



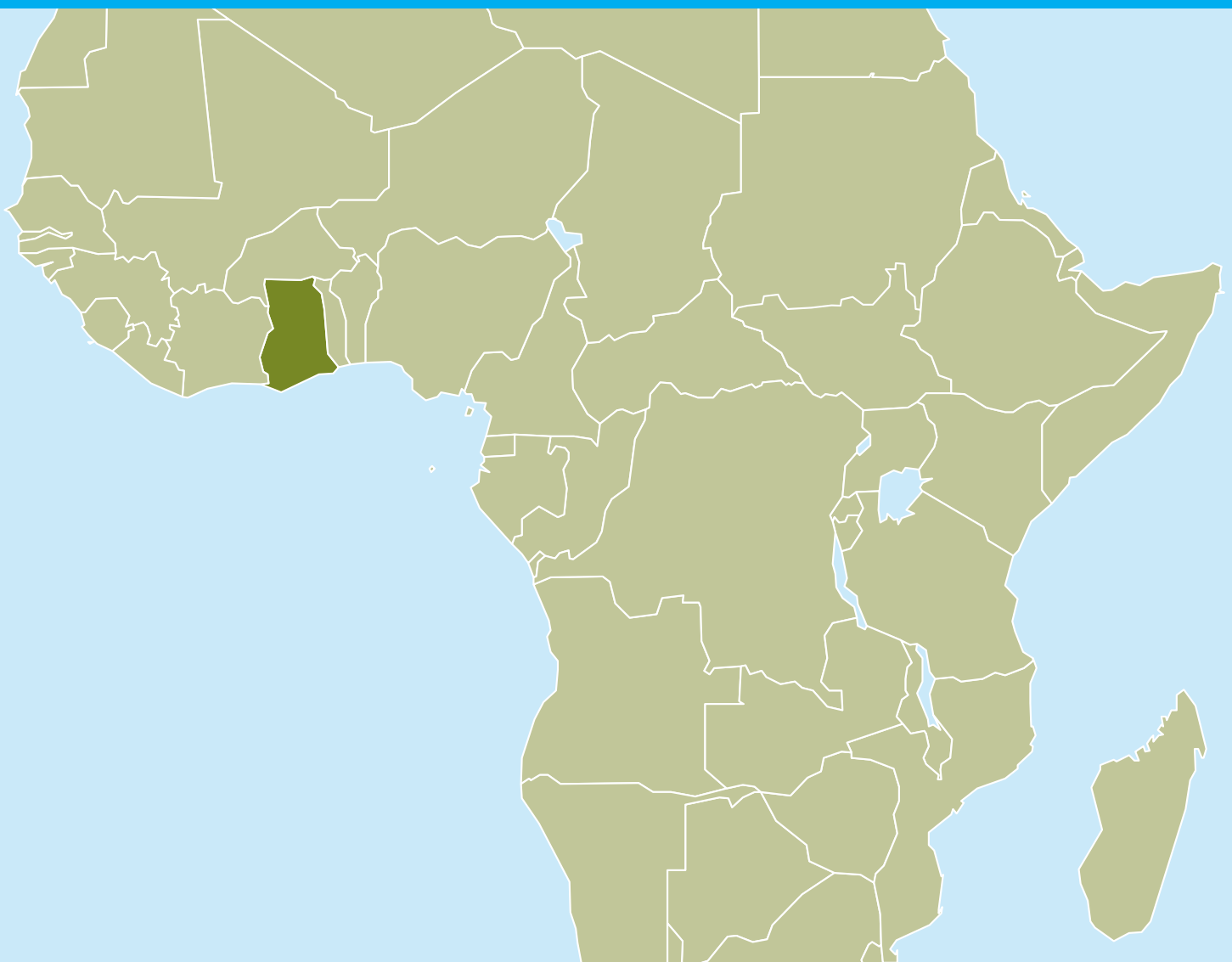
Kingdom of the Netherlands

# Multi-Annual Strategic Plan

2014 - 2017

## Ghana

Mali Benin Ghana Ethiopia Horn of Africa South Sudan Kenya Rwanda Burundi Uganda Grote meren Mozambique Palestinian Territory Yemen Afghanistan Bangladesh



# Multi Annual Strategic Plan Update 2014 – 2017

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*Ghana, the rising star of West Africa:  
Growing together*



Embassy of the Kingdom of the Accra

January 2014

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*In this revised Multi-Annual Strategic Plan (MASP), the principles of the policy paper "A world to gain: a new agenda for aid, trade and investments" have been elaborated. The MASP applies for a period of four years (2014-2017), but interim adjustments are possible: for example, in the case of major political or other changes, or to improve alignment of Dutch initiatives with the EU Joint Programming.*

## Chapter 1. Summary

Ghana's economic growth remained strong over the last decades. Ghana's growth is led by its political stability, its relatively liberal economic policies and rising primary commodity prices. This economic success has been noticed by Dutch companies. The opportunities in the Ghanaian and regional market continue to attract trade and investment from The Netherlands.

Trade and investment promotion are the core activities of this embassy. The West African region has strong growth figures and is seen by many Dutch companies as an interesting emerging market. Ghana is an attractive vantage point for international businesses with ambitions to expand in West Africa. Accra is a preferred hub for companies as it offers security, stability, adequate education and health facilities, an internationally trained work force at the academic level, and convenient flight connections to the major destinations in the region.

The embassy provides services for Dutch companies active in Ghana, Liberia, Sierra Leone, Ivory Coast and Togo. In the coming years the embassy will expand its trade promotion service delivery in the region. Special focus will be on Ivory Coast, as the largest economy and because the African development bank will return to Abidjan from 2014.

This growth also has an impact on our consular services. Visa applications numbers are rising rapidly and the quality of our services, like waiting times, can be a competitive advantage if managed properly. At the same time, the region remains a hub for illegal migration and trafficking. So we have to be fast for legitimate travelers but strict at the same time.

Due to its consistent economic growth Ghana qualifies as a lower middle income country. The Ghanaian Government and development partners will strive towards an "aid free" Ghana by 2020<sup>1</sup>. This objective is fully shared by the Netherlands. The Netherlands and Ghana will work together on inclusive growth and the substitution of aid by trade and investment. Economic ties will gradually replace Official Development Assistance (ODA) in our bilateral relation. Dutch ODA will be used to contribute to inclusive and sustainable economic growth and to intensify bilateral economic relations.

Economic growth alone is not enough to lead Ghana to sustained higher levels of development. The government needs to transform its services, to manage the increasing complexities of a fast growing economy. Growth has led to increased wealth for Ghanaians that have finalized higher education. They are able to grasp the opportunities in the fast growing service sector. The benefits of economic growth are less tangible for poorly educated people. The benefits of growth will only be enjoyed by most Ghanaians if the economy also provides jobs for those strata of the population. A transformation and a diversification of the economy are required to ensure that the benefits of growth are broadly shared. This will make Ghana's accession to middle income status irreversible. Major investments in both human and physical capital will be needed. This is a task that will require major efforts from all stakeholders in society.

The demand for social services can no longer be met by public funds alone. The public sector has to shift from service provider to facilitator and regulator. This will take a considerable amount of time as vested interest and institutions, rules and regulations need to adjust to this new paradigm. In the meantime entrepreneurs need to adapt their services to the new demand. With our remaining ODA support we will have established a number of new financing models in the different sectors by 2020, providing more opportunities for private sector involvement.

Ghana increasingly relies on the private sector as an engine of growth and job creation to remain successful. The public sector cannot tackle the transformation by itself. The role of the public sector in the economy will change as private sector actors will gain prominence. During the transition period external funding will shift from grants to private sector investments. Our support will shift from financial support to technical assistance and niches where we can add value.

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<sup>1</sup> Declaration of the Consultative Group meeting in Accra, September 2010. The Consultative Group is the high level meeting between representatives of the Government of Ghana, development partners and civil society organizations.

The Ghana - Netherlands bilateral cooperation concentrates on sectors of mutual interest. The sectors have been selected on the basis of interest of Dutch private sector and knowledge institutes and on relevance for the development of Ghana. Within this realm we have selected sectors where Dutch companies have a lot to offer in terms of technology, knowledge, market access and a strong position on the world market. The specific sectors: water, health and agriculture.

The Ghana Netherlands Water Sanitation and Hygiene program (GNWP) aims to improve access to drinking water and sanitation services in urban areas. In agriculture we will support private sector organizations that add value to production in cocoa, palm oil and in vegetable value chains. The bilateral program in the health sector will concentrate on increasing private operators and health insurance on the one hand and sexual and reproductive health and rights and MDG 5 on the other. Self-reliance and quality improvements in health will be promoted through technical assistance for the national health insurance fund. Parallel to these sector oriented programs we will provide support to the Ghanaian government to assist in market reforms. At present we have initiated support for customs, implementation of tax policies, streamlining of phytosanitary certification and in the field of maritime logistics and energy. The energy sector is important for Ghana's (and the region's) growth but is also of interest to the Dutch business sector. Other market reform support can be envisaged. The relevance and opportunities for Dutch involvement in these sectors often goes beyond Ghana's borders. Wherever possible and relevant we will strive for a regional impact of the activities of the Netherlands government in the chosen sectors.

This strategic plan is based on the assumption that transfers of Netherlands official development assistance (ODA) funds to Ghana will be phased out by 2020. The programs are designed to be self-sustaining by 2020, with major financial investment sharply declining from 2017.

The cooperation with Ghana on migration issues is largely positive. In the coming years we want to bring our cooperation to a higher level, particularly on the returns issue.

