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towards the eradication of poverty

The Paris Declaration and Aid Effectiveness

Effect of Implementation on Civil Society Funding and Policy Space in Ghana

An Alliance2015 report

Emmanuel Akwetey, IDEG

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About this report and the research project

This report is part of a research project carried out by the Alliance2015 on the Aid Effectiveness and the Paris Declaration and the implementation in the education and governance sectors in case countries with a focus on effects for funding and policy spaces for Civil Society. The full study consists of the following reports:

A2015 Mozambique country study: Methven, Sara (INTRAC) (March 2008): The Impact of The Paris Declaration on Civil Society in Mozambique. *An Alliance2015 report*

A2015 Ghana country study: Addae-Boahene, Akwasi (November 2007) Ghana: Aid Effectiveness and the Education Sector: Implications for Civil Society. *An Alliance2015 report*.

A2015 Ghana country study: Akwetey, Emmanuel (IDEG)(December 2007): The Paris Declaration and Aid Effectiveness: Effect of Implementation on Civil Society Funding and Policy Space in Ghana. *An alliance2015 report*.

A2015 Nicaragua country study: Mauricio Gomez Lacayo and Carlos Alberto Benavente Gomez (INGES) (November 2007): Aid Effectiveness and the Paris Declaration: Impact on the Financing and participation of Civil Society Organisations in Nicaragua in the Education and Governance Sectors. *An Alliance2015 Report*.

A2015 Bolivia country study: Gomez, Javier (CEDLA) (January 2008 DRAFT): Situation of the Alignment and Ownership Process in Bolivia. *An Alliance2015 report*.

A2015 Synthesis report: Wright, Katie (INTRAC) (April 2008): Fostering Democratic Ownership – Towards Greater Impact on Poverty. *An Alliance2015 report*.

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LIST OF ACRONYMS

ADMU	Aid and Debt Management Unit
AGs	Attorney General's
APRs	Annual Progress Reports
CDD	Centre for Democratic Development
CDF	Comprehensive Development Framework
CG	Consultative Group
CS	Civil Society
CSOs	Civil Society Organisations
DAC	Development Assistance Committee
DDF	District Development Fund
DPs	Development Partners
ESP	Education Strategic Plan
ETCs	Entity Tender Committees
G-JAS	Ghana Joint Assistance Strategy
GPRS I	Ghana Poverty Reduction Strategy
GPRS II	Growth & Poverty Reduction Strategy
G-RAP	Ghana Research and Advocacy Programme
GPF	Growth and Poverty Forum
GOG	Government of Ghana
IDEG	Institute for Democratic Governance
IFIs	International Finance Institutions
LG	Local Government
LOGNet	Local Government Network for Civil Society
MDAs	Ministries, Departments and Agencies
MDBS	Multi-Donor Budget Support
MDGs	Millennium Development Goals
M&E	Monitoring and Evaluation
MLGRD&E	Ministry of Local Government, Rural Devt. & Env.
MMDAs	Metropolitan, Municipal & District Assemblies
MoFEP	Ministry of Finance and Economic Planning
MoU	Memorandum of Understanding
NDPC	National Development Planning Commission
ODI	Overseas Development Institute
PAC	Public Accounts Committee
PAF	Performance Assessment Framework
PD	Paris Declaration
PFM	Public Finance Management
PRSPs	Poverty Reduction Strategy Papers
PSIA	Poverty and Social Impact Assessment
RAOs	Research and Advocacy Organisations
TAF	Technical Assessment Framework

1. THE STUDY: BACKGROUND AND OBJECTIVES

Box I: The Five Principles Under the Paris Declaration:

OWNERSHIP: Developing countries will exercise effective leadership over their development policies and strategies, and will coordinate development actions;

ALIGNMENT: Donor countries will base their overall support on recipient countries' national development strategies, institutions and procedures;

HARMONISATION: Donor countries will work so that their actions are more harmonised, transparent and collectively effective;

MANAGING FOR RESULTS: All countries will manage resources and improve decision-making for results; and

MUTUAL ACCOUNTABILITY: Donor and developing countries pledge that they will be mutually accountable for development results.

The PD specifies indicators, timetables and targets for actions by donors and partner governments and has an evolving agenda for implementation and monitoring of progress up to 2010. This includes a third high level forum to take place in Ghana in September 2008.

In March 2005 a high level meeting was held in Paris to establish the foundation of a new order in international development cooperation that would replace the old fragmented order. The old order in which multiple donors (both bilateral and multilateral) operated a competing regime of directives, conditionalities, priorities, and reporting requirements had proved too complex to manage and ineffective in its impact. The new paradigm sought to simplify and adopt standard operating procedures and to scale-up development cooperation through partnership based on:

- Ownership
- Alignment
- Harmonisation
- Managing for results
- Mutual accountability

Two years into the implementation of the Paris Declaration (PD) in the five areas of partnership, the major stakeholders' attention has shifted onto the outputs and outcomes so far. Many Development Partners (DPs) and aid recipient governments are monitoring and reviewing the implementation of the Paris Declaration and its outputs and impacts so far. The reviews are being done in preparation towards the next High-Level Meeting in September 2008 in Accra.

For CSOs, especially those present at the meeting in Paris, the forthcoming high-level in Accra presents an important platform on

which to engage aid recipient governments and donors on the evolution of the new order of development cooperation associated with the Paris Declaration. Already in Paris in 2005, Civil Society Organisations (CSOs) were concerned that the new order of development cooperation, if not monitored and engaged could turn out to be exclusionary rather than inclusionary of civil society and other non-state actors. Therefore, to ensure that the aid effectiveness agenda addresses not just the concerns of donors and partner

government but also those of other stakeholders in the development process,¹ international civil society and other advocacy networks have proactively promoted outreach and awareness among their membership.

However, the extent to which the activities of the international networks are impacting local CSOs within specific national contexts and mobilizing them to engage in the implementation of the “Aid Effectiveness” agenda is unclear. So, with the aim of ascertaining the scope of civil society engagement at the national, sector and local levels and understanding how the implementation of the Paris Declaration is affecting funding and the inclusion of civil society in policy dialogue on development cooperation in the South, IBIS,² a Danish international NGO operating in Ghana, commissioned a case study on Ghana.

The study reviews the implementation of the “aid effectiveness agenda” in Ghana with emphasis on the changes in the funding modalities; experiences of CSOs participation in sector policy dialogues; changes in the role, ownership and influence of CSOs in the development processes; as well as the roles of government, donors, and parliament in the design of national and sector policies and strategies, with particular focus on the Education and the Local Government (LG) sectors.³

The specific objectives of the study are to:

- Analyse the implementation of the Paris Declaration and the Aid Effectiveness agenda in Ghana, focusing specifically on the education and governance sectors and how funding modalities for government and CSOs, and policy negotiations and decisions are changing;
- Generate information that would enable CSOs and their networks as well as IBIS thematic programmes in the two sectors in the case countries to better understand and engage the policy processes in the two sectors and navigate successfully in future fundraising; and
- Make informed interventions in the international and Danish debate on the Paris Declaration and the Aid Effectiveness agenda, regarding CSOs and their changing roles in relation to state actors.

Two outputs are expected from this research. First, the findings from this research will inform the reformulation of the Danida Civil Society Strategy. Secondly, a comprehensive position paper concerning the role of civil society in the promotion of the PD and implementation of the “aid effectiveness agenda” will be developed at the end of the research ahead of the high-level meeting to be held in Ghana in September 2008.

1.1 METHODOLOGY

A number of different but complementary approaches to data collection, analysis and collation have been employed in this study. These include first and foremost, a desk review of relevant international reports, official government documents and that of DPs to present the different perspectives of the PD implementation. The desk review was undertaken mostly using the information network services i.e. the World Wide Web. This

was reinforced by extensive review of international documents such as the 2006 OECD Survey on Monitoring the Paris Declaration which was undertaken in 34 aid recipient countries including Ghana.

Secondly, a documentation of government, DPs and CSOs experiences in the education and local government sector dialogues from recently published documents was reviewed and analysed. One-on-one interviews with key actors, in both the education and local government sectors, have been undertaken, essentially to complement existing data through updating, obtaining clarifications and corroboration of unpublished or documented information.

Thirdly, the authors of the study drew on their individual and collective knowledge and experiences gained from engaging in important national and local policy processes to inform and enrich the analysis of the implementation of the Paris Declaration in Ghana. Among such processes are the formulation of the Poverty Reduction Strategy Papers (PRSPs), the national budget process, the review of the decentralisation policy, and experiences from attending meetings such as the Annual Partnership meeting or Consultative Group (CG) meetings etc.

Finally, the study in Ghana was based on the following premise:

- 1) DPs are not all dealing with Ghana through a common framework. Some of them do, but others do not, giving rise to an admixture of harmonized multilateral and un-harmonized bilateral arrangements in the country.
- 2) The Government, Ministries, Departments and Agencies (MDAs) and DPs are more engaged and, therefore, better informed about the aid effectiveness debate than CSOs; and
- 3) Because of point 2 above, CSOs may be less focused, in their routine operations, by implementation or compliance with the agreed tenets of the partnership-based Paris Declaration, i.e. ownership, alignment, harmonization, managing for results and mutual accountability.⁴

These assumptions were subject to corroboration or falsification on the basis of the findings of the study.

2 TRENDS IN THE IMPLEMENTATION OF THE PARIS DECLARATION IN GHANA

This section reviews the implementation of the PD in Ghana based on the five principles - *ownership, alignment, harmonization, managing for results, and mutual accountability*. Under each of the principles and where applicable, the extent to which implementation has also affected civil society space and funding is also examined and commented upon. The format of presentation responds to the general and specific questions raised by Ibis to guide the studies in the case countries.

2.1 COUNTRY OWNERSHIP: GPRS

Under the Paris Declaration, a country's medium term development strategy guides the aid coordination effort and serves as the overarching framework within which DPs would align and harmonise their development assistance in the country. Since 2002,⁵ Ghana has successively producing two PRSPs i.e. the *Ghana Poverty Reduction Strategy* (GPRS I, 2003-2005) and the *Growth and Poverty Reduction Strategy* (GPRS II, 2006-2009). Despite their successiveness, the two GPRS documents are not considered as the country's operational long-term development strategy (OECD, 2006)⁶. World Bank has reported in its review of the Comprehensive Development Framework that Ghana

Ownership of the PRSP process in Ghana can be interpreted differently. In one breadth it has been a partnership between the IFIs and the Government of Ghana (GOG) especially since the first PRSP was formulated partially in fulfilment of the conditions for joining the HIPC initiative and to qualify for debt relief from the IFIs. Yet, in another breadth, it is deemed to be country owned, having gone through an extensive process of broad-based consultation with non-state and state actors, including Parliamentarians. In Ghana, the institution mandated constitutionally to prepare both long-term and medium-term national plans, is the National Development Planning Commission (NDPC). Much has been said about the extensively consultative nature of the approach that the NDPC adopted to produce the GPRS. "But, as the Joint World Bank – IMF Assessment of the GPRS I noted, the GoG only approved the document while the IFIs endorsed it as a basis for financial assistance from the two institutions" (IDEG Working Paper, 2006: p. 17).

