

Summary of NIP

Ghana is a lower middle income country (2012 GDP per capita EUR 1,200) with an economy based on services (50% share of GDP), agriculture (22.7%), composed of mainly crops such as cocoa as well as forestry activities, and the industrial sector (27.3%), representing mainly mining and construction activities and more recently oil and gas. The recent coming on stream of oil production, the development of the gas energy infrastructure and of the petro-chemical industry give the potential to transform the economy, to develop the value added chain and to build a more diversified agro-industrial base. Although the current macroeconomic and fiscal situation is a cause for concern (EU budget support payments were not disbursed in 2013), the medium term outlook is positive provided authorities are willing to implement necessary reforms.

As proven by the 2012 elections and the subsequent legal challenge raised by the losing party and closed by the Supreme Court's decision, Ghana is a deeply rooted democracy which abides by the rule of law. Ghana has also accomplished steady progress on the protection of Human Rights although effective implementation still needs to progress. The on-going Constitutional Review should further deepen the democratic and governance framework, with a better balance of power between the executive and the legislative, and an effective implementation of the decentralisation reform to improve the delivery of public services.

The EU is Ghana's most important trading partner. It is Ghana's largest export market (export worth EUR 3 billion or 42.9% of total Ghanaian export (2012) followed by China (6.5%). Ghana initialled an interim Economic Partnership Agreement (EPA) end of 2007 (but neither signed nor ratified) and has benefitted from free access to the EU market under the Market Access Regulation ever since. Ghana is also becoming an important regional actor, which aims at strengthening ECOWAS economic integration and promoting African Union's political agenda.

Development Partners, including the EU and its Member States, have committed themselves to align their current and future assistance to Ghana with the priorities and objectives identified in the overall country strategy, named Compact 2012-2022 *"Leveraging Partnerships for Shared Growth and Development"*. Furthermore, Ghana is a pilot country for Joint Programming. The EU, 8 Member States and the EIB are working together through their respective country programs, which are being synchronised throughout the period 2013-2016 and thereon through a fully-fledged Joint Programming for the period 2017-2020.

The three key development priorities which will be supported through the 11th EDF in Ghana for a total amount of EUR 323 million are: (i) Governance: public sector management and accountability, (ii) productive investment in agriculture in the Savannah Ecological Zones, and (iii) employment and social protection. These sectors – which are fully in line with the Agenda for Change – are considered very pertinent to address some of the challenges that Ghana is facing at this stage of consolidating its status of middle income country.

With the first sector **"Governance: public sector management and accountability"**, the EU wishes to continue to support democratic principles in Ghana, currently a reference point for the whole African continent. On the one hand, this sector aims at achieving a more accountable and efficient public sector that delivers quality services on national and local level. Domestic revenue mobilisation and management including from/of natural resources in a transparent way is a crucial aspect. On the other hand, the sector support assists the enhancement of the rule of law and the fight against corruption. Separation of powers will be guaranteed through the strengthening of Parliament, judiciary institutions, and Independent Constitutional Bodies, but also of non-state actors and media. This sector aims at safeguarding achievements of Ghana in this domain which are

With the second sector, **"Productive investment in agriculture in the Savannah Ecological Zones"** the EU aims to assist in the development of agricultural schemes, mainly in the Northern regions where they are most needed to combat poverty and to ensure food security and appropriate nutrition. Support to modern investment schemes, including blending grants and loans from the public or the

private sector, is crucial for the development of Ghana's agricultural potential. The sector aims at a sustainable and inclusive rural economy, also through enhanced implementation of climate change adaptation and mitigation practices.

The third sector "**Employment and social protection**" aims at increasing the number of decent and formal jobs notably for the young generation and women, by addressing demand- and supply-side constraints of the labour market. Interventions are specifically aimed at stimulating the growth and creation of Small and Medium sized Enterprises (SMEs), with a particular focus on the informal economy which currently absorbs 84% of the total labour force. In complement, the EU aims at supporting the Government in developing and enforcing a basic social protection floor.

Accompanying measures are foreseen to support the Civil Society (no separate project but amount equally divided over three focal sectors for complementary actions), and for A technical Cooperation Facility, including support to the NAO's office.

No general budget support is foreseen in the NIP, but Sector Reform Contracts (SRC) remain an option for the implementation of EU cooperation.

Indicative allocations:

Focal Sector 1: Governance: Public Sector Management and Accountability	EUR 75 million	23%
Focal Sector 2: Productive Investment for Agriculture in Savannah Ecological Zones	EUR 160 million	50%
Focal sector 3: Employment and Social Protection	EUR 75 million	23%
Cross-cutting: Measures in favour of civil society	EUR 9 million	3%
Cross-cutting: Support measures	EUR 4 million	1%
Total	EUR 323 million	100%

NATIONAL INDICATIVE PROGRAMME

GHANA 2014 – 2020

11th EDF

List of Abbreviations

AECID	Spanish Agency of International Cooperation for Development
AfD	Agence Française de Développement
AfDB	African Development Bank
AML	Anti-Money Laundering
AVCF	Agricultural Value Chain Facility
BUSAC	Business Advocacy Challenge Fund
CAADP	Comprehensive Africa Agriculture Development Program
CDM	Capacity Development Mechanism
CHRAJ	Commission on Human Rights and Administrative Justice
CIDA	Canadian International Development Agency
COTVET	Council for Technical and Vocational Education and Training
CRC	Constitutional Review Commission
CSOs	Civil Society Organizations
CSP	Country Strategy Paper
DANIDA	Danish International Development Agency
DFID	Department for International Development
DPs	Development Partners
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EEAS	European External Action Service
EIB	European Investment Bank
EOCO	Economic and Organised Crimes Office
EPA	Economic Partnership Agreement
ENR	Environmental and Natural Resources
EU MS	European Union Member States
FASDEP	Food and Agriculture Sector Development Policy
FIU	Financial Intelligence Unit
FLEGT	Forest Law Enforcement, Governance and Trade
GDP	Gross Domestic Product
GIDA	Ghana Irrigation Development Authority
GIFMIS	Ghana Integrated Financial Management Information System
GIZ	German Development Cooperation
GNEP	Ghana National Employment Policy
GNSPS	First National Social Protection Strategy
GOG	Government of Ghana
GSGDA	Ghana Shared Growth and Development Agenda
GYEEDA	Ghana Youth Employment and Entrepreneurship Development Agency
ICB	Independent Constitutional Bodies
iEPA	Interim Economic Partnership Agreement
IFAD	International Fund for Agricultural Development
IGI	Independent Government Institutions
ILO	International Labour Organisation
IWRM	Integrated Water Resources Management
KfW	Kreditanstalt für Wiederaufbau

LEAP	Livelihoods Empowerment against Poverty
MDBS	Multi Donor Budget Support
MDG	Millennium Development Goals
MIP	Multi-Annual Indicative Programme
MMDAs	Metropolitan, Municipal and District Assemblies
MoFA	Ministry of Food and Agriculture
MS	Member States
MSMEs	Micro, Small and Medium Enterprises
NAPSR	New Approach to Public Sector Reform
NACAP	National Anti-Corruption Plan
NCCPF	National Climate Change Policy Framework
NDPC	National Development Plan Commission
NHIS	National Health Insurance Scheme
NIP	National Indicative Program
NYEP	National Youth Employment Program
ODA	Official Development Assistance
PPP	Public Private Partnership
PSDS	Private Sector Development Strategy
RIP	Regional Indicative Program
SADA	Savannah Accelerated Development Authority
SEZ	Savannah Ecological Zones
SPSD	Support to Private Sector Development programme
SSNIT	Social Security and National Insurance Trust
SWG	Sector Working Group
TVET	Technical and Vocational Educational Training
USAID	United States Agency for International Development
VPA	Voluntary Partnership Agreement
WB	World Bank

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1. The overall lines for the EU response

1.1. Strategic objectives of the EU's relationship with the partner country

As proven by the 2012 elections and the subsequent legal challenge raised by the losing party closed by the Supreme Court's decision, Ghana is a deeply rooted democracy which abides by the rule of law. Ghana has also accomplished steady progress on the protection of Human Rights although effective implementation still needs to progress. The on-going Constitutional Review should further deepen the democratic and governance framework, with a better balance of power between the executive and the legislative, and an effective implementation of the decentralisation reform to improve the delivery of public services. The justice system needs to be supported as it remains largely inaccessible to most of the population and better law enforcement in the country is required.

Ghana is a lower middle income country (2012 GDP per capita EUR 1,200) with an economy based on services (50% share of GDP), agriculture (22.7%), composed of mainly crops such as cocoa as well as forestry activities, and the industrial sector (27.3%), representing mainly mining and construction activities and more recently oil and gas. The recent coming on stream of oil production, the development of the gas energy infrastructure and of the petro-chemical industry give the potential to transform the economy, to develop the value added chain and to build a more diversified agro-industrial base. Although the current macroeconomic and fiscal situation is a cause for concern, the medium term outlook is positive as long as the authorities continue to implement necessary reforms.

Ghana is also becoming an important regional actor, which aims at strengthening ECOWAS economic integration and promoting African Union's political agenda.

