

**Final Thematic Paper**  
**on**  
**Private Sector**  
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for the

**Joint Evaluation of the Ghana – Denmark  
Development Co-operation from 1990 to 2006**

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## List of acronyms

<b>Acronym</b>	<b>Full title</b>
ABC	Apprenticeship Banking Course
ADR	Alternative Dispute Resolution
AfDB	African Development Bank
AGI	Association of Ghana Industries
AGOA	African Growth and Opportunity Act
ARB	Association of Rural Banks
BATUBM	Business Associations, Trade unions and Business Media
BDS	Business Development Services
BLD	Business Law Division
BLR	Business Law Reform
BoG	Bank of Ghana
BSPS	Business Sector Programme Support
BtB	Business to Business Programme (early terminology)
B2B	Business to Business Programme (present name)
BUSAC	Business Sector Advocacy Challenge Fund
CAGD	Controller and Accountant General's Department
CC	Commercial Court
CEPS	Customs Excise and Preventive Service
CPIA	WB Country Policy and Institutional Assessment
CSR	Corporate Social Responsibility
Danida	Danish International Development Assistance
DFID	Department for International Development Cooperation
DKK	Danish Kroner
ECOWAS	Economic Community of West African States
EoD	Embassy of Denmark
EQ	Evaluation Question
ERP	Economic Recovery Programme
EU	European Union
EVAL	Danida's Evaluation Department
FAGE	Federation of Association of Ghanaian Exporters
FI	Financial Institution
GAWU	Ghana Agricultural Workers Union
GDP	Gross Domestic Product
GEA	Ghana Employers Association
GHBC	Ghana Business Code
GHC	Ghana Cedi
GNCCI	Ghana National Chamber of Commerce and Industries
GOG	Government of Ghana
GPRS	Ghana Poverty Reduction Strategy
GTZ	German Technical Co-operation
HIV/AIDS	Human immunodeficiency virus/Acquired immune deficiency syndrome
IBP	Improved Business Practices
IDA	International Development Agency
IDEAS	Innovation and Development in Enterprise Assistance Scheme
IFAD	International Fund for Agricultural Development



<b>Acronym</b>	<b>Full title</b>
IMF	International Monetary Fund
IRAI	IDA Resource Allocation Index
ITC	International Trade Centre
JAR	Joint Annual Review
JR	Joint Review
M&E	Monitoring and Evaluation
MDA	Ministries, Departments and Agencies
MDG	Millennium Development Goals
MFA	Ministry of Foreign Affairs
MoFEP	Ministry of Finance and Economic Planning
MoJ	Ministry of Justice
MoLG	Ministry of Local Government
MoMYE	Ministry of Manpower, Youth and Employment
MoPSD	Ministry of Private Sector Development
MoPSR	Ministry of Public Sector Reform
MoTI	Ministry of Trade and Industry
MoU	Memorandum of Understanding
MSME	Micro, Small and Medium Enterprises
MTEF	Medium-Term Expenditure Framework
NBC	National Banking College
NBSSI	National Board for Small Scale Industries
NDPC	National Development Planning Commission
ODA	Overseas Development Assistance
OECD/DAC	Organisation for Economic Co-operation and Development
PCU	Programme Co-ordination Unit
PFI	Participating Financial Institution
PPP	Public Private Partnership
PR	Performance Review of PSDP
PS	Private Sector
PSDP	Private Sector Development Programme (also termed 'PS-programme')
PSDS	Private Sector Development Strategy
RAM	Review Aide Memoire
RCB	Rural and Community Banks
RDE	Royal Danish Embassy
RFSP	Rural Financial Services Project
RGD	Registrar General's Department
SAP	Structural Adjustment Programme
SBS	Small Business Services Network
SECO	Swiss State Secretariat for Economic Affairs
SIRF	Service Improvement Reform Fund
SME	Small and Medium Enterprises
SMIDO	Suame Magazine Industrial Development Organization
SPEED	Support Programme for Enterprise Empowerment and Development
SPS	Sector Programme Support
SOE	State Owned Enterprise
SWAp	Sector Wide Approach
TA	Technical Assistance

<b><i>Acronym</i></b>	<b><i>Full title</i></b>
TAG	Technical Advisory Group
TBL	Triple Bottom Line
TP	Thematic Paper
TSSP	Trade Sector Support Programme
USAID	US International Development Agency
WB	World Bank
WEF	World Economic Forum
WGI	World Governance Indicators
WTO	World Trade Organisation

## Summary

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

- 1992-2001: **Financial Sector Support** via three consecutive projects, contributing to capacity-building and institutional upgrading centrally and locally, in particular by the network of rural banks.
- Since 1993: **Private Sector Development Programme** on a business-to-business basis, supporting commercially feasible partnerships of a long-term, mutual nature between Ghanaian and Danish enterprises; revised as Business to Business Programme (**B2B**) in 2006 and integrated with other Danida business support instruments.
- 2003-2008: **Business Sector Programme Support (BSPS)** providing capacity-building to public and private institutions in support of the development and upgrading of an enabling environment for private sector activity. The public sector part is since 2006 funded by a multi-donor 'pooled fund mechanism'.

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

### 1. Financial Sector Support (FSS)

From 1992 Danida took part in FSS in Ghana, offering management training courses as part of the Bank of Ghana (BoG) programme for modernisation of the sector, recognising that the private sector had responded more slowly to the ERP than expected. In 1993 long term support until 1998 started, with eventual appropriations of DKK 17.76m in total. The third phase (1998-2001) was seen as 'a logical continuation of the previous assistance', gradually targeting the Danish support more directly on the rural population, also supporting targeted rural banks and partially the micro level (budget: DKK 15.2m). The FSS was implemented as traditional projects, and sequenced in such a way that the focus was shifted progressively from macro-, through meso- and then partially to micro-level, ensuring that the interventions of the different phases were mutually supportive.

The FSS was efficient and effective during the first two phases, but unforeseen institutional changes in the Ghanaian financial sector made implementation of the third phase somewhat problematic. These obstacles were, however, treated in a flexible way and altogether the projects were able to achieve positive impact on capacity-building in the banking sector, identifiable impacts being the established National Banking College and capacity-building in the banking sector as such, including BoG and the Association of Rural Banks (ARB), which may be sustainable with the recent consolidation of the ARB Apex Bank. The FSS was a precursor of the multi-donor Rural Financial Services Project (RFSP) sponsored by International Fund for Agricultural Development (IFAD), International Development Agency (IDA) and AfDB which started in 2001.

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

## 2. Private Sector Development Programme (PSDP)

In 1993 Danida decided to initiate the PSDP for a 3-year pilot period in India, Zimbabwe and Ghana based on a collective draft for the three countries. The basic motivation of the programme was to find ways of supporting private sector development, recognising that in a number of countries a transition from state-governed to market-led economies was taking place.

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

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

The present evaluation, focusing in particular on the performance of the PSDP since 2001, basically confirms the conclusions of the 2001-evaluation. Until recent redesign, the PSDP explicitly neglected any sector focus, had little or no focus on cross-cutting issues – with the exception of environmental concerns – or on other country specific objectives in the design of the programme, which makes it impossible to assess its effectiveness in Ghana thoroughly. The indication is, however, that the PSDP is **somewhat less effective** judged from the rather low rate of mutual, long-term partnerships established; the reason probably being a depressed business climate in Ghana. But even in later years with more vibrant economic circumstances results have been in decline. It must also be noted that the criteria for accepting partnerships has been used in a very 'flexible' way, while the loan facility was administered in an unduly generous way, frustrating later efforts to retrieve outstanding debt and thus realising a very high grant percentage in spite of the declared principles. However, for the main partnerships established enterprise survivals have been fairly high, indicating successful technology transfer and capacity building for individual enterprises.

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

## 3. Business Sector Programme Support (BSPS)

The BSPS was launched in 2003, coinciding with the GoG's implementation of its policy of the private sector as the 'Engine of Growth' and the current decade as the 'Golden Age of Business', emphasising the role of the private sector in reducing poverty. The BSPS pursues a pro-poor strategy with the development objective of 'equitable growth in production and employment achieved through development of a competitive and vibrant business sector', its rationale being public and private capacity-building for furthering of an enabling private sector environment. Initially the programme was designed with four

intervention areas: 'legal reform', 'business culture', 'business instruments' and 'market access', later (2006) extended with a fifth area: 'labour market'. Since programme inception in the spring of 2004 BSPS implementation has been influenced through major external developments in GoG private sector strategy (PSDS) and policy as well as by donor harmonisation, setting the stage for private sector support in Ghana. These developments implied considerable changes in the planned implementation of the BSPS, transferring public sector interventions to joint PSDS implementation under its Oversight Committee and to multi-donor 'pooled funding'. Outside joint implementation remain those parts of the BSPS, which are being funded directly. Changes have impacted adversely on the pace of implementation, limiting programme disbursement by September 2007 to only DKK 90.6m (44%) of the total DKK 205.2m budget.

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

Also, the varied and changing BSPS **aid modalities** have been an important factor in delaying implementation and reducing the quality and quantity of achieved results. However, interventions relating to the Commercial Court (CC) have been successful and clearly effective, contributing to faster commercial conflict resolution exclusively felt, however, in the Accra region. Also the BUSAC (Business Sector Advocacy Challenge) Fund has been effective in strengthening the advocacy capacity of the private sector, probably contributing to enhancing public-private dialogue, but interventions are still lacking in geographical outreach.

Contrary, the SPEED (Support Programme for Enterprise Empowerment and Development) support for business instruments, being seriously delayed cannot be assessed as effective and the lack of risk-neutralising incentives may lead to crowding out of the socially and geographically most vulnerable enterprises. The **capacity development** thus produces a **mixed picture of outcomes**.

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

Overall impact is **rather low** and only parts of the 2008 Country Strategy targets appear to be achievable. **Sustainability** of the CC **needs** authorisation for retention of fees sufficient to cover its costs and also in other respects BSPS impact will only become sustainable with **further institutional support** of the GoG. As for **cross-cutting issues**, the BSPS focus is rather **weak** and only recently have efforts been made to deal with major shortcomings.

A number of conclusions and recommendations derive from the above:

**Conclusions:** There is a need to overcome the separation of micro-(B2B) interventions from those at macro and meso (BSPS) levels. In this regard, guidelines are needed for resolving conflicts in B2B modality principles, for aligning it with GoG policies and procedures and for coordinating with BSPS interventions.

In particular, for the Ghana PSDP there is a need for better-documented results, documentation having been insufficient throughout the life of the programme.

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

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

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

**Recommendations:** To further develop the implementation efficiency of the RDE Business Unit, a ‘tool box’ strategy, an action plan and mutual linkage of the separate private sector programme M&E systems should be put in place. In this context, the MFA should establish more detailed guidelines as well as guidance in how to co-ordinate better with, in particular, the BSPS interventions, where local staff are only facilitating rather than implementing the B2B projects.

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

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

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

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

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

## 1 Introduction

Support to private sector development presents a somewhat more complicated effort than with most cases of sector programme support. By its very nature appropriations can not be directed exclusively towards government budgets, but have – at least partially – to be channelled directly to private sector beneficiaries in order to achieve the division of labour aimed at between public and private decision makers. Limiting public sector interventions to strategic planning, basic regulation of economic activities and public service delivery may often collide with long term government practices and interests in developing countries. Further, realizing that in order to achieve impact it is often not feasible to directly target micro-beneficiaries it becomes a matter of high strategic importance through which intermediaries and with what sort of instruments and modalities interventions are implemented. Finally, support to private sector development is a delicate balance between the objective of developing competitive, sustainable economic activity and markets on the one hand and on the other ensuring that interventions in commercial activities are not compromising this very objective and crowding-out economic activity of other stakeholders. This can only be achieved with a holistic approach and by designing exit strategies, building competitive, sustainable markets.

## 2 Framework of support to the sector

### 2.1 Government's sectoral policies

Ghana has moved from an economy dominated by intentional central planning and economic regulation, import substitution and state owned enterprises (SOE) in the Nkruma-period, over military dictatorship and later constitutional democracy with the aim of achieving the transition of Ghana into a market economy firmly rooted in international economic collaboration through structural adjustment in the Rawlings-period. Passing then into the present stage of stable political democracy for more than a decade, a full-fledged market economy striving to compete for the gains of globalization and with an explicit objective of achieving 'the golden age of business' under president Kufuor.

While the political transition towards a market-led economy started already in the 1980ies it was not until the 'Vision 2020'<sup>1</sup> of 1994, presenting the vision of Ghana as middle-income country in 2020 by doubling income per capita through improved public sector efficiency, introduction of VAT and increased weight on private sector production, that the private sector was clearly singled out as a major motor of economic growth. Starting 1996 the private sector became involved in the hearings of the new system of economic planning, establishing one and five year plans for eventual approval of the National Development Planning Commission (NDPC) and when in 2002 the work on the first Ghana Poverty Reduction Strategy (GPRS) was initiated the focus on the private sector as the driver of economic growth and poverty reduction became explicit. With GPRS II 2006-09 from 2005 and its increased weight on a strategy of economic growth this priority role of the private sector came even more to the forefront, in full harmony with the presidential announcement of 'the golden age of business'.

In July 2004 the Private Sector Development Strategy (PSDS) was launched under the co-ordination of the Ministry of Private Sector Development (MoPSD), with support from donors, headed by Department for International Development Co-operation (DFID) and Danish International Development Assistance (Danida). The PSDS is the central framework for the Government of Ghana (GoG) interventions for private sector

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<sup>1</sup> Presidential Report on Co-ordinated Programme of Economic and Social Development: 'Ghana: Vision 2020', 1994

development and for the creation of an enabling business environment and it includes a five-year action plan with a number of reform initiatives that Ghana aims to undertake in order to achieve the government's declared goal of 'sustainable, equitable and widespread private sector-led growth throughout Ghana'.

A lengthy dialogue process between GoG and donors as well as within the donor group led to the formulation of a Memorandum of Understanding (MoU) between GoG and 12 donors, which was signed on 9th June 2005. The MoU is designed to cater for both donors able to finance jointly with others as well as donors who can only provide Technical Assistance (TA). The donors ended up in three groupings: Pooled fund donors (DFID, World Bank and Danida), aligned donors (all the donors that cannot engage in joint financing) and sector budget support (for the European Union (EU) that could not do pooled funding). Disbursements to the Pooled Fund are conditional upon positive assessment of performance against planned actions, and are to be effected half-yearly based on approved requests from the Ministry of Finance and Economic Planning (MoFEP).

Initially the PSDS was the responsibility of the MoPSD, but with the merging in 2006 of this into the Ministry of Trade and Industry (MoTI) responsibility was assumed by the latter. Since 2005 joint reviews between GoG and DPs have been conducted on a half-year basis, the latest taking place parallel with the field mission of the Danida Country Evaluation Team in September 2007. Implementation of the strategy is governed by the so-called Oversight Committee, comprising representatives of ministries, departments and agencies (MDA) with a private sector interface, and private sector representatives.

## **2.2 Danida's sectoral policies**

Until 1994 the project modality was the vehicle predominantly used for Danida development aid, including for the private sector development support. However, in 1993, exclusively for the private sector, a new aid modality was introduced through the Private Sector Development Programme (PSDP), building its design basically on the creation of long-term, mutual commercial partnerships between a suitable Danish enterprise and a developing country partner enterprise, primarily with the objective of achieving technology transfer. The programme was initiated in three pilot countries, Ghana being one of them. The PSDP was extended to three more countries in 1996 and later to all Danida co-operation countries, implemented by specially assigned Private Sector (PS)-co-ordinators at the local Royal Danish Embassy (RDE) and by the PS Secretariat in Ministry of Foreign Affairs MFA, Copenhagen. The PSDP was evaluated in 2001<sup>2</sup>, resulting in rather critical conclusions regarding its impact on private sector development as part of overall growth and development in respective developing countries. After carrying out a performance review and a consultation process as well as developing a new action plan for private sector development and business instruments<sup>3</sup>, all in 2005, the programme in 2006 changed name to the Business-to-Business Programme (B2B) and also was redesigned in order to be implemented in close co-operation with other programmes and instruments for private sector development support. Ghana is also included in the new B2B programme.

However, already in 1994, when launching its new strategy for development assistance<sup>4</sup>, Danida introduced the – typically 5-year - sector programme support approach as replacement for the project aid modality. The private sector was not given priority in the first generation of sector programme support (SPS), and only when introducing components for supporting agri-business development in the agricultural sector

<sup>2</sup> Danida, Evaluation: Private Sector Development Programme, October 2001

<sup>3</sup> Danida, Erhverv, Vækst og Udvikling, 2005 (in Danish only)

<sup>4</sup> Danida, A Developing World – Strategy for Danish Policy (up to 2000), 1994



programmes in the late 1990ies and piloting a business sector programme support (BSPS) for Tanzania in 1998 was direct support for private sector development put into focus. The Ghana BSPS was initiated as the second of now four business sector programmes in 2003.

### **3 Narratives of the programmes 1990-2001**

#### **3.1 Description of major programmes and projects**

##### **3.1.1 Support to the Financial Sector 1992-98 (phase 1 and 2)**

Already from 1992 Danida became involved in support to the Financial Sector in Ghana, when responding to a proposal from the Danish Association of Savings Banks about offering management training courses as part of the Bank of Ghana (BoG) programme for modernisation of the sector, the programme forming a vital element of the ongoing structural adjustment programme (SAP). In 1993 this initial support was developed into a first phase of a long-term support engagement, comprising until 1998 two phases planned to be of all together 3½ years length, with eventually appropriations of Danish Kroner (DKK) 5,94m and DKK 11.82m, respectively.

The rationale of the project was found in considerations for the increasing lack of momentum in the Economic Recovery Programme (ERP) of 1983, recognizing that the private sector had responded more slowly to the ERP than expected and that 'It has become increasingly clear that the Ghanaian economy will have difficulties sustaining the gains from the ERP if the financial system does not improve.'<sup>5</sup> The project was obviously designed to align with and support the economic recovery strategy of the government as part of the World Bank (WB) / International Monetary Fund (IMF) sponsored SAP, in particular contributing to the development of a competitive, privatized financial sector.

The stated development objective was to: 'increase domestic resource mobilization and improve the credit facilities, i.e. to obtain economic growth through increases in domestic savings and investments'. Further, stating the immediate objective of the project as: 'enhance the function of the financial intermediation of the Ghanaian banks'. The two phases of the project comprised all together 5 components:

1. Apprenticeship Banking Course (ABC),
2. Management Training,
3. Banking Technology Plan,
4. Database on Human Resources in the Banking Sector, and
5. Equipment for Bank Training Premises.

Phase 1 was to cover planning of the ABC structure; continuation of the Management Training Programme started in 1992, with an initial designing of the database, and carrying out a need analysis for the Banking College. At the end of Phase 1, a review by Danida would determine the final scope of Phase 2.

The implementation of activities involved the already existing institutional network such as the Association of Bankers, the Banking College and the Association of Rural Banks. The Danish Savings Banks Development Association was to be responsible for the project to the Danish MFA with the Technology Assessment Group at the Technical University of Denmark as a partner in the field of technology. The Ghanaian partner and co-ordinator was BoG, being responsible for the integration of the project with the overall training strategy for the financial sector in Ghana.

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<sup>5</sup> Danida, Project Document: Technical Assistance to the Financial Sector (Phase 1), October 1993 (104.Ghana.22)

Based on favourable assessments of experiences from the first phase a project document for the second phase was signed on 28 April 1995 between the RDE and BoG, covering the period 1995-98. Now the stated development objective simply was to 'contribute towards the improvement of the viability of the financial sector in Ghana' and with the immediate objective of the project being 'the improvement of the ability of bank staff at all levels to mobilize domestic resources and to manage financial intermediation more effectively'. The outputs of the Project were:

1. ABC,
2. Strengthening of the Rural Bank Sector - Rural Bank Training and
3. Support to the operationalization of the National Banking College (NBC).

In both phases of the project the major part of the budget – about  $\frac{2}{3}$  – has been allocated for the funding of TA, mainly consultancies and training activities by international as well as national experts.

The emphasis in phase 2 was on the first and the last of the above components, while only limited training to management staff and directors in the rural and community banks was included. Three review missions were conducted by an Independent Quality Assurance Committee, taking place in January 1996, and February and December 1997. In the final review of phase 2 (December 1997), the team noted that the project had been successfully implemented and achieved all its expected end-of-project outputs, including the establishment of the National Banking College. However, the review team also noted that the situation in the rural and community banks was far from satisfactory and recommendations were made to continue Danida assistance to the financial sector with a third and final phase 3 focused on rural and community banks.

### **3.1.2 Support to Financial Sector 1998-2001 (phase 3)**

In anticipation of the conclusions of the final review (cf. 3.1.1 above) of the phase 2 of the Financial Sector support project, in May 1997 initial steps for the planning of a third phase were taken through inviting all the stakeholders within the rural banking industry for a 5-day Logical Framework Workshop. During the workshop, the problems related to the industry were diagnosed, and means to correct the problems discussed. As a result from the workshop, a first draft of the project document was presented. This draft was circulated to the workshop participants for further inputs and finally accepted at a meeting in the Embassy, creating a feeling of ownership among stakeholders.

This third phase was seen as 'a logical continuation of the previous assistance, gradually targeting the Danish support more directly towards the rural population'<sup>6</sup> and after two desk appraisals and some minor revisions the project document was issued jointly by Ghanaian stakeholders and the RDE<sup>7</sup>. The project 'Technical Assistance to Rural and Community Banks, Ghana' was initiated in November 1998 with a budget of DKK 15.2m, covering the period 1998-2001.

In the project agreement between the GoG and the RDE the development objective was formulated slightly different from the project document, using the formulation 'to enhance the operational effectiveness, profitability and corporate image of the rural and community banks in Ghana with a view to enhance financial intermediation in rural areas for women and men', thereby underlining the institutional, market building objective of the project and at the same time highlighting the gender aspect. The immediate objective was kept

<sup>6</sup> Danida TSA, 'Appraisal', 20 November 1997

<sup>7</sup> Association of Rural Banks / Bank of Ghana / Royal Danish Embassy, 'Danish Support to Rural Banks in Ghana', Accra February 1998 (With minor revisions during desk appraisal March 1998)

unchanged: 'Satisfactory performance of the rural and community banking sector in Ghana in terms of effective operations and thus corporate image'.

The project centred on support for rural and community banks (RCB), mainly through their apex organisation: Association of Rural Banks (ARB), having all RCBs and the ARB as target beneficiaries. As stated by the consultant later producing the Completion Report<sup>8</sup> of the project:

*Box 1: Rural and Community Banks in Ghana*

'The Rural and Community Banks in Ghana is a remarkable feature. They are totally independent and owned by shareholders in their respective catchment's areas. They evolved in the mid-1970's in response to the need of rural sectors for institutional finance, and from its inception in 1976, it now totals 114 banks spread throughout the ten regions of the country, although the three northernmost regions (Northern, Upper East and Upper West) only have eight Rural Banks between them. The objective of rural banks was "to mobilise rural savings for investment principally for rural development". Given the characteristics of the rural environment (high rate of illiteracy and lack of financial sophistication) the rural banking system was conceived to be simple and flexible, tailored to meet the particular needs of predominantly small depositors and borrowers in rural areas. As the reforms within the banking and financial sectors proceeded, the needs of the rural sector became even more crucial, with government seeking to promote accelerated growth, improve living standards and alleviate poverty, it became evident that improvements in rural sector financing remained critical if the rural population was to benefit from the overall reform programme.'

The project was to have four components:

1. Institutional strengthening of ARB;
2. Management and operational practices of RCBs;
3. Corporate image and public confidence in RCBs;
4. Capacity building for staff, management and directorate of RCBs, aiming to improve management and operational practices, strengthening image and public confidence and establishing ARB as a an effective apex organisation of the RCBs.

Conducting pilot activities within micro finance was stipulated as a separate output, which in the appropriation note for the Danida Board was detailed as a 'micro-financing fund' and explained as 'an investigation in new methods to target the poorest and least organized groups'<sup>9</sup>, thus also indicating a future focus area of Danida. The gender aspect with credit facilitation particularly targeting women was explicitly stressed.

In article 5 of the project agreement the parties agreed that the GoG in co-operation with BoG will 'continue the development of an enabling economic environment and a friendlier regulatory environment for the rural and community banking sector. This will help the sector grow and provide the rural poor with increasing access to financial services', thus stressing the strategic nature of the project in relation to poverty reduction. This argumentation was further elaborated in the appropriation note for the Danida Board, explaining 'that the missing supply of financial services (in rural areas) acts as a barrier to development and to the fighting of poverty....The project, already mentioned in the Ghana Country Strategy, is expected in the longer-term to contribute to increased economic activity in the rural areas and thereby to the reduction in poverty'<sup>10</sup>.

About ½ of the total appropriation was budgeted for TA and training – international advisors as well as national – while some 20 % was set aside for credit purposes, i.e. a

<sup>8</sup> Carl Bro, Technical Assistance to Rural and Community Banks, Project completion Report Ghana, June 2002, pp. 2-3.

<sup>9</sup> Danida, Støtte til landbobankerne i Ghana, Styrelsens møde d. 15.april 1998, dagsordenens pkt. 8.a, p.4 (in Danish only)

<sup>10</sup> Danida, ibid, pp.2-3

loan-fund offering credit on commercial conditions to RCBs investing in communication equipment and the micro-financing fund, cf. above.

In his completion report (cf. above) the consultant emphasizes two lessons learnt from the project:

1. The initial participative approach created a sense of ownership and genuine understanding of the objectives and the activities of the project and paved a way for smooth implementation.
2. The decision to establish an Apex Bank for the rural banks, made at the time of inauguration of the project in November 1998, turned the focus towards the apex project, resulting in a somewhat 'slow' start. However, this latter supposedly having comparable objectives a flexible approach was taken, and in the end the project turned out to be an important supportive force in the establishment of the Apex Bank.

In conclusion, the consultant found that 'definitely, the project has achieved a lot in its development objectives', but with the unclear situation of the ARB and of the Apex Bank at the time of initiating the project – the Apex Bank still at the verge of being established in 2002 – 'in general, transferability and sustainability of the project are therefore closely linked to the establishment of the Apex Bank'<sup>11</sup>.

### 3.1.3 Private Sector Development Programme<sup>12</sup> 1993-2001 (phase I and II)

Planning of the PSDP started in 1992 inspired by a draft outline developed by the Federation of Danish Industries and based on the decision by the Danida Board in its June-meeting to initiate a programme in three test countries: India, Zimbabwe and Ghana. Also a PS-panel of eight members with private sector expertise and affiliation was formed as an advisory body to the Board.

The **Danida Board** decided to prepare a collective draft for the overall PSDP with the aid of external consultants and in collaboration with the recipient countries' authorities and the relevant embassies / country departments of the MFA. With respect to India and Zimbabwe preparation of the input was entrusted with the Federation of Danish Industries, while in the case of Ghana an independent consultant was recruited.<sup>13</sup> In May 1993 the Board decided to initiate the PSDP for a 3-year pilot period in accordance with the proposals presented and with a total allocation of DKK 180m in the three countries.

The basic motivation of the programme was to find ways for supporting private sector development in developing countries, recognizing that in a number of countries a transition from state-governed to market-led economies was taking place and that this process formed an essential part of the programmes of economic reforms developed with WB / IMF under the headline of SAP. Strategically the PSDP based itself on the changing roles and responsibilities of the public and the private sectors within the economy, seeing this

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<sup>11</sup> The ARB Apex Bank Ltd. commenced operations in July 2002 and its head office in Accra was commissioned in November 2006 by President Kufuor. Establishing the head office formed one of the components of the Rural Financial Services Project (RFSP) sponsored by donors IFAD, IDA, and AfDB.

<sup>12</sup> **Evaluation coverage of the PSDP:** 'Taking into consideration that a) the PS-programme was administered following separate rules and regulations from Copenhagen and was not fully integrated into the country programme during the first years of its implementation in Ghana and b) that considerable changes have been made of the PS-programme following the evaluation of the PS-programme in 2001, the following has been suggested: The country programme evaluation will include a brief re-capture of the history of the PS-programme (general and in Ghana in particular as the two are intimately linked), but main emphasis of the evaluation work will be on what has happened within the programme in Ghana after 2001.' (Comments made by Danida EVAL, 23 July 2007 to the draft Inception Report).

<sup>13</sup> Danida, 'Ghana: Study Concerning Preparation of a Private Sector development Programme, Phase 1', (Deloitte & Touche), March 1993

development as a major area of future development assistance. However, the new programme was not launched with detailed objectives, not to speak of an elaborated log-frame. As for the Ghana part the overall programme objective was to be *'enhancement of the private sector in Ghana'*<sup>14</sup>, simply put.

To what degree the overarching objectives of Danish development assistance, in particular the objective of poverty reduction, were binding conditions for the new private sector pilot programme was not quite clear from the decision of the Danida Board. In a later briefing note<sup>15</sup> by the PS-secretariat the overriding objectives were basically explained as being already inherent in the programme concept and therefore not a matter of concern in the individual projects, possibly with an exception for the gender issue:

**Box 2: Danida objectives and the PS programme<sup>16</sup>**

'In terms of the overriding requirements of Danish assistance policy, as a basic working premise poverty orientation was taken to be generally fulfilled by the above mentioned support for the creation of economic growth and to rest in choice of countries. By the same token, aspects of human rights and democracy are generally regarded as being fulfilled as a function of the choice of countries and indirectly underpinned through a commitment to training and education.