In the MASP period we also want to enhance cooperation between Ghana and the Netherlands on peace and security issues. The issue of maritime insecurity is increasingly a problem in the region and also a potential threat to trade and investments along the entire coast of the Gulf of Guinea. Ghana has a professional and well trained army and navy and is active in many international peace keeping operations in Africa and a leader in diplomatic conflict resolution efforts. With the Kofi Annan International Peacekeeping Training Centre Ghana has a regional hub where many countries send their officers for training.

## Chapter 2. Review

Ghana's economic opportunities attract considerable attention from Dutch companies. Over the past years export to Ghana from the Netherlands has grown substantially, from EUR 330 million in 2010 and EUR 660 million in 2011, to EUR 1.1 billion in 2012. Dutch direct investments in Ghana grew rapidly since the signing of the bilateral tax treaty in 2009. This increase was partly due to investments from third countries looking for security and predictability in taxation. Investments have been stable over the past year. The increase in trade with The Netherlands is expected to be followed by an increase in investments over next period as companies get familiar with West African markets and their opportunities. The embassy will actively support these Dutch investors.

The Multi Annual Strategic Plan 2012 – 2015 was formulated on the basis of Ghana's ambition to become Aid free by 2020. The present program is based on areas where the Netherlands has added value, building not just on financial means, but first and foremost on expertise, networks, comparative advantage, business opportunities and mutual interest. The embassy focusses on the transition from a bilateral relation dominated by development cooperation to a relation based on trade and bilateral economic relations. In 2012 we have finalized the programs that were implemented under the budget support and public sector oriented policies.

Trade, economic relations and development cooperation are integrated into one program per sector. The embassy and AgentschapNL organized a matchmaking programme for 15 companies in the Netherlands under the Ghana WASH Window (GWW). The embassy facilitated an incoming trade mission of 15 companies to explore business opportunities with Ghanaian companies in the

Health sector. The embassy was instrumental in organizing several missions to and from The Netherlands to explore projects of mutual interest in port development and maritime logistics. The embassy lobbied for large scale infrastructure PPP projects in the port development and energy sector on both Government and private sector levels. In 2013 we have hired extra capacity to provide additional services to Dutch companies.

The implementation of the MASP 2012 – 2015 started with straightforward projects with reliable partners and other quick gains. These programs consolidated our partnership in the respective sectors and enabled us to formulate more ambitious, strategic and large scale programs with a multitude of partner organizations and stakeholders. These elaborate programs aim at implementation of reforms the sectors paving the way for increased involvement of Ghanaian and Dutch Companies. The multi stakeholders programs are now ready for implementation.

Program formulation has benefited from a “quality at entry” review by the Policy Evaluation Department (IOB) in July 2012. This review revealed considerable policy risks in the formulation of the Ghana Netherlands WASH Program (GNWP). IOB recommended an Ex Ante Evaluation to check the assumptions of the program. Parallel to this development the Ghanaian government indicated its requirements for additional documentation for the EUR 50 million counterpart funding of the program. After the Ex Ante evaluation and extensive discussions with the Ghanaian authorities and other partners the tender for the first phase of the main program is published.

Whilst improving the quality and the feasibility of the program the procurement and implementation of the Ex Ante evaluation have delayed implementation of GNWP. A number of smaller activities have been implemented; the call for proposals for Public Private Partnership fund is launched. This fund will be managed by AgentschapNL.

In food and agriculture the programs on cocoa and palm oil have started. Most of the contracts have been signed. We have formulated and committed ourselves to a number of programs that are private sector led. Dutch and Ghanaian private sector interests in the cocoa sector are combined in a platform that will substantially improve agricultural services in the sector. A number of limited activities aimed at improvements in the value chain in vegetable production have led to a large scale private sector driven “Ghana vegetable program” with the participation of leading Dutch companies in the seed production sector.

The Netherlands private sector has a rich tradition and a wealth of knowledge in the health sector. In 2013 the Dutch private sector led “Health Task Force” visited Ghana to expand cooperation and to explore new opportunities. Dutch health service companies are already active in Ghana with support from ORET, ORIO and directly funded by Ghanaian partners. We will focus on financially sustainable service provision through support for the National Health Insurance Authority that has a long standing cooperation with PharmAccess and other Dutch service providers. In the meantime are supporting vibrant civil society organisations that address youth reproductive health and maternal health issues. As the public sector is the main provider of public health services continued support for public service providers through the MDG accelerated fund is explored.

This strategic plan is based on the assumption that transfers of Netherlands official development assistance (ODA) funds to Ghana will phase out by 2020. The programs are designed to be self-sustaining by 2020. In practice the transition phase will vary from sector to sector depending on the involvement of a multitude of partner organisation. We will increase cooperation with the EU partners for example on regional issues, trade, migration, natural resources and environmental governance and health. On the invitation of the European Commission the EU delegation and the member states represented in Ghana decided in 2012 to embark upon an EU Joint Strategy (EUJS). This process has resulted in a first draft of the EUJS. The draft has been discussed with Ghana government and among the local representatives of the EU member states.

The draft EUJS has been approved by the European Commission and is forwarded to capitals for final approval and signature. The EUJS foresees a synchronization of programming cycles by all member states by 2017. The period 2013 – 2016 will be used to prepare a joint program. If approved the EU member states would replace their individual programs by the EUJS. This would imply that the development cooperation chapters of the next bilateral Multi Annual strategic plan would be based on the EUJS. The coming period will be used to fine tune and approve the EUJS. The next Multi Annual Strategic Plan for our bilateral development cooperation will be part of an EU joint program.

## Chapter 3. Analysis

### 3.1 Economy

Ghana has made impressive economic progress and stands out as a beacon of democratization for the region. Ghana is close to achieving most of the Millennium Development Goals. A recalculation of the size of the economy in 2010 showed that Ghana had surpassed the threshold to become a Lower Middle Income Country (LMIC). Ghana is recognized by its neighboring countries as an example for the West African region.

Despite Ghana's impressive economic and political achievements of the last decades there are still considerable challenges that need to be addressed. The pressure on the budget remains high, despite the increased revenues from oil. The combined effects of energy subsidies and the wage bill have pushed the budget deficit in 2012 to 12%. The Ghanaian government has taken measures with a view to contain the deficit to 6% by 2016.

Due to the introduction of a unified salary structure for civil servants the public wage bill has increased by 50% in 2012. The public wage bill consumes 70% of revenues crowding out productive investments. Immediate measures to contain the budget deficit are temporary tax increases that will have negative effects on the business climate. The government's capacity to reduce the public wage bill will determine the success of its economic policies.

Ghana has been able to sustain its growth and political stability for over a decade. It attracted foreign capital from emerging economies. Many multinational companies use Ghana as a hub for their regional business. The government of Ghana's ambitions goes beyond growth alone. Its objective is to create progress for all Ghanaians. The Ghanaian government strives towards inclusive economic growth and sustainable poverty reduction. To quote a recent IMF mission: "The new government has adopted an ambitious transformation agenda centered on economic diversification, social inclusion and job creation."

The transformation of the economy will demand capital, new technologies and access to local, regional and international markets. Government alone will not be able to transform the economy. It is the private rather than the public sector that will drive these changes. Companies rather than governments have access to knowledge, technology, markets and capital. Government and the private sector share the overall responsibility for sustainable inclusive growth. The public sector has to adapt to this new reality. Public sector reforms are needed to evolve from provider of goods and services to facilitator and regulator of the private sector.

### 3.2 Public and private funding

New forms of cooperation need to be developed. Public Private Partnerships and funding arrangements are prominent in the development strategy of the Ghanaian government<sup>2</sup>. The bilateral cooperation between Ghana and The Netherlands will be used to implement financial arrangements that allow for an increase of private sector involvement in the provision of services in water, sanitation, health and agriculture. Different models will be applied ranging from management contracts to build operate and transfer types of arrangements. In the meantime the capacity of public sector institutions will be reinforced, as their roles will shift from implementation to commissioning, regulation, oversight, monitoring and evaluation.

There is a sound basis for a larger role in service provision by the private sector. Market research<sup>3</sup> in the urban areas of the GNWP, for example, shows that citizens are interested in micro credit facilities for sanitary services, waste management and water. There are sufficient entrepreneurs with business ideas willing to invest in service delivery. There are public and private funds available to increase supply and to match supply and demand, for example for irrigation and drinking water services. The GNWP will focus on how to get from a low level and low coverage of service delivery dominated by public funds to a high level and high coverage of service delivery predominantly funded through the market. Institutions, rules and regulations need to adapt to this new paradigm. The available grant funding will allow stakeholders in the public and private sector to take higher risks. The GNWP offers support to government institutions to adapt to and facilitate achieving the new situation.

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<sup>2</sup> Private Sector Development Strategy II of December 2010 and the National Policy on Public Private Partnerships of June 2011, both available on the website of the Ghanaian government.

<sup>3</sup> Market Demand Exploration Survey – MFI, 2012

Ghana laid the foundations for health sector reform by introducing one of the first public health insurance facilities in sub-Saharan Africa. This facility aims at converting patients into clients. The health sector in Ghana traditionally concentrated on supply of services. With the introduction of the NHIS the health sector becomes more demand driven. This opens up possibilities for service providers from the private sector.

### **3.3 Development partners joint policy framework**

The Consultative Group meeting in 2010 concluded that the Government of Ghana and its Development partners should envisage an aid free Ghana by 2020. In 2011 the Netherlands shifted its development policy further towards private sector driven growth and a concentration on sectors specific Dutch added value and interest such as water, health and agriculture. These changes policies obviously align very well. They will set the tone for Ghanaian Dutch bilateral relations in the medium term.

