



# Evaluation Summaries

## *Decent Work and Local Development Through Dialogue and Partnership Building Project*

### Quick Facts

**Countries:** Ghana

**Final Evaluation:** 15 March - 31 March 2010

**Mode of Evaluation:** Independent

**Technical Area:** Local Economic Development, Job Creation and Enterprise Development

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**Project Start:** 1 May 2008

**Project End:** 31 March 2010

**Project Code:** GHA/08/50/DAN

**Donor:** ILO, DANIDA (US\$ 1,658,895)

**Keywords:** employment creation; local economic development; women's entrepreneurship; youth entrepreneurship

### Background & Context

#### **Summary of the project purpose, logic and structure**

The project was designed by the ILO in collaboration with its Ghanaian partners, namely the Government of Ghana (GOG); the Ghana Employers Association (GEA); and the Trades Union Congress (TUC). Overall, the project was designed contribute to poverty reduction in Ghana through an integrated and comprehensive approach that will reduce Decent Work deficits in the informal economy and enhance the potential of women and men for productive employment.

The project aimed at fostering cooperation between local governments and local businesses for a joint identification and use of local economic development potential. It comprised support to district governments and local stakeholders for improving planning mechanisms, and building knowledge of common tools for local economic development (LED) and informal sector development. At the national level policy advice and technical assistance (TA) were provided to create an enabling policy environment for LED, employment growth and decent work.

Activities at the national level comprised:

- Assistance to the constituents in influencing the national policy framework for poverty reduction and DW;
- Support to the National Youth Employment Programme (NYEP) in terms of its organisational structure;
- Assistance to the Ministry of Manpower Development and Employment in building a monitoring system for a training and employment programme;
- Provision of TA to the TUC and the GEA for organising a joint workshop on productivity and incomes in Ghana.

At the District level the project followed a strictly participative, integrated and demand-driven approach to LED. As a result, public-private Sub-Committees for Productive and Gainful Employment (SPGEs) were created that helped the registration of MSEs, informing SBAs on tax and health insurance issues and building networks of MSEs.

Further, the project aimed at:

- Creating Credit Unions that target informal enterprises;
- Building associations for informal sector operators;
- Establishing Business Advisory offices; and
- Raising awareness of District Assembly members on informal economy issues and LED approaches.

After the success of the LED component in 2 pilot districts, the programme has been replicated in 6 additional districts in the Central Region of Ghana and after an extension it was concluded in 2010.

### **Present situation of project**

The project closed at the end of March 2010.

### **Purpose, scope and clients of the evaluation**

The evaluation assessed whether the project has achieved its immediate objectives and its contribution to and congruence with relevant national development strategies. It further aimed at conducting an impact assessment of the interventions, at measuring the sustainability of the project's outcomes and the local partners' strategy and capacity to sustain them. Besides that, it also considered external factors that affected the achievement of the immediate objectives and the delivery of the outputs.

The principal clients for this evaluation are the project management, ILO constituents in Ghana, ILO Abuja, ILO technical units (Employment Sector), and the project donor.

### **Methodology of evaluation**

The final evaluation took into account all interventions, project sites, and the entire implementation period. Besides a desk study period for analysing the programme design, field visits were scheduled to examine the planning process, the agreed implementation strategies and the adjustments made, as well as the institutional arrangements and partnerships.

## **Main Findings & Conclusions**

In view of the GDWCP's objective of contributing to poverty reduction through the promotion of decent work in the informal economy, the immediate objectives of the project under investigation were valid, and the interventions in different sectors were mutually reinforcing and critical to achieving the aim of this project.

At the national level, the project significantly contributed to including International Labour Standards and decent work principles in the Ghana Employment Policy. Further it contributed to capacity building of the Ghanaian government and social partners especially for the formulation of the GPRS I/II and the NYEP. Although the latter faced some management and logistical problems, all eight project districts are now using modules from the programme. Besides that, the GEA and TUC have been strengthened significantly and they play an important role in policy revision and implementation. The GEA staff was further trained in productivity enhancement programming and establishing a productivity desk for advisory services towards SMEs.

