



Canadian International
Development Agency

Agence canadienne de
développement international

GHANA

COUNTRY STRATEGY

(Effective as of 2009)

**CIDA reviews all country strategies
periodically and may revise them
to reflect changing priorities or
circumstances in countries.**

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Canada 

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1. Country Development Context

Current Context

- Ghana (population 23 million, 59 per cent under 25 years) continued to make good development progress in FY2008/09. A country of focus, CIDA bilateral assistance increased by 68 per cent in FY2008/09 to \$98.7 million.
- A new government was elected in December 2008, Ghana's fifth consecutive democratic elections and second peaceful transition between rival political parties since 1992. This achievement was noted across the continent and has led other African nations to look to Ghana for assistance with their own elections.
- The percentage of the population living on less than US\$1.25/day is 30 per cent, and Ghana is on track to achieve MDG 1 (halving poverty) and MDG 8 (building stronger partnerships) by 2015. However, it will have difficulty meeting the other MDG targets. Donors and the government have noted that weak public institutions and service delivery are key constraints to the achievement of MDGs.
- Ghana's political rights, civil liberties and independent media are rated by Freedom House as among the best in Sub-Saharan Africa and are close to Organisation for Economic Co-operation and Development levels. This positive trend continues to enhance development results in the country.
- Ghana is a peaceful and stable country, but ethnic conflicts in the north have occurred from time to time. Consideration of ethnic and tribal dynamics in the north is important in order to support the achievement of development results.
- The Government of Ghana requires substantial financial and educated human resources to support government operations and service delivery on a consistent basis. Ministries vary in their capacity, including large ministries that CIDA works with, such as the Ministry of Food and Agriculture, Ministry of Local Government and Rural Development, and Ministry of Finance and Economic Planning. Local governments (regional and district levels) also have uneven financial and human resources.
- Transparency International's 2008 Corruption Perception Index ranks Ghana 67th out of 180 countries. Efforts to root out corruption have been noted (e.g., establishment of legislation, strengthening of law enforcement agencies), and the new government has explicitly stated its commitment to fight corruption and increase the capacity of independent oversight institutions.
- Ghana's estimated real GDP growth in 2008 was 7.3 per cent and has averaged 5-6 per cent over recent years. However, unchecked public sector expenditures, combined with measures to mitigate the impact of the food and fuel crises, have led to 20 per cent inflation, significant fiscal and current account deficits, an increasing debt ratio (56 per cent of GDP in 2008) and a downgraded debt rating. The global recession has led to decreases in exports, remittances and foreign direct investment. Current economic conditions preclude Ghana from tapping private capital markets as it did in 2007 with its first Eurobond issuance. Though revenues from recent oil discoveries may help, these are not likely to materialize before 2011.
- The World Bank assesses Ghana as being highly exposed to the poverty effects of the global economic crisis. The government expects GDP growth to slow in 2009, and has revised its target date for achieving middle-income status from 2015 to 2020. It aims to lower its deficit from 14.9 to 9.4 per cent of GDP in 2009 and is looking to donors to help shore up receipts while it works to control expenditures.
- Ghana has been fairly successful in mitigating the impact of the food crisis on its population through social support programs and fiscal measures, such as removing import duties and levies on food and fuel. Nevertheless, Ghana continues to face serious food insecurity in its three northern regions.
- The new government has an ambitious social and legislative reform agenda.
- Ghana is Canada's second largest market in Sub-Saharan Africa for merchandise exports, after South Africa, and wheat is Canada's largest single export item, followed by machinery, coins/metals and vehicles. Canadian exports to Ghana increased 173 per cent from 2000 to 2007. In 2008, two-way trade was \$215 million. Ghana is likely to continue to be a major trading partner for Canada in Sub-Saharan Africa.

Aid Effectiveness Context

- In 2007, donors signed the Ghana Joint Assistance Strategy. Ghana has demonstrated strong ownership of the development agenda over recent years and hosted the Third High-Level Forum on Aid Effectiveness in 2008. The government prepared a draft aid policy containing bold measures to further entrench local ownership, donor alignment, and harmonization. However, the new administration has not yet expressed its views on this.
- Progress is being made on aid effectiveness: overall aid to Ghana is more untied (92 per cent in 2007 compared to 90 per cent in 2005), more funds are flowing through program-based approaches (69 per cent in 2007 vs. 53 per cent in 2005), and there are more donor-coordinated missions and analytical work (increase of 19 per cent

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and 20 per cent respectively). A recent survey suggests that Canada is a leader in untying aid and using program-based approaches, but is lagging in coordinated donor missions.