The concept of "country ownership" is one that has raised much concern within Civil Society (CS) circles with some fearing that it could be reduced to government ownership (Wamugo and Pedersen, 2007), while others see it as inconsequential to the structure of the power relationship between governments and DPs, on the one hand, as well as governments and citizens, on the other. There are different perspectives on how the PRSPs were prepared in the context of Ghana. For instance, Killick and Abugre (2001) have described the preparation of the PRSPs in Ghana as exemplary in the sense that the formulation of the document was not heavily reliant on the model provided by the International Financial Institutions (IFIs)⁷ and DPs.⁸

2.1.1 Scope of CSOs Participation and Ownership

The PRSP processes in Ghana can best be described as a partially inclusive process. In the design of GPRS I (2002-2005), consultation with a broad spectrum of the Ghanaian

population including civil society organizations at the national, sector, district and community levels was deemed a necessary condition that fulfilled the requirement for popular participation in the strategy design process. In deed one of the most extensive process of engaging citizens and civic organizations, including representatives of vulnerable groups – women, children and the disabled – was executed in the country. A major criticism of the consultation process, however, was that it neither sufficiently involve Parliament (MPs) and the private sector nor opened relevant high-level policy dialogue and decision-making processes on the macro-economic policy choices to civil society actors.

Beyond the preparation of the strategy, civil society actors also had limited space to participate in the implementation of GPRS I. Defining the Ministries, Department and Agencies of Government and, to some extent, the private sector as the main implementation agents, the space and funding available for implementation was effectively allocated to the officially recognized agents, effectively leaving out civil society actors from the implementation process. Although CSOs were later invited to participate in the review of the Annual Progress Reports (APR) on the GPRS I, that process was confined to a relatively small number of CSO than was the case during the formulation of the strategy.

By 2005 when the NDPC began to facilitate consultations for GPRS II, CSOs and a number of CSO networks began to mobilize to make a more informed input into the process the second time of asking. Key amongst these was the Growth and Poverty Forum (GPF),⁹ established in April 2005 primarily to participate in the GPRS-II processes beyond strategy formulation to implementation and monitoring, and evaluation. With technical support from members, the GPF developed a common position paper on the GPRS II draft document and submitted it to the NDPC for consideration in the final draft of the GPRS II document. The Forum also engaged Parliament, advocating a debate on the policy choices in the draft GPRS II document, in the House prior to its ratification. Subsequently, the GPF engaged the development partners on their support for the GPRS II (May 2006).

Admittedly, the PRSP process in Ghana has generally enhanced the space for civic engagement in the policy preparation process, especially. Since 2005, the Government's economic policy and budget preparation processes have been steadily opened to civil society actors. The Ministry of Finance and Economic Planning (MOFEP), which is the lead Government agency responsible for the implementation of the Paris Declaration in Ghana, now invites civil society actors formally through open advertisements in the print and electronic media to submit memoranda on issues of poverty reduction, development and resource allocation which they would like addressed in the annual economic policy and budget statement of the government (IDEG 2006).

MOFEP has gone a step further, beyond the advertised invitation format, to also organise thematic and sector-based forums where its officials engage both civil society and private sector actors and elicit issues, ideas and recommendations that could inform the determination of development and resource allocation priorities in the national budget.

Further, MOFEP officials have engaged organizations such as IDEG, ISODEC and Send Foundation in the latter's work pertaining to: (a) raising awareness and mobilizing civic groups to input in the preparation of the national and local budgets (IDEG), post-publication analysis of the annual economic policy statement and budget of the government (ISODEC), and (c) monitoring the disbursement and utilization of budget resources in support of poverty reduction in poor communities (Send Foundation).

Finally, MOFEP has also steadily expanded access to the Consultative Group Meetings or the annual Partnership Forum of the Government of Ghana and the Development Partners in Ghana (GPF 2007). The extent to which the emergent policy spaces and the participation of civil society actors in them are strengthening the latter's sense of ownership of the decisions made in those fora has been and remains an empirical question.

2.2 ALIGNMENT: BUDGET SUPPORT

The introduction of the Multi-Donor Budget Support (MDBS)¹⁰ framework in Ghana in 2003 signalled a major shift towards programme aid¹¹ in Ghana. The MDBS framework supports pooled funding and demonstrates the willingness of DPs to have a more coordinated and aligned system of donor assistance in the country.¹² Two forms of budget support have been identified by Quartey (2005) in Ghana; (I) general budget support and (II) specific/sector budget support e.g. health and education. Quartey (2005) provides a distinction between the two as follows:

“General budget support refers to financial assistance or contribution towards the overall budget and conditionality directed towards policy measures which relate to the overall budget priorities. On the other hand, sector budget support comprises financial aid targeted at a discreet sector or sectors, without any conditionality relating to these sectors” (p. 8).

The Budget support approach has become a desired mode of providing program-type aid because in principle, it makes use of government Public Finance Management (PFM) systems, thereby shifting accountability for spending and service delivery from donors to the Executive and ultimately Parliament. Walters (2005) argues that, donor support provided directly to line ministries that bypass government PFM systems, undermines accountability, the budget process and the Ministry of Finance and Economic Planning (MoFEP). Despite the move towards budget support, Ghana still receives a substantial amount of aid through sector budget support and project aid.¹³

Evidence of a “mix aid modality” is provided in the OECD (2007) survey report on Ghana. The report indicates that the Netherlands channels approximately 70 percent of its development assistance through sectoral and general budget support, the United Kingdom disburses about 50 percent as general budget support and 25 percent through sector support, while the World Bank provides approximately 40 percent lending as budget support. These statistics provide ample evidence of the use of the country's budgetary system, even though there are reports of donors continuing to support various capacity

building efforts of governments through a range of projects, with a steady stream of project proposals to donors for technical assistance being sent outside the budgetary process (Walters, 2005). The aid literature on Ghana also shows the dwindling importance of budget support in relation to total aid flows and the government's own expenditure outlays (refer to Table I).

	2003	2004	2005	2006
Total MDBS disbursements (US\$ millions)	278	311	282	309
Of which				
Base payment	262	225	225	237
Performance Payment	16	87	57	72
MDBS disbursement as % of total ODA	39.4%	32.4%	27.0%	n.a.
MDBS disbursement as % total expenditure	12.7%	10.3%	8.9%	n.a.

Source: Lawson et al. 2007

Statistics from Table I show a declining proportion of MDBS disbursements in relation to total ODA flows and also a decline in MDBS disbursements as proportion of total government expenditure. This again shows the relative importance of other forms of aid. Why is this the case, especially when one of the potential gains of having a well functioning MDBS process is the reduction in off-budget spending?¹⁴ Lawson et al. (2007) in attempting to answer this question have argued in their paper that the MDBS arrangement did not include among its objective an intention to provide increasing proportions of total ODA flows through budget support. Rather they seem to believe that the design of the MDBS in Ghana placed more weight on dialogue and conditionality as an input and relatively less on pure "flow of funds" effects.

To ensure that development assistance effectively contributes to reducing poverty and attaining the Millennium Development Goals (MDGs), some DPs¹⁵ have advocated the scaling up of the volume of aid to developing countries, while encouraging more programme aid through direct budget support. Contrary to the expectation that aid flows and direct budget support to Ghana would be scaled up, the evidence shows a general decline in programme aid financing as a relative proportion of total aid flows for the MDBS in period 2003-2005 (see Table II). Prior to introducing the MDBS, programme aid as a proportional share of total aid flows stood at 58 percent, but since 2003, the importance of programme aid disbursements as a share of total ODA reduced dramatically to 35 percent by 2005.

Table II: Contribution of Programme Aid to ODA flows 1999-2005 in %

	2002	2003	2004	2005
ODA receipts by GoG as % GDP	8	9	10	9
Programme Aid as % share of total ODA	58	49	40	35

Source Lawson et al. 2007

One can infer from tables I & II that many bilateral/multilateral arrangements exist outside the MDBS mechanism making it difficult for the GoG to maximise potential inflows while at the same time lowering transactions cost and minimising reporting workload. This phenomenon of “mix of aid delivery” is likely to remain the dominant characteristic of the aid landscape in Ghana in the immediate to medium-term.

2.2.1 Reliability, Predictability and Diversification of Aid Flows

Data from the Aid and Debt Management Unit (ADMU) of MoFEP (quoted from the MDBS Joint Evaluation report by the Overseas Development Institute (ODI) and the Ghana Centre for Democratic Development (CDD) shows that the year-by-year deviations of actual disbursements by DPs from forecasted amounts have varied significantly. An indication of the year-by-year deviations of MDBS disbursements from original pledges is presented in Table III.

Table III: Year-by-Year Deviations of MDBS Disbursements from Original Pledges

Year	Actual MDBS Disbursement (US\$ Millions)	% Deviation from Original Disbursement Pledge
2003	278	-3.1%
2004	311	+5.0%
2005	282	-1.2%
2006	299	-7.5%

Source: Lawson et al. 2007

Another striking feature of the ODA flows to Ghana has been in the area of diversification of the sources of funding available to the country. Whereas in 1996, the World Bank and Japan, the two biggest donors accounted for over 50 percent of all flows; in 2004 this had changed considerably with the two biggest donors, World Bank and DfID comprising 40 percent; also in 2004, the number of agencies providing 5 percent or more of total flows had increased from six to eight and the share of “other donors category” had risen from 4 percent in 1996 to 10 percent in 2004 (Lawson et al., 2007). This provides ample evidence of the increasing number of DPs providing development assistance to the country creating more opportunities for the GoG.

The alignment of the national budget to the financing of the priority programs of GPRS I &II (PRSPs), using the MDBS framework makes the MDBS inherently more ‘aligned’ than any other aid modality in Ghana. Table IV provides an indication of the alignment between the GPRS II thematic areas and the budget support to the thematic areas.

