

Multiannual Country Strategy 2023 to 2026 for Ghana

In effect up to and including 31 December 2026

Executive summary

Against an uncertain political, economic and security background, this multi-annual country strategy 2023-2026 sets out how the Netherlands will partner with Ghana to **strengthen its position as a politically stable, economically prosperous country in the sub-region, with a society free from conflict and respecting human rights, equality and basic freedoms**. The year 2022 marked the conclusion of a transformation of our bilateral relations, away from a donor-recipient dominated relationship towards a new, equal and mutually beneficial way of working that supports Ghana's ambition to move beyond aid, attract investment and deepen trade relations. For the next four years the Netherlands in Ghana will implement **a combined approach**, encouraging Dutch businesses to invest in Ghana and to use their expertise to make a meaningful contribution to the development goals of the country. Against this background the Netherlands will step up its support for the further development of the **horticulture and cocoa value chains**, with the objective to **create employment opportunities for youth**, increase commercially viable farming and **bolster entrepreneurship**. At the same time, close cooperation and consultation with Dutch companies, investors and knowledge institutes will lay the foundation for a vibrant, mutually beneficial trade relationship, thus demonstrating that trade and development cooperation can reinforce each other in contributing to achieving the SDGs. Throughout this envisaged new strategic partnership, the Netherlands will promote Ghana's access to **green, climate friendly and digital innovations**. A precondition for a vibrant trade and investment relationship is security and stability. The Netherlands will therefore, together with like-minded partners, continue to emphasize human rights and good governance with a focus on the prevention of spill-over of violent extremism for the duration of this MACS.

I Significant developments and lessons learned

A. SIGNIFICANT DEVELOPMENTS IN GHANA

Ghana remains a **relatively stable, but young democracy** within the West African sub-region. The country has successfully conducted eight general elections and made strides to deepen its human rights, rule of law and good governance credentials. Over the years, serious Constitutional reform attempts have been made, including by the nine-member extra-parliamentary constitution review commission (Atta Mills Commission) in 2010. However, these have not yet led to adjustments.

Ghana, though not the scene of terrorist attacks, is **at risk when it comes to the spread of violent extremism**. The root causes of this extremism, which were also previously present in the Sahel, are prevalent in Ghana's northern regions; high poverty levels (68% of the northern population lives on less than 1.25 USD per day), decades of deprivation compared to other regions, high youth unemployment, ethnic and land conflicts. There are indications that violent extremist organisations have established networks in Ghana aimed at moving money and using Ghanaian territory as a haven for R&R and recruitment.¹ In addition, despite a ban in 2019, the continued existence of politically affiliated armed groups ('vigilantes') poses a significant risk to stability. Major international partners are expressing concern about the security situation in northern regions and predict rising violence and unrest leading up to the national elections in 2024.

Ghana at the same time has **strengths that can be harnessed to safeguard peace, security and democratisation**. These include a leading role in regional structures to fight terrorism, such

¹ ELVA + promediation reports

as the Accra Initiative and ECOWAS, as well as a unique national peace infrastructure through the National and Regional Peace Councils and the West Africa Network for Peacebuilding (WANEP). In addition, Ghana boasts an active, vocal and well-organized civil society that plays an important role in the above areas.

Ghana's **economic situation has deteriorated since 2019**. Ghana's public debt increased from 56 percent to 81 percent of GDP in 2022. Fiscal efforts to preserve debt sustainability have been insufficient to combat the substantial exchange rate depreciation, the surge in inflation and pressure on foreign exchange reserves. In this context, the government has for the 17th time requested assistance from the IMF. The IMF-supported programme in due time is likely to restore macroeconomic stability and debt sustainability and catalyse external financing. Growth, however, will be slower than previously predicted and Ghana's structural import dependency will prevail, especially if reforms are not fully implemented under the new IMF programme.