- Total Official Development Assistance to Ghana in 2007 was US\$1.151B, or 7.6 per cent of GNI. Top donors in 2007 (in descending order) were the World Bank (public financial management, private sector, infrastructure and social development), the African Development Bank (infrastructure development), the European Commission (private sector and public financial management), the USA (trade, infrastructure and social development), the United Kingdom (private sector, social development and governance), the Netherlands (private sector, environment and social development), Denmark (water, social development, decentralisation) and Canada. Canada was the fifth largest bilateral donor in 2007.

2. Priority Needs and Canada's Value Added

- Development efforts in Ghana are aligned with the second Growth and Poverty Reduction Strategy, which identifies Ghana's priorities as: accelerated growth through private sector development (especially agriculture); accelerated human resource development; and improved good governance and civic responsibility. The strategy was a result of extensive consultations with donors and civil society, including perspectives from poor women and men. In addition, the current government has identified certain areas of focus over the next four years, including macroeconomic stabilization, accelerated northern development, progress on decentralization and public sector reform, and improved access to safe water and sanitation for both urban and rural populations. Ghana's current poverty reduction strategy ends in 2009 and is expected to be replaced by a national development plan in 2010.
- **Human Development:** Ghana ranks 142nd out of 179 countries on the Human Development Index. Access to safe water and sanitation remains low, health indicators are poor, and equality between women and men is elusive. Canada has responded to these needs through programming in food security, agriculture, water and sanitation, and governance. Through innovative district-level initiatives (\$15-25 million/year), Canada is helping the government to deliver basic services in areas such as health and education, with a significant impact on children and youth. Canada is also a well-known proponent of development in northern Ghana (where most of the poor reside) and of equality between women and men. For example, CIDA helped to improve the Government of Ghana's consideration of equality issues in policy discussions, such as supporting the inclusion of a primary education girl enrolment target in the assessment framework of the Multi-Donor Budget Support program.
- **Economic Growth and Sustainability:** Ghana's goal is to become a middle-income country by 2020. Canada contributes to this by supporting general budget support (\$20-30 million/year) and sector budget support to the Ministry of Food and Agriculture (\$17-25 million/year). The latter is significant since agriculture remains the largest economic sector and employer, and growth in agriculture benefits the poor more directly than most other sources of growth. CIDA's support is also helping to increase the capacity of the government to develop and implement policies that strengthen the economy, foster sustainable agricultural practices, and provide improved agricultural services to communities.
- **Stability and Security:** Ghana plays a key role in regional security. It is the sixth largest contributor to UN peacekeeping missions and the largest civilian police contributor to the African Union mission in Darfur. Canada is also promoting peace within Ghana by supporting conflict resolution mechanisms in the north.
- **Governance:** The weakness of Ghana's public sector institutions is an impediment to the delivery of social services that are key to achieving the MDGs. CIDA is drawing on Canadian expertise to improve accountability and effectiveness through support to central agencies, Parliament, the Electoral Commission, District Governments, and key civil society organizations. It is also strengthening the capacity of the Ministry of Food and Agriculture and hopes to do the same with the Ministry of Water Resources, Works and Housing as a sector-wide approach is developed with other donors in this area.
- **Whole-of-government:** Development assistance is at the heart of Canada's bilateral relationship with Ghana. However, Foreign Affairs and International Trade Canada, Citizenship and Immigration Canada and National Defence all have important programs that contribute to promoting Canadian values and interests in Ghana and the region. For example, Foreign Affairs, Defence and CIDA have provided support to the Kofi Annan International Peacekeeping Training Centre in coordination with other regional centres of excellence, to promote regional stability and security. CIDA's program strategy is integrated into DFAIT's annual country plan.

