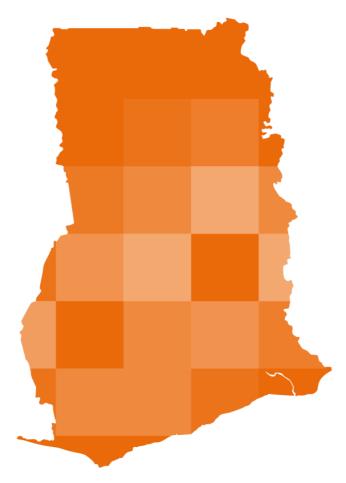
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Towards Democratic Ownership in Ghana:

Strong Progress in Civil Society Engagement

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This Policy brief is part of a set of policy briefs on Democratic Ownership prepared by Alliance2015 towards the High Level Forum in Busan in 2011. The policy briefs analyse progress towards democratic ownership, particularly civil society space and participation in policy and aid dialogues in Ghana, Tanzania, Mozambique, Cambodia and Nicaragua. This brief has been prepared in partnership between Ghana Aid Effectiveness Forum and Alliance2015.

















1. Introduction

In recent years, Ghana has made important strides towards greater democratic ownership. An important milestone in this regard was the 3rd High Level Meeting on Aid Effectiveness, held in Accra in 2008. This event helped set in motion a number of processes which have contributed to strengthening ownership of development aid within a democratic context. This country brief explores progress in the following areas: building an enabling environment for civil society; ownership, accountability and participation of social actors in aid management and decision-making; transparency in aid and financial management; and conditionality linked to aid disbursements. The brief concludes by summarising the main lessons learned in Ghana in recent years and suggests a number of recommendations which will help lay the foundations for further progress in the near future.

2. An enabling environment for civil society

Since the adoption of multi-party democracy in 1992, Ghana's thriving democracy, good governance practice and vibrant media have created an enabling environment for civil society. Civil society activities have expanded from purely service delivery initiatives to active public policy advocacy work as a result of global initiatives such as the Poverty Reduction Strategy Papers, the Millennium Development Goals and the Accra Agenda for Action (AAA) which have encouraged and defined the interface between government, donors and civil society organisations (CSOs). For example, the recognition and space provided by the AAA has given CSOs a renewed impetus and legitimacy as key development actors. CSOs' input in development processes is increasingly valued by donors and government. This is visible, for instance, in the general consultations on national policies and CSO participation in key national policy dialogue meetings and consultations (see next section for further details). Despite these advances, the participation of CSOs in different spaces involving the government and donors has yet to be regulated in order to become a formal process.

Funding has remained a key challenge to effective civil society work, particularly because of heavy donor dependence. In recent times, donors are increasingly pooling their support packages together in the form of basket funding arrangements for civil society; these include the Business Sector Advocacy Challenge (BUSAC), the Ghana Research and Advocacy Programme (G-RAP) and now the Strengthening Transparency, Accountability and Responsiveness in Ghana (STAR-Ghana). STAR-Ghana is expected to become a major aid delivery mechanism for CSOs and Parliament in the fields of governance of public goods and service delivery.

Government's funding for CSOs is not enough to maintain the level of participation without donor contributions. National support for CSOs is limited to organisations implementing specific service delivery activities, especially in the health, water and sanitation sectors. More general funding for a broader range of activities and CSOs –including advocacy- is needed. This has become a pressing issue due to the discovery of oil and the qualification of Ghana as a middle-income country, which may lead to a shortfall in donor funding. The government

PAGE 2 · Towards Democratic Ownership in Ghana: Strong Progress in Civil Society















should consider funding civil society organizations through an independent mechanism free from political influence and control. CSOs believe that, as a first step, the government should support STAR-Ghana with at least 1% of General Budget Support received from donors.

The thriving democracy and range of media have contributed to enhancing dialogue at national level. Civil society organisations are free to publish their research reports, share their grassroots-based evidence, comment or criticise government policy and interventions without fear of being victimised. In general, the plural media and public opinion require CSOs to exhibit a very high sense of credibility, honesty and non-partisanship. This is vital in increasing the acceptance of civil society inputs.