II Dutch objectives and strategy for Ghana



A. THE OVERARCHING DUTCH OBJECTIVES FOR GHANA

Over the next four years, it is in our national interest to see Ghana solidify its position as **a politically stable, economically prosperous country in the sub-region, with a society free from conflict and respecting human rights, equality and basic freedoms**. This is a prerequisite for achieving a mutually beneficial trade and investment relationship and to strengthen bilateral and multilateral cooperation in fields of mutual interest, including international justice, peace and security, climate change and the attainment of the SDGs. We believe that **promoting sustainable trade and investments, through private sector development and contributing to youth employment in the cocoa and horticultural value chains**, will create the best conditions for our bilateral relationship to grow and flourish. We do so under the following objectives.

OBJECTIVE 9: THE BILATERAL RELATIONSHIP BETWEEN GHANA AND THE NETHERLANDS

The overall objective in the sphere of the bilateral dimension is achieving an **equal, deepened, and continuously mutually beneficial bilateral relation** between Ghana and the Netherlands. The strategy to achieve this objective will concentrate on the following lines:

- **Strengthened trade and investment relations** (as outlined below for the horticulture and cocoa sectors) are the foundation for deeper and broader bilateral relations;
- The **annual bilateral political consultations** started in March 2022 will be used as a platform for **broadening and deepening bilateral cooperation** in the fields of foreign policy and other areas of strategic importance to the bilateral relations;
- **Incorporate these political consultations with government in our MEL strategy²;**
- Deepening relations at the political level by promoting **high level visits to and from the Netherlands;**

² This MACS was validated by a broad range of Ghanaian government representatives in a meeting convened by the Ghana Ministry of Foreign Affairs on 7th October 2022.

- **Deepening relations with traditional and religious leaders**, especially in the northern regions, to promote mutual understanding and to find common solutions to threats of spill-over of violent extremism;
- Broadening the bilateral relation by promoting closer (economic) connections between organizations and companies in Ghana and the **Ghanaian diaspora** in the Netherlands;
- Positioning the **Netherlands as a constructive intermediary** playing a bridging role by promoting Ghanaian interests in the EU and UN frameworks;
- Using public diplomacy and cultural instruments to promote continued **cultural bilateral exchange and collaboration**. Based on the already established positive image of the Netherlands as a supporter of the Ghanaian arts (through work with the Prince Claus Fund and others), engage in a constructive debate on how to deal with the Atlantic slave trade legacy.

OBJECTIVES 5 & 6: SUSTAINABLE TRADE AND INVESTMENTS & SUSTAINABLE DEVELOPMENT, FOOD SECURITY, WATER AND CLIMATE.

The combined approach of sustainable trade and investments and sustainable development ('combination approach') will define the strategic partnership between the Netherlands and Ghana in the coming MACS period. The **horticulture** and **cocoa value chains** are selected for this approach.

The overall objective for the cocoa track is to contribute to transforming the cocoa value chain, making cocoa *production* and *processing* in Ghana a profitable and sustainable business, free from child labour and deforestation, thereby contributing to the Netherlands' commitment to the Dutch Initiative on Sustainable Cocoa (DISCO). The cocoa industry forms the third export revenue stream for the Ghanaian economy and is equally important for The Netherlands economy as a main exporter of processed cocoa within Europe. Key stakeholders within this track are civil society actors, regulating bodies, industry and the Development Partners. As interlocutor, the Netherlands will play a coordinating role in four strategic areas within the sector:

- To transform the cocoa value chain in Ghana it is essential that the Netherlands and its partners obtain full **understanding of the sector dynamics**, the underlying political economy and interests of the key stakeholders within the national and international value chain. Acting as a clearing house for information flows, the Netherlands brokers contacts between public and private actors, leveraging on its key position in the sector. This will identify current impediments to local value addition, land- and tree tenure reforms and obstructions in sector transformation in the field of living income, deforestation and child labor.
- Netherlands uses its knowledge of the sector to provide **direction and advocacy on sectoral change, in close coordination with the EU as part of the Team Europe Initiative**. On the topic of living income, the Netherlands will advocate for representation of (female) farmers on the cocoa price setting board and build consensus on establishing definitions, methodologies and future Key Performance Indicators specifically those pertaining to deforestation and child labour. The Netherlands and the EU will accompany Ghana in preparing for the upcoming EU legislation that pertains to cocoa (deforestation and due diligence) and will leverage this legislation to push for the needed sectoral change.
- Increasing productivity of cocoa farmers is key to sustaining a strong and vibrant cocoa sector and ensuring living income. The Netherlands will work together with civil society, (local) private sector and development partners to **promote and adopt innovations at farm level to boost production** and support climate smart farming practices. Solar fed irrigation schemes will support climate action and improve cocoa production. The Netherlands, together with key partners within the Government of Ghana and the EU, will

work on transforming the pricing system, getting higher and more stable prices for farmers. This includes capacity building for farmer organizations and improved access to finance for smallholders.