In June 2012 the Ghanaian government and its development partners signed a compact entitled "Leveraging partnership for shared growth and development". This compact analyses the challenges Ghana faces as an emerging middle income country. It identifies new roles and responsibilities for the government of Ghana and its development partners in the transition to a middle income country.

The compact identifies the following challenges:

- How to share the benefits of economic growth among the population
- Growth too dependent on world market for raw material (oil, cocoa and gold)
- Environmental degradation
- High levels of infant mortality (MDG 4)
- Serious shortfalls in maternal health (MDG 5)
- Poor access to sanitation (MDG7)

This Multi annual strategic plan aims to mobilize private sector support to address these challenges.

### **3.4 Domestic politics**

Ghana is one of the few countries in the West African region that has known a relatively long period of stability. Ghana is seen as one of the most stable democracies in Sub-Saharan Africa. Its development can serve as an example for other countries in the region. Governance indicators confirm that Ghana is a good performer. Scores are gradually improving over the years.

Though Ghana has the name of being a stable country, this does not mean that the country is free from political tensions. The political field is polarized, and stakes at elections are high because of the "winner takes all" effect and the small margins between the constituencies of the main political parties. The stakes are high in Ghanaian elections. Political parties are always focused on the next elections. The four year policy cycle is effectively reduced by pre- and post-election concerns. This preoccupation values short term results over a strategic vision on the long term. This polarisation manifested itself in a protracted court case on a petition of the opposition against the nomination of President John Dramani Mahama after the December 2012 elections. The peaceful conclusion of this conflict, with the rejection of the petition by the Supreme Court and the acceptance of the judgment by the opposition party, is another testimony to Ghana's democratic credentials. Political stability is seen as a major economic asset by all parties.

Corruption, political and ethnic patronage remain serious issues in Ghana, both in the public and private sectors. The media and civil society actively denounce corruptive practices and many high profile cases are under investigation. Governance structures in Ghana are a complex hybrid system of a Presidential and a Westminster-style government linked with many semi-autonomous bodies, state-owned enterprises, traditional leaders, and local government structures.

Ghana has a positive human rights track record. The country has extensive legislative provisions that protect human rights. Ghana ratified the core international conventions, some of which still need to be codified into domestic law. Poverty, cultural perceptions and a lack of awareness on principles of human rights among the population as well as the weak capacity of the Ghanaian authorities to enforce its laws are still a hindrance for the protection of human rights. Homosexuality is a controversial issue in Ghanaian society. The Ghanaian government and most Ghanaians, consider sexual preferences as a private matter and a basic human right. However, the



public debate tends to be dominated by vocal groups in society that claim that homosexuality goes against religious beliefs and the order of nature.

Human trafficking, particularly of children and women, is in addition to drug trafficking (cocaine) a problem in the entire West African region. Ghana is a source, transit and destination country for children and women trafficked for the purpose of forced domestic and commercial labor. Violence against women and sexual harassment still is a problem, at the workplace, in schools, in public as well as at home.

### **3.5 Regional affairs**

The embassy has as regional function. It covers the coastal countries in West Africa from Sierra Leone, via Liberia, Ivory Coast and Ghana to Togo. The embassy functions as a regional hub for migration, trade and consular affairs. Accra is a regional hub for many Dutch companies. The embassy invests in capacity, knowledge and networks to support Dutch companies in their regional objectives. The embassy is well positioned to increase its regional functions specifically in the area of trade promotion.

The embassy provides basic services to Dutch companies in Liberia and Sierra Leone. Activities of the consortium of Dutch stakeholders in West African port development are supported through the Netherlands African Business Council (NABC). The agriculture and food security programs in Palm Oil, Cocoa and vegetable value chains have a regional impact. The embassy encourages its implementing partners to reach out to other cocoa producing countries in the region such as Ivory Coast, Liberia, Sierra Leone, Cameroon, Nigeria. This outreach is organized in close cooperation with Dutch embassies in the region.

The African Development Bank is likely to return to Abidjan in the coming years. The office of the Netherlands representative at the AfDB will likely be supported from Accra. This will provide opportunities to improve the Netherlands network and knowledge for regional business opportunities.

Besides the economic success stories West Africa witnesses terrorism, organized crime, trafficking in persons, drugs and arms, piracy in the Gulf of Guinea and rising fundamentalism. The Western Sahel, in particular, is an increasingly unstable zone, with the threat of spillover into North Africa, as illustrated by the situation in Mali. Ivory Coast has undergone period of violence after the elections in November 2010. In Burkina Faso an uprising of students and security forces have created an uncertain situation. A military coup in Niger in 2010. Liberia and Sierra Leone are still recovering from protracted civil wars.

Ghana is not immune to the effects of regional insecurity. Drug trafficking and illegal migration are on the increase, also in Ghana. However, Ghana does stand out as an example in several ways. Ghana is more effective than its neighbors in maintaining its political stability. The peaceful resolution of the conflict over the outcome of the presidential elections shows that the Ghanaian polity values stability of short term political gains. Ghana's police forces manage to keep safety at levels that continue to attract foreigners from the region and beyond. Accra is rapidly becoming a regional hub for many large corporations. This provides scope for the provision of regional trade support services centered at the embassy.

Ghana contributes to regional stability in taking the lead in combatting piracy in the Gulf of Guinea. Ghana was also one of the first countries to contribute to the international peace keeping efforts in Mali. The "Kofi Annan International Peacekeeping Training Center" (KA IPTC) illustrates Ghana's ambition to lead the region to peace and political stability.

Ghana was one of the first West African states to contribute to peace keeping operations in Mali. Ghana provides shelter for refugees from Ivory Coast and Liberia and is seen as a safe haven in West Africa in times of conflicts.

### **3.6 Millennium Development Goals**

#### ***Water and sanitation, MDG 7, access to sanitation and safe drinking water, and environment***

Ghana has surpassed the MDG target for access to drinking water with coverage increased from 53% in 1990 to 86% in 2011. However, these statistics hide major issues such as reliability of water services, poor maintenance of facilities/ systems and poor water quality.

Progress in the area of sanitation is much less impressive with coverage increasing from 6% in 1990 to 13% in 2011. Shared sanitation facilities are very common in Ghana, which may be an appropriate solution for slum areas under certain conditions, e.g. shared by a limited number of neighbors, but – often very unhygienic - public toilets are the main sanitation solution for many (22% in the programme area of the Ghana-Netherlands WASH Programme). In addition, open defecation is widely practiced (18% nationwide). The base line data of the Ghana-Netherlands WASH Programme (GNWP) showed that in the programme area 30% admits to sometimes using the bush/ beach/ field for defecation.

Waste water treatment is largely absent. Only 4% of the urban population is connected to sewers and the limited sewerage/ sludge treatment plants are often not functioning. With Ghana's economy developing, solid waste problems have increased. Though private sector involvement is visible in this sub-sector, capacities of services and facilities are limited compared to the needs. Investing in sanitation makes economic sense for Ghana considering the fact that, poor sanitation costs Ghana the equivalent of at least 1.6% of its GDP. Even though the issues of sanitation appear high on the political agenda over the past few years, it has not received the needed investments and proper management. As a result, only 27% of the population was reported to be satisfied with the WASH services delivery in their areas (GNWP 2013 Baseline survey).

Dutch water and sanitation companies and institutions add value to Ghana's water and sanitation sector. Ghana has expressed interest in the Netherlands investing in its water and Sanitation sectors, including support to IWRM. Since river water is the main source for water supply and irrigation, such investments need to be accompanied by selected river basin management activities. Considering the Netherlands experience and knowledge, ample opportunities exist for collaboration with the Dutch private sector and knowledge institutions.

#### ***Food security, MDG 1 income poverty and hunger***

Ghana is struggling with modernisation of its agriculture. The sector is dominated by smallholder and subsistence agriculture, and is prone to seasonal and climatic variations. The level of organisation of farmers is low, and the agricultural input chain and marketing chain usually underdeveloped. Modernisation of agriculture and food production is crucial for progress in Ghana. First of all the agricultural sector has to provide an increasing quantity of higher quality food for the rapidly growing urban population. Agricultural productivity has to increase to provide better income for the rural population. At the same time rural areas will have to produce with less labour force as a result of the rural exodus.

The agricultural sector in The Netherlands is highly developed and at the forefront of technology and innovation. Dutch private sector and knowledge institutes are already active in modernisation of agriculture in Ghana. A company like Wenco is a household name in Ghana as it played a key role in modernisation of Ghanaian agriculture. Wageningen University and Research (WUR) has several cooperation arrangements with Ghanaian knowledge institutions. The Netherlands is known for its wealth on agricultural knowledge. Many of its decision makers have profited from a course on agriculture in The Netherlands as part of the Fellowship program. The present program builds on these and many other business relations in agriculture.

#### ***Health, sexual and reproductive rights, maternal health and child mortality***

Ghana and its development partners have invested substantially in service delivery in the Health sector. One of the most interesting innovations is the establishment of the National Health Insurance Scheme (NHIS) in 2003. The objective of the NHIS is to provide health care coverage for the entire population. The present coverage is about 35% of the population. The NHIS shifts the service delivery from a supply driven to a demand driven system. It is a first step to opening up the market for private sector service providers and allows driving improvements in the quality of service delivery. The survival of the NHIS depends on its capacity to become financial sustainable. Membership fees need to increase to cover expenses and claims processing needs to be improved to counter fraud and abuse.

