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# Ex post evaluation
# District development facility, Phase I & II, Ghana


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| **Title** | District development facility, phase I & II | | |
| **Sector and CRS code** | Democracy, civil society and public administration (CRS code: 15112) | | |
| **Project number** | BMZ no. 200766055 and 200965319 | | |
| **Commissioned by** | BMZ | | |
| **Recipient/Project-executing agency** | Republic of Ghana, represented by the Ministry of Finance/ Ministry of Local Governance and Rural Development | | |
| **Project volumen/ Financing instrument** | Phase I: EUR 14.9 million (EUR 1.9 million as financial contribution, EUR 13 million as loan); Phase II: EUR 21 million | | |
| **Project duration** | 2009 - 2016 | | |
| **Year of report** | 2021 | **Year of random sample** | 2021 |

## Objectives and project outline

The outcome-level objective used as a basis for the EPE was to strengthen the local municipalities' administrative capacity by setting up a demand- and competition-based municipal development fund and, within the districts, by promoting the sustainable and needs-based provision of basic public services and the use thereof. The impact-level goal was to contribute to the promotion of good governance within the local assemblies and to improve living standards.

Identical in terms of concept, the FC programmes "District Development Funds I & II" supported the District Development Facility (DDF) in order to achieve these goals. The DDF financed development-relevant infrastructure measures at municipal level and supported the local authorities in their governance by means of measures aimed at promoting capacity.

DDF funds were made up of national counterpart contributions and donor funds. Funds were allocated to the municipalities based on the results of an annual performance review, in which local authorities were assessed with regard to their compliance with legal requirements.

## Key findings

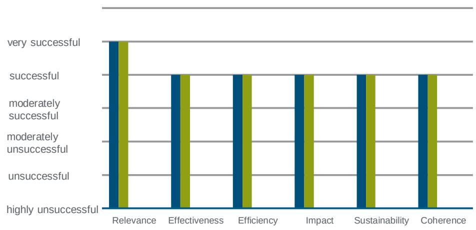
The projects were able to achieve good developmental impacts. Target achievement at outcome level was good. The projects have been rated as "successful" for the following reasons:

– Thanks to the annual performance reviews, which were used as a basis for allocating funds, the municipalities' local governance and performance have improved significantly over the years.

– The new performance-based transfer mechanism significantly improved the funds available to local authorities for investment purposes. A large number of measures was implemented as a result. This has led to a major improvement to the provision of basic services, with positive consequences for social-economic development, particularly in rural municipalities.

– One key achievement was the DDF's integration into the Ghanaian transfer mechanism, which enabled the performance concept developed by the DDF to be integrated into Ghana's municipal financing system as well.

## Overall rating:
**Successful**




### Conclusions

– The DDF shows how a performance-linked transfer mechanism can promote the decentralisation process. Tying the distribution of funds to the results of an annual performance review encouraged the local authorities to improve their governance.

– However, because the understanding of performance is focused heavily on compliance with legal and administrative regulations, there is a risk that the performance based DDF will become a "watering can mechanism" over time, in which requirements are met but without any noticeable improvements for the population since the performance review does not cover the actual performance of services.

– The success achieved in terms of compliance with legal guidelines could be used as a starting point for expanding the understanding of performance and shifting the focus to the actual performance of basic services.

1 = very successful, 2 =successful, 3 = moderately successful, 4 = moderately unsuccessful, 5 = unsuccessful, 6 = highly unsuccessful

# Rating according to DAC criteria

## Overall rating: 2

Ratings:

| | |
|---|---|
| Relevance | 1 |
| Coherence | 2 |
| Effectiveness | 2 |
| Efficiency | 2 |
| Impact | 2 |
| Sustainability | 2 |

### Relevance

At the time of the project appraisal (PA), the legal provisions relating to the transfer of certain responsibilities from national to municipal level were already very extensive. The political and administrative decentralisation reforms were also prominently embedded in national political documents. Nevertheless, the funds available to the municipalities for the provision of municipal infrastructure, which they have to construct and maintain, were in no way sufficient when the programme was designed in 2008 and still are not sufficient to this date. The following core problems affected the area of municipal financing:

Firstly, the proportion of public expenditure allocated to the sub-national level of the district councils (known as the “metropolitan, municipal and district assemblies” (MMDAs)), which act as political, administrative, executive and legislative authorities at local level) was too low given the growing number of tasks awarded to the MMDAs. The most important source of funds at the time was the District Assemblies Common Fund (DACF) established in 1993, which disbursed financial transfers the MMDAs were constitutionally entitled to, amounting to 5% of national revenue from tax at the time of the project appraisal. However, the DACF was not reliable at providing the funds and the MMDAs were only able to manage a small percentage of their needs and priorities, which led to significant problems for the DACF and its reputation. Furthermore, 30–40% of the DACF funds were used by central state institutions every year to deal with the concerns of the MMDAs without these assemblies being able to approve these investments (“deduction at source”).

Secondly, the lack of qualifications and insufficient skills of administrative staff limited the generation of income and the MMDAs’ general performance capacity. This prevented a number of development-relevant investments from being made at municipal level and meant that the population’s needs (target group) could not be satisfied with regard to the provision of the MMDAs’ basic services (education, healthcare, water supply and wastewater disposal, agricultural development, etc.). From today’s perspective, the core problems were identified correctly.

The aim was to address this core problem by introducing the DDF as a performance-based transfer mechanism, which the projects evaluated here pay into. For this purpose, all MMDAs were to undergo an annual performance review by means of the Functional and Organisational Assessment Tool (FOAT), which was introduced by the project. The disbursement of a large portion of the DDF funds to the MMDAs was linked to the fulfilment of certain minimum requirements as part of the FOAT. These requirements relate primarily to compliance with legal regulations linked to local governance (e.g. the creation and submission of monthly financial reports). MMDAs that failed to meet these criteria only had access to the funds in the promotional components (12% of the funds), which were used to finance measures that promoted capacity. Beyond the minimum requirements, FOAT evaluated the quality of the MMDAs’ management in nine subject areas. Achieving a large number of points (max. 100) secured a large proportion of fund commitments from the investment component (88% of funds). The aim of this was to create an incentive that would improve the MMDAs’ performance capacity. At the same time, the transfers were designed to increase the funds available to the MMDAs on a discretionary basis and facilitate investments in basic infrastructure. The combination of funds, a performance incentive and promotional measures aimed in turn at improving governance by the MMDAs in general. The population's participation did not play a particularly big role, which is regarded as negative in view of its importance for good governance at MMDA level.

This results chain is sound from today's perspective. The performance-based provision of funds for the financing of projects selected in the MMDAs themselves addressed one of the MMDAs' central needs and, with this, addressed a core problem in local governance – specifically the lack of investment in necessary infrastructure. The relevance of the projects for the MMDAs' socio-economic development was also ensured by an exclusion list of projects not eligible for financing. The aspect of the measure aimed at identifying capacity shortages in the performance reviews and using a portion of the funds (12%) for promotional activities adapted to these issues was relevant in view of the weaknesses within the MMDAs. It is therefore plausible from both the perspective at the time and from the current perspective that the project's package of measures contributes to solving the central challenges of supplying the population with basic services and ensuring good governance at MMDA level.

As a tool, the FOAT was fundamentally appropriate for the goals. It is generally regarded as fair by all participants and the results are accepted. However, the FOAT is based on an understanding of "performance" that is geared almost exclusively towards compliance with legal and administrative regulations set out by the government. It can be assumed that this understanding of performance is not particularly relevant from the target group's perspective as it does not enable any conclusions to be drawn about the MMDAs' actual provision of services. Evidence shows that this resulted in something known as a "performance paradox": While some MMDAs perform exceptionally well in the annual FOAT reviews, they also exhibit obvious and blatant failures in the provision of basic services for the population at the same time. The resulting discrepancy can be regarded as a risk to the mechanism's acceptance and credibility. Nevertheless, the performance review's focus on compliance remains logical from today's perspective when looking at the initial phases. It was plausible that this improves compliance with legal regulations, which in turn provides a foundation for enabling a broader understanding of performance to be shaped in a second step. From today's perspective, this is exactly what needs to happen now, whereby other aspects are covered by the indicators (sustainability, quality of services, participation).