- Ghana's economy could benefit from a larger share of the global chocolate industry (worth over US\$150 billion) if local processing capacity and value addition was favoured over the export of raw beans. Though Ghana has stated it intends to process 50% of annual cocoa domestically and, by extension, expand domestic chocolate production, immediate changes of the current legal and institutional framework are not likely. The Netherlands will therefore grasp opportunities to **support gradual policy transformation and increased investments in the Ghana cocoa processing sector**. To maintain and increase Dutch earning capacity in the sector, Dutch businesses and investors will be kept abreast of changes in policy and investment opportunities. Using the combination approach, the Netherlands will attract Dutch companies to expand the value addition capabilities of the private sector in Ghana.

The overall objective for the horticulture track is to contribute to transforming the horticultural sector in Ghana into a vibrant, sustainable and competitive sector that offers employment opportunities for youth. The Netherlands aspires to help transforming this sector regarding food security, job creation, climate smart practices and making the sector more competitive, also by making use of the technological knowledge and expertise of the Dutch private sector. The Netherlands will make use of an evidence-based systems approach to decrease fragmentation, increase (international) coordination and align Ghanaian and Dutch (private sector) needs to create long term, sustainable economic impact.

The Netherlands identified the following intervention areas for its strategy:

- **Influencing change in sector governance** to achieve effective public-private sector coordination that addresses impediments to export, sustainability and innovation. The envisaged change will be achieved by strengthening the organisation of horticultural producers and other non-state actors, which will allow them to play a decisive role in the future **Horticulture Development Authority**. Once favourable conditions are in place, the Netherlands will further support the setting up of a multi-stakeholder Horticulture Development Authority.
- Advocating for **adoption of standards and procedures** that will contribute to a competitive sector and a conducive business environment, also for Dutch businesses and investors. Through the Ghana Green Label increase healthy and sustainable food production for the local/regional market to decrease food insecurity and dependency on imports.
- **Increase access to finance** to the Ghanaian private sector in horticulture through supporting the Ghanaian banking system to facilitate a better and faster assessment of agricultural loan applications and to develop new blended financial products. Develop risk reducing interventions to increase lending to horticultural entrepreneurs and strengthening of the available capital base with Ghanaian banks for onwards lending to the horticultural sector.
- **Creating a skilled, business savvy Ghanaian private sector** in horticulture with ample job opportunities for young people. This will be achieved through business and financial skills trainings of farmers and horticultural entrepreneurs and specialised top-up trainings at agricultural colleges. Through a (digital) platform, matchmaking will be possible between companies and young graduates for practical training, internships and traineeships. Based on a strengthened Ghanaian private sector, we will identify

opportunities for Dutch companies and investors in the Ghana horticulture value chain and broker B2B deals.

- **Facilitating adoption of appropriate and innovative technology** in the horticultural sector by promoting availability of applicable Dutch produced (digital and other) technology on the Ghanaian market and facilitating access to finance for purchasing these products. This results in increased production, processing and competition and a **strengthened Dutch private sector presence in Ghana**, especially in the field of seed improvement, agro logistics, cold storage and processing. Using the combination approach, the Netherlands will attract Dutch companies to strengthen and expand the horticultural value chain in Ghana.

The Netherlands will develop a **supporting diplomatic strategy** for both focus sectors. This entails establishing and deepening of government-to-government dialogue in targeted areas in close collaboration with key partners. The Netherlands will also continue strategic collaboration with the EU and others on **monitoring and improving the broader economic and investment climate in Ghana**. Concretely, the Netherlands will conclude the Ghana-Netherlands negotiations on the renewal of the Bilateral Investment Treaty during this MACS period.