The overall performance of the health sector scored high since 2008<sup>4</sup>. However, too many women are still at risk of dying through pregnancy and child birth. On every 100.000 live births, 350 mothers do not survive. The cause is too often preventable avoidable or curable. With the current

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<sup>4</sup> Independent Reviews and Holistic Assessments 2008, 2009 & 2010

stagnation in maternal mortality<sup>5</sup>, Ghana is not likely to achieve MDG 4 & 5 targets by 2015. It is evident that more effort is needed to bring maternal mortality down. The Ghanaian government and its Development Partners agree that curbing maternal mortality is a priority for the health sector.

Introducing good access to sexual and reproductive health information and services for young people prepares the ground for better maternal health outcomes in the near future. Ghana has a young population: 57.8% is younger than 25 years, while 18.9% are adolescents (15-24 years). Currently 13% of 19 years old girls have already delivered a child. The Ghanaian government aims at reducing the population growth rate to 1.5% by 2020. It actively promotes family planning and the use of contraceptives. Despite the efforts and intention of the Ghanaian government use of modern contraceptives and the unmet need for family planning services stagnate.

The explanation for this stagnation lies in the availability of quality services and the need for adequate information on family planning. This is demonstrated by the large number of people using the services provided by the partner organisations DKT/MSI/Grameen through the "Youth Reproductive Health Program". This program combines state of the art social marketing, with mobile phone based information technology and quality family planning and contraceptive services.

In spite of progressive laws, violence against and exploitation of women and girls persist. Ghana's leading politicians are outspoken against child and forced marriages. The Netherlands and Canada will join hands with the Ghanaian government to create a regional platform against child and forced marriages.

## Chapter 4. Objectives, results and activities

The Ghana - Netherlands bilateral cooperation concentrates on sectors of mutual interest. The sectors have been selected on the basis of interest of Dutch private sector and knowledge institutes and on relevance for the development of Ghana. The program has moved from public sector oriented budget support to project support with the private sector and knowledge institutes as important stakeholders. We will build on the strong bilateral relations between Ghana and The Netherlands based on trade relations, development cooperation, consular exchanges, and cultural heritage.

The program covers a wide array of activities, sometimes initiated from a business promotion objective with a development perspective, sometimes from a development perspective with an emphasis on private sector involvement. The port development program, for example, started out as a trade-promotion activity with a development perspective. Dutch companies are strong competitors on the world market in harbor infrastructure and maritime logistics. For Ghana port development is crucial for transformation in the agricultural sector. In other parts of the program, such as the health sector, we started from the public sector objective with large scale budget support. In this program we have introduced a business perspective as we support the introduction of market mechanisms through health insurance and support private investors through ORET and ORIO.

The Ghanaian government has put a 'de facto' moratorium on public borrowing. The public debt is kept below the 50% GDP target to avoid crowding out private investment. The Ghanaian government will concentrate its public funds on public tasks. The present government has decided to reserve its funds for activities that cannot be funded through the private sector. The government explicitly mentions its retreat from investments in large infrastructure in energy or maritime logistics as they are commercially viable. The Netherlands government will stimulate private sector initiatives in areas where the Ghanaian government used to invest public funds for example in drinking water, sanitation, health services and agriculture. Throughout the program there is an emphasis on innovative financing modalities and the creation of new partnerships between companies, NGO's and government institutions. The new program consists of: PPP

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<sup>5</sup> Maternal mortality ratio reduced from approximately 560 per 100,000 live births (UN, 2005) to 451 per 100,000 live births (2008). Current estimates put it at 350 per 100,000; almost double the 2015 target of 185 per 100,000.

facilities, co-funding arrangements with the private sector, support for consortia and platforms for business and public partners, contracts for technical assistance and capacity building.

In order to support Ghana's transformation we will actively connect relevant stakeholders in the focus areas of our cooperation. The embassy will invest in the creation and maintenance of relevant networks to link partners in Ghana and The Netherlands. We will increase the number of platforms to match companies, NGO's, research and government institutions. Moreover we will closely cooperate with government institutions on capacity building and the creation of a business friendly environment.

This chapter will give an overview of our bilateral economic cooperation in general and in the three selected sectors, agriculture, water and health.

#### **4.1 General economic cooperation**

The Ghanaian economy has grown steadily over the last ten years, in part due to high prices in primary commodities such as cocoa, timber and gold and since 2011 oil. The pace of growth in the Ghanaian economy moderated in 2012 reaching 8 compared to 15% in 2011. The government of Ghana and the IMF project 7 to 8% growth for the coming years. In order to achieve this, the Government of Ghana will need to speed up reforms, including measures to budget more realistically and broaden its tax base by including the informal economy, which forms a large share of economic activities, in order to increase revenues.

Projections for the next 5 to 10 years are positive; most probably Ghana will continue to grow as the main drivers underlying growth are likely to improve. The Netherlands will most likely remain among Ghana's first export destinations and exports to Ghana from the Netherlands are expected to continue to grow. The Netherlands is among the top investors in Ghana. Direct investments from the Dutch private sector in Ghana are expected to increase.

International companies see Ghana as a hub for business in West Africa. Major Dutch companies have set up their regional headquarters and made substantial investments in Ghana. More than hundred Dutch companies are active on the Ghanaian market. General interest in Ghana is growing fast, ranging from large multinationals to small and medium enterprises. Dutch exports to Ghana have grown exponentially over the past years, from EUR 330 million in 2010 via EUR 660 million in 2011 to EUR 1.1 billion in 2012.

Despite the evident enthusiasm of the private sector for Ghana the business environment is seen as challenging. An unstable tax and local content policy in the region, risks and uncertainties with landownership, cumbersome administrative procedures and the quality of workforce are mentioned as impediments for doing business in Ghana. The embassy therefore wants to work on reforming the Ghana Revenue Authority and other trade related services such as the Ghana Plant Protection Regulatory Service Directorate, to keep up with the demands the increased trade and investment volumes pose on their services.

On the macroeconomic assumptions for the coming years, the IMF projects that activity in the non-oil sector will be weakened due to energy disruptions and high domestic interest rates. Increased oil production should keep overall economic growth close to 8%. Inflationary pressure will increase. The IMF projects a weaker outlook for cocoa and gold exports and a subsequent current account deficit at around or slightly above 12% of GDP. The path of medium-term fiscal consolidation is slow as the Government of Ghana plans a 6% of GDP fiscal deficit in 2015.

The high fiscal deficit is partly due to the fact that revenues represent only 18% of GDP. The economy is still dominated by a large informal sector, only a small number of larger companies pay, very high, taxes. The Netherlands will support Ghana in broadening its tax base by technical assistance and direct cooperation with Dutch tax authorities.

Ghana will need to continue its investment in infrastructure such as roads, ports, airports, water supply, railway, power supply, transport and healthcare. The backlog in infrastructure development is particularly pressing in suburban areas as the increase in population due to urbanization is not matched by service provision. The Ghanaian market will remain attractive for Dutch firms, if the need for infrastructure is converted into financially viable projects.

The embassy will continue to work on the Netherlands' trade and investment position. We focus on the combination of trade and development cooperation in the "top sectors": Water and Sanitation,

Health, Agriculture<sup>6</sup>, Energy, Logistics and Creative Design. The Dutch “top sector” committees in these sectors expressed a strong interest in Ghana.

The priorities for trade and development cooperation were selected with stakeholders from the private sector in Ghana and The Netherlands. In close cooperation with the private sector we will strengthen our trade and investment position through existing methods and innovative partnerships. Partnerships can take the form of platforms, consortia and networks. Different forms of cooperation will be tested. The final say in the creation of partnerships lies with the companies themselves.

The Ghanaian government has a clear policy agenda for an equitable distribution of income. Their objective is to use the steady growth of the economy to create income and employment for the broader population. The bilateral cooperation will support this transformation of the Ghanaian economy. Foreign direct investments (FDI) provide a strong drive towards diversification of the economy. The promotion of investments by Dutch companies through PPP facilities, market surveys and general business support will further increase FDI from The Netherlands thus providing access to technology, knowledge and markets.

We will continue to support the West African Port Development Partnership (NABC), combining the expertise and networks of the ports of Amsterdam and Rotterdam, Van Oord, BAM, STC, Deltares, APMT, IHE Unesco and many others. This consortium presents a broad scale of integrated solutions for PPP projects in the ports and harbor development and maritime logistics in the region.

In 2010 the embassy published a review of opportunities for The Netherlands in the oil and gas sector in Ghana. At that point in time developments in the energy sector were in a too early stage to arouse the interest of Dutch companies. Three years later the oil and gas sector has developed to an extent that we expect that Ghana offers new opportunities for Dutch companies active in the energy sector. Together with DME we will explore these opportunities.

On trade promotion we are looking at working more actively with the various trade associations like the Association of Ghana Industries (AGI), Ghana Investment and Promotion Center (GIPC), Ghana Architects Association and the Ghana Employers Association (together in the DECP programme with VNO NCW) to mention a few, by organizing trade programs in the Netherlands and Ghana, workshops and events in collaboration with our partners like CBI, NABC and GHANECC (Ghana Netherlands Chamber of Commerce and Culture). Together with Ghanaian (donor) groups like the Private Sector Development Working Group, the Agriculture Working Group or the Energy Working Group, we will be focused on the investment climate and the further development of the private sector with the Government of Ghana.