In view of the DACF's disadvantages, it was also correct from today's perspective to first establish the DDF as an independent instrument (see Effectiveness) so that it could be perceived as such by local assemblies and also gain credibility and relevance.

The programme's goals are still relevant from today's perspective and its design was cohesive at the level of the programme objectives. From today's perspective, the relevance is still rated as very high.

**Relevance rating: 1**

### Coherence

With regard to external coherence, the remarkably impressive approach to donor harmonisation is worth highlighting. Given that different donors paid into the DDF in the first two phases and for coordinating goals, indicators and disbursement conditions this was particularly relevant. Furthermore, the collaborative political dialogue was able to influence significant political reforms. For example, it was possible to contribute to the approval of extensive decentralisation reforms in 2010 and the introduction of an interministerial coordination committee.

The parallel use of the FOAT by the World Bank's Urban Development Grant from 2012 is a good example of the DDF's integrability. Donor coordination primarily took place in a monthly meeting of a DDF steering unit. From 2013 onwards, Germany – represented by KfW – took on a leadership role among the donors and acted as a deputy chair in these meetings. What is more, dialogue took place in the decentralisation task force, which is chaired by the Minister of Local Government and Rural Development (MLGRD).

Several incidents required the donors involved to take a unified approach. When coming up with the allocation formula for the DDF funds, some of the MLGRD's interests deviated from those of the donors. While the MLGRD was interested in providing as many MMDAs as possible with access to the DDF funds for political reasons (particularly during election periods), the donors stuck to the performance-based disbursement principle. The approach of coordinating donor interests and helping them to agree on a common stance was very successful in the period under evaluation.

With regard to internal coherence, the project's targets were in line with the overarching guidelines of German development cooperation for decentralisation and the focus areas of German development cooperation in Ghana at the time. One positive aspect worth noting is that experience from previous projects with regard to compliance with legal requirements at district level and the need for performance-based allocations was incorporated into the measure's design. Furthermore, the project was well aligned with the Ghanaian government's objectives and, thanks to the FOAT indicators' orientation around national legislative requirements and provisions, was very coherent with Ghanaian systems.

In the evaluated phases, the working relationship between Financial and Technical Cooperation was successful, though it failed to make full use of the potential for collaboration and synergy. In particular, the effectiveness of the promotional components could have been increased with consistent liaison, for example by specifically supporting TC with the design and implementation of measures to promote capacity and by providing support at state and municipal level.

Given the successful donor harmonisation and the project's consistency with the objectives of the partner country and the Federal Ministry for Economic Cooperation and Development (BMZ), coherence is rated as good.

Coherence rating: 2

### Effectiveness

The outcome-level objective used as a basis for the EPE was to strengthen the local municipalities' administrative capacity by setting up a demand- and competition-based municipal development fund and, within the districts, by promoting the sustainable and needs-based performance of basic public services and the use thereof. The achievement of the objective can be summarised as follows:

| Indicator | Status PA, target PA | Ex post evaluation |
|---|---|---|
| (1) Increasing the proportion of MMDAs that meet the FOAT minimum requirements. | Status PA: FOAT I (fiscal year 2006) 36 %<br>Target value PA: >80 % | Not achieved: DPAT* III (fiscal year 2018): 57 % |
| (2) On the whole, the MMDAs have access to more funds that they can use at their own discretion. | | |
| a) The volume of the DDF increases at an ongoing rate in relation to the DACF and remains constant from the 3rd year onwards. | a)<br>Status PA: DACF: EUR 174 million DDF: EUR 24 million (14 %)<br>Target value PA: >30 % | a)<br>Not achieved: In 2019, the DACF amounted to EUR 215 million in total, EUR 96 million of which was disbursed to the MMDAs. The DDF amounted to EUR 27 million (12.6 % and 28.4 %) |
| b) The proportion of MMDAs who are able to increase their income by more than 20 % is rising at a constant rate. | b)<br>Status PA: FOAT I (2008): 25 % (35/138)<br>Target value PA: >70 % | b)<br>Achieved: In DPAT I (fiscal year 2016), 85 % of the MMDAs were able to increase their own income by more than 20 % in comparison to the previous year. As such, the objective can be regarded as achieved. After that, the indicator was changed in 2019 as part of the second DPAT round. Several indicators now reflect how accurately the target budgets for own income are achieved and what the funds are used for. Here, the focus is on operations and maintenance, which seems sensible. |

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|---|---|---|
| c) The DACF is reformed:<br>1. Performance-based component is introduced<br>2. Central purchases are limited. | c)<br>Status PA:<br>1. No<br>2. 30–40 %<br>PA target value:<br>1. Yes<br>2. <15 % | c)<br>1. Achieved: The DACF was reformed in line with the formulated objectives. The existing responsiveness factor window in the DACF, which covers 10 % of the total funds, was consolidated with the DFF. As part of this process, the DDF was renamed the DACF RFG. The technical and process-related mechanisms in the FOAT (indicators, methodology, areas of responsibility) were adopted.<br><br>2. Not achieved: In 2019, 45 % of the total DACF funds were disbursed for national programmes and central procurements. |
| (3) The quality of the infrastructure projects financed via the DDF is good and the investments are used appropriately and managed on a sustainable basis. | | |
| a) The number of MMDAs whose construction projects have no or only very minor deficiencies. | a)<br>Status PA: no base value<br>Target value PA: >70 % | a) Achieved: The quality of the infrastructure financed by the DDF is generally satisfactory. The random checks conducted during the project visits showed that around 90 % of the projects exhibit no or only very minor deficiencies. |
| b) Use. | b)<br>Status PA: no base value<br>Target value PA: >80 % | b) Achieved: around 98 % of the projects analysed were used according to their intended purpose. |
| c) The proportion of districts who use at least 10 % of their total budget for operating and maintaining the existing infrastructure is rising. | c)<br>Status PA: FOAT I (fiscal year 2006) 13 % (18/138)<br>Target value PA: >50% | c) Achieved: This indicator was almost achieved by the end of the phases under evaluation. For instance, the proportion of the MMDAs who spend at least 10 % of their budget on operation and maintenance rose from 0 % to 45 %. The indicator has since been changed. For the indicator in question, the average points score in 2019 was 2.91 (max. 3). As such, the objective has been achieved. |

*) As part of the DDF's incorporation into the DACF (see indicator 2c), the FOAT was renamed the District Performance Assessment Tool (DPAT).

At the time of the final review, this indicator was achieved in spite of the minimum requirements being raised on a continuous basis. Between 2009 and 2016, more than 90 % of the MMDAs met the minimum requirements at all times. This shows that, on the one hand, the MMDAs' performance in the area of compliance has improved significantly, but that, on the other hand, they have also become accustomed to the requirements over the years despite the indicators being refined. In the last performance assessment, the target value could not be reached as the requirements were increased in comparison to previous years and new indicators were introduced. Constantly increasing the performance incentive for the MMDAs can be regarded as positive. In view of this situation, the results for this indicator can be rated as a success.

