015) aimed at increasing income and employment in rural areas of Northern Ghana through increased agricultural production, productivity and value addition. The AVCF had three sub-facilities: A) Mentorship and Advisory Services; B) Financial Capacity Development Facility; and C) Loan/ Guarantee Facility. The implementation of the AVCF was significantly delayed. A Value-for-Money assessment found the transaction costs were high for reaching the target groups – farmers, FBOs, input dealers and MSMEs. By 2013 good progress had been made in the implementation of the Facility since the 2012 Review. Danida decided to continue the cooperation with AGRA, but requested that AGRA expanded its capacity. The extension to the farmers was fairly successful and the targets were reached under the Facility (A). However, the Facility (C) loans and guarantees were far from achieving the planned targets. Sinapi Aba was included as a 'Non-Bank Financial Institution' from November 2013 and good progress was recorded in building the planned portfolio but time was limited. The Stanbic Bank and UT Bank underperformed on the agreements that were signed in 2011 and 2013 respectively. The AVCF reached some targets, but also failed to fully achieve on the main financial indicators. Danida opted to not continue its support the AVCF beyond 2015. The additionality of continuing was deemed to be limited owing also to the fact that other larger development partners (USAID is one example) had joined in supporting the three value chains selected by Danida (rice, maize and soya beans) and, in many cases, also the locations where Danida had been active.

Summary of some AVCF good practices and successes

- Activities to upgrade the technical skills knowledge of farmers in Integrated Soil Fertility Management (ISFM) technologies were found to be the most successful, with most beneficiary farmers of AVCF interviewed admitting that their knowledge and skills have been enhanced through the two Projects under the AVCF.
- The adoption of a multi-channel approach for reaching target beneficiaries especially in the productivity components was found to be the reason behind the success in increased awareness and technical skills in components activities. A good number of farmers confirmed many farmers; both beneficiaries of AVCF and non-beneficiaries had "adopted" the new farming practices disseminated through radio programmes, video shows and drama.
- Many farmers confirm that due to the increase in access to farm inputs and tractor services, they have increased their farm sizes. Many farmers also confirmed that their yields have doubled or more due to the adoption of the ISFM technologies introduced.
- The tractor and other machinery services support for helping farmers to have access to tractors for ploughing, shelling, planting and harvesting is a good practice. Like the provision of starter pack, this support services helps farmers circumvent the challenges encountered in securing funding for such services.

- The practice of going beyond just group formation by farmers and providing them with the necessary training to strengthen and sustain farmer organisations is a good practice that should be replicated by all development organisations, whether agric-based or not.
- Another success factor has been the factor that many of the FBOs under the AVCF, as part of strategies to maintain group members and encourage others to join, have put in place systems to seek the general welfare of their members.
- Access to credit has been the most significant challenge of the Facility and possess the potential to derail a lot of the gains chalked by the two Projects under the facility.
- People have not been able to access the term finance because of the stringent conditions of AVCF participating banks, despite the guarantee by DANIDA/ AGRA; inability of the SMEs to meet even the basic requirement despite mentorship by the implementers and banks believe that the implementers are not doing enough to vouch for commitment of their beneficiaries to pay back loans.
- The continuous adoption and sustainability of the ISFM technologies introduced is seriously threatened by irregular weather patterns and declining soil health in Northern Ghana. However, implementers have introduced farmers to improved and resistant varieties.

Source: AGRA, April 2015

The AVCF was implemented from 2010 until the end of 2015 and included the following three sub-facilities: Mentorship and Advisory Services (DKK 25.0 m); Financial Capacity and Development Facility (DKK 4.5 m); Loan Guarantee Facility (DKK 60.0 m).

Close-out Report, May 2017

AVCF key performance indicators by the end of 2015

Above target	On target	Below target	
Key Indicators	**Actual end of 2015**	**Targets for 2015**	**Status – end of 2015**
Total number of target farmers receiving direct and indirect technical training, support and business development services	91,843	50,000	184%
Sinapi Aba - Worth (in GHC) of credit given to agricultural value chain actors	6,800,794	13,077,740	52%
UT Bank - Worth (in $) of credit given to agricultural value chain actors by banks and other financial institutions as confirmed by beneficiaries.	315,602	15,000,000	2.10%
Stanbic Bank - Worth (in $) of credit given to agricultural value chain actors by banks and other financial institutions as confirmed by beneficiaries.	182,380	30,000,000	0.60%
UT Bank - Proportion of targeted FBOs, SMEs/Agro- Dealers given term financing credit from banks and other non-bank financial institutions	13.3%	12%	111%
Stanbic Bank - Proportion of targeted FBOs, SMEs/Agro-Dealers given term financing credit from banks and other non-bank financial institutions	33.3%	40%	83%

A technical review of Danida's support to Rural Finance was conducted in September 2014.[27] The objective of the review was to: provide the Embassy with an assessment of the progress of the Rural Finance sub-component that included SPEED and the RFWF; and assist in finding long-term solution for the institutional anchoring of SPEED and the RFWF. The tasks included review of progress and actions taken to ensure follow up on review recommendations, etc. of the five RFWF facilities as well as on SPEED until the liquidation process started.