Education is generally regarded as the basis for working up popular participation in the development process and as prerequisite to socially balanced development.

Exceptions to this general view are, of course, blatant violations, the use of child labour and suchlike, which under no circumstances can be accepted.

Other elements, such as regard for the environment and development, will usually be directly and immediately fulfilled in the individual project as a function of the PS concept's focus on working environment and impact on the external environment. Compliance with the wish for the involvement of women is more dependent on individual projects and in certain projects will be met directly and/or as a derivative effect of the individual PS project.'

In an assessment of essential risks of the PS-programme the note for the Danida Board stressed that the instruments to be used under the programme *'could be interpreted as undercutting fair competition'* not only by companies in the developing country, but also by Danish companies. However, it was underlined that Danida was only facilitator of the partnerships and not the project-implementing party as the individual partnerships would bear the commercial risk themselves: *'The appraisal criteria should necessarily reflect these factors – while at the same time addressing the requirements of overall Danish assistance policy.'*<sup>17</sup> - indicating the delicate balance to be found.

Some essential guidelines for the implementation of the programme were outlined by the Board<sup>18</sup>:

- Efforts are to be concentrated on the programme countries, among others to exploit the synergistic effect between the relevant commitment with regard to promoting a positive business climate and the out-and-out business-oriented efforts.

<sup>14</sup> Danida Board, 'Privatsektor-program i Ghana', Styrelsens møde d. 12.maj 1993, dagsordenens pkt. 7.k.2, p.3 (in Danish only)

<sup>15</sup> Danida StS.1, 'The Private Sector Programme: Background, decision-making process and concept', 16 May 1995, p.5

<sup>16</sup> With the introduction of the new B2B-programme from 2006 poverty alleviation and other overriding objectives of Danish Overseas Development Assistance (ODA) are explicitly to be honoured by the programme, when making project appraisals.

<sup>17</sup> Danida StS.1, *ibid.*, p.6

<sup>18</sup> Danida Board, 'Privatsektor-enhed I Udenrigsministeriet', Styrelsens møde d. 12. maj 1993, dagsordenens pkt. 7.k.1, p.4 (in Danish only)

- Efforts in support of the private sector must be incorporated as part of the overall Danish country programme, i.e. in relation to the programme country and appropriation authorities.
- Activities must be concentrated on selected areas of commitment
- A cautious start will be made with a view to gaining experience in a few countries before developing the concept in the remaining programme countries.

The programme was to comprise three main components:

- Support for business-to-business co-operation (BtB)
- Support in improving the commercial climate
- Support for the commercialisation and privatisation of publicly owned companies

With regard to the BtB component a number of instruments were available, mainly in the form of grants, e.g. in connection with preliminary activities such as initial visits and pilot/feasibility studies, in relation to investments in the physical as well as the working environment and related to training, technical support and export work. In Zimbabwe and Ghana the BtB component also included a loan and a Sector-Wide Approach (SWAp) facility. In order not to deviate from the general Danida principle of only offering government to government assistance it was emphasized that basically all BtB arrangements were conditioned on reciprocity with regard to involved grants, except, however, for initiating expenses, environmental improvements, training and the like.

In considerations for both optimizing the developmental impact of the PSDP and at the same time identifying areas where Danish companies are well positioned to contribute to private sector development as well as to commercial viability, it was decided during the test phase to concentrate on specific business sectors and geographical areas and also initially on the BtB component. In parallel identification of projects relating to the two remaining components was supposed to take place.

While sector priorities - and with regard to India also geographical priorities - were specified with two of the test countries, in **Ghana** the approach was more of an investigative nature, focusing on identification of needs and assessing operational feasibility of a PSDP. Therefore, in the initial phase in Ghana no priority business sectors or geographical areas were singled out and only instruments needed for preparation of PS-projects were made available. The different and more cautious approach to starting up the PSDP in Ghana was explicitly taken with a view to the rather opaque economic and political situation of the country, only the year before transiting from military rule into constitutional democracy with the risk that the government would not be able to sustain the reform programme of economic and political liberalization.

As previously planned in 1995 a **review of the pilot phase** of the PS-programme was conducted, leading to an extension of the programme with three more countries – Uganda, Vietnam and Egypt – for a 5-year period (1996-2001) and with a budget allocation of DKK 853m.

The overall objective was specified in the note to the Danida Board as: ‘contribute to the development of the private sector in selected programme co-operation countries through support to establishing partnerships between Danish enterprises and enterprises in these developing countries’ and with the immediate objective of ‘furthering such partnerships through offering support to partner-visits, pre-studies, training etc.’<sup>19</sup>. In the pursuing

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<sup>19</sup> Danida, ‘Videreførelse af Danida’s privat sektor-program’, Styrelsens møde den 6.marts 1996, dagsordenens pkt. 8.I. (in Danish only).

appropriation note for the parliamentary budget committee the overall objective was reformulated as: 'to promote economic and social development in the recipient counties'<sup>20</sup>.

Also, some changes in the design of the programme were made as the Danida Board decided to:

- focus solely on the BtB component of the programme
- discontinue the components supporting an enabling business climate and the privatisation of publicly owned enterprises
- have neither geographical priorities nor priority business sectors, but be open to enterprises in production and services as well as trade
- offer support as mainly grants, covering up to 90 % of expenses with a fixed upper limit

The commercial nature of the BtB co-operation was underlined and the individual PS-projects would have to comply with market conditions. The Danish partner was supposed to engage in a mutual, long-term binding partnership.

The Review also dealt with the overarching objectives of Danish assistance policy vis-à-vis the PS-programme and found no conflict in principle as: *'...it is not possible within the framework of the programmes to meet all assistance policy objectives head on...support for private sector development must therefore be seen in the context of other actions...of the supra-sectoral considerations embodied in the assistance, only the impact on the environment can be partly tackled within the direct framework of a private sector programme. The other regards – the gender aspect, democracy and human rights – cannot possibly be promoted directly within such a programme...'*<sup>21</sup>

In particular, addressing also complaints from potential Danish partner enterprises, the Review found the sharing of responsibilities inside Danida to be unclear, leading to bureaucratic and slow decision-making that should be remedied through an administrative system tailor-made to the commercial environment of the BtB partnerships. This recommendation was potentially in conflict with the initial guideline that 'in procedural terms the country-specific PS-programme must be administrated as any other assistance activities'<sup>22</sup> (see above) and therefore was the subject of prolonged discussions inside Danida. Eventually, this recommendation of the Review Team was not accepted, but the administrative set-up was thoroughly reworked and through a tripartition of the responsibility between the PS-secretariat, the RDE (PS-office) and the Danida country department it was felt that a 'flexible and simple administration' would materialize. The new administrative guidelines for the PSDP stressed that 'the PS-office (PS-co-ordinator) in all 6 PS-countries is fully integrated in the embassy.'<sup>23</sup>

In particular with regard to **Ghana** the Review found that the PSDP had 'encountered many barriers, which is due to both inappropriate business policy and to the current process of adjusting macro-economic conditions' and that it is *'possible to question whether the timing is optimal in relation to the implementation of a country programme at the level of activity chosen'*<sup>24</sup> Further it is noted that though the programme due to *'a high*

<sup>20</sup> Finansudvalget, 'Aktstykke 227' af 27.marts 1996 (in Danish only).

<sup>21</sup> Danida, 'Review of the Private Sector Concept and its Implementation', November 1995, pp.108-09

<sup>22</sup> The relevance of this 'integration issue' also to the PSDP in Ghana was confirmed to the Evaluation Team and the PS-co-ordinator was characterized as a 'separate person', referring on the one hand to the ambassador at the RDE, but also on the other hand directly to HQ in Copenhagen, thereby creating a "hands off situation for the RDE" (interview with former Ambassador Birgit Storgaard Madsen, 5 June 2007).

<sup>23</sup> Danida StS.1, 'PS-programmet: Fordelingen af det administrative ansvar mellem de forskellige enheder i Udenrigstjenesten', 5. juli 1996 (in Danish only)

<sup>24</sup> Danida, *ibid.*, p.60



*level of marketing* is 'relatively well known' in Ghana, 'no policy dialogue proper has been attempted, although the PS co-ordinator has had a series of talks with ministers, consultants and MPs. There seems to have been no attempt at any actual co-ordination with other donors on any of the important issues in industrial development, such as privatisation, commercialisation and the role of the banks'.<sup>25</sup>

In conclusion, the Review found that 'the PS Programme in Ghana has a wide diversity of projects being supported, which makes it difficult to draw general conclusions. However, the team does find that the variation in project types illustrates...the difficulties engendered by the low standard within the Ghanaian business community as compared to countries where the PS concept and the BtB component are able to function effectively'. Put in another way: 'The level of development in the individual country obviously plays an essential role in the process of identifying projects. This has resulted in a loose interpretation in Ghana as to the definition of what qualifies as to the definition for inclusion in the PS Programme'.<sup>26</sup>

The difficulties of identifying suitable Ghanaian partners have apparently been a major problem throughout the period. In his year 2000 Annual Report for the PSDP in Ghana the PS-co-ordinator with a bit of frustration sums up the problems: '*It is easy to establish good contacts with the Ghanaian people. The difficulties appear when it comes to implementation of projects.*' While in general finding the potential for the PSDP in Ghana to be good, particularly in the agricultural, fisheries, wood, textiles and minerals sectors the PS-co-ordinator also points to a number of 'negative findings'<sup>27</sup>:

**Box 3: 'Negative findings' of the Ghana PS-co-ordinator**

'Suitable Ghanaian companies for partnerships are sometimes difficult to identify. In addition to that, the Ghanaian companies are unable to provide share capital in connection with joint ventures with Danish companies. The Ghanaian top and middle managers of a good number of small and medium-sized companies in Ghana lack experience in management. .... Some Danish companies and business people are not suitable for collaboration with companies in developing country, mainly due to lack of capacity, commitment, their kind of personality and cultural differences. .... As it appears from the status report per 31<sup>st</sup> December 1999 some of the projects have problems with the implementation and the general and financial management. There are problems with the recovery of some of the loans. It has been agreed with the Ministry of Finance that some of the loans could be rescheduled to give the debtors a realistic chance to repay the loans.'

In 1999, a **second review** of the PS programme was undertaken and the programme further expanded with five new countries – Bolivia, Mozambique, Nepal, Nicaragua and Tanzania - forming now a total of 11 countries - while later in the year Bangladesh replaced India.

At the end of phase 2, in 2001, a full **evaluation of the PSDP** was conducted. The evaluation concluded that 'the current design of the Programme is reasonably successful...is in general effectively implemented...and it appears to be highly appreciated by private enterprises, in Denmark as well as in the host countries. However, the design is very narrowly focused on individual private business-to-business co-operations with limited

<sup>25</sup> Danida, *ibid.*, p.60

<sup>26</sup> Danida, *ibid.*, pp. 61-62

<sup>27</sup> RDE Accra, 'Private Sector Development Programme, Accra – Ghana, Annual Report for 2000', January 2001, p.5



concern for broader aspects of development of the private sector as a whole and for the role of private sector development in overall growth and development of the respective countries. Consequently, the development impact of the Programme is limited and less than optimal.<sup>28</sup> The evaluation recommends a redesign of the programme, reconsideration of objectives and strategy, reintroduction of the enabling environment support, introduction of more support instruments and broader responsibilities placed with the PS-co-ordinator towards private sector development and for ensuring the development profile of the Programme in the specific country context.

With regard to the implementation of the PSDP in **Ghana** the 2001 Evaluation Team found the following approved allocations for the test phase and for the ordinary follow-up phase (phase I and II):

*Table 1: Ghana: PS-allocations (approved grant (loan))*

	<b>Phase I Number</b>	<b>DKK 1,000</b>	<b>Phase II Number</b>	<b>DKK 1,000</b>	<b>Phase I&amp;II Number</b>	<b>DKK 1,000</b>
Partnerships	10 + 1 extension	27,560	20 + 2 extensions	75,800	30	94,351
Start-up facilities	6	2,570	35 + 1 extension	17,760	41	19,255
Total Projects	16 + 1 extension	30,130	55 + 3 extensions	93,560	71	113,606
Preparation Activities*	n.a.	-	n.a.	-	263	16,158

\*Includes visits, special studies and feasibility studies

Source: PS-Unit Ghana / PS-Secretariat (2001-Evaluation, p.14 and 23)

Disbursement for Phase II has been DKK 72m, but has varied in the years leading up to the evaluation as follows:

*Table 2: Ghana: Programme Disbursements 1998-2000*

	<b>1998 DKK 1,000</b>	<b>1999 DKK 1,000</b>	<b>2000 DKK 1,000</b>
Visits (Ghana + DK)	976	989	1,349
Special + feasibility studies	2,609	2,454	3,191
Marketing of the Programme	95	54	47
Consultant fees	386	597	927
PS-Projects (Start-up and Partnerships)	11,882	21,301	14,536
Total	15,948	25,395	20,050

Source: PS-Unit Ghana (2001-Evaluation, p.15)

The figures in the table do not include staff salaries and current costs of the PS-Unit funded by the Programme. Furthermore, consultant expenditures in Denmark to start and prepare projects in Ghana are not included. While there has been a tendency for preparatory activities and consultancy to increase, the disbursements to projects – that is, start-up facilities and Partnerships – have fluctuated. Danida's total disbursements in Ghana, including the Programme, were DKK 308m in 2000. Hence the Programme constitutes around 6-7% of project disbursements in that year.

Sector-wise, there is some concentration on the fishery and wood / furniture industries. But, as the following table shows, the projects have been spread over many sectors:

<sup>28</sup> Danida, 'Evaluation: Private Sector Development Programme', 2001/1, pp.3-4

Table 3: Ghana: Approved Projects, Phase I &amp; II

Sector	Start-up facilities		Partnerships		Total	
	No.	Grant DKK 1000	No.	Grant DKK 1000	No.	Grant DKK 1000
Agro-industry	3	1,500	2	14,290	5	15,790
Transport infrastructure	4	2,000	3	12,040	7	14,040
Fishery	4	1,960	6	14,390	10	16,350
Wood & furniture	8	4,000	5	14,940	13	18,940
Pharmaceutical	1	500	1	5,790	2	6,290
Enabling environment	1	500	6	17,130	7	17,630
Others	17	8,380	7	26,270	24	34,650
<b>Total</b>	<b>38</b>	<b>18,840</b>	<b>30</b>	<b>104,850</b>	<b>68</b>	<b>123,690</b>

Note: In cases where the partners have received grants for both Partnership and start-up facility, the sum of the two is placed under Partnerships

Source: 2001-Evaluation, p.16

The 2001 Evaluation Team found that, except for a few cases, partners in Ghana were small and medium size firms and taking into consideration the depressed situation in the private sector, only a couple of the largest firms could be assumed to acquire the technology on commercial terms and might thus have benefited from the availability of the loan facility to fund equipment investments.

Also it was found that under both the start-up facilities and partnership projects there were cases in which, shortly after approval, projects had been cancelled or co-operation had been terminated after funds had been utilised and investments made. The reasons for this were found to be invalid assumptions or disagreements between the partners, which in some cases resulted in substantial investments lying un- or underutilised. Mainly joint ventures were used as the form of long-term co-operation, but in both phases there were examples of such projects failing. In Table 4 partnerships are categorized according to duration in both phases:

Table 4: Partnership Projects by Type

Type of partnership	Ghana Phase I	Ghana Phase II	Total
Cancelled	3	4	7
Enabling environment	4	2	6
Joint venture	2	5	7
Non-joint venture long term co-operation	-	5	5
No or little long term co-operation	1	3	4
Other*	-	1	1
<b>Total</b>	<b>10</b>	<b>20</b>	<b>30</b>

\* Partnerships, where it is highly uncertain if they will ever be implemented

Source: 2001-Evaluation, p.24

The figures indicate that in this period only 40-50 % of the formed partnerships in Ghana could be characterized as of a long-term, mutually committing nature.

The 2001-Evaluation operates on three assessment levels of which the second level is 'private sector impact'<sup>29</sup>, which is identical with the overall objective stated for the PSDP

<sup>29</sup> The Evaluation Question (EQ) was: "Will the establishment of a number of individual business-to-business

(see above). The impact indicators identified for 17 BtB projects visited in Ghana is seen in table 5:

Table 5: *Impact Indicators for Sample Firms*

<i>Impact indicators</i>	<i>High</i>	<i>Medium</i>	<i>Low</i>	<i>No info*</i>
Employment generation	1	5	7	4
Foreign exchange earnings	1	5	7	4
Technology relevance	6	3	7	1
Environmental improvements	7	2	4	4
Sustainability	4	3	5	5
Additionality	7	8	1	1

\* Cases, where production has not yet started or the project is not active

Source: 2001-Evaluation, p.33

The indicators show a modest impact for employment creation and export improvement, but more clearly a positive impact with regard to technology transfer and environmental improvements. The sustainability of the sample projects could to a large degree be questioned, but with regard to additionality in general it was found that the partnerships would not have taken place or co-operation activities of some kind to a much lower extent would have resulted without support from the PS-programme.

### 3.2. Assessment of relevance, efficiency, effectiveness, impact and sustainability – mainly based on existing documentation

Table 6: *Summary assessment of Danida support to the private sector 1992-2001*

<i>Criterion</i>	<i>Assessment</i>
Relevance	<p>Enhancing economic growth in Ghana through <i>private sector</i> support was obviously relevant as contributing to the economic policy strategy of both GoG and the donor community, in particular SAP of WB / IMF.</p> <p>Support for the <i>financial sector</i> was initially aligned with the ERP of GoG and then later on with both Vision 2020 and with the GPRS I in their weight on economic growth and poverty reduction in rural areas.</p> <p>The alignment of <i>the PSDP</i> with GoG policies was less clear, though the initial programme components of ‘enabling environment’ and ‘privatisation of SOEs’ did coincide with GoG economic policy objectives. However, at the end of the pilot phase both of these were discontinued. Except for supporting private sector development as such the BtB component was not aligned and a policy dialogue with Ghanaian authorities or donors was apparently not attempted.</p>
Efficiency	<p>The first two phases of the <i>financial sector support</i> efficiently implemented the TA and training to the BoG and the commercial banks, using the already existing network inside Ghana in co-operation with suitable Danish institutions. Support for ARB and RCBs in the third phase was planned and executed in a participatory way that would bode well for efficient implementation. However, due to unforeseen changes in the institutional set-up implementation was side-tracked and delayed. Considerable flexibility was shown in accommodating these changes in Ghanaian policy.</p> <p>Implementation of <i>the PSDP</i> in Ghana went initially through a pilot phase, explicitly stressing the ‘investigative’ nature of the activities and thus not geared to efficiency. In the subsequent ordinary phase it was seen that some projects only lived for a short while, involving funds spent and investments made, in vain. Also, the criteria for accepting partnerships have been used very ‘flexible’. The adequacy of the implementing staff was questioned; however, a thorough investigation of efficiency is not available.</p>

co-operations contribute to private sector development?”

<b>Criterion</b>	<b>Assessment</b>
Effectiveness	All outputs of the first two phases of support to <i>the financial sector</i> were achieved, while in the third phase the outcome was unclear and effectiveness depending on the activities and results of the Ghanaian institutional management. Effectiveness of <i>the PSDP</i> in the period can be questioned due to the rather low rate of mutual, long-term partnerships established – also low compared to other programme countries – a major reason probably being the depressed business climate in Ghana for a large part of the period.
Impact	The established National Banking College and the capacity building in the banking sector as such, incl. BoG and ARB are identifiable impacts of the <i>financial sector</i> support. The impact resulting from <i>the PSDP</i> is mixed, with rather low values for employment generation, but more positive results with regard to technology transfer and environmental impact and in particular for additionality of the partnerships created. It was not part of the programme objective to achieve direct impact on poverty reduction.
Sustainability	With the consolidation of the ARB Apex Bank, the strengthening of the ARB and the further institutional liberalisation of the Ghanaian banking sector sustainability of <i>the financial sector</i> interventions seems likely. Sustainability has been problematic for <i>the PSDP</i> , having in Ghana higher than average percentage of cancellations and scoring low on this indicator in the evaluation. However, this risk was acknowledged from the very beginning of the programme due to the depressed economic situation of the country.
Cross-cutting Issues	In particular in its phase 3 <i>the financial sector</i> support had a clear gender focus by targeting the poorest and least organized groups in rural areas. The objectives of the <i>PSDP</i> did not include the cross-cutting issues pursued in ordinary Danida programmes. However, positive impact is identified from the environmental investments of the partnerships.
Coherence, Co-ordination, Complementarity	No attempts identified at exploiting synergies between the two different ways of private sector support. The three phased interventions of <i>the financial sector</i> support project clearly achieved the 3Cs both with regard to individual phases and in sequencing the project according to overall objectives on macro, meso and micro level. After having discontinued the ‘enabling environment’ and ‘SOE privatisation’ components of <i>the PSDP</i> , no objectives of the programme were left that would necessitate a 3C implementation. Also, the programme explicitly gave up aiming for priority business sectors and geographical areas in the partnerships established.
Issues of Procedures, Administration and Management	With regard to <i>the financial sector</i> support no issues have been identified. As for <i>the PSDP</i> the aid modality has been the cause of argumentation over sharing of responsibilities and of other administrative issues both inside the local RDEs, between the responsible departments inside Danida, Copenhagen and between individual RDEs and Danida, Copenhagen. The lack of clear and smooth procedures was also raised by potential Danish partner enterprises.
Global Assessment	Support for <i>the financial sector</i> and in particular phase 3 targeting the ARB was the precursor of the Rural Financial Services Project (RFSP) 2000-06 and facilitator of the enhanced development of rural financial mediation.

## 4 The programmes 2001-2006

### 4.1 Private Sector Development Programme 2001-2006

The **Danida reaction to the 2001 Evaluation** can be summarized as follows<sup>30</sup>: ‘A redesign of the programme to bring its activities more in line with specific country strategies, recommended by the evaluation, was strongly rejected by Danida – arguing that there was no need for specific PSD strategies. The recommended reconsideration of objectives and strategy as well as reintroduction of enabling environment support and more support instruments was found unnecessary since Danida had decided to maintain

<sup>30</sup> Danida, ‘Meta-Evaluation: Private and Business Sector Development Interventions, 2004/6, p.44

business to business as the main focus for the programme. Some adjustments would continue but without a major change of focus.'

In some respects the Ghana PS-office was not fully in agreement with this reaction. In particular the Ghana-office had strong feelings regarding the recommendation of the 2001 Evaluation Team to reintroduce support for the enabling environment interventions and stressed that at least three important projects of capacity building had been supported under the test phase component, while other enabling environment projects, e.g. the financial sector support for rural banks were funded under the local grant authority of the RDE, when the initial enabling environment component was deleted. Therefore the PS-office supported 'a systematic re-launching of the enabling environment activities' and concluded: 'We strongly emphasise these enabling environment facilities are very important complementary measures needed for growing the private sector in the PSD host countries. There is the need therefore to review and systematically re-introduce it.'<sup>31</sup>

Additionally, the Ghana PS-office conducted a fast survey of the PS-projects in stock in order to substantiate that the 2001 Evaluation Team did seriously underrate the employment effect of the PSDP. From the 22 projects surveyed figures were produced, indicating considerable results in job-retaining and job-creation. However, based on the documentation forwarded to the PS-secretariat it is not possible to validate these results.<sup>32</sup>

In 2002, it was decided to extend the coverage of the PSDP to include all Danish programme countries and South Africa. No major changes were made in programme design, still focusing on the business-to-business concept and the forming of mutually binding, long-term partnerships with Danish companies. The programme instruments were, as seen in the table below, separated in a *feasibility phase*, supporting preparations for a potential partnership, and a *project phase*, supporting implementation of the partnership through grants plus a loan facility supporting investment in plant and production equipment. Further a special *start-up facility* was to target potential partnerships with unclear prospects for a long-term relationship.

Table 7: PSDP instruments 2003

	Advisory service	Grant	Loan
<b>Feasibility Phase:</b>			
Partner identification, study visits	√	√	
Feasibility studies	√	(max) 90 %	
<b>Project Phase:</b>			
Set-up cost, training and technical assistance		(max) 90 %	
Environmental provisions		(max) 90 %	
Investment in plant and production equipment			√

The PSDP was in 2003 selected for **review by the Auditor General**, who in his report<sup>33</sup> found that overall the programme did comply with the objectives of Danish development assistance and that the results and the impact achieved was satisfactory. However, the report also noted that documentation of impact is insufficient and that co-ordination with other Danish development assistance and with other donors is very limited, leaving the

<sup>31</sup> RDE Accra, 'Ghana: Comments on Revised Draft of Evaluation of the PSD Programme, 15 June 2001, p.4.

<sup>32</sup> RDE Accra, 'Analysis of the PSD Programme's Job Creation Effect in Ghana', 18 June 2001. The figures estimated for job creation were more than three times as high as figures later estimated for the full period 1993-2001 by Ph.D Peter Kragelund, DIIS.

<sup>33</sup> Rigsrevisor, '08/02 – Beretning om privatsektorprogrammer i udviklingslande', 10.marts 2003 (in Danish only)



country programmes in a state of being isolated projects with limited synergies. In his response<sup>34</sup> to the report the Minister for Foreign Affairs underlines the recently developed system of management information in the form of 10 different indicators that will monitor future development and results in individual PS projects as well as in the programmes, thereby producing the missing information. Apparently this system of documentation was never implemented (see below).

In 2005 Danida decided to make a **Performance Review** (PR) of the PSDP in order to assess organisation, management and staffing of the programme and the monitoring system, facilitate integration of the various instruments, and find ways for streamlining procedures. The review involved interviews in Denmark and three PSDP countries, Ghana not included.

However, explicitly the review did not look into results or impact of the programme, maintaining that this had already been addressed in a number of reviews and the programme evaluation. Nevertheless, the findings and recommendations of the review had important implications for the implementation of the PSDP. The PR first and foremost recommended to give up what was termed **the ‘McDonald concept’**, i.e. that the same programme conditions were applied irrespective of the specific socio-economic and political characteristics of the country in question. In particular the PR found that:

**Box 4: Recommendations of the PSDP Performance Review Team**

‘In the overall assessment of the PR team, scope remains for improving the integration of the PSD Programme into Danish development co-operation, both *strategically* and *institutionally*, in a number of ways. Strategically by inserting the programme within the specific framework for private sector development in force in each country of co-operation and more explicitly in the country strategies. Institutionally the team finds that the PSD Programme is, at many Embassies and at headquarter, viewed as an “orphan”, i.e. functioning in isolation from other development activities. Management must ensure a better integration of the PSD secretariat and the PSD units at headquarters and at the Embassies. At the Embassies, the local programme committees could be used to discuss and identify opportunities for combining the various commercial instruments as part of Danish development co-operation....

An area that calls for fresh attention is the promotion of an “enabling environment” for private sector development in the countries, in which the programme is active...In countries where Danida has subsequently developed a BSPS (Ghana, Tanzania, Vietnam and Kenya), enabling environment activities are supported through this latter programme. However, in countries without BSPS, the Embassies have, in some cases, not supported an enabling environment for private sector development, or supported smaller activities through the Local Grant Authority. The PR-team finds that fostering a more enabling environment is the key to tackling some of the bottlenecks hindering private sector development in the countries....

Given that the PSD Programme has been running for almost 13 years and that relevant guidelines and procedures are in place, the PR-team believes it is time to reconsider the present structure and tasks performed by the PSD secretariat. A key objective of restructuring should be to strengthen the relation between the PSD Programme and other commercial instruments applied by Denmark, primarily mixed credits, IFU and Public Private Partnership (PPP). Monitoring and quality assurance must also feature more prominently in the future management of the PSD Programme. An option would be to integrate all commercial instruments in the ERH under the overall responsibility of one unit. ‘<sup>35</sup>

These recommendations obviously call for **enhanced relevance and alignment** of the PSDP with policies of the host country, while at the same time indicating ways of increasing efficiency, effectiveness and impact not only of the PSDP as such, but in particular of the entity of available private sector support instruments and the combined Danida support for the private sector through better **achieving potential synergies**.

<sup>34</sup> Udenrigsministeren, ‘Til Statsrevisoratet’, 18.juki 2003 (in Danish only)

<sup>35</sup> Danida, ‘Performance Review Report: Private Sector Development Programme’, October 2005, p.5-6 and 11.

**Monitoring and quality assurance** is stressed by the PR as an issue needing considerably more attention by PSDP management in the future. This recommendation is based on the observation that: *'All existing reviews, evaluations and the report of the Auditor General point to the lack of a results measurement system as an impediment to objectively assessing the results and impact of the PSD Programme.'* Further, one of the PR findings was that an instruction issued by the PS secretariat in July 2003, containing the framework for 10 common indicators to be used in PSDP implementation in order to document the results of the programme and also support future programme planning and resource allocation, had not been executed: *'After the introduction of the system by the instruction in 2003, it appears that no systematic follow-up took place until June 2005.'* The PR concludes that the *'follow-up on the introduction of the monitoring system has been insufficient, and the indicators presented have been subject to varying interpretations by the Embassies, further complicating the possibilities for aggregating results across projects and countries.'*<sup>3637</sup>

Overlapping with the work of the PR the Minister for Development decided to start a **process of consultations** on the PSDP in the summer of 2005 in order to ensure that the PSDP contributed in an optimal way to overall Danish development assistance and was implemented in accordance with the objective of poverty reduction and the political priorities of the new Danida strategy. Also the consultations were to enhance the understanding of the importance of the private sector in the development process.