The Netherlands’ government will cooperate with Ghanaian authorities striving to cope with the rapid increase of volumes in trade and investments. The Ghana Revenue Authority and Netherlands Ministry of Finance cooperate to facilitate trade and investments in Ghana. At this point in time implementation of customs regulations causes delays in Ghana port. Streamlining and standardizing processes will increase the efficiency of Ghana customs authorities and expedite trade flows. Standardized valuation and classification procedures, risk management and trade facilitation are at the core of this cooperation. The Ghanaian Ministry of Agriculture and the Dutch Ministry of Economic Affairs will introduce e-certification that will ease import and export of plants and other organic material.

Since the tax treaty between Ghana and The Netherlands came into effect in 2008, investments in Ghana from The Netherlands have substantially increased, from EUR 36 million in 2007 to EUR 2.1 billion in 2011. This increase is partially explained by investments from third countries that are looking for certainty in their tax payments. The Netherlands is one of ten countries to have a bilateral tax treaty with Ghana<sup>7</sup>. The Netherlands, within the framework of the OECD Tax Inspectors without Borders program is cooperating with the “Large Tax Payers” office of the Ghana Revenue authority to improve service levels and predictability for companies and investors in Ghana.

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<sup>6</sup> Agri-food and Horticulture and Propagation Materials

<sup>7</sup> Letter to parliament by State Secretary for Finance and Minister for Foreign Trade and Development Cooperation IFZ/2013/320 U, van 5 September 2013

The Embassy will establish a top sector fund. Its purpose is to investigate promising business opportunities and to address any bottlenecks experienced by the private sector in the enabling environment with regard to trade and investment between the Netherlands and Ghana. The embassy coordinates and facilitates Netherlands private sector inputs in the health sector particularly on ORIO and NUFFIC (NICHE) programs to complement the Ghana government efforts. In this regard, efforts to complete the ongoing Tamale Teaching hospital rehabilitation with new phases, the ORIO project to boost reproductive and child health, starting with the worldwide first tendered ORIO project with the Dutch company Oldelft, as well as the construction of district hospitals in the Western Region of Ghana and setting up private hospitals as follow up of ORET projects, will be high on the priority list. Other ongoing ORIO projects are in the infrastructure sector (storm drainage, roads and water).

FMO is active and heavily involved in the energy sector in West Africa and the Embassy will continue to work with FMO, also looking for new developments and opportunities in the renewable energy sector. The involvement of Dutch private equity firms in West Africa is growing, and we are still in close contact with them. PPP projects in the energy sector will continue.

The new 'Transition Countries Fund' can be of great importance to be used as a flexible intervention, besides the other financial instruments and PSD instruments and programs. The Embassy sees clear opportunities in the infrastructure sector where the 'Dutch Good Growth revolving Fund' can make a difference for Ghana, together with the Dutch private sector.

#### Selected results by 2017

- Netherlands is still first export trade partner of Ghana
- Imports from Netherlands continue reach 3 billion Euro
- Netherlands in top 5 investor nations in West Africa
- 10 new contracts > USD 5 million in topsector logistics
- 10% reduction in waiting time for vessels to dock in Tema port
- 50% increase of trade requests

#### 4.2 Modernisation of agriculture and food security

Ghana's rapid economic development and growing middle class provide opportunities for the Dutch private agricultural sector. Continued urbanization, increased income and a growing demand for healthy and high quality food offer ample opportunities for the top sectors Agri-food and horticulture and propagation materials. The Topsector can provide expertise to solve bottlenecks experienced by the Ghanaian agricultural sector. There are opportunities across the entire agricultural sector ranging from agricultural inputs, agro logistics and post-harvest management to food processing. Horticulture is a good example of a sector in which the Netherlands can be involved in the entire value chain.

Simultaneously, Ghana's importance as a strategic partner to the Netherlands becomes more evident. There are mutual interests with regard to the availability of agricultural products and agro resources. The Netherlands, for example, has strong stakes in cocoa. Amsterdam is the most important trading port for cocoa. The cocoa and chocolate industries are important industries for the Netherlands. International players in the cocoa sector have substantial interests in the Netherlands. Palm oil also is of strategic importance to the Netherlands. In the light of increasing consumption in Asia, Africa could serve as an additional source of palm oil. As palm oil supplies from Ghana and West Africa increase, the Netherlands will be well positioned.

Subsistence farming still dominates the agriculture sector in Ghana. Low yielding, extensive, agriculture provides low income to the rural population and puts undue pressure on scarce forest lands. Agricultural yields in Ghana lag far behind production per hectare in comparable climate zones in Asia, Latin America. Ghana has acknowledged the need for transformation and is currently implementing its Food and Agriculture Sector Development Policy and its Medium Term Agricultural Sector Investment Plan. Although Ghana has made some headway, important challenges remain. Transformation of the Ghanaian agricultural sector into a modern agricultural sector with a professional and decisive private sector offers opportunities for Dutch business.

Increased productivity, development of value chains, sustainability and a rapidly increasing demand for healthy and high quality food are important challenges, but also provide great opportunities for cooperation with the Netherlands. The Netherlands is at the forefront of research and development in agriculture. Dutch private sector and knowledge institutes already contribute to increased productivity, higher quality products, development of value chains and sustainability.

This new perspective is reflected in our strategy. Our objective is to gradually phase in an economic relationship with Ghana based on areas of mutual interest for Ghana and the Netherlands. The transfer of ODA funds will start to phase out by 2017 (EUR 1.5 million). By 2019 the activities will be limited to small scale support funded from the private sector development budget.

Our strategy in agriculture has the following elements:

- Transformation of the agricultural sector by developing and strengthening value chains, with a focus on productivity, quality and sustainability.
- The private sector is the driver of changes as leader and financier. Focus on initiatives driven by the private sector that could be made commercially viable and/or scaled up within 3-5 years.
- Main subsectors of mutual interest to both Ghana and the Netherlands: cocoa, palm oil and vegetables. Both cocoa and palm oil are of strategic importance to the Netherlands and the Netherlands has strong vested interests in especially cocoa. The vegetable value chain offers great opportunities for Dutch experience and expertise, but Fruit or Fish are promising too.
- Support a conducive environment for Dutch trade and investments in the agricultural sector. Trade facilitation, strengthen capacity of customs, inspections and cooperation between the various agencies. Recent support to the development of a national seed policy is also an example of strengthening the enabling environment to create a conducive environment for Dutch trade and investments.
- Support Dutch agribusiness in their efforts to enter the Ghanaian market.
- Regional focus on Ghana and countries such as Ivory Coast, with similar opportunities in agriculture, cocoa and palm oil.

### **Sustainable cocoa**

Cocoa is the single most important agricultural commodity in Ghana and is expected to remain so in years to come. The sector is characterised by a large number of smallholder farmers, current estimates amount to 800,000 farmers against a total population of 24 million, low productivity per hectare, and sustainability issues. Cocoa production over the years has increased by expansion of the area rather than by increased yields per hectare.

The Netherlands has strong stakes in cocoa. Amsterdam is the most important trading port for cocoa, the cocoa and chocolate industries are important industries for the Netherlands and important international players in the cocoa sector have important interests in the Netherlands. In recent years, a strong collaboration has grown between public and private partners in view of sustainable cocoa. Both the public and private sector see a need for improved productivity and sustainability. The public sector sees investments in productivity and sustainability as a means to increase incomes of farmers and thereby reducing poverty and enabling the farmer to purchase more diversified and nutritious food. The private sector looks for ways to guarantee a continuous and growing supply of high quality cocoa.

Cocoa is especially vulnerable to climate change. Slight changes in rainfall patterns and average temperature will reduce the potential area for cocoa production. Without investments the cocoa sector in Ghana will decline. This will have an adverse effect on the Ghanaian economy, on Ghanaian farmers and on the chocolate industry. This decline is avoidable. Recent initiatives have shown the potential of the sector and the possibilities to increase productivity, sustainability, and income for farmers.

The Netherlands position its program in the overall cocoa agenda to achieve increased productivity and sustainability by involving the entire supply chain in cooperation with not only the private sector, but also NGOs and knowledge institutes. Simultaneously, efforts are undertaken to strengthen the enabling environment. This will be done through a number of closely linked projects. The Embassy funds two projects in partnership with stakeholders from the private sector, civil society and knowledge institutes. The Cocoa Rehabilitation and Intensification Programme for

Ghana (CORIP GHANA) is a four year programme, co-funded by the private sector and IDH Sustainable Trade. Project budget is EUR 7 million. The Private sector will contribute EUR 5 million. The research project with the Cocoa Research Institute Ghana (CRIG), Mars, Mondelez, Cocoa Research UK into high yielding disease and drought resistant varieties of cocoa will feed directly into the CORIP GHANA project with regard to inputs. Project budget is EUR 1 million. The private sector will contribute EUR 1 million and Ghana Cocoa Board EUR 2 million. Three projects are centrally funded:

- A PPP project funded through the Facility for Sustainable Entrepreneurship and Food Security (FDOV) to increase productivity and sustainability in the cocoa sector.
- Projects funded by the IDH Cocoa Productivity and Quality Programme.
- A project funded by DDE to set up a twinning structure between The Dutch and Ghanaian Standards Authorities to support the development of an ISO Cocoa Standard that includes both sustainability and quality.

### **Sustainable palm oil**

Palm oil is of strategic importance to the Netherlands. In the light of increasing consumption in Asia, Africa could serve as an additional source of palm oil. As palm oil supplies from Ghana and West Africa increase, the Netherlands will be well positioned. Concurrently, the Netherlands is one of the leading partners in the Round Table on Sustainable Palm oil (RSPO) driving sustainability of the sector. The sector has committed itself to the goal that all palm oil destined for the Dutch food and feed market is sustainable by 2015.