SPSD III 2016-2020

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

Eventually, the Embassy decided to discontinue the support to rural finance as provided under SPSD II and launched the Rural Development Fund (RDF) as pat of SPSD III that would be managed under a single, accountable and efficient management structure. RDF was established as a Company limited by guarantee, and was incorporated and commenced business on 5 October 2016. RDF will contribute to promotion of of inclusive and greener economic growth through private sector development through two outcomes: i) increased growth of MSMEs with agriculture, agribusiness, renewable energy and energy efficiency through access to finance; and ii) institutionalisation of RDF to sustain operations beyond SPSD III. The RDF services comprise: i) lines of credit (working capital loans and term working loans; ii) credit guarantees; and iii) technical support. The Danish Industrialisation Fund for Developing Countries (IFU) has in principle been approved to replace the Danish Embassy's membership and role on the board which will ensure sustainability beyond 2020.

RDF has received GHS 58.8 million. Since there has been no disbursement of loans yet, the funds have been invested in short-term instruments. The accumulated Fund by March 2018 is GHS 99.7 million. RDF has progressed with the first call for applications. 41 applications have been received indicating a strong interest for RDF's products as a result of market sensitisation activities. A due diligence on one Financial Institution (FI) has been concluded awaiting approval from the Management Investment Committee and the Board Sub Investment Committee for possible disbursement in April 2018. According to the 2018 Annual Plan, 10 FIs are expected to receive funding from RDF.[28]

<u>Evaluation assessment:</u>
The evaluation assessment below is based on discussions, observations during the visits to Ghana, PSD completion and review reports, and the AVCF Evaluation Report:[29]

Relevance: SPEED, AVCF and RFWF were all relevant to Danida policies and objectives in Ghana and to Danish development objectives more generally. The objectives of the rural finance interventions were consistent with the current challenges meeting the needs and priorities of beneficiary farmers and enterprises and were deemed relevant for enhancing income and employment opportunities through increased productivity and value addition. The rural finance interventions were consistent with GoG's objective of becoming an agro-industrial economy. The RDF shares similar characteristics.

Efficiency: SPEED and RFWF were very efficient in on-lending to financial institutions, which in turn provided loans to farmers and enterprises above targets. The loan portfolio of the SPEED partners increased significantly, which implied that more enterprises were accessing services and higher savings. The growth of the total assets of RCBs increased substantially and they were able to mobilise more deposits and accumulate assets. AVCF was very efficient in reaching farmers with technical training, support and business development services. AVCF failed to make credit available to the farmers to the extent envisioned, thus reducing the efficiency of the Fund.

Effectiveness: SPEED development loans with TA support activity played a vital development role in relation to the RCB sector. The RFWF further promoted the Rural and Community Bank sector through its nationwide cooperation network. In this respect, the AVCF was less successful, but contributed significantly to improved agricultural practices by introducing new crop varieties, adopting the Integrated Soil Fertility Management (ISFM) technologies, and by improving post-harvest management.

Impact/ transformation: SPEED attained a high degree of financial literacy activities in the rural banking sector and among their clients, which was largely due to the fact that all relevant stakeholders were engaged from the beginning to the end of each activity. By end 2013 there was strong evidence of the values of the RCBs as indicated by their increased activity level. The stronger RCBs were filling an important niche in the financial sector that was neither served by either commercial banks nor NGO FIs, in both rural, urban and peri-urban areas. The Bank of Ghana believed that RCBs have an

[28] RDF Status Report, March 2018.
[29] Danida/ AGRA. March 2015. Report of the Final Evaluation of Danida Funded Agricultural Value Chain Facility (AVCF) for the Northern Region of Ghana.

important future role in promoting access to finance in agricultural value chains and thus in transforming the rural banking sector. The adoption of ISFM technologies/ good agricultural practices by farmers resulted in increased crop yield with reduced acreages. This led to increased net revenue from cultivating introduced improved varieties of rice, soya beans and maize.

Sustainability: SPEED and RFWF supported the FI partners to build adequate capacity in the area of good internal controls and internal audit and also by setting up efficient treasury management departments. Generally, the strong emphasis on capacity development has enhanced the sustainability aspects.

Danish contribution: The SPEED, AVCF, and the RF has contributed to a more effective rural banking sector, which in turn has promoted the supported farmers' and enterprises' productivity and growth.

5.3 SDF

BSPS I 2003-2010

The Skills Development Fund (SDF 2009-2020) was initially not included in the BSPS. A 'front-runner' project was added in 2009 with the immediate objective: "*An integrated training programme for master craftsmen in forty selected districts in Ghana undertaken*". The SDF concept was conceived in order to accelerate the reform process of public and private Technical and Vocational Education and Training (TVET) services and to promote a demand driven service delivery, which would gradually replace the supply driven services[30]. Matching grants are provided on a project basis to applicants that fulfil established criteria to partnerships: 1) formal sector enterprises and training institutes/providers; and 2) local business associations with informal MSME members and training institutes/providers.

<u>BSPS Programme Completion Report 2014</u> – rating satisfactory a.