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3. Strategic Direction

- **CIDA's program objective** is to foster shared and sustainable economic growth and improved quality of life for Ghanaian women, men, girls and boys.
- **CIDA's program in 2008:** In 2008, CIDA worked in the following sectors (and sub-sectors): Private Sector Development (Food Security/Agriculture), Health (Water and Sanitation) and Governance (Accountable Public Institutions, Freedom and Democracy); and integrated equality between women and men, and environmental sustainability in all sectors. Ghana's programming continued to have a strategic focus in the north, where poverty and food insecurity are highest. These choices were made based on ongoing discussions with the Government of Ghana, other donors and various Canadian and local civil society organisations.
- **CIDA's program in 2009:** In the year ahead, CIDA's efforts in Ghana will be driven by two of Canada's new priority themes: Food Security and Children and Youth. While CIDA's existing initiatives in food security, water and sanitation are already well-aligned with these two priorities, CIDA has scaled up contributions to budget support at the general, sector (Food Security), and district levels to help offset the impacts of the global economic and food crises. These instruments will help ensure that key social support systems are maintained and food security is protected in the face of continued economic shocks. Program-based approaches, including budget support, are used only when it is determined that they are the most effective and efficient manner of providing assistance in line with the Aid Effectiveness principles and commitments of the 2005 Paris Declaration and the 2008 Accra Agenda for Action.
 - **Food Security:** Approximately two million people in Ghana are vulnerable to food insecurity, representing 20 percent of the rural population and 10 percent of urban dwellers. Children are particularly vulnerable: more than 18 per cent of Ghana's children under five are underweight. CIDA will augment its response to food security needs with increased investments in community-level food security initiatives in the north, where food insecurity is most severe, and complementary investments in agricultural research and business, strengthening of farmer-based organizations, and the promotion of sustainable management of land and water resources for increased production. CIDA will also provide increased support to strengthen the effectiveness of the Ministry of Food and Agriculture. Any support to agricultural research will be closely coordinated with the Agency's new Agricultural Research Facility.
 - **Children and Youth:** Poor access to basic infrastructure is a major impediment to the health and development of children and youth. For instance, water-borne diseases like diarrhoea kill more children in Africa than malaria and HIV combined. The advent of the new National Water Policy is expected to result in greater Ghanaian leadership and coordination around water and sanitation issues, as well as effective, efficient and sustainable water and sanitation services. CIDA will play a leading role in the design, development and implementation of this initiative to ensure that a program-based approach is the most effective approach in moving forward.
 - **Other:** Public sector accountability and oversight are fundamental governance requirements for achieving the expected results of CIDA's priority themes. CIDA will support public sector reform and national oversight bodies such as parliamentary committees, as well as public participation in the development and assessment of government plans and policies, particularly as they impact on education, health, and food security for children and youth. Local conflict prevention activities will be implemented in areas prone to ongoing tensions in order to safeguard CIDA contributions to northern development. The integration of Equality between Women and Men and the Environment in all CIDA programming will continue to be essential to the achievement of results in the priority themes.
- **Program coherence:** CIDA's interventions in the above areas are mutually supportive and will generate many positive synergies. Investments in food security, water and sanitation support children and youth by ensuring a healthier, more productive population. Capacity building of district governments provides measurable performance dividends in the delivery of food security, water, sanitation, health, and education services. More accountable and transparent public institutions and stronger democratic processes help to ensure responsiveness and effectiveness in all sectors. For instance, stronger public financial management and procurement systems have enabled the Ministry of Food and Agriculture to better manage expenditures and improve delivery of agricultural services. Similarly, with CIDA support, parliamentary committees are providing more meaningful financial oversight, ensuring transparency and appropriate budget allocations to sectors like health and education that have immediate impacts on the poor, including children and youth. Strengthening civil society capacity to engage in dialogue with government allows the needs of the poor to be reflected in sector policies. Promotion of equality between women and men maximizes Ghana's productive potential by enabling all Ghanaians to contribute fully to their country's development. Enhanced environmental management practices will improve the sustainability of investments in agriculture, water and sanitation.

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4. CIDA's Programming Plan

- Canada is very well positioned to influence policy discussions between the government and donors. In addition to leading the Heads of Cooperation Group in 2009, CIDA is vice-chair of the Multi-Donor Budget Support Group and leads or co-leads sector groups in Water and Sanitation, Decentralization, Public Sector Reform, and Governance. It will continue to participate actively in Agriculture and Gender groups and, at the request of the Government of Ghana, is the chef de file on Desertification.
- Sector groups are currently negotiating policy priorities for 2009. Issues for dialogue this year will likely include deficit reduction, energy sector regulation and management, accelerated decentralization, public service pay reform, National Water Policy implementation and anti-corruption.
- Many senior members of the new government administration have not dealt with the donor community officially since 2000. CIDA will continue to build relations with the new administration.
- The Ghana program is decentralised and led from the field. It will continue to strengthen its field presence by increasing both Canada-based and locally engaged staff in the field, including technical advisors in areas such as water, food security and environment.
- CIDA will continue to provide approximately 70 per cent of its bilateral assistance through government channels, making sure that these are the most effective and efficient means for providing ongoing support.
- Planned bilateral aid budget for 2009 to 2014:
 - **09 / 10:** \$85 M
 - **10 / 11:** \$95 M
 - **11 / 12:** \$95 M
- Canada's bilateral cooperation programme is strongly complemented by initiatives funded through CIDA's Multilateral and Global Programs Branch and Canadian Partnership Branch. **Canadian Partnership Branch** provided \$7 million in 2007/08 channelled through 42 partners and 69 initiatives, supporting capacity building of local organisations mainly in the areas of private sector development, governance, health and basic education. Key partners include CUSO-VSO, Care Canada, University of Guelph, Canadian Cooperative Association, Association of Universities and Colleges of Canada, WUSC/CECI and CODE. **Multilateral and Global Programs Branch** provided \$11.3 million in 2007/08 to Ghana through various multilateral organisations, including those listed below:
 - World Bank: The largest donor (US\$350M/year), currently co-chairing Heads of Mission, Heads of Cooperation and Multi-Donor Budget Support groups. Influential in public financial management, private sector, infrastructure and social development, but not always in a harmonized way. Planning an additional one-time US\$200 million disbursement in 2009 to offset impacts of global economic crisis.
 - African Development Bank: Contributed US\$66.9M in 2007, expected to increase significantly in 2008, primarily in infrastructure development. Contributes to Multi-Donor Budget Support, but not very active.
 - UNDP: Contributed US\$16.7M in 2007 in a variety of programming areas, including private sector development, infrastructure, and social development. Only modest influence in Ghana.
 - Global Fund to Fight AIDS, Tuberculosis, and Malaria: Contributed US\$36.1M in 2007, with a focus on supporting national strategies to combat HIV/AIDS and infectious diseases.
 - World Food Programme: Contributed US\$3.7M in 2007, and supports emergency food aid and food security initiatives in Ghana. Operations are targeted to areas of need, such as the three northern regions where CIDA is focused. A key player in mitigating international food crisis impacts.
 - UNICEF: Contributed US\$18M in 2007, in areas such as social protection, health and education, particularly for children and youth. Influences health and education agendas and is an observer in the Multi-Donor Budget Support group.

