Swiss 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 and the Commonwealth of Independent States (transition countries) 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 organizations of the United Nations. SECO is part of the Federal Department of Economic Affairs, Education and Research (EAER).

The overriding objective of Switzerland’s international cooperation is sustainable global development that will reduce poverty and global risks. Accordingly, SECO’s economic and trade policy measures strive to integrate its partner countries into the global economy and foster economic growth that is both socially responsible and environmentally friendly. The Economic and Development Division bases its activities on its specific competences and experience in promoting economic and fiscal policy, urban infrastructures and utilities, the private sector and entrepreneurship, sustainable trade and climate-friendly growth. Special emphasis is placed on issues relating to economic governance and gender. SECO is headed by the State Secretary Marie-Gabrielle Ineichen-Fleisch. SECO’s Economic Cooperation and Development Division employs 100 people at headquarters and spends approximately 380 million Swiss francs per year. Ambassador Beatrice Maser heads the division.

Editorial

Egypt, Ghana, South Africa, Indonesia, Vietnam, Colombia, Peru – all rapidly expanding economies on the threshold of global market integration yet still facing the problem of poverty. These have been SECO’s priority countries since 2008 and, together with Tunisia, they will remain the focus of our intervention over the next four years.

All of SECO’s priority countries are classified as middle-income countries (MICs). As their role in the global economy expands, they continue to gain in significance, for example in providing global public goods. However, despite rapid growth rates in these countries, their development remains fragile. Poverty and social disparities persist, accompanied by other global challenges such as urbanisation, infrastructure bottlenecks and unemployment.

Through its economic cooperation, SECO strives to integrate its partner countries into the global economy and to foster economic growth that is both socially responsible and environmentally friendly. These approaches correspond to the main challenges facing MICs. Middle-income countries are also important regional hubs of development for neighbouring States and serve as valuable examples.

SECO’s activities are based on our many years of experience in international cooperation and our specific expertise in economic issues. Whether we are seeking to strengthen economic and fiscal policy, expand urban infrastructure and utilities, support the private sector and entrepreneurship, promote sustainable trade, or stimulate climate-friendly growth: all of our measures are aligned with Switzerland’s foreign trade policy and the Federal Council’s foreign policy objectives.

In 2012 the Swiss Parliament passed the 2013-2016 Message on International Cooperation. For the first time, all of the tasks in international cooperation were presented in a single bill, incorporated into a joint, overall strategy. This has the overriding objective of sustainable global development that will reduce poverty and global risks.

The present Country Strategy is based on the framework credit for economic and trade policy measures, as described in the aforementioned Message. It is determined by our areas of expertise and comparative advantages and paves the way for our continued efforts over the next four years. We firmly believe that, in doing so, we can support our partner countries on their development path while also making a contribution to addressing global challenges.

Marie-Gabrielle Ineichen-Fleisch
State Secretary, Director of SECO

Beatrice Maser
Ambassador, Head of Economic Cooperation and Development SECO
Adoption of organic and fair-trade standards in cocoa production improves livelihoods of farmers.
1. Country context

1.1 Political situation

Ghana demonstrated strong democratic credentials over the past decade. It has confirmed its status as a pole of political stability and an example of successful political and economic performance in a region that includes a number of countries facing difficult post-conflict situations. Following the adoption of a multi-party democracy in 1992, Ghana has seen the emergence of a competitive political scene and vibrant democratic culture with six consecutive elections and two peaceful transitions of power. In December 2012, the National Democratic Congress (NDC) won the latest elections and obtained a mandate to govern for another four years term.

In 2009, the government adopted a new medium-term development plan for 2010-2013 emphasizing shared economic growth and development. In 2011 it established a special development programme for the northern regions in response to growing spatial income disparities. On the political front, the government launched a constitutional review, instituted a national peace council and resuscitated the decentralization agenda. On the economic front, the government implemented a fiscal consolidation programme in the wake of external and domestic economic shocks and accompanied a fiscal consolidation programme in the wake of decelerating inflation. The current account deteriorated due to the weakening of external demand following the global economic crisis, the onset of oil production and growing intra-regional trade. Inflation eased to single digits in 2011. Capital flows recovered from their 2008 lows and reached pre-crisis levels, international reserves rose and the real exchange rate was stabilized. Nevertheless, the uncertainties in the international markets remain high with potential consequences for Ghana.

The next presidential elections will be held in December 2016. Both main political parties, the NDC and the New Patriotic Party (NPP), support the medium-term development plan formulated under the NDC government as the blueprint for reforms. It is expected that a new medium-term development strategy will be finalized in 2013or early 2014 which will not drastically alter the development path pursued under the current strategy.

1.2 Economic and social situation

Ghana has made much social and economic progress over the past decade. While progress was not uniform, Ghana is a success story on the African continent. Good macroeconomic policies along with structural reforms and democratic institutions underpinned Ghana’s strong growth and progress in poverty reduction and the social dimensions. During the period 2009 to 2012, Ghana further consolidated its gains, but performance was uneven. As Ghana has to master the transition from a low to a middle-income country and integrate into the global economy and regional markets, it faces new and more complex development challenges.

