Ghana:
Executive Summary

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IDEV conducts different types of evaluations to achieve its strategic objectives.
Executive Summary

This report presents a summary of findings, conclusions and recommendations from an evaluation of the Bank’s Country Strategies and Program in Ghana over the period of 2002–2015. This evaluation: (i) provides an evidence-based assessment of the relevance and performance of the Bank’s interventions in Ghana; and (ii) identifies findings, conclusions and recommendations to inform strategy and operations going forward.

What did IDEV evaluate?

The evaluation covers three Country Strategy Papers (CSPs) and all lending and non-lending activities approved between 2002 and 2015. During this time, the Bank has sought to promote sustainable, private sector-led growth and poverty reduction in Ghana through: (i) improving the business regulatory environment; (ii) improving infrastructure and service delivery; and (iii) promoting good governance and sound macroeconomic management. At the sector level, emphasis has shifted from agriculture and basic service delivery to the development of energy infrastructure and provision of budget support.

The portfolio under review comprises 44 projects, four studies, one technical assistance grant and one emergency operation and amounting to UA 1330.1 million. Nearly 78% of Bank financing during this period has been done through the ADF window, with the ADB window accounting for about 19%. Loans represent 82% of the portfolio and grants represent 18%. The majority of the Bank’s support by value has been in the transport, governance and agriculture sectors (32.2%, 24.3% and 14.3% respectively).

How did IDEV evaluate?

The evaluation primarily addresses: (i) relevance; (ii) effectiveness; (iii) efficiency; and (iv) sustainability. However, other strategic issues have also been considered, including crosscutting themes, quality at entry, leveraging and co-financing, supervision and results-based management. Each issue was assessed through the triangulation of evidence from: (i) project documents and data; (ii) available literature; (iii) stakeholder interviews; and (iv) site visits. In total, the evaluation reviewed over 175 project documents and other literature, collected feedback from over 250 stakeholders and conducted site visits of 17 projects (Annex F). Each evaluation issue is assessed on a six-point scale ranging from Highly Unsatisfactory to Highly Satisfactory.

An evaluation matrix and theory of change were developed to guide data collection and analysis (Annex A and C). Achievement of results are assessed for each sector based on sector results chains which reflect both the CSP objectives and outcomes identified across individual projects. The evaluation also identifies the progress made against four strategy level outcomes, namely: (i) increased regional trade; (ii) increased access to basic services and infrastructure; (iii) creation of an enabling business environment; and (iv) improved transparency and accountability of public financial management (PFM). Although this section is not rated, IDEV identifies the Bank’s contribution to changes in the national context, where possible.
Has the Bank achieved its expected results?

Relevance of the Bank’s CSPs and Project Portfolio was satisfactory. The Bank’s CSPs over the evaluation period were found to be well aligned with contemporary National Development Strategies. Furthermore, the project portfolio is aligned with the Bank’s CSPs, corporate and sector policies and the needs of beneficiaries. However, further opportunities exist to address trade facilitation issues as identified by the Regional Integration Strategy for West Africa (2011–2015).

Effectiveness of the Bank’s interventions has been moderately satisfactory. Across sectors, 88% of planned outputs were delivered and, in several cases, targets for delivery of outputs were exceeded. However, some project components were over-delivered whereas other key project outputs were under-delivered, impacting the achievement of results. Progress has been achieved toward the majority of project outcomes, but the extent of achievement varied across sectors (see figure 2).

Transport Sector projects contributed to significant reductions in travel times and vehicle operating costs (VOCs) as well as increases in average annual daily traffic (AADT). Travel times have reduced between 50% and 67% across projects, whereas VOCs reduced by an average of 43%. AADT increased between 5.5% and 8.6% per year along major corridors, but has increased by 144% along the Techiman-Kintampo road. Feedback from project stakeholders confirmed that transport sector projects have contributed to economic activities, including new petrol stations and a pharmaceuticals factory, as well as increasing access to basic services.

Whereas the Bank’s interventions in Governance have contributed to improving the private sector regulatory environment, more modest progress has been achieved with respect to decentralization, strengthening of accountability functions and control of public sector wage expenditure. There have been reductions in the number of days required to register a business, obtain a construction permit and import and export goods. However, concerns have persisted with regard to procurement irregularities,
non-competitive procurement, payroll irregularities and levels of salary expenditure. Finally, despite the ongoing implementation of Ghana Integrated Financial Management System (GIFMIS) and the Single Treasury Account (STA), limited progress has been achieved in reducing budget variance, strengthening commitment controls and containing irregularities.