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5. Results and Risks Identification for Proposed New Programming

The expected ultimate outcome of the CIDA Ghana Program is “shared and sustainable economic growth and improved quality of life for Ghanaian women, men, girls and boys”.

Results:

Food Security: Agriculture Productivity / Markets; Sustainable Livelihoods / Subsistence; Food and Nutrition Assistance

EXPECTED Intermediate Outcomes:

- Increased food security for women, men, children and youth through strengthened agriculture sector growth and development.

Examples of EXPECTED Immediate Outcomes and Outputs:

- More efficient, effective, and accountable government systems of planning, financial management, policy development and programming.
- Over 5200 farm-based organisations functioning well and supporting agricultural productivity.
- Increased on-farm and off-farm employment opportunities for rural women, men and youth.
- 150 government officials of the Northern Regional Coordinating Council trained to plan, coordinate and monitor food security initiatives.
- Increased access to nutritious food by women, men, children and youth.
- Improved equitable access by farmers in over 12,500 communities to production technologies, extension services, and input supplies.
- Improved supply chain efficiency from production to markets.
- Sustainable management of land and water for multiple uses, including agriculture.

Children and Youth: Water and Sanitation

EXPECTED Intermediate Outcomes:

- Increased equitable access to sustainable potable water and sanitation services for women, men, children and youth.

Examples of EXPECTED Immediate Outcomes and Outputs:

- Improved capacity of both national and local government stakeholders to carry out their designated roles in planning, financing and managing water and sanitation services in a reliable and gender responsive manner.
- Increased policy coordination and dialogue towards effective implementation and delivery of water and sanitation services to women, men, children and youth.
- Improved capacity of non-state actors to engage with government in planning, delivery, management and maintenance of water and sanitation services.
- 30 small town water systems in 13 northern districts developed in a sustainable manner.
- Over 66 per cent of rural communities and small towns having access to safe water by 2011.
- Over 500,000 households with access to water in urban areas by 2011.

Equality between Women and Men / Environment / Oversight institutions / Public administration reform

EXPECTED Intermediate Outcomes:

- More accountable and effective national and local governments that are responsive to the needs of women, men, girls and boys.

Examples of EXPECTED Immediate Outcomes and Outputs:

- Environmental Advisory Council established and a national platform created to address natural resource management and environmental issues/policies.
- 14 Ministries, Departments and Agencies trained in Gender Responsive Budgeting and supported in identifying gender issues within their sectors, as well as collecting sex-disaggregated data.

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- Strengthened oversight of government by Parliament and other independent governance institutions, directly supportive of the achievement of results in CIDA's priority themes.
- Civil society organisations providing constructive, experience-based input into development policies and plans.

Risks:

Given its relative stability and improving governance record, development cooperation with Ghana is considered a medium to low risk endeavour. The key developmental risks are:

- Social, Political, Economic – Ghana faces a number of macro-economic challenges and significant infrastructure gaps in energy, transport, water and sanitation. It is also vulnerable to the continuing effects of the global economic and food security crises. Together with other donors, the Program is monitoring macro-economic and social conditions, and will use policy dialogue and its program interventions to respond to the changing situation through both long-term and short-term measures, including emergency assistance.
- Institutional Capacity – Weak capacity of Government of Ghana institutions may hinder the implementation of programs and reforms, leading to inefficient use of development funds and limited progress in achieving and sustaining development results. To mitigate this risk, CIDA will continue to work with the government and donors to assess institutional performance and to strengthen the government's capacities through targeted technical assistance, capacity-building activities and the use of good practices.