Ghana experienced a period of strong growth and gradual, albeit uneven, macroeconomic stabilization. Over the period 2002 to 2011, Ghana experienced sustained growth with an average annual growth rate of around 6.8%, above the regional average for Sub-Saharan Africa. The rebasing of the national accounts in 2010 also showed an economy much richer than previously measured and catapulted Ghana into the ranks of the lower middle-income countries with a per capita income for 2011 estimated at USD 1,587. The period up to 2007 saw a steady improvement of macroeconomic performance against the backdrop of a benign and almost risk-free global environment. In contrast, preserving macroeconomic stability during the period 2009 to 2012 was more difficult, exacerbated by a series of external and domestic economic shocks.

The global economic crisis and the rise in oil and food prices reversed some earlier gains but the economy rebounded strongly. As a result of the rise in oil and food prices in 2008 and the second-round effects of the global economic crisis, growth fell sharply from 8.4% in 2008 to 4% in 2009, reversing the trend of decelerating inflation. The current account deteriorated due to the weakening of external demand following the global economic slowdown. Capital flows reversed and international reserves fell to a record low in 2009. Similar to the pattern in other developing and emerging countries, the economy rebounded strongly. In 2011, growth was 14.4%, the highest in the world, thanks to the strong performance of Ghana’s commodity exports, cocoa and gold, which benefited from sustained high prices, the onset of oil production and growing intra-regional trade. Inflation eased to single digits in 2011. Capital flows recovered from their 2008 lows and reached pre-crisis levels, international reserves rose and the real exchange rate was stabilized. Nevertheless, the uncertainties in the international markets remain high with potential consequences for Ghana.

Election-related spending cycles remain a challenge. While the fiscal deficit was narrowing until 2007, providing a much needed buffer against the fallout of the global economic crisis, increased domestic spending related to the 2008 election, public wages and energy subsidies led to a significant deterioration of the fiscal balance between 2008 and 2010. The deficit spiked at 8.5% of GDP in 2008. As a result of the implementation of fiscal consolidation measures supported...
As a result of political and socio-economic reforms, Ghana experienced a period of strong growth, reducing poverty from 51.7% to 28.5% between 1992 and 2006.

Under the IMF programme and a strong rise in domestic non-oil tax revenues, public finances recovered in 2011 and the deficit fell to 4.3% of GDP. The government reduced fossil fuel subsidies, resulting in a 15% rise in pump prices, and made a significant dent in clearing domestic arrears. In spite of the strong fiscal contraction, the pro-poor orientation of spending was maintained. For the future, the government needs to embed fiscal responsibility to prevent fiscal shocks related to election cycles.

Ghana continued on the path of implementing critical economic reforms. During the period 2009 to 2012, the government continued on the path of implementing reforms critical to pro-poor economic growth, sustainable public finances and good governance. It launched second-generation financial and private sector reform plans with the objective of reducing structural inefficiencies and improving the competitiveness of the private sector. It tackled long-standing financial performance issues of state-owned power utilities and accelerated public financial management reforms with a focus on tax reforms, expenditure controls and fiscal decentralization. Building on past positive trends, as evidenced by the Public Expenditure and Financial Accountability (PEFA) assessment, these reforms are producing the first tangible results. The tax-to-GDP ratio rose from 12.6% to over 16% of GDP between 2009 and 2011 but remains below the regional average. Although Ghana remains among the least corrupt countries in Sub-Saharan Africa, corruption is still a problem. Civil society, media and political parties have become more vocal, and the government has stepped up its fight against corruption. Ghana further improved the governance architecture for natural resources. It is among the first countries to have made the oil and gas sector compliant with the principles of the Extractive Industries Transparency Initiative (EITI) and adopted an oil and gas legal and regulatory framework, critical to the sustainable and transparent management of oil revenues.

These developments underpinned rapid poverty reduction and progress in the social sectors. Poverty fell sharply from 51.7% to 28.5% between 1992 and 2006, based on the latest Ghana Living Standards Survey. According to a World Bank report of 2010, it is likely that poverty has fallen further since, given Ghana’s strong growth trajectory. It is estimated that Ghana has met the Millennium Development Goal (MDG) of halving poverty ahead of schedule. However, poverty reduction was not uniform, and there is a persistent and widening gap between the rural North and the urban and resource rich South. Ghana is on track to meet several other MDGs, in particular on hunger, primary education, HIV/AIDS, and access to water, but is lagging behind on sanitation and preventing child and maternal mortality.

In the education sector, access improved and became more equal. The net primary enrolment rate went up from 56% to 84.7% between 2004 and 2010, and the enrolment rate in deprived districts rose close to the national average.