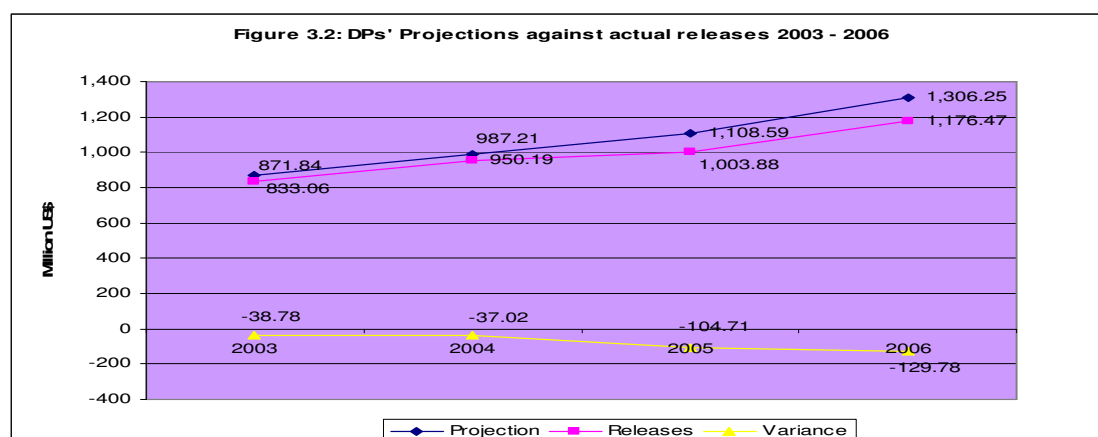
Table IV: Alignment of GoG and DPs 2006 spending priorities against approved budget (Million US \$)

GPRS II Thematic Areas	Government of Ghana (GoG)		Statutory Funds (SFs)		Total GoG ARELs & SFs ARELs	Deviation	Development Partners (DPs)		Total	
	BA	ARELs	BA	ARELs			BA	ARELs	BA	ARELs
Private Sector Competitiveness	300.3	56.9	145.8	161.5	218.4	- 227.6	442.8	357.0	888.9	575.3
Human Resource Development	126.4	84.9	401.1	255.4	340.3	- 187.3	258.3	329.3	785.8	669.6
Good Gov. and Civic Res.	215.3	110.1	222.2	146.5	256.6	- 180.9	32.5	56.9	470.0	313.6
MDRI	-	-	0.2	0.2	0.2		-	-	0.2	0.2
HIPC Contingency	-	-	49.5	0.0	0.0		-	-	49.5	0.0
Grand Total	642.0	251.9	818.8	563.6	815.5		733.6	743.2	2194.4	1558.7

Source: Adopted from the 2006 APR.

Note: BA and ARELs refer to Budget Approved and the Actual Releases respectively

As indicated in Table IV, the **total** approved budget in 2006 to implement GPRS II was US\$ 2,194.4 million with US\$ 888.9 million, US\$ 785.8 million, and US\$ 470.0 million budgeted for Private Sector Competitiveness, Human Resource Development and the Good Governance thematic pillars respectively. **Actual releases however amounted to US\$ 1,558.7 million, equivalent to 71% of the approved budget. The shortfall was mainly due to the inability of the GOG to fully release monies approved in the 2006 budget. About 29% of the shortfall in GOG resources was largely a result of a shortfall in projected domestic revenue mobilisation (APR, 2006). On the other hand, the flows from the DPs representing project and investment support in 2006 exceeded the 100% margin. In 2006, total projected inflows from DPs (including budget support, balance of payment support) amounted to US\$1,306.25 million. Out of this amount, US\$1,176.47 million was released, of which US\$743.2 million was project and investment support, and US\$433.28M was balance of payment and budget support. The figure below provides an indication of the actual DPs support to the country against projections for the period 2003 to 2006.**



Source: The National Development Planning Commission; 2007

Even though DPs support to budget is generally reported, there is a lack of disaggregation of individual DPs contributions. As reported by the OECD (2007: p. 14-4), “one of the obstacles hindering joint country programming in Ghana is the difficulty of reflecting donor financial commitments fully and accurately in the national budget” This has reduced the credibility of the budget as a mechanism for governing actual allocation and utilization of development resources – an important criterion for making alignment a reality. The OECD survey report on Ghana states categorically that, “... the formulation of the budget is a central feature of the formal policy process, so the degree to which donor financial contributions are fully and accurately reflected in the budget provides a relevant indicator of the degree to which there is a serious effort to align aid with country policies and policy processes” (OECD, 2007: p. 14-4).

An important element in the alignment process is the Consultative Group (CG) meeting which often precedes the kick off of the annual budget cycle and provides an updated picture of new funding pledges and rolling resource flows in support of government planning. The evolution of the CG from a periodic pledging session to an annual forum for reviewing PRSP results, external resource flows, and mutual harmonization commitments, represents an important step towards the partnership relationship in Ghana (G-JAS, 2007).

2.2.2 Budget support and funding of civil society

The observed trends in budget support and programme aid vis-a-vis project funding in the public sector have not significantly altered the mode and quantum of aid allocated to civil society organizations in Ghana prior to the introduction of the Paris Declaration. As a segment of the broader civil society in Ghana, local development NGOs in particular are heavily dependent on project-type aid that is often administered directly by the bilateral agencies. However, comprehensive and reliable data on bilateral aid flows to development NGOs in the country are either difficult to obtain or not sufficiently disaggregated to reveal distributional patterns over a period of time. Moreover, the general weakness of aid coordination, harmonization and alignment under the project-aid regime in the country, also inhibited information on aid flows to NGOs in at the national, sector, and district levels. These factors have made it difficult to obtain a clear picture of the volume and distribution of project aid to NGOs in the country.

Apart from foreign aid, both development NGOs in particular and civil society organizations in general do not receive subventions – annual or long term – from the central and local government agencies. These agencies have, however, been partially involved in the disbursement of project-type bilateral aid that is used to fund the delivery of public services to rural and poor communities. Only a handful of NGOs had accessed funding under this type of project aid by bidding as sub-contractors for the delivery of public services to rural communities.

Implementation of the Paris Declaration in Ghana has not altered the structure of aid flows to civil society in Ghana, significantly. Under the MDDBS, budget support is given directly to the central government and accordingly disbursed to government agencies in support of their individual and collective programme activities. It bears mentioning,

however, that in the past government budgets did not cover activities of NGOs in particular and civil society organizations in general. There are neither government policies nor government budget lines in support of NGO activities. Therefore, budget support under the MDBS excludes civil society organizations in general and NGOs in particular.

Recognizing these gaps, a group of donors in Ghana opted to work closely with CSOs to launch innovative funding mechanisms, complementary to budget support under the MDBS. The funding mechanisms comprise: the Ghana Research and Advocacy Programme (G-RAP); the Rights and Voice Initiative (RAVI); and the BUSAC Fund.

G-RAP is an innovative programme which seeks to support civil society engagement with the Ghana Poverty Reduction Strategy. Introduced in September 2004, G-RAP has the character of a programme-aid type of funding, designed to provide a multi-annual (3-year) core funding to Research and Advocacy Organizations (RAO), aiming to “cement their autonomy, strengthen their institutional capacity and create more political space for them to engage in the policy process”. The total grant disbursed in the period 2005-2006 to 26 RAOs was US\$1,958,750 (G-RAP Mid-Term Review Report, 2007). This was pooled funding contributed by four donors comprising: the Royal Netherlands Embassy (RNE), the Department for International Development (DfID), the Canadian International Development Agency (CIDA), and Royal Danish Embassy in Accra.

The adoption of G-RAP as pooled funding has provided an interesting demonstration of the willingness of donors to implement the principles of the Paris Declaration in relation to civil society. To that extent, G-RAP has been an important step forward, one that needs to be consolidated. Much progress has been made, although there is evidently further room for improvement. This applies particularly to: ‘more reliable and timely delivery of finance’; and ‘less demanding and more harmonised reporting requirements, more in line with the core funding philosophy.’ (G-Rap Mid-Term Review Report, 2007).

The RAVI Fund, which serves as a sister funding mechanism to G-RAP, has a more grass-roots orientation and targeted at Community-Based Organizations (CBO) and intermediary organizations. Unlike G-RAP, RAVI is not pooled funding as the DFID is the main donor. Similarly BUSAC has Royal Danish Embassy and, for that matter, Danida, as the sole donor. Although both BUSAC and RAVI had been described as funding mechanisms that are complementary to the G-RAP, all three demonstrate the existence of an admixture of pooled and project-type funding in the sphere of civil society. In that regard, the implementation of the PD in civil society has yielded changes that are similar to the broad trends observed in the public sector.

2.3. DONOR HARMONISATION

Several strides have been taken by both the GoG and DPs to intensify efforts aimed at harmonising and coordinating development assistance in Ghana. These efforts have resulted in the:

- The preparation of the Ghana Harmonisation and Aid Effectiveness Action Plan in response to the PD (a working paper was endorsed at the November 2005 CG meeting); and
- The formulation of the Ghana Partnership Strategy: Aid Harmonisation and Effectiveness matrix (this represents the final product emanating from the Ghana Harmonisation and Aid Effectiveness Action Plan).

To further strengthen the MDBS process and to consolidate existing efforts to effectively align and harmonise DPs activities with the government's programmes, a cluster of DPs¹⁶ initiated efforts to move development partnership to a higher level under a single framework for development cooperation known as the Ghana Joint Assistance Strategy (G-JAS). The G-JAS¹⁷ provides a strategic framework for improving the effectiveness of development assistance in Ghana by offering a harmonised approach to development away from the tradition of different DPs possessing different assistance strategies with the GoG. An important backdrop for the G-JAS is the Ghana Partnership Strategy (GPS).¹⁸ In its preparatory stages, CSOs were invited to present their views on the G-JAS processes and to share information about the strategic priorities for the joint assistance programme in a number of consultative meetings organised by the World Bank.

2.3.1 Dialogue and Conditionality

Dialogue and conditionality remain key features of the aid alignment and harmonization regime in Ghana. With the implementation of pooled budget support in Ghana has emerged a common structure of dialogue between the MDBS partners and the GOG. These dialogues are now held annually at a 'summit' level and routinely the the sector level, mainly to assess progress in performance on alignment and harmonization. Progress is often measured based on a Performance Assessment Framework (PAF) matrix, a common set of benchmarks for judging progress. Since 2004 disbursements by MDBS partners have been based on a single harmonised PAF matrix.¹⁹ Until 2005, DPs had greater control over the setting of targets and triggers for which performance is monitored (MDBS Newsletter, Vol. 1, No. 1). Although the GOG may be playing a much greater role in directing and reviewing the dialogue and conditionality regime under the PD, the donors continue to exert significant influence.

That influence is reflected in the imposition of donor priorities and concerns on recipient countries. There are reports of power play during key decision-making moments in dialogue involving the MDBS partners and GoG, especially in arriving at collective targets and triggers to be set in the PAF. For instance, the ODI & CDD joint evaluation report states that "although GOG was invited to provide an initial proposal on the content of the 2007 PAF, some MDBS partners were reluctant to accept the government's priorities and sought to insist on their own priorities" (also Lawson et al, 2007: p. 47). The European Commission in particular is said to have insisted on adding outcome indicators to the policy matrix, but then, because the other DPs did not buy into it, it decided to withhold an additional part of its assistance for 2006.

