Ghana Cooperation Programme 2021–2024
Editorial

With this Cooperation Programme 2021–2024, the Swiss State Secretariat for Economic Affairs SECO is supporting Ghana on its path towards a resilient, self-dependent future.

Economic inequality and poverty remain a challenge in Ghana. SECO promotes economic growth and sustainable prosperity. Therefore, SECO’s development cooperation programme aims to further strengthen the economic resilience of Ghana.

In line with the United Nation’s 2030 Agenda for Sustainable Development and Switzerland’s new International Cooperation Strategy 2021–2024, SECO takes a three-pronged approach: it considers Ghana’s development priorities, Switzerland’s perspective on Ghana and the added value that Switzerland can offer within this partnership. These criteria define the two thematic priorities of Switzerland’s Cooperation Programme 2021–2024 that are outlined on the following pages.

Taking into account the lessons learned and building on the results achieved in the 2017–2020 cycle, the Cooperation Programme 2021–2024 defines the strategic framework for the future activities of SECO over the next four years. SECO aims to remain a responsible and reliable development partner. This requires persistence during challenging times and support in mitigating risks as well as seizing opportunities when they arise. We count on the ownership and leadership of our Ghanaian partners to achieve lasting reforms and results. We are confident that we can positively contribute to Ghana’s development agenda with the present programme and we look forward to continuing our partnership with Ghana going ahead.

SECO’s thematic priorities for Ghana

SECO’s main goal is to contribute to a resilient and self-dependent Ghana. If SECO promotes attractive framework conditions for sustainable growth and creates decent income opportunities for the population, then Ghana can become more resilient and self-dependent because it can transform and diversify its economy and use its financial and natural resources more sustainably.
Ghana is a positive example when it comes to democracy, rule of law and stability on the African continent. Reflecting its relative development success, Ghana reached middle-income status in 2010, and poverty has declined substantially over the past decades. It contributes little to migration to Europe and remains relatively removed from the growing insecurity in the Sahel region. However, a substantial portion of the positive developments are the result of the exploitation of commodities (especially oil, gas, gold). Little progress has been made in terms of diversifying the economy. Therefore, large segments of Ghana’s rapidly growing population remain vulnerable to adverse shocks. In fact, in recent years, inequality has been on the rise and poverty reduction has stagnated. Even before the coronavirus disease 2019 (COVID-19), debt levels were rising, and growth was largely driven by a few key commodities. In addition, climate change, loss of biodiversity, soil erosion, deforestation and pollution of all kinds are threatening the livelihood of a substantial portion of the population.

Frequent economic boom-and-bust cycles induced both by external and domestic shocks have been a mainstay of Ghana’s recent past. These growth spurts and slumps amplify and reinforce pre-existing

1 Ghana is one of the world’s largest cocoa producers and Switzerland imports a substantial share of this product.

2 The promotion of affordable and clean energy production creates new green jobs for the youth.

3 Local governments provide community waste bins to eliminate indiscriminate disposal of waste, minimise environmental pollution and improve sanitation.
Authorities have reacted swiftly to ease the pandemic and human development. Nevertheless, the economic shock of the pandemic is a keen reminder of this predicament. Vulnerabilities and often defy efforts to build resilient economic systems. The economic shock brought on by COVID-19 is a keen reminder of this predicament. Ghana will need sustained growth in order to continue on its path towards becoming a resilient, self-dependent and prosperous middle-income economy that creates enough decent income and job opportunities for the country’s youthful, rapidly growing population. Fostering economic development that does not come at the expense of the climate, harm traditional sectors of comparative advantage or deepen inequality is key to overcoming these challenges, preserving past gains and harnessing the opportunities it presents.

