

Cooperation with the Private Sector in Ghana

Country Report 2013

Highlights

- Private Enterprises Federation and GIZ agree to promote public-private dialogue starting with the Agricultural Public Private Dialogue Forum (APPDF)
- Kick-start of the formulation of a first comprehensive National CSR Policy
- The Ghana Chamber of Mines and the National Development Planning Commission engage on the promotion of joint development areas for increased sustainable local development



Public-Private Cooperation and Development

In line with accelerated economic growth the country has achieved substantial poverty reduction and is well on track to achieve its respective Millennium Development Goal before 2015. Ghana has a stable democracy, where rule of law applies and freedom of the press is unprecedented. That makes a good basis for private sector investments. Ghana is now a middle income country according to World Bank classification. That, however, has led to a reduction in very soft and long term aid inflows with its related fiscal and balance of payments challenges. Coupled with dwindling world commodity prices, the Government resorted to heavy local and external borrowing. Especially small and medium scale enterprises find access to credit increasingly difficult. Despite the expansion of the economy, unemployment and underemployment, particularly of the youth, is on the rise. The regional imbalances remain of concern with nearly 85% of Ghana's poorest found in rural areas. Security experts warn that unemployment, income and poverty disparities could undermine the country's stable democracy.

BMZ focal areas in Ghana

- Sustainable Economic Development
- Agriculture and Food Security
- Decentralization

Non Focal Areas

- Good Financial Governance
- Health and Social Protection
- Renewable Energy (new)
- Peace and Security

The Ghana Shared Growth and Development Agenda 2010-2013 (GSGDA) is the nation's development blue print. Its guiding vision is broad-scale growth based on a modernized agricultural sector. The strategy recognizes improvements to infrastructure, social services and workforce skills, good governance and private sector promotion as cornerstones for its success. Public-private partnerships (PPP) as a vehicle for improving infrastructural development as well as wider partnerships between civil society, development partners, industry and research bodies, are mentioned as being important for agricultural development, water provision and environmental management. Gender, population growth, environment, vulnerability, exclusion and decentralisation are cross-cutting issues.

Despite this policy outline, public-private relations in Ghana are still lacking. Government continues to make statements such as "the private sector is the engine of Growth", to which the private sector rhetorically responds that "it is an engine without fuel". Business leaders have little interest in working with the public sector which they perceive as "unfriendly" and bureaucratic. Nonetheless, both parties agree that improved public-private dialogue and partnership is the only way forward. Germany supports the ongoing dialogue processes as an integral part of its development cooperation with Ghana and tangible practical progress has been made in 2013. At the back of a Partnership Landscape Analysis (PLA) in 2012, the concept of Development Partnerships with the Private Sector (DPP) has received wide attention and action.

The Senior Presidential Advisor and Chairman of the National Development Planning Commission (NDPC) accepted the concept for higher level discussions. The Chamber of Mines and the Private Enterprises Federation (PEF) were identified as further

Engaging in development partnerships with the private sector

Development partnerships with the private sector (DPPs) are projects jointly planned, financed and implemented by businesses, GIZ, on behalf of BMZ, and other partners, such as state and civil society actors. A DPP combines business interests with development objectives for the benefit of all partners. The project partners share the costs and risks equally. GIZ partners with companies that respect key social and environmental values and – in order to ensure the viability of DPPs – have sufficient financial and operational strength to be able to deal with difficult situations in a fragile environment. There are several possibilities to cooperate with GIZ in a DPP:

The **Africa Facility** is specifically designed for enterprises which are based in Africa. It currently operates in 9 target countries: Cameroon, Ghana, Kenya, Mozambique, South Africa, Tanzania, Tunisia, Uganda and Zambia. The BMZ programme **develoPPP.de** is designed for German or European companies and covers partnerships in Africa, Asia and Latin America.

Additionally, GIZ technical cooperation projects worldwide engage in **integrated development partnerships (iDPP)**.