In a West Africa region subject to political instability, terrorism, maritime security threats and increased economic organized crime, Ghana is a key country for the development of a privileged partnership for political stability. In the medium term, the EU-Ghana partnership shall aim at: i) promoting peace and the prevention of conflicts; ii) fostering and enforcing respect for democratic principles, human rights and the rule of law; iii) supporting the sustainable economic and social development of Ghana while at the same time ensuring environmental protection with a view to eradicating poverty and achieving the MDGs; iv) improving domestic competitiveness and increase domestic and European foreign direct investment; v) encouraging ECOWAS regional economic integration; vi) implementing the interim Economic Partnership Agreement (iEPA) and complete the procedures towards its replacement with the EU-ECOWAS regional EPA; vii) preserving and improve protection of the environment and the sustainable management of natural resources; viii) promoting multilateralism.

A comprehensive approach combining notably different EU and Member States instruments, such as Cotonou's Article 8 on Political Dialogue, Human Rights, Democracy and Rule of Law principles, the Economic Partnership Agreement, the Voluntary Partnership Agreement (VPA/FLEGT), development assistance to Ghana, as well as the Regional Indicative Program (RIP) 2014-2020 for ECOWAS will contribute to achieving these objectives. The EU Delegation in Ghana will seek support and funding from the RIP and other sources of funding (i.e. Infrastructure Trust Fund for Africa, etc.) to develop initiatives of shared national and regional interest, notably in the area of trade related assistance and support to the private sector.

In the event that Ghana ratifies the interim EPA, then the EU would provide support to Ghana to implement it. The ongoing trade-related programme TRAQUE will continue providing support to trade capacity building and product quality architecture until 2016. This support will facilitate

market access of Ghanaian goods to the EU. Additional support can be expected from priority Sector 2 of the Regional Indicative Program (RIP) 2014-2020 for ECOWAS, "Regional and Economic Integration, Support to EPA implementation", as well as from EU Member States.

Concerning development assistance, the EU, the 8 Member States (CZ, DE, DK, ES, FR, IT, NL UK) present in Ghana and the EIB are preparing a Joint Programming document, which brings together the main aspects of the ongoing bilateral programs of each of the participants. The Joint Programming was split in two phases: the first one, which covers the period 2013-2016, will enable EU partners to synchronise the funding cycles. The second phase, covering the period 2017-2020 will be a full-fledged joint programming.

The EU contribution to the Joint Programming reflects the sectors of intervention selected in the 11th EDF NIP 2014-2020, which builds on the overall country strategy, named Compact 2012-2022 "Leveraging Partnerships for Shared Growth and Development". This document, which was signed by the Government of Ghana and 15 Development Partners (DPs) in June 2012, has the following objectives:

- To contribute to accelerated and inclusive economic growth, and sustained poverty reduction, through a smooth transition of Ghana towards an established middle income status with a reduced dependence on ODA;
- To ensure the predictability of, and minimise the risk of abrupt reductions in ODA flows;
- To focus development assistance to issues/sectors of significant strategic importance for national development where aid is needed;
- To increase accountability, transparency and effectiveness of development assistance to Ghana so that it delivers results and value for money.

1.2. Choice of sectors

Development Partners (DPs), including the EU and its Member States, have committed themselves to align their current and future assistance to Ghana with the priorities and objectives identified in the above-mentioned Compact 2012-2020.

Taking into account Ghana's needs and challenges to become an established middle income country and in light of EU's overall objective to achieve a higher impact on poverty reduction, the proposed collective EU development assistance to Ghana is based on and reflects the following strategic objectives: (i) enhance respect for democratic principles, human rights and the rule of law; (ii) establish a more accountable and efficient public sector; (iii) empower non-state actors, including civil society; (iv) promote sustainable and inclusive economic growth, with a particular focus on rural development; (v) reduce social and economic inequalities and protecting the rights of the most vulnerable, including women, children and persons with special needs; (vi) mitigate the consequences of climate change; (vii) protect the environment and biodiversity; (viii) promote trade and regional integration; and (ix) enhance Ghana's capacities as a regional actor in promoting peace, security, stability and the fight against trafficking.

The EU and the EU Member States are collectively working towards attaining these strategic objectives through their respective country programs, which are being synchronised throughout the period 2013-2016, and thereon through a fully-fledged Joint Programming for the period 2017-2020. The EU RIP will also be a key instrument available to attain these objectives.

More specifically, the National Indicative Program 2014-2020 for Ghana proposes three priority sectors of intervention. These sectors, which have been selected following consultations with Government officials, private sector, representatives of Civil Society Organisations (CSO) including traditional authorities, women (during a seminar on 'Gender equality' organized on 9 May 2013), and EU Member States are in line with the EU's renewed development policy as laid down

in the "Agenda for Change". The three priority sectors of the EU NIP 2014-2020 for Ghana are the following:

Sector 1: Governance: Public Sector Management and Accountability

Ghana enjoys a favourable track record on good governance, rule of law and respect for human rights but still faces challenges in the short to medium term to consolidate its democracy and good governance, such as the concentration of power in the Executive, a large public sector, domestic revenue mobilization and public expenditure management, corruption, increased accountability and the need to provide sufficient capacity and priority to support government institutions involved in the implementation of environmental protection and natural resources management related legislation.

Since the return to constitutional rule in 1993, under the 1992 Constitution, Ghana has made considerable progress in establishing democratic governance. Nevertheless, there is strong recognition by the Government and DPs that some interlocking governance challenges need to be addressed in Ghana in the immediate future: improving service delivery to citizens, expanding public and private participation in governance, and accountability in managing Ghana's natural resources. There are several factors constraining the capacity of local institutions to deliver services to citizens. These include insufficient support by central government to optimise systems for the management and collection of locally generated revenues, which limits the local government's ability to finance service delivery and quality control activities, and the late arrival of funds from the central government, which represents the majority of local government's fiscal resources.

Moreover, Ghana is challenged by the ongoing decentralization reform process, which can affect the overlapping of responsibilities and worsen the already insufficient coordination between government bodies at the national, regional and district levels. Therefore, strengthening public sector capacity at all levels is a priority to achieve delivering better service in an increasingly decentralised context and to implement the country's development strategy.

In addition to supporting the public sector reform at targeted levels of government, there is also a need to reinforce rule of law and public accountability of state functions, in a three pronged approach addressing the accountability chain through: i) improved rule of law and access to justice though more effective, responsive and transparent justice sector (particularly with regard to public mismanagement and breach of authority), ii) strengthened role of communities, CSOs, and media to effectively participate in and influence policy processes improved accountability, transparency and service delivery and iii) support to oversight and control functions over the executive, notably through the reinforcement of the Parliament and Independent Constitutional Bodies (ICBs). These entities play the important roles of holding the Government accountable to its citizens, counterbalancing the powers of the Executive and deepening practice of democracy and institutional reforms.

Overall, reforms shall include strengthening of different government institutions including Parliament, justice sector institutions, ICBs and non-government institutions to draft laws and perform control and oversight responsibilities. Taking into account the substantial importance of the management of natural resources for Ghana's economic growth and the vast negative impact of environmental degradation on the national economy (est. +/- 10% of GDP), specific attention will be given to the Environmental and Natural Resources (ENR) sector in Ghana.

Supported policy areas will concentrate on main challenges, which a middle income country like Ghana is expected to address, such as: public sector management and reform, including public financial management, fighting against corruption, access to justice, increased domestic resource mobilisation, notably to ensure sustainable financing and the delivery of basic government services, including environmental governance.

The EU aims to create a mutually reinforcing process for improved governance, encompassing a

wide range of stakeholders and providing a backbone for the achievement of national development goals across different sectors. The strength and resilience of Ghana's democratic system and civil society will be an important consideration. An underlying theme will be to facilitate engagement and transparency between state and non-state actors.

During the preparatory discussions on Joint Programming, EU Member States recommended that, under the 11th EDF, the EU should play a prominent role in providing support to improve governance.

Sector 2: Productive Investment for agriculture in the Savannah Ecological Zones

The Government of Ghana aims at modernising the primary sector, a crucial step to consolidate the country's middle income status, to broaden the agro-productive status of the country and to increase access to long term jobs in the rural areas, with a particular focus on the Savannah Ecological Zones of Ghana (Northern and Coastal Savannah). President Mahama declared the 20-year Savannah Accelerated Development Authority strategy (SADA, 2010-2030) as being one of the top priorities for his government. This strategy aims at reducing the gap in the distribution of wealth between Ghana's North and South, and calls for a rapid increase of sustainable agricultural production in the Northern Savannah Ecological Zones through productive investment in services, such as water, energy and related rural infrastructure.

Agricultural sector development, interpreted in its broadest context i.e. comprising primary agriculture, horticulture, animal production, fisheries and forestry, is considered to be the most strategic area of intervention to bring about development of deprived rural areas. All strategies and plans aimed at development of the agricultural sector should include environmental impact assessment and or strategic impact assessments. The agricultural sector is also a strong generator of employment. It can therefore provide an alternative for youths seeking to migrate to urban areas or, even worse, looking for employment in illegal exploitation of natural resources. Development of the agricultural sector will provide an added value to the conservation of natural resources of the country. In Ghana, the agricultural sector has a strong gender emphasis as a vast majority of agricultural labor and marketing is provided by women. Women are, however, discriminated when it comes to land rights; this particular aspect will be mainstreamed in any EU future support to the sector.