3. Ownership, accountability and participation

Ghanaian civil society played a significant role in influencing the outcomes of the third High Level Forum on Aid Effectiveness (HLF 3). This was possible mainly through the organisation of the parallel conference, coordinated by the International Steering Group and hosted by the Ghana Civil Society Aid Effectiveness Forum (GAEF). The conference took place between August 31st and September 1st 2008 and drew more than 800 participants from 88 countries. The event allowed Ghanaian CSOs to make recommendations to increase aid effectiveness. Additionally, GAEF successfully supported the participation of 80 delegates in HLF 3 to present civil society concerns, perspectives and recommendations for making aid more effective. The process contributed to the recognition of CSOs as development actors in their own right.

The Ghana Civil Society Aid Effectiveness Forum has built on that success by increasingly occupying policy spaces for engagement within the country. Even though civil society participation in dialogue at national level has improved tremendously, there are still weaknesses in the current engagement process due to insufficient capacity, coordination, information and strategy. One of the major setbacks to civil society participation in national level dialogue has been the fragmented nature of CSOs and the uncoordinated approach to engaging with state actors and donors; hence the need for a more structured, transparent framework for engagement.¹

In 2009, GAEF re-organised its structure and broadened its focus from aid effectiveness to development effectiveness. This was to ensure that GAEF focused on the bigger development picture and engaged in aid processes in a more continuous and systematic way. GAEF facilitated a number of meetings that led to the development of a platform model which harnessed existing civil society advocacy networks, initiatives and resources, thereby defining a channel of communication and interaction among civil society, government and donors. Through the platform model, several networks were identified to lead work in thematic issues on behalf of civil society. Currently, there are fourteen platforms organized around issues such as poverty reduction, agriculture, gender, water and sanitation, monitoring and

PAGE 3 · Towards Democratic Ownership in Ghana: Strong Progress in Civil Society















¹ Ghana Aid Effectiveness Forum 2009, Opportunity for civil society engagement with Aid Effectiveness in Ghana

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evaluation, environment, health, MDGs, local governance, CSOs' accountability, local production and labour, education, oil and gas and the right to information. The platforms represent civil society at national, sector and local levels and the secretariat provides coordination at national and regional levels. The platform model draws on the expertise, capacities, legitimacy, visibility and presence of CSOs across the country for a coordinated and concerted civil society engagement. It is worth noting that the aid effectiveness agenda has made a significant contribution to the work of civil society in Ghana by opening up dialogue spaces and providing the much needed recognition and legitimacy for engaging with government and donors

The space for civil society participation in high level national policy-making processes has increased. Government and donors now send hard copy invitation letters, emails and sometimes even make follow-up phone calls for civil society to attend meetings. In addition, the time that elapses between the invitations and the meetings has increased considerably, allowing CSOs to be more effective. On some occasions, participation extends beyond national processes. In July 2010, the Ministry of Finance and Economic Planning extended GAEF an invitation to participate in the First Regional Workshop on Country Led Division of Labour Workshop for Anglophone Africa in Uganda. Ghana and Rwanda were the only countries that invited society representatives to the meeting.²

Donors have been very supportive of civil society engagements in development processes. In addition to inviting CSOs to participate in several structures, they have also pushed for active civil society representation in the sector working groups and have increased the information made available to these organisations. For instance, the Swiss Embassy -under the auspices of the Multi-Donor Budget Support (MDBS) communication group- organised an information sharing session for civil society ahead of the 2010 MDBS Annual review where the agenda,³ core issues and papers were shared so that civil society could prepare its participation properly. CIDA, as the Governance Group co-chair, also convened a number of meetings between the Ministry of Finance, donors, and civil society on how to effectively coordinate civil society participation in sector working group meetings and national level development discourse.

The opening up of spaces for CSO participation, together with the strengthening of existing organisations, has helped boost civil society participation. CSOs now take part as key development actors in the MDBS' monthly sector working group meetings, where they review the same documents and contribute to the discussions just like government and donor representatives. Civil society has participated actively through GAEF in the consultation and/or review of the Ghana Joint Assistance Strategy (J-GAS), the Ghana aid policy, the Performance Assessment Framework, the medium term national development plan, the oil exploration and revenue management bills debates, etc.