Project sizes are individually agreed and the DPP must address an issue of interest for the respective GIZ programme. For more information please contact dpp-africa@giz.de

partners for intensified public-private activities in Ghana. NPDC, PEF and the Chamber of Mines welcomed a joint platform for discussion and asked GIZ to be the coordinator. The mining companies have expressed a strong interest for further DPPs to develop vocational skills and local economies. PEF proposed to source for private sector co-funding in order to build capacities of members' and PEF leadership. A new legislative instrument brought forward by the NDPC for discussions seeks to allow Joint Development Planning Areas (JDPA). It is proposed to include representatives of private sector, traditional authorities and civil society groups as members of local government planning and coordinating units.

Ghana has no comprehensive policy on Corporate Social Responsibility. The private sector has voiced their concern and started a series of initiatives in the mining, banking, food & beverages and other manufacturing industries. The Ministry of Trade and Industry (MoTI) has now begun to address the issue. GIZ was asked for financial and technical support to prepare a comprehensive national policy. A multi-stakeholder workshop defined the road-map and the Centre for Corporate Responsibility at the University of Ghana Business School supports the process. A number of consultation and validation workshops have already taken place, involving over 1,000 stakeholders so far.

All GIZ supported DPP-projects that commenced in 2013 reflect the above spirit of collaboration. They are aligned to Government's priority areas and the on-going bilateral programs. A total of eight new projects in skills development, agro-products processing, financial inclusion and literacy as well as a strategic alliance on employee wellbeing were started. Out of these, five are funded by the AF, two by develoPPP.de and one is an integrated DPP, all with substantial contributions from the private sector.

Focal area 1: Sustainable Economic Development

The economic prospects of Ghana received a boost in 2007 with the discovery of oil reserves off the country's western coast. Real GDP growth has been above 7% over the last years and is projected at 8% for 2014. Despite good economic prospects, the country slipped five places in the Worldbank's Doing Business Report 2013 to 67th out of 185 economies, mostly because of increased difficulties to start a new business. GIZ's Programme for Sustainable Economic Development focuses on micro-finance, vocational education and training and on support to light industrial areas. DPPs feature strongly in its portfolio.

Despite rapid developments in Ghana's financial sector in recent years around 70% of the adult population is unbanked. A DPP with Fidelity Bank of Ghana aims to increase financial literacy and inclusion in selected regions. Basic understanding, benefits, social aspects and implications of savings, loans and insurance are presented and fortified. This is coupled to improved access to innovative and demand-oriented micro-finance services and training for better employability.

The mining community is increasingly aware of the need for vocational training and community development for their social license to operate. Often the majority of local youth is unskilled but still expects to be employed by the mine. A three-year DPP with Keegan Resources Ltd., a gold mining company, addresses the issues through the establishment of an accredited vocational training school.

Focal area 2: Agriculture and Food Security

Agriculture is key to Ghana's development as it employs more than half of the country's population. The sector is characterized by poor productivity and value-addition remains very low.

GIZ's Market Oriented Agriculture Program (MOAP) particularly aims to improve the competitiveness of Ghanaian farmers and

food processing companies on domestic and international markets, especially through the promotion of selected value chains. The program is working with Newmont Ghana Gold Ltd. in a DPP to set up the Asutifi Processing and Services Centre with focus on the processing of chili pepper. The three year project is expected to improve the income earnings of at least 1,000 farmers, whereby 70% of the directly impacted households are women and youth. Further DPPs foster oil palm and cocoa production as well as sustainable organic waste management and fertilizer production. Over the past years, the African Cashew Initiative (ACi), a large-scale international partnership project with several companies, has successfully been implemented also in Ghana, whereby overall more than 240,000 cashew farmers and 2,200 trainers have been qualified on sustainable agricultural techniques.

The Agricultural Public Private Dialogue Forum (APPDF) was established by the Ghanaian Ministry of Food and Agriculture (MOFA), PEF and stakeholders in the agricultural sector to strengthen public-private dialogue on agricultural policy and its implementation. The PLA report recommended its revitalization and strengthening.