Ghana's Savannah Ecological Zones are well endowed with agriculture potential; yet, these resources remain relatively untapped, specifically in the North. The main inhibiting factors are dependency on irregular rains, losses caused by post-harvest damages to crops and poor access to markets. These, combined with rapidly depleting wood reserves, due to firewood harvesting, and recurrent periods of floods and drought, following the effects of climate change, cause soil fertility the loss. Rural households limit their investment to mere subsistence farming and the youth leave the rural areas looking for (sometimes illegal) employment opportunities in other parts of the country.

Ghana imports a significant part of its food requirements. Other countries in the region are chronically food insecure. Therefore, there is a market potential for staple crops like corn, soya or rice. Under the 11th EDF, the EU aims at increasing access to national and regional markets and increase production by focusing on productive investment.

EU interventions will target a limited number of geographical "growth poles", as defined in SADA's strategy. Support to rural agricultural sector will be provided by improving much needed infrastructure within a context of sustainable green development. EU's assistance will focus on expanding access to and distribution of energy, paying special attention to renewable and clean sources of energy, and; improving integrated water resources management (provision, efficient usage, storage, distribution, management, wise and efficient use and participatory governance) in targeted locations. In this context, the EU will also look at the need to deliver infrastructure required to improve production, storage, handling and transformation of agricultural products; to reduce

post-harvest losses (e.g. adequate storage capacity); to add value to products (e.g. appropriate machinery needed in the value chain for manipulation, labelling, packaging and transformation of products) and; to increase access to potential markets (e.g. territorial marketing, basic improvement of feeder roads). Future interventions will be conceived in the frame of a climate change adaptation and mitigation background.

Active linkages will be prioritized with CSO's, trade and professional unions, donors and private sector initiatives which will be assuring access to inputs, structured finance, extension services and market information. Wherever necessary, specific support will be given to activities geared towards assisting poor households and communities to secure adequate nutritional diets, to provide technical assistance for capacity development and to allocate resources to key stakeholders to carry out key interventions.

Promoting sustainable investments in Ghana's Savannah Ecological Zones will help rural households to move from subsistence to income generating agriculture and should create decent employment opportunities along the value chains. Increased revenues will contribute to improving the standards of living of subsistence and poor producers exposed to food insecurity, as well as promoting economic and social development in the project areas. Specific attention will be paid to include effective mainstreaming measures in future actions to help correcting the gender gap, especially in the access of women to land, decision-making processes and production methods.

In order to achieve sustainable development in rural areas, future activities will support the implementation of government sector policy reforms. In addition to the decentralisation process promoted by the GoG, the Ministry of Food and Agriculture (MoFA) is developing agricultural policies aimed at assuring the coexistence of the main production models, such as small scale farming, which grows mainly traditional crops, with large scale farming with higher value products for domestic and export markets. Revision and adaption of policies related to land tenure, sound land management or food quality will also be promoted. These are essential to ensure that rural households enjoy the benefits of local development, to reduce gender imbalances, to prevent further environment degradation and to improve the standards of the products required by markets and consumers.

The MoFA is also working on a new legal framework aimed at promoting Public Private Partnership (PPP) agreements. PPP is perceived as being a key driver for commercial agriculture. Local authorities, farmers associations and private entities have expressed interest to develop this model in order to forge strategic alliances that will provide improved market mechanisms (p.e. reliable markets information) and alternative sources of funding for sustained growth.

The development of agriculture in the Savannah Ecological Zones will only give lasting results if it is environmentally sustainable. For actions foreseen under this sector, environmental regulations will be taken into consideration and applied. Environmental impacts will be analysed, measures will be taken to avoid adverse effects and sustainable options will be promoted. A key element will be the implementation of the agricultural sector related components of the National Climate Change Policy and, more specifically, the "Ghana Green Growth Agenda", which is part of this policy. This sector will promote and seek synergies and complementarities with the two other sectors. With Sector 1, complementarities will be sought to empower local authorities and the civil society, to promote accountability and transparency, and to support governance through the ongoing national process of decentralisation. With Sector 3, potential synergies exist to engage in pro-youth training, employment and income generation initiatives.

Sector 3: Employment and Social Protection

This sector is of strategic importance in terms of assisting the Government of Ghana in its efforts to consolidate its middle income economy status while promoting an equitable distribution of wealth, inclusive growth and providing opportunities for the youth. Ghana's population is expected to

double in the coming decades, with a population growing expected to grow from 24 million inhabitants in 2010 to 49 million by 2050. As a result increasingly huge cohorts of young people are entering the job market every year, many of which are at risk of not benefitting from the continued economic growth. The youth unemployment rate is estimated to be at 13% (ILO, 2011), but the overall share of informal and vulnerable employment in Ghana is much higher: 84% (ILO 2011) of the total labour force is working in the informal sector and 77% (World Bank, 2010) is considered to be in vulnerable employment. As a result there is a high incidence of young, vulnerable and marginalized groups in society who are unemployed, under-employed and in need of decent jobs and social protection. The Government of Ghana has acknowledged this challenge and has recently made job creation and social protection key policy priorities.

The main challenges for employment generation are notably stemming from the economic structure of the labour market, which is defined by a lack of diversification and a high degree of informality on the demand side. The main potential of new employment opportunities stem from Micro, Small and Medium Sized Enterprises, which account for about 90% of all businesses but face serious constraints to start or expand their activities into the formal sector. These limiting factors are among others the lack of access to affordable finance, to weak infrastructure and the non-compliance challenges with basic administrative procedures, such as book-keeping or legal registration. This sector aims at implementing concrete interventions to facilitate the creation and growth of SMEs and their transition into the formal sector, thus enfolded their potential as decent employers, based on a thorough analysis of the employment potential by sector. On the supply side of the labour market the skills gap mismatch poses the major challenge. Therefore support will be provided to relevant ministries, agencies or subnational entities to enhance public policies, to implement programmes aimed for example at developing professional skills, promote income-generating activities or support entrepreneurial initiatives. This assistance will be complemented by actions oriented at building institutional capacity to among others improve labour market information or enhance the legal and regulatory environment, taking into account the ILO's Decent Work Agenda. In order to complement the support in the area of employment, the EU aims to support the Government in its ambition to establish a basic social protection floor with a view to ensure that all in need have access to essential services and basic income security over their life cycle. In particular, the EU aims to support the recently created Ministry for Gender, Children and Social Protection in rationalizing and implementing its social protection policies and systems, which are currently split between several different entities. Within this overall approach the focus of EU support will be on the most vulnerable and marginalised population groups, such as youth, women and the disabled. The assistance will be implemented by supporting and building the capacity of national and subnational entities with the mandate to develop, rationalize and implement social protection government policies and systems. Concrete measures will be determined following an analysis of different criteria, such as financial needs, absorption capacity, expected impact, quality of management and fiscal sustainability.

This sector will seek synergies with the measures in favour of civil society outlined in chapter 4 as well as with the support provided under sector 1 in the area of domestic revenue mobilisation and the support to central and local public service delivery institutions as well as with Sector 2 to create job opportunities through productive investment for agriculture. Synergies should be sought also with the EIB's support to SME financing in Ghana and support could also be sought from the 11th EDF Regional programme, which foresees national level trade related assistance and support to private sector.

2. Financial overview (Total indicative allocation EUR 323 million)

<i>Governance: Public Sector Management and Accountability</i>	<i>75,000,000</i>	<i>23%</i>
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Productive Investment for Agriculture in Savannah

<i>Ecological Zones</i>	<i>160,000,000</i>	<i>50%</i>
<i>Employment and Social Protection</i>	<i>75,000,000</i>	<i>23%</i>
<i>Measures in favour of civil society</i>	<i>9,000,000</i>	<i>3%</i>
<i>Support measures</i>	<i>4,000,000</i>	<i>1%</i>

3. EU support per sector

This section provides a description of the EU's support for each of the selected sectors, including overall objective, specific objectives, expected results and the main indicators. These main indicators may be further fine-tuned, if deemed necessary. Baselines and possible targets will be established in the identification phase.

The EU response and National Indicative Programme may be complemented by operations financed by the EIB from the Cotonou Investment Facility and/or its Own Resources.

3.1. GOVERNANCE: PUBLIC SECTOR MANAGEMENT AND ACCOUNTABILITY **(Indicative Amount EUR 75 million)**

3.1.1 The following overall and specific **objectives** will be pursued:

Overall Objective: Promoting good governance, the rule of law and accountability.

The Government of Ghana will receive support to improve the public sector management, including public financial management, and to continue with the reforms of the public sector already initiated including decentralisation reform process. At the same time; the sector will aim to contribute to an enabling environment for inclusive and sustainable economic development by strengthening rule of law and accountability of state functions. This would encompass support to Parliament, justice sector institutions, Independent Constitutional Bodies and other government and non-government institutions which perform control and oversight responsibilities and thus promote accountability, transparency, fight against corruption and continue promoting the respect of democratic principles and human rights. Specific attention will be given to the Environmental and Natural Resources Sector. This sector is paramount since it is related to and has a direct impact on the national economy.