OBJECTIVES 1 & 2: INTERNATIONAL LEGAL ORDER, HUMAN RIGHTS AND HOST COUNTRY POLICY; PEACE AND SECURITY, STABILITY AND MIGRATION

To support the overarching objective of this MACS to help Ghana solidify its position as a politically stable, conflict free and economically prosperous country in the sub-region a **holistic approach to human rights, electoral and governance reform and prevention of spillover of violent extremism** will be implemented in this MACS period.

With regard **countering and prevention of violent extremism (cve/pve)** the Netherlands is realistic about the role it can play and positions itself as a convener and broker where needed to support EU, Ghanaian authorities and other major stakeholders. When tackling drivers of conflict, the Netherlands will combine "hard" and "soft" security approaches and follow existing initiatives created by African countries. As human rights violations are an important driver of violent extremism, human rights interventions, human security and support for governance and electoral reforms are central to the overall strategy.

The Netherlands identifies the following main lines of intervention:

- **More resilient communities in the North** through strengthening dialogue and cooperation between local stakeholders in the field of security, in particular grasping opportunities that lead to increased trust between the police and the communities they serve. **Reduced youth unemployment** by aligning existing development cooperation, entrepreneurship programmes and private sector development initiatives, in particular in horticulture, to the needs of unemployed youth in the north.
- Ensure Dutch military contributions (trainings and exercises), are linked to Dutch civil interventions in the region in the field of cve/pve where possible. For our military contributions in the region human rights and enhancing civil-military dialogue will be central themes.
- **Promote enhanced donor coordination and cooperation** in the field of preventing and countering violent extremism at a regional level (Accra Initiative and ECOWAS), and at the local level between donors and with Ghanaian authorities.
- Improving local governance and service delivery and mitigating the risk of electoral violence through supporting civil society organisations, youth and other (peaceful) groups

that advocate for necessary **democratic devolution, electoral reforms and constitutional change**.

- Countering restrictions on **free expression and media**, including discrimination and violence targeting vulnerable minority groups, remain an important human rights objective during this MACS period. This will be achieved through advocacy at national and multilateral level, as well as through increasing the capacity, resilience and safety of targeted organisations and people at the local level.

III Ways in which the Netherlands deepens its efforts in Ghana

Climate

In Ghana, the effects of climate change are already being felt and its impact is threatening food production systems and the livelihoods and food security of millions of Ghanaians. The focal areas of this MACS, the cocoa and horticulture value chains, are projected to be substantially affected by the expected changes in rainfall patterns, temperature rise and other climate-induced events.

Ghana was among the first of West African states to develop a national climate change policy and has formulated some of the best environmental frameworks in the West African sub-region. Climate change is acknowledged and highlighted by most of the national policies as a threat to socioeconomic development and increased agricultural productivity. Ghana struggles continuously with achieving effective implementation of carefully drafted strategies.

Ghana is also confronted with the negative ramifications of climate change.

To promote climate mainstreaming and climate sensitive interventions, the Netherlands will adopt the following strategy:

- Together with relevant stakeholders develop an **effective climate diplomacy and advocacy strategy** to raise Ghana's climate ambition, push for effective implementation of climate policies and help secure Ghana's access to climate financing, especially for adaptation;
- In the cocoa and horticulture value chains, **showcase climate smart innovations and technologies** and support integration of climate information and climate smart agricultural practices into farming planning;
- With the use of CERF and other instruments contribute to climate mitigation in both value chains, with special attention for efficient and sustainable water use, grasping opportunities for carbon sequestration and improving soil health.
- Promote circularity in both cocoa and horticulture value chains, including the showcasing of international best practice examples for local/sectoral adoption.