Focal area 3: Decentralization

German Development Cooperation has been supporting local governments in Ghana for the past 20 years and the current Support for Decentralization Reforms Programme (SfDR) focuses particularly on promoting the implementation of the new comprehensive Decentralization Policy and Action Plan at national, regional and local levels.

The program supported the preparation of a regional development framework for the Upper West Region to enhance the potential for economic development. A regional forum was organized with active participation of all relevant stakeholders. In the meantime, the partnership dialogue between the responsible regional Minister and SfDR has led to the identification of a DPP intervention in the area of capacity building for municipal service delivery. The Ghana Land Administration Solution for Sustainable Development Project (GLASS), a three-year project is being funded under develoPPP.de to improve on land administration in the country. The private German partner is the Assmann Beraten + Planen GmbH, together with local partners.

Under a co-financing agreement with Cities Alliance (CA), the program supported the Government of Ghana in organizing 3 regional fora in urban issues. The program in collaboration with CA and the Ghana Ministry of Local Government and Rural Development will be presenting Ghana's urban policy at the World Urban Forum in Medellin in 2014. The policy is attracting private interest in partnerships for street naming and house numbering to enhance movement of goods and services.

Special area: Good Financial Governance

The Government of Ghana has opted for a policy mix of elimination of subsidies, tax increases and enhanced revenue inflows through a more efficient tax administration to improve public finances. Core reforms include a financial management information system and a reform in tax administration. The Good Financial Governance Program (GFG) supports these initiatives in partnership with the Ministry of Finance and Economic Planning (MoFEP) and other state actors such as the Ghana Revenue Authority, the Ghana Extractive Industries Transparency Initiative (GHEITI) on behalf of BMZ and the Swiss State Secretariat for Economic Affairs. A key private partner is the Ghana Community Network Ltd. (GCNet) that is managing Ghana Revenue Authority's computer systems.

GFG also funds the Employee Wellbeing Health Management Information System in partnership with GCNet and Ghana Revenue Authority as an integrated development partnership. A database of individual health records comprising socio-demographic, behavioural and bio-medical information for more than 30,000 persons was established. The challenge is to use the data for monitoring trends of health risks and diseases; appropriate and anonymized reporting; delivering customized information and education messages to the screened persons and ensuring that screened persons undergo further diagnostic and treatment. Running from 2013 - 2014, the project will provide health promotion services and personalized follow-up diagnostic and treatment services for all risk factors and detected diseases.

Special area: Health and Social Protection

Infectious as well as chronic diseases, such as but not only HIV/AIDS affect the social and economic development of the country. The German Development Cooperation through its Regional Coordination Unit for HIV/AIDS and Tuberculosis (ReCHT) supports the national HIV response for most-at-risk populations, health and social protection related workplace programs and strengthens national systems and processes. The Employee Wellbeing Programmes (EWP) and its complementary activities have been very successful in Ghana and serve as best practice examples worldwide.

A health stewardship concept has been developed to align non-state health systems and improve the harmonization of individual and often scattered corporate social responsibility interventions in the sector. The Africa Facility funds a respective pilot DPP with Golden Star Resources, a mid-tier gold mining company. Additionally, a strategic alliance with several private partners extends the EWP approach also to Technical Vocational Training Schools and thereby ensures further institutional anchoring of the concept. This strategic alliance is open for further partners to join and roll-out the successfully approved EWP approaches.



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ReCHT also implements a project in partnership with Keegan Resources Ghana Ltd. to counter social distress resulting from land compensation payments by mining operations. Past experience

Vocational Training in Mining Areas

Qualifying mine-affected communities improves social stability and development prospects



When mining operations commence, employment and business opportunities are created for some, while others suffer from relocation or loss of land. Keegan Resources (Ghana) Limited (KRGL) holds several gold mining leases approximately 300 km northwest of Accra. About 15,000 people, relying heavily on small-scale (legal and illegal) mining and agriculture are affected when mining begins in about two years' time. Currently, less than 10% of those in the communities have meaningful skills such as carpentry or metalwork. Yet, despite this skills gaps, the immediate expectation is to be employed by the mine.