Specific objective 1.1: Central and local institutions deliver more effective and accountable services.

The consolidation of Ghana as a middle income economy requires effective and efficiently run institutions, as well as a highly skilled staff capable to manage greater resources and creating opportunities. To a great extent, the quality of the public service is dependent on the quality of the public sector management, including public financial management, and workforce. Critical for Ghana will be the transparency and use of the revenue from its extractive industry as mining, oil and gas play a key role in Ghana's revenue generation. Actions will be envisaged to promote and improve transparency, accountability and efficiency of the extractive industries in Ghana.

Expected Results:

- Public resources are mobilised and used in a credible, predictable, efficient and transparent manner.
- The functioning of public services at central and decentralised levels is improved and made more accountable, including the management of natural resources.

- Transparency in the management and the use of revenues from natural resources, including extractive industries (mining, oil and gas), is increased.
- Gender responsive planning and budgeting is improved at national and local level.

Main indicators. The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in Attachment 2.

Specific objective 1.2: Enhance the rule of law and the fight against corruption.

The role played by the Parliament, Justice System and Independent Constitutional Bodies, as counterweights to the Executive, is decisive to hold the government accountable. These entities are principal actors as they promote public accountability and transparency at all levels of government (national and local), ensure equitable access to justice and create an environment in which democracy, good governance and economic activity can flourish. Communities, CSOs and media equally play an irreplaceable role in fostering the demand side of governance and accountability, as they ensure that the Ghanaians know, understand and are able to claim the rights and services they are entitled to. Environmental governance, rule of law, accountability and fight against corruption will be the main areas that will receive support.

Support to the implementation of an eventual constitutional reform could also fall under this objective.

Expected Results:

- Improved rule of law and access to justice through more effective, responsive and transparent justice sector (particularly with regard to public mismanagement and breach of authority).
- Oversight and control of the executive is improved by reinforcing the capacity of Parliament and Independent Constitutional Bodies resulting in more efficiency and transparency including oversight and control mechanisms of natural resources.
- Strengthened role of communities, CSOs, and media to effectively participate in and influence policy processes to improve accountability, transparency and service delivery.

Main indicators The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in Attachment 2.

3.1.2. Donor coordination and policy dialogue

A well-established coordination mechanism between the Government of Ghana and the development partners (DPs) is organised in different Sector Working Groups (SWG). Relevant SWGs for this focal sector are: Governance, Public Financial Management, Decentralisation, and the Elections sub-group. These SWG allow a constant dialogue between Development Partners, relevant line ministries and main stakeholders, including civil society organisations.

As part of the Joint EU Programming, several EU Member States contribute significantly to Governance (EU, UK/DFID, DK, F/AfD) and Decentralisation (EU, DK/DANIDA, DE/KfW/GIZ, F/AfD). Other Development Partners providing substantial financial contributions to the Decentralisation reform process include the World Bank (WB) and Canada.

In the Public Sector Reform, Canada supports a programme on Capacity Development Mechanism (CDM) and the WB is planning to support the New Approach to Public Sector Reform (NAPSR).

In the area of Public Financial Management, the most active other DPs are the IMF, the World Bank, DFID, DANIDA and Germany.

The most active DPs in the field of Rule of Law, Independent Constitutional Bodies and the Judiciary are DFID, USAID, Canada and DANIDA.

In the field of Environmental Governance, the most active DP's, besides the EU, are the World Bank, DFID, USAID, Canada and The Netherlands. On their side, UNDP, Germany and Switzerland are closely involved in sector policy dialogue with the Government.

3.1.3 The Government's financial and policy commitments

In mid-2012, the EU and other development partners signed the Government of Ghana-Development Partners Compact 2012-2022 to implement Ghana's Development Agenda. One of the priorities of this Agenda consists on "Deepening democratic and accountable governance". Transparency, accountability and participation are the cornerstone of the Government's programme to ensure good democratic governance. In the light of the challenges that Ghana faces, the Government is focusing on the following policy areas: Practice of Democracy and Institutional Reforms; Local Governance and Decentralisation, Public Policy Management, Public Sector Reforms; Women's participation in Governance; Rule of Law and Justice; Revenue Transparency in the Extractive Industries; Environmental Protection; Climate Change and Corruption and Economic Crimes.

The Decentralisation Reform is a crucial aspect of the Public Sector Reform. Since the adoption of the Decentralization Policy Framework and Action Plan (2010), decisive initiatives have been taken towards effective devolution of power, functions and resources to the Districts.

In the area of public financial management (PFM), the major reform programmes currently are the Ghana Integrated Financial Management and Information System (GIFMIS) reform, the Ghana Revenue Authority (GRA) Modernization Project as well as the Introduction of programme based-budgeting. In 2014, the Government has started a process of preparing a new PFM reform strategy for the coming years, which is supposed to follow-up on the current reforms.

The 1992 Constitution created several Independent Constitutional Bodies (ICBs). The importance of these institutions as counter weights to the powers of the Executive is considerable and growing. Some ICBs, such as the Judiciary and the Commission on Human Rights and Administrative Justice (CHRAJ) have demonstrated autonomy from the Executive in different ways. Despite its huge mandate, CHRAJ has been under-resourced, thus affecting its capacity to fulfil its mandate. The review process of the 1992 Constitution of Ghana by the Constitutional Review Commission (CRC), which was initiated in 2011, has made a number of proposals to correct this situation. The ICBs have demonstrated their capacity to hold the President and the government's Ministers accountable for their performance. Following the CRC's recommendation, the Government White Paper accepted the creation of an ICB Fund to help securing financing of all ICBs.

Ghana has also prepared a National Anti-corruption Plan 2012-2022 (NACAP) to fight corruption in the country. NACAP, which is to be adopted by Parliament, will be implemented by both CHRAJ and a coalition of civil society organisations (CSOs). NACAP's greatest strength is that it will be integrated in the National Development Planning, thus making it an integral part of the regular annual revisions. Besides this, the structure, resources and operations of key anti-money laundering (AML) institutions, such as Economic and Organised Crimes Office (EOCO) and Financial Intelligence Unit (FIU), have developed substantially over the past year. In spite of this progress, it is required to continue providing political support to AML since evidence show that still very few cases are being investigated, prosecuted and sentenced.

New environment focussed legislation has also been adopted and policies developed with the aim to increase control and accountability in the management of national resources and mitigate the consequences of climate change. Application of environmental legislation needs strong political support as it often encounters resistance from strong actors with short term economic interests.

3.1.4. The overall risk assessment of the sector intervention

The main overall risk is the lack of sufficient political will to undertake major critical reforms in such sensitive area. The Afrobarometer 2012 revealed a relatively low public perception about the integrity of elected and public officers. While on-going improvements in legislation and regulation are important, their implementation, enforcement and compliance are essential. Effective implementation of the recommendations of the Constitutional Review Commission in 2013 and 2014 is perceived as being crucial to implement and make progress in many of the reforms accepted by the White Paper.

In relation to the public sector reform, including decentralization, in spite of many public sector reform efforts undertaken over the past 15 years, the Government considers that public sector performance remains largely unsatisfactory. Some core aspects of the decentralisation reform (fiscal and administrative decentralisation) require long-term approaches for effective implementation, particularly in sector with high human resource mobilisation, such as health, education or agriculture, for which the process of mainstreaming them into the national decentralisation programme has already been launched.

The current government has shown a strong commitment to the decentralisation reform process. Achieving significant progress in the implementation of this reform in the next two years is perceived as being critical. The current EU programme (10th EDF) for decentralisation aims at supporting government's efforts to move the decentralisation process forward. The results achieved in the implementation of this programme will feed into the identification and formulation of the 11th EDF in the area of public sector reform.

In the area of public financial management, on-going PFM reforms are yet to produce significant results in improving the performance of the core PFM-system. The 2012 PEFA shows there is hardly an overall change compared to 2009. This could be explained by some of the reform initiatives not captured in the assessment period, some of the shortcomings of the on-going reforms and the fact that many of the on-going reform initiatives have yet to deliver expected outcomes. It also should be acknowledged that as is typical of PFM reforms, it takes time to materialise into outcomes. On the other hand, taking into account PEFA scores' evolution since 2006, PFM reform outputs have slowed down recently. Therefore, more importantly, the 2012 PEFA has reiterated the need for dialogue to reconsider the current ambitious reform agenda with a view to better sequencing initiatives and improving coordination to maximise the effectiveness of the reforms.

The Government of Ghana has also shown strong commitment to improve natural resources management and environmental control. The support of the EU has been crucial to the advances made thus far, but the implementation of the legal frameworks needs to be strengthened. Efficient management of resources such as land, forest and water combined with increased transparency in the use and management of revenue from extractive industries like mining, oil and gas industries will reduce the investment risks for sector two and three: agriculture and employment.

Government has taken a strong position on mitigation of the consequences of Climate change impacts could undermine development achievements if not adequately addressed by the National Climate Change Policy Framework (NCCPF).