In order to also balance predictability of funds inflow with the objective of rewarding performance, DPs and the GoG agreed on a common set of norms popularly referred to as

'triggers',²⁰ in the MDBS Memorandum of Understanding (MoU) to guide disbursements.²¹ Since 2003, DPs have used "performance payment" as an incentive for increased attention to reforms. This has represented some 20-30% of MDBS disbursements (Lawson et al., 2007). One of the active areas of reform has been in the PFM systems with changes in procurement, internal and external audit, financial management systems, and payroll, and cash and treasury management (ODI Briefing Paper, July 2007). Even though these reforms have taken place and are still on-going, there are major concerns with the low ratings of the credibility of the national budget; arising from large deviations between budgeted and actual expenditures (ODI Briefing Paper, July 2007).

2.3.2. CSOs and Policy Dialogue

Since 1999 the Consultative Group of Donors to Ghana have been meeting annually with the Government of Ghana. The annual meetings have essentially relocated the 'partnership meeting' that used to be held biennially in Paris, France, to Accra, Ghana. In Accra the meetings have institutionalized high-level policy dialogue partially as an annual 'summit' and also routinely as a mini-CG thematic between as a forum for pledging support for the country's development strategies. Between 1999 and 2005, the CG meetings were held on a quarterly basis often referred to as the "mini CG" meetings. However, at the November 2005 meeting, the GOG and DPs agreed to hold CG meetings on an annual basis aligned with the annual budget cycle. This decision was largely influenced by the PD to have donors align their funding to recipient country systems.

Another transformation in the CG process has been the active involvement of CSOs in the dialogues and deliberations since 2006. Until the formalization of CSOs participation in the process, CSOs have mainly been invited as observers; this was the case both in 1999 and 2002. The current shift in practice has largely resulted from active advocacy on the part of the GPF and other stakeholders to get the GOG and its DPs to open up the process for active engagement by CSOs. At the June 2006 CG meeting, the only CSO group invited was the GPF. However the number for 2007 increased tremendously to 41 at the June 2007 meeting.

The opening up of the process, now allows CSOs to make formal presentations both written and verbal. One of the topical areas of discussion at the 2007 CG was on "Results, Resources, and Partnerships". Touching on this, the GPF emphasized the need for government and its Implementing agencies to use resources more efficiently, to determine government development priorities more effectively, and to cultivate a strong culture of transparency and accountability. This has become necessary at a time when governments are advocating for more resources to advance their development goals. Again, the GPF advocated for the strengthening of monitoring and evaluation system to ensure that any resources given to scale up aid would accelerate and enhance the implementation of the GPRS II in a manner that would facilitate the attainment of its set objectives. In that regard, the GPF proposed working closely with government and other parties in the development of an effective and results-oriented monitoring and evaluation system that would ensure efficient use of resources and the maximization of their effects on the reduction of poverty and inequality in the country.

By and large CSOs are beginning to realize the importance of engaging the formal public policy processes. Whether induced or proactively, the effectiveness of their engagement and utilization of the institutional spaces ceded to them is challenged by a range of factors. Notable among the factors is the nature of the institutional space ceded to them and their own capacity to organize and act collectively in order to influence public policy decisions. The existing institutional space allows civil society actors to participate in formal policy dialogues but not in the preparatory and post-dialogue processes where public deliberation, advocacy and lobbying occur and shape prioritization and implementation of development programs. Increasingly, civil society actors do not feel that they are really part of the formal dialogue on development partnerships. It is time to address the problem of their exclusion through the re-design of the existing dialogue regime to render it more inclusive.

2.4 MANAGING FOR RESULTS: Monitoring Tools

The GoG in consultation with DPs, MDAs, and non-state actors, has developed a number of tools for monitoring and evaluation of the results of PRSP implementation in Ghana. These include the **Annual Progress Reports** (APRs)²² and the Monitoring and Evaluation (M&E) plan²³ of the PRSPs as well as the sector budget expenditure reports from the Auditor General's (AGs) Department. The monitoring of GPRS I results has been complemented by five Poverty and Social Impact Assessment studies. Even though these monitoring tools have been developed, Ghana is judged not to have a "largely developed" results monitoring system according to the World Bank's CDF progress report (OECD, 2007).

There have also been some observed inadequacies in the system. Among these is the data limitations reflected in the content of APRs and the non-alignment of the APRs to the major policy making processes such as the formulation of the national budget.²⁴ The inconsistencies in data obtained from the national and sub-national levels and inadequate resources for the collation of data at all levels have also been reported in the APRs (NDPC, 2004 & 2005). Inadequate capacity at the district level to process and provide data within the appropriate timeframe is another weakness in the process.

The weakness in the monitoring system partly explains the insistence of DPs to still have a PAF matrix²⁵ which is operates in parallel to the GOG-led arrangement. The concurrent operation of parallel systems has far-reaching implications for not only aid harmonisation and alignment but also country ownership of the results process and its outcomes.

2.5 MUTUAL ACCOUNTABILITY

Generally, the accountability system in Ghana has improved overtime, with the enactment and implementation of new legislation such as **the Public Procurement Act (Act 663, 2003)**, **the Financial Administration Act (Act 654, 2003)**, **the Internal Audit Agency Act (Act 658, 2003)** and **the whistleblower Act (Act 270, 2006)**. Under the

Public Procurement Act for instance, the MDAs are now exhibiting more transparency, efficiency and fairness in the application of public funds. There is increasing evidence of openness by MDAs in their procurement business attested to by the increase in the number of tenders published in the newspapers. One of the important structures for successfully implementing the procurement Act is the establishment of Entity Tender Committees (ETCs) at national and sub-national levels. As at June 2006, a total of 698 ETCs were established in MDAs and MMDAs (APR, 2006: p. 130).²⁶

Despite these measures the level of public perception of corruption in the process of public procurement is still high. A study conducted in 2006 under the auspices of the Africa Peer Review Mechanism Governing Council, revealed that almost 89% of respondents felt that corruption was widespread in Ghana (APR, 2006: p. 131).

The strengthening of the public accountability process further got a boost in October 2007, when the Public Accounts Committee (PAC) of Parliament decided to hold public hearings, contra the in-camera hearings of the past, on the 2004 Auditor-General's report.²⁷ For the first time ever public hearings on the Auditor-General's report were held openly over a 10-day period by the PAC instead (Daily Graphic, Wednesday, October 17, 2007). This change in practice has been hailed by the public as a major step to make the government and all public office holders open, transparent, accountable and responsive to the needs and aspirations of the people.

2.5.1 Civil Society and Mutual Accountability

So far civil society has played a partial role in strengthening or promoting mutual accountability in Ghana. The general focus of civil society appears to be on the GOG, not the DPs. The non-state media, especially the private electronic and print media, have been pro-active in raising public awareness about a wide range of accountability issues. Through programs such as radio talk shows, phone-in programs and other interactive programmes, the media provide public platforms for inducing or compelling accountability by government officials at national and local levels of governance.

Despite these inputs, accountability in the aid relationships in Ghana still flows almost entirely in one direction; i.e. from the recipient country actors to the donors or development partners. There is very little direct accountability of the donors to the citizens, although accountability to them by the MDAs of the GOG has improved somewhat under the sector dialogue regime of the MDDBS. Similarly, accountability to the donors or the 'funders' by civil society beneficiaries of such funding initiatives such as the G-RAP and RAVI have improved considerably. The respective accountability reports of the MDAs and the civil society actors to the donors, it has been observed, tend to be more elaborate and regular, compared to the reports submitted to Parliament. Multi-stakeholder mechanisms for holding donors to account for the disbursement of their resources and for their actions or inactions in the development policy and implementation process are yet to be developed, introduced or implemented in Ghana.

3. TRENDS IN THE SECTORS: EDUCATION AND LOCAL GOVERNANCE

Against the backdrop of the review of the trends in the implementation of the PD at the national level, sector level trends in the education and local governance spheres in particular are presented in this section. The thrust of the presentation is on the extent to which the five principles of the PD have shaped the implementation of poverty reduction and pro-poor growth and development policies and programmes with respect to donor funding and policy dialogue in the two sectors. Also discussed in this section is the scope of civil society space and funding that has occurred under the PD regime. Education sector trends are first presented, followed by local governance.

3.1 EDUCATION SECTOR

The Paris Declaration (PD) confers responsibility for driving the ownership aspects of the declaration mainly on the partner countries. Essentially partner countries – governments, state and non-state actors - are to exercise leadership, translate their national development objectives into development strategies that are results-oriented and lead in co-ordinating aid in support of their implementation at all levels. So, under the broad policy framework of GPRS II, **the GOG and the DPs have pursued the principles of the Paris Declaration through the implementation of sector policies and programs backed by pooled and bilateral funding mechanisms.**

3.1.1 Education Sector Policies and Strategies

In the Education sector, in particular, significant progress has been made in terms of the ownership arrangements defined under the PD through the formulation of the Education Strategic Plan (ESP) 2003-2015 and related policies. This document has strengthened the bargaining power of Government, as there is an insistence that donors align their funding of the sector's programmes and activities on the basis of the ESP. Hitherto, donors had pursued diverse programmes and projects which were poorly aligned and coordinated in the sector. With the implementation of the ESP, the partnership relationship in the sector has improved somewhat, as there is a conscious determination to align resources to support sector policies and program priorities within the framework of the Education Strategic Plan and its sequel, the 10-year Education Development Plan.

Collective efforts at addressing disparities in planning and performance across the Education Sector has been intensified, leading to improved harmonization and prioritization of actions to enhance delivery of education programs and projects (**Education Sector Project (EdSEP)**) in deprived, rural and hard-to-reach communities. Further, a medium term Performance Assessment Framework has been developed together with indicators for tracking progress in the achievement of sector targets, objectives and goals. Sector dialogue between the Ministry of Education, Science and Sports on the one hand, and the Development Partners on the other, have been institutionalized through the convening of joint meetings, periodically. The Performance Assessment Framework for 2007 for the sector is attached as Appendix C.

3.1.2 Non-State Actors and Education Policy Dialogue

The provision of education has always been largely the responsibility of the state, though privately funded education is a major component of education delivery in Ghana today. The role and activities of non-state actors, mainly CSOs and the private sector, in the provision and management of public education has no clear historical tracking, although some public schools were set up through the initiative of communities and later absorbed by the state. The growth of private education between the 1986 and 1997,¹ largely as a response to falling standards in public education, may have also influenced the involvement of civil society groups in the provision of public education.

Education Sector, policies and strategies are based on the Human resources Development pillar (Pillar 2) of Growth and Poverty Reduction Strategy and the Education Strategic Plan (ESP) 2003-2015. In the process of deciding the sector policies and strategies, the Government, represented by the Minister, gives consent to finalise the issues identified. The guiding principles in this regard are adherence to the Government/Parliament approved GPRS II and the sector programme of work agreed under the ESP 2003-2015.