In addition, links are fostered with the Institute of Local Government Studies (ILGS) which is the major think-tank and capacity building institution for decentralisation. Several manuals for the training of SPGEs and DAs resulted from this cooperation.

The established SPGEs constitute operational and sustainable forums for public-private dialogue and coordination at the District level. Within the local governance system this body is the only one meeting frequently and regularly, and the members are knowledgeable on the local business environment and highly motivated to take action. The cooperation within these forums also led to enhanced revenue mobilisation especially from tax contributions of the informal sector. While the advanced stage of decentralisation in Ghana proved conducive for the functionality of the SPGEs, the size of the covered area rendered the work of the SPGEs difficult.

Overall, this project for the first time set a legal framework for local governments and the businesses to collaborate for the development of their jurisdictions. As a visible result of the consultation process and awareness raising campaigns, DAs incorporate LED into their development agendas and assign budgets to it. Thanks to training on resource mobilisation the SPGEs prepare annual action plans and raise resources to implement LED activities.

The most remarkable result of the project can be observed at the level of the local stakeholders, especially the targeted businesses. Through the provided training in processing methods, quality control, hygiene, marketing planning and book-keeping the MSEs and SBAs became empowered and could create direct benefits. The training was largely perceived by the participants being useful and educative.

Through the identification of local resources and the productive use, this project contributed greatly to employment creation.

Besides the expected outcomes, the project also led to several spill-over effects. The most remarkable the increased membership rate of SBAs and MSEs in the National Health Insurance Scheme thanks to information campaigns and networking of the SPGEs. In addition, the local partners could raise issues on taxation, resource access and participation in government contracts. Further, they were enabled to take a stance in lobbying and advocacy, especially for the informal sector.

Another positive outcome of the project is the establishment of the Enterprise Development Fund (EDF) that helps MSEs in the eight districts to increase competitiveness. Nonetheless, the late disbursement of EDF-funds hampered the full exploitation of its positive effects. In addition, Credit Unions, which are to be operational in the near future, are another remarkable effort to allow informal sector businesses access financial support.

Cross-cutting issues, especially 'gender' were prominent in the project and raised awareness to provide adequate opportunities for women. Nonetheless, there is no evidence to what extent they are addressed in a specifically systematic way and e.g. SPGEs are still dominated by males.

Although it seems likely that future governments will further support the ongoing process due to the economic interest, the project faces some risks at the district level. This especially refers to the question of capacity and resource limitations: access to financial resources by SBAs and SBEs; good understanding on how to establish and operate Credit Unions; availability of labour market data to support the operation of the Business Advisory Centres, etc. These issues have proved critical to successful implementation of LED activities in the Districts.

Another general concern of the Evaluation Team (ET) refers to the near absence of collaboration between the ILO and other UN agencies in Ghana what leaves a gap in ILO's expected involvement in the UN Delivering as One initiative.

Overall, the rather short period of the project remains a critical point to be addressed, although the project has made commendable achievements in all targeted areas.

What hampered the full exploitation of the project's potential – regarding the short implementation period – was largely due to a delay in the recruitment of the international expert as well as the national project officers. This was further aggravated by the delay in appointing the relevant ministers after the 2008 elections and the resulting absence of district chief executives.

The project has been well managed locally by the ILO project office, and by the ILO Office in Accra, Abuja and Geneva which provided overall coordination. The institutional structure for programme management at District level is the 'Sub-Committees for

Productive and Gainful Employment' (SPGEs) legally constituted under the District Assembly with representatives of relevant actors from the local private sector. On the whole, project implementation has been endowed with a remarkably competent and proactive set of managers and implementers.

## Recommendations & Lessons Learned

### Main recommendations and follow-up

A considerable lack of basic socio-economic amenities - upon which productivity is dependent - can still be observed. The regulations governing the use of EDF should thus be revised in order to allow funding the provision of such infrastructure. Moreover, districts need to receive more skills training for the effective management of funds.

After the execution of SBA and SBE capacity building training programmes, SPGEs role is mainly to monitor the application of the knowledge to their businesses. Taking into account the large area to be covered by each SPGE it is recommended that motor bikes are procured for this monitoring work.