The informative value of the FOAT results is largely dependent on the integrity of the performance review. The evaluation shows that, in some cases, the documents to be checked can be and are undermined by manipulation. If the required pieces of evidence – such as records of community council meetings – are not available in the required form (whether because the meeting did not take place or minutes were not taken), many MMDAs draw them up in retrospect and present them for assessment. It is difficult for the consultants performing the assessment to determine the authenticity of these documents. The term "cooking of facts" has already established itself as a name for this tactic. In the phases under evaluation, a case like this was uncovered in Nkwanta South district in 2012, which led to the MMDA being excluded from one FOAT cycle. As part of the EPE, a national consultant held interviews with a total of 49 MMDA representatives and users of the projects financed by the DDF in 16 MMDAs. This practice was confirmed on multiple occasions.

Another central weakness in the assessment process relates to the consultants, who are commissioned to perform the FOAT by the MLGRD. Given the lack of a pre-qualification system, the same consultants are used time and again. When the contracts are awarded, there is no effective independence review or rotation system in place to prevent consultants from always assessing the same MMDAs. Their independence is somewhat limited as a result.

The DDF reliably increased the funds available to the MMDAs. This was emphasised by all participants on a unanimous basis and was highlighted by the MMDAs as a central achievement. During the project visits, 86 % of MMDA staff surveyed stated that DDF funds were reliable and were very important to the MMDAs. Here, it is worth highlighting that the DDF was integrated into the DACF in 2016 and renamed as the DACF Responsiveness Factor Grant (RFG). This successfully eliminated the parallel structure and integrated the performance-based transfer of funds into the DACF. Since the amount of DACF funds is set out in the constitution, this ensures that 10 % of the DACF is transferred to the MMDAs in the form of the DDF. As a further roughly 45 % of the total DACF funds is disbursed for national programmes and expenditure on a central level (deductions at source), the DDF funds are all the more important at MMDA level. In 2019, DDF funds made up 28.4 % of the share of DACF funds transferred to the MMDAs. This ensures that at least one third or so of the transfers for MMDAs can be used at the MMDAs' own discretion, which has a positive impact on the MMDA budgets. During the project visits, 90 % of the respondents stated that the DDF had improved (and, in some cases, greatly improved) the financial situation in their MMDA.[1]

Both the quality and completion rates of construction measures are high, the projects were able to reach their goal. Furthermore, 96 % of those interviewed (employees at the MMDAs) stated that DDF projects are well to very well aligned with the population's needs. According to the interviews and project visits, this is primarily down to the reliability of the funds and the transfer of funds in one full tranche, compared with the DACF whose funds are delivered in tranches (or, in some cases, are not delivered at all). The total available amount is disclosed to the MMDAs at an early stage and because they are confident that this will be delivered reliably, many building firms already start work on building projects even prior to disbursement and complete them to a satisfactory standard. However, there are some irregularities in the quality of the building measures, which can be traced back to defective building supervision. This in turn can be traced back to the MMDAs' construction engineers, whose poor performance can be attributed to both a lack of capacity and to insufficient motivation resulting from frequent relocations. However, the project visits show that, in MMDAs whose public building works department has a low fluctuation in staff, the quality of building work is good to very good. The visited building projects were all used appropriately apart from one sanitary installation.

The indicators set out during the project appraisal were largely achieved by this point. The irregularities identified during the performance reviews and building inspections limit the achievement of the targets. Apart from these aspects, significant successes were achieved at outcome level. Effectiveness is therefore rated as good.

**Effectiveness rating: 2**

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[1] A Ghanaian consultant interviewed a total of 49 employees in 16 MMDAs.

## Efficiency

There were delays at the beginning of the project (programme started in 2009 instead of 2008). Later on, there were also delays to disbursement due to capacity shortages at the MLGRD. In the fiscal year 2011, disbursement had to be pushed back to the following year because Ghana's counterpart contribution was not made available on time due to macroeconomic difficulties. The total implementation period for phases I and II therefore increased from four to almost six years.