A wide-range of consultative processes took place in the preparation of the GPRS and the ESP, which took into account concerns and contributions from civil society groups. In the Education sector, civil society groups, represented by the Ghana National Education Coalition Campaign (GNECC), have made significant contribution to the policy of the abolition of school fees and its resultant intervention of the introduction of the Capitation Grant Scheme (CGS). One noteworthy contribution made is the need to increase the amount and for the ministry to intensify its monitoring of the use of the grant at both the district and school levels. Other areas where civil society groups are contributing is on the issue of financing tertiary education in Ghana. This is a recurring concern and the views of civil society are essential in enabling Government find a lasting solution to the problem.

The participation of civil society in defining sector policy and the attitude and interest of the Sector to engage them has very mixed outcomes. The preparation of the Education Strategic Plan involved civil society groups in its finalisation. The Ministry has created space for CSO participation through the approval for the establishment of Parent/Teacher Associations in Schools, School Management Committees, which comprise largely representatives from communities and District Education Planning Teams. While effective participation in these groups is highly debatable, what is evident is that the Sector should undertake a lot more of education and encouragement to increase the interest of civil groups in the education sector. Arguable, the technical nature of providing and managing education resources and planning may account for the apparent lack of interest in participating in education programmes.

A number of good examples of CSO participation are evident in the Education Sector. One is the policy of organising School Performance Appraisal Meetings (SPAM). This activity creates the chance for parents and teachers in communities where schools are located to participate in assessing performance of pupil learning. The occasion enables

¹ World Bank: *Private Education in Ghana: A Market and Regulatory Survey*, February 2001

civil groups to question almost every activity that in their view affects the teaching and learning processes and hence influences pupil learning achievement and education outcomes. Another example is the organisation of Open Days in schools. This event creates the chance for the community to interact with the school and observe what takes place there.

By far the most significant space for CSO participation in the policy processes of the Education Sector is the Annual Review of Education Performance. This activity takes place currently at the Regional and National levels. During the three-day session, all stakeholders in the education sector are invited to participate and share in the development as well contribute to the shaping of education policies for the following year.

*****Box:**

By far the most significant civil society involvement in public education emerged with the establishment of the GNECC around 1998. The organisation, which comprises a coalition of NGOs, is the main voice of civil society in the education sector. Serving as an advocacy group, the organisation monitors education delivery in Ghana alongside its counterpart organisation in Northern Ghana, known as Northern Network for Education Development (NNED).

Besides these decentralized outlets, the GNECC under the chairmanship of the Integrated Social Development Centre has been influencing educational policies at the national level. With support from the Commonwealth Education Fund,²⁸ since 2002, GNECC has managed to strengthen the linkage of grassroots voices to national level education policy.

Achievements

- The Coalition has led the campaign for Education for All which has resulted in the Free Compulsory Universal Basic Education in Ghana.
- GNECC advocacy has also resulted in increased investment into the education sector through the institution of the capitation grant and school feeding programme by government.
- Since 2004 when the Coalition was invited to participate in the Education Sector Annual Review, it has managed to feed grassroots consultations on education into national outcomes.
- GNECC has managed through collaborating with sister institutions such as NNED and the NGND to empower communities to claim their rights to free basic education and their entitlements to public education resources.

While the Ministry of Education, Science and Sports (MOESS) takes a clear leadership role in the education sector dialogues it has also created space for citizen's participation through the approval for the establishment of Parent/Teacher Associations in Schools,

School Management Committees, which comprise largely representatives from communities and District Education Planning Teams.

3.1.3 Budget Support and Project Aid in Education Sector

The Education sector has a large number of donors that contribute to both the funding of the sector's development plans and its planning and implementation activities. The support they provide varies widely, ranging from providing financial resources and other capacity building programmes to support for ESP and direct project implementation. The level of financial contribution is also determined by the kind of support a particular donor seeks to provide, i.e. contribution to pooled funding or direct project aid.

Apart from the donors, development NGOs, predominantly the international organizations such as Action Aid and Oxfam, among others, provide targeted assistance to mostly deprived communities. Their support helps to tackle disparities in the availability of educational infrastructure and management capacity at the national, regional and district education offices and schools. Government agencies such as the Ministry of Health (the School Health Education Programme activities), and the Ministry of Local Government, Rural Development and Environment, also assist in the preparation of plans in the sector, especially in cases where collaborative programmes or joint funding of the provision of basic education is required.

Funding for development programs and projects in the Education Sector is structured under two main categories - concessionary loans and grants. Mainly the World Bank and the ADB provide concessionary loans, with bilateral donors providing grants. The US through USAID (with the recent allocation of resources under the Millennium Challenge Account adding a new dimension to the funding modality) and the UK through DFID are the largest donors. Most donor-funding to the sector is earmarked for specific projects. However, under the Aid Effectiveness regime, there has been a shift from direct project funding to budget support.

The MDBS and JAS mechanism are the major direct budget support mechanisms in the Education Sector. However, not all the donors in the sector subscribe to the direct budget support arrangements *via* the MDBS and the JAS. Others such as the USAID and JICA, as bilateral donors do not, attributing their non-involvement to the development aid policies of their governments or their own organizational policies and procedures. Similarly, multilateral institutions like the UN Agencies have opted out, explaining that their disbursement and reporting procedures are more oriented towards project-type funding and accounting than programme and pooled funding. **The identification of projects for either pooled or bilateral funding is determined through a national process of selection based on equalisation, equity, geographical spread and balance and status of local development principles. The selection procedure enables donors to select or locate projects in different parts of the country within the overall development plan of the education sector.**

The share of the country's budget devoted to the education sector has been increasing proportionally, from 20 percent in 1999 to 23.1 percent in 2005 and the percentage of the

discretionary budget spent on education increased from 5.0 percent of GDP in 1999 to 5.7 percent in 2005 (MOESS, 2005). The donor share of the total resource envelope of the education sector has also been increasing since 2003, from 4 to 8 percent in 2005. This share remained constant in 2006 but if the 2 percent share of the EFA Catalytic Fund is added to that of the donors, then it will bring the total share of donor resource to 10 percent (MOESS, 2006). In the 2007 budget estimate, the donor contribution to the total resource envelope for education is expected to increase to 13 percent. On the contrary, the GOG's share of the total resource envelope has progressively decreased from 82 percent in 2003 to 61 percent in 2006, despite the nominal increase in allocations over the same period (refer to Table VIII below).

Indications are that Government share of the education resource envelope for FY 2008 may remain at 2006 level, in spite of the need for more resources to implement new programmes as well as continue on-going activities and fulfilling key government commitments to the sector. This might have implications for donor contribution to the sector.

Table V: Total Resource Envelope by source: GOG and Donor (€ in millions)

Sources	2003		2004		2005		2006	
	Amount	% Allocation	Amount	% Allocation	Amount	% Allocation	Amount	% Allocation
GOG	3,377,003	82%	3,918,452	68%	4,855,539	66%	5,323,202	61%
DONOR	183,927	4%	420,092	7%	618,751	8%	737,142	8%
EFA Catalytic Fund	-	-	-	-	34,850	0%	136,785	2%
IGF	-	-	528,378	9%	690,175	9%	812,840	9%
GET Fund	400,000	10%	548,050	9%	715,566	10%	1,306,000	15%
HIPC	113,313	3%	274,229	5%	312,956	4%	300,000	3%
DACF	45,000	1%	104,840	2%	86,400	1%	168,000	2%
SIF	-	-	-	-	47,500	10%	-	-
Total	4,119,243	100%	5,794,041	100%	7,361,737	100%	8,783,969	100%

Source: PBME, MOESS, 2006

Indications are that Government share of the education resource envelope for the 2008 financial year may remain at 2006 level, in spite of the need for more resources to implement new programmes as well as continue on-going activities and fulfilling key government commitments to the sector. This might have implications for donor contribution to the sector.

A study on financing education conducted in 2002 indicated that primary education takes half of the total amount of donor funds (François Orivel, ESR 2002). This trend still

persists and the funds are largely spent on providing additional classroom infrastructure, furniture, textbooks, support to programmes for needy pupils, especially girls, as well as enhancing the management capacity of district education offices and school management. Donor funds are also spent on other areas of education, particularly on key national level activities or general programmes such as monitoring and evaluation and the conduct of annual reviews. Table IX below shows the expenditure on donor resources in the Education Sector.

Table VI: Expenditure by level of education: Donor Expenditure 2004-2006 (¢ in millions)

Level of Education	2004		2005		2006	
	Total	% Allocation	Total	% Allocation	Total	% Allocation
Pre-school	2,915	0.7%	2,936	0.5%	36,485	5%
Primary	181,618	43%	235,505	38.1%	255,879	35%
JSS	101,497	24.2%	85,728	13.9%	94,706	13%
SSS	–	–	7,492	1.2%	162,466	22%
TVET	–	–	5,672	0.9%	5,189	1%
NFED	67,469	16.1%	119,706	19.3%	46,200	6%
SPED	–	–	1,233	0.2%	5,825	1%
TED	–	–	8,260	1.3%	25,917	4%
Tertiary	66,593	15.9%	132,917	21.5%	87,342	12%
HIV/AIDS	–	–	1,206	0.2%	–	–
Management & Subvented Agencies	–	–	18,096	2.9%	17,132	2%
Total	420,092	100%	618,751	100%	737,142	100%

Source: PBME (MOESS), 2006

Donor resources to the Education Sector are both on and off budget. On-budget resources are provided under the mechanism of the MDBS and the JAS, which are to sectors. Funds from USAID, JICA and the UN Agencies are mostly off budget. Since most donor resources are still designated as project funds, these resources are lodged with the respective donors and allocated on request for a specific project. Once the selected project is completed and the funds accounted for, this paves the way for subsequent allocations to be made based on the approved programme of the donor.

The Education sector budget is made available to all CSOs and NGOs on request, thus providing the chance for interested CSOs and NGOs to track aid revenue. There is, however, very little evidence of a co-ordinated effort by CSOs to track aid revenue and overall expenditures in the sector. Nonetheless, during the Annual Education Sector Review, a detailed account on donor inflows and expenditures are made available for

study and discussion. CSOs and NGOs participating in the event have the opportunity to raise issues with the information and demand responses as well make comments and suggestions.

3.2 DECENTRALISATION AND LOCAL GOVERNANCE

Decentralisation is one of the key components of Governance strategies under the GPRS II. In general, the governance strategies under GPRS II have been broadly grouped under political governance,²⁹ economic governance³⁰ and good corporate governance.³¹ This builds on the good governance priority areas of GPRS I, which included public sector reform, decentralisation, and security and rule of law.