The consultative process concluded in:

- transformation of the former PSDP to the B2B Programme (Business-to-Business Programme) in order to emphasise that the development interventions are built around direct co-operation between companies
- more explicitly state that the PSD programme's primary objective is to reduce poverty in Denmark's programme countries

The report from the consultative process further presented a large number of recommendations for redesigning the programme, in particular noting that *'...it is in many cases difficult to document the Programme's additionality, i.e. the extent to which the support is crucial for a particular project's implementation. At the same time, it has proved to be difficult to quantify the development impact of not only the particular project but also the PSD Programme as a whole.'*<sup>38</sup> To improve on the relevance, efficiency and impact of the programme it was, inter alia, recommended that:

- requirements on project documentation be tightened in respect of the rationale for why financial support is essential in order to assess the project's anticipated level of additionality
- existing monitoring system be further refined
- embassies in the programme countries draw up a business development profile that sets out the special business conditions and the commercial opportunities in the country
- gender aspect in the PSD Programme is strengthened and incorporated in the overall assessment of every project's development impact

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<sup>36</sup> Danida, *ibid.*, p.20.

<sup>37</sup> In spite of searching the files at the RDE, Accra and calling for any documentation available, locally or centrally, of the response of the Ghana PS-office to this monitoring instruction no material was identified for the inspection of this evaluator.

<sup>38</sup> Danida, 'From Private Sector Development Programme to Business2Business Programme: Analysis and Recommendations for Further Development of the Private sector Development Programme', January 2006, p.4

- interaction be strengthened between the PSD Programme and the sector programme support as well as other business instruments in Danish development assistance, in accordance with Danida's Action Plan for Business Support in the Developing Countries
- project implementation process be divided into three separate phases: a Contact Phase, a Development Phase and a Co-operation Phase, and that specific targets (milestones) are set and must be achieved before financial support is allocated to the next phase of the co-operation

The report and its recommendations were favourably received by the Minister, announcing that the formulation of a new B2B programme to succeed the PSDP was in preparation, in particular with a view to establish better monitoring and documentation of programme activities and their results, but also to ensure more prominence to mainstreaming the cross-cutting issues of Danish assistance into the basic project-assessments.

In the **Danida follow-up** to the above reports and the Action Plan for Business Support in the developing countries, the private sector commercial instruments have now been integrated within the ERH unit of the MFA and a number of initiatives have been launched in order to execute and improve integrated implementation. Also support through the B2B Programme was redesigned in 2006 and implementation of the many recommendations of the analysis report has been ongoing, ERH interacting with local B2B management. The change in available private sector support instruments – now grants exclusively - with the new design is illustrated in the table below:

*Table 8: B2B instruments 2006*

	<i>Share of expenses covered by Danida</i>	<i>Maximum refund (DKK)</i>	<i>Within a maximum of (DKK)</i>
<b>Contact Phase</b>			
Partner identification	Advisory service (free of charge)		100,000
Study visits, cultural workshop, pre-investment meeting	90 %	100,000	
<b>Pilot Phase</b>			
Study	75 %	350,000	1,000,000
Pilot project	90 %	1,000,000	
<b>Project Phase</b>			
Technical assistance / training	90 %	5,000,000	5,000,000 (incl. previous phases)
Environmental measures	90 %	5,000,000	
Corporate Social Responsibility (CSR) activities	90 %	250,000	
Cost of establishment	90 %	100,000	
Equipment	25 %	500,000	

Programme instruments are obviously now more differentiated and focused on project needs and results, but probably also much more demanding to programme staff at local B2B units with regard to initial project analysis and current follow-up and monitoring.

The **loan facility** was terminated together with the introduction of new B2B instruments and the table below summarizes the total loan portfolio accepted for 29 projects as well as the principal and interest due presently, all to be paid in Ghana Cedi (GHC):



Table 9: PSDP loan facility 1994-2006

	<b>DKK</b>	<b>GHC</b>
<b>Principal Amount</b>	<b>45.075.828</b>	<b>31.464.223.702</b>
Principal due		15.337.687.484
Interest due		24.383.479.112
<b>Sub total</b>		<b>39.721.166.596</b>
Principal paid		5.082.425.255
Interest paid		5.277.439.029
<b>Sub total</b>		<b>10.359.864.284</b>
<b>Amount outstanding</b>		<b>29.361.302.312</b>

Source: Business Unit, Ghana

Merchant Bank Ltd., Ghana has been commissioned to represent the PSDP in relation to borrowers, but has not been particularly successful in retrieving principal and interest due on the loans of the programme: Of the principal due only 33% has been retrieved and of the interest only 21%; still an amount of about DKK 18m in current value is outstanding. The percentage of defaults on the loans is very high, in particular compared to the standards of commercial banking. In principle PSDP loans is approved on a commercial basis in accordance with DAC rules, but actual results of retrieving loans indicate a very high element of grants. The programme is still working on retrieving loans.

The Ghana **budget and disbursement figures 2001-06** are shown in the table below together with disbursement figures of the full PS / B2B programme for the period:

Table 10: PSDP disbursement 2001-06

<b>DKKm</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>Total</b>
Ghana budget	20	32	23	12	5	(6)	(98)
Ghana disbursement	23	32	22	12	5	6	100
PS/B2B disbursement	109	137	136	152	157	160	951

Note: Figures in ( ) indicate changed Budget reporting; now allocation according to local demand

Source: B2B Secretariat

Disbursements in the Ghana PSDP have experienced a marked **decreasing trend**<sup>39</sup> over the period of evaluation.

<sup>39</sup> Recently the activity of the Ghana PSDP seems to be gaining steam anew with disbursements in 2007 being DKK 7m and the estimated increases for 2008-activities outrunning possibilities for budgetary allocations.

Table 11: PSDP projects Ghana 2001-06

Year	Total Grant (DKK)	Total Disbursement (DKK)	Total Projects	SUP/PP	MP
2001	24,602,995	17,368,568	18	9	9
2002	18,564,000	13,742,172	13	8	5
2003	24,796,000	14,470,859	10	2	8
2004	8,091,780	5,422,300	4	2	2
2005	500,000	482,410	1	1	0
2006	5,658,741	847,640	6	5	1
<b>Total</b>	<b>82,213,516</b>	<b>52,333,949</b>	<b>52</b>	<b>27</b>	<b>25</b>

Note: Total Grant = local allocation; SUP/PP = start up / pilot project; MP = main project  
Source: Business Unit, Ghana

The figures represent gross numbers for the period, meaning that 14 projects were completed while 38 projects were new approvals and only 11 of those in the last three years of the period. This confirms the already identified decreasing trend in recent years, but also indicates that the programme might have been regaining pace lately. Additionally, 5 projects were cancelled during the period 2001-03, one of them after having received initial disbursement.

Table 12: Geographical distribution of Ghana PSDP projects

Year	Geographical Distribution				
	AR	CR	ER	GR	WR
2001	1	1	1	14	1
2002	1	0	1	10	1
2003	1	1	0	7	1
2004	0	1	0	3	0
2005	0	0	0	1	0
2006	1	0	0	5	0
<b>Total</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>40</b>	<b>3</b>

Note: Regions: AR = Ashanti; CR = Central; ER = Eastern; GR = Greater Accra; WR = Western  
Source: Business Unit, Ghana

The concentration of PSDP projects in the Greater Accra Region is clear, comprising almost 80 % of the total in the period.

Table 13: Ghana PSDP projects in production sectors

	Agro & related (incl. processing)	Natural resources	High tech.	Medium tech
2001	7	0	3	8
2002	4	2	1	6
2003	5	1	2	2
2004	2	1	0	1
2005	1	0	0	0
2006	1	1	0	4
<b>Total</b>	<b>20</b>	<b>5</b>	<b>6</b>	<b>21</b>

Note: Sector distribution is heavily consolidated from files  
Source: Business Unit, Ghana

Projects are located mainly in the extractive part of the production sectors (agriculture, water, wood, minerals) and in a number of medium tech manufacturing industries. The labour intensive industries are not very prominent, but mostly linked to agricultural processing.

Table 14: Main projects in Ghana PSDP 1993-2006

	MP	JV	TP	Surviving companies	
				JV	TP
1993-2000	29	12	17		
2001	9	2	7		
2002	5	3	2		
2003	8	2	6		
2004	2	1	1		
2005	0	0	0		
2006	1	1	0		
<b>Total</b>	<b>54</b>	<b>21</b>	<b>33</b>		

Note: MP = Main Projects; JV = Joint Ventures; TP = Technical Partnership

Source: Business Unit, Ghana

The PSDP has as a basic objective to contribute to the development of the private sector in developing countries. The number of lasting main projects – joint ventures and technical partnerships – created by the programme is one of the major results which may indicate the contribution achieved. Considering that the PSDP has been implemented in Ghana for 14 years the number of established main projects just above 50 is rather low<sup>40</sup>. However, the survival rate of Ghanaian companies involved in partnership projects – not necessarily still with the Danish partner or actually producing – of about 70% is quite high, considering the usually rather low life expectancy for enterprises in the Small and Medium Enterprises (SME) size group in Sub-Saharan Africa. All in all, however, 40 surviving main projects / enterprises in 14 years of PSDP implementation make an average of only about 3 per year<sup>41</sup>.

In 2006 the management set-up for private sector support activities at the RDE in Accra was changed and in follow-up to the decided overall change in programme design and co-ordination a new **Business Unit** created that would be responsible for all private sector interventions, in particular the B2B programme and the BSPS. Head of the new unit is the BSPS Co-ordinator. The Business Unit is conducting weekly staff meetings. A B2B country profile has been developed and now informs potential Danish partner companies of the specific Ghanaian business environment and suggested focus areas.

## 4.2 Business Sector Programme Support 2003-2008

In line with 'Partnership 2000', the strategy for Denmark's development policy adopted by the Danish Parliament in October 2000, making business development in the developing countries a strategic priority, a BSPS was launched in Ghana in 2003. The start of the BSPS coincided with the GoG implementing its policy of the private sector as the 'Engine of Growth' and calling the current decade for the 'Golden Age of Business' in order to emphasise the role of the private sector in reducing poverty. The overall goal of poverty reduction was spelled out by the government in the GPRS I 2003-2005.

<sup>40</sup> The target rate set by the Ghana Country Strategy 2004-08 is 30 main projects created in the period, i.e. a benchmark average of 6 main projects pr. year.

<sup>41</sup> By design the PSDP is demand-driven as the identification of a Danish partner company to the Ghanaian enterprise is the necessary precondition for assistance.

Preparation of the BSPS was initiated with a workshop on Business Sector Development held in Accra in March 2000 as part of the preparation of the 'Partnership 2000' strategy. Detailed preparation of the BSPS began in 2002 at two workshops, in January respectively April 2002, with participation of key Ghanaian and Danida stakeholders. These workshops that had high-level participation were instrumental not only in setting the stage for the formulation of the BSPS but also for initiating the national process of articulating a clearer role for the private sector in the development of Ghana. In April 2002 it was agreed at the annual consultations between the Governments of Denmark and Ghana to continue the preparation of the BSPS within the outline-framework prepared.

The BSPS, according to its programme document<sup>42</sup>, pursues a pro-poor strategy in line with the GPRS I and has been designed through its **development objective** to create '*equitable growth in production and employment achieved through development of a competitive and vibrant business sector*'. In the joint GoG / Danida **preamble** of the programme document it is emphasized that:

*'BSPS and the GPRS share the focal point of creating conditions for broad-based development of business activities that will contribute to economic growth, employment creation and thus indirectly alleviating poverty. Equal rights and access of women and men as well as strengthening of good governance through introduction of ethical codes of conduct are important concerns of BSPS.'*

The BSPS comprised **initially four components**, each with attached **intermediate objectives**, addressing the following areas:

- *Legal and Judicial Reform* – 'responsiveness, accessibility and efficiency of the legal sector and judicial environment for business in Ghana strengthened'
- *Strengthening the Culture for Business* – 'culture for business in Ghana strengthened'
- *Business Support Instruments* – 'enhanced development of growth-oriented MSMEs through socially and geographically balanced financial and non-financial business development support instruments'
- *Better Access to Markets* – 'Ghana's benefit from the multilateral trading system and the globalisation process improved'

Later (2006) it was extended with a **fifth component** also with attached **intermediate objective**, as already foreseen in the programme document:

- *Labour Market* – 'improved social dialogue and labour market regulation leading to a balanced and flexible labour market in Ghana'

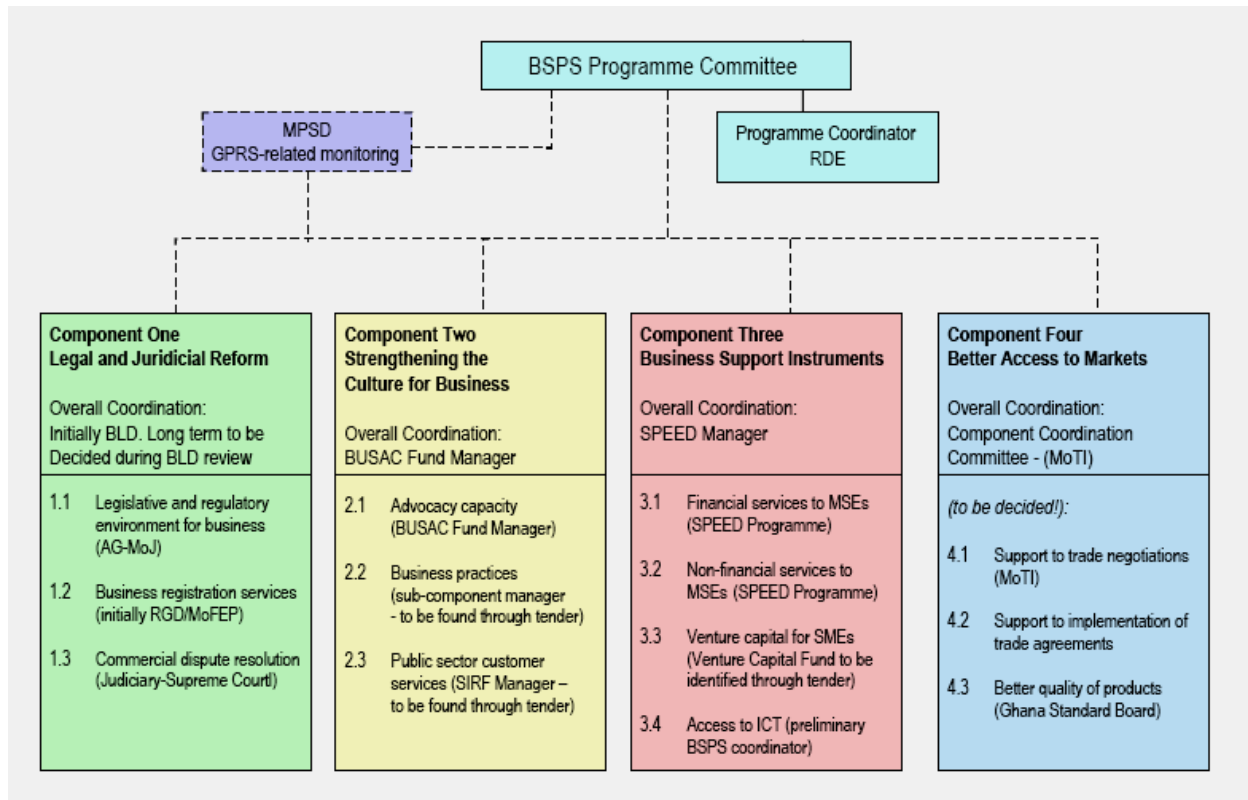
Components 1 and 4 (Legal and Judicial Reform, and Better Access to Market) was foreseen to be implemented in close collaboration with GoG (Ministry of Justice (MoJ), MoFEP, MoTI, and MoPSD) and the Judiciary, while major parts of Components 2 and 3 (Strengthening the Culture for Business, and Business Support Instruments) would be implemented outside the government through non-government structures but in co-ordination with GoG. Component 3 was to be implemented jointly with German Technical Co-operation (GTZ).

The **organisational set-up** of the BSPS involved an international Programme Co-ordinator, a specific Programme Committee and special GPRS I-related monitoring in collaboration with MoPSD as illustrated in the diagram below. The figure also indicates the planned sub-components of the programme:

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<sup>42</sup> Danida, 'Sector Programme Support Document: Business Sector Programme Support (BSPS) 2003-2008, September 2003

Figure 1: Organogram BSPS-Ghana



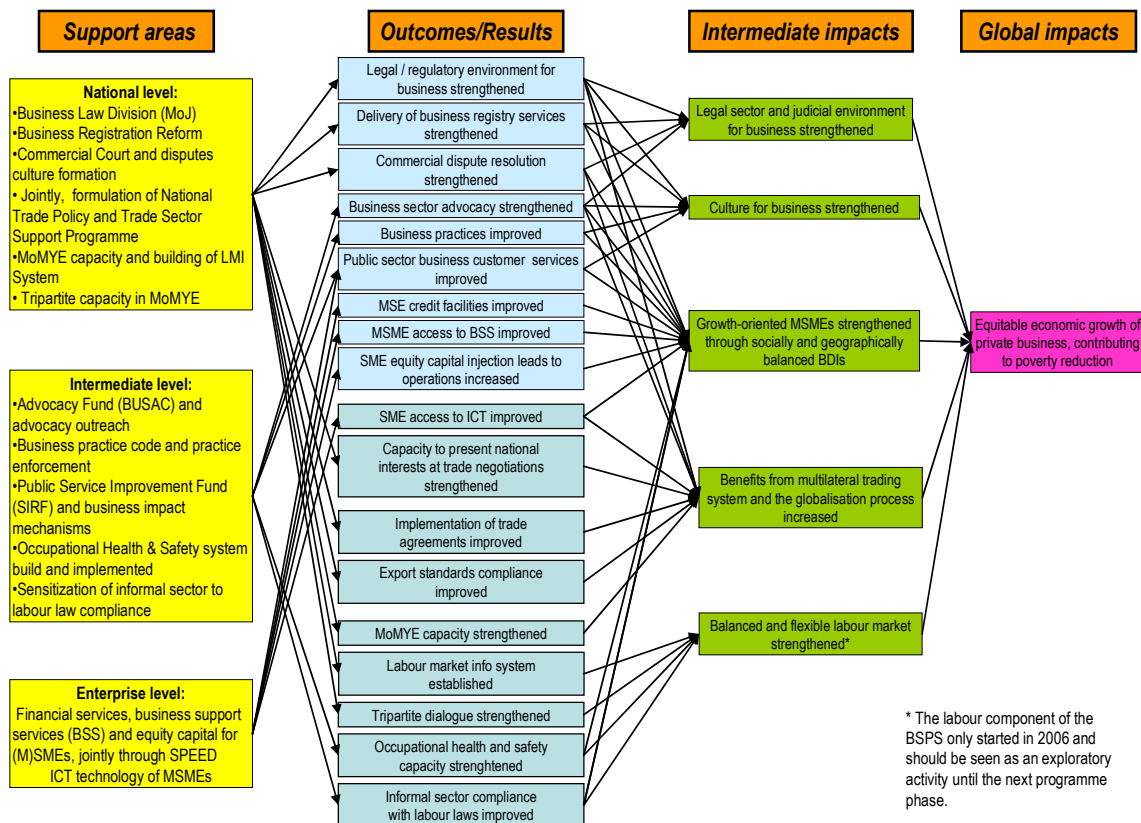
Source: BSPS Programme Document, Annex 1

Component four, as indicated, was described in the programme document only in a preliminary way, tentatively delineating the three suggested sub-components. The exact formulation and design as well as decision on outputs were left pending on the discussions between GoG and donors regarding the possibility to initiate a process leading to a joint, comprehensive trade policy related programme. Danida was expected to contribute to such a joint trade programme development, which also did eventually take place.

Each of the 13 planned sub-components had its specified **immediate objective** and several specified outputs attached. In the impact diagram below the immediate objectives are listed under outcomes / results and the interventions of the later added fifth component (labour market) with its further 5 sub-components / immediate objectives are included.

BSPS addresses private sector development problems at three levels. At the **national level**, the environment for doing business is improved through reforming the legal and regulatory environment and through supporting the environment for foreign trade export and the businesses' competitiveness as well as through the new labour market component. At **intermediate level**, the advocacy and documentation capacity of business associations and labour market organisations are strengthened, at the same time as principles for good corporate governance are promoted and the attitude of civil servants towards private businesses sought improved. At last, at the **enterprise level**, the focus is on the effectiveness and competitiveness of the Micro, Small and Medium Enterprises (MSME) businesses that are supported through services such as credit, services and human resource development.

Figure 2: Business Sector Programme Support 2003-2008 (impact diagram 1)



The interventions of the BSPS can be grouped according to ‘**support areas**’ and as may be seen from the impact diagram the BSPS is mainly operating on the macro- and meso level and only indirectly intervening on the micro level. The high number of sub-components as well as of implementing agencies contributes to a complicated task of programme co-ordination and monitoring for programme management, when trying to exploit potential synergies. The programme was started without any geographical or business sector priority focus, except for the Business Sector Advocacy Challenge Fund (BUSAC), being piloted in three out of Ghana’s ten regions (Greater Accra, Ashanti and Brong Ahafo).

The programme document emphasizes the ‘**pro-poor**’ approach of the BSPS and explains it through the combined objectives of on the one hand ‘growth’ and on the other the ‘needs of smaller private enterprises’:

#### Box 5: BSPS pro-poor approach

‘All components are thus founded on a balanced approach with focus on growth oriented small firms while at the same time giving attention to the poorer segments of the populations’ access to micro finance and business advice. In this way BSPS pursues a pro-poor strategy in line with GPRS, which assumes that a vibrant and dynamic business sector will contribute to the reduction of poverty in Ghana.

A so-called triple bottom-line (TBL) approach cutting cross business sector initiatives at any level is considered as modality. Such focus will ensure that issues related to environment, the right to health and equal opportunities (including Human immunodeficiency virus/Acquired immune deficiency syndrome (HIV/AIDS) and gender) are also addressed, but within a genuine business framework.’

Source: BSPS Programme Document, p.42

Since programme inception in the spring of 2004 the BSPS implementation has been influenced through **three major external developments**, setting the stage for private sector support in Ghana:

- Launching by GoG of the PSDS 2005-09 in July 2004
- Signing of the MoU between GoG and 12 development partners for the implementation of the PSDS (incl. 'pooled funding') in June 2005
- Closing down of MoPSD and transfer of the implementation responsibility for the PSDS to MoTI in 2006

These developments, obviously very much **in line with objectives of alignment and harmonisation**, implied considerable changes in the planned implementation of the BSPS, transferring all of components 1 and 4 and one sub-component of component 2 to the joint PSDS implementation, while component 5 (labour market) that was not yet formulated at the time of launching the PSDS may be included shortly. As a consequence, the BSPS Programme Committee was discontinued and responsibility taken over by the PSDS Oversight Committee. Danida has a 'quasi earmarked' funds arrangement within the three-donor (DFID, WB and Danida) pooled fund, meaning that the original BSPS budget lines still remain, but in terms of reporting the GoG does not need to provide separate reports to Danida. Reviews of the PSDS are conducted jointly every six months.

Outside the joint PSDS implementation are still those parts of the BSPS receiving direct funding, comprising the two sub-components of component 2 (BUSAC and Improved Business Practices (IBP)) plus all of component 3 (Support Programme for Enterprise Empowerment and Development (SPEED)). However, also for these activities major changes in planned implementation have occurred: BUSAC and IBP are implemented separately and not by the BUSAC Fund manager as initially planned and BUSAC itself, now implemented jointly by DFID, US International Development Agency (USAID) and Danida, has passed through management reshuffling and a major performance review early in 2007, resulting in not less than 68 recommendations now being implemented. The SPEED component has undergone major changes in design, being reduced from four to three sub-components through the giving up of the venture capital fund for SMEs that was not found to be feasible and re-designing of the three remaining sub-components in accordance with review recommendations, including the 'ring fenced' funding facility sub-component. The new SPEED II started October 2006 and is implemented jointly by GTZ and Danida according to a MoU of April 2006, GTZ holding the contract while Danida is providing all the funding for activities in-country. In principle also implementation of the BSPS components outside the PSDS framework is monitored by the PSDS Oversight Committee.

These major changes in BSPS design and management **impacted adversely on implementation** to a degree noticed in particular by the first Joint Annual Review (JAR) of June 2005<sup>43</sup>:

'A consequence of the strong focus on the harmonisation activities has, to some extent, been less attention to implementation issues. The quality of work plans, progress reports and monitoring systems is rather low. This has made progress assessment difficult, and a result has also been that the progress of some sub-components is less than expected.'

Further the JAR recommends that: *'The Embassy of Denmark (EoD) (to) continue to support the harmonisation processes. However, in the remaining part of the BSPS, focus is recommended to be on implementation aspects'*

The present design and the changes in BSPS implementation can be illustrated by the somewhat **changed impact diagram** below for the programme:

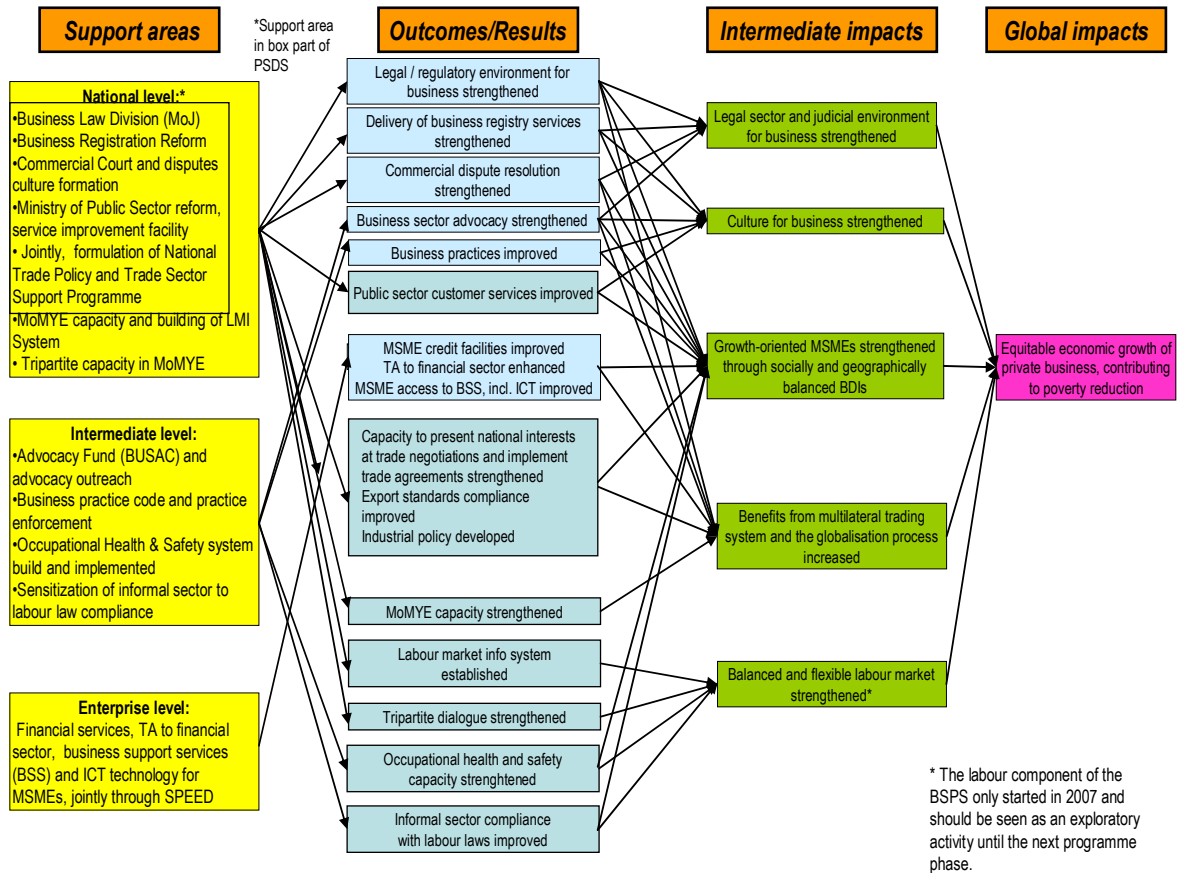
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<sup>43</sup> Danida, 'Review Aid Memoire', First Review of Business Programme Support (BSPS) I, June 2005



Figure 3: Business Sector Programme Support 2003-2008 (impact diagram 2)

Figure 3: Business Sector Programme Support 2003-2008 (impact diagram 2)



The diagram shows that the number of sub-components as well as the number of implementing agencies has been reduced, making the programme set up and its management somewhat less complicated and demanding to BSPS programme staff. However, co-ordination of BSPS components is no longer done by a specific Programme Committee, which means that synergies between components will have to be achieved either by the PSDS Oversight Committee also for activities outside the joint PSDS implementation or through special co-ordination initiatives initiated by BSPS programme-staff<sup>44</sup>. The expectations regarding potential synergies of the BSPS, guiding programme design, is clearly stated by the programme document:

#### Box 6: BSPS synergies

'The business sector is a thematic sector. This implies that the government is not the sole implementing organisation. Rather, many different organisations and stakeholders, occasionally with competing interests, are involved. As a consequence, the components making up BSPS are quite diverse, although pursuing the same long-term objective. Similarly, the modalities of implementation are quite different, depending on the nature of the recipient organisation, and their role in relation to the development of the private sector. In spite of their diversity, the components of BSPS constitute an entirety with considerable scope for synergy across the components and with other sector programmes in Ghana.'