An integrated training programme for master craftsmen in forty selected districts in Ghana undertaken. The skills development intervention was efficient and effective. It resulted n the successful identification of master craftsmen for training in selected skills, who later became resource persons in the main support to the SDF programme. It provided a strong base upon which the main programme was anchored. The programme made good use of existing training institutions and cooperated with existing enterprises and hence minimized programme costs. It also afforded the staff of COVET unit the needed exposure and experience that was transmitted into the main programme phase. The Council for Technical and Vocational Education and Training (COTVET) was established as a body corporate – relating to the Minister responsible for TVET services, i.e. currently Ministry of Education – by Act of Parliament in 2006. The Act clearly elaborates COTVET's mandate, governing body/board, and administrative and financial provisions.

The training of 1,200 master craftsmen across all 10 regions in four key crafts (auto mechanics, electricians, dressmaking and tailoring, and cosmetology) meant that knowledge transfer would continue to their apprentices – with the rippling effect of reaching more and more apprentices. The Government of Ghana sponsored 5,000 junior high school graduates for one-year vocational training. COTVET with support from the Ministry of Education planned to develop curricula for three key trades every year. The anchoring of the intervention in COTVET should ensure sustainability and a smooth transition into the main programme. The anchoring of COTVET under the mainstream public sector, i.e. Ministry of Education posed some serious challenges in terms of operational and financial management and reporting. The location of a project type management structure within a typical civil service environment was observed to create a number of human and institutional challenges.

SPSD II 2010-2016

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[30] The 2008 preparatory study on Ghana's TVET system found that a number of existing systemic weaknesses exist, which among others were: lack of coordination among TVET delivery providers; weak linkages between training and industry leading to supply-demand mismatches; neglect of non-formal TVET; inadequate training facilities; under-representation of females; limited labour market relevance, etc.

SPSD II Programme Document, November 2009

Under SPSD II, Danida supported SDF with DKK 65 million as a continuation of the frontrunner project piloted under the BSPS. The aim of SDF was to provide direct support to enterprises, in particular MSMEs, and farmers and their organisations with the view of contributing to the overall programme objective "*creation of sustainable and decent jobs*". The means were to provide matching grants based on demand for vocational skills development of employees in all categories of MSME enterprises. The support was provided through three windows: 1) TVET for the formal labour market; 2) Vocational training and entrepreneurship development in the informal sector; 3) Development and piloting of new training concept; and with the option of adding other windows.

SDF Windows 1, 2 and 3

Funding Window 1: TVET for the Formal Labour Market
Funding under this window will be provided to co-operation projects between industry from the formal sector and training providers. Support for training can be provided to a single employer with sufficient number of trainees or to a number of employers with identical training needs. The employers will identify the training provider(s). The training providers will be those that have demonstrated capacity to provide the training requested by the employers. Preference will be given to innovative projects between firms and training providers. The Operational Manual defines a number of eligibility and access criteria. Amongst others, the applicants need to present a training needs assessment and an analysis demonstrating how the proposed skills development will benefit the company.

Funding Window 2: Vocational Training and Entrepreneurship Development in the Informal Sector
Funding under this window will be provided to projects in the informal sector. The main beneficiaries are entrepreneurs, master craftsmen and artisans in micro and small enterprises (MSEs) in the informal/semi-formal sector. Due to the fragmented nature of the informal MSE sector, intermediary institutions, such as the Association of Small-scale Industries, co-operatives, and other such groupings, including NGOs will be engaged to identify and coordinate training for the MSEs and the informal sector. Priority will be given to support the acquisition of skills, which leads to increased employment in MSEs. Training of the master craftsmen will include pedagogical issues and medium to high-level skills upgrading for increased productivity and competitiveness. Training must have a reasonable degree of user fee payment constituting at least 10% of the total tuition fee. Under this window, grants will also be provided to train entrepreneurs who wish to start their own enterprise or have recently established their own enterprise. Also in Ghana, the young entrepreneurs are among the important drivers of change. Support for the training would require a small user fee payment (less than 10% of the total tuition fees). In addition to providing training, the training providers will be required to assist trainees, upon completion of the training, to access credit/finance.

Funding Window 3: Development and Piloting of New Training Concepts
Funding under this window will be provided to innovative projects which have focus on productivity and competitiveness. Project proposals may also be prepared in response to priority areas suggested by COTVET in a competitive procedure.

Other Windows
Over the next years and subject to demand and funding availability, it is expected that other windows would be established. This could have geographical focus or be branch-specific, e.g. metal works, or thematic, e.g. development of skills for adoption and application of climate- change neutral/positive technologies (alternative energy, replacement of Freon in refrigerators etc.)

In 2011 the World Bank decided to support the Council for Technical and Vocational Education and Training (COTVET) and SDF with approximately USD 70 million of which USD 50 million was earmarked for SDF. The inception phase of SDF was affected by the World Bank project coming on board in 2011. In 2012 SDF gained momentum and subsequently implementation was fast tracked to catch up on the time lost. A fourth Window for Technology Centres was added in 2011, and a fifth Window for Technology Grants was introduced in 2013. A total of 641 grant projects were implemented during the 2012-2016 period.