Nevertheless, the overall project implementation efficiency was good. The executing office was the DDF secretary's office, within the executing ministry, the MLGRD. In view of the amounts transferred and the high number of projects completed (a total of 3,537 projects in 210 MMDAs), the costs for management and coordination by the secretary's office are moderate (roughly 3 % of the total costs). One further positive element worth highlighting is that existing structures and processes (example: disbursement via the DACF administrator) were used during the implementation phase and that there are plans in place to transfer them over to the DACF in the medium term. A critical stance is taken of the fact that the latter is not reflected in the impact matrix. During the evaluation period, this led to the DDF's transfer into national systems being neglected during the implementation period due to a change in staff. Furthermore, the decision to forego an implementation consultant and the use of national structures, processes and formats also resulted in the incorporation of system-inherent weaknesses (primarily monitoring, reporting by the MMDAs to the MLGRD, unclear responsibilities between officials at different levels), which impacted the evaluation of the use of funds for individual items.

Since there were gaps in the reports on the use of funds at MMDA level, production efficiency ("value for money") for the individual measures is difficult to quantify clearly. For example, the MMDAs report very little information regarding the individual measures (exact use of funds, project cycle, etc.) to the MLGRD, which meant that this information was not available for the evaluation either. However, the large number of financed and completed projects and the insights gained during the on-site visits indicate that cost efficiency was satisfactory. In the projects visited, the costs per unit appeared to be standard for the market. The interviewees from various institutions confirmed this impression.

Due to the shortcomings in the monitoring and reporting process, as coordinated by the DDF secretary's office, insight into the use of funds from the promotional component is limited and there are very few opportunities for control or direct sanctions. The executing agency responsible for implementation and municipal personnel development (Local Government Service – LGS) was overwhelmed with the running of training measures due to a lack of institutional and personnel capacities. Based on the interviews and conversations with MMDA employees, the production efficiency of training measures was generally rated as low.

From a development policy perspective, the project achieved a number of results. The introduction of a reliable transfer mechanism that is accepted and valued by all those involved resulted in the completion of a number of relevant investments in the districts. In the period between 2009 and 2013, a total of EUR 177 million was transferred to the MMDAs as discretionary investment funds. A total of 3,537 municipal infrastructure projects were financed in a number of sectors: education (42 %), health (12 %), water (16 %) and economic development, governance, transport and energy. Furthermore, training measures to expand capacity at both the central institutions and the local assemblies contributed to the improvement of local governance. A decision was made to forego an implementation consultant. In view of the results achieved through the use of funds, the allocation efficiency is rated as high.

In summary, there is still potential for improvement with regard to the efficient use of funds (monitoring, implementation of promotional measures, on-time disbursement). Nevertheless, a good cost-benefit ratio is assumed.

**Efficiency rating: 2**

## Impact

The impact-level goal used as a basis for the EPE was to contribute to the promotion of good governance within the local assemblies and to improve living standards. The achievement of the objective can be summarised as follows:

| Indicator | Status PA, target PA | Ex post evaluation |
|---|---|---|
| (1) The proportion of MMDAs who meet the FOAT indicator for poverty- and development-oriented basic services rises significantly in the period under review. | Status PA: 67 %<br>Target value PA: ≥ 80 % | However, the indicator has not been checked in this form since 2016. Instead, a combination of several indicators is used, which are summarised in the area of "Implementation of social inclusion policies and the performance of services". In 2016, 2017 and 2018, these indicators were met by the majority of MMDAs (96.3 %, 97.2 % and 98 %). |
| (2) The proportion of the local population who rate the quality of local basic services in the area of education as satisfactory or good has increased significantly. | Status PA: 50.9 %[2]<br>Target value PA: ≥ 75 % | The project was able to achieve positive results in the area of education. In total, roughly 1,480 projects were financed in the area of education (42 % of all projects), most of which were school buildings. During the project visits, 9 schools were visited, all of which were in use and all of which delivered services rated as satisfactory by local users. However, the level of satisfaction differed between urban and rural MMDAs. The average across the projects visited was 59 % (urban: 75 %, rural: 48 %). |
| (3) The proportion of the local population who rate the quality of local basic services in the area of healthcare as satisfactory or good has increased significantly. | Status PA: 60.1%<br>Target value PA: ≥ 75% | According to the World Bank's Citizen Perception Survey, the population's satisfaction with public healthcare services deteriorated between 2013 and 2017*. However, the project visits and interviews with service users indicate that the supply of healthcare services under the DDF is successful. In particular, the health centres in rural areas are regarded as being much improved. However, the level of satisfaction differed between urban and rural MMDAs. The average across the projects visited was 59% (urban: 75%, rural: 45%). |
| (4) The local population's satisfaction with the transparency of local governance and their participation opportunities has risen. | No base data available | According to Afrobarometer, satisfaction with the MMDAs' work has fallen: in 2005, 54 % of respondents were satisfied to very satisfied with the work of their MMDA. In 2019, this figure was just 41.5 %. However, satisfaction with participation opportunities has risen. While in 2012 just 19 % of respondents replied that their local councils "always" or "often" listened to the concerns of the normal population, this had risen to 30 % by 2019. |

