

Evaluation Summary

District development facility (DDF)

Country: **Ghana**

Sector: **Urban development and management**

Evaluators: **MDF training and consultancy BV (Netherlands)**

Date of the evaluation: **September 2015**

Key data on AFD's support

Projet numbers: CGH 1088

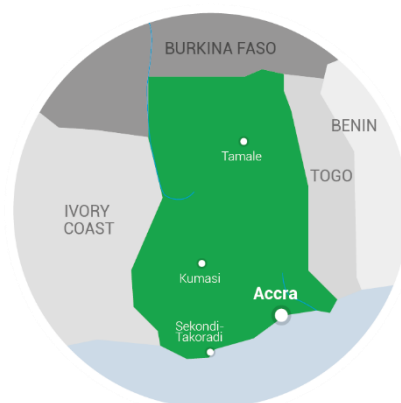
Amount: €15 million sovereign loan

Disbursement rate: 100%

Signature of financing agreement: December 2009

Completion date: December 2012

Total duration: 3 years



Context

Metropolitan, municipal and district assemblies (MMDA) access to funds for **implementation of local socioeconomic development projects** is limited.

In 2008, the Government of Ghana (GoG) and the governments of Germany, France, Canada and Denmark joined hands to establish the District development facility (DDF).

Actors and operating method

The ministry of local Government and rural development (MLGRD) is **responsible for DDF**.

The minister is chairing the **steering committee** and it has created in-house a **special Secretariat for management and coordination of DDF** (DDFS).

Objectives

To ensure **efficient provision of basic community infrastructures and services** through judicious use of resources.

Expected outcomes

- Mobilization of **additional financial resources** for MMDAs
- Provision of **incentives for performance** in complying with GoG legal and regulatory frameworks
- Establishment of a link between **performance assessments and capacity building** support.

Performance assessment

Relevance

The DDF project is relevant for MMDAs because it provides one of the few reliable sources of decentralized funding for socioeconomic development projects. This is particularly the case in smaller, rural and new districts.

At the GoG level, DDF's relevance is in **changing mindsets towards performance and results-based management in local governance**.

Effectiveness

DDF has been effective in channeling resources to MMDAs (although delays are increasing). In the period reviewed, MMDAs have identified and implemented **3 537 socioeconomic development projects**.

The performance based Functional organizational assessment tool (FOAT) mechanism has been **useful to strengthen capacities** of MMDAs. **Upward reporting on DDF expenditures** (aligned with the GoG system) is not systematic and not of sufficient quality to provide insight on progress and performance of DDF at decentralized level. This is also partially due to the characteristics of GoG reporting systems.

Efficiency

In the framework of this evaluation, it is difficult to fully assess efficiency of DDF due to **insufficient central monitoring information** on projects funded and to **insufficient time** to access and analyze project specific information at district level.

Another critical factor is that increasing transfer delays from DDF to MMDAs have negatively influenced efficiency and generated frustration and decrease of trust between MMDAs. On the other hand, based on the available overall financial information on DDF income and transfers, the management and administration costs of DDFS have been low, indicating that the DDF has been efficient in channeling decentralized funding to the MMDA-level. At this level, **MMDAs have been overall efficient** in managing their DDF projects.

Impact

Impact of DDF is high: concrete and direct effects of projects on beneficiaries and users are visible. MMDAs have **rapidly increasing capacities in managing and administering DDF resources**. At national level, a change of mindset of the MLGRD and related institutions towards results-and performance-based management in governance projects is the main impact.

Sustainability

DDF Sustainability is not yet sufficiently secured. At the national level, the transfers of the GoG to DDF take too long to enable timely transfers of DDF funds to MMDAs. **Trust of MMDAs in DDF is declining and this threatens its continuity**. Sustainability of a significant number of DDF projects on the ground after the moment of delivery is not yet sufficiently ensured. At the central level, MLGRD has prepared a concept note on sustainability after 2018, illustrating a longer-term vision on continuation of DDF and other Performance based grant systems (PBGs).

Added value of AFD's contribution

- DP's coordinate around basket-funding and align with existing GoG institutions and mechanisms in decentralization and local governance, resulting in **non-duplication of efforts**,
- Inputs of DPs to develop DDF as a performance-based mechanism have triggered a change of mindset at GoG level,
- DP contributions have enabled a significant stream of decentralized funds to MMDAs, particularly for rural and new districts in realizing their priority socioeconomic development projects,
- DP support to DDF has influenced other DPs (particularly the World bank and the European union) to engage more strongly in support to decentralization and local governance.

Conclusions and lessons learnt

Since its inception in 2008, DDF has been **widely embraced and supported by all stakeholders** involved in this facility.

Beneficiaries at the district level confirm that DDF is one of the few funding streams that has reached out to local socioeconomic development initiatives in all regions and all 216 districts in Ghana. There is a growing concern among stakeholders about the **increased delays between subsequent FOAT rounds and actual release of funds to the MMDAs**, causing DDF to gradually lose one of its important comparative advantages compared to the District assemblies common fund (DACF).

MLGRD and DPs should continue their dialogue on how to ensure DDF sustainability.

At national level, stakeholders should:

- address the **lack of timely GoG disbursements** to DDF to maintain its relevance for local socioeconomic development,
- continue to **invest in capacity development** and identify new issues and methods to improve MMDA performance.

At MMDA level:

- More attention should be given to **project identification and launch** to improve relevance and sustainability of DDF projects,
- **Improved reporting on DDF and monitoring** of progress and outcomes are urgently needed.