With respect to the support to ICBs, the White Paper envisages the creation of an ICB Fund which will secure funding to these institutions. EU's future support will provide required funding to ensure their effective functioning and application of their mandate.

EU's support is perceived as being very important to help Ghana's moving forward with its reforms. The pace at which these are implemented will very much depend on the Government's level of engagement.

3.2: PRODUCTIVE INVESTMENT FOR AGRICULTURE IN SAVANNAH ECOLOGICAL ZONES (Indicative Amount EUR 160 million)

3.2.1 The following overall and specific **objectives** will be pursued:

Overall Objective: Sustainable agricultural wealth generated in selected growth poles areas

The aim of this sector is to assist in the development of agricultural schemes, mainly in the Savannah Ecological Zones, Northern as well as Coastal Savannah but mainly focusing on the Northern zones where they are most needed to combat poverty and to ensure food security and appropriate nutrition. Support to modern investment schemes, including blending grants and loans from the public or the private sector, is crucial for the development of Ghana's agricultural potential. The support to this sector will consider the protection of natural resources and sustainable management practices, including land and soil protection. The sector aims at increasing household incomes and a sustainable and inclusive rural economy, also through enhanced implementation of environmental protection and climate change adaptation and mitigation practices.

Furthermore, this sector will contribute to accompany Ghana and the West Africa region in the implementation of the Economic Partnership Agreement with the European Union and the EPADP.

Specific Objective 1: Increase household income from agricultural-related activities

Consolidating the nexus between investing in essential sustainable water management and infrastructure with an increased access to sustainable sources of energy will boost agricultural production. Improved access to storage handling, transformation and marketing facilities will improve capacity to increase agricultural household revenue. Access to sustainable (preferable clean, green and renewable) energy will also increase opportunities to create and consolidate small scale agribusinesses and value chains. Improved access to local and regional markets will make agricultural production a driver for rural sustainable economic growth.

Expected Results:

- Multi-purpose ecologically sustainable and efficient water storage, usage, management, and access for agricultural activities are improved.
- Production of and access to sustainable sources of energy, preferably clean, green and renewable, for agricultural development is increased.
- Accessibility to markets (local, regional) for local agricultural products is increased.
- Decent employment created along the different value chains.

Main indicators. The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in Attachment 2.

Specific Objective 2: Sustainable and inclusive rural economy through enhanced implementation of Climate Change adaptation and mitigation practices

Boosting an inclusive and cohesive agricultural sector in Ghana requires tackling and implementing essential sustainable agricultural policies and practices such as land tenure, management, and access introducing drought and flood resilient farming and livestock methods combined with the introduction of better adapted crops and livestock varieties.

Farming practices (e.g. crop diversity) will be improved in order to increase nutritional resilience and also to introduce new crops and technologies that reverse potential negative impacts on the environment and the climate. Adapted capacity building, extension work and transfer of technology in favour of agricultural producers, service providers, relevant local authorities and farmers associations will contribute to the implementation of the National Climate Change Policy and the Ghana Green Growth Agenda.

Adapted capacity building, extension work and transfer of technology in favour of agricultural producers, service providers, and relevant local authorities and farmers associations will contribute to increasing the nutritional resilience of the rural communities and improve their capacity to protect natural resources, adapt and mitigate the consequences of climate change in Ghana, particularly in the targeted Savannah Ecological Zones.

Specific technology aimed at increase (fruit-) tree coverage will be introduced in order to rehabilitate lost forested areas and increase diversity of agricultural income. This will have a significant impact on climate change but also help reversing loss in soil quality and improve flood resilience.

Particularly attention will be paid to providing support to women and children, considering the primary role they play in the rural economy and the discriminatory measures they are subject to.

Expected Results:

- Sustainable agricultural management practices to control and reverse degradation, to protect environmental resources and promote biodiversity are applied and adopted.
- Climate change adaptation and mitigation practices are integrated into farming systems.
- Impact of droughts and floods on agricultural activities significantly reduced.

Main indicators. The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in Attachment 2.

3.2.2 Donor Coordination and Policy Dialogue

Donor coordination in this sector is organised through the Agricultural Sector Working Group (SWG). This SWG ensures that development partners (DPs) have a close contact with the Ministry of Food and Agriculture (MoFA) and related agencies like the Savannah accelerated Development Agency (SADA), which is the entity in charge of the agricultural development of the Northern Areas, Ghana Irrigation Development Authority (GIDA) and other related agencies, such as relevant line ministries responsible for employment; women and children's affairs, science and innovation and environment and natural resources. The Agriculture SWG will coordinate and consult with the SWGs dealing with water resources, ENR, Governance, employment and social affairs.

The proposed Sector 2 is the result of the intense regular dialogue between DPs and central and local authorities. The proposed objectives were selected following discussions regarding which

areas could be targeted by the EU based on areas of expertise and the volume of the future financial support foreseen for the sector.

In the EU Joint Programming exercise, the EU, NL, F/AfD and Germany/GiZ have indicated financial contributions to the agricultural sector. Other donor partners provided substantial financial contributions to this sector in the North are Canada, USAID, WB and the African Development Bank (AfDB),

3.2.3 Governments financial and policy commitments

The Government of Ghana is committed to reducing poverty through agricultural and rural development. To that end, the government's Ghana Shared Growth and Development Agenda (GSGDA) stresses the need to focus on agriculture, fisheries, small and medium-scale enterprises, and sanitation, with a particular focus on the dry savannah region in the north.

In addition, the agenda underscores the central role of the country's Food and Agriculture Sector Development Policy (FASDEP II) 2009-2015. This policy recognizes the importance of supporting agricultural through value chain development. It was the departure point for the Comprehensive Africa Agriculture Development Program (CAADP) process in Ghana, which became one of the first countries to sign a CAADP Compact in 2009. IFAD is among the signatories to this compact.

The Medium-Term Agriculture Sector Investment Plan 2011-2015 is the national roadmap to implement FASDEP II. This plan, which underwent a CAADP technical review before its adoption, comprises six programs: (i) Food security and emergency preparedness; (ii) Improved incomes growth; (iii) Increased economic competitiveness and enhanced integration into domestic and international markets; (iv) sustainable management of land and the environment; (v) applied sciences and technology in food and agriculture development; (vi) enhanced institutional coordination.

In order to balance Ghana's significant North-South economic and social divide, the government has established the Savannah Accelerated Development Initiative as part of its overall Northern Development Strategy. At the heart of this long-term (2010-2030) initiative is the SADA, which aims at attracting investments to so-called growth corridors in the Northern region.

3.2.4 Environmental Assessment

In 2012, the EU Delegation and the Government of Ghana commissioned a comprehensive update of Ghana Environmental Profile. The document makes repeated references to the Ghana National Green Growth Agenda and the need for Sustainable, Integrated Rural Development of the Northern Region based on strengthening the agricultural sector. The areas of interventions proposed in this focal sector are in compliance with the recommendations of the 2012 Update of Ghana Environmental Profile, which remains a valid document of reference. All the activities planned under the sector will be subject to an Environmental and Social Impact Assessments using EU Guidelines and national procedures and assessed as required.

3.2.5 The overall risk assessment of the sector intervention

The proposed intervention is in compliance with the present Government' Development Agenda, as indicated under para. 3.2.3. The Government of Ghana has definitely embarked on a path to assure the Development of the Northern Region based on the agricultural sector. However, this program is strongly based on the efficiency of the SADA (Savannah Accelerated Development Authority). This institution is still weak and it has difficulties to cope with the heavy mandate and responsibility provided to them. To mitigate this risk the EU, together with the other relevant public and private stakeholders, foresees to provide technical assistance and other institutional capacity building support to strengthen this institution.

These sectors will seek synergies and complementarities with Sector 1 to continue promoting adequate, efficient and effective Public Sector Management and increase accountability of central and district government offices involved in the implementation of foreseen activities.

Future actions will carefully consider the effects of climate change on agriculture, in particular on infrastructure, irrigation schemes and variety of crops promoted by the project. Risks include increased variation in precipitation, water flows, and temperature.

3.3: EMPLOYMENT AND SOCIAL PROTECTION (Indicative Amount EUR 75 million)

3.3.1 The following overall and specific **objectives** will be pursued:

Overall Objective: Create decent employment opportunities for vulnerable population groups (i.e. youth, women and persons with special needs) and enhance social protection services

A key priority for the Government of Ghana is to provide better employment opportunities, particularly for the youth and upgrading existing social protection policies in order to protect the most vulnerable in the society. This priority coincides with the EU's Agenda for Change objective to support an inclusive and a more equitable growth.

Specific Objective 1: Increase decent employment opportunities, with particular attention to the youth

This intervention aims at improving decent and formal employment opportunities notably for the young generation, by addressing demand- and supply-side constraints of the labour market. The specific interventions are aimed at stimulating employment creation by supporting the growth and creation of Micro, Small and Medium sized Enterprises (MSMEs), after a solid analysis of the employment potential by sector, with a particular focus on the informal economy and including the objectives of green economy.