Source: BSPS Programme Document, pp.41-42

<sup>44</sup> In the spring of 2007 a BSPS 'network' was set up by the EoD (cf. below).



The changes in design and management also had **important implications for BSPS programme co-ordination and synergies**, which was underlined by the above mentioned JAR of June 2005<sup>45</sup>:

‘The Team assesses that although various mechanisms for co-ordination of BSPS interventions (also with other interventions within the business sector not supported directly by Danida), are in place, it is still needed that the EOD considers the new BSPS as one programme. This is necessary not least in order to ensure (and document) that: a) the immediate objectives of the BSPS, as originally stated in the Programme Document, can still be achieved; b) A number of synergy opportunities can be utilized, not only in relation to specific programme activities (for example between SPEED and BUSAC, between BUSAC and Business Practices, and between BUSAC and Business Law Division (BLD)); c) Good practice experience for example in relation to administrative and financial procedures, reporting and monitoring could be more effectively exchanged between BSPS components and sub-components.’

Further the JAR recommends that:

*‘The EOD to consider the BSPS as one programme to tap synergies of programme interventions and to utilize best practise in relation to administrative and financial procedures, reporting and monitoring. This would require regular meetings between management of components/sub-components organised by the EOD.’*

The **BSPS budget** of DKK 205.2m for the period 2003-08 is shown in the table below, corrected for the changes in BSPS design and split between pooled and non-pooled funding. Also disbursements until September 2007 are included:

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<sup>45</sup> Ibid., pp.13-14

Table 15: BSPS budget and disbursements

<i>BSPS BUDGET 2003-2008</i>	<i>BUDGET</i>			<i>DISBURSED</i>		
	<i>BSPS TOTAL</i>	<i>BSPS NON-PF</i>	<i>POOLED FUND</i>	<i>BSPS TOTAL</i>	<i>BSPS NON-PF</i>	<i>POOLED FUND</i>
<b>DKK<sup>m</sup></b>						
<b>1 Legal reform</b>	<b>43.2</b>	<b>22.8</b>	<b>20.4</b>	<b>20.3</b>	<b>17.3</b>	<b>3.0</b>
1.1 Legislative. regulatory environment BLD	9.6	0.6	9.0	0.5	0.5	
1.2 Business registration services RGD	11.2	2.2	9.0	0.9	0.9	
1.3 Commercial dispute resolution CC	22.4	20.0	2.4	15.9	15.9	
<b>2 Business culture</b>	<b>41.0</b>	<b>35.6</b>	<b>5.4</b>	<b>31.1</b>	<b>30.5</b>	<b>0.6</b>
2.1 Advocacy BUSAC	33.4	33.4		26.5	26.5	
2.2 Business Culture	4.0	4.0		4.0	4.0	
2.3 Service Improvement Fund	3.6	3.6	5.4	0.6	0.0	0.6
<b>3 Business instruments</b>	<b>74.0</b>	<b>74.0</b>		<b>26.6</b>	<b>26.6</b>	
3.1 Business Development Services (BDS)	25.3	25.3		8.9	8.9	
3.2 SPEED TA to MFI	20.5	20.5		9.5	9.5	
3.3.SPEED Fund	28.2	28.2		8.2	8.2	
<b>4 Market access</b>	<b>15.0</b>	<b>1.8</b>	<b>13.2</b>	<b>7.5</b>	<b>2.6</b>	<b>4.9</b>
4.1 MOTI & Direct payment	15.0	1.8	13.2	7.5	2.6	4.9
<b>5 Labor market</b>	<b>8.0</b>	<b>8.0</b>		<b>1.1</b>	<b>1.1</b>	
5.1 MMYE & Direct payment	8.0	8.0		1.1	1.1	
<b>Review. M&amp;E</b>	<b>8.5</b>	<b>3.1</b>	<b>5.4</b>	<b>2.0</b>	<b>1.1</b>	<b>0.9</b>
<b>Programme Co-ordination (RDE)</b>	<b>11.0</b>	<b>11.0</b>		<b>2.0</b>	<b>2.0</b>	
<b>Unallocated</b>	<b>4.5</b>	<b>4.5</b>				
<b>Grand Total</b>	<b>205.2</b>	<b>160.8</b>	<b>44.4</b>	<b>90.6</b>	<b>81.2</b>	<b>9.4</b>

Source: RAM, 2<sup>nd</sup> Review of BSPS, September 2007, Annex 5

M&E: Monitoring and Evaluation

Disbursement figures illustrate the considerable delays experienced in the implementation of the BSPS. With less than one year left of the planned phase 1 of the programme only about 44 % of the budget has been disbursed. In particular this delay is felt in component 3 (SPEED) where only about 36 % of the budget has been expended.

## **5 Sectoral Evaluation Questions**

This chapter will treat each of the identified evaluation questions one by one, and provide an overall assessment for each question, if possible related to the DAC criteria. Sectoral questions are focusing on core issues, and are complemented by questions relating to cross-cutting issues.

### **5.1 Question 1: To what extent is Danida support linked to, aligned with and accountable in relation to Ghana's policies and plans (or sector strategies), harmonised with other DPs, and predictable?**

#### **5.1.1 Private Sector Development Programme (PSDP)**

##### **5.1.1.1 Relevance**

Contributing to private sector growth and capacity building of Ghanaian private enterprises the PSDP was clearly relevant in the context of the economic strategies and policies followed by the GoG, not least the identification of the private sector as the 'Engine of Growth' and the presidential prophecy of the 'Golden Age of Business', but also the GPRS. The programme was, however, in no way directly linked to the GPRS and did not try to match or accommodate any specific objectives of Ghanaian socio-economic policies or Millennium Development Goals (MDGs). The objectives of the PSDP was not formulated with respect to the Ghanaian political environment, but meant to cover all developing countries where the programme was to be implemented.

##### **5.1.1.2 Alignment**

Support to private enterprises through the PSDP is granted directly to the beneficiary, except for the now closed loan facility that has involved the Merchant Bank, Ghana as an intermediary. Still a considerable debt is outstanding with the bank to be paid back in GHC by supported enterprises. No funding is being channelled through GoG budgets and no alignment with GoG financial procedures or policy objectives are taking place. By definition any support through the PSDP is conditioned on an identified Danish partner enterprise, but support for partner identification is free of charge up to a limit. Support for buying machines or other equipment is not tied to purchase of Danish goods.

##### **5.1.1.3 Harmonisation**

The design of the PSDP has until recently not invited to any kind of donor harmonisation, but on the contrary been a closed activity involving solely the commercial partners with the PSDP as facilitator. With the programme redesign presently taking place co-ordination and co-operation with likeminded donors would seem to be a natural activity of the programme in the future.

##### **5.1.1.4 Predictability**

Disbursement has been taking place according to approved grants on a case by case basis by PSDP staff at the RDE, Accra. A fiscal year appropriation limit stated in the Danish Budget is now in operation.

##### **5.1.1.5 Conclusion**

The PSDP has been relevant, but neither aligned, harmonised or predictable in the period under evaluation.

## **5.1.2 Business Sector Programme Support (BSPS)**

### **5.1.2.1 Relevance**

The details of the BSPS was prepared in workshops with high level participation of Ghanaian and Danida stakeholders in the spring of 2002 as part also of a Ghanaian process for defining the role of the private sector and developed in parallel with the GPRS. The programme was agreed at the annual consultations in April 2002. The 'pro-poor' strategy of the programme is in line with MDG targets and GPRS strategies as stated in the joint GoG / Danida preamble of the BSPS programme document. Already before launching the GoG PSD Strategy in July 2004 one component of the BSPS was being designed with a view to future integration in the national sector strategy and the remaining public sector components were integrated in follow up to the launching. The private sector components of the programme supports the objectives of the PSDS and are reported on by the Oversight Committee, governing the joint national process. Except for the later designed labour market component the public sector activities of the BSPS is now implemented as part of the PSDS and funded through the 'pooled funding' mechanism established by the MoU signed by 12 donors in June 2005. This is supposed shortly to be part of the Medium-Term Expenditure Framework (MTEF) and fully in line with GoG financing policies and strategies as well as staffing policies. The BSPS fully complies with criteria of relevance.

### **5.1.2.2 Alignment**

The programme management setup stipulated in the Programme Document has been changed during the course of implementation. In the present setup the Danish embassy together with MoFEP decides on the overall BSPS budget allocation including major re-allocations between BSPS components, should it be necessary.

Except for the labour market component all of the BSPS public sector activities have since the launching of the pooled fund mechanism beginning of 2006 been reported on the national budget with a quasi-earmarked arrangement, keeping the original BSPS budget lines, but without any reporting duties imposed on GoG. The exact figures for pooled fund and non-pooled fund activities are given in table 15. Pooled fund allocations are governed by the Ghanaian procurement system as well as the financial management system. The non-pooled fund allocations are implemented by component management outside the PSDS implementation, but the PSDS Oversight Committee is also monitoring the overall progress of non-pooled funding activities and ensures co-ordination with other PSDS activities.

All capacity development activities of the BSPS are provided through co-ordinated programmes that are consistent with PSDS and reported on by the Oversight Committee of the PSDS.

No part of the BSPS budget is tied to Danish purchase.

The BSPS is fully aligned with GoG policies and procedures.

### **5.1.2.3 Harmonisation**

The parts of the BSPS implemented under the PSDS are governed by the 12-donor sponsored MoU and reviewed jointly with GoG every six months. Implementation of the labour market component has only started beginning of 2007, but is planned to be integrated in the PSDS mechanism shortly.

All BSPS activities outside the MoU are co-ordinated with the PSDS activities through the Oversight Committee. Additionally, the BUSAC Fund is implemented together with DFID and USAID, while the SPEED component is implemented jointly with GTZ.

The BSPS activities are accordingly almost fully harmonised.

#### **5.1.2.4 Predictability**

All major BSPS budget allocations are decided between the Danish embassy and MoFEP. Further, pooled fund disbursements are released according to the procedures specified in the MoU. For the labour market component funds are transferred from the Danish embassy to the Ministry of Manpower, Youth and Employment (MoMYE) on a quarterly basis.

With regard to the BUSAC Fund funds are transferred to the consultant holding the management contract from the Danish embassy upon request. As for SPEED funds are transferred from the Danish embassy to the local bank account of the SPEED team leader. In all essentials the aid disbursement is predictable.

#### **5.1.2.5 Conclusions**

The BSPS is relevant, fully aligned, harmonised and in all essentials predictable.

### **5.2 Question 2: How appropriate was the choice of regions of Danish assistance to the sector (if applicable)?**

#### **5.2.1 Private Sector development Programme (PSDP)**

The question is not relevant as the PSDP has had neither priority geographical areas nor priority production sectors.

#### **5.2.2 Business Sector programme Support (BSPS)**

The question is not relevant as the BSPS implementation so far has not been targeting specific geographical areas or production sectors. The BUSAC sub-component was piloted in three regions, but is now operating in all 10 regions of Ghana. The SPEED II component has certain geographical priorities (Central and Northern regions and concentration on rural areas), but only started implementation in October 2006 and has yet no reported output.

### **5.3 Question 3**

#### **5.3.1 Private Sector Development Programme (PSDP): To what extent has the PSDP contributed to the development of the private sector in Ghana through support to establishing partnerships between Danish enterprises and enterprises in Ghana? <sup>46</sup>**

This evaluation question was not included in the Inception Report due to lack of essential documentation, regarding the design and execution of the PSDP. The Evaluation Team has to the degree possible collected such documentation and based on this material formulated the above question.

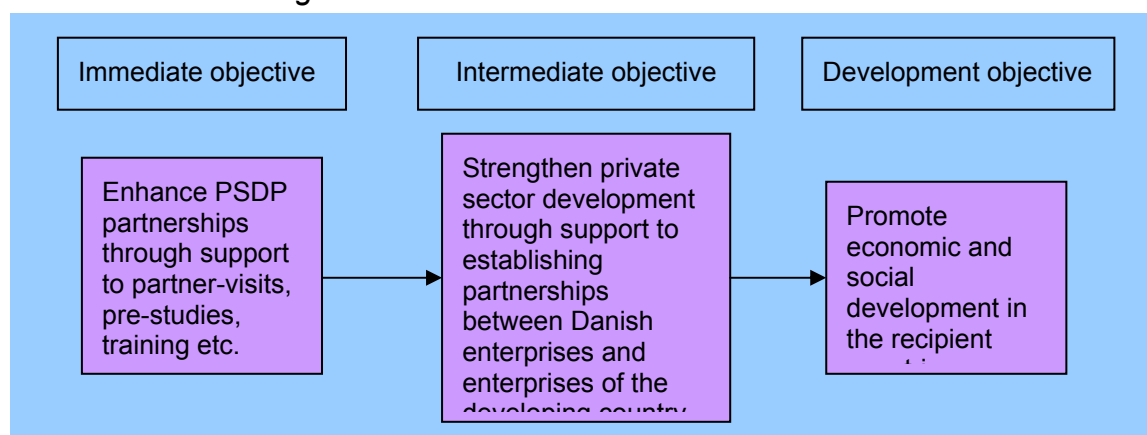
The intervention logic of the PSDP has never been elaborated, but based on the documents produced when making the programme permanent in March 1996 and the

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<sup>46</sup> Alternatively - or additionally - the evaluation question may also be formulated: 'To what extent has the PSDP contributed to promote economic and social development in Ghana?' This last question would be in line with the objective of the 1996 appropriation document for the Budget Committee of the Parliament (cf. above). However, in order to be able to evaluate this question relevant indicators and continuous monitoring of programme implementation in Ghana in this respect would have been needed. Such evidence has, however, not been established – not even at the time of the instruction issued in 2003 by the PS secretariat to develop relevant indicators. Therefore, the evaluation question is formulated at the lower level, corresponding to the initial 1996 objective presented to the Board of Danida. Even in answering this question essential information is missing.

analysis of the 2001 Evaluation Report as well as the Performance Review Report 2005 the following causality between objectives may be established:

Figure 4: Intervention logic of the PSDP



As already found (section 4.1.1 above) the number of main partnerships created in the life of the Ghana PSDP is low – about 4 per. year of which 3 are surviving in the form of identifiable enterprises – and has even during recent years been decreasing.

In order to answer the above question, however, supplementary evidence was gathered through a number of visits to PSDP beneficiary enterprises in Ghana, where in addition to the on site inspection of the enterprise premises semi-structured interviews were made with owners and/or management. The sample visits are not of a magnitude to be statistical significant and the findings therefore can only be treated as being indicative.

Basic characteristics of the enterprises visited are summarized in the table below:

Table 16: Features - Sample of PSDP enterprises visited Aug.-Sept. 2007

	Geography		Production sector			
	Accra	Outside	Agric.	Nat.ress.	Hi.tech.	Med.tech.
Companies visited	5	3	2	2	2	2
	B2B Phase			Implementation		
	Start-up	TP	JV	On-going	Closed	Producing (1)
Companies visited	3	3	2	6	2	3

(1) One company producing after being closed under Danida support and having lost Danida contract, except for debt repayment

Except for some overrepresentation of enterprises engaged in the production sectors of natural resources and high-tech the sample appears to mirror the actual distribution of PSDP enterprises reasonably well. One notable finding is that only 3 out of 8 enterprises visited had actually started producing and even one of those companies producing had lost contact with the programme completely, except for paying off old debt. As some of the enterprises had been part of the PSDP project for several years and were still not producing this indicates the implementation problems the programme has been faced with. The findings from assessing information gathered from the sample of enterprises are shown in the table below:

Table 17: Findings - Sample of PSDP enterprises visited Aug.-Sept. 2007

Objectives	Assessment		
	Clearly	Some degree	Not at all
Technology transfer	5	2	1
Additionality / job creation	4	1	3
Labour intensive	2	2	4
Implementation efficiency	2	1	5
Danida integration	0	2	6

The sample enterprises are scoring high on the objective of transfer of technology, which from the very beginning of the PSDP has been a main argument for the value added of the programme. Figures are somewhat more mixed with regard to issue of whether or not the projects has a commercial strength, which would anyhow had lead to implementation of the business plan, i.e. 'additionality' and thereby also job-creation. The sample enterprises are not on average labour intensive, but this is perhaps the matter where the sample is somewhat less representative of the total. Most of the enterprises has met with serious delays in implementation of their project, either due to difficulties with the quality and/or delivery timing of purchased equipment or because the collaboration with the Danish partner is not working smoothly. The PSDP staff being only facilitators apparently has only limited possibilities for intervening successfully. Finally, the interviews clearly indicated that PSDP beneficiaries had none or at best very little knowledge of other Danida interventions or alternative support possibilities with regard to private sector activities.

### **PSDP contribution to strengthened private sector development in Ghana:**

#### **5.3.1.1 Technology transfer**

Out of a total of 25 main projects established under the PSDP in the period 2001-06 16 were technical partnerships, aiming at building capacity with and transferring technological know-how to the Ghanaian partner of the Danish enterprise. The remaining 9 main projects were joint ventures which would typically also involve technology transfer as an essential rationale for the partnership. The start-up/pilot projects that comprised 27 projects in the period are approved on the same basic criteria of a project idea essentially based on capacity building and technology transfer with the Ghanaian partner. This evidence of considerable contribution to capacity building and technology transfer in the Ghanaian enterprises supported by the PSDP is confirmed by the findings by the evaluator (cf. above).

However, the contribution to strengthened private sector development by the PSDP interventions is not governed by individual enterprises, but depends on the total number of Ghanaian enterprises benefiting from the programme and, further, on the duration of the partnerships, involving capacity building and transfer of technology. As already found, in the period 2001-06 only 25 Ghanaian enterprises were taking part in so-called main projects – joint ventures and technical partnerships – that would involve long-term and mutually binding agreements. For the full live-span 1993-2006 of the PSDP the number is 54. With regard to joint ventures 13 of the 21 partnerships established in the full period 1993-2006 were still surviving together with the initiating partners and though the same information is not available for technical partnerships it was noted (cf. above) that about 70% of the Ghanaian enterprises involved were still surviving. In absolute numbers the PSDP contribution to private sector development is thus rather small, but for the enterprises benefiting from the programme the impact appears to be of a longer duration, indicating the possibility of a multiplying impact contribution. Unfortunately no evidence is available in support of this.

### **5.3.1.2 Increase in export orientation**

The PSDP has been open to forming partnerships in all business sectors, incl. trade, and the 52 projects in the period 2001-06 are spread over 27 sectors. If consolidated the projects are concentrated in 'agro and related production' and in 'medium tech' (cf. above), but with very limited export orientation. Among the 8 enterprises visited as part of the evaluation sample 2 were planning to engage in export activities. The focus of the PSDP has thus not been on export promotion and any contribution to increasing Ghanaian exports will have been small, taking into account both the lack of focus and the small number of enterprises engaged.

### **5.3.1.3 Production geographically spread/decentralised**

The PSDP has had no geographical priority areas and with the concept of the programme being based upon identification of potential Ghanaian and Danish partner enterprises there is a natural concentration of interest towards regions, where already the business activity is vibrant. Not surprisingly, this has materialized into a high concentration of projects in the Greater Accra Region, where almost 80% of the projects in the period 2001-06 were found. Adding to this inclination for establishing partnerships in and around Accra may also be the difficulties in managing and monitoring projects in remote places with a very limited programme staff. Anyway, the programme has had very little impact on spreading private sector activity outside Accra and has not contributed to the process of decentralisation in Ghana<sup>47</sup>.

### **5.3.1.4 Additionality / job creation**

When directly supporting private sector enterprises it is essential that the activity supported would not materialize if left to the market forces and individual commercial decision making. Not adhering to this principle means market distortion and unfair competition. Also it is the way to ensure job creation as part of the supported projects. This basic guideline has been clear from the initiation of the PSDP, but it is disputable – also in the Ghanaian context – to what degree it has been adhered to, as the criteria used for screening projects with regard to 'additionality' have been unclear. The findings from the evaluation sample of enterprises with 3 out of 8 enterprise projects not qualifying as 'additional' also indicate that support has been granted too indiscriminately. If additionality has been missing to a major degree the PSDP may have impacted negatively on private sector development in Ghana, however, there are no facts substantiating such a conclusion. In the Business Development Profile now being featured by the B2B programme it is stated that the proposed co-operation must involve 'an activity, which would otherwise not happen'.<sup>48</sup>

### **5.3.1.5 Exploitation of synergies**

In view of the limited number of partnerships created during the period and noting the obvious implementation problems met with it is clear that the PSDP implemented as a separate business-to-business programme is not effective. The numerous implementation problems and the costly delays were clear findings with the evaluation sample of enterprises visited. Being only facilitators of the commercial partnerships the PSDP staff has had very limited possibilities for intervening and complementary activities regarding enhanced business environment was closed down early in the life of the programme. Vigorous pleads for the reintroduction of enabling environment support – not least from the

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<sup>47</sup> However, the geographical programme target set by the Ghana Country Strategy 2004-08 is unambiguous: 'Projects started in all of Ghana's 10 regions by 2008.' ('Ghana-Denmark Partnership', Strategy for Development Co-operation 2004-2008; 2004, p.30).

<sup>48</sup> Embassy of Denmark, Accra Ghana, 'Business Development Profile (BDP) Ghana', p.12



Ghana PSDP office – in follow up to the 2001 Evaluation Report was overruled. This has contributed to an isolation of the PSDP and reduced its capacity for exploiting synergies with other business development instruments and through this achieving higher programme effectiveness.

Overall there has until recently been no visible effort made to find and exploit synergies with other Danida development assistance in Ghana and even the cross cutting issues being part of the general Danida development objectives have – with the exception of the environmental support facility – not been mainstreamed into the programme. The separate execution of the PSDP and the lack of integration with other Danish development assistance were clearly brought out by the interviews with the evaluation sample of enterprises, having almost no information of other Danida activities in the business sector and indicating that obvious links to the BSPS, e.g. to the IBP intervention, were yet not established.

With the redesigning of interventions and the launching of the B2B programme implementation is presently in the middle of a change process. This is also the case in Ghana where the Business Unit established in 2006 aims at the integration of business instruments and of exploiting programme synergies. Also the Business Development Profile now clearly states that future partnerships will be assessed by their contribution to gender equality, environmental improvements and other elements of corporate social responsibility. At the same time it should be noted that still a strategy and action plan for this integration has to be developed and that indicators announced in the 2006 Progress Report of the Business Unit for monitoring the synergies with other business instruments, in particular the BSPS, so far has not materialized.

### 5.3.1.6 Conclusions

The PSDP in Ghana has succeeded in achieving its **immediate objective** of enhancing partnerships between Ghanaian and Danish enterprises and the Ghanaian partners have on average clearly benefited from the programme, which is also in most cases their enthusiastic message, when interviewed.

As for the **intermediate objective** of strengthening private sector development achievements are less clear. The PSDP has to some degree contributed to capacity building and technological upgrading of the private sector, but the number of enterprises benefiting is small and though the impact on individual beneficiaries seems to be of some duration the macro effect of this – if any - is unclear. With regard to increased export orientation and decentralisation of private sector activities the contribution of the programme seems to be negligible. As for additionality of supported projects – or contrary wise crowding out of other fully commercial private sector activities – evidence is not clear, which is also the case in regard of job creation. All in all, the contribution of the PSDP to strengthening the private sector development in Ghana is assessed to be low.

The PSDP has until recently been executed in isolation from other private sector activities, implying that neither crosscutting issues has been given due attention – with the exception of environmental concerns – nor have potential synergies with other Danida business instruments been exploited. This has obviously reduced the effectiveness of the PSDP in achieving its intermediate objective.

The change process now taking place globally with the launching of the B2B programme will target a number of these shortcomings. The new approach is at the forefront of the Ghana programme implementation, but should be carried even further, realizing that the B2B partnerships is the micro basis of Danida private sector interventions, while other programmes, in particular the BSPS, are implementing on macro- and meso level. The B2B thus offers a unique source of information and impact, complementing other programmes.

### 5.3.2 Business sector Support Programme (BSPS): To what extent has Danida support contributed to strengthening the legal sector and the judicial environment for business?

#### 5.3.2.1 Legal and regulatory business environment

In the 'Doing Business 2007'<sup>49</sup> Ghana is highlighted together with Tanzania to 'rank among the top ten performers' in reforming the legal business environment, due to reforms in registering property, paying taxes and trading across borders. This prominence reflects a general positive development in the business environment, which is largely also confirmed by the registered values of central indicators:

Table 18: Legal framework indicators

Indicator s	Regulatory quality		Rule of law		Control of corruption		Contract procedures Number Time (days)				Business start procedures Number Time (days)			
	Target	Val.	Target	Val.	Target	Val.	Target	Val.	Target	Val.	Target	Val.	Target	Val.
WGI 2006	54.0	50.7	53.4	51.0	48.0	55.3								
DB 2007							22	29	120	552	8	12	65	81
GPRS 2006									175	90			7	5

Note: WGI = World Governance Indicators; DB = Doing Business; GPRS = GPRS II Progress Report; Targets: WGI and DB, 2007 according to BSPS Progress Report 2006; GPRS: 2006 target

Some apparent discrepancies appear between different sources of the indicators, in particular noting greater progress in the GPRS scores. However, in general indicators are narrowing in on targets and in some cases already overtaking.

#### 5.3.2.2 Progress in business law reform (BLR)

In parallel with the preparations for the BSPS in 2002 it was decided to set up a special Business Law Division (BLD) in the MoJ funded with DKK 3m through the RDE smaller grant authority. The objective of the BLD was to review the legislative framework for doing business in order to create an enabling environment for private sector development. The legal status of the BLD was, however, not established throughout the life of the project, hampering significantly the BLD's ability to carry out its mandate<sup>50</sup>. Further, the BLD never commanded its planned human resources due both to its marginalised position in the MoJ and to serious delays in recruiting the foreseen local expertise, meaning that it never became supported by the expertise imperative in driving the pro-business law reform agenda. Also, MDAs did not immediately understand nor accept the mandate of the BLD. The BLD was eventually dissolved in 2005 and succeeded by an Implementation Task Team in the MoJ. Presently, a co-ordinator of the Business Law Reform (BLR) Programme is in the process of being recruited and a Presidential Commission on Business Law Reform is to be established. The latter is, however, conceived to be a longer term process. The progress so far towards BLR has been very limited and the 2007 target of a developed and approved programme for the BLR is not to be achieved. A draft for the Companies Code is reported to be ready for circulation among stakeholders. The Code is part of a list of business legislation identified for reform, including the Business Name Registration Law, the Partnership Law and the Liquidation Law. Taking note of the

<sup>49</sup> World Bank, 'Doing Business 2007', p.2

<sup>50</sup> This issue was taken up specifically by the JAR of June 2005, recommending: 'Efforts continued to make GOG formally clarify the organizational attachment and legal status of BLD', *ibid*, p.2

decision to set up a Presidential Commission on BLR, completion and implementation of this reform package is not to be expected in the near future.

The dialogue with BAs and other key stakeholders in the BLR process has been formalised through inviting representatives of the private sector to join the PSDS Oversight Committee.

### 5.3.2.3 Business registration reform

According to the GPRS II Progress Report 2006<sup>51</sup> the number of days for registering a Limited Liability Company has decreased from 14 days in 2005 to 5 days in 2006. The estimate of the Registrar Generals Department (RGD) is that the average registration time has fallen from about 40 days a year ago to now only 10 days, but only for the Accra area. The main barrier for faster registration is the manual processes caused in particular by IT software problems. The vision of the RGD is, however, a maximum of only 2 days and a minimum of 1 day, which actually is the indicated 2007 target for registration of documents.

The construction of a new front office at the RGD is 70-80% completed, but because of the work in progress presently the client reception is very difficult. No statistics of waiting time at front office is available, but such estimates would probably also be extremely biased under present conditions.

The RGD has achieved considerable improvement in dealing with the manual registration backlog, having now been able to key in 85 % of the accumulated waiting line and expecting to have covered all of it before the end of 2007. All of current registrations are now done electronically; still, however, the serious IT software difficulties faced with do create backlog problems in the current flow of registrations.

RGD staff has conducted study tours to Denmark and South Africa in order to build capacity to deal with problems of improving and simplifying the process of registration. However, staff manuals and training requirements, in particular with regard to handling of IT software procedures and to deal with improved client reception, is yet to be accommodated and completed. Shortage of skilled staff is a main barrier to increased efficiency in registration.

The general **perception** is that customers of the business registry are well aware of the reforms taking place and **basically satisfied** with the improvement of services, listing fewer registration days and better customer relations as essential benefits: "going through a procedure rather than on the personal level where you should know somebody first". One customer tells: "I actually took five days to register a company recently, which was amazing." Not all, however, has had the same unequivocal experience of improvement: "I wanted to register a company and they agreed to the name, only to come back for the registration form to be told that the name had already been taken up", is the sequence to be told by another customer to some surprise of his colleagues. In general there is awareness of the serious problems of computerisation of the registration process and a unanimous wish for the establishment of a 'one-stop-shop' registration process.

### 5.3.2.4 Improvement in regional business registration

Unanimous, also, is the general perception that no improvements in business registration have really taken place outside Accra:

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<sup>51</sup> National Development Planning Commission, 'The Implementation of the Growth and Poverty Strategy (GPRS II): 2006 Annual Progress Report', March 31, 2007, p.29

**Box 7: Perceptions of regional business registration****No progress outside Accra**

"The decentralised process has still not been established. People have to travel all the way from the north to Accra to do that."