Despite these gains, a large development gap persists and Ghana’s transition to middle-income status raises the stakes. Ghana has already a number of middle-income features such as urban growth poles, an emerging middle class and a nascent service sector. Yet the structure of the economy has not changed fundamentally and in many ways Ghana remains a low-income country that is characterized by high levels of poverty, infrastructure bottlenecks, low added value of the economy and weak public sector capacity. Ghana is now at a key stage of its development. As it has to master the transition from a low to an emerging middle-income country, it faces new and more complex development issues. Action is needed on many fronts to narrow the development gap and preserve past gains.

Ghana needs to tackle both short and medium-term issues to firmly establish growth on a sustainable path towards catching up with its higher-income peers.

In the short term, Ghana’s development path depends on maintaining macroeconomic stability:
- The main risk on the domestic front relates to renewed fiscal slippages. Election-related spending cycles and investments with low return have the potential to undermine fiscal stability.
- In light of the uncertain global recovery, Ghana also remains vulnerable to external shocks. A renewed slowdown in major developed and emerging economies could put Ghana’s growth at risk by lowering demand for its commodities and reversing capital flows. With lower fiscal buffers than in 2008, Ghana would be more vulnerable to the consequences of such a shock.
- Oil production can increase external imbalances, put pressure on prices and accentuate commodity boom and bust cycles if large external inflows are not well absorbed.
In the medium term, narrowing the development gap requires action on many fronts:

- Rising regional disparities pose a long-term risk to Ghana’s development and cohesion. While poverty has fallen significantly in urban centres and the South, the incidence of poverty remains high in rural areas, in particular the northern regions. Disparities are further amplified through the rapid urbanization. Oil production with its enclave nature also adds to these imbalances.

- Ghana’s private sector is vibrant, but past progress has not yet fully translated into productive income and job opportunities. Progress in private sector reforms has been slower than in the past, with Ghana falling behind its peers in the Doing Business rankings. Infrastructure bottlenecks, particularly in the transport and energy sectors, inefficient business regulations and inefficiencies in the financial sector continue to constrain private sector growth. The large infrastructure investment gap estimated at around 3% of GDP needs to be addressed by scaling up investments, including crowding in more private investments and making service provision more efficient and sustainable.

- While Ghana can build on strong democratic foundations, governance weaknesses and limited public sector capacity remain a challenge. Further reforms are needed to build more capable and accountable institutions. This concerns, in particular, reforms aimed at addressing capacity gaps that constrain the implementation of policies and regulations and measures to achieve a more transparent and efficient use of public resources, including strengthening budget management and improving the quality of public services. Promoting better public governance and accountability frameworks also requires intensifying the fight against corruption, effectively implementing anti-money-laundering regulations, and building a track record of managing oil revenues in a transparent and accountable manner.

1.3 Bilateral economic relations

- Bilateral economic relations are intensifying but remain limited. Despite the growth of bilateral trade, volumes remain modest. Ghana ranks third in Sub-Saharan Africa in trade with Switzerland, after South Africa and Nigeria. In 2011, trade volume (excluding gold) amounted to CHF 135 million, with a negative balance for Switzerland of CHF 60 million. Agricultural products, in particular cocoa and tropical pineapples, are the main Swiss imports and accounted for 96% of Switzerland’s imports from Ghana in 2011. Ghana is the most important source of Swiss imports of cocoa, representing more than 64% of total Swiss cocoa imports, ahead of Ecuador and Ivory Coast. Ghana is also the second most important supplier of pineapples to Switzerland, with a market share of 14% in 2011. The main Swiss exports are machinery, pharmaceuticals, medical instruments and beauty products. Despite steady growth, Swiss investments in Ghana remain modest. Switzerland and Ghana have concluded a series of bilateral agreements since Ghana’s independence in 1957, including those on the promotion and protection of investments in 1991, on the avoidance of double taxation of income and wealth, on air services and on intellectual property rights in 2008. Switzerland, together with the EFTA Member States, will further examine the possible intensification of trade relations with countries in the Sub-Saharan region, including Ghana.

2. Development cooperation context

2.1 Partner country development strategy

- In 2010 the government presented a new medium-term development plan, the Ghana Shared Growth and Development Agenda (GSGDA). The GSGDA outlines Ghana’s medium-term development priorities for the period 2010-2013. It is structured along seven priorities and emphasizes the need for sustained macroeconomic stabilization, greater budget efficiency, transparency and accountability to provide the adequate setting for the reduction of poverty and socio-economic inequalities through accelerated agricultural, private-sector, infrastructure and human development and the sustainable exploitation of Ghana’s natural resources. The plan builds on the earlier poverty reduction strategies, the Ghana Poverty Reduction Strategy I from 2002 to 2005 and the Ghana Growth and Poverty Reduction Strategy II from 2006 to 2009.