Main results achieved

- SECO, together with its implementing partners, strengthened fiscal sustainability and further decentralisation of public services. With the support of the Domestic Revenue Mobilisation project, an open source software that is used for mapping properties and collecting property taxes was rolled out to 60 districts. In the context of the Decentralised Budget Support, a performance-based district development facility was integrated into Ghana’s fiscal transfer framework, ensuring the sustainability of performance-based capital grants to all 260 districts.
- SECO mobilised additional private capital to catalyse the development of financial products and pilot innovative approaches to strengthen the cocoa sector. The Remittance Grant Facility helps remove operational constraints associated with remittance inflows into Ghana and use remittances to create innovative financial instruments. Two calls for proposals were launched and seven grants were awarded to the private sector, mobilising more than USD 1.1 million in additional private-sector contributions. Under the Swiss Platform for Sustainable Cocoa, four private partnership projects with the Swiss private sector were launched. SECO’s contribution to the projects of CHF 3.5 million was matched with private sector investments of around CHF 16 million.
- SECO contributed to an improved legal and regulatory framework for doing business. The programmes contributed to the formulation of a new company law, supported the simplification of the construction permit process, contributed to the formulation of a new building code and the launch of sustainable banking principles. The intellectual property rights system and the national quality testing infrastructure were strengthened. One testing laboratory and one inspectorate body were accredited and 21 national quality standards were developed.
- SECO expanded its contribution to economic diversification and job creation through the cashew and palm oil value chains. SECO contributed to the creation and retention of over 45,000 jobs in the cashew sector, trained more than 7,800 persons in the palm oil sector, and facilitated access to capital for eight companies in the cashew and palm oil value chains.
- In terms of improvement of basic infrastructure services, SECO completed capacity development of the strategic business unit (SBU) of the Electricity Company of Ghana (ECG) in the Ashanti region at a time in which the concession of electricity distribution services was attributed to a private operator. In the northern region of the country, SECO’s support allowed the Northern Electricity Distribution Company (NEDCO) to finalise the geographic information system (GIS) inventory of its distribution assets and customers.

Lessons learned

- Strengthening governance, institutions and basic economic framework conditions remains critical to support Ghana’s development in the future. While the identified needs are many, too often the government and donors miss the timing of the partial commitment in terms of efforts to effect change. Furthermore, as highlighted by the government itself, moving towards sustainable development would—in addition to hard factors like investments and technical knowledge—also imply a tangible change of soft factors like the mindset of institutions and people. This would increase trust in economic transactions—a basic ingredient for every successful market economy.
- The private sector and non-governmental organisations will need to play an important role as a driver of change, demanding more and better services and accountability from government institutions. Well-functioning multi-stakeholder platforms with the government in the driver’s seat will be crucial in terms of fostering mutual exchange and therefore be instrumental for implementing positive and widely accepted changes.
- The pace of introduction of regulatory reforms that would enable the private sector to flourish and consequently create jobs has been sluggish in recent years. The fact that it often takes very long to have a new set of regulations fully implemented is equally important. However, what counts most to the private sector is not the approval of new regulations, but their adequate and fair implementation. Thus, striving to address and close this gap faster would add much to the impact of the cooperation programmes.
- The public-private cocoa projects under the Swiss Platform for Sustainable Cocoa are promising instruments to pilot new approaches in the cocoa value chain. For progress in this field, an intense dialogue with governmental authorities is key. The objective is to reach agreement on reform actions in order to mainstream successful demonstration projects.
- Since the nature of development challenges is cross-sectoral, close coordination and breaking down of institutional silos are required. While the government should be in the driver’s seat, the multitude of different ministries and institutions is not very conducive for such an inter-sectoral dialogue. Creating more linkages at the project level and adopting platform approaches can help to facilitate this exchange, but a strong commitment is needed. Thus, SECO should open up, seek new partnerships, and coordinate more in multi-stakeholder settings, such as the Swiss Platform for Sustainable Cocoa.
- In some cases, the driving force motivating certain partners has differed from what was assumed at the start of projects. Elements to correct this would include the increased involvement of partners early on in the design phase of a project, more in-kind contributions to ensure proper incentives, and the use of calls for proposals in order to strengthen the element of ownership.
Ghana’s development priorities

Ghana is at a challenging juncture in its development. As a lower-middle-income country, it relies less on development assistance than in the past, and aspires to catch up to its higher-income peers and expand its relationship with the rest of the world on an equal footing. The country’s development priorities and strategies reflect this understanding. Ghana considers the private sector to be the driving force of the economic transformation that will catapult it to its next stage of development. In fact, Ghana aims to become the most attractive country in which to do business in Africa. One important next step in this direction that has already been announced is the streamlining on the regulatory side. Furthermore, the formalisation of the informal sector and thus the chance to provide development support and services to rural enterprises in particular is envisaged.