Even the setting up of local business registration centres in major towns outside Accra is not felt to be working:

"Are the offices networked? No, they are now working on allowing people to register in the various regions, but it has not quite started yet. So, one has to travel from other towns to Accra and pay hotel bills and other cost, to register a company. They talked about a system where registration forms can be collected at the post offices nationwide, but then you have to do the registration in Accra."

**Middlemen benefiting**

"About 70% of people in business registration companies are semi-illiterates and they usually use middlemen to fill in the application forms."

"...the association can put it out publicly that they are available to help people through the registration process?"

*Source: Focus group meeting on private sector, 11 September 2007 Accra, Ghana*

The RGDs plans for improvements in business registration outside Accra comprise three regional offices – Kumasi, Tamale and Takoradi – of which renovation of the Kumasi office is near completion, while the Tamale office location is still being researched. The long-term vision of the RGD is for the post offices to be the local access to business registration.

The RGD plans to launch campaigns for registering companies in the informal sector, when the reforms have progressed so far that the 'House' is felt to be in order.

**5.3.2.5 Improvement in commercial conflict resolution**

As part of the preparations for the BSPS in 2002 the RDE, through the already mentioned small DKK 3m grant for the BLD, also supported a feasibility study of the establishment of Commercial Courts (CC) in Ghana along the Tanzania model. In follow up, 'responsive, accessible and efficient commercial dispute resolution' became the immediate objective of a specific sub-component of the legal and judicial reform component of the BSPS, being implemented directly with the Judicial Service outside GoG procedures and aiming at the establishment of a CC. The CC was inaugurated in April 2005 with official acknowledgement of the Danish support and, though initially the Judicial Service preferred to stay outside the PSDS implementation process and the pooled fund modality, it finally agreed to join the PSDS mechanism in order to contribute to the improvement of the business environment. The arrangement, which also had implications of a more formal nature, was settled in exchange of notes between the RDE and the Judicial Service.

After a somewhat slow start there has been a steady rise in the number and type of cases adjudicated at the CC. Presently, there is hardly any waiting time for new plaintiffs to the CC and the court has been able to upload without creating notable backlog, while the previous backlog of cases has been cleared. It is expected that cases filed at the CC would normally be completed within 6 months from the date of filing to the delivery of judgement, where the suit proceeds to trial. A pre-trial settlement is mandatory within 30 days of the close of pleadings. This may lead to the settlement of suits within 3 months of filing, which is a huge reduction in time for settling commercial conflicts and outstanding compared to Ghana standards. In average, a time-span of 3 months elapses between filing of a case and the judgement. The CC has a 'state of the art' registration system and its proceedings are fully automated, performing as a 'fast track' court – sometimes too fast according to some members of the bar. The capacity of the CC is presently being considerably enlarged by another block of courtrooms.

A special feature of the CC is the Alternative Disputes Resolution (ADR) system, which has enabled the 6 judges of the court to settle with consent more than 80% of cases filed. ADR – comprising arbitration, negotiation, mediation or conciliation - is mandatory at the

CC and every case filed at the CC has to undergo a Pre-trial Settlement Conference, where the appropriate mechanisms of ADR are adopted for the amicable settlement of the dispute. Whenever a case is agreed at the pre-trial conference, the settlement is entered as a judgement of the CC. If the pre-trial process breaks down the parties are directed back to the CC administrator to immediately fix a new date before another judge within 3 weeks. The insufficient capacity of mediation of the CC is, however, considered to be a challenge as the judges of the court are facing an increasing workload and there are no allocations for paying additional mediators.

Table 19: Commercial Court resolutions

<i>Period March 1, 2005 – July 31, 2006</i>		<i>% of total cases</i>
Cases pending at beginning of period	0	0
Cases filed within the period	665	100
Cases referred for pre-trial within period	403	60,6
Cases disposed of at pre-trial within period	86	12,9
Cases referred for trial within period	100	15,0
Cases disposed of at trial within the period	40	6,0
Cases disposed of by default judgement within period	164	24,7
Total cases disposed of within period	290	43,6
Cases pending at the end of the period	375	56,4

Source: Judicial Service of Ghana, Annual Report 2005 / 2006, p.20

The performance of the CC during its approximately first 1½ year of existence is summarized in Table 19. The statistics clearly shows the emphasis put on the pre-trial procedure, referring more than 60% of the total cases for pre-trial and settling of more than 20% of those cases through this mechanism already during the period. In the period of 17 months under consideration close to 45% of all cases filed were disposed of.

The CC has a major challenge in attracting the business community at large, in particular the SMEs, and the majority of suits are still filed with the regular high courts. Together with - and maybe in particular - the difficulties of post-verdict enforcement this may also be the explanation of the high costs of conflict resolution reported by the WB 'Doing Business 2007'<sup>52</sup>, which estimates the time of enforcing contracts at 552 days and the expenses at 13% of the claim. A main reason for the lack of SME interest in filing cases at the CC may be the fee structure, setting a rather high threshold for admitting cases, but more important is probably the geographical lack of presence of the CC, referring by necessity the local cases to the nearest High Court. This means that the improved conflict resolution reform has actually not spread outside Accra.

A Users Committee has been established at the CC with representatives of public and private clients, including BoG, Revenue Institutions, non-banking FIs, Association of Ghana Industries (AGI) and 3 private sector representatives. The CC has not been successful with sensitisation of neither SMEs nor the business community at large. The general public still has to be sensitised and major awareness and sensitisation programmes are planned to be executed shortly.

The **perception, basically favourable**, among stakeholders is, that the CC is, "...delivering justice much faster than traditional courts and shortens the time in court", meaning that, "...because the courts are dealing with commercial issues faster, easily

<sup>52</sup> Ibid., p.114

people are changing their behaviours and have stopped giving the 10% bribes.” However, also the strong perception is that “...this court must be decentralised because people have to come from the towns to Accra to lodge their cases. There are a lot of commercial cases in the other districts too, so I think Danida should help Ghana do that. This court is a very useful system helping to clear a lot of commercial cases.” At the same time some concerns are also raised: “Sometimes this vacation takes a period of five, six, seven months. A lot of people because of this problem and illiteracy prefer to look at alternative means of settling disputes that will be good.” Further, some challenges are identified: “The scope is limited and the way it is developing, it looks like it is taken out of the normal court system”, and “CC is purely for commercial purposes, it does not encompass all labour as well.”

Summing up, however, the CC has **clearly achieved its goals** and contributed significantly to making commercial dispute resolution more responsive, accessible and efficient in Ghana.

### 5.3.2.6 Reduction in accumulated commercial cases

The CC has made a major contribution to the reduction in the accumulated stockpile of unsettled commercial cases by managing its own procedures without any notable backlog and clearing the old one. However, still the CC has an unsolved issue of land investment conflicts, involving very problematic cases of 10 years duration or more. In this matter a tremendous backlog exists and there is an obvious need for the new court under construction supported by GTZ.

While the situation has considerably improved in the Capital, the backlog in commercial dispute resolution is not in any way reduced outside Accra.

### 5.3.2.7 Conclusions

Implementation of component 1 of the BSPS has so far contributed significantly to strengthening the business environment and capacity building for conflict resolution in Ghana. Implementation of the other parts of the component has made less progress and is faced with considerable delays. All over, however, the major challenge of strengthening the legal and judicial environment for business is to spread improvements outside Accra and make the private sector in all regions benefit.

*Table 20: Summary of DAC-criteria assessment regarding strengthening of the legal sector and the judicial environment for business*

<b>Criterion</b>	<b>Assessment</b>
Relevance	The legal and judicial reform aiming at strengthening the judicial environment for business is highly relevant with regard to both strategies and policies of the PSDS process and of the GPRS II. All parts of the component are integrated in the PSDS implementation and the pooled fund mechanism; the GPRS II monitors and reports on progress in the three sub-components in its annual progress report.
Effectiveness	Experiences have been mixed with regard to effectiveness: The BLD has achieved very little of its objective so far, while the reform of the RGD has had notable results and in particular the CC has almost fully achieved its goal.
Efficiency	Implementation of the business registration reform and the improvement of commercial disputes resolution have progressed without much delay and in particular for the CC with a noticeable commitment and efficiency. Also the establishment of the CC was prepared in advance of launching the BSPS through a special feasibility study grant. With regard to the BLD efficiency has been low, even though the sub-component intervention was prepared in advance of the BSPS through a special Danish grant. Reasons for the lack of success will probably have to be found in the lack of ministerial and political consensus of the mandate of the BLD.
Impact	In particular the success of the CC has contributed to strengthening the legal and



<b>Criterion</b>	<b>Assessment</b>
	judicial environment for business. However, this likely impact on the business environment is exclusively felt in the Accra region. Neither the registered progress in the business registration services nor the conflict resolution improvements is spread outside the Capital.
Sustainability	The CC is presently not financially autonomous as it is only allowed to retain 15% of its fees, while 40% retention is needed for covering its costs. With regard to its judicial integrity the CC is solidly anchored in the Judiciary Service of Ghana.
Cross-cutting Issues	The legal and judicial reform represents an important contribution to good governance and improved business environment. However, with regard to other kinds of cross-cutting issues the component has no clear relevance.
Issues of Procedures, Administration and Management	Implementation of the business law reform and the reform of business registration have experienced considerable delays and about 1½ year before initially planned termination of the present programme phase only about 21% of the budget for these two sub-components has been disbursed. In particular this delay is obvious with activities transferred to the pooled fund and for all three sub-components only 15% of the pooled fund budget has been disbursed. The pooled fund mechanism has until now not been working satisfactorily neither in regard of management nor in reporting and the system is heavy in administration. This is adding to transaction costs and should be remedied in line with already made recommendations.

### 5.3.3 Business Sector Support Programme (BSPS): To what extent has Danida support contributed to strengthening the culture for business?

#### 5.3.3.1 Business culture environment

An enabling private sector environment also depends on the level and framework for business culture. The objective of the component is to strengthen the culture for business in Ghana by improving the cultural framework for business in three areas found to be underperforming:

- Public – private dialogue on business matters ('advocacy')
- Private sector contractual and ethical standards ('code of conduct')
- Public sector customer service ('public service reform')

The level of performance and the scores on benchmarks in these aspects is indicated in the table below:

Table 21: Cultural framework indicators

Indicator	Economic Management		Structural Policies		Policy for Social Inclusion/Equity		Public Sect. Manag.& Inst.		Voice & Accountability		Government Effectiveness		General		Country Performance	
	Target	Val.	Target	Val.	Target	Val.	Target	Val.	Target	Val.	Target	Val.	Target	Val.	Target	Val.
IRAI 2006	4.60	4.20	4.15	3.80	4.00	3.80	3.95	3.90								
WGI 2006									60.0	60.1	56.5	57.3				
CPIA 2006													4.15	3.93	4.30	4.52

Note: IRAI = IDA Resource Allocation Index; WGI = Worldwide Governance Indicators; CPIA = WB Country Policy and Institutional Assessment; Targets: 2007 according to BSPS Progress Report 2006

Ghana is generally performing better than average, but still from a rather low level. The scores have been slowly improving and are now in a few aspects like e.g. government effectiveness actually overtaking the target.

### 5.3.3.2 Improved private sector advocacy

Implementation of the BUSAC Fund started in March 2004 and a year later it was harmonised with other donor activities through a joint MoU, including DFID and USAID together with Danida in the donor group. The added funding from the new donors enabled BUSAC to expand activities from the 3 pilot regions (Accra, Ashanti and Brong Ahafo) to all 10 regions of Ghana. Transition to the new donor partnership has complicated the implementation of the sub-component, implying the need for redesigning activities also in all of component 2, having to resolve problems of conflicting log-frames, reshuffling management and staff, conducting a major review beginning of 2007 and all of this combined with some confusion over how and when each donor's financial contribution would be allocated and disbursed. Phase II of the BUSAC programme began in June 2006 and is still implemented by the same Danish consultant company, but now with a new fund manager as of February 2007.

In accordance with its design as a challenge fund BUSAC is putting out calls for proposals, initially every six months now, however, quarterly. Including the pilot call and a call of February 2007 all together 9 calls have been issued. The scores of the different calls are shown in the table below:

Table 22: BUSAC Fund application calls 2004-07

	Call Number									Total
	0	1	2	3	4	5	6	7	8	
# of applicants	39	81	141	113	99	128	164	173	169	1107
# of grantees selected	11	31	28	29	35	34	14	36	35	253
# of A size applicants	32	47	104	82	67	94	127	129	127	809
# of B size applicants	7	34	36	31	32	34	37	44	42	297
# of A size grantees	7	16	23	20	28	21	14	28	28	185
# of B size grantees	4	15	5	9	7	13	0	8	7	68

A size = funding superior to \$10,000

B size = funding inferior to \$10,000

Source: BUSAC, *Semi-Annual Progress Report January-June 2007*, p.53<sup>53</sup>

On the average, approximately one out of four proposals has been accepted for support, almost evenly distributed between applications for smaller and larger grants. All together GHC 57,9 bill. (about DKK 40m) have been committed through the calls so far. The temporary decrease in activities end of 2005 beginning of 2006 is visible. Recently BUSAC has streamlined its organisation and procedures now having Business Information Points in all regions and a prize-winning website. Also, previously rather square treatments of unsuccessful applicants have been turned into constructive follow-up activities and a specific BUSAC network targeting both potential grantees and the business service providers of the Fund is being developed.

The BUSAC Fund grantees are Business Associations, Trade Unions and Business Media (BATUBM) and the number of successful applicants was 117 in 2006 against a 2007 target of 120. For the full period 2004-07 the number of supported target organisations was 249 in total. The major part of approved applications involved public sector targeted advocacy (87%) split in between policy issues and other matters in the ratio 2:1. Of the remaining grants 10% was directed towards private sector issues and 3% was dealing with the general public. Planned and achieved results are summarized in the table below:

<sup>53</sup> Some minor differences in the number of approved grants can be identified between this table and the summary figures presented in p.20 of the said Progress Report.



Table 23: BUSAC Fund achievements 2004-07

<i>Planned</i>	<i>Actual</i>
<i>Volume of activity:</i>	
600 advocacy Actions proposed by BATUBMs	1200
150 advocacy Actions awarded	249
Approval rate = 25%	21%
<i>Advocacy by type of debate:</i>	
With Public Sector: 80 Grants	220
60% targeting policy making and implementation issues	68% (150)
40% targeting other issues	32% (70)
Intra-private sector dialogue: 40 Grants	25
General public: 10 Grants	8
<i>BATUBMs involved in advocacy:</i>	
500 BATUBMs applying for advocacy actions, out of which:	1107
200 "Group A" applicants	809
300 "Group B" applicants	297
50 "Group A" grants	185
100 "Group B" grants	68
<i>Quality of advocacy actions:</i>	
70% of Advocacy Actions are deemed satisfactory during the first year growing to 80% during the last year.	Not yet measured
Improvement of this percentage over the project period	
<i>Impact of advocacy actions:</i>	
60% of actions achieving their intended outcomes	70*

Note: The data in this table is summarized from the beginning of BUSAC in mid 2004, Call # 0 through Call # 8. Call # 8 contracts were completed after due diligence and signed in June 2007.

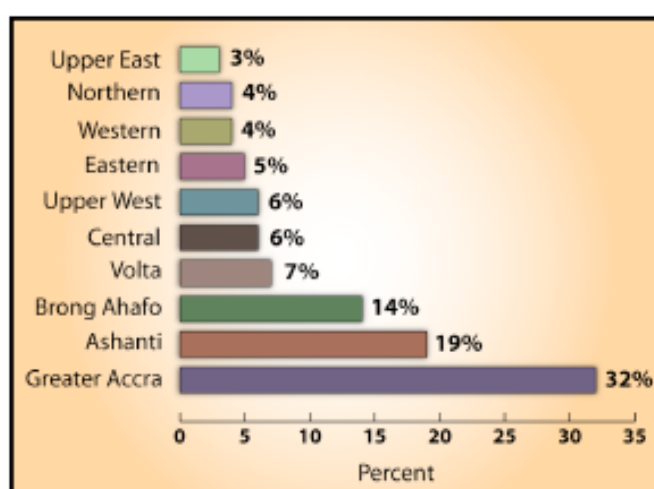
\* Impact assessment is measured here based upon Danida Review estimates in May 2007

Source: BUSAC, Semi-Annual Progress Report January-June 2007, p.12

The rate of success reported by BUSAC grantees based on the recent Danida review is about 70%, i.e. it is well over the target of 60%. All together the information of the table confirms that with regard to numbers and success BUSAC is to a reasonable degree achieving its goals. No information is yet available regarding the impact on association membership from advocacy activities; however, BUSAC management is actively looking into evidence for this indicator.

BUSAC Fund activities were initially piloted in three regions, which is clearly shown in the geographical distribution of the grantees in the figure below:

Figure 5: BUSAC Fund grantees spread geographically



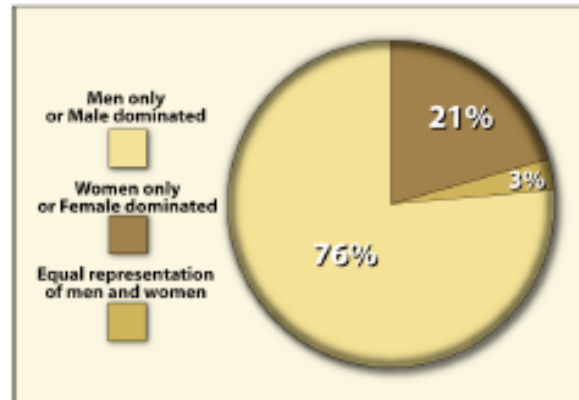
Note: Grantees under current implementation

Source: BUSAC, Semi-Annual Progress Report January-June 2007, p.24

About 65% of advocacy projects under implementation are concentrated in the initial pilot regions. Also, the heavy weight of the Accra region in BUSAC activities with  $\frac{1}{3}$  of the grantees is clear. Nevertheless, the potential for BUSAC to reach out to all regions seems obvious and this goal is now also singled out as a specific output in the new log-frame of January 2007.

The gender aspect is taken well into account in actual projects and a number of women's associations are being supported in their advocacy activities as shown in the figure below:

Figure 6: Gender balance in BUSAC interventions



Source: BUSAC, Semi-Annual Progress Report January-June 2007, p.29

In the call for applications in February 2007 actually 5 out of the 35 proposals approved for support were for female business associations and even in projects where visible female participation would not have been expected, like the 'dynamic' spare parts dealers of Suame Magazine Industrial Development Organization (SMIDO), organizing about 200,000 members in Kumasi, this presence is actually very visible. Surprisingly, however, the gender aspect is not featuring prominently in the new log-frame agreed between the BUSAC donors.

BUSAC grantees are in general enthusiastic about the support received and several cases of successful advocacy activities in regard to influencing government plans for legislation are reported, but also lending attitudes of the banking sector seems to a large degree to have been influenced. A matter of concern is, however, the pre-funding needed to implement grants, meaning that grantees may have to approach a bank to fund part of the project. BUSAC management seems to be aware of this difficulty and tries to sequence funding in a way easing the liquidity problem to grantees.

The detailed experiences and **mainly positive perceptions** are illustrated by the following quotes:

**Box 8: Perceptions about BUSAC advocacy support****The gender aspect**

"We use the BUSAC fund for advocacy or assets to credit for women and I think it has helped a lot. At first I was mad at the Bank for not giving mortgages to us. But now the Bank has become more understanding. I was pleasantly surprised with the new developments of the bank where Barclays was allowing people to open accounts with no balance at all. So the advocacy program has opened up a lot of doors and created a lot of awareness for what the small business need to do to access credit from the Bank and the Bank to entice small businesses. On the whole the advocacy program has helped businesses to access credit from the Bank."

"The women should be given a chance to access loans and resources that have been raised to men. Advocacy is a very serious business. At first it was a matter of attacking government which was not working, but now you have to learn, educate yourself and come out with the facts. So now it's a win-win approach."

**Advocacy upgraded from 'opening doors' into 'dialogue'**

"I belong to the radio station and our traditional view was that we are able to talk on air to get people to believe in us, so that was advocacy. During the program, my understanding of advocacy changed and I understand and appreciate it better. At first I thought it was all about getting people to believe and push your cause, but now I know that advocacy informs me on getting people to understand you, getting people who understand the cause for which you are fighting, people who have common interest, the print media and people who support you."

"Advocacy in Ghana has become a means of complaining and attacking and fighting with people. But if BUSAC fund has resulted in a radio station gaining good experience, then it has been very useful."

**'Cut and paste' consultants**

"We have had the opportunity of getting BUSAC support but then we realise two weaknesses: We thought we could internalise certain skills in terms of research and the process of going through advocacy. We realised that the money went to consultants; they come to do the job and leave. No experience goes to the beneficiary institution. So we drew BUSAC's attention and they revised their strategy. So now they have made provision for the training of the beneficiary institution."

**Training in advocacy**

"My problem is that we do not know how to advocate, i.e. the act of it. BUSAC has however opened the doors for a lot of people who did not know what to do. The training on advocacy is also required."

**Sustainability of projects**

"They should also consider sustainability of their projects. For instance this is from my experience. There was a technical corporation project between the Configuration of Danish Industry and AGI (my company) on capacity building and restructuring under Danida which was so inflexible that it was impossible to achieve the main objective. The aim of this technical program was to build up a consultancy unit which will be commercial and sustain the rest of the association in terms of funding and all and here was money that was left unutilised but then that unit did not have the capacity to do what the money was meant for so in the end we just had to do something to clear the money."

Does such situation still occur?

"No with the BUSAC, it has changed."

*Source: Focus group meeting on private sector, 11 September 2007 Accra, Ghana*

Exploiting synergies between BUSAC and other interventions, aiming at enhancing an enabling business environment is clearly important as underlined in the BSPS Programme Document. A BSPS potentially important 'network' initiated in 2007 by the RDE is aiming at improving programme information and co-ordination, but has until now mostly worked as an ad hoc summoned information forum. Obvious synergies, however, exist between the BSPS sub-component of Improved Business Practices (IBP) promoting the business code on improved contractual and ethical business standards guided by CSR and the advocacy objective of an enabling business environment pursued by the BUSAC Fund. Exploiting such synergies in line with the Programme Document has not been a priority focus of the programme co-ordination and management until now.

Also linkages with activities of the PSDS process, aiming at enhancing an enabling business environment is obviously important. The BUSAC Fund itself emphasizes this co-ordination as part of its networking, which '...includes our participation in the wider BDS

co-ordination and PSD process involving the various ministries and MDAs. This participation is rather limited.<sup>54</sup> BUSAC Fund management thereby indicates a need for establishing better public-private co-ordination and monitoring by the PSDS Oversight Committee in order to further the necessary dialogue and reap potential synergies.

Overall, however, even with notable difficulties experienced in the organisational set-up and problems of harmonizing donor co-operation **BUSAC implementation seems to be on track** and 79% of budget has been disbursed by September 2007.

### 5.3.3.3 Improved business practices

In the BSPS Programme Document all of component 2 regarding strengthening the culture for business in Ghana, including the sub-component on improved business practices (IBP) was planned to be co-ordinated by the BUSAC Fund manager and implemented by individual sub-component managers. This set-up, however, was changed in follow-up to the donor harmonisation on the BUSAC Fund as such and the signing of the MoU in 2005. The IBP sub-component was initiated in February 2006 and implemented through a contract between the RDE and the Danish consultant company also holding the contract on the BUSAC Fund.

The IBP secretariat has, in close co-operation with stakeholders and guided by a Technical Advisory Group (TAG), developed, and in October 2006 launched, the Ghana Business Code (GHBC) much along the lines of the UN Global Compact focused on CSR principles. The process is supposed to be driven by the major business associations, i.e. AGI, Ghana Employers Association (GEA), Ghana National Chamber of Commerce and Industries (GNCCI) and lately also Ghana Association of Women Entrepreneurs.

After one year of subscription to the code companies are supposed to be evaluated, guided by self-assessment along the lines of the Global Compact, and finally awarded a certificate for honouring CSR principles. As the code has been in existence for less than a year no compliance certificate has yet been issued.

A number of information and awareness creating activities, targeting private as well as public enterprises and academia, have taken place since the launching of the code, sensitizing potential subscribers to the importance of the process:

- 4,500 copies of the code has been distributed
- 400 enterprises have through 21 workshops been introduced to the code
- University of Ghana Business Schools working on code in curriculum
- 30 enterprises have signed the form of code subscription

The amount of campaign activities are well over target, but still the number of subscribers to the code is lower than the target of 60 enterprises only 5 months before the planned end of the project and almost a full year after launching. Presently, a proposal for a one year extension, developed by the contracting consultant company, is being considered by Danida.

The GHBC is unique in the sense that it is the first code ever being formulated to apply to all segments of a national business community. Looking at the BSPS Programme Document the initial plan was ‘...that appropriate codes will be developed for all sections of the private sector, ranging from multi-nationals to micro enterprises.’<sup>55</sup> Developing instead one national code has the potential merit of forming a strong brand and a nationwide move for improved business practises. The danger is, however, that having only one code may not fit the needs of all enterprises, representing very different interests,

<sup>54</sup> BUSAC Fund, ‘Semi-Annual Progress Report January-June 2007’, p.23.

<sup>55</sup> Ibid, p.49

e.g. multi-nationals versus MSEs, public versus private enterprises or export oriented enterprises versus local market based ones. This dilemma may explain the very cautious backing that the code has received so far, small companies being concerned about part of the CSR obligations taken on, e.g. paternity leave, other enterprises feeling that the code is too much leaning towards employee interests and exporting companies looking essentially for internationally recognized codes of conduct.

The strategy for code promotion and dissemination has been changed from a 'pull' to a 'push' (top-down) strategy, putting the major business associations in the driver's seat. This approach has not worked in an optimal way, even though the associations have clearly developed ownership to the code and supported it by various active efforts of dissemination. Promotion of the code has, however, mainly been directed to the association's own members, while the MSEs may represent both the major problem and the main potential for support of the code. Not surprisingly, the subscribers so far are mainly enterprises of medium size, including one public company.

The **perceptions** of business stakeholders to the GHBC are **clearly supportive**. This is particularly stressed by representatives of the sponsoring associations, but also, on hindsight, the perception is that certain parts of the code are problematic and may have to be changed:

*Box 9: Perceptions of the Ghana business code*

**Changes in the code needed**

"The Chamber of Commerce was quite involved and I felt that there were a lot of things we had to look at in the cultural background of people. There is also this new paternity leave and I find it difficult to implement it."

"AGI has been deeply involved and I think there are some aspects of the provision with hindsight, it's obvious it's not workable; e.g. the paternity leave issue. The signing on I think it moving slowly and steadily. If we put certain things in place it will be possible to get the small and medium scale enterprises."

**Exporters want international code**

"...people are more comfortable signing on to international code, which will allow them to do business on the international scene."

**Advocacy for the code**

"It's more a challenge to us in terms of advocacy to the Ghana Business code. I think advocacy for its recognition and incentive is key to getting people to sign to this code. We should consult stakeholders to get this moving."

"I think it will be an advantage to translate signing of the business code into a particular seller able advantage...If the country values good business operations it will be easy to get them to sign to the code. The image of a company is very important in Ghana."

**Active support**

"The business associations have done some dissemination of the code, but then they have not done enough. The inter-phase with the public sector should also be considered. To what extent has it been disseminated to them to ensure that they understand and will work with the private sector?"

"A seminar will be organised on Saturday to ensure that more awareness is created and getting people to sign on. The project managers are very conscious of that challenge and they are aware that there is the need to have massive publicity."

*Source: Focus group meeting on private sector, 11 September 2007 Accra, Ghana*

### 5.3.3.4 Ghana Business Code enforcement mechanism

The BPS programme document sees enforcement mechanisms for the GHBC to be essential: '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'.' So far, however, the principles of the code have been following the Global Compact approach of self-assessment and a draft for a compliance code is only under consideration. Though enforcement mechanisms are clearly needed to make the GHBC work effectively it appears that promotion of the code is presented with

the actual dilemma of simultaneously increasing the number of subscribers and stepping up the negative incentives to those who do subscribe. This may lead to an inroad on the concept of one single code for Ghana and the need for reverting to the initial idea of several codes, tailor-made for different subsets of the Ghana business community.

In order to avoid such adverse developments, **advocacy for the GHBC** will have to be **strongly intensified**, importantly in collaboration with the BUSAC Fund. Also, sensitization of Danida B2B companies regarding the importance of the code will be clearly beneficial to promotional activities.

#### **5.3.3.5 Improved public sector services**

The improvement in public sector customer service was planned to be achieved through the Service Improvement Reform Fund (SIRF), working according to challenge fund principles. When in January 2005 the new ministry for public sector reform (MoPSR) was established, the plans were, however, shelved, also because setting up a SIRF seemed not a practical approach to changing negative public sector attitudes towards the private sector; as such a transformation should happen from within the public sector. Implementation of the sub-component was beginning of 2006 entrusted with the new ministry and integrated with the PSDS framework and funded through the pooled fund mechanism. The activities have now been mainstreamed into the overall plan of activities under the Programme for Public Sector Reform.

After initial institutional reviews the MoPSR is now developing Customer Charters, setting out service standards, compliance monitoring, sanctions and complaint procedures for 12 MDAs. Also, 10 districts have been identified for piloting. The Customer Charters are presently in the final stage of development.