GSGDA priorities and main policy measures

1. Ensure and sustain macroeconomic stability: monetary and financial sectors, fiscal policy management, economic policy management, international trade management, employment and wage policies

2. Enhance competitiveness of Ghana’s private sector: private sector development, good corporate governance, MSME development, industrial development

3. Accelerated agricultural modernization and sustainable natural resource management: implementation of sector development plan, linkages between agriculture and industry, environmental management, climate change adaptation, biodiversity, sustainable extraction and use of mineral resources

4. Oil and gas development: employment creation, revenue management and transparency, diversification, capacity development, access to petroleum products

5. Infrastructure and human settlements: transport infrastructure, energy supply, land use planning, urban development, housing

6. Human development, productivity and employment: education, human resource development, health, social protection, employment creation, labour administration and labour market information system

7. Transparent and accountable governance: local governance and decentralization, public policy management, public sector reforms, gender, corruption and economic crimes, rule of law and justice, public safety and security, evidence-based decision making

Only sustainable growth can have a long-lasting effect on poverty reduction.
The total budget for implementation of the GSGDA is estimated at USD 23.9 billion over the period 2010-2013. Out of this, USD 11.4 billion is projected to come from the government’s own budgetary resources, leaving a financing gap of USD 12.5 billion. The government expects to finance this gap through general and sector budget support as well as project aid and by scaling up public-private partnerships, deepening capital markets and increasing domestic revenues.

Building on the GSGDA, development partners including Switzerland and the government agreed in 2012 on a Compact for the period 2012-2022. The Compact further strengthens the harmonized aid architecture and outlines the medium-term priorities for development cooperation in the context of Ghana’s middle-income status and the GSGDA. It provides a framework for the transition from purely traditional financing through official development assistance towards mixed financing modalities with increased non-concessional lending operations.

In addition to the GSGDA and the Compact, a number of sector policies of relevance to SECO’s activities are also in place: the Financial Sector Strategic Plan II; the Private Sector Development Strategy II; the Trade Sector Support Strategy; the Energy Strategy and Ghana Energy Development and Access Plan; the Ghana Reducing Emissions from Deforestation and Degradation (REDD) Readiness Implementation Plan; and the Ghana Decentralization Policy.

While progressing from a low to a middle income country, Ghana faces new and complex development challenges.

2.2 Donor landscape

The donor landscape is undergoing changes, reflecting Ghana’s transition to middle-income status and international aid trends. As Ghana consolidates its middle-income status, it is expected that donor funding, in particular on concessional terms, will decrease over the medium term. However, development aid is still considered relevant to supporting Ghana’s transition. Four multilateral and 11 bilateral development partners are active in the country. The multilateral development partners are the major donors, with the World Bank in the lead. USA, the UK and France are among the largest bilateral donors. Ten of these donors (including Switzerland) are providing general budget support to Ghana. Reflecting the general trend in international development aid, non-traditional donors, such as China, Brazil and India, are emerging as major partners and are reshaping the donor landscape.

Donors continue to work through a well-developed and harmonized aid architecture. Coordination and dialogue with government takes place within 15 sector working groups, the Multi Donor Budget Support Group and the Annual Consultative Group Meetings. Division of labour among donors and adherence to the Paris Principles is monitored through a so-called development partner performance assessment framework. Non-OECD donors are not yet well embedded into the existing aid architecture, but efforts are on-going to integrate them further. The Ghana Aid Policy outlines aid preferences which will support the government’s development priorities outlined in the GSGDA. The Compact agreed in 2012 further strengthens the harmonized aid architecture and sets out the agreed medium-term priorities for the implementation of the Ghana Aid Policy and the GSGDA.

1 The UN system and the WB Group are each counted as a group; bilateral developing partners are counted as one if several agencies are present.
2.3 Lessons learnt from 2009-2012

SECO’s new strategy for Ghana is a continuation of the 2009-2012 strategy, which has proved highly relevant and in line with Ghana’s national development strategies. A snapshot of significant results include the following: the foundations for transparent and accountable management of Ghana’s petroleum resource has been enacted through the Petroleum Revenue Management Act; efficiency gains in tax administration as well as a more conducive tax policy substantially improved revenue mobilization; financial sector supervision improved due to capacity building of regulators as well as their adoption of risk-based supervision; access to finance has been enhanced through the enactment and implementation of laws and regulations concerning home mortgage finance, financial leasing, credit referencing bureaus as well as a web-based collateral registry; a national intellectual property policy has been developed and related laws reviewed; foundations have been laid for improved export competitiveness but also for local consumption as food and beverages can be tested against best international methods and products traced back to the farm, producers now have standards and guidelines introducing environmental and social safeguards, among others, to ensure quality, safety and market differentiation of products; value chains for organic and fair-trade cocoa and allanblackia have been strengthened, and finally, a nationwide loss study for the electricity distribution companies has produced the basis for energy efficiency measures. Nonetheless, some important lessons can be drawn.

Keep focused on comparative advantages
SECO has a portfolio that is relatively well focused on Ghana’s main economic development priorities. However, there is a certain proliferation of projects in sectors outside the original focus. SECO needs to carefully assess its own and the government’s transactions costs in expanding the portfolio. Scattering of projects across a wide range of sectors and issues is inefficient and should be avoided.