**Agriculture Sector** interventions have contributed to increased productivity as well as increased incomes. Across completed projects, productivity for key crops and livestock increased between 2.5% and 564%. Furthermore, annual incomes were found to have increased between 48% and 608%, attributed to improved access to inputs and markets as well as reduced disease burden. Moreover, interventions funded through the private sector window have created 276 permanent jobs, 2,724 contract jobs and market opportunities for 10,000 out-grower farmers. However, some key assets such as markets and pack houses have not been used as intended to promote access to markets and increase agricultural exports.

Despite the failure to complete some key infrastructure works, **Social Sector** projects have contributed to improving: (i) access to education; (ii) access to health services; (iii) capacity for pro-poor service delivery; and (iv) economic opportunities for the urban poor. However, because no data were available to assess the original project outcomes, the extent of achievement could not be determined. Despite concerns regarding the quality of work, infrastructure improvements at 25 Senior High Schools have contributed to increased enrolment and grade pass rates. With respect to health outcomes, construction of a hospital in Tarkwa allowed beneficiaries to access specialized health services previously unavailable in the district. Tarkwa now compares favorably to the rest of the Western region in terms of its doctor to population ratio, but non-completion of a district hospital in Bekwai has had a negative impact on the surrounding community. The Bank has also increased the capacity of 14 beneficiary districts and municipalities for pro-poor development planning and revenue mobilization. Finally, improvements to social infrastructure, including schools, health centers and markets, have created jobs for 4,980 contractors and contributed to increased incomes for traders.
Power Sector projects contributed to increased generation and transmission capacity, carbon emission savings and job creation. The Takoradi II extension added 110 MW of installed generation capacity with no additional emissions, and is estimated to result in savings of 430,600 tons of CO$_2$ each year. Furthermore, the Power Systems Reinforcement and Extension Project (PSREP) reduced transmission losses and improved the reliability of the transmission network in the Kumasi area, including an additional 132 MVA of transmission capacity.

Financial Sector and Industry projects have contributed to job creation, government revenues, export earnings and the development of local supply chains. The Kempinski Hotel and Line of Credit (LOC) to CAL Bank have directly created over 1,400 temporary and permanent jobs and have contributed to the creation of 3,434 indirect jobs through the development of local supply chains. The LOC to CAL Bank has yielded government revenues of USD 172 million and export earnings of USD 428 million. The Kempinski Hotel has not yet achieved its financial targets after starting operations on a soft open basis, but it has been profitable as of June 2016.

Finally, the Bank’s Water Supply and Sanitation Sector (WSS) projects have performed well in delivering water supply infrastructure but the delivery of sanitation facilities has not met targets. The Bank’s interventions under the Rural Water Supply and Sanitation Project reached 381,869 beneficiaries and increased access to water among targeted communities by 40%, whereas access to sanitation increased by just 14%. However, concerns were raised over the reliability and use of the facilities provided - some water points were found to break down frequently, whereas others are not regularly patronized due to beneficiaries’ preference for private water vendors. Low uptake of household sanitation interventions was attributed to the high cost of implementation as well as a mismatch of the available sanitation models with the preferences of beneficiaries.

With respect to strategy-level outcomes, the Bank has made tangible contributions to increasing trade with ECOWAS countries through the rehabilitation of international corridors, particularly for agricultural products. Furthermore, the Bank has contributed to increasing access to transport, electricity, sanitation and water infrastructure. However, no tangible impact can be identified in terms of access to health and education based on the limited scope of the Bank’s engagement in these sectors. Although international indices demonstrate improvement in Ghana’s business environment and competitiveness throughout much of the evaluation period, these gains have recently been eroded by macroeconomic challenges and infrastructure gaps. Limited progress has been achieved in promoting transparent and accountable public financial management, as evidenced by rising public debt and significant irregularities identified by the Ghana Audit Service in 2013 and 2014, attributed to poor compliance with regulations for cash management and public procurement.