The MoPSR is basically creating a support facility, guiding and servicing other public institutions in reforming public service. The ministry is only working as facilitator and has no implementing authority. Motivation of the different MDAs has to come from the media and the public in addition to internal drives. MoPSR can deal with local activities only, when it has already been decided to decentralize by the MDA in question and pilot cases will solely be of guidance to district assemblies. As decisions on decentralisation are the authority of the Ministry of Local Government (MoLG), the MoPSR can not move the case of better public service locally.

Implementation of the sub-component is still very much in the initial stages and no clear outputs are to be reported on. Also disbursements so far are very low.

#### **5.3.3.6 Conclusions**

Component 2 of the BSPS has so far contributed to strengthening the culture for business through the BUSAC Fund capacity building for private sector advocacy and its probable impact on public-private dialogue. The BUSAC Fund is also found to have contributed to improving the gender balance in business advocacy. The sub-component on improved business practices has developed a unique national business code for Ghana, but it still remains to be seen if the code will be able to form the basis for improving Ghanaian contractual and ethical business practices. This sub-component and in particular the one on improved public services are delayed considerably in implementation. The decentralization of improved public sector services has not passed planning and pilot phase. There is a need for strengthening co-ordination between sub-components as well as between them and components of the PSDS in order to reap potential synergies.



*Table 24:: Summary of DAC-criteria assessment regarding strengthening the culture for business*

<b>Criterion</b>	<b>Assessment</b>
Relevance	The component is aiming at an improved business environment through strengthening the business culture in Ghana and is therefore clearly relevant in relation to both strategies and policies of the PSDS and the GPRS II. One sub-component is integrated in the PSDS framework and pooled fund mechanism, while the two remaining are funded directly, but reported on and monitored by the PSDS Oversight committee.
Effectiveness	BUSAC Fund has been effective in strengthening the advocacy capacity of the private sector and achieving visible influence, while at the same time enhancing the quality of the public-private dialogue. Neither the sub-component on improved business practices nor the sub-component on improved public service has so far achieved clear results in strengthening the business culture in Ghana.
Efficiency	Implementation efficiency has been reduced because of efforts with regard to alignment and donor harmonisation, in relation both to the PSDS framework and to the donor co-operation on the BUSAC Fund. In spite of serious problems with management reshuffling and with donor arrangements BUSAC has been able to be on track with implementation, where as the sub-component on improved business practice and in particular the sub-component on improved public service is faced with considerable implementation delays.
Impact	The BUSAC interventions have probably contributed to enhancing public-private dialogue, thereby strengthening a Ghanaian business culture resorting to dialogue rather than to power struggle. Still, however, BUSAC interventions are concentrated in mainly Accra and Ashanti regions and have yet to reach out to the rest of the country.
Sustainability	The strengthening of the business advocacy culture and of public-private dialogue is of a non-institutionalised nature and could therefore not be expected to be sustainable in the present form. However, more formalised representation of the business sector in advisory bodies and in dialogue fora may lead to sustainability.
Cross-cutting Issues	The insufficient focus on cross-cutting issues, in particular gender and HIV/AIDS was stressed in the first JAR of the BSPS, June 2005. In follow-up this part of the programme has been strengthened and now a considerable part of BUSAC Fund grantees are females or members of organisations with major female participation, contributing thus favourably to an improved gender balance in private business. Also BUSAC through enhancing public-private dialogue is contributing to good governance practice. The GHBC is based on CSR principles thus contributing to a business culture, respecting human rights and good governance as well as favouring gender equality. Also HIV/AIDS policy is included in the code.
Coherence, Co-ordination, Complementarity	In line with the component design of the programme document there is a need for improving co-ordination and better exploiting synergies between (sub-) components aiming at strengthening the culture for business. This is a matter both of improving co-ordination between the two directly funded sub-components of the BSPS and between them and the PSDS components. Also the B2B programme enterprises can contribute to this process of strengthening the business culture in Ghana.
Issues of Procedures, Administration and Management	The BSPS 'network' formed by the RDE can be a constructive forum for co-ordination and improved synergies, but will have to organize its work in a more formalised an un-academic way, dealing with concrete problems of co-ordination and synergies.

### **5.3.4 Business sector support: To what extent has Danida support to business development instruments – socially and geographically balanced - contributed to enhanced development of growth oriented MSMEs?**

The BSPS component 3 ('business development instruments') is implemented by GTZ and Danida through the SPEED Programme as described above (section 4.2). The first phase of the programme (SPEED I) was completed by the end of September 2006 and immediately succeeded by SPEED II. By the time of the Evaluation SPEED II had been up

and running close to one year, but had, according to SPEED II management, not yet any results of output indicators available. Therefore, indicators on SPEED activities refer exclusively to SPEED I implementation as reported by the last Progress Report of the programme, May 2006, missing thus component 3 interventions for about  $\frac{3}{4}$  of a year of the evaluation period.

#### 5.3.4.1 Business environment for MSMEs

The third element in forming an enabling business environment focuses on the availability for micro-, small- and medium enterprises (MSMEs) of the needed supply of business development services (BDS) and at competitive levels of price and quality. BDS support is of three kinds:

- Support to financial services
- Support to non-financial services
- IT and communications technology

Supply at competitive levels of price and quality is basically a matter of developing competitive and transparent markets for the different kinds of BDS.

The performance level of in particular the financial environment facing MSMEs and the scores with regard to set benchmarks is summarized in the table below:

Table 25: Financial environment indicators

Indicators	Business Competitiveness		Inflation (%)		Exchange Rate Deprec. (% cedi / \$)		Credit to Private Sector (% of GDP)		Interest Rates (%)					
									Prime rate		Base Rate (aver.)		Lending Rate (aver.)	
	Targ.	Val.	Targ.	Val.	Targ.	Val.	Targ.	Val.	Targ.	Val.	Targ.	Val.		
WEF 2005	41	45												
GPRS 2006			10.4	10.5	0.4-4	-1.1	16.0	18.0	10.5	12.5	16.5	19-25	Na	24.25

Note: WEF = World Economic Forum (Ghana not incl. in 2006, 1 is best); GPRS = GPRS II Progress Report

Targets: 2007 according to BSPS Progress Report 2006; except inflation and exchange rate: 2006 according to GPRS 2006

Performance of the financial indicators has been slowly, but steadily improving and in general is close to meeting the set benchmarks. Thus, a relatively stable and improving financial environment with still, however, rather high levels of inflation and interest rates are the basic environment conditions meeting growth oriented MSMEs.

#### 5.3.4.2 Improvement in credit facilities for smaller enterprises

In the BSPS Programme Document support to financial services was designed exclusively to foster development of growth oriented micro and small enterprises (MSEs), while enterprises of medium size were supposed to be supported by a venture capital fund. The plans for the venture capital fund were, however, shelved in the fall of 2005 (cf. 4.2 above). The reported output of the SPEED I credit facility, available for  $1\frac{3}{4}$  year of implementation, is shown in the table below:



Table 26: *SPEED I financial output*

<i>Indicators</i>	<i>2003 (GTZ baseline)</i>	<i>2004 (3. &amp; 4. quart.)</i>	<i>2005</i>	<i>2006 (1. quatr.)</i>
Active participating financial institutions (PFIs)	3	7	8	11
Credit to MSMEs (numbers)	243	1,494	5,353	1,614
Credit value (GH cedi bill.)	Na	16.4	102.6	33.2
Female owned MSMEs (%)	Na	47	40	38

Source: *Business Unit, RDE Accra, 'BSPS and B2B Annual Progress Report 2006', p.56*

SPEED is working through MoUs with intermediary PFIs, doing wholesale lending to the FIs, who are then engaging in retail credit to individual clients. To SPEED the PFIs are thus the direct target group, while the immediate objective of the SPEED credit facility places the enterprises benefiting from the credit facility as the real target group. This may cause a monitoring and reporting problem in relation to achievement of the objective as indicated by the BSPS Programme Co-ordination Unit (PCU): 'On the activity level, progress in the access micro, small and medium enterprises have to credit would be measured predominantly by an increase in the number of PFIs on-lending to MSMEs.'<sup>56</sup>

Assessed by the number of active PFIs, SPEED I has been able to improve credit facilities to smaller enterprises, although the figures do not give any information on the size distribution and therefore do not inform about the achievement of the immediate objective of: 'lending to MSEs through appropriate credit schemes increased'. The reported increase in the number of MSMEs and in particular the percentage of approved credits benefiting female owners is, however, clearly satisfactory – if deemed reliable.

While the number of PFIs has increased from 3 to 11 no detailed information appears to be available regarding the geographical distribution of SPEED I credit facilitation. No indicators in the Progress Reports are monitoring this variable.

SPEED I was supposed to introduce new credit instruments in support of growth oriented smaller enterprises, including a loan guarantee scheme. The latter, however, stalled due to change in institutional policies by the BoG and as observed by the BSPS PCU: "SPEED has also refrained from developing any new products, as prescribed by the review team and has focused on refining the already developed pocket accountant and on enlarging the Small Business Services Network (SBS)."<sup>57</sup>

The SPEED II Programme has designed a special output for dealing with 'new risk sharing products for MSMEs-FIs', including a possible guarantee scheme, which may eventually fill the gap in reaching out to the target group of growth oriented smaller enterprises.

Implementation of the SPEED funding facility is seriously delayed, having only disbursed about 29% of the budget by September 2007. This is probably due to a large degree to extended efforts of donor harmonization, necessitating redesign of both the sub-components and of the full SPEED programme as well as protracted negotiations with potential donor partners about incompatible aid modalities. Delays are also caused by recurrent problems of reshuffling management and staff. This danger was already foreseen by the JAR in June 2005 as mentioned above (section 4.2).

### 5.3.4.3 Enhanced capacity of financial institutions

An important element in the SPEED I development of the market for credit to smaller enterprises has been capacity building at the involved PFIs, ensuring appropriate skills development and training of credit officers and other staff in order to properly assess the

<sup>56</sup> Embassy of Denmark, BSPS PCU, 'BSPS Progress Report July 2004 – December 2005', p.15

<sup>57</sup> Ibid, p.5

commercial risks of projects. Also support to IT upgrading has been part of the activity. The training activity offered and the high rating of this support by PFIs is illustrated by the summary of activities in the 1<sup>st</sup> quarter of 2006<sup>58</sup>:

- 10 courses held for 193 participants from 62 FIs
- 3-day workshop on Good Governance issues for Rural Bank Boards and Management
- TA provided rated 7.6 out of 10 by PFIs

To be noted is that geographically split information on improved Financial Institution (FI) capacity building appears not to be available over the SPEED I implementation period.

In **general, perceptions** of the SPEED credit facility are **favourable** both with PFIs and with enterprise beneficiaries. It is observed by stakeholders that competition in the financial sector and availability of credit has improved. It is a PFI concern that too many project applications are not bankable and that the right information is not presented. Also, the economic conditions offered to FIs by SPEED are not found to be sufficiently attractive, and with regard to the issue of SPEED reaching the intended target groups and having appreciated the differences in commercial risk for clients of the FIs some concern is ventured:

*Box 10: Perceptions of the SPEED I credit facilitation*

**Productive sector too risky**

"I happened to be on the advisory board, we had to advise SPEED that they had to make it attractive to the banks to use their funds and ultimately that meant that the cost at which it goes to the beneficiary will go off which was also very problematic. The other thing was that most of these financial institutions were just giving it to traders because the turn over were quite high. So we told them to say that a certain percentage of the lending should go to the productive sector as it will not help the economy."

When you say that much of the credit was going to traders, was that because the productive part of it seems to be a bigger risk?

"Yes, because they felt it was better to give it to a trader who will pay within a shorter time."

"There are a lot of different kinds of credit facility available but then they are all channelled through the banks. The money is in the system but its not going to where it is supposed to due to the variance in the interest rates."

*Source: Focus group meeting on private sector, 11 September 2007 Accra, Ghana*

In the design of the SPEED II programme these problems are recognized and, in addition to the already mentioned special output of 'new risk sharing products for MSMEs-FIs', the stated policy of the programme is<sup>59</sup>:

1. Improvement of employment and income generation within the MSME sector particularly the productive and service sectors
2. Achievement of greater balance between male and female owned enterprises and also between micro and small and medium enterprises
3. Achievement of greater outreach by the Funding Facility to all economically viable areas of Ghana

Even though the demand for TA by the PFIs, being considered by institutions to be an important subsidy, appears still to be very high, the sub-component is clearly behind schedule in implementation, having only disbursed about 46% of the budget by September 2007.

<sup>58</sup> Business Unit, RDE Accra, 'BSPS and B2B Annual Progress Report 2006', p.56

<sup>59</sup> SPEED Ghana, 'Inception Report – Ghana SPEED II', March 2007, p.42

#### 5.3.4.4 Improved supply of non-financial business services

In SPEED I, the development of markets for non-financial business development services (BDS) was planned to be supported by the IDEAS<sup>60</sup> fund, working according to challenge fund principles to improve: ‘...capacities of service providers to deliver demanded and affordable service products in a commercial way thus supporting the development of a market for business development services.’<sup>61</sup> Support for BDS was to be led by MSME demand in order to further development of sustainable markets. A special sub-component, supporting IT services, was integrated into the IDEAS fund during implementation.

Under SPEED I implementation two calls of the IDEAS fund were made, resulting in 23 proposals being eventually accepted for support. The IDEAS fund not being sector specific in its calls, support was awarded to very different BDS projects with a concentration on ICT and training, including the SBS network, a business incubator and a jeweller’s workshop and showroom. The supported projects spread over 6 regions. In the spring of 2006, 8 projects had been completed while 15 were still ongoing. A third call for applications was put out in June 2006.

The range and accessibility of BDS provided is indicated by the list of SPEED I activities reported in the May 2006 Progress Report:

- 40 trainers trained in SPEED products in 4 regions
- All certified trainers signed agreement to deliver SPEED products to MSEs
- 5 BDS products implemented with 3150 participants
- 4 BDS products appraised very favourably by MSME participants, reporting improved performance

The reported activities and results indicate improved accessibility and market development for BDS products in support of the MSME target group. However, information is limited and interventions cover a period of less than two years, which is not sufficient to assess any impact on MSME availability and access to BDS.

Management of the sub-component appreciates the BSPS ‘network’ initiated in 2007 by the RDE, which has until now met three times. Previous attempts to co-ordinate informally with the BUSAC Fund have not been successful. However, a more formal network also including the B2B programme is preferred, which would enable calls for concrete proposals and open opportunities for fitting enterprises into programme slots – B2B, BUSAC, SPEED, GHBC etc. Overlaps between components, e.g. BUSAC and SPEED, might also be dealt with this way and synergies reaped. A stronger co-ordination, including with the public sector, and even a physical linkage would be beneficial.

Also this sub-component is seriously behind schedule in implementation, having only disbursed about 36% of the budget by September 2007. Disbursement is by management very much seen as a matter of staffing, but nevertheless cuts in the permanent staff of the sub-component are reported even though implementation is now planned to be extended to all 10 regions of Ghana. The heavy workload of monitoring ongoing projects and screening and assessing new ones is therefore increasingly handled by a large pool of consultants, which necessarily implies problems of quality control and management handling time.

**Perceptions** among stakeholders of the BDS support provided by SPEED are **favourable**, but at the same time the need for better organized and transparent BDS supplies is a major concern:

<sup>60</sup> Innovation and Development in Enterprise Assistance Scheme (IDEAS).

<sup>61</sup> Danida, ‘BSPS Programme Document’, September 2003, p. 51

*Box 11: Perceptions of SPEED I support for BDS***Organizing quality BDS - nationwide**

“SPEED played a key role in bringing together individual consulting services, took them through series of training and certified them as trainers of businesses and formed the association of business service providers (SBS).”

“What we have here is limited to Accra, Kumasi, Takoradi and major cities.”

“Sometimes bolder interventions should seek to support existing institutions. I think the National Board of Small Scale Industries (NBSSI) should be strengthened and restructured to deliver the public private partnership needed.”

“We still have the problem of cost which we have to deal with otherwise we will drive businesses away from accessing business development services. There is also the issue of access and the business transaction cost spent doing that is very high... That’s why I agree with you on the NBSSI issue. “

“I’m aware of situations where 3, 5, 10 companies go to the same consultant for a business plan and the only thing that is changed is the name on the computer. We call them ‘copy and paste consultants’. There is no appreciation of the value of professional services.”

*Source: Focus group meeting on private sector, 11 September 2007 Accra, Ghana*

In the 2006 Progress Report of the RDE Business Unit the recommendations of the outgoing SPEED I team are summarized as follows<sup>62</sup>:

- Place emphasis on bringing the project to the doorstep of prospective beneficiaries at the grassroots;
- SPEED Management intensify sensitisation programmes given to beneficiaries before project implementation
- SPEED Management intensify initial monitoring / site visits.

#### **5.3.4.5 Conclusions**

The component on support to business instruments is seriously behind in implementation, and documentation of progress is limited, making evaluation of results difficult. Apparently, strong efforts in making donor harmonisation work have impacted unfavourably on progress in component implementation.

The IDEAS fund sub-component may have contributed to strengthening the institutional capacity of BDS service providers, but in general impact from component interventions appears to be limited. The socially and geographically balanced implementation intended has not been achieved and balancing commercial principles with development objectives in credit facilitation is necessary to achieve balanced implementation. Cross-cutting issues have so far been insufficiently mainstreamed into activities. Strengthening and formalising co-ordination between the SPEED programme and private sector interventions inside and outside Danida programmes is recommended by stakeholders and appears to have the potential for achieving synergies.

In particular the recommendation of the outgoing SPEED I team to: ‘Bring the project to the doorstep of prospective beneficiaries at the grassroots’ should be adhered to in order to achieve the objectives of the component.

<sup>62</sup> Ibid, p.20

Table 27: Summary of DAC-criteria assessment regarding business support instruments

<b>Criterion</b>	<b>Assessment</b>
Relevance	The component on support to business development instruments is part of the BSPS objective of forming an enabling environment for the business sector, leading to equitable growth and poverty reduction. The component is aiming at the same objectives as the PSDS and the GPRS, being therefore clearly relevant.
Effectiveness	The intermediate objective of the component is to achieve 'enhanced development of growth oriented MSMEs through socially and geographically balanced financial and non-financial support instruments', but very little information is available of the results achieved with regard to the development of individual enterprises. There is some indication – however, based on questionable reporting – that a considerable number of enterprises, including female owned enterprises, have been facilitated in their access to credit, but the development impact of this or of the increased supply of BDS offered to MSMEs, is not in any way monitored. Also, the instruments applied by the component are not found to be clearly socially and geographically balanced. Neither the size distribution of the enterprise target group nor the geographical spread of it has been systematically monitored; however, SPEED activities are known not to have been extended nationwide so far. Contrariwise, the lack of risk neutralizing incentives in SPEED credit facilitation may lead to crowding out of the socially and geographically most vulnerable enterprises. Interventions can not be assessed as effective.
Efficiency	Implementation of the component is seriously behind schedule, due to a large degree to extended efforts of donor harmonization, necessitating redesign of both the sub-components and of the full SPEED programme as well as protracted negotiations with potential donor partners about incompatible aid modalities. Delays are also caused by recurrent problems of reshuffling management and staff as well as by inefficient mixes of internal staff and external consultants.
Impact	Interventions by the IDEAS fund may have contributed to strengthening the institutional capacity of BDS service providers, in particular through the support to SBS Network.
Sustainability	Probably the institutional capacity developed by the IDEAS fund can only be sustained if consolidated in a nationwide workable network and supported by a PPP, honouring the principles of competitive and transparent BDS markets.
Cross-cutting Issues	Except for some indications of credit facilitation having been extended to a number of female owned enterprises, no information has been available regarding a specific focus on cross-cutting issues. However, in the redesigned SPEED II programme cross-cutting issues, including gender balance and HIV/AIDS are explicitly mainstreamed.
Coherence, Co-ordination, Complementarity	Strengthening and formalising co-ordination between the SPEED programme and other parts of Danida private sector interventions, including B2B programme and BSPS public and private sector components, may improve target group impact and exploit potential synergies in and between programmes.
Issues of Procedures, Administration and Management	The trade off between BSPS harmonisation and implementation was stressed by the JAR in June 2005, warning that the present bias towards harmonisation '...has made progress assessment difficult and that a result has also been that the progress of some sub-subcomponents is less than expected.' Further the JAR recommended, that 'The EoD (to) continue to support the harmonisation process. However, in the remaining part of the BSPS, focus is recommended to be on implementation aspects.' Apparently it has not been possible to follow this recommendation and the dilemma still exists.
Global Assessment	Support to business instruments was supposed to be implemented in a socially and geographically balanced way, but with limited geographical outreach of the component and with purely commercial based credit facilitation, not balancing commercial objectives with development objectives, the indication is that the social and geographical balance has not been achieved as yet in SPEED implementation. However, SPEED II implementation policy subscribes to such balanced implementation.

### **5.3.5 Business sector support: To what extent has Danida support contributed to increased benefits from the multilateral trading system and the globalisation process?**

The description in the BSPS Programme Document of the component on 'Better access to markets' was explicitly stated to be preliminary, pending discussions between GoG and DPs on the possibility of jointly developing a trade related assistance programme. The donors prioritized government ownership and therefore sat aside individual objectives and defined programmes, leading to a process initially developing a National Trade Policy and then, starting in 2004, the joint formulation of a Trade Sector Support Programme (TSSP), both with the support of DFID and Danida. The TSSP was launched by GoG in August 2005, about one year after the PSDS, and formally integrated as output 1 of this. Implementation started January 2006 as part of the pooled fund mechanism funding the PSDS. Due to this recent start of implementation no substantial outcomes could yet be expected to be ready for evaluation.

#### **5.3.5.1 Improved capacity of relevant ministries and agencies**

The leading principles of the National Trade Policy are summarized by underlining the private sector as the engine of growth and seeing the role of Government as provider of an enabling environment for trade. The MoTI is responsible for the implementation of the TSSP and since the merging with MoPSD in 2006 also for the full PSDS. The changes in responsibility, organisational set-up and procedures have clearly impacted on the pace of implementation.

The needed capacity development of MDAs has not progressed far. Ghana has continued to participate in international trade negotiations (e.g. World Trade Organisation (WTO), Economic Community of West African States (ECOWAS)) and has hosted the African Ministerial Conference on AGOA, but the budget for 'Negotiation-related Capacity building and Consultancy Assignments' - though released - has according to the latest PSDS Performance Assessment Report<sup>63</sup> not been expended. The Geneva Trade office has been equipped and procurement processes has commenced to equip all other trade offices, but less than 20% of the released budget has been expended by September 2007 and only 50% is expected to be used before the end of year. In essence, these activities were already reported in the December 2006 Progress Report of the RDE Business Unit<sup>64</sup>.

Additionally, work has been ongoing analysing and reviewing different kinds of trade related issues and legal reforms, including the Competition Bill, and setting up organisational and advisory structures, including the Tariff Advisory Board. Mostly work in progress, awaiting design and formulation by external consultants. Serious momentum seems yet to be lacking.

#### **5.3.5.2 Upgrading of the national standards institution**

The Ghana Standards Board (GSB) is the national institution responsible for standards. In 2006, the GSB has been restructured into commercial divisions for the testing and conformity assessment functions and core divisions, and technical experts have been recruited to assess the upgrading requirements of selected laboratories. A 5-year strategy to review standardization infrastructure in Ghana and draw up a national strategy has been developed by the GSB and is now being verified by a multi-stakeholder consultative group. Additionally, legal work on the Standards Bill and on the Food and Drugs Bill is in progress. Basically, a process of upgrading of the GSB and its services – commercial or

<sup>63</sup> PSDS Joint Review, 'Performance Assessment Report, Jan.-June 2007', 5 September 2007, p.11

<sup>64</sup> Ibid., pp. 22 and 59-60



otherwise – has been put on track, but serious momentum also in expended budgets has yet to be seen.

Stakeholder perception of the GSB appreciates recent improvement in performance, but maintains that it is still far from international standards:

*Box 12: Perceptions of GSB performance*

**'Art of the day' services lacking**

"They are expensive and often not able to explain changes in EU and other regulations or directives. They also may lack the needed accreditation. However, they appreciate the problems and do listen to private sector demands."

"The general lack of commanding 'art of the day' services at a reasonable price make exporters to find private service providers to do certification – if at all possible."

"There is a clear need for building technical service information, being up to date on new regulations in the important export markets."

"Enterprises are certainly aware of the needs for standards certification and the needed drive is there, but their demands can not be met by GSB at present."

*Source: Focus group meeting on private sector, 11 September 2007 Accra, Ghana*

### **5.3.5.3 Outreach for enterprise quality control and certification**

In its day to day work GSB is promoting fair trade and industrial practices through inspection and verifying of commercially used instruments and trading scales as well as through developing standards. Also, technical information is regularly disseminated to stakeholders.

Additionally, in the course of 2006 Enquiry Points for Sanitary and Phyto-sanitary and Technical Barriers to Trade questions have been set up and a guide book on these issues for exporters is under development with International Trade Centre (ITC) together with a software system to alert importers and exporters. Further, Quality Management training for SMEs is in the first stages of planning. However, no plans appear presently to exist for a comprehensive outreach and capacity development programme directed towards enterprise quality certification even though this will be of paramount importance for Ghanaian exporters to be internationally competitive.

### **5.3.5.4 Industrial policy strategy**

In 2006, the development of an industrial policy to guide implementation of Ghana's industrialization programme was included under the heading of 'production capacity' in the list of 10 thematic areas supported under the TSSP. Formulation of the industrial policy is still in the preparatory phase and, though a draft outline has been prepared together with a background paper, neither a strategic outline nor draft thematic paper(s) are presently available. Stakeholder's fora have been conducted to identify key policy issues and thematic areas. The overall objectives of the industrial policy are seen as 'clear and transparent guidelines for the implementation of Ghana's industrial development agenda', together with 'consistent and stable policy environment within which the private sector can promote industrial activities effectively and with certainty'. The industrial policy is thus developed in support of an enabling business environment in line with the PSDS and the GPRS. Formulation of the policy continues in 2007.

### **5.3.5.5 Conclusions**

After an impressive development of the National trade Policy and the TSSP 2004-05 jointly by GoG, DFID and Danida, the 'Access to Market' component has yet to gain serious momentum. The activities of the component form an important element in the drive for creating an enabling environment for business and improving the international competitiveness of the Ghanaian private sector. Therefore new momentum in the implementation process is needed through the initiative of the pooled fund donors.

Table 28: Summary of DAC-criteria assessment regarding better access to markets

<b>Criterion</b>	<b>Assessment</b>
Relevance	The component is output 1 of the PSDS and is thus, in line with both the National Trade Policy and the Industrial Policy under formulation, stressing the private sector as the engine of growth and the role of Government as the provider of an enabling environment. The component is clearly relevant.
Effectiveness	Implementation of the component was only initiated in 2006 and no outcome is yet to be expected.
Efficiency	Responsibility for implementation of the component is assigned with MoTI, which in 2006 took on the responsibility for the PSDS process too. Organisational and procedural changes have clearly delayed component implementation. However, initial work developing the National Trade Policy and the TSSP in 2004-05 with DFID and Danida support has progressed according to schedule and in an impressively efficient way, taking account of the magnitude of the task.
Cross-cutting Issues	The component is furthering an enabling environment for private sector enterprises engaging in trade and is thus contributing to enhancing good governance. Also, through cleaner production, quality certification and control the component contributes to environmental protection.
Coherence, Co-ordination, Complementarity	Though the agenda of the 10 TSSP thematic areas is already demanding related institutions like GSB and Customs Excise and Preventive Services (CEPS) are not part of the pooled fund mechanism, but special activities in the PSDS matrix. This is not logical, also considering that Industrial Policy is now included in TSSP. In order to avoid problems of co-ordination and missing synergies the content of the TSSP umbrella and the pooled fund may have to be reconsidered. Also harmonisation with Swiss State Secretariat for Economic Affairs (SECO) now providing funding support for GSB is needed.
Issues of Procedures, Administration and Management	The momentum of the TSSP under the pooled fund mechanism is presently not visible and may have to be regained in consultation with GoG.

### 5.3.6 Business sector support: Strengthening the Labour Market

The project document of component 5 was signed on 31<sup>st</sup> May 2006 for implementation to start 1<sup>st</sup> June. However due to recruitment problems implementation was delayed and therefore at the end of 2006 only about to begin.

Implementation of this intervention is thus outside the relevant evaluation period 1990-2006 and therefore not covered here.

## 5.4 Question 4: To what extent has Danish assistance contributed to the development of organisational and institutional capacity in the private sector and sustained improved performance of these in Ghana?

### 5.4.1 Private Sector Development Programme (PSDP)

This question is not relevant to the PSDP as it was designed exclusively to focus on commercial partnerships between individual enterprises. Capacity building took place in order to enhance competitiveness in partnership enterprises through technology transfer, training of staff or capital investments, but the programme was only facilitating commercial projects. Initial plans in the Ghana pilot phase 1993-96 of supporting enabling environment activities and contributing to the commercialisation of state-owned enterprises were shelved, when the programme became permanent in 1996. Since then organisational or institutional capacity building has not been part of the programme.