Remain visible but modify message
The good targeting and high quality of SECO’s activities provided SECO with good visibility. SECO’s activities were also visible in the media but mostly centred on project launches. SECO should shift to a more outcome-based communication to focus messages on quality rather than quantity.

Keep up good donor practices
SECO’s portfolio is well aligned with the government’s development priorities, and SECO cooperates well with development partners in a number of projects. However, the majority of projects remain purely bilateral and SECO could partner more. The country office can play an important role in identifying opportunities. Participation in programmatic aid approaches (e.g. budget support, sector-wide approaches) should be continued and further intensified, not least because of the government’s preference for using country systems.

Stay relevant in a changing donor environment
SECO has been an active participant in the policy dialogue in the context of general budget support and sector working groups. This provided a platform for effective dialogue and has paid off. SECO punched above its weight with its technical contributions to the dialogue. However, the challenge remains to sustain a strategic dialogue between government and donors to guide overall resource allocation and prioritization while still focusing on achieving results and monitoring performance. The government’s perception of the decreasing relevance of development aid makes coordinated policy dialogue even more relevant in the future.
Based on the context analysis as well as Ghana’s development priorities and SECO’s strategic orientation and core competences, the economic cooperation programme with Ghana will contribute to meeting the following objectives:

Objective 1: Promote good economic governance and strong institutions

Challenges: In the short term, risks arising from domestic and external shocks could reverse past development gains and expose the poor. Further fiscal consolidation and public financial management reforms are needed to keep public finances on a sustainable path while also creating fiscal space for increasing pro-poor and infrastructure spending over the medium term and rebuilding buffers against shocks. Reforms need to be intensified to broaden the tax base and reduce dependence on volatile commodity revenues. In the medium term, maintaining macroeconomic stability also depends on further structural reforms and intensified regional integration to make growth less dependent on commodities and reduce the risk of boom and bust cycles. Stronger governance foundations are needed to keep up with the challenges of maintaining macroeconomic stability, raising competitiveness and addressing disparities. Capacity gaps in the public sector need to be addressed to strengthen the quality of policy-making and regulatory functions and effectively implement development policies.

Focus: SECO’s interventions promote good economic governance and institutional foundations of sustainable growth. SECO supports efforts to strengthen macroeconomic and public financial management with a view to ensuring stable, transparent and accountable public finances, addressing imbalances in service delivery at the sub-national level and putting the provision of public services on a more sustainable and efficient footing. SECO also focuses on building managerial and technical capacities in key government institutions at the central and sub-national level responsible for formulating and implementing economic reform policies, public utilities and regulatory agencies in the financial sector, which are critical to sustainable public finances, efficient public services and economic growth. Regional imbalances in service delivery are addressed by building local capacity and accountability, targeting pro-poor spending more efficiently and supporting income diversification through smarter approaches to local economic development. This objective also encompasses actions centred on further strengthening market institutions, such as financial, trade and business regulations that facilitate the emergence of a competitive private sector with access to global and regional markets.

Proposed SECO measures:

- Strengthen macroeconomic management and institution building with budget support and technical assistance for macroeconomic forecasting
- Support public financial management reforms with an emphasis on tax policy and administration reforms (including natural resource taxation and green taxation), public procurement, fiscal decentralization and service delivery at subnational level and strengthening accountability mechanisms
- Strengthen financial system stability by enhancing regulation and supervision (including anti-money-laundering and countering the financing of terrorism) and building institutional capacities (central bank, regulators) through sector-wide approaches and targeted capacity development measures
- Strengthen the managerial capacity of public utilities for the sustainable and efficient provision of basic infrastructure services
- Support investment climate reforms and strengthen business regulations through sector-wide approaches
- Strengthen trade standards with an emphasis on standardization, testing, inspection and conformity assessment for selected value chain products
- Support the development of consumer protection and competition policies

Contribution to Ghana’s country development objectives: With these proposed measures, SECO aims to contribute to Ghana’s development objectives as defined in the GSGDA. The relevant objectives in the GSGDA are as follows: 1) Improve fiscal resource mobilization and public expenditure management, 2) Upgrade the capacity of the public and civil service for transparent, accountable and effective performance and service delivery, 3) Create a more diversified financial sector and improve access to financial services, 4) Promote an enabling environment and effective regulatory framework.
Objective 2: Strengthen competitiveness and inclusiveness

Challenges: Sustained growth has lifted millions out of poverty. Despite this, the structure of the economy has not changed fundamentally, and income and regional disparities are rising. Sustaining robust growth rates in the medium term, while making growth more inclusive, requires continued structural reforms. In the future it will be important to remove constraints to private sector growth, in particular in infrastructure and the financial sector, raise productivity and innovation, enhance international competitiveness, create job opportunities, particularly for the youth, and manage the rapid urbanization and widening regional disparities.