Oil palm is among the most promising food and export commodities for Ghana. An estimated 70% of the palm oil is produced by small and medium scale farmers and traders, among them many women, hence its relevance for pro-poor economic growth. Recently, international palm oil companies have begun to invest in refining facilities in Ghana, increasing the demand for crude palm oil. Therefore, preconditions are in place for a transformation of the palm oil sector into a more professional and efficient sector with increased productivity. Ghana can serve as an example for sustainable small-scale oil palm cultivation and palm oil production in the region as opposed to large scale industrial plantations in Southeast Asia. The institutional setting is favorable for a rapid increase in production. Climatic conditions are comparable to a large part of the region. Successful approaches are likely to be applicable in countries in West and Central Africa.

The Embassy is implementing the Sustainable West Africa Palm Oil Programme (SWAPP), which is co-financed by the private sector. The objective is to improve production and productivity of small and medium producers, both farms and mills. Sustainability will be driven through RSPO certification. This will significantly increase food and nutrition security and increase income along the chain, thereby reducing poverty. At the same time more palm oil will become available, both for domestic consumption and for export. This programme shows that the SME palm oil sector can be a viable and sustainable alternative to large scale industrial plantations in Southeast Asia.

The programme focuses on pilot good practice businesses, access to finance, a regional knowledge network, certification, environmental and climate performance of West African palm oil. The programme will enhance cooperation with local and international palm oil processing companies. There are links with the Taskforce Sustainable Palm Oil in the Netherlands and the Ministry of Economic Affairs. The size of the portfolio is EUR 12 million for four years, but should generate (access) to private risk capital to reap the full benefits from the commodity value.

### **Vegetable Value Chain**

Overall vegetable consumption in Ghana is growing rapidly as a result of Ghana's sustained economic growth and a burgeoning middle class demanding healthy and high quality food. Vegetables also provide export potential for both regional and European markets. This offers great opportunities for the Dutch top sector horticulture and propagation materials to export knowledge, expertise and products to Ghana and to invest in the Ghanaian vegetable sector to export to Europe and the region. Production of vegetables in Ghana is hampered by low availability and knowledge of improved inputs, limited agronomic skills and practices, poor food safety for domestic and export markets, poor post-harvest management and loose chain linkages between producers and buyers. The Netherlands' public and private sector is involved in improvement in the horticulture via several programs and stakeholders.



The private sector led GHANAVEG program aims at responding to the main challenges in horticulture. It covers the entire vegetable value chain, from seeds to consumers. The programme will capitalize on recent interest shown by Dutch and international companies to become involved in the vegetable value chain, such as vegetable seed companies. The program combines policy advice for pre-competitive projects and Business to Business (B2B) cooperation. The GHANAVEG program provides a platform for private sector actors and a fund for business opportunities. The platform allows companies and other stakeholders in the value chain to identify different thematic areas that currently hamper development in the sector, while the fund aims to mobilize innovations and investments to solve these. The platform will also initiate activities in the R&D co-development fund in cooperation with knowledge institutes, tackle issues in the enabling environment and support B2B activities to stimulate Dutch investments. The program will link the centrally funded 2SCALE programme of the International Fertiliser Development Center (IFDC) that aims at connecting producers to vegetable market chains, such as supermarkets, hotels and restaurants and exporters. Total budget will be EUR 4 million, with an additional private sector contribution. A letter of Intent was signed between AGRA, Greenport Holland International, Rabobank and Wageningen UR, which focuses on the further professionalization of the value chain for vegetable production and consumption in Africa. GHANAVEG is envisaged to become part of the implementation. The programme will link with and make use of Dutch PPP projects (PSI) and with the CBI funded Export of Fresh Fruits and Vegetables.

#### **Transformation of the agriculture sector**

The Netherlands government supports modernization of agriculture in Ghana through its worldwide public private sector (PPP) facilities for water and for agriculture. Two important programs, co-funded by these PPP facilities, contribute to Ghana's ambition to transform its agriculture. The 'Sisili Kulpaw' Project with the Savanna Accelerated Development Authority (SADA) prepares large scale investments in irrigated agriculture in the Northern region. The 'Masara N'Arziki' project increases productivity in Maize farms through the supply of quality inputs and extension services with a focus on conservation farming.

With regard to post harvest management, Wageningen University and Research collaborates with FAO and the African Union to assist the government of Ghana in developing a strategy to reduce post-harvest losses.

#### Selected results by 2017

- At least 40,000 cocoa farmers are trained and certified and at least 20,000 farmers attain yields between 750 kg and 1 ton per ha, their gross margin has increased with at least 30-50%.
- At least 75,000 outgrowers of oil palm will be RSPO (Round table Sustainable Palm Oil) certified
- At least 10 international and Dutch companies investing or expanding operations in Ghana's vegetables sector as a result of project support

#### **4.3 Opportunities in water and sanitation**

Dutch companies are actively engaged in Ghana's WASH sector since many years. Over the past decades the Netherlands has made a name for itself in the water and sanitation sector in Ghana. The Netherlands has invested more than USD 200 million in urban drinking water supply through the ORET program via companies such as Ballast Nedam, Witteveen+Bos, RoyalDHVHaskoning, BAM and many others. Other examples of partnerships are the management contract of Vitens Evides, for urban water supply and the Wenco investment in irrigation development.

Investments in urban drinking water and sanitation continue to offer good opportunities for private sector partnerships. Dutch construction and consultancy companies are well known in the sector; they enjoy an excellent reputation. Ghana continues to offer interesting opportunities for Dutch companies in this sector. At the same time the Ghanaian water and sanitation sector stands to profit from the added value of the knowledge and experience of the Netherlands water sector.

Urban water and sanitation are ideally suited to introduce and reinforce private sector involvement. Most citizens are ready to pay for high quality services and the local and international business community is eager to enter into these new markets. Water shortages are a serious threat for economic growth as companies rely on continuous water supply. Access to sanitation

remains a major health issue. Due to open defecation and poor sanitation, a modern city as Accra does experience the outbreak of water borne diseases such as cholera.

It was in this context, that in 2011 the governments of The Netherlands and Ghana embarked on the development of the Ghana-Netherlands WASH Programme (GNWP). The GNWP activities are now well underway and comprise amongst others the Ghana WASH Window (GWW), an instrument to stimulate public-private partnerships (PPP). The first call for proposals for private sector initiatives and PPPs was held in 2013. These projects will come on stream by 2014 and will run through to 2019. Two further calls will be held in 2014. Parallel to these initiatives we will support local institutions to adapt to increased private sector involvement. By 2020 the Ghanaian government will be able to create and maintain its WASH infrastructure with sustainable private/public investments. This is also an important opportunity for the Dutch WASH Sector to further establish itself in Ghana. The Dutch support to these PPPs will allow the Government of Ghana to embark on innovative approaches for WASH service delivery that introduces and enhances cost recovery and private sector investment and demonstrates the added value by working through a partnership approach.

Access to water and sanitation are a challenge in the poorer urban areas. GNWP focusses on the poorest and most vulnerable groups. Poverty indicators are explicitly incorporated in the expected outcomes of the GNWP. The gender dimension is prominent in the WASH context as it are predominantly women who take the responsibility for hygiene and water. The base line survey and the monitoring system will segregate data by income and gender in order to measure impact on poverty and gender objectives.

In August 2013 a call for proposals was launched for the Technical Assistance (TA) for the first phase of implementation (European International Competitive Bidding). This TA is operational in January 2014. The TA will start interventions in the areas of behavior change, capacity building and WASH in Schools. The TA will also elaborate MA specific WASH plans, develop the design and conduct feasibility studies for the major infrastructure works under the programme. These will form important inputs for securing the Ghanaian Government's contribution to the programme.

The start of the GNWP has been delayed by an Ex-ante evaluation that was necessary to conduct before embarking on such a large programme. To keep the momentum, "Quick Impact Activities" were initiated and baseline data were collected. The total GNWP programme budget is about EUR 200 million, consisting of EUR 100 million grant by the Dutch Government, EUR 50 million contribution by the Ghanaian Government and an estimated EUR 30 - 70 million to be contributed by the private sector or other sources. Both the Ghanaian and Dutch Governments have committed themselves to the GNWP by signing the Grant and Financing Arrangement in November 2012.

Concrete results will be sustainable sanitation and water services - including for the urban poor and in schools - in Accra, Cape Coast and Elmina (total population according to Census 2010: 1.1 million people), characterized by rapid urbanization. Management and disposal of solid and liquid waste is an important sanitation topic in GNWP and provide a link to the climate change and food security agenda: the current indiscriminate dumping of waste does not only lead to unhygienic conditions, but also leads to emissions (of methane for example) and wasting of valuable agricultural resources that can be avoided. Dutch private companies and institutions have the right expertise and experience to come up with innovative solutions, such as "waste to nutrients & energy" initiatives. With the key objective of tackling sustainability issues, the focus of the GNWP is on behavioral & systems change with a strong emphasis on cost recovery. It will ensure that the costs of service delivery are fully understood, and that sufficient financing is identified - be it from users or government - to cover not only operational costs but also capital for long term rehabilitation and capital replacement. With this in mind, the GNWP is designed to have significant investments continuing to 2018 followed by a few years in which technical and financial support will gradually phase out.

To allow these innovative concepts to prove themselves and for the GoG to apply the lessons learned and take them to scale, a timeframe up to 2020 for Dutch support to these processes is inevitable. By 2020 it is expected that sufficient experience has been gained in working with business approaches to WASH service delivery. By then GNWP has contributed to removing and diminishing obstacles for private sector involvement such as certain institutional and regulatory frameworks. By then Ghanaian and Dutch WASH sector actors have established themselves to take forward further business opportunities.