## 5.4.2 Business Sector Support Programme (BSPS)

### 5.4.2.1 Consideration, by Danida, of capacity building issues in policy dialogue, general and in individual sectors

The preamble to the BSPS programme document formulated jointly in 2003 by the GoG and Danida emphasizes ‘...the role of the private sector in reducing poverty’ in line with the overall GPRS. The BSPS pro-poor focus is stated to be in line with the GPRS and designed to create ‘equitable growth in production and employment achieved through development of a competitive and vibrant business sector’ based on its designed components, which are enumerated. Basically, all four components aim at the development of an enabling environment for the private sector through interventions, building capacity in both public and private sector institutions and organisations as well as indirectly in individual enterprises. Since the PSDS was launched in 2004 the BSPS capacity building in public sector MDAs has been integrated in the joint PSDS implementation process and the component / sub-components enhancing capacity development in private sector organisations have been monitored by the PSDS Oversight Committee. Joint reviews of the PSDS activities are conducted every 6 months.

Issues surfacing at the joint reviews are taken up bilaterally with concerned MDAs, e.g. the issue of capacity building for BLR at the MoJ and the fate of the BLD, which was raised in a meeting between the review team and the MoJ at the latest joint review September 2007. Otherwise, during the reviews implementing institutions and organisations are examined regarding capacity building developments.

### 5.4.2.2 Relative (strategic) importance given to capacity building measures in individual programmes and sectors and their success

Basically the whole of BSPS is concerned with capacity development through development of an enabling environment for private sector activities. Motivating the design of the BSPS the Programme Document summarizes the argumentation:<sup>65</sup>

#### *Box 13: BSPS approach to capacity development*

‘It is widely acknowledged that the current environment for business development in Ghana is difficult, hampering unfolding of the employment potential of the private sector. During the preparations of BSPS, the difficult circumstances of private business in the country were repeatedly highlighted. Some of the main obstacles identified are:

- Many laws and regulations are outdated, complex, overlapping or conflicting with each another;
- Administration of the laws is inadequate, caused by bureaucratic systems and administrative constraints;
- Lack of access to credit and capital is hindering the growth of especially micro and small enterprises;
- Lack of venture capital is difficult to obtain, hampering the further expansion of medium and large companies;
- Ghanaian enterprises find it difficult to penetrate the international and regional markets due to unfavourable international trade conditions and poor product quality;
- Inadequate infrastructure, especially unreliable service from public utilities, result in production losses and high production costs;
- Inefficient system for resolution of commercial disputes causing prolonged disagreements and uncertain settlements of the dispute
- Insufficient attention to research and development, training and retraining, and cost control.

BSPS has been designed with the intention to overcome some of above-mentioned constraints.’

The rationale for BSPS being thus capacity building and in particular training in public MDAs as well as in private organisations and at all levels of responsibility, there appears not to be an overall monitoring of the training activities of the programme. However, ad hoc

<sup>65</sup> Ibid., p.VI

estimated high scores of training courses and successful training activities are repeatedly stressed and lauded by stakeholders, be it the judges of the CC, associations supported by BUSAC or the PFIs and the service providers supported by SPEED. Some examples of success rates of the latter are reported in section 5.3.4.

#### **5.4.2.3 Relevance of capacity building measures to in-country needs**

The capacity building measures of the BSPS have either been part of the PSDS implementation process or been monitored and co-ordinated by its Oversight Committee. They have accordingly been fully relevant to the needs of Ghana.

#### **5.4.2.4 Progress in administrative and institutional reforms that aim at improved service delivery for the clients**

The improvements in public service delivery aimed at by the BSPS have progressed with different pace as already reported (section 5.3.2): The CC has been clearly successful in implementation, while the RGD is progressing although slowly and the public service reform and the access to trade component currently lack clear momentum.

A common problem for all of these reforms is the lack of decentralisation and the bias towards reforming client services in the Accra area. Also, a major and repeated query of the MDAs is the complicated procedures of procurement that together with the not yet established decentralised financial management stipulated in the pooled funding MoU are delaying implementation.

For some of the reforming institutions there is a problem of revenue retention, implying that retained revenue is not sufficient for covering incurred costs. The CC is allowed to retain only 15 % of fees, but would need 40% to cover costs. The RGD is allowed to retain 20%, which is neither sufficient to break even. For both there is thus a threat of the sustainability of reforms.

#### **5.4.2.5 Improved quality of service delivery**

In the Accra area service delivery has clearly improved, which is unanimously confirmed by the perceptions of stakeholders reported in section 5.3.2 above. Outside the capital not much seems to have changed, although BUSAC activities have meant some improvement in advocacy capacity also of business associations in other regions.

### **5.4.3 Conclusions**

As a programme BSPS is basically aiming at capacity development, forming an enabling environment for private sector activity in Ghana. Implementation of the programme has been progressing with different speed for individual components, meaning that some, like the CC and BUSAC, appear to have already contributed to improved capacity, while others are seriously delayed in implementation and therefore not contributing significantly yet. For all of BSPS capacity development on a decentralized level is less than optimal.

*Table 29: Summary of DAC-criteria assessment regarding development of organisational and institutional capacity in the private sector*

<b>Criterion</b>	<b>Assessment</b>
Relevance	The capacity building measures of the BSPS have either been part of the PSDS implementation process or been monitored and co-ordinated by its Oversight Committee. As such they are also fully in line with the GPRS and its implementation. They have accordingly been fully relevant to the needs of Ghana in regard of capacity development..
Effectiveness	Due to delays in implementation some components have not yet been able to report on results, while in particular the CC and BUSAC have been successful with regard to capacity development. The differences in implementation speed thus make a mixed

<b>Criterion</b>	<b>Assessment</b>
	picture of outcomes which can not be assessed as effective.
Efficiency	Implementation has progressed with major delays in some activities due mainly to efforts of alignment and harmonisation. Also issues of organisational policies, like the marginalisation of the BLD in the MoJ, have reduced efficiency. On the other hand the CC capacity development is an example of clearly efficient implementation.
Impact	The CC and the BUSAC interventions are probably contributing to impact on capacity development
Sustainability	Sustainability of the CC reform is threatened unless cost coverage in current revenues is allowed. With regard to the BUSAC capacity building in BATUBMs sustainability will depend on, whether commercial viability of activities in relation to members are successfully created.
Cross-cutting Issues	The gender balance in capacity development is in focus of BUSAC activities and capacity building for improved public service delivery is essential in support of good governance. However, in general a need for mainstreaming cross-cutting issues into capacity building activities exists.

## **5.5 Question 5: How appropriate were the aid modalities / support and funding methods used by Danish assistance in the private sector?**

### **5.5.1 Private Sector Development Programme (PSDP)**

The aid modality of the PSDP is extraordinary in three ways, which makes it incommensurable with other Danida interventions:

- Funding is tied to a qualifying partnership with a Danish enterprise
- Funding is targeting fully feasible commercial project and support must, nevertheless, comply with market conditions
- Danida is only facilitating, not implementing projects

As already shown in the narrative above of the historical developments of the PSDP, these special features have made it difficult both to co-ordinate the programme with other Danida private sector activities in Ghana and to find the appropriate administrative and organisational set-up for the programme, at the RDE in Accra as well as at the MFA in Copenhagen. The aid modalities has very much made the PSDP a stand alone programme with few links to other interventions in the private sector – be it by Danida or by other donors - and little dialogue about strategies and policies with GoG. The PSDP has neither been aligned nor harmonised.

In addition, the role of facilitators of the PSDP staff with no implementing responsibility and influence – a ‘hands off-situation’ with regard to the commercial issues of the projects - has contributed to the difficulties of documentation of results.

Recently, however, the programme has been redesigned and integration with other Danida private sector instruments is now the aim of the B2B programme. This cohabitation, in particular also involving the BSPS, is shaping up at the RDE in Accra, where in 2006 the co-ordination responsibility was taken over by a newly formed Business Unit now integrating the private sector related staff also through weekly meetings. However, still a strategy and an action plan is needed in order to overcome the basic differences in programme design and not least in aid modalities.

### **5.5.2 Business Sector Programme Support (BSPS)**

#### **5.5.2.1 Level of achievement of objectives and induced sustainable impacts by aid modality**

In implementation of the BSPS both direct funding and sector budget support have been used as aid modalities. At least five different modalities can be identified:

1. Direct funding to the implementing – public and semi-public - unit (e.g. initially BLD, CC and ‘market access’ component)
2. Direct funding, Danida holding the implementation contract for an ordinary project / challenge fund with a consultant company (IBP and initially BUSAC)
3. Direct funding with donor partners together holding the implementation contract for a challenge fund with a consultant company (BUSAC)
4. Direct funding through a donor partner, holding the implementation contract with a consultant company (SPEED)
5. Earmarked sector budget support (‘pooled funding’) with other donors (PSDS integrated parts of BSPS)

None of these different modalities have been without complications:

- Direct funding to the implementing unit has worked well, when the unit has had sufficient autonomy (e.g. the CC), but in the case of the BLD the organisational set-up in the MoJ was unclear and the intervention aborted.
- Experiences with Danida holding the implementing company contract have been reasonably good, but involved some problems of staffing and quality control in the initial phases of BUSAC.
- The two cases of direct funding with donor partners have been seriously complicated and involved protracted negotiations before reaching agreement on joint MoUs. Problems have been encountered both in relation to intervention design (conflicting log-frames, commercial vs. development principles) and with regard to disbursement issues (e.g. holding of contract). In both cases also recurrent problems of staff reshuffling have incurred. Solving these problems has caused considerable delays in implementation, in particular with SPEED.
- Also the ‘pooled funding’ modality has met with problems and is assessed to be fragile. The PSDS budgets of MDAs are not properly integrated in the MTEF, decentralised financial management with MDAs is not implemented and the Controller and Accountant General’s Department (CAGD) responsible for the pooled funding mechanism is not performing according to set standards. In the latest joint review of the BSPS the situation is summarized as follows: ‘Presently, the main risk of programme implementation is associated with the non-performance of the pooled funding mechanism under PSDS. Implementation of recommendations in this regard will need careful monitoring by the pooled fund donors including the Danish embassy.’<sup>66</sup>

### **5.5.2.2 Assessment of modalities applied by Danish assistance by Ghanaian Government, civil society and other partners**

In general, Danida aid modalities and assistance approach are favourably assessed and DPs find Danida to be very co-operative although sometimes restrained by formalities like the need to earmark budget-lines in the PSDS pooled funding. The Danida drive for alignment and harmonisation is lauded, but also it is observed that staffing at the RDE is low in number and often seriously strained in regard of the task to shoulder.

Among civil society stakeholders also Danida aid modalities are generally appreciated, but concern is raised regarding sustainability of interventions:

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<sup>66</sup> Danida, RAM – Second Review of Business Sector Support (BSPS) September 2007, Ghana, executive summary

**Box 14: Perceptions of Danida aid modalities: Sustainability****Sustainability?**

"I think Danida essentially provides funding for private sector programme which is quite commendable but I have always wondered if Danida is concerned about the sustainability of the activities. I think Danida does not concern itself principally with sustainability."

"I think for me I see Danida as assisting in both the private and public sector. My earlier involvement with them had to do with the pilot phase of decentralisation programme together with DFID. They tried to address so many issues, private sector issue. The point to note is that they do not follow up on the sustainability of the project."

*Source: Focus group meeting on private sector, 11 September 2007 Accra, Ghana*

**5.5.2.3 Appropriateness of combination of modalities to national policy and institutional context**

The design of the BPS implies that interventions are made at the macro- and meso level and only indirectly at the micro level. Recognizing that according to the Programme Document: 'The principal target group for the BPS is established micro, small and medium-sized enterprises with perceived growth potential'<sup>67</sup> this indirect link to the target group makes the balance between interventions at different levels essential and therefore in particular underlines the need for programme monitoring and co-ordination. At various stages of implementation this challenge has been very visible, stressed by the first JAR of June 2005 (cf. section 4.2) and later reiterated by the Danida TAS participating in the third Joint Review (JR) February 2007:

'All recommendations in Review Aide Memoire (RAM) 2005 have been revisited together with BPS Co-ordinator during the mission and should be followed up wherever relevant. This is particularly important for the recommendations regarding monitoring- and reporting system in relation to the BPS immediate objectives.

Danida is co-operating with other donors in a number of BPS components including PSD, SPEED and BUSAC. Examples of lack of co-ordination, and of different agendas among different donor agencies have posed challenges to the donor co-operation. Especially the co-operation under PSD and SPEED should be followed closely (ref. below).'<sup>68</sup>

The issue of targeting the right beneficiaries through BPS interventions is clearly a concern of the stakeholders:

**Box 15: Perceptions of Danida aid modalities: Targeting the right beneficiaries?****Targeting the right beneficiaries?**

"I had the sense that Danida focuses more on systemic issues that is cross-cutting that is things that will bring benefits everywhere e.g. business code, business registration etc. They do not focus on sub sector issues as in the case of USAID. It is not sector based issues."

"Sector programs are also important. Not to limit yourself to the systemic issues as there are some sub sector issues which also need to be addressed. Danida takes care of general program and other agencies take care of the sub sectors so it is not seen as a situation of one against the other.

"My problem is those that the service is directed to, who are those who get the chance to be involved with Danida programs... That is the problem. If you invite the chief executives here, if he does not pass it on, it becomes a program in his office. How do we ensure that the people who need the services benefit from that? So the question is how can it benefit the people who need the services? I think about 80% of them do not get the benefit."

*Source: Focus group meeting on private sector, 11 September 2007 Accra, Ghana*

<sup>67</sup> Ibid, p.39

<sup>68</sup> Danida, TAS, 'Notes from TAS participation in Third PSD Joint Review and BPS consultations, 5.-9. February 2007, Ghana', p.2



Also the recommendation in September 2006 of the outgoing SPEED I team is indicating the problem of reaching out to the BSPS target group: 'Place emphasis on bringing the project to the doorstep of prospective beneficiaries at the grassroots.' (cf. section 5.3.4.4).

BSPS implementation, however, also has put considerable effort into trying to make interventions at different levels support each other through proper sequencing. To some degree sequencing was initiated before the start of the BSPS, e.g. through support for the CC, the BLD and the NDPC through the RDE small grants authority, and after the start of the BSPS it has in particular taken place through support for development of the National Trade Policy and the TSSP, forming the basis for the present output 1 of the PSDS. Starting with policy dialogue and offering TA in preparation and support of capacity building such sequencing has formed an appropriate combination of modalities and contributed to improved implementation.

#### 5.5.2.4 Conclusions

The aid modalities of the PSDP was an important factor in making this assistance a stand alone programme, neither aligned nor harmonised with private sector activities of government and other DPs, but also to a large degree separated from other Danida assistance to Ghana. This less appropriate design of the programme and its modalities is now in the process of changing.

For the BSPS the varied and changing aid modalities have been impacting adversely on implementation pace and quality of results, but at the same time this is an indication of the significant and laudable effort put into the challenge of the process of alignment and harmonisation in Ghana private sector interventions by BSPS programme staff. The balance between alignment and harmonisation efforts on the one hand and implementation needs on the other is not easy to strike and may be even more difficult when resources are scarce.

However, BSPS implementation is faced with the problem of implementing such aid modalities that can ensure outreach to the foreseen target group of MSMEs and sustainability. Further, and in particular the pooled funding mechanism is seen as the main risk to the programme to such a degree that the RAM of September 2007 recommends: "No additional funds should be transferred by Danida to the pool until and unless implementation of PSDS activities under the pooled funding mechanism picks up momentum."<sup>69</sup>

*Table 30: Summary of DAC-criteria assessment regarding aid modalities used in Danida support to private sector*

<b>Criterion</b>	<b>Assessment</b>
Relevance	With regard to the PSDP aid modalities have contributed to making the programme a stand alone activity with little dialogue and reference to GoG strategies and policies for private sector development. The aid modalities have thus been less relevant. The working of the redesigned programme (B2B) in this respect has yet to be seen. The aid modalities of the BSPS have contributed significantly to the implementation of the PSDS process and the donor harmonisation in support of private sector development in Ghana and have thus been clearly relevant.
Effectiveness	Aid modalities of the PSDP have reduced the possibility of documentation of programme results and contributed to the difficulties of achieving objectives. Varied and changing aid modalities of the BSPS have been an important factor in delaying implementation and reducing quality and quantity of achieved results, thus making implementation less effective than expected.

<sup>69</sup> Ibid., executive summary

Efficiency	The PSDP aid modalities, to the degree they have been followed, are both very demanding in establishing qualified partnerships and represent unsolved conflicts between commercial integrity, market conformity and development support. This will reduce implementation efficiency. Varied and changing aid modalities of the BSPS, to a large degree due to efforts in alignment and harmonisation, have slowed down implementation speed and reduced efficiency. The pooled funding mechanism has not worked properly, which is also impacting adversely on efficiency and now even presenting a risk to programme implementation.
Impact	Reaching foreseen BSPS target groups of MSMEs may require new and / or different mix of aid modalities, in particular with regard to SPEED interventions balancing commercial principles with development concerns.
Sustainability	Follow-up on BSPS interventions through monitoring and mentoring may need changes in aid modalities in addition to allocation of adequate resources.

## 5.6 Question 6: To what extent were cross-cutting issues and priority themes duly considered in Danish assistance to the private sector?

### 5.6.1 Private Sector Development Programme (PSDP)

This question is not relevant to the PSDP as cross-cutting issues were apparently never mainstreamed into programme implementation. The only exception is with regard to environmental measures as the programme included an environmental facility allowing a grant of up to 90% of the project costs for environmental provisions. Every project has been subject to an environmental impact assessment. Detailed information of the use of this facility has, however, not been available to the Evaluator.

In 2006, with the introduction of the B2B programme, new instruments were introduced, including grants of up to 90% of expenses (max. DKK 250,000) with regard to CSR activities. This will, in addition to the environmental facility, allow cross-cutting issues like gender balance, good governance and HIV/AIDS to be supported under the programme. This change is, however, made in the last year of the evaluation period and no results are yet available.

### 5.6.2 Business Sector Programme Support (BSPS)

The joint preamble by GoG and Danida to the BSPS Programme Document makes an indication of the focus of the programme regarding cross-cutting issues by stating: 'Equal rights and access of women and men as well as strengthening of good governance through introduction of ethical codes of conduct are important concerns of BSPS.' There is no mentioning of environmental concerns.

However, even this limited weight on cross-cutting issues is not clearly visible in the main text of the Programme Document, leading the JR of September 2007 to conclude: 'In relation to cross cutting issues the BSPS programme documents appear relatively weak. Cross-cutting issues are completely absent from the BSPS Programme Document, Component 3 Description and Component 5 Description, and are scarcely mentioned in Component 2 Description<sup>70</sup>. In spite of this, there are numerous opportunities for incorporating and mainstreaming cross-cutting issues in the BSPS programme that should not go unexploited.'<sup>71</sup>

In 2006, some of these shortcomings in relation to cross cutting issues have been sought redressed by component redesign, e.g. SPEED II, or by inclusion of relevant indicators in

<sup>70</sup> Very few gender sensitive indicators have been included in these documents, e.g. number of women owned enterprises and percentage of women receiving credits.

<sup>71</sup> Ibid., p.17

the reporting matrix. These changes are, however, made so recently that no results are yet available.

### **5.6.3 Gender as a cross-cutting issue**

As already mentioned (section 5.3.3) the BUSAC Fund reports regularly on the gender balance of its activities and has estimated that about ¼ of its supported projects are either female owned / dominated enterprises or are for a small percentage enterprises with equal representation of men and women. However, even for the BUSAC Fund the September 2007 joint review recommended that ‘a gender focus be more vigorously pursued’.

The GHBC aiming at improved business practices lists important principles of gender balance and protection of female employees, including equal pay, non-discrimination also in case of pregnancy, maternity as well as paternity leave and no sexual harassment in the work place. However, presently only 30 enterprises have signed up for the GHBC and no enterprise is yet certified according to the code.

### **5.6.4 Environment as a cross-cutting issue**

Principle 8 of the GHBC states: ‘Businesses should undertake initiatives to promote greater environmental responsibility’ and goes on committing its subscribers to cleaner production, safe handling of dangerous materials and cleaning-up, when closing down production.

Otherwise environmental issues are addressed in the labour market component where both external and internal environmental impact is included. However, the component has only started implementation in 2007 and accordingly is outside the 1990-2006 period covered by this evaluation.

The September 2007 joint review underlined that: ‘Environmental issues are an integral and important part of business sector development and should be addressed at the level of both Government and private sector.’

### **5.6.5 Good governance as a cross-cutting issue**

A major part of BPS interventions are supporting the development of good governance, either through the reforms and capacity building in public sector MDAs, in the Judiciary or through the development of improved business practices like the GHBC and enhancing private sector advocacy skills and the forming of public-private dialogue through BUSAC, all together aiming at an enhanced enabling environment for private sector activities. The sub-component supporting the reform activities of the MoPSR is in particular dealing with the relationship between business clients and the MDAs providing public services in order to make public administration more efficient and transparent.

Except for the CC, these interventions have not yet produced clear results improving good governance and further, all of them – including the CC - are concentrated in the capital area. Presently, also implementation has lost momentum due to the problems of making the pooled funding mechanism work properly.

In the case of the CC the intervention was prepared through a feasibility study (cf. section 5.3.2.5 above) of the establishment of a CC in Ghana along the lines of the Tanzania model, funded by the RDE, Accra through its small grants authority. All through implementation of the CC intervention focus has been on efficiency, reliability and transparency in solving commercial disputes also introducing arbitration, mediation and other kinds of ACR.



### 5.6.6 Human rights and democracy as cross-cutting issues

Private sector representatives are increasingly included in public-private dialogue about matters of importance to private sector development. In the Oversight Committee of the PSDS representatives of the private sector are now taking part in the monitoring of the implementation process, including on all BSPS activities.

Also, the GHBC as its fifth principle states: 'Business should make sure that they are not complicit in human rights abuses.'

However, also due to its design, working on the macro- and meso level mainly, the BSPS are not directly involved in HR interventions.

### 5.6.7 HIV/AIDS as a priority theme

In the GHBC provisions against discrimination caused by HIV/AIDS are included in its sixth principle and subscribers to the code are refraining from asking job applicants about their HIV status. Otherwise, the redesigned Speed II component is explicitly mainstreaming HIV/AIDS issues into the promotion of its new business service instruments.

The September 2007 joint review, however, found: '... there are still a number of opportunities in BSPS to increase awareness about HIV/AIDS including training programmes, awareness campaigns etc. These opportunities should be exploited by the BSPS implementing partners.'

### 5.6.8 Conclusions

In general the BSPS focus on cross-cutting issues is rather weak and only recently have efforts been made to deal with the major short-comings. The reason for this lack of emphasis on cross-cutting issues may to some degree depend on the basic programme design, operating on macro- and meso level and only indirectly at micro level. However, even within this constraint, un-exploited opportunities exist as also indicated by the recommendation of the September 2007 joint review: 'Cross-cutting issues with special emphasis on gender, as well as information and awareness of HIV/AIDS should be more vigorously pursued by the BSPS implementing partners.'

*Table 31: Summary of relevance and effectiveness regarding cross-cutting issues*

<b>Criterion</b>	<b>Assessment</b>
Relevance	Implementation of cross-cutting issues has not been in focus of the BSPS, but the interventions made are relevant and in line with the formulation of the joint GoG and Danida preamble to the BSPS Programme Document.
Effectiveness	Even though the Programme Document did not emphasize cross-cutting issues programme implementation might have mainstreamed more cross-cutting issues into its activities. The results so far have not been effective.

## 6 Summary assessment, related to the DAC criteria

Table 32: Summary assessment of Danida support to the private sector related to DAC criteria

Criterion	Assessment
Relevance	<p><b>The Danida objective of enhancing economic growth in Ghana through private sector support was obviously relevant</b> as contributing to the economic policy strategy of both GoG and the donor community, in particular SAP of WB / IMF and later GPRS I and II as well as the MDGs.</p> <p>Support for <b>the financial sector</b> (until 2001) was initially aligned with the ERP of GoG and then later on with both Vision 2020 and with the GPRS I in their weight on economic growth and poverty reduction in rural areas. It was <b>highly relevant</b> both with regard to alignment with national policies and strategies, supporting in particular financial development in rural areas, but also in harmonising with other donors and in preparing the platform for the RFSP sponsored by International Fund for Agricultural Development (IFAD), International Development Agency (IDA) and African Development Bank (AfDB).</p> <p>The alignment of <b>the PSDP</b> with GoG policies was less clear, though the initial programme components of ‘enabling environment’ and ‘privatisation of SOEs’ did coincide with GoG economic policy objectives. However, at the end of the pilot phase both of these were discontinued. Except for supporting private sector development as such the BtB component was not aligned and a policy dialogue with Ghanaian authorities or donors was apparently not attempted. Recently (2006), the programme has been redesigned, but still working with modalities that make alignment and harmonisation complicated and will need further Danida strategic and practical guidance towards local staff. The programme has in the period of evaluation been <b>relevant</b>, but the <b>aid modalities</b> chosen have meant <b>somewhat less relevance</b>, making it very much a stand alone programme.</p> <p><b>The BSPS</b> has from even its preparatory stages and through the whole of its implementation been fully aligned with GoG strategies, policies and procedures. Its public sector components have been integrated in the PSDS implementation process and the private sector components are monitored and co-ordinated by the PSDS Oversight Committee. Also components are as far as possible harmonised with other donor activities and huge efforts have been put into this process by BSPS staff. The programme as such is <b>highly relevant</b>.</p> <p><b>Individual components</b> are all <b>clearly relevant</b>, but even though they are individually harmonised, mutual co-ordination is not optimal and overlapping or loss of synergies appear to exist, calling for cross-harmonization activities.</p> <p>The <b>capacity building</b> measures of the BSPS have either been part of the PSDS implementation process or been monitored and co-ordinated by its Oversight Committee. As such they are also fully in line with the GPRS and its implementation. They have accordingly been <b>fully relevant</b> to the needs of Ghana in regard of capacity development.</p> <p>The <b>aid modalities</b> of the BSPS have contributed significantly to the implementation of the PSDS process and the donor harmonisation in support of private sector development in Ghana and have thus been <b>clearly relevant</b>.</p> <p>Implementation of <b>cross-cutting issues</b> has not been in focus of the BSPS, but the interventions made are <b>relevant</b> and in line with the formulation of the joint GoG and Danida preamble to the BSPS Programme Document.</p>
Effectiveness	<p>Overall <b>effectiveness</b> of Danida support to the private sector has varied significantly and has been <b>reduced</b> in some instances due to depressed economic circumstances, difficulties of donor harmonisation and aid modalities not conducive to results.</p> <p>All outputs of the first two phases of support to <b>the financial sector</b> were achieved effectively, while in the third phase the outcome was unclear and depending on the activities and results of the Ghanaian institutional management, which makes the overall assessment of <b>effectiveness unclear</b>.</p> <p>Effectiveness of <b>the PSDP</b> in the period can be questioned due to the rather low rate of mutual, long-term partnerships established – also low compared to other</p>

Criterion	Assessment
	<p>programme countries – a major reason probably being the depressed business climate in Ghana for a large part of the period. However, even in later years with more vibrant economic circumstances results have been dwindling and the programme less effective in achieving its objectives. The PSDP has until recently (2006) been executed in isolation from other private sector activities, implying that neither cross-cutting issues has been given due attention – with the exception of environmental concerns – nor have potential synergies with other Danida business instruments been exploited. This has obviously reduced the effect of the PSDP in achieving its intermediate objective and until recently made it <b>somewhat less effective</b>.</p> <p><b>The BSPS</b> implementation has suffered from delays in implementation, varying considerably over the different components, but in general seriously impacting on achieved results. Efforts in alignment and donor harmonisation have been major reasons for the delays. Interventions with regard to the CC have been successful in improving commercial conflict resolution and introducing ADR procedures and have thus been clearly effective. Also, the BUSAC Fund has been effective in strengthening the advocacy capacity of the private sector and achieving visible influence, while at the same time enhancing the quality of the public-private dialogue. On the other hand SPEED interventions can not be assessed as effective and the lack – so far - of risk neutralizing incentives in SPEED credit facilitation may lead to crowding out of the socially and geographically most vulnerable enterprises. With regard to <b>capacity development</b> the differences in implementation speed makes a <b>mixed picture</b> of outcomes which can not be assessed as effective. Varied and changing <b>aid modalities</b> of the BSPS have been an important factor in delaying implementation and reducing quality and quantity of achieved results, thus making implementation <b>less effective</b>.</p> <p>Even though the Programme Document did not emphasize <b>cross-cutting issues</b> programme implementation might have mainstreamed more cross-cutting issues into its activities. The results so far have <b>not been effective</b>.</p> <p>BSPS achievements in <b>effectiveness</b> has thus been <b>mixed, but less than expected</b></p>
Efficiency	<p>In general support to <b>the financial sector</b> was <b>implemented efficiently</b>, but unforeseen circumstances in Ghanaian institutional policies reduced efficiency of the third phase.</p> <p>Implementation of <b>the PSDP</b> in Ghana went initially through a pilot phase, explicitly stressing the ‘investigative’ nature of the activities and thus not geared to efficiency. In the subsequent ordinary phase it was seen that some projects only lived for a short while, involving funds spent and investments made, in vain. Also, the criteria for accepting partnerships have been used very ‘flexible’ and the loan facility has been administered in a most generous way, frustrating later efforts in retrieving outstanding debt and thus realizing a very high grant percentage in spite of declared principles. However, for those main partnerships established survival rates of Ghanaian companies have been rather high, indicating successful technology transfer and capacity building for individual enterprises. The adequacy of facilitating staff in monitoring and mentoring partnership projects has been questioned; however, a thorough investigation of efficiency is not available, making assessment <b>unclear</b>.</p> <p>Implementation of <b>the BSPS</b> has been dominated by the huge and basically laudable efforts put into the process of alignment and harmonisation of support to the Ghanaian private sector by the programme staff. This has in periods tended to crowd out ordinary implementation activities and is a major reason for the serious, although varied delays experienced in BSPS component implementation, raising the dilemma of ‘timing’ of such efforts, while in the longer run it is supposed that these efforts will pay off. BSPS programme staff is generally lauded for its commitment and flexibility by DPs and stakeholders, but also the general lack of sufficient staffing resources is a general observation probably adding to the impasse in balancing harmonisation and implementation of BSPS activities and thus leading to <b>less efficiency</b> in implementation.</p>
Impact	<p>With regard to <b>the financial sector</b> support to the established National Banking College and the capacity building in the banking sector as such, incl. BoG and ARB</p>

Criterion	Assessment
	<p>are identifiable impacts.</p> <p><b>The PSDP</b> in Ghana has succeeded in achieving its immediate objective of enhancing partnerships between Ghanaian and Danish enterprises and the Ghanaian partners have on average clearly benefited from the programme. The impact resulting from the PSDP is, however, <b>mixed</b>, indicating rather positive results with regard to technology transfer and capacity building of individual enterprises, but showing the contribution of the PSDP to strengthening the private sector development in Ghana to be low. Prospects of achieving 2008 targets of the Country Strategy appear not to be promising.<sup>72</sup> It was not until the introduction of B2B (2006) part of the programme objectives to achieve direct impact on poverty reduction.</p> <p>Impact of <b>BSPS</b> implementation is in particular found in relation to the success of the CC, which has contributed to strengthening the legal and judicial environment for business. However, this likely impact on the business environment is exclusively felt in the Accra region. The BUSAC interventions have probably contributed to enhancing public-private dialogue, thereby strengthening a Ghanaian business culture resorting to dialogue rather than to power struggle. Still, however, also BUSAC interventions are concentrated in mainly Accra and Ashanti regions and have yet to reach out more strongly to the rest of the country. Further, Interventions by the IDEAS fund may have contributed to strengthening the institutional capacity of BDS service providers, in particular through the support to SBS Network. At the same time reaching out to foreseen BSPS target groups of MSMEs may require new and / or different mix of aid modalities, in particular with regard to SPEED interventions balancing commercial principles with development concerns. Whether SPEED II will achieve this has yet to be seen. <b>Impact</b> of the BSPS has so far been <b>rather low</b> and only parts of the 2008 targets of the Country Strategy appear to be achievable.<sup>73</sup></p>
Sustainability	<p><b>Sustainability of the financial sector</b> interventions seems likely with the consolidation of the ARB Apex Bank, the strengthening of the ARB and the further institutional liberalisation of the Ghanaian banking sector.</p> <p>Sustainability has been <b>mixed for the PSDP</b>, having quite high percentages of cancellations and forming rather few main projects. The main projects actually established, however, show a relatively high rate of survival of involved enterprises and may thus have some – although limited – lasting impact.</p> <p>The <b>BSPS</b> intervention of the CC is solidly anchored in the Judiciary Service of Ghana, but it is presently not financially autonomous as it is only allowed to retain 15% of its fees, while 40% retention is needed for covering its costs. As for the BUSAC Fund the strengthening of the business advocacy culture and of public-private dialogue is of a non-institutionalised nature and could therefore not be expected to be sustainable in the present form. However, more formalised representation of the business sector in advisory bodies and in dialogue fora may lead towards sustainability. Basically sustainability will depend on, whether</p>

<sup>72</sup>Targets for Programme for Co-operation between Ghanaian and Danish Companies (PS Programme):

- Projects started in all of Ghana's 10 regions by 2008.
- By 2008, 50 % of new projects add value to natural resources through processing.
- 50 projects created between 2004-8, comprising 30 mainstream projects and 20 Start-Up projects
- At least 1,500 direct jobs created between 2004-8'

Danida. 'Ghana-Denmark Partnership', Strategy for Development Co-operation 2004-2008; 2004, p.30.