Further specific objectives are oriented to the support to labour market policies including those oriented to the supply-side and functioning of the labour market (e.g. skills development, training, labour intermediation, etc.) as well as support to business development services and enhanced labour market information.

Main Expected Results

- Reduction of the share of vulnerable employment in total employment.
- Provision of vocational training and skills development, particularly for youth is improved and broadened.
- Access to financial, administration and managerial capacity building services for MSMEs improved and business development services notably for youth are broadened.
- Affordable and transparent financial instruments for MSMEs are available.

Main Indicators. The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in Attachment 2.

Specific Objective 2: Enhanced public social protection services.

In order to complement the support in the area of employment, the EU aims at supporting the Government of Ghana in developing and enforcing a basic social protection floor, with special focus on the young and vulnerable groups of society.

Main Expected Results

- Institutional capacity is improved to develop social protection policies and interventions, and rationalize existing ones.
- Institutional capacity is improved to efficiently implement and adequately monitor social protection systems.
- Access to social protection services at local levels is improved.

Main Indicators. The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in Attachment 2.

3.3.2. Donor coordination and policy dialogue

Development partners in Ghana are coordinated through sectorial working groups (SWG). Two of them are dedicated to Social Protection and Private Sector development and they are jointly chaired by DPs and relevant ministries.

A number of development partners are active in the area of employment generation in Ghana. The World Bank is considering supporting the Ghana Youth Employment and Entrepreneurship Development Agency (GYEEDA). The Netherlands has been instrumental in the Ghana Decent Work Programme, funding the three-year pilot programme. Denmark's DANIDA, which is presently leading this sector's working group, is currently implementing the second phase of the Support to Private Sector Development (SPSD II), defined as "Creation of sustainable and decent jobs". Germany/GiZ is also contributing to employment creation and private sector development. In the area of technical and vocational education and training (TVET) several donors, notably Denmark, Germany, the World Bank, Japan and the African Development Bank, are supporting the Council for Technical and Vocational Education and Training.

In the area of social protection, DFID is providing GBP 36.5 million to the "Livelihood Empowerment against Poverty" (LEAP) programme while the World Bank is in the process of designing support to LEAP and setting-up a Common Targeting System. UNICEF is providing technical assistance to the Ministry of Gender, Children, Social Protection and is currently the sector lead for social protection. Other Member States contributing to social protection services are The Netherlands, Denmark and France.

3.3.3. The Government's financial and policy commitments

In 2012, the government prepared the Ghana National Employment Policy (GNEP). This document is a detailed blueprint towards job creation. This policy aims at strengthening the macroeconomic environment to promote growth and employment. It also outlines specific objectives, such as supporting Micro, Small and Medium Scale Enterprises in economic sectors with the highest potential for growth and enhancing technical and vocational education and training. The Policy aims to expand existing employment schemes such as the Ghana Youth Employment and Entrepreneurial Development Authority (GYEEDA), the Special Employment Scheme for Persons with Disability, the Decent Work Programme (ILO initiative) and the Re-Afforestation Programme (RAP). GNEP also provides for government agencies to incorporate job creation (particularly for the youth) in their plans and budgets. The Policy identified the stakeholders in its implementation and their specific duties. The document also mandates the creation of a National Employment Coordinating Council to ensure implementation.

In the area of Social Protection, according to the Ghana National Social Protection Strategy, there are currently about 30 different interventions, ranging from contributory arrangements to social assistance and basic social protection measures. These are further complemented by programmes with a wider objective but that also have a social protection dimension, such as electricity and fuel subsidies. The two main social security schemes are the SSNIT and NHIS while the most important

social assistance programme is the LEAP. The Social Security and National Insurance Trust (SSNIT) from 2008 is Ghana's national contributory pension scheme that offers long-term income protection to contributors or their beneficiaries through old-age pension, invalidity benefits and death benefits. It is the most widespread formal social insurance scheme in Ghana, but only covers 10% of the working population. The National Health Insurance System (NHIS) is financed from various sources, including SSNIT contributions, returns on investments, donations and by funds from the Government and covers about 33.4% of the population. The LEAP from 2008 is a conditional social cash transfer programme for extremely poor households and is described as one of the best targeted programmes in Ghana. The programme covers less than 1% of the population. The programme is fully funded by the Government with technical and logistical support from development partners. It is only in the last few years that attention has been given to the challenge of developing a broader, more comprehensive social protection system. The Ghana National Social Protection Strategy (GNSPS) was developed in 2007 and is currently being revised. The draft GNSPS presents the Government of Ghana's vision of creating an all-inclusive society through the provision of sustainable mechanisms for the protection of persons living in situations of extreme poverty, vulnerability and exclusion. The ambition is to create an integrated social protection floor that consolidates the existing social programmes. An on-going rationalisation study by the ILO is also expected to contribute to the development of a more coordinated social protection framework. Further, with the new Government, social protection has also become a full-fledged ministry together with Children and Gender.

3.3.4. The overall risk assessment of the sector intervention

The analysis of the various social protection programs has illustrated some inefficiency due to the overall fragmentation of the social protection system with overlaps, duplications, gaps and lack of coordination between schemes. The Ministry of Gender, Children and Social protection took over the Social protection portfolio only in February 2013 and since then, has tried to coordinate the too wide spread on-going initiatives and programs (around 60) in the country. So far, the ministry has not managed to go beyond this current program-based approach to a more institutionalized social protection system. UNICEF is currently finalizing a rationalization study aiming at improving and strengthening the structure of the sector while promoting better governance and monitoring and evaluation of the overall social protection system. Our intervention through the 11th EDF will contribute to this effort by providing capacity building to the ministry to establish a functional social protection system in Ghana.

Another risk could be a change in the priorities set by the government in a difficult macroeconomic and fiscal situation which could result in a decrease of the budget allocations dedicated to social protection and employment. Sensitization activities could be proposed to highlight the importance/advantages of a well-targeted and sustainable social protection system as well as an efficient job creation policy emphasizing that a more equitable redistribution of wealth is indispensable to sustain development, reduce poverty and maintain peace and stability.

Finally, one of the existing schemes to promote employment for the youth (GYEEDA) has been recently subject to an important investigation following several allegations of corruption and mismanagement. The government has proposed strong measures to address these issues and to restore sanity to the scheme. However, confidence in public schemes administered by the Minister of Youth and Sports has been degraded and the implementation of proposed measures to this particular scheme as well as the fight against corruption in general will be followed up very carefully.

4. Measures in favour of civil society

In line with the Cotonou Agreement and its Annex IV, an indicative amount of maximum EUR 9 million will be set aside for support to civil society organisations.

The support to civil society organisations will be in line with the EU adopted policy "The roots of democracy and sustainable development: Europe's engagement with Civil Society in external relations", especially in areas considered very relevant to the contextual analysis of Ghana. There will be a clear focus on the support for active and structured participation of local CSOs in domestic policies. To that extent there will be the need to support capacity building of local CSOs to enhance their role as independent development actors.

Considering that Ghana has become a lower middle-income country, the EU's support to civil society will aim at strengthening their roles in policy research, dialogue and advocacy as well as the promotion of social accountability at both national and local levels. This component will involve both capacity building and activities that will promote sustained and enhanced engagement between local CSOs on one hand and government and other relevant stakeholders on the other to promote transparency and accountability in governance.

Capacity building will focus on civil society organisations and their networks to enhance: (a) internal governance and representation, (b) mutual accountability, (c) social entrepreneurship skills (for sustainability), (d) networking, coalition and constituency building.

There will also be the need to support local civil society organisations in community mobilization, awareness rising, and demonstration projects in service delivery as a way of enhancing policy advocacy. This will have the singular purpose of promoting inclusive and sustainable growth.

The support to civil society will be mainstreamed across the three priority sectors identified in the programme. This will ensure the constructive participation of civil society in all sectors of EU programmes. Besides this, the budget allocated to implement measures in support of civil society will be shared between the three strategic sectors so that each sector will be responsible to propose and implement actions geared towards supporting civil society in their specific area of intervention.

The support to civil society organisations will focus on:

- Ensuring an enhanced role of civil society organisations in policy dialogue and advocacy, policy implementation and reviews as well as monitoring and evaluation. A prerequisite for evidence-based advocacy is research. Research and advocacy organisations will be supported to work in close collaboration with membership organisations, district and community-based organisations to undertake advocacy actions.
- Enhancing the credibility and representation of civil society organisations and their networks by promoting internal governance and representation, accountability and improved networking, coalition and constituency building.
- Enhancing the capacity of civil society organisations to promote inclusive and sustainable growth through community mobilization and pro-poor advocacy as well as promoting the participation of the poor, women, children and disability groups in development.
- Supporting an active and structural public-private dialogue on social protection and employment issues, including with business associations, trade unions, relevant international organisations and civil society, with a view to promote transparency and ensure domestic accountability on public policies in these areas.

5. B-allocation

A B-allocation may be included in the NIP for unforeseen needs (specifically relevant for fragility situations). This allocation is at EUR 0 until a need arises. In case of necessity, a Financing Decision to meet an unforeseen or urgent need can always be taken notwithstanding the status of the indicative B-allocation mentioned in the NIP.