Overall, Efficiency was rated as unsatisfactory. On average, 18 months elapsed between project approval and first disbursement, exceeding the Bank’s guidelines. Furthermore, delays were noted between the original and actual completion dates, including average delays of 32 months for social sector projects, 39 months for transport projects and 37 months for WSS projects. The main sources of delay included: (i) delays in meeting conditions precedent for first disbursement; and (ii) procurement issues. Annual disbursement rates, excluding Policy Based Operations, fell below the Bank-wide average by an average of 7.68 percentage points each year and fell below the Bank’s target of 25% by an average of 10.56 percentage points annually.
Sustainability of outcomes varied across sectors, but is moderately unsatisfactory overall. Risks to sustainability were diverse, stemming from sector-wide challenges and exogenous shocks as well as project design and implementation issues. Social and WSS projects encountered risks due to the quality of works implemented and well as limited capacity and resources for long-term maintenance. The sustainability of agriculture projects has been limited by a lack of concrete management plans for key project assets and limited engagement of the private sector. Power and transport sector projects face sector-wide risks pertaining to the sufficiency of national tariff and collection schemes as well as maintenance funds. Finance and industry sector projects faced risks caused by financial institutions’ modest risk management capacity as well as the recent macroeconomic crisis. Finally, the effectiveness and sustainability of governance projects have been impacted by low levels of ownership for public financial management reforms. This was exacerbated by an increasing lack of cohesion among Multi-donor Budget Support (MDBS) partners and concerns regarding the underlying principles, culminating in the dissolution of the MDBS Group.

How has the Bank positioned itself for the achievement of results?

Mainstreaming of crosscutting themes into CSPs, including gender, inclusive growth and green growth, was satisfactory. Each CSP acknowledged persistent gender-based and urban/rural disparities with respect to poverty, service delivery and access to services and infrastructure. Particular emphasis has been placed on green growth among agriculture projects, including the management of forestry and water resources. At the project level, mainstreaming of inclusive and green growth was satisfactory, whereas mainstreaming of gender was moderately satisfactory. Although crosscutting themes were mainstreamed into almost all projects, gender impacts were assumed but were often not measured against gender-disaggregated outcomes.

The Quality at Entry of CSPs was found to have improved over the evaluation period. Each CSP provides a detailed assessment of the country context, with clear linkages made to the strategic priorities. Furthermore, each CSP was developed through a consultative process involving the Government of Ghana (GoG), civil society, private sector and development partners (DPs). Clarity and realism of the intervention logic has also improved over the evaluation period with a greater emphasis on measurable strategy outcomes linked to specific project activities. Until recently, the selectivity of the portfolio had improved in terms of the number of projects approved and sectors implicated. However, the portfolio has become more coherent with projects across multiple sectors addressing different facets of each CSP pillar.

For the Quality at Entry of projects, issues were identified with regard to: (i) realism of the project design and logic; (ii) adequacy of consultations and feasibility studies; and (iii) complexity of project design. These weaknesses often contributed to delays, cancelation of funds, under delivery of outputs and under use of projects assets and services which, in turn, negatively impacted the achievement of results.

Leveraging and cofinancing has taken increasing strategic importance, especially given Ghana’s transition to LMIC status. Approximately one third of projects approved across the evaluation period have been cofinanced with other donors. However, no strategic distinction was made between leveraging and cofinancing and no example could be identified where the Bank has played a catalytic role. Use of the ADB window to engage the private sector has increased, accounting for 34% of commitments by value between 2012 and 2015.
The frequency of supervision has improved over the course of the evaluation period, with all projects approved after the opening of the Ghana Field Office (GHFO) supervised at least once annually. Furthermore, supervision has been inclusive, with the majority of missions conducted in cooperation with the GoG and cofinancers as well as the majority of reports identifying lessons learned. Across sectors, supervision teams have reflected an appropriate skills mix, including sector, gender, procurement and financial management experts. However, projects funded under the private sector window tend to only be supervised by staff from the private sector department. Increased supervision has corresponded with an improvement in average Implementation Progress Ratings as well as a reduction in Problematic Projects. Yet decisions made in the course of project supervision have sometimes adversely affected the achievement of results, particularly in the social sector, when they focused predominantly on the timely completion of projects.

With respect to Results-based Management (RBM), the majority of project log frames was found to be problematic with respect to: (i) clarity of the intervention logic; (ii) the soundness of the distinction between outputs and outcomes; (iii) the use of "SMART" indicators; and/or (iv) the availability of baseline data. Furthermore, sufficient data were often not available to assess the achievement of project outcomes. However, the quality of log frames has improved over the evaluation period with just 25% of project log frames being identified as problematic among projects approved after 2011. GHFO has also sought to improve the quality of RBM by identifying a focal point to advise task managers on monitoring and evaluation issues.

What did IDEV conclude and recommend?

The Bank’s CSPs have been responsive to evolving national priorities and beneficiary needs but have not integrated trade facilitation elements identified in the 2011–2015 Regional Integration Strategy for West Africa. The CSP priorities remain relevant in light of Ghana’s transition to LMIC status. The portfolio has been increasingly selective and coherent and the Bank is making increasing use of ADB resources in Ghana. However, there is little evidence of strategic leveraging across the portfolio.