SDF grant amounts and number by window (GHS million)

Windows	2012 Call 1		2013 Call 2		2014 Call 3		2014 Call 4		2015 Call 5		2016 Call 5 b	
	Amount	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount	No
1. Formal Sector Training Grants	0.593	1	3.472	12	5.024	31	6.204	23	4.567	14	2.947	6
2. Informal Sector Training Grants	0.303	3	3.421	47	7.453	119	15.377	200	15.214	101	-	-
3. Training Innovation Grants	0.396	1	2.586	6	4.232	8	5.407	8	1.991	2	0.701	1
4. Technology Training Grants	0.228	1	2.077	4	2.021	5	7.592	11	15.472	14	14.331	15
5. Technology Centre Grants	-	-	3.627	3	1.425	1	1.330	1	1.600	1	4.796	2
Total	**1.519**	**6**	**15.182**	**72**	**20.153**	**164**	**35.910**	**243**	**38.844**	**132**	**22.795**	**24**

Verification of Results and Sustainability Study of SDF under COTVET, August 2015

A study for verification of result and sustainability of SDF was conducted in 2015.[31] A sample of 25 grantees were selected from calls 1, 2 and 3 (out of 245 approved at the time).

Main findings concerning the results achieved by SDF can be summarized as follows:

- The field research confirmed that SDF grants are having substantial impacts across the full range of indicators suggested by the conceptual framework. In almost all cases, the new skills and technologies introduced enabled the grantees to expand or penetrate markets and thereby increase sales, profits and employment.
- The examined grantees showed clear signs of productivity gains, especially those who have benefitted under Window 1 and Window 2. It proved to be more difficult to estimate the productivity gains in relation to Window 3 (innovative training) and Window 4 (technological innovation).
- Although there are strong indications that new jobs have been created as the result of the SDF, it proved to be rather difficult to estimate the exact number. Hence, only about half of the interviewed grantees reported that the workforce has increased. It was particularly difficult to assess the net employment effects under Window 2, as it depends primarily on the number of self-employed people in the business, rather than the number of workers per enterprise. Hence, the overall objective of the GSTDP, increased labour productivity and competitiveness of grantees, has been achieved. But in addition to this, the SDF has had a significant effect on lower levels goals such as job creation, dissemination of new technologies and product diversification.
- In many cases, skills training alone appears sufficient to yield positive results in terms of productivity in profits. This is particularly the case in agriculture and livestock (Window 2). However, for Window 2 grantees, complementary training in management, marketing and book-keeping practices often appears to be important in realizing the potential gains from the skills training. In several instances the grantees found that the advice on production planning and production techniques provided by the foreign expert was considered as important as the training itself. This suggests that SDF in the future should consider offering more comprehensive packages that combine management and production planning guidance and staff upgrading.
- For Window 1, gains in productivity are often associated with the purchase of new equipment that embodies cost-saving technology, on which the workers are trained, occasionally combined with expertise on how to restructure the production in a more efficient manner.
- Sustainability prospects at the grantee level, i.e. the prospects for the grantee to continue the skills training after the support has come to an end, appears very likely for Window 1 grantees that have realized clear gains, whether by using trained workers to train new ones or by periodically engaging training providers for refresher courses. For Window 2, there are both negative and positive considerations. On the negative side, it is clear that not all of those trained actually realize the potential benefits, for a variety of reasons. On the other hand, most of the associations reported a net gain in membership occasioned by the training. On the whole, for Window 2 there is good potential for spreading the gains more widely, if the associations are motivated and empowered to make sure that all their members have access to the training that was provided to a few under the SDF grant. For Windows 3 and 4, sustainability depends on the extent to which the institutions continue to offer training incorporating the skills that were transferred under SDF. This appears more likely to occur in high-tech and emerging sectors, where there is a relatively high willingness to pay in order to meet high demand for skills. In more traditional trades such as metalworking and catering, the extent of continued training in these skills may depend at least in part on the continuation of subsidies in these areas.

[31] PEMconsult. August 2015. Verification of Results and Sustainability Study of the SDF. under COVET.

Close-out Report, May 2017

SDF I key performance indicators by end of 2015

Above target	**On target**	**Below target**		
Key Indicators		**Actual end of 2015**	**Targets for 2015**	**Status end of 2015**
Percentage of grants approved		17.9%	21%	86%
Percentage of direct female beneficiaries (%)		31.4%	50%	63%
Percentage of direct project beneficiaries satisfied with training provided		85.2%	50%	122%
Increase in investment by participating enterprises in skills and technology development		125.2%	40%	313%
Increase in labour productivity by participating firms		60.7%	60%	101%
Number of new training courses		105	16	656%
Number of partnerships established		46	16	288%
Number of new technologies adopted by participating firms		139	120	116%
Number of collaborations between enterprises and technology centres (total for all centres receiving project support)		549	60	915%

WB/ IDA: Implementation Completion and Results Report, June 2017

The WB part of the support to the SDF was termed "Ghana Skills and Technology Development Project" (GSTDP) 2011-2016. The project development objective was "to improve demand-driven skills development and increase adoption new technologies in selected economic sectors". The targets of all objective indicators were exceeded: 1) Increase in labour productivity by participating firms; 2) Increase in investment by participating enterprises in skills and technology development; 3) Satisfaction with skills by trainees; 4) Satisfaction with skills by participating firms; and 5) Percentage of direct project beneficiaries of whom are female.