6. Support measures

6.1. Measures to support or accompany the programming, preparation or implementation of actions

An indicative amount of EUR **2.5 million** is foreseen for the Technical Cooperation Facility (TCF), a facility which aims to support or accompany the programming, preparation or implementation of actions.

6.2. Support to the National Authorising Officer

An indicative amount of EUR **1.5 million** is be foreseen for support to the National Authorising Officer.

Attachments

1. Country at a glance
2. Sector intervention framework and performance indicators
3. Indicative timetable for commitment of funds
4. EU Donor matrix showing the indicative allocations per sector

Attachment 1. Country at a glance

	2011	2012
Projected population	25.3 million	25.9 million
Basic School Pupil-Teacher Ratio - Public	29 to 1	29 to 1
- Private	23 to 1	25 to 1
Gross enrolment rate – Primary	96.4 per cent	96.5 per cent
Net enrolment rate – Primary	77.8 per cent	81.7 per cent
Gross Domestic Product (@ current prices)	GHS 59,816 million	GHS 73,109 million
Per Capita Gross Domestic Product	GHS 2,368.0	GHS 2,826.3
Gross National Saving	GHS 15,174 million	GHS 19,411 million
Gross International Reserves	USD 5,382.8 million	USD 4,096.3 million
Total Exports	USD 17,433.2 million	USD 18,521.5 million
Total Imports	USD 19,638.0 million	USD 22,712.4 million
Visitor arrivals (@airport)	795,384	792,355
Sea cargo handled (loaded & unloaded)	10 million freight MT	16.6 million MT
Air cargo handled	50,260 freight tonnes	46,475 freight tonnes
Vehicles registered	141,819	159,793
Mobile phone subscribers (end of year)	21.2 million	25.6 million
- per 1000 population	838	990
Fixed lines subscribers (end of year)	0.28 million	0.28 million
- per 1000 population	11	11

Table 1. Ghana: Selected Economic and Financial Indicators, 2011-18
(annual percentage change)

	2011	2012	2013	2014	2015	2016	2017	2018
National account and prices								
GDP at constant price	15.0	7.9	6.5	6.1	5.5	5.1	5.1	8.0
Consumer price index (end of period)	8.6	8.8	11.3	8.8	7.7	7.3	7.1	6.9
Memorandum items:								
Nominal GDP (millions GHC)	59,816	73,109	89,689	107,335	125,800	145,743	166,573	193,204
GDP per capita (USD)	1,594	1,622	1,786	1,930	2,071	2,214	2,346	2,528

Provisional GDP estimates for 2013 shows a growth of 7.9 %t over the 2012 figures. The Services sector recorded the highest growth of 9.2 %, followed by Industry (9.1%), with Agriculture recording the lowest growth of 3.4 %. Though the estimates show an improvement in the growth of the Agriculture sector compared to 2012 (1.3%), its contribution to the economy continues to decline, with its share reducing from 22.7 % of GDP to 21.3 %. Crops, however, remain the largest activity in the economy with a share of 15.6 per cent of GDP.

In the Industry sector, the second largest sector with a share of 28.1 %, the growth increased from 7.0 % in 2012 to 9.1 % in 2013. Of all the activities the Crude Oil subsector recorded the highest

growth (37.5%) in 2013. "Non-Oil GDP" (GDP without Crude Oil) growth rate declined from 7.9 % in 2012 to 5.8 % in 2013; the Industry sector also respectively declined from 6.5 % (2012) to 2.2 per cent (2013).

Services remain the largest sector, contributing about half (50.6%) of GDP. The growth rate decreased from 10.2 % in 2012 to 9.2 % in 2013. Four of the subsectors in this sector recorded growth rates above 10 %. These sectors are: Hotels and Restaurants; health Activities; Financial and Insurance Activities; and Information and Communication.

Attachment 2. Sector intervention framework

Sector 1: <u>GOVERNANCE: PUBLIC SECTOR REFORM AND ACCOUNTABILITY.</u>		
<u>Overall objective: Promoting good governance , the rule of law and accountability</u>		
<u>Specific Objective 1.1: Central and local institutions deliver more effective and accountable services.</u>		
<u>Expected Results</u>	<u>Indicators</u> <i>(*) Targets for this sector will be agreed upon with the Government at formulation/identification stage.</i>	<u>Means of verification</u>
<ul style="list-style-type: none"> Public resources are mobilised and used in a credible, predictable, efficient and transparent manner. 	<ul style="list-style-type: none"> Aggregate expenditure outturn compared to original approved budget (PEFA PI-1). <u>Baseline 2012</u>: PEFA score C Comprehensiveness of information in public budget document and financial performance reports, including revenues from extractive industries (PEFA PI-6). <u>Baseline 2012</u>: 4 out of 9 benchmarks fulfilled Tax-to-GDP-Ratio. <u>Baseline 2013</u>: 17.4% Status of legislative and regulatory framework to improve the public service and tax revenue. 	<p>Previous year's budget outturns published in budget statements/ fiscal tables published by Ministry of Finance or IMF, PEFA reports.</p> <p>Annual Budget Statements and annual CAGD financial statements (Improvements in coverage as a proxy for annual assessments and PEFA/OBI scores for periodic assessments).</p> <p>Previous year's budget outturns published in budget statements / fiscal tables published by Ministry of Finance or IMF.</p> <p>Relevant legal frameworks adopted by Parliament.</p> <p>Regulatory framework implemented</p>
<ul style="list-style-type: none"> The functioning of public services at central and decentralised level is improved and made more accountable, including the management of natural resources. 	<ul style="list-style-type: none"> Share of Metropolitan, Municipal and District Assemblies (MMDAs) total revenue in relation to total national budget/revenue. <u>Baselines</u>: will be identified at identification /formulation stages Transparency of intergovernmental fiscal relations (PEFA PI-8). <u>Baseline 2012</u>: PEFA score =D+ 	<p>Annual Progress Report – National Development Planning Commission.</p>
<ul style="list-style-type: none"> Transparency in the management and the use of revenues from natural resources, including extractive industries (mining, oil, gas) is increased. 	<ul style="list-style-type: none"> Institute of Economic Affairs (IEA) Petroleum Transparency and Accountability Index (IEA P-Track Index) <u>Baseline 2011</u>: Overall score for industry: 	<p>IEA P-Track Index.</p>

	-59.7% Transparency in oil and gas funds: -44%	
<ul style="list-style-type: none"> Gender responsive planning and budgeting is improved at national and local levels. 	<ul style="list-style-type: none"> % of public budget actually expended on policies that promote gender equality. <u>Baseline</u>: Ministry of Gender is currently developing a baseline survey. 	Reports from Ministry of Gender & Social Protection.
<u>Specific objective 1.2: Enhance the rule of law and the fight against corruption.</u>		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
<ul style="list-style-type: none"> Improved rule of law and access to justice through more effective, responsive and transparent justice sector (particularly with regard to public mismanagement and breach of authority). 	<ul style="list-style-type: none"> Strategic plans of relevant reform processes related to justice, anti-corruption and human rights. Trend of the Transparency International Corruption Perception Index (CPI). <u>Baseline 2013</u>: rank 63 with a score of 46. Trend of the Afrobarometer index for governance (which includes confidence in justice sector and Parliament). <u>Baseline 2012</u>: Afrobarometer Round 5. 34% of public perceiving that "most" or "all" Judges and magistrates are involved in corruption. 25% of public perceiving "most" or "all" Assembly men and women are involved in corruption. 33% of public perceiving "most" or "all" District Chief Executives are involved in corruption. 	Reform Plans. Transparency international reports. Afrobarometer report.
<ul style="list-style-type: none"> Oversight and control of the executive is improved by reinforcing the capacity of Parliament and Independent Constitutional Bodies resulting in more efficiency and transparency including oversight and control mechanisms of natural resources. 	<ul style="list-style-type: none"> Number of cases of corruption or administrative misconduct or human rights abuse investigated, prosecuted and adjudicated by the relevant institutions. <u>Baselines</u>: will be identified at identification /formulation stages 	CHRAJ reports. Afrobarometer report.
<ul style="list-style-type: none"> Strengthened role of communities, CSOs (and media) to effectively participate in and influence policy processes to improve accountability, transparency and service delivery. 	<ul style="list-style-type: none"> (estimated) Number of people who are aware of their legal rights, responsibilities and services they are entitled to and know how to claim them. <u>Baselines</u>: will be identified at identification /formulation stages 	Social Accountability Platform.

Sector 2: PRODUCTIVE INVESTMENT FOR AGRICULTURE IN SAVANNAH ECOLOGICAL ZONES.

Overall objective: Sustainable agricultural wealth generated in selected growth pole areas

Specific Objective 2.1: Increase household income from agricultural-related activities.