Geographically, the target area composes the main urban settlements in the Pra/Kakum and the Densu river basins. These two basins have been selected by the Government of Ghana since they are regarded as amongst the most vulnerable and degraded river basins in Ghana, due to urban encroachment and pollution and have received little attention. At the same time, these basins provide the water for the urban centers in the greater Accra area, Cape Coast and Elmina. The emphasis of the programme remains in those areas. However, the geo-graphic scope of the Ghana WASH window will be somewhat expanded given the absorption capacities of the selected municipal areas and to capitalize on other opportunities for PPP projects.

Due to budget cuts the preparations for the Integrated Water Resources Management (IWRM) programme have been cancelled in the first half of 2013. Sound management of the basins, however, is a prerequisite for a guaranteed supply of clean water. The embassy will explore opportunities to reinforce this component within the remaining GNWP resources. As part of the GNWP, the IWRM component is envisaged to support activities in the basins that benefit the water sources for the five GNWP municipalities, in view of climate resilience and environmental sustainability.

Examples of such activities are the restoration of degraded watersheds and polluted wetlands (including Ramsar sites). Preventing deforestation and promoting afforestation in watersheds will also link water management topics with climate change by reducing emissions. River basin management is also essential to allow for investments in irrigation to raise agricultural productivity.

Opportunities to link the water sector interventions with food security exist, as demonstrated by the recent start of a river basin development plan for agriculture funded by the Sustainable Water Fund (Wienco). Ghana also plans to expand electricity production by investing in small hydropower facilities, for which water management is an essential condition. In the regional context, Ghana is downstream in the Volta Basin, shared by six countries. Ghana seeks to strengthen its role in the Volta Basin Authority. Support to this Authority will be an option to enhance regional cooperation on water-related issues.

#### Selected results by 2017

- By 2017 400 schools have functioning water and sanitation facilities serving 200,000 school children
- By 2017 35 Dutch companies are active in the drinking water and sanitation sectors in Ghana
- By 2017 the Dutch €40 million invested in the Ghana WASH Window has leveraged at least €25 million private investment in the WASH Sector
- By 2017 500,000 people gained access to toilet facilities and improved solid waste management services

#### 4.4 Market oriented health care

The socio-economic growth results in an expanding middle class that is demanding high quality health services and that is prepared to pay for it. A rapidly emerging private health service is gaining more prominence. Traditionally the health sector was seen as the exclusive domain of the government. The government is the provider of the bulk of the expenditures of the health sector (from 30% in 2005 to 69% in 2010). The sector enjoyed over the years generous donor support. Currently donor funds are decreasing and domestic public funds (GoG) are increasing. Quality control, oversight and safeguarding broad-based access to services remain government tasks. Providing financial support by the government and donors will continue to dominate the relations between the stakeholders in the transition phase. The majority of poor people remain dependent on public services. These public services can improve dramatically with the introduction of modern hospital management tools and expertise. These are domains of specific Dutch knowledge and experience. It is time for public hospitals of Ghana to follow its people to enjoy the 21st century's opportunities. Already the Ghana Health Services and the National Health Insurance Authority are separate operational bodies within the public domain.

Services will be provided by a diverse spectrum of public and private providers for patients who are prepared to pay for services following market dynamics. Payment for services is acknowledged

as a community empowerment tool for the demand of health services. The required improvements in the sector call for other types of dialogues with Ghana. They imply that the contents of the policy dialogues and general relations with the government will change from financial (donor type) dominance to a more equal partnership. Beyond provision of basic services for the poor, the Ghanaian government has to provide strategic leadership for a rapidly evolving sector.

As a result the transfer of ODA funds will start to phase out by 2017 (EUR 1 million). By 2019 the activities will be limited to small scale support funded from the private sector development budget.

### ***National Health Insurance Authority***

The National Health Insurance Authority (NHIA) is an African pioneer in health financing with a commendable history of 10 years. Its ambition to become a self-sustainable health insurance remains however a dream: 35% of the population has insurance their collected premiums cover only 18% of total revenue. The rest is provided by the government. The introduction of higher efficiency of management and the establishment of modern supportive links (E-Health, ICT, digitalization etc.) between service providers (hospitals & clinics) and health financiers will result in better services and health outcomes. These factors determine the willingness to pay for health insurance.

On the interface of health service providers (both public and private) and the national health insurance authority is currently unexplored territory and represents an opportunity for Dutch interests. Several Dutch organizations have been involved in the development of the National Health Insurance System (NHIS). Pharm Access International, SNV, ICCO and Genkey (biometric registration) supported the NHIA in many aspects of its mandate, thus introducing Dutch expertise and experience in this field. For the NHIS to develop further and to expand its relevance, it must aim also at higher efficiency of the health service delivery. A capitation pilot project was formulated in 2011 as the basis for payments. This pilot, in Ashanti region, is expected to be scaled up albeit with caution. The NHIA is also embarking on cost containment measures such as clinical audits and the improvement of the claims processing. The NHIS must increase its linkages with the diverse spectrum of health service providers. To meet the increasing demand for quality health services, the efficiency and effectiveness of the health service must increase.

Introducing modern information technology and digitalization platforms can make a quantum leap in efficiency gains that are relatively insensitive to prevailing management challenges. Linking the existing modern health insurance, with a health service delivery system in dire need of modernization, is a unique development opportunity. The embassy has the ambition to support such developments and to connect Ghanaian stakeholders to organizations, companies and institutions that can propel them into the required level of service delivery.

ORIO investments in the construction of health facilities can function as starting points for innovative public-private-partnership to improve hospital management and establish links with the NHIS. Digitalization of equipment and modernization of hospital management via IT systems are examples that can be developed into profitable business models.

The embassy will focus on exploring opportunities for Dutch private sector participation, as The Netherlands have a rich tradition in this domain. Companies organized in the Top Sector: "Life Sciences and Health" already expressed interest. Ultimately the success of the health insurance is judged by the patients in terms of better services received. The private sector probably represents the opportunity to the introduction of modern technologies that will revolutionize health care and have significant development impacts, principally because such represents solid business cases that have stronger private sector appeal than interest from the public sector. It is likely that the public sector will follow the developments with NHIA as the dynamic frontrunner.

### ***Sexual and Reproductive Health and Rights (SRHR)***

More than 57% of the population is younger than 25 years, yet their voices are rarely heard or taken seriously. Yet they represent the future of Ghana. The Netherlands is the world leader in sexual and reproductive health for young people and adolescents<sup>8</sup>. Open and youth friendly interventions by NGO's are typical for the Dutch approach. These approaches can be adapted to

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<sup>8</sup> Netherlands have lowest pregnancy-, abortion- and sexually transmitted infection rates among teenagers in the world.

other settings, using universal values as respect, gender en human rights as basic ingredients. Communicating with and engaging youth and adolescents are typical Dutch skills.

Maternal mortality and unwanted pregnancy rates are high in Ghana. Pregnancy and delivering babies are for most rural poor people in Ghana risky affairs. Adequate knowledge and awareness of sexual and reproductive health are often lacking. Moreover the position of women remains traditionally entrenched and represents a serious barrier for their empowerment. Most poor women can ill afford or access quality health services.

The bilateral program will concentrate on enhancing the quality and sustainability of SRHR and maternal health related services. We will support private and public service providers in the realm of SRHR and Maternal health to develop and improve maternal health services and to provide sexual and reproductive health information and services to women and young adolescents. The long term systemic changes required in the health services will take their time. We expect that, by the end of our program in 2020, the NHIA and public and private health services will have a business plan and a road map to achieve sustainable quality service provision on maternal health and SRHR. Maternal health targets are obtained through effective health services, supported by behavioral change and awareness of women health needs in communities. The necessary lifesaving interventions take place in hospital or clinics. Without effective health services maternal mortality will not be reduced. EKN will therefor focus on the following areas.

The Netherlands will support the MDG Accelerated Framework (MAF), addressing the reduction of maternal mortality. This MAF support is provided in close collaboration with the EU. This government channel provides opportunities to influence policies, promotes innovative approaches, and monitors progress at a national level. MAF will be complemented by innovative interventions designed to accelerate MDG5 achievement. To this effect, civil society is engaged to mobilize communities and to complement the efforts of the Ghanaian health services. Next to the support via the government channel, we will also promote the use of modern media and community mobilization on SRHR targeting young adolescents.

The embassy, until 2015 will continue to contribute to the "No-Yawa" Program to reach young people and to improve their access to sexual and reproductive health information and services. The implementing NGO consortium brings various skills together: clinical services (MSI) with social marketing expertise (DKT) and social media/sms experiences (Grameen). Under the lead of DKT the program plans to increase contraceptive use among 15-19 year olds by expanding the availability and desirability of contraceptive commodities and addressing the misconceptions and lack of knowledge around modern contraceptive methods. The approach will be two-fold: firstly focus on communication, information, and education; secondly secure an adequate, stable, affordable, and accessible supply of high-quality commodities and services, specifically focusing on condoms, oral contraceptives, and emergency contraceptives. The annual budget is estimated at EUR 1 million for the period 2014 – 2015.