<sup>73</sup> 'Targets for the Business Sector Support:

- Duration of registration of new businesses significantly reduced to 2-3 business days by 2008.
- Duration of commercial dispute resolution in Court reduced to an average of 70 days by 2008.
- By 2008, 75% of businesses consider the public administration service-minded towards business.
- By 2008, employment in formally registered MSMEs increased by 20% and the share of women-owned enterprises increased by 10%.
- Throughout the period, growth of non-traditional exports increased by 15% annually.'

Ibid, p.30.

<b>Criterion</b>	<b>Assessment</b>
	commercial viability of activities in relation to members of BATUBMs are successfully created. Probably the institutional capacity developed by the IDEAS fund (SPEED) can only be sustained if consolidated in a nationwide workable network and supported by a PPP, honouring the principles of competitive and transparent BDS markets.
Cross-cutting Issues	<p>In particular in its phase 3 <b>the financial sector</b> support had a clear gender focus by targeting the poorest and least organized groups in rural areas.</p> <p>In <b>the PSDP</b> cross-cutting issues were apparently never mainstreamed into programme implementation. The only exception is with regard to the grant facility supporting environmental measures.</p> <p>In general <b>the BSPS</b> focus on cross-cutting issues is rather weak and only recently have efforts been made to deal with the major short-comings. The reason for this lack of emphasis on cross-cutting issues may to some degree depend on the basic programme design, operating on macro- and meso level and only indirectly at micro level. However, even within this constraint un-exploited opportunities exist</p>
Coherence, Co-ordination, Complementarity	<p>Very <b>few attempts</b> have been made to <b>exploit synergies</b> between the three private sector projects / programmes. This is partly due to the extraordinary aid modalities of the <b>PSDP</b>, making this assistance a stand alone programme, neither aligned nor harmonised with private sector activities of government and other DPs, but also to a large degree separated from other Danida assistance to Ghana. However, also with regard to <b>the BSPS</b> the strong and not successfully balanced focus on harmonization vis-à-vis implementation has downgraded the focus on co-ordination and possible synergies in spite of the recommendation of the June 2005 joint review to focus on achievement of immediate objectives and synergies (cf. section 4.2). Recently, in the spring of 2007, initiatives are taken by programme staff to overcome these shortcomings. Additionally, the pooled funding mechanism has not worked properly, which is also impacting adversely on co-ordination and synergies and is now even seen as presenting a risk to programme implementation.</p>
Issues of Procedures, Administration and Management	<p>The <b>PSDP</b> aid modalities, to the degree they have been followed, are both very demanding in establishing qualified partnerships and represent unsolved conflicts between commercial integrity, market conformity and development support. This will reduce implementation efficiency.</p> <p>With the forming of the Business Unit at the RDE in 2006 integration with other Danida private sector instruments is now the aim of the B2B programme. This cohabitation, in particular also involving <b>the BSPS</b>, is shaping up at the RDE in Accra, where in 2006 the co-ordination responsibility was taken over by the Business Unit now integrating the private sector related staff also through weekly meetings. However, still a strategy and an action plan is needed in order to overcome the basic differences in programme design and not least in aid modalities. Also the possible integration of the completely separated M&amp;E systems and the separate reporting procedures should be reviewed.</p>
Global Assessment	<p>Danida <b>support</b> to the private sector in Ghana has been <b>very timely and implemented by the programme staff with great commitment, flexibility and respect for the agreed principles of international development assistance</b>. Also, staffing resources have for longer hauls been severely strained by larger responsibilities than usual by other DPs. The main part of the programme in support of the private sector is placed in recent years, where efforts in alignment and harmonisation have been in the forefront, meaning that major impact is still to be seen.</p> <p>A major challenge to the implementation of Danida private sector support in Ghana is to overcome the separation of interventions on micro and macro-/meso level and ensure that information and guidance is automatically available to managers and / or clients, exploiting that the B2B programme has a unique link to individual enterprises and the BSPS is strong in institutional and organisational capacity building and forming of the enabling environment for private enterprises.</p>



## 7 Overall Conclusions and recommendations

Based on the assessment made, the following table summarises major conclusions and recommendations of the evaluation team related to Danida's private sector support to Ghana.

*Table 33: Summary of conclusions and recommendations*

	<b>Conclusion</b>	<b>Recommendation</b>
1.	A major challenge to the implementation of Danida private sector support in Ghana is to <b>overcome the separation of interventions on micro and macro- / meso level</b> and ensure that information and guidance is automatically available to managers and / or clients of the programmes. Presently, available information at micro level (B2B) is appreciated and used ad hoc on macro level - not systematically and through organized programme channels.	Danida may exploit that the B2B programme – and other commercially linked business support instruments - has a unique link to individual enterprises, while the BSPS is strong in institutional and organisational capacity building and forming of an enabling environment for Ghanaian private enterprises. A further development of the RDE Accra, Business Unit, through a 'tool box' strategy, action plan and mutual linkage of the separate M&E systems for Danida private sector programmes is needed.
2.	The <b>PSDP aid modalities</b> , to the degree they have been followed, are both very demanding in establishing qualified partnerships and represent <b>unsolved conflicts</b> between commercial integrity, market conformity and development support. These problems at the time of evaluation still exist with the redesigned B2B programme, reducing implementation efficiency and complicating co-ordination with other private sector instruments presently.	In order to establish further alignment and harmonisation of the B2B programme, more detailed and centrally provided guidelines for overcoming conflicting principles between programme modalities are needed as well as guidance in how to co-ordinate with in particular the BSPS interventions, when local staff is only facilitating and not implementing the B2B projects.
3.	<b>Documentation</b> of the results of the Ghana <b>PSDP</b> has been <b>insufficient</b> throughout the life of the programme and still is. Centrally issued instructions in 2003 to establish a system of 10 indicators were never acted upon – apparently neither in PSDP Ghana or elsewhere – but in 2006 global reporting through 5 centrally managed performance indicators were established. Recent plans (2006) ventured by the Business Unit, RDE Accra, to establish indicators of synergy so far has not materialized.	A comprehensive set of relevant output and performance indicators for the Ghana B2B should be established, ensuring sufficient documentation both of programme results and of achieved co-ordination and synergies with other private sector interventions.
4.	<b>The loan facility of PSDP</b> appears <b>not</b> to have worked <b>in compliance</b> with the prescribed commercial principles and in accordance with DAC rules, as actual results of retrieving debt reveals a very high element of grants.	No recommendations are made as the loan facility has recently been discontinued.
5.	<b>Developments in BSPS programme design</b> during implementation have been leading to a less complicated, more relevant, better aligned and harmonized programme. Also, interventions and programme implementation are highly appreciated and respected by beneficiaries and donors, who are, however, concerned that <b>staff</b> both at components and at RDE, Accra is	Strengthening of BSPS staffing resources needed both at central programme management level (RDE, Accra) and in implementation of (sub-) components in order to ensure quality and speed of BSPS implementation.

<sup>74</sup> 'In many sectors, such deficits might be met by technical backup from Copenhagen, but in some sectors (e.g. the private sector) the numbers of technical staff in headquarters is insufficient to meet all the demands of the different embassies.' Further: 'We would like to know more about the use of the different reports from embassy staff that take up so much time. How do these feed into the various learning processes?', OECD

	<b>Conclusion</b>	<b>Recommendation</b>
	<b>carrying exceptional workloads</b> <sup>74</sup> , leading to less than optimal case monitoring ( <i>'consultants pool'</i> ) and follow up, in particular outside Accra.	
6.	The BSPS implementation process has revealed a <b>trade-off between alignment and harmonisation</b> on the one hand <b>and implementation</b> on the other over the programme period: Varied and changing aid modalities of the BSPS, to a large degree due to efforts in alignment and harmonisation, have slowed down implementation speed and reduced efficiency. The pooled funding mechanism achieved through these efforts has not worked properly, which is further impacting adversely on efficiency and now even presenting a risk to programme implementation.	In future programme implementation a balance should be stricken with regard to efforts in alignment and harmonisation vis-à-vis progress in programme implementation, avoiding the implicit trade-off mechanism and ensuring that possible reductions in transaction costs from alignment and harmonisation are not pursued at the cost of predictable increases in transaction costs from reduced implementation efficiency. The dilemma of 'timing' in programme implementation and thus the problem of achieving programme targets should be recognized and priorities made clear.
7.	<b>The BLD</b> established in the MoJ as part of the BSPS business law reform programme integrated in the PSDS <b>never</b> materialized as a <b>functional section of the MoJ</b> and was eventually dissolved, delaying the process of developing the BLR.	Mainly due to its marginalised position in the MoJ the BLD never became supported by the expertise imperative in driving the pro-business law reform agenda, implying that such formal organisational attachment should always be clarified in advance with the responsible government.
8.	The BSPS intervention, <b>establishing the CC</b> in Accra is a <b>noticeable result</b> and has contributed significantly to improving the capacity and quality of commercial conflict resolution, emphasizing the weight on mediation and arbitration through ADR. Still, however, the CC is economically not autonomous and thus with regard to <b>funding not sustainable</b> and conflict resolution has not improved outside the capital. Also, a huge <b>backlog in land investment cases</b> is building up.	In the framework of the PSDS process the economic sustainability of the CC should be ensured through special provisions for the CC to withhold if needed up to 40% of current revenues, covering the incurred costs of the court. Further, the branching out of the CC to major commercial centres outside Accra and the development of commercial dispute resolution capacity at ordinary courts should be given priority. Implementation of the planned capacity improvement with regard to land investment cases should be monitored closely.
9.	The concept of one <b>national GHBC</b> is presently <b>under pressure</b> : Enforcement mechanisms are clearly needed to make the GHBC work effectively, so it appears that promotion of the code is presented with the actual dilemma of simultaneously increasing the low number of subscribers and stepping up the negative incentives to those who do subscribe. A market for GHBC could probably be developed as an element of advocacy inside Ghana, but the code is apparently not relevant to exporters.	Advocacy for the GHBC will have to be strongly intensified, importantly in collaboration with the BUSAC Fund. Also, sensitization of Danida B2B companies regarding the importance of the code will be clearly beneficial to promotional activities. The needs of exporting enterprises in branding improved business practises on Ghanaian exports should be further investigated in collaboration with e.g. Federation of Association of Ghanaian Exporters (FAGE)
10.	<b>BUSAC advocacy</b> support appears not only to have 'opened doors' to small enterprises, it has apparently also <b>contributed to improving business culture</b> and thereby the image of business in Ghana, upgrading advocacy into dialogue both inside the private sector and with regard to public-private dialogue. Beneficiaries, however, find pre-funding of BUSAC as well as SPEED programmes and the resulting need to solicit credit from financial institutions to be a major problem.	BUSAC and SPEED programme management to closely monitor the effect of pre-funding and design appropriate funding modalities through proper project sequencing.

DAC, 'Peer Review of Denmark', Annex d - Field Visit to Ghana, December 2006, p.7.



	<b>Conclusion</b>	<b>Recommendation</b>
11.	Support to <b>business instruments</b> in BSPS was designed to be implemented in a socially and geographically balanced way, but with <b>limited geographical outreach</b> of the SPEED component and with <b>purely commercial</b> based credit facilitation, not balancing commercial objectives with development objectives, there is clear indication that the <b>social and geographical balance</b> has <b>not been achieved</b> as yet in SPEED implementation.	To avoid that lack of risk neutralizing incentives in SPEED credit facilitation may lead to crowding out of the socially and geographically most vulnerable enterprises, the SPEED funding facility may successfully target productive sector enterprises through risk sharing with FIs, preventing rural banks and other FIs from favouring e.g. traders due to low risk. Further SPEED will have to cover all regions. SPEED II in its announced implementation policy subscribes to a socially and geographically balanced implementation, and management should be invited to pay full attention to risk sharing as well as sharing of higher transaction costs with financial institutions in order to reach out to identified target groups.
12.	Results of BSPS interventions in support of <b>advocacy</b> as well as of <b>BDS</b> is too often <b>depending on questionable quality of consultants</b> , substituting for permanent programme staff without sufficient programme monitoring of quality and follow-up on services delivered. There is a need for intensified monitoring and more site visits: 'Bringing the project to the doorstep of prospective beneficiaries at the grassroots'.	Both BUSAC and SPEED should intensify training and monitoring of the pool of consultants in order to avoid so called 'cut and paste consultants' and thus ensure the quality of services delivered. This may entail the allocation of more permanent programme staff.
13.	Danida <b>private sector interventions</b> in Ghana have in the evaluation period been heavily <b>concentrated in and around the capital</b> even for those parts of the BSPS that were designed to be implemented in a geographically balanced way, implying that the activities have not contributed to the national strategy and political process of decentralisation.	The improved geographical balance to be expected from the ongoing implementation of the BSPS through BUSAC and SPEED activities should be strengthened through an explicit focus on decentralisation in the next phase of BSPS as well as through balanced geographical considerations in other Danida private sector interventions.
14.	Very <b>few attempts</b> have been made to <b>exploit synergies</b> in and between the three private sector projects / programmes being implemented in the evaluation period. In particular, the need underlined in the design of the BSPS programme document. for co-ordination of activities across (sub-) components and considering BSPS as an entity in order to exploit synergies has not been a focus of programme implementation.	Recently, in the spring of 2007, some initiatives were taken by BSPS staff to overcome shortcomings in programme co-ordination. These measures may be further strengthened through regular meetings and more formalised co-ordination between management of components / sub-components organised by the RDE Business Unit and bridged to co-ordinate with the PSDS process and its Oversight Committee. Also, the B2B programme could more proactively contribute to this process of co-ordination and exploitation of synergies.
15.	<b>Cross-cutting issues</b> have been clearly <b>under-focused</b> in Danida private sector activities in Ghana, basically due to insufficient emphasis in programme documents on the mainstreaming of such issues into programme implementation. Only recently have efforts been made to deal with major short-comings in this regard within the BSPS and exploit neglected opportunities.	In addition to already implemented measures and the recommendations of the latest September 2007 joint review of the BSPS, strengthening the focus on cross-cutting issues with special emphasis on gender, as well as information and awareness of HIV/AIDS, there is in particular a need for mainstreaming cross-cutting issues into the B2B programme and pro-actively using the new CSR support facility in programme implementation.

## **8 Annexes**

### **8.1 Focus group on business sector support to Ghana with business people**

In the framework of the evaluation of  
Ghana-Denmark Development Co-operation from 1990 to 2006

#### **8.1.1 Target group**

Representatives of the following:

- Business Associations
- Trade Unions
- Business media
- Private enterprises

#### **8.1.2 Duration, date and venue**

3 hours, Coconut Grove Regency Hotel, Accra, Ghana, Tuesday, 11 September 2007

#### **8.1.3 Main research question**

In your opinion, to what extent has the Business Sector Programme (BSPS) contributed to the development of essential public institutional services, supply of private business services and the forming of an enabling environment, conducive to equitable growth of private business?

#### **8.1.4 Topics**

- Business registration
- Conflict resolution
- Advocacy
- Business Code
- Financial issues
- Business development services
- (Standards certification)

#### **8.1.5 Focus group protocol**

##### **8.1.5.1 Preamble**

Thank you for agreeing to participate in this focus group meeting on "business sector support to Ghana by Danida, and its impact". Danida is, as you all may know, the Danish development agency.

I am Georg Ladj, and next to me is sitting Jørgen Estrup. We are members of the team that currently evaluates the co-operation between Denmark and Ghana over the last 17 years, some of you may know Jørgen. He is the business sector expert while I am the team leader of the exercise. We are also the moderators for this session, but want the interaction to flow among you.

The purpose of this session is to get a clear appreciation / assessment from your side on how you perceive business sector support by Danida, the changes it may have brought or supported.

You have been asked to participate as you have been involved, in one way or the other, in the programmes over the years. So you are the "experts".

What are the rules for this meeting:

- In a group interview like this it is really important that you express yourself openly.
- There are no right or wrong answers.

We want to know what YOU think. So we will try not to talk too much, but rather listen, and let you talk, guiding and supporting, to the extent necessary, the discussion process.

As you know, we only have 3 hours for the discussion, so we will keep you moving along a number of issues. Let me get back to these issues in a minute.

We are taping the session in order to ensure accuracy in writing up our report. However, your responses will not be linked with your name. As we are taping, experience shows, that we may from time to time have to remind you to speak up, and to only talk one at a time, so that we can hear you clearly when we review the session tapes.

The issues are the following:

- Business registration
- Conflict resolution
- Advocacy
- Business Code
- Financial issues
- Business development services
- Standards certification

#### **8.1.5.2 Participant introduction**

Let us start by introducing ourselves.

Name, Organisation/company and role/position there, involvement in Danida support

#### **8.1.5.3 Major questions**

*Intro*

What comes to your mind, when you think of the business sector in Ghana?

What comes to your mind, when you think of Danish support to the business sector in Ghana?

##### *A. Business registration*

When dealing with the business registry to what extent have you yourself – or clients of the registry you have met with - felt changes in procedures taking place recently? What kind of changes were these?

To what degree do you think this has helped setting up new enterprises?

The Danida programme has aimed at improvements in services of the business registry both quantitatively and qualitatively, e.g. regarding the number of procedures, time for registration, quality of information provided, etc.

Have any of these been successful in your opinion?

Have you seen any improvements outside Accra? What is this due to?

##### *B. Conflict resolution*

What do you know about the role of the Commercial Court which Danida has been heavily supporting?

Are there any changes in business behaviour that you can observe over the last years and that you could relate to the existence of the Court? Which ones?

### *C. Advocacy*

BUSAC is a challenge fund supporting advocacy for business associations and other business stakeholders. It has been created by Danida and DFID in 2004.

With regard to your own organisations and to other organisations you know of, that were supported by the BUSAC Fund, to what extent has this support helped increasing the capacity for advocacy? What are clear examples?

The BUSAC fund, like others, make at intervals calls for applications for support. In your opinion, to what extent is this 'challenge fund' approach reaching out to and identifying beneficiaries? Who would be the most suitable beneficiaries for such funds?

## **BREAK**

### *D. Business Code*

Danida has supported the development of a business code to improve business practices in Ghana. Business Associations have been heavily involved in that exercise.

In your opinion, to what extent have the BAs been successful in disseminating the code to MSEs?

To what extent do you feel that this new business code is influencing the working climate and the day-to-day activities of the enterprises adopting it?

### *E. Financial issues*

In your experience, what kind of credit facilities is available to smaller enterprises? How has availability changed in recent years? What role did the Danida supported SPEED programme play?

What kind of differences can one observe in the country as a whole, concerning availability of credit facilities?

To what extent would you think that smaller enterprises usually feel satisfied with the services offered by the FIs?

### *F. Business development services*

What do you think about the availability of BDS needed by smaller enterprises? How accessible are these services to smaller enterprises outside the capital?

How does the Danida supported IDEAS/SPEED programme fit into the overall picture?

### *G. Standards certification (only briefly discussed)*

Exporting enterprises need to meet certain product standards in order to access and stay in markets, in particular export markets.

In your opinion, to what extent are enterprises in general aware that such standards certification is essential to retain employment and stay in business?

What could be the reason if they are not aware? Do they realise what will happen if they are not aware?

What trends have you observed regarding a drive for standards certification in recent years?

### *Final question*

Based on your experience and knowledge, what could be done to improve the Danida programmes?

### 8.1.6 List of participants

<b><i>Business Associations:</i></b>	
Association of Ghanaian Industries (AGI)	Mr. Cletus Kosiba Tel: 024428023 e-mail: ckosiba@agighana.org
Ghana Employers Association (GEA)	Mr. Charles Asante Bempong e-mail: charlesbempong2003@yahoo.com
Ghana Association of Women Entrepreneurs (GAWE)	Mrs. Lucia Quachey Tel: 0243386024 e-mail: gawegh@yahoo.com
Federation of Association of Ghanaian Exporters (FAGE)	Mr. Augustine Adongo, Director General Tel: 767257/766176 e-mail: fage-ghana@gmx.net
<b><i>Trade Unions</i></b>	
Ghana T.U.C.	Mr. Seth S.Q. Abloso, Deputy Head, Public Affairs Dept Tel: 21-666568 e-mail: ssqabloso@hotmail.com
<b><i>Business Media</i></b>	
Citi 97.3 –FM	Mr. Bernard Avle Tel: 0246590064 e-mail: bernard@cityfmonline.com
<b><i>MSMEs</i></b>	
SHAABA Enterprises Ltd.	Mr. Seth Adjei Baah, Managing Director Tel: 0244350459 e-mail: shabaltd@africaonline.com.gh

## 8.2 Persons met

<i>Name, first name</i>	<i>Organisation / institution</i>	<i>Function</i>
Abloso, Mr. Seth S.Q.	Ghana T.U.C.	Deputy Head, Public Affairs Dept
Achiaw, Mr. Tony Owusu	SMIDO	Secretary
Adongo, Mr. Augustine	FAGE	Director General
Aggrey-Fynn, Mr. Ferdinand	Margins Company Ltd.	Managing Director
Andersen, Mrs. Margrethe Holm	Danida, Danida's Evaluation Departement (Eval)	Deputy Chief, Senior Advisor
Appear, Mr.	Danafco Ltd.	Director Finacial Issues
Arhin, Ms. Nana Frimpomaa	DFID	Private Sector Development Adviser
Asamoah, Mr. George A.	SMIDO	President
Azongo, Mr. Nyaaba-Aweeba	SMIDO	Consultant
Avle, Mr. Bernard	Citi 97.3 –FM	
Baah, Mr. Seth Adjei	SHAABA Enterprises Ltd.	Managing Director
Bempong, Mr. Charles Asante	GEA	
Boafo, Mr. Neil	Hearing Solution (Ghana) Ltd.	Managing Director
Boateng, Mr. Sarpong	SMIDO	Vice President
Bonsu, Mr. Tony Osei	Tonisco Group Ghana Ltd.	Managing Director
Briggs, Mr. Martin	SPEED	Technical Director (Fund)
Brömmelmeier, Mrs. Marita	GTZ	Country Director
Cofie, Mrs. Sandra	Judicial Service	Director
D'Almeida, Mrs. Anita	Danish Embassy, Accra	Assistant Programme Co-ordinator (BSPS)
Degnbol, Mrs. Tove	Danida, TAS	Chief Adviser
Doni-Kwame, Mr. Emmanuel	Ghana National Chamber of Commerce and Industry	Head, Marketing, Trade & Investment Promotion
Donkoh, Mr. John	Oguaa Business Incubator	Managing Director
Edinger, Mr. Kristian	Danida, TAS	Senior Technical Advisor
Ehrenreich, Ms. Anne	Danida, AFR	Chief Consultant
Ekus, Mr. Dunwell Ekow	SPEED	Business Development Services Expert
Elkjær, Mr. Morten	Danida, TAS	Deputy Chief
Elle, Mr. Lars	Danida, EVAL	Minister Counsellor
Frisk, Mr. Per Gidionsen	SPEED	Technical Adviser BDS
Grønbech, Mrs. Mimi	Danish Embassy, Accra	Business Co-ordinator
Hagan, Mr. Isaac	MOTI	
Harker, Mr. Stanley Tsaku	Stanton Ltd.	Managing Director
Kangah, Mr. Samuel	GAWU	General Secretary
Kosiba, Mr. Cletus	AGI	Executive Director
Kadelung, Mr. Philip	GTZ	Private Sector Specialist
Kumaraswami, Mr.	Scanbech Ltd.	Managing Director
Larsen, Mr. Peter Jul	Danish Embassy, Accra	Minister Counsellor
Larsen, Mr. Torben T.	Danish Embassy, Accra	Development Counsellor
Madsen, Mrs. Birgit Storgaard	MFA	Minister Emr.
Mends, Mr. Michael	SPEED	Fund Manager
Mensa-Bonsu, Mr. Isaac	NDPC	

Mensah, Mr. Hammond	Danish Embassy, Accra	Senior Programme Officer (B2B)
Møller, Mr. Lasse	Danida, TAS	Senior Technical Advisor
Nartey, Mr. Robert	Danafco Ltd.	Managing Director
Oduro, Mr. Johnson Ben	Improving Business Practice (IBP)	Sub-Component Manager
Oppong-Duah, Ms. Nana Anna	GTZ	SPEED Co-ordinator
Owusu, Mr. Richmond	Gelato Delite	Managing Director
Paha, Mr. Alexander K.	Alexander Paha Ent. (SMIDO)	Director
Pappoe, Mr. Fred	Danish Embassy, Accra	Senior Programme Officer (BSPS)
Quachey, Mrs. Lucia	Ghana Association of Women Entrepreneurs (GAWE)	President
Rachmeler, Mr. Dale	BUSAC Fund	BUSAC Fund Manager
Roeckel, Ms. Katja	GTZ	Associate Expert
Rogg, Mr. Christian	DFID	Economic Adviser
Sackey, Mr. Samuel Tetteh	Kakum Rural Bank Ltd.	Chief Executive
Sarpong, Ms. Akua	Danish Embassy, Accra	Programme Officer (B2B)
Schneider, Mrs. Janne Laigaard	Danida, ERH	Head, Programme Officer
Sefa-Boakye, Mr. Barnabas	Kumasi Jewellery Resource Centre	Service Provider
Tackie, Mr. Joe	Meaty Foods Ltd.	CEO
Tagoe, Mr. Andrews Addoquaye	GAWU	Head of Programme
Tarp, Mrs. Elsebeth	Danida, TAS	Senior Technical Advisor



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