<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
	<p><i>(*) Baselines provided are at national level or are not available yet since targeted geographical areas have not been selected. All targets will be agreed upon with the government at the same stage</i></p>	
<ul style="list-style-type: none"> Multi-purpose ecologically sustainable water storage, efficient usage management and access for agricultural activities are improved. 	<ul style="list-style-type: none"> Average rural household income. <u>Baseline 2008:</u> Average Annual Household Income in Savannah Ecological Zones (Stats Ghana – Gls5) GHS 1,115 58.5% of the average household income in 3 Northern Savannah areas is generated by agriculture related activities. Hectares of land with access to sustainable irrigation (areas provided with water, including land irrigated by controlled flooding). <u>Baseline 2010:</u> Area land under irrigation 30,269 ha. (MOFA – Agriculture Facts and figures). <u>National Target:</u> 500,000 ha. (MOFA National Irrigation Policy) 	<p>Statistics MoFEP / Ministry of Food and Agriculture (MoFA).</p> <p>Statistics Ministry of Food and Agriculture / Local authorities.</p>
<ul style="list-style-type: none"> Production of and access to sustainable sources of energy, preferably renewable, for agricultural development is increased. 	<ul style="list-style-type: none"> Average energy consumption for agriculture. <u>Baseline 2010:</u> National Average Energy Consumption for Agriculture Use: 4,000,000 kWh National Average Electric generation Ability: 1,200,000 kWh Source: Energy Statistics Database, United Nations Statistics Division 	<p>Reports from MoFA / MoEnergy / MoS / Local authorities.</p> <p>UN Statistics</p>
<ul style="list-style-type: none"> Accessibility to markets (local, regional) for local agricultural products is increased. 	<ul style="list-style-type: none"> Quality, quantity and variety of agricultural products available in markets. <u>Baseline:</u> will be identified at identification /formulation stages 	<p>Reports from Ministry of Commerce & Trade / MoFA / Local authorities.</p>

<ul style="list-style-type: none"> Decent employment created along the different value chains. 	<ul style="list-style-type: none"> Households involved/employed in sustainable agro-production and agri-business. <u>Baseline</u>: will be identified at identification /formulation stages 	Reports MoFA / MoEmployement & Labour relations / Local authorities.
<u>Specific objective 2.2: Sustainable and inclusive rural economy through enhanced implementation of Climate Change adaptation and mitigation practices.</u>		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
	<i>(*) Baselines provided are at national level since targeted geographical areas have not yet been selected. All targets will be agreed upon with the government at the same stage.</i>	
<ul style="list-style-type: none"> Sustainable agricultural management practices to control and reverse degradation and promote biodiversity are applied and adopted. 	<ul style="list-style-type: none"> Area under sustainable land management. <u>Baseline</u>: will be identified at identification /formulation stages (*) 	Reports from MoFA / MMDA / Environmental Protection Agency.
<ul style="list-style-type: none"> Climate change adaptation and mitigation practices are integrated into farming systems. 	<ul style="list-style-type: none"> Hectares of forest under improved management. <u>Baseline</u>: Not available for Savannah ecological zones. <u>National baseline</u>: approximately 2.6 million ha of forest dedicated to production and 2 million ha of cropland for timber production, mostly located outside the defined savannah climatic zones. Farms applying intercropping of fruit trees and food crops. <u>Baseline 2008</u>: (Stats Ghana – Glss5): 104,518 farmers growing Shea and Cashew Nuts in the Savannah Ecological Zones (Cocoa, Rubber and Coconut almost not represented in SEZ) 	Environmental Protection Agency / Forestry Commission / Local District Authorities. Extension Services Ministry of Agriculture.
<ul style="list-style-type: none"> Impact of droughts and floods on agricultural activities significantly reduced. 	<ul style="list-style-type: none"> Losses to agricultural production related to floods and/or drought. <u>Baseline</u>: will be identified at identification /formulation stages (*) 	

<u>Sector 3: EMPLOYMENT AND SOCIAL PROTECTION</u>		
<u>Overall Objective: Create decent employment opportunities for vulnerable population groups (i.e. youth, women and persons with special needs) and enhance social protection services</u>		
<u>Specific objective 3.1: Increase decent employment opportunities, with particular attention to the youth.</u>		
<u>Expected Results</u>	<u>Indicators</u> <i>(*) Targets for this sector will be agreed upon with the Government at formulation/identification stage.</i>	<u>Means of verification</u>
<ul style="list-style-type: none"> Reduction of the share of vulnerable employment in total employment. 	<ul style="list-style-type: none"> Vulnerable employment rate (ILO Definition). <u>Baseline 2010</u>: 77% 	Labour market data and relevant ILO statistics.
<ul style="list-style-type: none"> Provision of vocational training and skills development, particularly for youth is improved and broadened. 	<ul style="list-style-type: none"> Number of young beneficiaries receiving vocational or entrepreneurial training. <u>Baseline</u>: will be identified at identification /formulation stages. 	List of trained beneficiaries, training reports, etc.
<ul style="list-style-type: none"> Access to financial, administration and managerial capacity building services for MSMEs improved and business development services notably for youth are broadened. 	<ul style="list-style-type: none"> Number of MSMEs which have benefitted from trainings/coaching in relevant fields such as diversification, innovation, accounting, financial management. <u>Baseline</u>: will be identified at identification /formulation stages. 	List of trained beneficiaries, training reports, etc.
<ul style="list-style-type: none"> Affordable and transparent financial instruments for MSMEs are available. 	<ul style="list-style-type: none"> Share of Private Sector Credit to MSMEs by Deposit Money Banks. <u>Baseline 2012</u> : 79.9% 	GSGDA progress reports, Bank of Ghana progress reports.
<u>Specific objective 3.2: Enhanced public social protection services for youth and other vulnerable groups.</u>		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
<ul style="list-style-type: none"> Institutional capacity is improved to develop social protection policies and interventions, and rationalize existing ones. 	<ul style="list-style-type: none"> Number of effective social protection interventions. <u>Baseline</u>: There are around 30 different Social Protection interventions, which are implemented through different MDAs with varying scope and effectiveness. <u>Target</u>: SP interventions are rationalised by concentrating on key programmes which demonstrate effectiveness, efficiency and sustainability at system and programme level. 	<ul style="list-style-type: none"> Relevant legal framework and policy documents adopted and implemented by GoG.
<ul style="list-style-type: none"> Institutional capacity is improved to efficiently implement and adequately monitor social protection systems. 	<ul style="list-style-type: none"> Number of relevant staff trained at district level on social protection <u>Baseline</u>: Currently there is no comprehensive training programme to build the 	List of trained beneficiaries, training reports, evidence of holistic training programme to build the capacity of relevant staff at district level.

	<p>capacity of social workers at the district level.</p> <ul style="list-style-type: none"> Timeliness, comprehensiveness and quality of monitoring of social protection systems. <p><u>Baseline</u>: Currently there is no effective monitoring system.</p>	<p>Reports are available on the delivery of social protection interventions in a timely and comprehensive fashion based on reliable data, for evidenced based decision making and annually published to inform the wider public.</p>
<ul style="list-style-type: none"> Access to social protection services at local level is improved. 	<ul style="list-style-type: none"> Number of beneficiaries covered by basic social protection services. <p><u>Baseline</u>: will be identified at identification /formulation stages.</p>	<p>Relevant GSGDA progress reports and reports issued by Ministry of Social Protection and other relevant Ministries.</p>

The results, indicators and means of verification specified in the present annex may need to evolve to take into account changes intervening during the programming period.

Attachment 3. Template for Indicative timetable for commitments

	Indicative allocation	2014	2015	2016	2017	2018	2019	2020
SECTOR 1 – Governance: Public Sector management and Accountability	EUR 75 M	-	10	55	-	10	-	-
SECTOR 2 – Productive Investment for agriculture in Savannah Ecological Zones	EUR 160 M	-	-	90	-	70	-	-
SECTOR 3 – Employment and Social Protection	EUR 75 M	-	50	-	25	-	-	-
Other measures (support to civil society)	EUR 9 M	-	-	9	-	-	-	-
B- allocation	EUR 0							
Support measures	EUR 4 M	-	2	-	2	-	-	-
<ul style="list-style-type: none"> Measures to support or accompany the programming, preparation or implementation of actions 	EUR 2.5 M							
<ul style="list-style-type: none"> Support to the National Authorising Office 	EUR 1.5 M							
Total Commitments	EUR 323 M							

Attachment 4. EU Donor matrix showing tentative minimum disbursements per sector in EUR million for the period 2013-2016
(Data provided by MS in the frame of the Joint Programming exercise).

Partner/Sector	EU 10th & 11th EDF*	Netherlands	UK	Denmark	Germany	France	Spain**	Italy	Total per sector (in Million EUR)
Water and Sanitation	8	100				24			132
Agriculture	30	28			9	50		2	119
Health	42	28	60	42					172
Private Sector Development	36		67	35	23	2		11	184
Decentralization	50			14	25	70			159
Governance	45		22	32		2			101
Energy					37	14			51
Education			91			4			95
Social Protection and Vulnerability	20		30						50
Environment and Natural Resources	11							1	12
Transport	49					45			94
Public Financial Management	6								6
MDBS	100		42	70	49	24			285
Other				3	2				5
Total per development partner	397	156	312	196	155	235	0	14	EUR 1,465 M

* Preliminary estimations of future commitments under EDF until 2016.

**Spain cannot provide estimated annual disbursements. Over the period from 2013-2016, Spain's total commitments are expected to amount to circa EUR 25 million.