After almost two decades of implementing decentralisation in Ghana, there is still an absence of a shared conceptual and political understanding across government and civil society regarding the overall pace and direction of decentralisation and a general inconsistency between the legal framework for decentralisation and the local government reform initiative (GPRS II: 2005, p. 62). **Some of the constraining factors to Ghana's decentralisation process include:**

- The lack of political will to go beyond establishment and inauguration of relevant bodies such as the Presidential Advisory Committee, the Local Government Council, and the Inter-sectoral Working groups. These key bodies are very often left resource strapped thus constraining their abilities to live up to their mandates. The reluctance or slowness in kicking off some key reforms such as fiscal decentralisation is a key challenge in Ghana.³²
- The problem of lack of capacity at all levels still pervades. Key actor institutions such as the Decentralisation Secretariat, Regional Planning and coordination units, district and sub-district structures still lack key personnel. At the District level, recent staff movements within the civil service of Ghana exacerbate the situation.
- The local governance problem of elected/ appointed representation at the District Assembly level still remains unsolved. In Ghana, the President appoints one third of District Assembly members as well as all the Metropolitan, Municipal and District Chief Executives. Though various arguments have been advanced in favour of this arrangement, there is the need to address this in order to improve upon the level of democratic control at the local level.
- Another key issue with regards to service delivery is the problematic structure of the local government system in Ghana. The fiscal and human resource viability of 138³³ district assemblies and over a 100 sub district governments as service delivery agents and units for poverty reduction still remains a highly questionable issue. Division of roles and responsibilities amongst service delivery is still very much unclear.

In view of the above and other factors, most stakeholders in the process have advocated the need for a more coherent and coordinated approach to decentralisation in Ghana. In that regard, the GOG and its DPs agreed to include the formulation of a comprehensive decentralisation policy as a trigger in the MDBS policy matrix in the year 2006.³⁴ Drafting of the decentralisation policy is guided by the overall programming document in support of the decentralisation process (i.e. the National Decentralisation Action Plan).

3.2.1 Civil Society and the Review of Decentralisation Policy

In a bid to promote effective local governance in Ghana, a number of civil society organisations have come together under the Local Government Network for civil society (LOGNet)³⁵ to actively take part in the initiation, formulation, implementation and monitoring of local government policy in Ghana. LOGNet's involvement in the local governance policy processes is just evolving as the network is still in its early stage of development. Before LOGNet's engagement in the local government sector, there was no formal engagement of CSOs by either the GOG or its DPs. What existed was very much irregular and ad hoc with the MLGRD&E often consulting individual CSO organisations to comment on specific policy issues based on their area of expertise etc. In effect the engagement of CSOs before LOGNet came on the scene was not well coordinated, partly because some CSOs were also comfortable dealing with the MLGRD&E on a one on one basis.

However, since 2004, LOGNet through its local governance advocacy work is now duly recognised as one of the key non-state actor factions driving towards influencing policy changes at the local government level. Among other proposals, LOGNet has strongly advocated for policy changes in the selection of DCEs to make them more accountable to the people and a call for reviewing the numbers of the sub-district structures.

Since November 2006, LOGNet has been involved in reviewing the draft national comprehensive decentralisation policy put together by a group of consultants who were contracted by the Ministry of Local Government, Rural Development and Environment (MLGRD&E). The MLGRD&E recognising CSOs role in the comprehensive national decentralisation policy review, invited the Network in November 2006, to share its thoughts, comments and input in the process. However, due to the rather short notice, the Network requested for more time to enable it broaden its scope of consultation to enable it to present an informed position. The consultations ended in January 2007, with the submission of a collective position on the multiple issues surrounding the national decentralisation debate to the MLGRD&E.

Even though government's engagement with LOGNet is in its formative years, there have been some concerns surrounding the approach and method of engagement. There has not been open engagement of CSOs in the sector discussions that result in the policy formulations. In essence, CSOs come in only to comment or make suggestions on policies that have already been determined with little room for any changes. There is a fundamental problem with the mode of engagement especially when the dialogues in the

decentralisation sub-sector group, is dominated by officials from the local government ministry and the DPs.

There are informal avenues created by the donors in the decentralisation sector who are interested in getting civil society to influence the policy process. The donors interested in civil society i.e. DANIDA & CIDA have organised a sub-group of the decentralisation group on civil society. This sub-group has been open to civil society participation. Some members of LOGNet have participated in the meetings of the sub-group and shared information and concerns of civil society with the donors with the hope that the latter will voice those concerns to the GOG through the MLGRD&E.

3.2.2 Budget Support and Project Aid in Local Governance

The Ministry of Local Government, Rural Development and Environment (MLGRD&E) is the lead agency with the responsibility of initiating policy reforms and coordinating the implementation of any decentralisation policy at the local government level. Other key actors in the decentralisation sector are the Local Government Service, Metropolitan, Municipal and District Assemblies (MMDAs), the Ministry of Finance and Economic Planning (MOFEP), and Members of Parliament (MP). Apart from the state and government agencies, several donors provide funding support to the local government sector in Ghana. These include Denmark, Canada, France, Germany, Italy, the African Development Bank (AfDB), World Bank, European Union, and the UN International Children's Fund (UNICEF). Most of the funds disbursed in the Local Government sector are designated project funds that are given mostly to support specific project activities under 'Pillar II and III³⁶ of GPRS II'.

Many of the donors in the Local Governance sector have devoted substantial amounts of their funding to the decentralisation sub-sector. Table VI provides an indication of the spread between 2003 and 2007 from key actors in that sector.

Table VII: Actual Disbursements by Donors in Support of Decentralisation in Ghana (in Millions).

Donors Supporting Decentralisation	Details	2003	2004	2005	2006	2007
Italy (Euro)	General Decentralisation	0.80	0.20	0.60	1.70	1.70
UNICEF (US\$)	District & Community Capacity Enhancement Policy Analysis and Development	0.41 0.00	0.29 0.00	0.26 0.00	0.00 0.33	0.00 0.52
France (US\$)	Institutional Support on Decentralisation	0.00	0.00	0.00	0.36	0.48
Germany (Euro)	Local Gov Poverty Reduction Support Programme	1.67	1.03	3.80	1.26	1.23
	District Towns I	0.23	0.78	0.00	0.00	0.00
	District Towns II - III	1.20	3.20	3.50	0.02	0.00
	District Towns IV	0.00	0.00	0.00	5.45	0.95
	District Towns V	0.00	0.00	0.00	0.00	2.00
	Secondary Towns	0.03	0.00	0.00	0.00	0.00
		2003	2004	2005	2006	2007
European Union (Euro)	General Decentralisation	0.00	0.00	0.00	1.00	1.00
		2003	2004	2005	2006	2007
Canada (Canadian \$)	District Wide Assistance Programme	0.00	2.70	3.44	3.52	3.87

	District Capacity Building Project	1.50	1.60	1.90	1.39	1.73
	Support to Decentralisation Process	0.20	0.10	0.00	0.00	0.00
	Ghana Advisory Services Project	0.06	0.11	0.45	0.00	1.26
		2003	2004	2005	2006	2007
Denmark (Danish Kroner)	Good Governance Programme	8.35	2.90	1.11	0.00	0.00
		2003	2004	2005	2006	2007
World Bank (US\$)	Community-Based Rural Development	0.00	1.00	2.96	15.72	27.08
	Local Government Development	1.26	0.00	0.00	0.00	0.00
	IDF Kumasi-Atlanta Partnership (KAP)	0.00	0.00	0.00	0.00	0.06

Source: Ministry of Finance and Economic Planning, *Compilation of Donors Resource Envelopes*

Apart from Canada, which provides non-project funding through the District Wide Assistance Programme, the majority of donors provide funding which is “projectized”, fragmented, uncoordinated and disjointed. With the view to strengthening the pursuit of the Paris Declaration’s principles of alignment and harmonisation in the local governance sector, the GOG, through the MLGRD&E, and the DPs have begun working towards a Sector-Wide Approach to jointly fund the effective implementation of decentralisation programmes. Through a variety of mutually supportive aid instruments, involving budget support, joint financing for the District Development Fund (DDF), project support for specific agencies or activities, and a pooled Technical Assistance Fund) the GOG and the DPs hope to strengthen pooled funding, coordination and aid effectiveness in the local government sector.

Those leading the budget support initiative are the EU and the World Bank. AFD, CIDA, DANIDA, and KfW are planning to provide joint financing for DDF. An indication of the future sources and dimensions of donor support to decentralisation is provided in Table VII.

Table VIII: Tentative Indications of DPs Financing for Decentralisation (2008 – 2011)

	Budget Support	District Development Fund/Grant	Technical Assistance
DANIDA	\$92m	\$16m	
EC	€80-100m (2009-13)		€3m
France	€4m each year starting in 2009		€2.4m
GTZ			€6.5m (2007-10)
US Government			\$8m (2007-09)
World Bank	\$65m (2009-11)		\$5m

Source: Aide memoir by DPs supporting Ghana’s Decentralisation (2007)

The DDF is a newly introduced funding mechanism to bridge the local government financing gaps and to improve the performance of the MMDAs. MMDAs access to DDF which will be linked to regular performance assessment under the Functional and Organisational Assessment Tool (FOAT) is expected to kick-start in 2008. Just like the

District Assemblies Common Fund, there have been outlined a number of factors that will determine the actual allocation of DDF to the MMDAs. These are: the entitlement component, which is set at 50 percent of the overall pool; the allocation of the performance grant set at 40 percent of the overall pool; and the capacity building grant set at 10 percent.

3.2.3 CSOs and Funding in the Local Governance Sector

CSO tracking of aid revenue is not widespread and that activity is rather new to many. Having emanated in tandem with Ghana signing onto the HIPC initiative in early 2001, civil society organizations in Ghana have neither been proactive nor responsive to external prodding to engage in this process. As a result, only a handful of CSO are engaged in this area. Notable among them is the Social Enterprise Development (SEND) Foundation, which with the support of Christian Aid UK, launched the Ghana HIPC Watch Project in 2003. Focusing on participatory monitoring of the allocation, disbursement, and utilization of HIPC debt relief funds in selected districts or local government areas in the northern zone of Ghana, SEND Foundation works together with a network of local CSOs to collect and publish data on HIPC Funds and their utilization in Ghana.³⁷

Apart from the SEND Foundation, the Integrated Social Development Centre (ISODEC) has also been engaged in the tracking of aid revenue to a relatively limited extent. Noted for its participatory analysis of the annual national budget, ISODEC's Centre for Budget Analysis had occasionally included the distribution of HIPC Funds to rural contra urban areas, regions and districts in its analysis. Beyond these two organizations, civil society tracking of GoG HIPC funds had not been widespread and is uncoordinated. Information on CSO activities or required by CSOs to undertake monitoring and evaluation of expenditures by MMDAs is either scanty or difficult to obtain. This may partially explain the limited presence of CSOs in this sphere of operation. Currently MMDAs are not publishing and disseminating user-friendly budget information on disbursements and utilization of funds in support of the implementation of growth and poverty reduction programs at the local level. But also many CSOs lack both the resources and the technical capacity to engage in the tracking of aid revenue in the country.