#### Selected results by 2017

##### Transition

- At least 2 valid business cases developed between Ghanaian and Dutch commercial and public partners to introduce innovative ICT tools for hospital management and communications including e-health
- Two partnership arrangements signed on the basis of mutual investment, benefit and profit, with facilitation from the embassy
- One business case developed between Dutch insurance and NHIA, performance contract signed, facilitated by the embassy

##### SRHR

- Reaching 4.000.000 youth with RH product information via mass-media
- Reaching out of 300.000 school youth with RH information geared at behavoir change
- 11.000.000 male condoms (pieces) distributed
- 1.900.000 oral contraceptives (cycles) distributed
- 95.000 emergency Contraceptives (packs) distributed
- 1.000.000 injectable contraceptives (vials) distributed
- 232.000 youth reached via SMS and social media
- 40.000 young people calling into call center

## Chapter 5. Countries of co accreditation, regional affairs and other foreign policy instruments

### 5.1 Regional trade

The West African region has a strong growth potential and is seen by many Dutch companies as an interesting emerging market. The embassy has as regional function as it covers the coast of the Gulf of Guinea from Sierra Leone, via Liberia, Ivory Coast and Ghana to Togo. The embassy functions as a regional hub for migration, trade and consular affairs. The embassy provides services for Dutch companies active in these countries. In the coming years it will expand its regional service delivery. The embassy invests in capacity, knowledge and networks to support Dutch companies in their regional objectives.

Activities in Ivory Coast and Togo so far are limited to consular and migration affairs and the maintenance of a relevant network and knowledge base for trade requests. In Ivory Coast and other cocoa and palm oil producing countries the embassy expands on the Ghana program. Liberia and Sierra Leone are "Basic" countries in service provision to Dutch companies. The embassy will expand its network to provide the basic services to Dutch companies in light of the growing demand in conformity with the guidelines of the DG for International Relations (DGBEB) and NL EVD International. The countries of co accreditation are important partners in migration and legal issues. The embassy provides logistic and network support for the Ministry of Security & Justice (Min V&J) and its services.

In Ivory coast, Sierra Leone and Liberia we expect an increase in demand from the private sector as the economies of these countries continue to grow fast. It is highly likely that the African Development Bank will return to Abidjan in the coming period. This will force us to rethink how best to serve Dutch companies and our interests at the AfDB. Virtual embassies, fixed days of physical presence of staff members, lap top representatives, or representation agreements with EU member states, are some of the ideas that will be explored. The Dutch representation at the AfDB could be integrated in one of the abovementioned scenarios for increased regional presence.

The embassy will reserve a budget for activities in the countries of co-accreditation of EUR 50.000,- (Algemene kleine ODA - activiteiten AOA). This will be spent in order of priority in Ivory Coast, Liberia, Sierra Leone or Togo on activities that will enhance our network in relevant areas such as: trade, migration, security and political stability.

Activities of the consortium of Dutch stakeholders in West African port development are supported through the Netherlands African Business Council (NABC). The agriculture and food security programs in Palm Oil, Cocoa and vegetable value chains also have regional components. The embassy encourages its implementing partners to reach out to other cocoa producing countries in the region such as Ivory Coast, Liberia, Sierra Leone, Cameroon, Nigeria. This outreach is organised in close cooperation with Dutch embassies in the region.

### 5.2 Regional Security

The Netherlands contributes to the Marine Trade Sharing Information Centre in the Gulf of Guinea (MTISC-GoG). Maritime security issues in the Gulf of Guinea are on the rise. In the number of incidents it surpasses the situation off the coast of Somalia. As opposed to the situation of the coast of Somalia, the pirates are based in fully functional states. Rapid exchange of accurate information should enable law enforcement services to contain the upsurge in insecurity. The MTISC started as a private sector initiative. It is now supported by many governments. The centre has as objectives: to collect data, to analyse patterns, to provide real time information to law enforcement units in all participating countries, and to formulate remedies.

Ghana contributes to regional peace keeping operations. A possible Dutch participation in UNISMA could call for increased military cooperation with Ghana. The joint exercise "African Winds" highlighted several avenues for increased cooperation in this respect. The Netherlands has actively participated in the KAIPTC, supporting several courses on peace keeping and human rights. This relation can be expanded to more structural cooperation.

### 5.3 Migration

Around 20,000 Ghanaians reside in the Netherlands legally. This is the largest Sub-Saharan community in the Netherlands. Traditionally there are many consular exchanges between our countries. Worldwide 4.6% of the population of Ghana is emigrant and Ghana itself hosts some 1.7

million immigrants. In absolute numbers Nigeria, Ghana and Senegal dominate in migration to Europe and North America. Data from OECD countries (2005) show that France, UK, Italy, Portugal and the Netherlands are the most important European destination countries for West African migrants.

Kotoka International Airport in Accra is a popular hub for passengers that travel from West Africa to Europe. Recent statistics show a substantial increase in the number of potential illegal immigrants have been stopped on departure in Accra. This result can be attributed to the capacity building on document fraud of Ghana Immigration Services and the airline companies. Over the past three years Ghana has invested substantially in its border control agencies with European support. This investment in prevention is paying off.

Nevertheless migration related cross border crime as human trafficking remain serious threats to security in the region. Further investments in combatting of identity and document fraud are needed. A regional expertise and training centre on document fraud would be a cost effective means to increase knowledge on fraud detection in West Africa. Ghana has already invested in its domestic fraud detection training capacity and has the potential to provide this type of training facility for the region.

#### **5.4 Consular Affairs**

Over the past years our visa applicants experienced long waiting lists for appointments in the period from April until October. The embassy intends to curb this structural problem by increasing number of appointments per day. Moreover we will explore the establishment of a fast lane for orange carpet clients. Further options will be considered as we monitor the situation. As NVIS is a web based application, anything that can be done to increase the speed of the internet connection will substantially improve our service levels. Representation arrangements for short stay visa applications have been made with Luxembourg, Poland, Austria, Hungary, Lithuania and France. The embassy handles approximately 8,000 visa applications per year.

In Ivory Coast and Togo, The Netherlands is represented by the Belgian and French Embassy respectively for short stay visa applications. Liberians and Sierra Leoneans increasingly apply for short stay visa in Accra, same as the Nigerians apply for the long stay visa in Accra, mostly knowledge migrants and students. As of July 1, 2013 the RSO-NAF started and became the back office for visa and Dutch passport applications.

The number of doubtful family reunion applications of minors is still an issue and acquires special attention. In collar bone method verification by a Schengen partner, 90% of the applications were older than the 18 years they claimed to be. Due to the fact that one can register a birth at any time and even several times, the registry of birth and death offers loopholes for fraudsters. This also applies to the MVV applications for joining a husband/wife or a partner. Another loophole is the directive 2004/38 EU where applicants wish to apply for a short stay C-visa to visit or join a family member in the Netherlands registered as community citizen. Once in the Netherlands these applicants can apply for a resident permit. The Embassy will pursue verification and interviews where doubts arise. There are 13 Netherlands detainees in Ghana and one in Togo, all serving long sentences. The detainees are regularly visited by the Embassy staff. The Embassy also counts on visits of volunteers. Approximately 220 civic integration exams are being held in Accra each year. Candidates from Nigeria now also schedule their appointments in Accra as Abuja/Lagos do not provide this service any more. The number of Nigerians are expected to rise significantly in the coming years. We have not encountered a candidate who failed the spoken Dutch exam 4 times in a row. Only one candidate failed the TGN exam since 1 July 2013. With a slight delay the new procedure has been followed up.

## Chapter 6. Financial implications

Financial ODA implications 2014-2017 in € (budget-code, description of the policy area)

Budget 2014-2017		
1.3	Stronger private sector and better investment climate in developing countries	7.000.000
2.1	Improved food security	14.400.000
2.2	Improvements in water management, drinking water and sanitation	65.000.000
3.1	Sexual and reproductive health and rights for all; stopping the spread of HIV/AIDS	14.400.000
<b>Total</b>		<b>100.800.000</b>



## Abbreviations

COCA	Institutional and Financial Assessment Tool
CORIP	Cocoa Rehabilitation and Intensification Programme for Ghana
CLTS	Community Led Total Sanitation
CSO	Civil Society Organization
DME	Department of Environment and Energy of Netherlands Ministry of Foreign Affairs
WASH	Drinking Water, Sanitation and Hygiene
ECOWAS	Economic Community of West African States
EUJS	European Union Joint Strategy
Min EZ	Netherlands Ministry of Economic Affairs
FOM	Fund Investing in Emerging Markets
GDP	Gross Domestic Product
GNWP	Ghana Netherlands Water, Sanitation and Hygiene Programme
ICT	Information and Communication Technology
IND	Netherlands Immigration Department
IFDC	International Fertilizer Development Center
IOB	Policy Evaluation Department of the Dutch Ministry of Foreign Affairs
IPI	Implementatie Platform IFI aanbestedingen
IWRM	Integrated Water Resources Management
LMIC	Lower Middle Income Country
MDG	Millennium Development Goals
MIC	Middle Income Country
MTISC-GoG	Marine Trade Sharing Information Centre in the Gulf of Guinea
NABC	Netherlands Africa Business Council
NGO	Non-Governmental Organization
NWP	Netherlands Water Partnership
ODA	Official Development cooperation
OECD	Organization for Economic Cooperation and Development
ORET	OntwikkelingsRelevante ExportTransacties
ORIO	OntwikkelingsRelevante InfrastructuurOntwikkeling
PPP	Public Private Partnership
PSI	Private Sector Investment
RSO-NAF	Regional Support Office for Dutch embassies in Northern Africa
SADA	Savanna Accelerated Development Authority
SME	Small en medium enterprises
SRHR	Sexual and Reproductive Health Rights
SWAPP	Sustainable West Africa Palm Oil Programme
WASH	Water, Sanitation and Health