Ghana depends heavily on imports of daily basic agricultural goods, although these goods are also grown in Ghana. Furthermore, agricultural raw materials are

1. SECO supports the digitalisation of the revenue administration to improve domestic revenue mobilisation.
2. SECO facilitates the development of modern technology and laboratories so that larger quantities of higher-quality planting material can be produced.
3. Access to finance is complicated for many stakeholders. SECO makes sure that innovative solutions are developed from which also small player can profit.
4. Smallholder farmers are the backbone of the economy in Ghana. In order to further increase productivity, SECO supports them through training.
often exported for further processing, which means that significant opportunities for job creation as well as in-country value addition are missed. The government is determined to change this pattern and also plans to use processed agricultural goods as a major contributor to Ghana’s export earnings in general. Different programmes have been initiated to change the situation (e.g. the One District One Factory policy, the One Village One Dam initiative, and Planting for Export and Rural Development).

Ghana Beyond Aid calls for greater self-reliance and sees aid no longer as a substitute for domestic resources, but as a catalyst for trade and investment. It puts economic transformation at the centre of development efforts with the goal of creating a wealthy, inclusive, sustainable, empowered and resilient country. The vision builds on earlier strategies, such as the Coordinated Programme of Economic and Social Development Policies (2017–2024) and the Medium-Term Development Policy Framework (2018–2021). Both highlight the importance of promoting private sector growth to create jobs and income opportunities for the population. Yet the strategies all equally acknowledge that this transformation is unlikely to be successful unless it is accompanied by changes in the mindsets and behaviours of individuals and improvements in terms of the governance and accountability of institutions.

The government is increasingly interested in digitalisation, for instance as a means of simplifying payments and tax collection, in view of providing a full set of digital public services, or through the introduction of smart grid technology in the electricity distribution sector. Digitalisation is emerging as an important cross-sector need. Current efforts are more advanced in the financial sector, with digital financial services playing an increasingly important role.

**Switzerland’s perspective on Ghana**

Ghana and Switzerland share a long-standing relationship. Since the arrival of the Basel Missionaries some 150 years ago, the relationship between Ghana and Switzerland has been determined by trade and investment, the exchange of knowledge, and cooperation. In terms of development cooperation, Switzerland’s relationship with Ghana dates back to the mid-1980s. Ghana ranks among Switzerland’s top trading partners in Africa, with most trade relations concentrated in the gold and cocoa sectors. However, both sectors are regularly mentioned in connection with human rights violations and unsustainable environmental practices. Around 50 Swiss companies are currently operating across various sectors throughout the country, providing thousands of local jobs. Ghana plays an important role in Switzerland’s foreign and economic foreign policy towards Africa, with Switzerland interested in Ghana serving as a harbour of peace, stability and prosperity in coastal Western Africa, and as a barrier against the growing insecurity and fragility in the Sahel region with its concomitant migratory flows.

With regard to commodities, Switzerland aims to contribute to an increasingly sustainable and responsible manner of exploration and production. Increased value on quality or environmental, social and governance (ESG) criteria will contribute to enhanced revenues for producers.

Switzerland strives to foster an environment that makes it more attractive for Swiss companies to invest and expand their business activities in Ghana, thus generating economic benefits for both countries. Switzerland is interested in strengthening its cooperation with Ghana on environmental and climate matters, for instance through a bilateral agreement on the exchange of emission abatement technologies, but also through promoting private sector investments in renewable energies and preparing public sector entities to integrate renewables through demonstrative and catalytic projects.

When it comes to digitalisation, Switzerland already supports these efforts under the ongoing cooperation programme and is open to developing its portfolio further, for example with a view to promoting an innovative fintech ecosystem. There are also many benefits to digitalising parts of agricultural value chains and supporting services. Switzerland will accommodate these emerging needs whenever relevant as part of future portfolio development.

Learning and exchanging knowledge between countries is playing an increasingly important role in a globally connected world. In this context, the two Federal Polytechnic Universities of Switzerland, in Zurich (ETHZ) and Lausanne (EPFL), have entered into partnerships with universities in Ghana to develop joint teaching programmes and foster the exchange of ideas and knowledge.

For effective future cooperation, Switzerland remains open to discussing changes to its cooperation programme to address changing needs and priorities, e.g. because of external shocks, such as the ongoing pandemic.