4. FINDINGS, CONCLUSION & POLICY RECOMMENDATIONS

The findings of the study on the implementation of the PD in Ghana lend themselves to answering some key questions of the study with important implications for the conclusions and policy recommendations. Among these are the following: To what extent has the Paris Declaration been implemented in Ghana and what impact has implementation had on aid effectiveness in the country? How far has it transformed the aid architecture of Ghana, from project-type aid with high transaction cost to program-aid with lower transaction cost? How inclusive has the process been with respect to partnership in the country? What have been the opportunities and challenges to CSO participation and what has been the scope of the space and funding of civil society at the

national and sector levels? How effectively have CSOs responded to the opportunities and challenges of the implementation of the PD in Ghana?

4.1 Findings

A general review of the implementation of the PD and the Aid Effectiveness agenda in Ghana shows that there has been progress, albeit uneven, in the implementation of the five principles of the Paris Declaration in Ghana. Overall, progress has been greater with respect to the promotion of the ‘alignment’, ‘harmonization’ and ‘managing for results’ principles than it has been for ‘ownership’ and ‘mutual accountability’. The establishment of the MDBS as pooled funding mobilized in support of the GOG’s public policy priorities and programmes suggests a steady shift from project-type aid to program-focused development assistance in Ghana. Although that shift is work-in-progress, it has the potential of altering the policy ownership relationship in favour the Government, as international development assistance responds more to the medium term development policy priorities of the government than to the Donors’ own priorities.

However, as the study reveals, not all Development Partners in Ghana have signed on to the MDBS arrangement. Major partners such as USAID and Japan and several other partners, both bilateral and multilateral, still prefer to give project-type aid, creating in the circumstances an admixture of a system of ‘pooled funding’ and ‘project-based aid’. While progress towards program-type and, for that matter, pooled funding is farther at the national level, project-type funding predominates at the sector-level, at least in the education and local government sectors. However, there are indications that Development Partners and the GOG are willing to steer their sector-level aid relationship towards more pooled funding and less project funding in the near future. The prospect of establishing a ‘decentralization fund’, together with other pooled funding mechanisms suggest that as collective efforts at improving public service delivery to poor rural communities and strengthening decentralization and local governance intensifies, the emergent trend towards pooled funding under the MDBS may spread to the sector and local government spheres in the near future.

It would appear that the emergence of an admixture of pooled and project funding arrangements in the course of implementation of the PD on aid effectiveness in Ghana has given rise to a rather complex aid management regime that is undermining greater reliance on the statutory institutions and mechanisms of the state for that business. That complexity affects transaction costs, which according to GOG officials has not reduced as anticipated under the MDBS system. Under the aid effectiveness regime, donor involvement in aid management has grown in intensity and coverage. Contrary to the expectation that the strengthening of national ownership would also imply greater reliance on the statutory institutions of the State of Ghana to manage aid and the curtailing of the involvement of the Development Partners in direct aid management at the national level, there is evidence that the latter’s involvement has rather increased. With progress in alignment and harmonization of aid policies and programmes to the medium term priorities of the GOG through GPRS II (2006-2009), the MDBS, the JAS, and the annualized Partnership Meetings since 2006 have rather introduced an intensive and almost obtrusive partnership management regime.

In the name of ‘policy dialogue’, Development Partners now engage the government agencies and state institutions at all levels – national, sector and local. Conceivably, the preparations required for these meetings, coupled with the documentation and reporting required to monitor results, using the ‘results-based matrix’ are enormous. Coupled with the numerous ‘project monitoring missions’ or visits from both the resident missions and the headquarters of the development agencies of the donors, the reliance of the donors increasingly on the emergent complex aid management regime appears far-reaching. The emergent regime is commanding or demanding more attention from government officials, increasingly marginalizing the statutory institutions and mechanisms of the state for aid management. Combining the demands of the emergent and complex aid management regime, involving the development partners and the GOG, with those of the statutory institutions of the State is more likely increase than reduce the workload and transaction costs.

Having established such a complex aid management regime under the PD and in the name of promoting greater aid effectiveness, it could be argued that the institutional framework for managing increased volume of aid exists to trigger the scaling up of aid to Ghana. Yet the finding of the study show that beyond debt relief under the HIPC initiative and full debt cancellation under the Multilateral Debt Relief Initiative (MDRI) there has been no significant scaling up of aid to Ghana. On the contrary, there is evidence that a downward trend has occurred in program aid flows into the country.

Civil society participation in the emergent aid management regime of the Paris Declaration has also improved somewhat. At the national level, the space for civil society participation has expanded incrementally, judging from the opportunities created for them to participate in the formulation of medium term development plans such as the GPRS I (2003-2005) and GPRS II (2006-2009), to participate in the Consultative Group Meetings of 2006 and 2007, and in the review of Annual Progress Reports (APR) of the GPRS II. It must be emphasized that civil society participation in policy dialogues has been more ad hoc than systematic and institutionalized, confined to high-level meetings like the CG, and less inclusionary with respect to sector dialogues. The study shows that there has been encouraging progress in civil society participation in the Education Sector policy dialogue and recently in the local government and decentralization sector where a group of CSOs, convened as LOGNet participated in the review and reformulation of the GOG’s decentralisation policy.

Another area of noted progress is the establishment and operation of the G-RAP funding mechanism as a pooled funding mechanism for CSOs, especially Research and Advocacy Organizations (RAO), complementary to the MDBS. On the other hand, the RAVI, which is the other funding mechanism for civil society funded primarily by the DFID and the British Government is a bilateral support mechanism. Together both the G-RAP and RAVI depict the operation of the admixture of pooled and direct project-type funding also in relation to CSO. The nature of the aid management regime that has emerged in relation to the CSOs and how it is impacting on alignment, harmonization and mutual accountability and partnership practices in the country is an empirical question that needs

further research. Donor funding of CSOs in Ghana has often been channelled directly to fund specific projects and, relatively, not so well coordinated in supporting CSOs as they are in supporting the GoG. Traditional project funding for CSOs mostly based on bilateral arrangements is still predominant in Ghana

Pooled funding under G-RAP has also proven to be time-consuming posing particular difficulties for RAOs. Each DP has had its own administrative requirements typical of sector wide supports. Reporting requirements have been heavy on RAOs, and out of keeping with the spirit of the core funding approach. RAOs have been required to submit quarterly financial reports though narrative reporting is only twice-yearly. RAOs complain that the financial requirements are too demanding, and preventing them from getting on with the job. They argue that the financial reports should anyway be linked with, and subordinate to, the narrative reports. In the latest move, G-RAP has indicated based on the MTR report that its systems have been simplified by a move to half-yearly reporting and disbursements (G-RAP Newsletter No. 7, January 2007).

The concurrent operation of pooled and direct project funding regimes has had implications for aid harmonization and coordination in Ghana, The gaps in the harmonisation of donor funding have been widely acknowledged both by the GOG and the DPs. Their joint response involves the creation of an environment that would facilitate harmonisation of aid and the standardization of the pooled funding as the main mode of development assistance to Ghana. The objective for this proposal is to ensure that all development assistance to Ghana is captured in Government record books, using tools such as donor's register and the sharing of information on development aid inflows and disbursements with Government.

4.2 Conclusion:

Generally speaking, the implementation of the PD and the pursuit of the “aid effectiveness” agenda in Ghana have introduced a measure of relative openness, transparency and inclusion in the governance and management of the development aid regime in the country. Hitherto, the domain of aid relations had appeared closed and insulated from civil society in particular and too fragmented and uncoordinated among donors and government agencies. The progress made so far in the implementation of the Paris Declaration in the country suggests that the process of reforming the aid governance and management regime has taken off, albeit slowly, and needs acceleration and consolidation.

The key actors in the arena of aid relations remain the GOG and the Development Partners. This view was confirmed by the findings of the study which shows both in terms of volume of aid inflows, documentation and record of transactions, engagement in policy dialogue and participation in the definition of the terms of the relationship, it is the GOG and the Donors who are centrally placed to make decisions and act accordingly. Hitherto Civil society in Ghana had been relatively marginal and not too significant a player in the aid governance and management regime in Ghana. However, as the implementation of the PD and the aid effectiveness agenda are being implemented in Ghana.

Nevertheless, the prospects for an incremental growth in the roles that civil society could play in the creation of a new aid architecture and development partnership regime in Ghana are good. First of all, on-going liberalization and democratization of the public policy arena to include non-state actors is well anchored in the law (Constitution of Ghana, 1992) and in the decision-making praxis that has evolved in Ghana's current Fourth Republic. Secondly, the introduction of an admixture of both pooled funding (G-RAP) and direct project funding such as RAVI (DFID) and the Civil Society Support facility under the Good Governance Programme of Danida/Royal Danish Embassy (2004-2007) is indicative of the emergence of a more conducive environment and interest in engaging civil society and other non-state actors in dialogue on aid policies and in responding to the latter's needs as well.

Thirdly, civil society actors, such as the Research and Advocacy Organizations that have benefited from the G-RAP funding mechanisms are becoming more aware, interested and mobilized to participate in the governance and reform of the aid management regime in Ghana. However, it would take a more pro-active, informed and collective action on the part of civil society actors to expand their roles and influence in the country's development partnership dialogues in the country.

4.3 Policy Recommendations:

On account of the findings and conclusions of the study the following policy recommendations are made:

- (i) Since full implementation of the aid effectiveness agenda in Ghana requires that all the principles of the Paris Declaration (PD) are adhered the gaps noted in the promotion of the principles of 'alignment,' 'harmonization', and 'managing for results', contra those of 'ownership' and 'mutual accountability' need to be bridged. Thus, while the progress made in the practice of 'alignment,' 'harmonization', and 'managing for results', is commendable and needs to be consolidated, greater attention must be paid to the strengthening of national 'ownership' and 'mutual accountability' among all the stakeholders, especially between the DPs and the GOG.
- (ii) Accelerating the shift from direct project funding to pooled funding is central to strengthening national ownership. Although some of the Donors who have not signed on to the pooled funding and budget support mechanism attribute their inability to do so to their respective national policies and laws, it was high time they expressed a stronger will power to support aid effectiveness through pooled funding. In that regard, reforming and amending national policies and laws of the DPs to reflect both the spirit and letter of the PD is crucial to strengthening national ownership and mutual accountability. A spirited campaign and advocacy by CSOs on the reform of national policies and laws on aid management in the donor countries may be strategic.
- (iii) The operation of a dual aid management and partnership regime in the country should be critically examined with the view to rationalizing the existing arrangement and establishing an integrated regime. Aid management and

partnership will be improved considerably and transaction costs reduced if a simplified and more coherent regime is created to enhance the effectiveness of implementation actions, including reporting, review and accountability. Donors should contribute to the development of the capacity of national aid management structures and processes in order to serve their needs within a coherent and integrated regime.