Efforts for building capacities should be sustained or even extended, both for those who have had some, and for new entrants into the programme. This would allow increasing the group of beneficiaries and building on already existing capacities. Especially informal sector associations need more support to build lasting capacity. The same counts for emerging structures such as the Credit Unions and EDF.

As a new GDWCP might be developed in the next years, the ILO in Abuja and Geneva should continue to provide technical support to aspects of the programme at national and district levels, especially regarding activities to be completed during the current project phase.

Overall, the project has accumulated a huge body of information in the form of printed and/or electronic documents. In the absence of an archive, all this information could be lost. The ILO should therefore manage the creation of a GDWCP archive for future reference.

The GDWCP (2003-2010) has been largely successful in achieving the immediate objectives and important lessons have been learnt; the ILO should undertake a *Case Study* of this programme and share experience in furtherance of the future expansion of programme activities to all the 170 Districts of Ghana and beyond, to other countries with similar decent work challenges.

Given the impressive performance of this project and taking into account the fact that close collaboration with local government and local businesses helps explore latent economic opportunities what can be important to cope with the current global financial and economic crisis, it is recommended to extend it nationwide. In that case, capacity building should build stronger on national resources such as ILGS and local consultants, as this has proved useful and is more cost-effective. This would however necessitate continuous support from the Government through the SPGEs and the ILGS. Likewise, all other institutional structures established under this project, should be strengthened and empowered to continue performing their functions in the interest of the GoG and Districts.

Apart from showing the budget summary, as has been done in the project document, it is necessary in any future project design to provide detailed budget justification in the Annex to the project document in order to i) guide project managers on resource use, and ii) to enable evaluation exercises such as this to relate project outputs and their activities to budget allocation and expenditure and thereby establish level of efficiency in resource use.

### Important lessons learned

As the project shows, improved collaboration between the DAs and local private sector operators, leads to enhanced revenue mobilization in the districts. This is especially linked to the fact that the project managed to convince informal sector operators that they have more to gain by cooperating with local authorities, as they realized that the DAs have an interest in the growth of their businesses.

The special role of the SPGEs became obvious. These legitimate and locally constituted institutions were the missing link between the public and private sphere. It can be observed that the SPGEs are working hard to e.g. mobilize savings from client-members of the Credit Unions. The SPGEs are also convincing their clients and facilitating their registration with the National Health Insurance Scheme (NHIS). Further, the SPGEs have taught the practical lesson that building the capacity of local MSEs to better manage their businesses is key to local economic development.

The integral parts of enterprise development in Ghana are capacity building; transfer of modern technology and improved methods of production; and provision of small loans. Therefore, training the SBAs and SBEs without backing it up with the other 2 components constituted a gap in the enterprise development effort of the SPGEs.

For the effective management of the Credit Unions a sound financial management background and training is key to the success of these institutions. At the same time, linking social development oriented funds with commercial banking hampers growth and development of the informal sector since entrepreneurs run the risk being not able to obtain follow-up funding from banks to push their business forward, due to a lack of collateral security.

The involvement of the ILGS proved very useful especially since they have adopted and incorporated the SPGE-concept into their curriculum for training local government staff in the country. This is the strongest vehicle for disseminating information about the qualities of the SPGE-concept.

Through their work in the project districts, the SPGEs have taught all and sundry the practical lesson that building the capacity of local small business operators to better manage their businesses is key to local economic development.

Informal sector operators have been convinced they have more to lose than to gain by hiding

away from the local authorities, as they soon realized that the local Assembly has a keen interest in the growth of their businesses.

The establishment of the EDF has enhanced capacity at the local level and facilitated the provision of business development services to operators of the informal economy.

The exposure of service providers to ILO Training tools has proved pivotal to capacity building. These tools, including Start and Improve Your Business (SIYB), Value Chains, and SCORE, led to a marked appreciation of the service providers' understanding of the project and their responsibilities.

The District Finance Officer functioning as the Finance Officer to the account of the SPGE is a useful arrangement for accountability strategy as cheques issued on the account automatically go through Internal Audit.