Focus: SECO addresses constraints to private-sector growth, for instance in economic production infrastructure, by investing in infrastructure and improving the reliability and cost-effectiveness of grid-connected electricity provision to households and industries, and the financial sector, by developing new and innovative financial products and improving access to finance for households and SMEs. This objective also encompasses actions to promote the diversification of the economy and unlock new drivers of growth, which is critical to translate growth into productive income and job opportunities and reduce disparities. This includes efforts to raise productivity and innovation with a particular focus on developing sustainable, integrated value chains in agriculture and forestry products, assisting businesses in closing their skill gap by strengthening entrepreneurship and facilitating their access to global and regional markets.

Proposed SECO measures:

- Support inclusive pro-growth economic policies with budget support
- Contribute to financial inclusion through financial sector reforms and capital market
- Support infrastructure development in the electricity sub-sector (including rural electrification with a focus on regional mid-size urban centres), enhance efficiency of distribution and the pricing of services
- Improve access to long-term finance for SMEs via SIFEM AG (Swiss Investment Fund for Emerging Markets)
- Promote productivity and innovation through skill development, entrepreneurship and good corporate governance practices
- Develop sustainable, integrated value chains mainly in agricultural and forestry products (e.g. allanblackia, cocoa, cashew), including support to REDD strategy development and implementation
- Facilitate access of Ghanaian exports to international markets, promote imports to Switzerland and the rest of Europe

SECO continues to pursue a mix of modalities. SECO applies programmatic or project aid according to the context and the objectives of the intervention. Programmatic approaches, such as general budget support, decentralized budget support or sector-wide approaches, are used to engage in general or sector policy and financial support. Project approaches are used to deliver technical assistance, capacity building and infrastructure financing either in the form of standalone bilateral projects, multi-bi projects or co-financing of larger multilender projects. Global and regional programmes, such as PEFA, EITI or FIRST, complement the country programme as needed.

SECO's activities are complementary to those of other Swiss cooperation actors. In addition to SECO's economic development cooperation activities, Switzerland supports the Kofi Annan International Peacekeeping Training Centre in Accra. On a smaller scale, Switzerland also supported the decentralization of the African Peer Review Mechanism and the process to establish the National Peace Council.

Contribution to Ghana's country development objectives: With these proposed measures, SECO aims to contribute to Ghana's development objectives as defined in the GSGDA. The relevant objectives in the GSGDA are as follows: 1) Create a more diversified financial sector and improve access to financial services, 2) Ensure increased access of households and industries to efficient, reliable and adequate energy supply, 3) Expand opportunities for job creation, 4) Pursue and expand market access.

SECO's programme is implemented in line with the principles of Aid and Development Effectiveness. SECO applies programmatic or project aid according to the context and the objectives of the intervention. Programmatic approaches, such as general budget support, decentralized budget support or sector-wide approaches, are used to engage in general or sector policy and financial support. Project approaches are used to deliver technical assistance, capacity building and infrastructure financing either in the form of standalone bilateral projects, multi-bi projects or co-financing of larger multilender projects. Global and regional programmes, such as PEFA, EITI or FIRST, complement the country programme as needed.

Principles of programme delivery:

- SECO continues to pursue a mix of modalities. SECO applies programmatic or project aid according to the context and the objectives of the intervention. Programmatic approaches, such as general budget support, decentralized budget support or sector-wide approaches, are used to engage in general or sector policy and financial support. Project approaches are used to deliver technical assistance, capacity building and infrastructure financing either in the form of standalone bilateral projects, multi-bi projects or co-financing of larger multilender projects.

Gender as a cross-cutting issue: SECO sees gender equality as an important element of poverty reduction and improving the economic prospects of partner countries. No projects should place women or men at a disadvantage. The gender dimension is integrated into project design and implementation, where it can contribute to the greater effectiveness of SECO's projects.

Access to cheaper and cleaner energy promotes economic activity and improves livelihoods.
The following table provides an overview of future economic cooperation, with the proposed monitoring and evaluation indicators at the outcome level and alignment with the Ghanaian development objectives.

The monitoring and evaluation indicators are selected examples; the success of implementation of this country strategy will be measured in relation to the projects implemented by SECO. The different projects agreed upon will contain some of these indicators. This will make SECO and the Ghanaian partners accountable with regard to what has been achieved by the projects implemented in the framework of this country strategy. It is not SECO’s intention to measure Ghana’s development objectives as a whole.

### 5. Results monitoring

**SECO’s overall objective for Ghana**

Support Ghana in consolidating its middle-income status, sustaining economic growth and reducing poverty and inequalities.