PAGE 4 · Towards Democratic Ownership in Ghana: Strong Progress in Civil Society















 $^{^2}$ OECD (2010) Country-Led Division of Labour Progress and Challenges on the Road to HLF 4. Available at: http://www.oecd.org/dataoecd/32/38/46833908.pdf

³ Multi-Donor Budget Support (MDBS) in Ghana. Background Information. Available at: www.mofep.gov.gh/documents/Background_Documents.doc

Local authorities' participation in aid and development policy is through a bottom-up approach to policy making. In the development of the medium term national development framework, for example, local authorities submit plans to the National Development Planning Commission based on guidelines set by this entity. Despite the bottom-up approach, most high level dialogue takes place at national level, which means that there is limited participation of local authorities in aid and development policies.

Parliament contributes to national aid and development policy through parliamentary committees and discussion on the parliament floor. However, there is a need to increase participation and make it more meaningful through timely information flows and involvement of civil society at each process stage. To enhance parliamentary oversight responsibilities in aid delivery and management, the governance sector working group has facilitated the setting-up of a Parliamentary Platform to serve as an avenue for dialogue and information flow between government, donors and parliament.

The current state of affairs in Ghana is the result of an increased level of commitment from government, donors and civil society to work together as key development actors. However, it is important to emphasise the need to institutionalize and formalise the existing tripartite relationship between government, donors and civil society in aid and development policy dialogue.

Civil society should continue to speak with one voice and increase its level of coordination and organization in participation of national level discourse. Additionally, government and donors should continue to work together with CSOs by widening the policy spaces for engagement. To enable further progress it is important to strengthen CSO own governance and accountability mechanisms in order to increase its level of credibility and legitimacy. Additionally, the capacity of civil society (financial, information, technical and high level policy advocacy) should be reinforced in order to enhance CSOs' participation in national policymaking. CSOs' capacity building should be recognized within a national capacity building framework based on the needs of civil society.

The Donors' Performance Assessment Framework (PAF) is a positive development as it will help increase mutual accountability by improving aid and development effectiveness, notably by stimulating an open dialogue on donor performance in Ghana. It is also a vehicle to ignite and intensify discussions between donors' country offices and headquarters on internal constraints influencing aid effectiveness in Ghana. Finally, there is the need for donors to support implementation of the PAF by showing strong commitment towards meeting the targets. Through this framework, government should be able to hold donors to account; as this will engender mutual accountability. We recommended that the PAF include clear enforcement guidelines and possible sanctions for non performing donors.

PAGE 5 · Towards Democratic Ownership in Ghana: Strong Progress in Civil Society















⁴ Gerster, E. (2010) Developing a Performance Assessment Framework of Donors in Ghana. Introductory Paper 15.01.2010

4. Transparency in aid disbursement and financial management

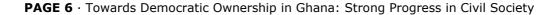
Information on aid disbursement is not fully available to parliament or civil society as a result of the fragmented and uncoordinated nature of aid sourcing, delivery, management and spending. Even the Ministry of Finance does not have the full picture of aid at any given time because of the different methods of aid delivery. In addition, there are no laws or specific guidelines governing the contracting of grants. As a result, full disclosure from contracting bodies cannot be enforced and many grants are not reflected in the government's accounts. Moreover, the government is not able to obtain a complete picture of external assistance to Ghana as some donors are unwilling or unable to meet the Government's requests for information. This situation makes it very difficult to track the utilization of aid resources.

Even though there has been improvement in aid coordination and dialogue on the part of government and donors, aid is still far from aligned to national development priorities. This is as a result of off-plan and off-budget expenditures, weak sector strategies and weak planning. There has been improvement in the use of country systems, especially in the area of statistics, auditing, aligning to national development agenda, monitoring and evaluation. Some examples include reliance of statistics from the Statistical Service and Annual Progress Reports from the National Development Planning Commission. However, there still remains the subject of donors' lack of confidence and low usage of public financial management and procurement systems. This situation is common in the health and water and sanitation sectors. A typical problem linked to the failure of donors to use national procurement systems is the establishment of parallel structures by donors (i.e. project implementation units) and the low level of progress towards mainstreaming these structures into national systems. Despite the problems, it is important to state that it is through the effective usage of country systems that their inherent weaknesses can be identified and improved.

Transaction costs continue to remain a challenge due to the fragmentation in sourcing and managing aid. For example, it is estimated that over 60% of the total aid envelope is delivered outside the multi-donor budget support. In addition, donors continue to place significant demands on government in terms of time, reporting needs, number and coordination of missions and meetings and lack of delegation of authority to local offices by donor agencies.⁷ This is largely due to poor harmonisation of donor interventions and duplication of coordination structures. This increases the cost of managing aid and decreases its value for money.