* While this may only apply to urban local councils, it does still indicate that satisfaction might not have risen across the board at least.

The project contributed to improving the MMDAs' local governance by means of both the investment and promotional components. In an external review performed on behalf of the Swiss Secretary of State for the Economy in 2015, the majority (71 %) of citizens interviewed stated that they had noticed a clear im-

[2] African Peer Review Mechanism.

provement to their MMDA's performance between 2011 and 2015. Nevertheless, the interviews conducted with administrative staff as part of the EPE also revealed that, in some cases, there is a lack of understanding why compliance with certain regulations is required and what the long-term goals of this approach are. As a result of this, the steering impact in some key quality-related areas (such as gender and the environment) was limited by the indicators.

The project visits also showed that by providing local infrastructure, the programmes contributed directly to improving the performance of basic services (examples: healthcare, schools) and supported the development of economic activity (example: markets). This is particularly true for rural areas, where DDF funds play a hugely important role[3] for the MMDAs because the initial circumstances were far worse there than in urban areas, and still are in some cases. The improvements in the field of healthcare are particularly worth highlighting and can be attributed to improved access to basic medical care. The Ghanaian healthcare system is based on a basic healthcare model using a network of health centres at the lowest level, which are then linked to outpatient departments and hospitals. Up until now (2021), around 329 Community-based Health Planning and Services (CHPS) facilities have been built using DDF funds and have therefore contributed to these improvements.

In terms of participation opportunities and the transparency of local governance, the project had less of an impact. The exclusive financing of projects from local development plans was designed to contribute to this. Since the law requires needs analyses and consultations to be performed when these plans are being drawn up, this theoretically ensures that the population's priorities play a significant role in the selection of projects. However, the project visits revealed that this participative process is not applied in all districts and that the final decision as to which projects are ultimately promoted is not transparent for the population.

By empowering the MMDAs to provide basic social services, the DDF influenced a core aspect of good governance. Overall, the two phases of the programme therefore unlocked a good developmental impact.

**Impact rating: 2**

### Sustainability

The DDF's institutional sustainability is rated as high. Integrating the DDF into the DACF enabled a performance-based mechanism to be sustainably integrated into the national transfer system for MMDAs. Furthermore, the goal of continuing the DDF beyond the end of donor financing has already been explicitly formulated in the national plan for decentralisation (2015–2019). This improves the prospects for financial sustainability, which currently is not ensured as only two donors now pay into the basket. For many MMDAs (primarily rural MMDAs), an end to the financing would mean a drastic reduction in their funds and as a result, less investment in basic social services for their communities. The fact that KfW and its partner are considering disbursing additional funds (example: climate financing) via the DDF to the MMDAs is therefore regarded as positive for the future in this context. Continuing the financing via the DDF can further improve the MMDAs' performance capacity and mean the standards achieved under the project can continue to be maintained. By empowering the authorities responsible for decentralisation and the Ghanaian court of auditors, the fundamental prerequisites in the sector have also been improved over the long term.