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**Accountability, monitoring and risk management**

SECO continuously monitors and evaluates the results achieved and incorporates lessons learned into its operations. Project evaluations are conducted during or after project implementation. In addition, SECO commissions independent thematic or country portfolio evaluations. The monitoring of the cooperation programme will be based on the results framework (see page 16/17) along the relevant business lines and impact hypotheses. Accountability reporting is carried out annually.

SECO is dedicated to ensuring comprehensive and rigorous risk management. Based on the Organisation for Economic Co-operation and Development’s (OECD) conceptual framework for aid risk analysis, SECO risk management distinguishes between three levels of risk:

- **Country risks**: SECO identifies and evaluates the relevant risks in its partner countries as well as the implications for the project portfolio.
- **Project risks**: Before approval, all projects are screened for development (achievement of objectives), security, fiduciary, financial, environmental and social risks. During project implementation, the identified risks and corresponding mitigation measures are regularly monitored.
- **Institutional risks**: SECO monitors the risks it faces as an institution and that may compromise the successful implementation of SECO’s mandate.

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**Financial resources**

SECO’s activities under this programme will be financed through the Swiss framework credit 2021–2024. This allocation of funds will depend on the identification of suitable programmes and projects, the absorption capacity, as well as the efficiency and effectiveness of the cooperation with the relevant partners in the country. Accordingly, the following information on planned commitments for the four-year period is indicative. This information serves merely as a basis for the forward spending plans that are reviewed each year by the Swiss Parliament. Planned commitments for Ghana 2021–2024.

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**Working with partners**

A strong partnership with Ghanaian authorities is key for the successful and sustainable implementation of policy and trade cooperation activities in Ghana. Indeed, having the government in the driver’s seat in a programme is a key factor for success in many programmes. Furthermore, champions and agents for change need to be identified and brought on board in order to ensure energetic implementation of the programme. Consequently, Switzerland is committed to responding to national priorities with its development cooperation activities and to involving governmental partners starting in the inception stage of a project. Emphasis will be placed on quantifying the contribution of official partners in the project documentation as well as in contractual arrangements.

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Ghana also benefits from regional and global initiatives financed by Switzerland that may not be included in these financial projections.
Thematic priorities

SECO’s contribution to gender equality in Ghana

Gender equality is a transversal issue that is relevant to both thematic priorities. Gender equality is an essential aspect of an inclusive and sustainable economic development with the goal of reducing inequality and disparities. Under the first thematic priority, supporting improved framework conditions, SECO will contribute to promoting equal access to public services for women. Under the second thematic priority, SECO will contribute to enhancing job and income opportunities for women within the frame of the value-chain development, as well as promoting non-discriminatory access to finance and training opportunities.

State of the art nurseries are essential to boost agricultural production.

SECO’s contribution to climate change mitigation, adaptation and resource efficiency in Ghana

Ghana continues to promote investment in the hydrocarbon industry, with oil production set to double by 2023 and the country aiming to substantially increase export revenues. Efforts to channel the gains in the sector towards diversification and strengthening of the private sector remain adamant. The gas obtained from this exploration is largely used to generate electricity for the country. The government wants to position itself as a powerhouse for production of electricity compared to other West African countries. So far, renewables have played a limited role; however, SECO will explore ways that they could be more rapidly mainstreamed into the energy composition. SECO rejects the financing of coal-fired power plants and applies strict criteria to the financing of modern gas-fired power plants.

Climate change mitigation, adaptation and resource efficiency are transversal issues that are relevant to both thematic priorities. Under both, the goal is to mitigate the negative externalities of economic development and to make the economic system more resilient to the adverse effects of climate change, that threaten to affect the livelihoods of hundreds of thousands of people in both rural and urban areas in the near future. Under the first thematic priority, climate change is addressed by promoting companies’ and households’ access to renewable energy sources and by managing the increased risk and negative impact of urbanisation, for example in the area of urban mobility. Under the second thematic priority, climate change is addressed by promoting sustainable and responsible business models and by developing value chains, that are more sustainable and climate resilient. SECO’s development cooperation will also examine bridging activities within the context of the bilateral cooperation between Switzerland and Ghana for bilateral emission abatement measures.