KRGL will strengthen local vocational training structures in the run-up to production and introduce a quota to assure local employment. An abandoned school in the area will be rehabilitated to meet training demands. Equipment, training materials and aids will be acquired, trainers hired and training for vocations in construction and catering will be provided. All trainees will receive a monthly allowance for their up-keep and a set of tools upon successful examination.

At least 360 youths (of which at least 25% are female) will be trained and it is expected that 50% of them will find employment – in the mine or elsewhere – within 12 months.

has shown that instability and a series of social problems such as prostitution, gambling, and indebtedness are likely and that most funds are exhausted within 8 months. The project targets an increase of 30% in savings accounts through community-managed credit unions and a reduction of new cases of non-communicable diseases by 25% through improved health service provision.

Substandard and counterfeit medicines are a huge challenge in Ghana and Africa as a whole. The poor are especially affected by these lowly priced, substandard and potentially harmful drugs. In a develoPPP.de funded project, GIZ, 1 A Pharma GmbH and LaGray Chemical Company of Ghana aim to improve drug quality assurance. In 2013, activities in Ghana also kick-started for the supraregional strategic alliance on Affordable Nutritious Foods for Women (ANF4W).

Challenges and way forward

Ghana's private sector is increasingly interested to partner with GIZ in DPPs. Skills development, entrepreneurial development and agricultural products processing are most sought after. In some cases, applicants do not meet the minimum criteria for funding, often resulting in challenging situations. The partnerships foreseen for 2014 respond to the areas of interest mentioned above. A strategic alliance on skills development in the recycling industry and several smaller DPPs are already in the pipeline.

Further activities will include:

- Partnership with PEF to strengthen their capacities to engage with government for improved policy formulation
- Support to the dialogue processes between the Mining Sector and the National Development Planning Commission, aiming at the creation of Joint Development and Planning Areas
- Finalization of the National CSR Policy and launching of selected activities that will promote the DPP agenda.

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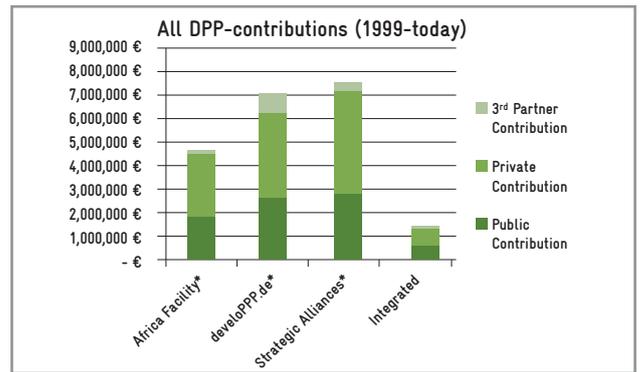
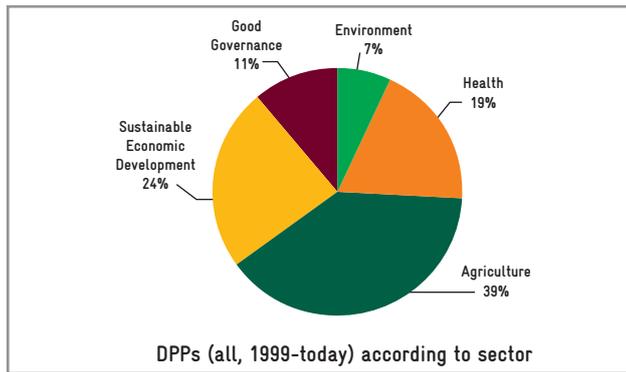
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Development Partnerships with the Private Sector. Facts & Figures Ghana