<table>
<thead>
<tr>
<th>Main objectives of SECO’s interventions</th>
<th>Contribution by SECO’s programme</th>
<th>Ghana’s country development objectives</th>
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</thead>
</table>
| Objective 1: Promote good economic governance and strong institutions | • Economic and financial management reforms and strengthened capacities of the public sector contribute to transparent and accountable public finances and efficient public service delivery  
Selected indicators: Number and type of successful reform measures; key public finance management indicators following the PEFA methodology; number of persons having access to improved public services (in particular at the sub-national level and access to electricity)  
• Enhanced financial sector regulation and supervision and strengthened institutional capacities contribute to an efficient, robust and inclusive financial sector  
Selected indicators: Number and type of relevant measures  
• Improved business environment and trade standards facilitate private sector competitiveness and market access  
Selected indicator: Doing Business indicators; number and type of successful reform measures; share and value of MSMEs in non-traditional exports | Improve fiscal resource mobilization and public expenditure management  
Upgrade the capacity of the public and civil service for transparent, accountable and effective performance and service delivery  
Create a more diversified financial sector and improve access to financial services  
Promote an enabling environment and effective regulatory framework |

| Objective 2: Strengthen competitiveness and inclusiveness | | |
|----------------------------------------------------------|----------------------------------------------------------|

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### 4. Financial resources

SECO’s interventions under this strategy are financed through the Swiss Framework Credit for International Cooperation 2013-16. The allocation of funds to individual countries, programmes and projects will depend on the identification of suitable interventions, the absorption capacity as well as the efficiency and effectiveness of cooperation with the relevant partners in each country.

Accordingly, the following information on planned commitments for the four-year period of this strategy is indicative only. It cannot be considered a firm commitment or claimed as such by the partner country. This information serves merely as a basis for the forward spending plans that are reviewed each year. Actual disbursements will depend on various factors, such as changes in the programme portfolio and the framework conditions in the partner country.

**Commitment for Ghana 2013-2016**

CHF 90 million*

<table>
<thead>
<tr>
<th>The approximate distribution of funds foreseen among the two objectives is as follows:</th>
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<tr>
<td>1. Promote good economic governance and strong institutions</td>
<td>65%</td>
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<tr>
<td>2. Strengthen competitiveness and inclusiveness</td>
<td>35%</td>
</tr>
</tbody>
</table>

* Ghana also benefits from regional and global initiatives financed by SECO. When these measures cannot be earmarked to a specific country, they are not accounted for in the financial projections mentioned above.
SECO continues to work with both local and international partners in the public and private sector. In particular, SECO works with the following main partners, depending on the thematic priority:

<table>
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<tr>
<th>Abbreviation</th>
<th>Institution</th>
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<tr>
<td>MJAG</td>
<td>Ministry of Justice and Attorney General’s Office</td>
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<td>BoG</td>
<td>Bank of Ghana</td>
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<td>ECG</td>
<td>Electricity Company of Ghana</td>
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<td>GFC</td>
<td>Ghana Forestry Commission</td>
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<td>GRA</td>
<td>Ghana Revenue Authority</td>
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<tr>
<td>MLGRD</td>
<td>Ministry of Local Government and Rural Development</td>
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<tr>
<td>MoE</td>
<td>Ministry of Energy</td>
</tr>
<tr>
<td>MoFEP</td>
<td>Ministry of Finance and Economic Planning</td>
</tr>
<tr>
<td>MoTI</td>
<td>Ministry of Trade and Industry</td>
</tr>
<tr>
<td>NDPC</td>
<td>National Development Planning Commission</td>
</tr>
<tr>
<td>NPRA</td>
<td>National Pensions Regulatory Authority</td>
</tr>
<tr>
<td>PPA</td>
<td>Public Procurement Authority</td>
</tr>
<tr>
<td>PURC</td>
<td>Public Utilities Regulatory Commission</td>
</tr>
<tr>
<td>MEST</td>
<td>Ministry of Environment Science and Technology</td>
</tr>
</tbody>
</table>

**Local partners**

**Swiss partners**

- EMPA: Swiss Federal Laboratories for Materials Science and Technology
- IPI: Swiss Federal Institute for Intellectual Property
- SIFEM: Swiss Investment Fund for Emerging Markets
- SIPPO: Swiss Import Promotion Programme

**International partners**

- ADB: African Development Bank
- BGFZ: Gesellschaft für Internationale Zusammenarbeit
- IFC: International Finance Cooperation
- ILO: International Labour Organization
- IMF: International Monetary Fund
- ITA: International Trade Centre
- IUCN: International Union for the Conservation of Nature
- UNIDO: United Nations Industrial Development Organization
- WB: World Bank

6. Partner institutions

- Institutional learning: Documentation and replication of best practices or lessons learnt
- Monitoring: Relevance, efficiency, and effectiveness of SECO’s programmes and projects (and corrections/adaptations where necessary)

The strategy will be monitored on an annual basis, with the following purposes:

- **Institutional learning**: Documentation and replication of best practices or lessons learnt
- **Monitoring**: Relevance, efficiency, and effectiveness of SECO’s programmes and projects (and corrections/adaptations where necessary)

**SECO’s strategy is aligned with the development strategy of the partner country. Therefore, the annual country strategy monitoring also seeks to verify that SECO’s portfolio does indeed contribute to achieving the partner country’s development goals. Adaptive or corrective measures will be implemented if any major changes occur in the country context or development goals.**
7. Statistical annex

The following data from the respective years are based on statistics from the World Bank and other international bodies, including the IMF, the World Economic Forum, the ILO and the UNDP.