SECO’s main goal

The main goal of SECO’s Cooperation Programme 2021–2024 is to contribute to a resilient and self-dependent Ghana. If SECO promotes attractive framework conditions for sustainable growth and creates decent income opportunities for the population, then Ghana can become more resilient and self-dependent because it can transform and diversify its economy and use its financial and natural resources more sustainably.

SECO’s contribution to Ghana’s development agenda

SECO’s thematic priorities are to promote attractive framework conditions for sustainable growth and to support initiatives that unlock more and better jobs and decent income opportunities. This prioritisation reflects the understanding that the private sector is the driving force of the economic transformation that will allow Ghana to catch up with its higher-income peers and generate the millions of income opportunities needed to reduce poverty and inequality. However, this prioritisation also acknowledges that a strong institutional environment is a prerequisite for a prosperous private sector.
Unlocking more and better jobs and decent income opportunities not only depends on the availability of attractive framework conditions for the private sector in general, but also on stimulating innovation and entrepreneurship, facilitating access to capital and skills, and better integrating businesses into regional and global value chains. Better access to these kinds of services will help existing companies to grow and new initiatives to emerge, thus unlocking their potential to create more and better jobs and decent income opportunities for the growing population. A stronger private sector can also play a pivotal role as a driver of change for broader institutional and economic reforms. With a strong and diversified private sector, Ghana will be able to sustain its comparative advantages in traditional sectors such as cocoa, while at the same time taking advantage of the benefits of diversifying economic activities beyond the traditional commodities, such as digitalisation.

Under the second thematic priority of unlocking more and better jobs and decent income opportunities, Switzerland is focusing its measures on three areas where it can have the most added value:

- Develop market-oriented skills and entrepreneurship support in the sectors that provide the most potential for diversification and innovation.
- An innovative financial sector promotes access to financing for small and medium-sized enterprises (SME) and digitalisation, facilitates private investments into infrastructure and positions Ghana as an attractive financial services hub.
- Promote competitive, responsible, and innovative businesses and their sustainable integration into global value chains and regional trade networks in traditional and non-traditional sectors.

Ghana’s Development Priorities

Promoting attractive framework conditions for sustainable growth

- The introduction of a rules-based trade system and innovation-friendly business environment promotes a level playing field for the private sector, lower compliance costs, and makes Ghana more attractive for global and intra-regional trade and foreign direct investments.
- Reliable access to sustainable energy with a strong incentive system is in place to mobilise private sector investments into renewable energies. At the same time, public sector entities need to be strengthened so they are able to integrate these investments, as they will continue to play a dominant role in the sector at least in the medium-term.

Reliable framework conditions for sustainable growth, trade, and investment are critical building blocks of a resilient economic system that allows the private sector to emerge as a driving force of development. Transparent and accountable institutions, balanced economic and fiscal policies, and business- and trade-friendly regulations are needed to create a stable and predictable environment that is conducive to private sector initiatives that support businesses and households alike with sustainable and efficient public institutions and mitigate the negative externalities of economic growth.

Under the first thematic priority of promoting attractive framework conditions for sustainable growth, SECO is focusing its measures on four areas where it can have the most added value:

- Transparent and efficient public finances, including a broadened domestic revenue base ensures fiscal sustainability and growth-promoting economic policies and public services at the central and local level.
- Further decentralisation of public services and more effective infrastructure spending in various regions establishes a basis for economic diversification and income generation at the local level and allow for a better management of urban development.

- The introduction of a rules-based trade system and innovation-friendly business environment promotes a level playing field for the private sector, lower compliance costs, and makes Ghana more attractive for global and intra-regional trade and foreign direct investments.
- Reliable access to sustainable energy with a strong incentive system is in place to mobilise private sector investments into renewable energies. At the same time, public sector entities need to be strengthened so they are able to integrate these investments, as they will continue to play a dominant role in the sector at least in the medium-term.
Results monitoring for Ghana

**Thematic priority 1**
Promoting attractive framework conditions for sustainable growth

**Theory of change**
- If SECO promotes favorable economic framework conditions for sustainable growth,
  - then Ghana ultimately becomes more resilient and self-dependent,
  - because it can transform and diversify its economy and use its financial and natural resources more sustainably.