Although the majority of project outputs have been delivered across each sector, there have been instances where some project components were over delivered while other core components were under delivered. The achievement of outcomes, although moderately satisfactory, has been limited by project design weaknesses. Project design weaknesses identified include: (i) complex and unrealistic designs; (ii) poor alignment with beneficiary preferences; (iii) failure to identify arrangements for the management of project assets. Furthermore, these weaknesses, in addition to the failure to address institutional weaknesses in financial intermediaries and governance challenges, such as poor cost recovery in the energy sector, have posed risks to the sustainability of the Bank’s projects. The timeliness of implementation has also been unsatisfactory in terms of project start-up and implementation, including: (i) delays in meeting conditions precedent for first disbursement; and (ii) procurement delays.

Crosscutting themes, including gender, inclusive growth and green growth, have been mainstreamed appropriately across the Bank’s CSPs and projects, but are not addressed sufficiently in results frameworks at the outcome level.

More generally, managing for results continues to be a concern in terms of the quality of results frameworks, the identification of suitable indicators and the availability of data to assess results. Improved project supervision over the evaluation period has corresponded with improved portfolio performance against key indicators. However, decisions made in the course of project supervision have sometimes limited the achievement of outcomes. At the same time, the Bank has demonstrated leadership in the donor coordination architecture and has become increasingly active in the delivery of knowledge work, using these products to support policy dialogue and project development.
In view of these conclusions, it is recommended that the Bank:

- **Propose a mix of instruments to support further private sector regulatory reform, improve the business environment and strengthen accountability functions, particularly audit and procurement.** In view of the IMF Program, reduced aid inflows and disengagement of DPs from MDBS operations, there is a continued need to address governance challenges which frustrate project implementation, including private sector regulatory constraints and audit and procurement capacity gaps.

- **Identify opportunities to engage the private sector in addressing a broader range of CSP objectives.** The Kempinksi Hotel and LOC projects have contributed to both skills development and the development of local supply chains whereas agriculture projects could have benefitted from a value-chain approach. Such initiatives will become increasingly relevant as Ghana transitions to ADB-only status. Use of knowledge work to identify new areas for cooperation should continue.

- **Encourage private investment in the energy sector by promoting cost-reflective tariffs and providing guarantees for power purchase agreements.** The ongoing energy crisis poses a serious risk to macroeconomic stability and increases the cost of doing business. Discontinuation of government guarantees will discourage needed investment in the sector. The Bank could address these concerns through tools such as policy dialogue, knowledge work, technical assistance and guarantees.

- **Improve support to regional trade by continuing to address infrastructure constraints while also incorporating trade facilitation considerations.** Additional opportunities exist to promote trade and reduce the time required to import and export through the implementation of one-stop border posts and streamlining of customs processes.

- **Address weaknesses in project design which impact both effectiveness and sustainability through enhanced scrutiny prior to approval,** including: (i) the extent of consultation with project beneficiaries; (ii) quality of feasibility studies; (iii) project implementation capacity; (iv) realism of project scope and timeframes; and (v) mitigation of risks to sustainability; and (vi) clear arrangements for the collection of implementation data.

- **Address obstacles to timely implementation by limiting requirements for counterpart funds and ensuring that all stakeholders are made aware of conditions precedent.** Given the macroeconomic context, means of promoting ownership of projects other than provision of counterpart funds should be identified, including participatory project designs and implementation arrangements.

- **Ensure that crosscutting themes are included in project log frames and disaggregated at the outcome level.** Clear data collection arrangements should be identified among stakeholders at appraisal to ensure that data are sufficient to assess the achievement of outcomes pertaining to crosscutting themes.

- **Strengthen supervision by ensuring that all elements of the project logic are addressed or that credible alternatives are identified and improving the skills mix of supervision teams for private sector operations.** Explicit consideration should be given to the potential impact on beneficiaries and the achievement of results when addressing implementation delays and challenges.
About this Evaluation

This summary report presents the results of an independent evaluation of the Bank’s Country Strategies and Program in Ghana over the period of 2002–2015. It covers three Country Strategy Papers and all lending and non-lending activities approved between 2002 and 2015. The evaluation: (i) provides an evidence-based assessment of the relevance and performance of the Bank’s interventions in Ghana; and (ii) identifies findings, conclusions and recommendations to inform strategy and operations going forward.