The measures visited during the evaluation – some of which had been completed 10 years before – were all still in use bar one, and 85 % were in an acceptable to good condition. However, the sustainability of the individual measures is at risk in many cases. At municipal level, there is a lack of both maintenance concepts and funds for maintenance because many MMDAs (primarily rural ones and ones that have recently been created) have difficulties generating their own income. The measures visited, however, still manage to maintain functionality, even though it can be assumed that their durability could be improved through regular maintenance as opposed to the spot repairs that currently take place. In this respect, a positive view is taken of the fact that there is definitely potential to collect taxes and fees and that the

[3] Various formulations revealed how much these MMDAs rely on DDF funds. Several respondents used the term "lifeline", without which the MMDAs would not be able to invest in much-needed social infrastructure. A Ghanaian expert for decentralisation policy even referred to the DDF as the most effective DC programme on the whole when it comes to impact on the target group.

MMDAs are now receiving more TC support with this. Due to the shortcomings relating to participation mentioned in the previous section, Ghana Audit Service (GAS) states that some projects were financed that do not correspond to the population’s needs. This has a negative impact on the local authorities' responsibility and, as a result, on sustainability aspects. The previously mentioned problems relating to the monitoring and supervision of building measures are also major challenges to the projects’ sustainability as they have a negative impact on the quality of the infrastructure at the time of the handover.

In conclusion, the maintenance of the projects’ functionality and the high level of usage given the somewhat obstructive underlying conditions (poor financial situation of the MMDAs, lack of concepts for maintenance) are to be regarded as positive. Sustainability is therefore rated as good overall.

**Sustainability rating: 2**

## Notes on the methods used to evaluate project success (project rating)

Projects (and programmes) are evaluated on a six-point scale, the criteria being **relevance, effectiveness, efficiency** and **overarching developmental impact**. The ratings are also used to arrive at a **final assessment** of a project's overall developmental efficacy. The scale is as follows:

| | |
|---|---|
| **Level 1** | Very good result that clearly exceeds expectations |
| **Level 2** | Good result, fully in line with expectations and without any significant shortcomings |
| **Level 3** | Satisfactory result – project falls short of expectations but the positive results dominate |
| **Level 4** | Unsatisfactory result – significantly below expectations, with negative results dominating despite discernible positive results |
| **Level 5** | Clearly inadequate result – despite some positive partial results, the negative results clearly dominate |
| **Level 6** | The project has no impact or the situation has actually deteriorated |

Rating levels 1-3 denote a positive assessment or successful project while rating levels 4-6 denote a negative assessment.

**Sustainability is evaluated according to the following four-point scale:**

Sustainability level 1 (very good sustainability): The developmental efficacy of the project (positive to date) is very likely to continue undiminished or even increase.

Sustainability level 2 (good sustainability): The developmental efficacy of the project (positive to date) is very likely to decline only minimally but remain positive overall. (This is what can normally be expected).

Sustainability level 3 (satisfactory sustainability): The developmental efficacy of the project (positive to date) is very likely to decline significantly but remain positive overall. This rating is also assigned if the sustainability of a project is considered inadequate up to the time of the ex post evaluation but is very likely to evolve positively so that the project will ultimately achieve positive developmental efficacy.

Sustainability level 4 (inadequate sustainability): The developmental efficacy of the project is inadequate up to the time of the ex post evaluation and is very unlikely to improve. This rating is also assigned if the sustainability that has been positively evaluated to date is very likely to deteriorate severely and no longer meet the level 3 criteria.

The **overall rating** on the six-point scale is compiled from a weighting of all five individual criteria as appropriate to the project in question. Rating levels 1-3 of the overall rating denote a "successful" project while rating levels 4-6 denote an "unsuccessful" project. It should be noted that a project can generally be considered developmentally "successful" only if the achievement of the project objective ("effectiveness"), the impact on the overall objective ("overarching developmental impact") and the sustainability are rated at least "satisfactory" (level 3).