**Transversal themes**
- Gender equality: SECO fosters gender equality as a transversal theme, in particular promoting equal access of women to public services, markets and goods.
- Climate and resource efficiency: SECO addresses climate change considerations by promoting access to renewable energy and by managing the negative impacts of urbanisation.

**Contribution to selected SECO business lines**
- Growth-promoting economic policy
  - If SECO strengthens institutional capacities at the national and subnational levels to collect and manage public funds effectively and implement effective economic, financial and monetary policies,
    - then Ghana has better-quality public services and a conducive environment for private-sector driven growth,
    - because: strong and accountable institutions are better able to fulfil their essential functions and provide reliable and sound macroeconomic conditions (SDG 8.3).

- Rules-based trade system
  - If SECO helps Ghana establish trade-friendly competences, know-how and infrastructure,
    - then: companies will be able to access higher-value markets,
    - because: Ghana will be able to make better use of opportunities offered by national, regional and international trade (SDG 17.10).

- Innovation-friendly business environment
  - If SECO helps Ghana introduce business-friendly regulations,
    - then: the competitiveness of enterprises (especially SMEs) will improve,
    - because: they are no longer hindered by unnecessary bureaucratic barriers, and
    - because: they can invest their freed-up resources in the productive core business.

- Urban development and infrastructure services
  - If SECO promotes integrated, sustainable, and inclusive urban planning and development, and supports the use of renewable energies and strengthens utilities,
    - then this helps create the conditions for sustainable, inclusive growth,
    - because: cities are planned and managed sustainably, and
    - because: the share of renewable energies in the energy mix grows.

**Thematic priority 2**
Unlocking more and better jobs and decent income opportunities

**Theory of change**
- If SECO unlocks more and better job and income opportunities for the population in Ghana,
  - then the country ultimately becomes more resilient and self-dependent,
  - because it can transform and diversify its economy and use its financial and natural resources.

**Transversal themes**
- Gender equality: SECO considers gender equality to be a transversal theme; it aims to enhance job and income opportunities of women within the context of value chain development and push for access to finance and training opportunities.
- Climate and resource efficiency: SECO includes climate change considerations by promoting sustainable and responsible business models and by developing sustainable and climate-resilient value chains.

**Contribution to selected SECO business lines**
- Access to financing
  - If SECO fosters an inclusive and innovative financial sector,
    - then entrepreneurs, producers and cities will have access to adequate financial services (SDG 9.3),
    - because: the private sector can benefit from better framework conditions, and
    - because: the financial and capital markets are better able to respond to the needs of borrowers (SDG 8.10).

- Integration in value chains
  - If SECO promotes the sustainable integration of competitive, expandable and innovative businesses into global value chains and regional trade networks,
    - then: the competitiveness of companies and producers is strengthened (SDG 9.3), and
    - because: they are better integrated into sustainable local, regional and international value chains (SDGs 8.9, 9.3, 12b).

- Market oriented skills
  - If SECO develops market-oriented skills in the sectors that provide the most potential for diversification and innovation,
    - then: companies can find skilled workers and are more competitive (SDG 8.3),
    - because: in the digital age, the availability of skilled workers is an essential element for business development.
State Secretariat for Economic Affairs SECO – Economic Cooperation and Development

SECO’s Economic Cooperation and Development division is responsible for the planning and implementation of economic cooperation and development activities with middle-income developing countries, with countries of Eastern Europe as well as the new Member States of the European Union. It coordinates Switzerland’s relations with the World Bank Group, the regional development banks and the economic organisations of the United Nations. SECO is part of the Federal Department of Economic Affairs, Education and Research.

Switzerland’s international cooperation efforts as defined in the International Cooperation Strategy 2021–2024 aim to alleviate poverty worldwide, improve respect for human rights, promote democracy and protect the environment. Accordingly, SECO’s economic and trade policy measures strive to support sustainable and inclusive growth. The Economic Cooperation and Development division focuses its activities on its specific areas of competences and experience in two target outcomes aligned with the 2030 Agenda for Sustainable Development; 1) Access to markets and opportunities and 2) Income opportunities. Special emphasis is placed on issues related to climate and resource efficiency as well as gender equality.

For detailed information about the orientation of SECO’s economic development cooperation, see: www.seco-cooperation.admin.ch/secocoop/en/home.html