**Sustainable Growth**

<table>
<thead>
<tr>
<th>Metric</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP per capita (current international USD)</td>
<td>1.266</td>
<td>1.116</td>
<td>1.364</td>
<td>1.529</td>
</tr>
<tr>
<td>Real GDP growth (annual %)</td>
<td>8.4</td>
<td>4.0</td>
<td>7.7</td>
<td>13.6</td>
</tr>
<tr>
<td>Global Competitiveness Index (rank)</td>
<td>–</td>
<td>114</td>
<td>114</td>
<td>114</td>
</tr>
<tr>
<td>External Debt Stocks (% of GDP)</td>
<td>18.9</td>
<td>24.4</td>
<td>25.9</td>
<td>–</td>
</tr>
<tr>
<td>Government Gross Debt (% of GDP)</td>
<td>33.6</td>
<td>46.1</td>
<td>43.4</td>
<td>42.1</td>
</tr>
<tr>
<td>Gross Capital Formation (% of GDP)</td>
<td>21</td>
<td>23</td>
<td>27</td>
<td>–</td>
</tr>
<tr>
<td>Inflation, average consumer prices (annual %)</td>
<td>16.5</td>
<td>19.3</td>
<td>10.7</td>
<td>8.7</td>
</tr>
<tr>
<td>Domestic credit provided by banking sector (% of GDP)</td>
<td>27.9</td>
<td>28.7</td>
<td>28.3</td>
<td>–</td>
</tr>
<tr>
<td>Interest spread³</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

**Strengthened Integration in the World Economy**

<table>
<thead>
<tr>
<th>Metric</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports of goods and services (E) (% of GDP)</td>
<td>25.0</td>
<td>44.5</td>
<td>30.5</td>
<td>–</td>
</tr>
<tr>
<td>Imports of goods and services (I) (% of GDP)</td>
<td>44.5</td>
<td>30.5</td>
<td>41.4</td>
<td>–</td>
</tr>
<tr>
<td>FDI (net inflows, BoP, current USD (millions))</td>
<td>1.220</td>
<td>1.685</td>
<td>2.527</td>
<td>–</td>
</tr>
</tbody>
</table>

**Reduction of Disparities**

<table>
<thead>
<tr>
<th>Metric</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gini index⁴</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Unemployment rate, labour force survey</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Poverty headcount ratio at national poverty line (% of population)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Improved water source, urban (% of population with access)</td>
<td>90</td>
<td>–</td>
<td>91</td>
<td>–</td>
</tr>
<tr>
<td>Improved sanitation facilities, urban (% of population)</td>
<td>7</td>
<td>–</td>
<td>19</td>
<td>–</td>
</tr>
<tr>
<td>Access to electricity (%)</td>
<td>–</td>
<td>60.5</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

**Improvement of Economic Governance**

<table>
<thead>
<tr>
<th>Metric</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease of Doing Business (rank)</td>
<td>87</td>
<td>92</td>
<td>67</td>
<td>63</td>
</tr>
<tr>
<td>Trade Across Borders (rank)</td>
<td>–</td>
<td>83</td>
<td>89</td>
<td>90</td>
</tr>
<tr>
<td>Government Effectiveness (%)</td>
<td>57.3</td>
<td>56.0</td>
<td>55.5</td>
<td>–</td>
</tr>
<tr>
<td>Regulatory Quality (%)</td>
<td>53.4</td>
<td>54.1</td>
<td>54.1</td>
<td>–</td>
</tr>
<tr>
<td>Rule of Law (%)</td>
<td>52.4</td>
<td>52.6</td>
<td>54.0</td>
<td>–</td>
</tr>
<tr>
<td>Control of Corruption (%)</td>
<td>57.3</td>
<td>60.3</td>
<td>60.3</td>
<td>–</td>
</tr>
</tbody>
</table>

**Improvement of Environmental Conditions**

<table>
<thead>
<tr>
<th>Metric</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO₂ emissions / population (tonnes per capita)</td>
<td>0.31</td>
<td>0.38</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Share of renewable energy of TPES (%)</td>
<td>72.5</td>
<td>76.3</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Energy use per unit of (tonnes of oil equivalent per thousand US dollars)⁶</td>
<td>0.16</td>
<td>0.15</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

* Missing data due to one of the following reasons:  
- Depending on source, no projections available  
- Statistics collected only on perennial base  
- Data for the respective year not yet available

² International Monetary Fund, World Economic Outlook Database, April 2012  
³ Lending rate minus deposit rate (%)  
⁴ A value of 0 represents absolute equality, and a value of 100 absolute inequality  
⁵ Percentile rank indicates the percentage of countries worldwide that rate below the selected country. Higher values indicate better governance ratings.  
⁶ The GDP data have been compiled for individual countries at market prices in local currency and annual rates. These data have been scaled up/down to the price levels of 2000 and then converted to US dollars using the yearly average exchange rates of 2000 or purchasing power parities (PPPs)