Project context of TVET in 2011: xx Ghana faced a number of pressing barriers to labour productivity which continued to limit the performance of firms and enterprises across economic sectors. In addition to these barriers, the education, technical and vocational education and training (TVET) and science, technology, and innovation (STI) sectors were not well-aligned with labour market demand–limiting the country's short-, medium- and long-term growth prospects. There was a clear need to simultaneously equip the labour force with market-relevant skills while also promoting the development, adoption and diffusion of new technologies as a way to increase productivity, competitiveness and, in turn, promote equitable economic growth.

At the time of project appraisal, most TVET was provided by the formal sector – with 200 public formal training institutions (26 of which were technical institutes - TIs) and around 430 private institutions. Of a total of around 105,000 students, around one- third were enrolled in public formal TI while the other two-thirds were enrolled in private (mostly church-owned) TI. The majority of vocational training occurred through informal apprenticeships which were not subsidized by the Government but rather financed by the workers themselves.

Inadequate and low quality training, resulting in a lack of labour market-relevant skills, were pressing issues. In addition to low qualifications of the labour force, employers were struggling with a shortage of skilled workers which was resulting in a large number of hard-to-fill vacancies. This was, in large part, a result of limitations in the existing formal training system and/or lack of adequate/formal training among workers. Most of the training provided by formal TIs was not demand-driven – as it was not linked – and, therefore, not influenced by or responsive to labour market needs. The curricula, in addition to being outdated, were not tailored to the specific needs of high growth sectors. Moreover, most staff from TVET training institutes did not possess hands-on industry-relevant skills necessary to prepare their students for the labour market and learning facilities and equipment were typically outdated. Further, the certification system for apprenticeships was not standardized nor was prior learning recognized in certification. A limited number of TVET providers had experience with competency-based training (CBT) although the types of training courses provided were limited in scope and did not cover key sectors of the country's economy. In sum, TVET providers were not focused on improving trainees' employability and in addition to confirming this, an in-depth study of the skills sector in Ghana concluded that the TVET system was fragmented, inefficient, and was not well-aligned with labour market demand.

In addition to needed improvements in the provision of TVET, further investment was needed in the development, transfer and use of new technologies. At the time of project preparation, Ghana's STI system was largely underfunded and the majority of resources available were absorbed by recurrent expenditures (salaries and costs to operate facilities).

SPSD III 2016-2020

Danida and the World Bank asserted that SDF had achieved significant results in terms of productivity gains and employment generated, but also pointed out that these had come at high operational costs related to promotion and administration. The two agencies were of the opinion that it was not desirable to maintain the institutional set-up, as the COVET Project Support Unit did not manage to convey knowledge transfer adequately. The Study assessed four institutional options and recommended that the SDF operations be hived off to an independent organisation to manage the Fund under the oversight of COTVET and the SDF Committee – like the BUSAC set-up.

Danida followed the Study's recommendation when launching SPSD III and set up the SDF II accordingly as a semi-autonomous entity. SDF II will continue with the first three windows as follows: 1) Support to short-term skills training for workers in formal enterprises; 2) Upgrading of skill of master craftsmen, workers and apprentices in the informal sector; and 3) Support to development of new innovative training. A 6th window was added: Support to training and coaching of management and supervisory staff of companies and associations on how to practice HRD and improve production efficiency. In addition to the four windows, SDF II will: a) Strengthen COTVET's capacity to assist training institutions in conducting their own capacity assessment, implement training-of-trainer programmes, and assist grantees implement their planned training activities; and b) Storage in a data bank of learning materials developed under SDF I and SDF II to be made available to other public and private training providers. 64 SDF II grant projects have been implemented during 2017.

SDF II grant amounts and number by window (GHS million)

Windows	**2017** Call 1	
	Amount	No
1. Formal Sector Training Grants	2.975	29
2. Informal Sector Training Grants	0.989	21
3. Training Innovation Grants	2.988	11
4. Technology Training Grants	-	-
5. Technology Centre Grants	-	-
6. Management Coaching Grants	0168	3
Total	**7.120**	**64**

The part of SDF I supported by the World Bank will continue to June 2018. The Ministry of Education (MoE) is considering reorganising COTVET to become a semi-autonomous body with the possibility of being supported by the African Development Bank (AfDB). MoE considers to establish a new skills development fund that in part could be financed via an enterprise levy mechanism. MoE appears to somewhat reluctant towards SDF II – being outside of the Ministry's control.

Evaluation assessment:

The evaluation assessment below is based on discussions, observations during the visits to Ghana and the 2015 Verification of Results and Sustainability Study:

Relevance: SDF is relevant to Danida policies and objectives in Ghana and to Danish development objectives generally. The objectives of increased productivity and employment through broad-based enterprise growth are consistent with GoG's objective of becoming an agro-industrial economy. SDF interventions are generally meeting the needs of the beneficiary farmers and enterprises for performance improvements.