Ghana increased its performance in the Open Budget Index measure of transparency and accountability from 49 out of 100 point scale in 2008 to 54 in 2010.8 The report, however, highlighted weaknesses such as insufficient parliamentary oversight due to lack of time for scrutinizing and discussing the budget proposal before passing it. In addition, there is a need

International Budget Partnership Open Budget Index 2010 Available at: www.internationalbudget.org/files/OBI2010-Ghana.pdf

















⁵ Ghana Aid Policy and Strategy, 2011-2015. Available at:

⁶ Ibid

⁷ See endote 5

to strengthen civil society capacity to engage in discussions on the public financial management systems, especially the budget. To this end, the GAEF is embarking on a budget advocacy initiative with all its platforms for increased budget transparency and reform. This is aimed at improving the budget process by addressing the low level of transparency and openness, weak budget discipline, large expenditure arrears problems and limited parliamentary oversight.

5. Conditionality

Conditionality is still a problem in Ghana, though some improvements have been recorded compared to previous years; notably the subtle influence of donors in the setting of targets and triggers. According to the Ghana Aid Policy, donors' continual use of policy and process conditionalities has undermined the delivery of aid in considerable ways, especially when conditionality is subjected to donor interpretation. A study on conditionality of the World Bank crisis-lending to Ghana by Nora Honkaniemi released in July 2010 shows that the Bank continues to influence Ghana's economic policies through conditions imposed on loan agreements and technical assistance programmes. According to this study, the number of conditions attached to loans has dropped from over 40 conditions per loan in the 1990s to an average of 15 per loan in 2009. However, the report indicates that a number of conditions are not clearly stated in the loan agreement, but referenced in other side documents like the Letter of Development Policy. This does not comply with responsible lending and financial practices such as those detailed in Eurodad's Charter.

6. Conclusions and recommendations

This brief shows that significant progress towards democratic ownership has been made in Ghana in recent years. Important initiatives have been set in motion and many spaces have been opened where democratic processes can take place. Despite all progress, large obstacles, such as CSOs' capacity and aid transparency, make a strong case for further improvements.

The initiatives and processes discussed in previous lines allow us to learn a number of valuable lessons, which can contribute to the public understanding of why progress has been made, as well as the challenges ahead:

- Progress in Ghana has been the result of an increased level of commitment from all development actors to work together in line with the principles put forward in the Paris Declaration and Accra Agenda for Action.
- The opening of spaces for CSOs' participation together with donors' support to CSOs has enabled Ghanaian CSOs to effectively engage in development processes.

PAGE 7 · Towards Democratic Ownership in Ghana: Strong Progress in Civil Society















⁹ Eurodad (2010) Conditionality in World Bank crisis-lending to Ghana. Brussels, Eurodad

- It is important to strengthen CSOs' governance and accountability mechanisms in order to increase their level of credibility and legitimacy.
- Independent and plural media as well as CSOs' neutrality have helped reinforce the role of CSOs as independent development actors.

All development actors – including donors, the national government, Ghanaian CSOs and the parliament – have an important role to play in consolidating progress and creating the right conditions for future progress. The following recommendations are addressed to them:

Government

- Government should formalise and strengthen aid and development policy dialogue between government, donors and civil society in order to make it more meaningful.
- Government should strengthen the active participation and leadership of government representatives, namely Chief Directors as Co-chairs in sector working group meetings so as ensure continuity in policy and practice.
- Government should increase the participation of local authorities in national policymaking to ensure that all stakeholders are represented and increase the impact of national policies.

Donors

- Donors should increase their level of commitment and practice with regards to the division of labour arrangement.
- Donors should reinforce their use of country systems by strengthening government's capacity and promoting the transfer of skills. This will reduce the work load on government officials, decrease the number of Project Implementation Units and eventually increase aid's value for money.
- Donors should increase aid transparency and provide consistent and timely information to the government in order to increase predictability and improve national planning. Government and donors should strengthen the parliament's budget oversight role to ensure a truly democratic ownership of aid management and spending.

Civil society organisations and parliament

Civil society organisations and parliament should continue working, with the support of
donors and government, to increase its capacity in order to enhance the quality of its
participation in development processes. CSOs also have the responsibility to improve
coordination in order to increase their impact at national level.

PAGE 8 · Towards Democratic Ownership in Ghana: Strong Progress in Civil Society