Gender and Youth

Ghana is not on track to achieve gender equality and empowerment of all women and girls by 2030. The problem of marginalisation and exclusion of women persists at all levels of society. The Global Gender Gap Index 2021 rankings ranked Ghana 117th out of 156 countries. The current 275-member Parliament has only 14.5% women parliamentarians, far below the Africa average of 24% and global average of 23%. The Affirmative Action bill that that will allow for gender quotas in governance has been waiting for over 20 years to be passed into law. Also, as is the case in many developing countries, Ghana has a youth dominated age structure, with approximately 57% of the population under the age of 25. About 50% of Ghana's youth are unemployed and/or underemployed (WB, 2020).

In Ghana, the Netherlands will seek to contribute towards **gender equality and youth employment** through;

- Building on existing human rights interventions and strategic partnerships, the Netherlands will support legitimate and effective coalitions of stakeholders (led by UN Women) to **advocate more effectively for improved economic and political rights of women and girls.**
- Developing a **gender mainstreaming strategy** in the thematic focal areas of this MACS in particular in **cocoa and horticulture**. At the end of the MACS period, we will have achieved increased financial inclusion of women, increased employability through access to skills development and entrepreneurship programmes and effective representation of women at the policy level in the cocoa producer price determination and in the future Horticulture Development Authority.
- Creating **better conditions for youth employment and youth entrepreneurship**. Young graduates in the cocoa and horticulture tracks, will be the main beneficiaries of skills development, entrepreneurship and innovation interventions.
- Youth being a key target group, a **youth council** will be brought together to advise and guide the Ghana country team when implementing the MACS. The youth council will consist of 50% women and be part and parcel of our MEL strategy (chapter IV).
- **Empowering women to be agents of change in the field of preventing and countering violent extremism** through strengthened women's voice, agency, leadership and representative participation in decision-making processes in public, private and civic spheres.

IV Monitoring, evaluation and learning

For most interventions in Ghana the *Programmatic Approach to Sustainable Economic Development* (PADEO) methodology will be applied. PADEO functions as a change-management instrument to make strategic and evidence-based decisions. Through these systems approach the Netherlands aims to decrease fragmentation (MBF), increase (international) coordination and better target local needs to create long term, sustainable economic impact.

The PADEO iterative monitoring approach promotes the Netherlands working together with a broad network of stakeholders on the targeted systems by continuously validating progress through analysis and stakeholder consultations. Lessons about the activities are learned along the way and based on these lessons successful programs are extended while unsuccessful ones are redesigned or terminated. Due to the iterative and validation elements of the PADEO methodology, **MEL is at the core of the implementing strategy of the Netherlands in Ghana.**

In order to be effective, the interventions in Ghana require an adaptive, flexible, iterative and reflexive implementation modality and collaboration between EKN, RVO, DDE, IGG, DIO and all implementing and facilitating partners. Attracting a strong MEL partner who can facilitate this process, also by providing a clear planning for all partners, will further articulate impact pathways.

In the run-up to the writing of the MACS, several studies were conducted in the horticulture and cocoa sectors, providing a clear overview of active programmes and projects, stakeholders and root causes limiting growth within the horticultural and cocoa sectors. These stakeholder groups will remain active and will be regularly consulted to validate the PADEO and combi-track progress. All contracted partners are required to embed MEL in their projects so adequate impact monitoring is possible, allowing early adjustment of the project when necessary. For new projects this will entail an overview of the baseline situation before implementation, followed by an evaluation after the project.

The PADEO and combination track methodology requires close collaboration with stakeholders in the project teams and the advisory team meetings with EKN, DDE, DIO, IGG, RVO (PSD, CERF and BD

coaches) will continue. The DDE and RVO MEL officers take part on a regular basis and assist the EKN in defining MEL intervention indicators. Within these fora, lessons learned are shared and participants advise if and how interventions are steered towards increased impact. MEL provides a deepened understanding of local needs, sharpening diplomatic efforts of the Netherlands, collaborating with likeminded partners or bilaterally.

On economic diplomacy, the Netherlands works through multi-stakeholder groups and collaborates with partners to get insight in the political economy. This insight will define interventions that strengthen the investment climate, also in collaboration with Dutch stakeholders as FMO, Invest International or Atradius DSB if needed.

Within the country team *learning* will be continuous. On rotational basis, a member of the team identifies a new training or course that will benefit the entire team.