Efficiency: SDF estimates that more than 7,800 enterprises have benefitted from the fund and over 24,000 workers have or are being trained so far (SPSD II Review February 2015). The significant results have been attained at a rather great operational expense, especially in the areas of marketing and promotion, project administration and evaluation. SDF I exceeded 7 of the 9 set targets. The percentage of direct women beneficiaries was set at 50%, but only 31.5% was achieved.

Effectiveness: Grantees generally reported on productivity gains and significant benefits in term of increased value of sales in the year following the completion of the grant activities – being a combination of increased demand due to better product quality and variety. Improved quality, application of new techniques, and improved management practices among farmers has contributed substantially to growth in tonnage and exports. Profits have tended to increase due to lower wastage, higher productivity and product quality – resulting in higher customer satisfaction and demand.

Impact and transformation: A total of 705 grants have been awarded during 2012-2017 – distributed among all 10 regions of Ghana. The majority of grant projects are likely to have had a wider impact in the communities in which they were implemented through increased economic activity and employment. The introduction of demand-driven skills development related to the needs of specific private enterprises – being an alternative to the general supply-driven – has proved to be an effective way of improving enterprises' productivity.

Sustainability: The sustainability of formal enterprises depends on having internal mechanisms to continue training, especially if labour turnover is high. Strengthening of informal sector associations is critical, as most of the associations involved planned to continue the training – usually by using their dues to pay for some of their trained members for on-the-job training. Attained capabilities are likely to be sustained in those trades that involve apprenticeships. The sustainability of new training concepts and the support to technology centres depend on the continued use of the acquired competence in future training activities. Sustainability of the demand-driven SDF concept depends in part on the Government's willingness to introduce a skills training levy.

Danish contribution: Danida has (jointly with the WB 2012-2016) contributed with alternative methods for provision of technical and vocational training and education to private sector enterprises that is directly linked to the individual beneficiary's needs for capacity development. The awareness of the demand-driven SDF approach may due to high number of grants may be relatively high, but the economic impact at the national level may be insignificant.

5.4 GCIC

The GCIC (2016-2020) was included and funded under SPSD II, but due to delays in mobilisation, implementation will start in 2016 and continue through to 2020 as part of SPSD III. GCIC is an engagement under SPSD III as there are clear linkages, collaboration and synergy opportunities with BUSAC, SDF and in particular access to finance which will be offered by both RDF and GCIC. The objective of the GCIC is *to establish local institutional capacity to support Ghanaian entrepreneurs and new ventures involved in developing profitable and locally-appropriate solutions to climate change mitigation and adaptation*. The GCIC is well aligned with Danish Development Cooperation Priorities and will be an integrated part of Danida's SPSD III programme in Ghana. Furthermore, the GCIC is well aligned with Ghana's own priorities and aspirations within the Climate Change and Green Growth agenda.

The GCIC is operated with funding from Denmark, the Netherlands and the World Bank[32] with the goal of establishing local institutional capacity to support Ghanaian entrepreneurs involved in developing profitable and locally appropriate solutions to climate change mitigation and adaption. GCIC is hosted by the Ashesi University[33] and is managed by a consortium comprising Ashesi University College, Ernst & Young, SNV, and the UN University. GCIC and its network of partners and stakeholders will provide a country-driven approach to solving climate, energy and resource challenges and support economic development through job creation.

The GCIC is an incubation hub designed to provide local clean technology ventures with financing, mentoring, training and business advisory services. GCIC focuses on five key economic sectors: energy efficiency, solar energy, climate smart agriculture, waste management, and water purification and management. GCIC provides five main services: 1) Entrepreneurship and venture acceleration - by offering business and technical training and mentoring; 2) Access to finance - including proof of concept grants and seed capital investment; 3) Market growth and access services - by providing market information and creating linkages to domestic and global markets; 4) Technology and product development - through technical support and collaboration with Research and Development (R&D)/academia; and 5) Policy and regulatory support - through public-private partnerships. With the objectives of addressing climate challenges and creating opportunities for job creation and inclusive economic growth, the GCIC is expected to generate more than 430 companies, 10,000 jobs and mitigate over 200,000 tons of CO_2 over 10 years.

The first cohort of 11 entrepreneurs was selected in April 2017 (main themes being energy efficiency, solar energy and solid waste management), the second of 12 entrepreneurs on December, and the third is anticipated to be selected in May 2018. A comprehensive application process is undertaken as follows: expression of interest, detailed application, a forum in which expectations are set and objectives aligned, presentation of the business idea, and due diligence. The incubation framework comprises three main stages: 1) Pre-incubation – 3 months; 2) Incubation – 9 months; and 3) Acceleration – 6 or 9 months.

[32] The GCIC forms a part of a global concept designed and financially administered by InfoDev (a global partnership programme within The World Bank Group).

[33] Ashesi University was founded in 2002 as a private, not-for-profit, non-sectarian institution. It is sponsored by Ashesi University Foundation, a non-profit, publicly supported US corporation. Ashesi has established a reputation as a leader in undergraduate education in Africa, with an educational experience that fosters ethical leadership, an entrepreneurial mindset and the ability to solve complex problems.