All recent and ongoing DPPs in Ghana								
Title	Partner	Start	End	Public contribution	Private contribution	Contribution by 3 rd partners	Total	Sector
Africa Facility								
Development of value chains for agroforestry products	DuPaul Wood Treatment	05/09	02/13	101,849 €	101,842 €	-	203,691 €	Agriculture
Advancing access and benefit sharing in biodiversity management in Africa*	Union for Ethical Biotrade	04/11	04/13	64,483 €	65,629 €	-	130,112 €	Environment
Oil Palm and Cocoa Production and Health	Golden Star Oil Palm Plantation	05/12	04/15	200,000 €	559,300 €	-	759,300 €	Agriculture
Sustainable Waste Management and Organic Fertilizer Production in Ghana	Zoomlion Ghana Limited	12/12	11/15	198,996 €	200,000 €	-	398,996 €	Environment
Asutifi Processing and Services Centre for small-holder farmers in Ghana	Newmont Ghana Gold Ltd.	11/13	11/16	199,912 €	355,165 €	60,000	615,165 €	Agriculture
Community Systems Strengthening in Financial Literacy and Social Protection	Keegan Resources Ltd.	08/13	08/16	200,000 €	220,200 €	-	420,200 €	Sust. Economic Development
Health Stewardship for Private Sector Engagement	Golden Star Resources Ltd	07/13	06/16	200,000 €	259,600 €	-	459,600 €	Health
Vocational Training in Esaase Community	Keegan Resources Ltd.	09/13	08/16	200,000 €	324,000 €	36,000 €	560,000 €	Education
Financial Inclusion and Financial Literacy for low-income citizens of Ashanti, Western, Central and Greater Accra Region	Fidelity Bank Ghana Ltd.	12/13	12/15	200,000 €	279,000 €	-	479,000 €	Sust. Economic Development
develoPPP.de								
Supporting Ghana in forest monitoring based on German remote sensing technology	Infoterra GmbH	12/11	10/13	199,662 €	269,493 €	31,900 €	501,055 €	Environment
GLASS - Ghana Land Administration Solution for Sustainable Development	ASSMANN BERATEN + PLANEN GmbH	07/13	06/15	199,977 €	209,979 €	-	409,956 €	Good Governance
Quality assured essential medicines for Ghana	1 A Pharma GmbH	12/13	11/16	200,000 €	450,000 €	-	650,000 €	Health
Strategic Alliances								
Certification Capacity Enhancement (CCE) *	Mars GmbH	03/10	04/13	180,749 €	226,500 €	88,333 €	495,583 €	Agriculture
Employee Wellbeing Programme with strengthening of the Ghanaian Health System	Newmont Ghana gold Ltd.	10/10	02/14	1,596,500 €	1,602,000 €	-	3,198,550 €	Health
Affordable Nutritious Foods for Women (ANF4W) *	BASF	07/13	05/15	280,839 €	356,049 €	262,850 €	899,738 €	Health
Integrated DPPs								
EWP-electronic health information	GCNet	03/13	05/13	80,000 €	120,000 €	33,600 €	233,600 €	Health

Development Partnerships with the Private Sector. Facts & Figures Ghana



Overview DPP (all, 1999-2013) – number of projects, contributions

Type of DPP	No. of DPPs	Public Contribution		Private Contribution		3 rd Partner Contribution		Total In €
		In €	In %	In €	In %	In €	In %	
Africa Facility *	13	1,833,861	39.5	2,666,296	57.5	140,000	3.0	4,640,157
develoPPP.de *	15	2,557,844	35.9	3,660,365	51.4	906,359	12.7	7,124,568
Strategic Alliances *	7	2,779,266	36.4	4,494,497	58.9	351,183	4.6	7,624,947
Integrated	19	538,100	40.4	748,857	56.3	44,200	3.3	1,331,157
Total	54	7,709,071	37.2	11,570,015	55.8	1,441,742	7.0	20,720,828

* if project implemented in more than one country, contributions split by respective number of countries