Annex 1: The Labour Market Component

BSPS 1 Document: A new Labour Law prepared by the Ministry of Manpower Development and Employment has recently been passed by Parliament. The Law aims at reducing the 'monopoly' of the Trade Union Congress (TUC) which may diminish its influence among employees. Another important aspect of the Law is the aim to 'decriminalise' industrial and labour issues and provide for a more flexible legal regime that will allow a smoother resolution of labour disputes. However, the Law does not envision establishment of a separate labour court, but rather to strengthen mechanisms for arbitration of disputes. Furthermore, the Law provides for establishment of Public Employment Centres, which has the purpose of creating a place where people who seek employment can meet employers who have work to offer.

Review 2007: The immediate objective of Component 5 was "Improved social dialogue and labour market regulation leading to a balanced and improved social dialogue and labour market in Ghana regulation leading to a balanced and flexible labour market in Ghana". The total budget for the component is DKK 8 million. Component 5 is mainly being implemented through Ministry of Manpower, Youth and Employment (MMYE) but has also the social partners – Ghana Employers Association (GEA) and Trade Union Congress (TUC) – as important stakeholders. Component 5 is supposed to deliver five outputs that relate to strengthening of MMYE, establishment of a Labour Market Information System (LMIS), strengthening of the structures for tripartite dialogue, improving capacity of social partners to deal with Occupational Health and Safety (OHS), as well as increased compliance with existing labour legislation by micro and small enterprises.

Component 5 became operational on 1 June 2006. Although implementation during the first year has been very slow the RT has noted a number of recent and positive developments. A new minister assumed office in August 2007. During consultations with RT both the Minister and the social partners expressed renewed and strong commitment to implementation of BSPS activities under component 5. Also, a national long term adviser to MMYE has been recruited and started working in May 2007. A National Tripartite Committee is about to be established, and a draft Diagnostic Study of MMYE has been produced. A study undertaken by the WB in 2007 on the need for a Labour Market Information System has also been produced that includes recommendations for the establishment of an LMIS within MMYE.

BSPS Programme Completion Report 2014[34] – rating satisfactory b.

Efficiency and effectiveness: A diagnostic study of the MMYE was conducted and discussed with the Ministry. The recommendations included provision of training and logistics, and redesign of MMYE's organogram. However, since MMYE fell under the civil service structure, it was difficult to implement the recommendations.

Sustainability: The establishment of a credible and well-functioning Labour Market Information System (LMIS) – which is managed by MMYE in collaboration with Ghana Statistical Services to provide regular, accurate and time series data on employment, wages and other labour market variables to guide policy formulation, implementation and assessment – would continue to be sustained as the MMYE agreed to to incorporate any costs associated with the running of the system into its annual budget.

The Ghana Employers' association (GEA) organised series of capacity training programmes for members of the Council for Indigenous Business Association (CIBA) in six regions. The Ghana Trade Union Congress (TUC) organised sensitisation seminars and workshops on compliance of labour market legislation and social protection (e.g. on pension) for its members and informal sector operators. 30 Department Factories Inspectorate staff underwent training on Occupational Safety and Health.

Lessons learned: Difficulties were encountered in getting the public institutions to embrace change and

[34] BSPD completion date was December 2009

support new initiatives. The component lacked an in-house champion as there was a high turnover of personnel assigned to work with project staff. The component suffered from constant interference from senior servants and politicians. This created serious problems human relations for the consultant, as release of resources was mostly stifled through deliberate acts of key personnel to impede implementation of the component.

Box 2: Examples of BUSAC supported labour market organisations

- *Media and Printing Industry Workers' Union of Ghana (MEDIANET)*: As a result of the advocacy action embarked upon by MEDIANET, the National Labour Commission's capacity has been so enhanced that it is now able to settle more industrial disputes within the shortest possible time. The Commission is currently able to adjudicate up to 10 or more corporate petitions per week, as compared to hearing a maximum of five petitions per week prior to the advocacy action. The improvement – according to the members of MEDIANET – is good for building public confidence in the Commission as more business entities send their petitions to the Commission. The efficiency of settling industrial disputes sends a good signal to potential investors in Ghana.
- *Ghana Agricultural Workers' Union (GAWU)*: Ghana's rural farmers are generally self-employed and often live in remote areas. GAWU represents the interest of all unionized agricultural workers in Ghana, and in certain instances, extends such representation to include the interest of the self-employed rural worker and farmers. GAWU has been able to use the advocacy tool and funding from the BUSAC to establish a cadre of 75 self-employed rural workers from three regions in Ghana to represent their views at policy formulating fora both locally and internationally. Through GAWU's advocacy initiative, the wide divide between policy and decision-makers' perception of rural working life and the self-employed workers' concerns of everyday rural production routines and compensation/remuneration has now been linked.
- *Association of Ghana Industries (AGI)*: AGI has 1200 member from SMEs and large enterprises engaged in most productive sectors in Ghana including manufacturing and service industries within agro-processing and agri-business. AGI analyse and monitor impact of legislators' amendment of the industrial policy and regulatory framework and elaborates position papers to challenge legislative changes. AGI has with support from BUSAC improved it advocacy capacity to engage with government and policymakers to promote positive effects of policy and regulatory changes to their members and the national economy at large. In April 2016 AGI sought BUSAC's support. AGI started a dialogue with Government and Parliament on the need to reduce the tax burden having a negative impact on the cost of doing business. In March 2017 the Government announced a number of tax reviews and abolished some taxes. (Interview 7 March 2018).

Annex 2: PSD field visit observations

Visit to BUSAC projects in Eastern Region

- *Manya Krobo District Mango Farmers Cooperative & Marketing Union*: Fruit flies had in recent years spoiled the mango harvest. A group of mango farmers approached the University of Ghana, which helped them device a simple and effective trap. Farmers from neighbouring areas were invited to form a famers group. The group later approached BUSAC and formed the National Mango Farmers' Association with the intent of finding a holistic solution to the fruit flies menace. A stakeholder meeting was conducted, which among others included the Ghana Atomic Energy Commission (GAEC), which would develop a technology to eradicate the fruit flies with a bait (a brewery waste product mixed with a potent insecticide) that would attract the flies away from the mangoes. The association and GAEC signed a MoU and approached BUSAC and SDF for funds for advocacy, training and technological development. After raising 20% counterpart funds from the farmers, an amount of GHS 435,000 was released from SDF to GAEC, which initiated the construction of a bait production facility. Regrettably, GAEC side-lined the farmers and never managed to produce bait. Later it was realised that bait could be imported from China and South Africa, which has since been the case. The quality of the mangoes was so good that Blue Skies (an agri-business) bought large quantities for juice production for export. Ghana is one of the few countries where mangoes can be harvested twice a year. The objective was achieved, but in a very circumvented fashion.
- *Agormanya Sweet Potato Farmers' Association*: The group of about 170 farmers had no seedling centre and had to roam around river beds to obtain vines for planting sweet potatoes. The unavailability of quality vines (high yielding and disease free varieties of seedlings) within reach of the farmers had plagued them for years. With the assistance of BUSAC the farmers launched an advocacy programme for finding a lasting solution and to convince the Ministry of Food and Agriculture (MoFA) and the District Assembly to set up a Sweet Potato Vine Nursing Centre. A one-acre plot of land was made available for the nursing centre. The enhanced access to quality seedlings improved productivity and income. Some farmers could afford mechanical irrigation. The acquired advocacy skills also facilitated: better access to agricultural extension officers for advice on chemicals and fertilisers; improved negotiations and marketing skills. The objective was achieved.
- *Wood Workers' Association, Koforidua*: The Eastern Regional Wood Workers Association has 250 individual members. The members felt that the supply of wood for furniture had decreased significantly as the forests were being rapidly depleted in the Eastern Region mainly due to both legal and illegal loggers, but also due to surface gold miners. By law the loggers were supposed to make 20% of the cut wood available to the woodworkers for their industry, but this was not happening. BUSAC assisted the Association to negotiate with the big sawmill operators and the situation has since improved. Another concern was the lack of enforcement of replanting of trees to facilitate reforestation. The BUSAC support included training to the Associations members across the 10 regions in advocacy, marketing, financial management and finishing of their products. Even though the locally produced furniture was of a higher quality (using hard wood) the competition with imported industry manufactured furniture (using cheaper soft wood with very good finishing) was high, resulting in poor sales of their products. The objective was partly achieved in terms of access to wood, but improved income was not achieved.

Visit to RCB clients in Eastern Region

- *PAA Will Printing Press*: The loan was provided by Adonten RCB in the amount of GHS 300,000 in March 2013 and was fully paid off in May 2016. It started with a small printing shop in Kuforidua Town. The company had since then been developed step-by-step over the years through short-term loans. First purchase of the plot, the construction of the building, procurement of modern printing machines from Germany, and recently procurement of a generator with the Adonten RCB loan.
- *Methodist Church of Ghana, Kuforidua Diocese*: The loan was provided by South Akim RCB in the amount of GHS 150,000 in March 2014 and was fully paid off in March 2016. The Church operates a small farm comprising a piggery, and growing of mango trees and maize. The RCB loan was used for purchase of 50 acre plot to expand the farming area. The future plans are to buy a tractor, acquire an irrigation system and shift from maize to mango.

Box 4: Visit to a SDF project in Eastern Region

Suhum Heifer Milk Producers Association: During the visit to the Eastern Region, the Suhum Heifer Milk Producers Association was visited. The association has 50 members. SDF was approached in 2014 as some challenges with the milk production was encountered concerning the quality of milk and shelf life. A grant was awarded and training in milk hygiene, milk handling, animal health and nutrition, and udder health were undertaken. The herd size has since then increased, animal health increased, and a business plan developed to become a corporate project. The project attracted the government's attention and has been incorporated in the 'One District One Factory Initiative' and has linked the association up with the Ghana Commercial Bank for financial support. Today they are producing good quality yoghourt, fresh milk, and other consumables for the home market.