- (iv) The campaign to expand pooled funding, budget support and program aid contra project aid should be linked to a strong advocacy to scaling up aid and development assistance to Ghana and other countries. The study revealed that contrary to the expectation that progress in the implementation of the PD will trigger the scaling up of aid there has been no such “incentive” or outcome in Ghana yet. To sustain progress and strengthen the emergent aid effectiveness regime in Ghana, donors must seriously act on their pledge to scale up aid and thereby restore confidence and trust in the international aid management regime.
- (v) More vigorous policies and actions are required to strengthen the inclusion and participation of national and local CSOs in all domains of implementation and of the PD and the aid effectiveness agenda, especially at the national and local level. A substantial increase in the volume of pooled funding allocated to support civil society actors’ engagement at all levels and spheres of PD implementation is needed. In that regard, a strong campaign aimed at raising public awareness and disseminating information on the PD and the aid effectiveness agenda, together with their associated development policy frameworks such as the MDGs and PRSPs is urgently needed. Currently, the level of awareness of the PD among civil society actors in particular, and the general public in general is low. A strong media-centred campaign will be a step in the right direction.
- (vi) Further, adequate financial and technical support should be given to programmes aimed at developing the capacity of civic society actors to enable them to participate more effectively in all the five areas of PD and their execution at the national and local levels to enable them contribute to the realization of their objectives. Also, getting civil society actors to fully engage in the promotion of the five principles of the PD by owning, aligning, harmonizing, managing for results, and joining in good mutual accountability practices is essential, albeit challenging. Conscious and systematic work is required to advance this agenda with the view to reforming civil society-State relations and making the relationship more conducive to promoting accelerated poverty reduction, overall pro-poor development and good, democratic governance in Ghana.
- (vii) **There is the need for a proper structuring of CSOs in Ghana. This will require a re-arrangement of the organisations into sector clusters. This will enable proper identification and strengthen their involvement in discussions on sector issues. CSO, sometimes perceive themselves as watch-dogs instead of stakeholders. By this perception, they place themselves in a reactive posture against the sector, hence demanding that sectors become the lone implementers of programmes that are of broader social interest and for which**

CSOs are in better standing to assist in creating the needed awareness and sensitisation.

- (viii) Tracking of donor funds is one of the gaps identified in the work of CSOs in the implementation of the PD in Ghana. This is attributed partly to CSOs lack of resources and the technical capacity to engage in the tracking of aid revenue in the country. However, effective participation by independent civil society groups has become a necessary condition to improve on current accountability mechanisms especially as this research has noted the dominance of a two way accountability structure between the GOG and the DPs. The government could work closely with CSOs in developing an effective results-oriented monitoring and evaluation system that would be collectively owned to ensure efficient use of resources and the maximization of their effects on the reduction of poverty and inequality in the country
- (ix) The evidence provided in earlier sections of this paper point to Government's recognition of the importance of CSOs in facilitating information and buy-in of Government programmes. CSOs are already playing this role, albeit, requiring additional impetus to achieve optimal effect on socio-economic development. The current PAF needs to be re-designed as a mechanism for enhancing internal, rather than external, accountability, by making reform targets and results public, and by giving wider access to policy debates. This must be complemented by the production, publication and dissemination of user-friendly information on public policy and related issues and to effectively share information with CSOs to enhance their participation in the monitoring of the implementation of pro-poor development policies programs and the evaluation of impacts and outcomes at levels in Ghana.

APPENDIX A: Donors Disbursements to Local Government/GPRS II Pillar III Disbursements in millions
US \$)

Period
Total

World Bank	GPRS II Pillar	Sector	2003	2004	2005	2006	2007	2003-2007
Budget Support			0.00	0.00	0.00	0.00	0.00	0.00
Promoting partnerships with traditional authorities	Pillar II	Health	0.58	2.39	1.80	2.50	4.19	11.46
Community-based poverty reduction	Pillar II	Health	1.75	2.29	0.85	0.00	0.00	11.46
Small Towns Water Supply & Sanitation	Pillar II	Water	0.00	0.00	1.80	6.17	7.02	14.99
Community Water & Sanitation 2	Pillar II	Water	6.29	9.61	4.21	0.00	0.00	20.11
Community-Based Rural Development	Pillar III	Decentralisation	0.00	1.00	2.96	15.72	27.08	46.76
Local Government Development	Pillar III	Decentralisation	1.26	0.00	0.00	0.00	0.00	1.26
IDF Kumasi-Atlanta Partnership (KAP)	Pillar III	Decentralisation	0.00	0.00	0.00	0.00	0.06	0.06
Denmark								
Denmark	GPRS II Pillar	Sector	2003	2004	2005	2006	2007	2003-2007
Grants (Phase I)		Budget Support	5.00	29.50	26.00	23.80	0.00	84.30
Grants (Phase II)		Budget Support	0.00	0.00	0.00	10.00	35.00	45.00
Good Governance Programme	Pillar III	Gov/Demo	9.30	16.30	16.30	14.40	32.99	89.29
Good Governance Programme	Pillar III	Decentralisation	8.35	2.90	1.11	0.00	0.00	12.36
Canada								
Canada	GPRS II Pillar	Sector	2003	2004	2005	2006	2007	2003-2007
District Wide Assistance Programme	Non Project	Decentralisation	0.00	2.70	3.44	3.52	3.87	13.53
MDBS		Budget Support	5.00	22.75	16.24	16.15	17.00	77.14
Northern Region Small Towns Project	Pillar II	Water	0.00	0.00	0.02	0.01	0.00	0.03
District Capacity Building Project	Pillar III	Decentralisation	1.50	1.60	1.90	1.39	1.73	8.12
Support to Decentralisation Process	Pillar III	Decentralisation	0.20	0.10	0.00	0.00	0.00	0.30
Ghana Advisory Services Project	Pillar III	Decentralisation	0.06	0.11	0.45	0.00	1.26	1.88
European Union								
European Union	GPRS II Pillar	Sector	2003	2004	2005	2006	2007	2003-2007
MDBS		Budget Support	41.42	27.85	24.00	19.20	18.00	130.47
Decentralisation	Pillar III	Decentralisation	0.00	0.00	0.00	1.00	1.00	2.00
ADB								
ADB	GPRS II Pillar	Sector	2003	2004	2005	2006	2007	2003-

									2007
MDBS		Budget Support	22.00	12.50	22.00	22.00		0.00	78.50
Rural Water & Sanitation Programme	Pillar II	Water & Sani	0.00	0.00	0.36	3.66		1.83	5.85
Germany	GPRS II Pillar	Sector	2003	2004	2005	2006		2007	2003-2007
Loans		Budget Support	0.00	6.00	6.50	9.00		10.00	31.50
Grants		Budget Support	0.00	0.00	0.00	0.00		0.00	0.00
Grants (TA Component)		Budget Support	0.00	0.00	0.00	0.00		0.20	0.20
Rural Water SS Programme Phase I - IV	Pillar II	Water	0.11	0.96	2.49	1.61		4.00	9.17
Rural Water SS Programme Tech. Assist. Component	Pillar II	Water	0.06	0.05	0.19	0.25		0.40	0.95
Small Towns Water SS Eastern & Volta Region I - III	Pillar II	Water	3.78	4.88	1.17	0.32		0.01	10.16
Local Gov Poverty Reduction Support Prog	Pillar III	Decentralisation	1.67	1.03	3.80	1.26		1.23	8.99
District Towns I	Pillar III	Decentralisation	0.23	0.78	0.00	0.00		0.00	1.01
District Towns II - III	Pillar III	Decentralisation	1.20	3.20	3.50	0.02		0.00	7.92
District Towns IV	Pillar III	Decentralisation	0.00	0.00	0.00	5.45		0.95	6.40
District Towns V	Pillar III	Decentralisation	0.00	0.00	0.00	0.00		2.00	2.00
Secondary Towns	Pillar III	Decentralisation	0.03	0.00	0.00	0.00		0.00	0.03
France	GPRS II Pillar	Sector	2003	2004	2005	2006		2007	2003-2007
MDBS (Grant)		Budget Support	0.00	0.00	8.40	8.09		10.00	26.49
MDBS (Loan)		Budget Support	0.00	0.00	8.40	0.00		13.00	21.40
Institutional Support on Decentralisation	Pillar III	Decentralisation	0.00	0.00	0.00	0.36		0.48	0.84
Italy	GPRS II Pillar	Sector	2003	2004	2005	2006		2007	2003-2007
Local Governance Development	Pillar III	Decentralisation	0.80	0.20	0.60	1.70		1.70	5.00
UNICEF	GPRS II Pillar	Sector	2003	2004	2005	2006		2007	2003-

									2007
District & Community Capacity Enhancement	Pillar III	Decentralisation, M&E	0.41	0.29	0.26	0.00		0.00	0.96
Policy Analysis and Development	Pillar III	Decentralisation, M&E	0.00	0.00	0.00	0.33		0.52	0.85

APPENDIX B: Donor support to Non-state Actors (Actual Disbursements in million US \$)

							Period Total
EU Support Programme	Sector	2003	2004	2005	2006	2007	2003-2007
NGOs Human Devt. Sector	CSOs	1.62	1.47	1.10	0.64	0.34	5.17
Canada Support Programme	Sector	2003	2004	2005	2006	2007	2003-2007
CSO Support (Various Projects)	CSOs	5.78	7.16	7.19	9.69	4.99	34.81
Denmark Support Programme	Sector	2003	2004	2005	2006	2007	2003-2007
Minor Projects	N/A	15.41	5.00	6.45	3.22	4.00	34.08
Germany Support Programme	Sector	2003	2004	2005	2006	2007	2003-2007
Pilot project on Prevention & Comp. Care 4 PLWA	Health	0.00	0.00	0.20	0.00	0.00	0.20
France Support Programme	Sector	2003	2004	2005	2006	2007	2003-2007
Support to NGOs Projects	CSOs	0.02	0.05	0.07	0.11	0.13	0.38
Italy Support Programme	Sector	2003	2004	2005	2006	2007	2003-2007
NGO Support	N/A	0.00	0.00	0.00	0.20	0.82	1.02
Japan Support Programme	Sector	2003	2004	2005	2006	2007	2003-2007
Grassroots/Human Security Project Grants	CSOs	1.09	0.15	0.24	0.31	0.39	2.18
Netherlands Support Programme	Sector	2003	2004	2005	2006	2007	2003-2007
NGOs-support through semi-private Dutch Devt. Foundations	N/A	6.00	6.00	6.00	6.00	0.60	24.60
Private Sector Development	N/A	1.64	1.64	1.64	0.00	1.00	5.92
Support to Research and Advocacy (G-RAP)	RAOs	0.00	0.00	0.17	0.50	0.90	1.57
UK Support Programme	Sector	2003	2004	2005	2006	2007	2003-2007
CSOs	Gov/Demo	0.00	0.00	1.67	1.49	1.18	4.34
ILO Support Programme	Sector	2003	2004	2005	2006	2007	2003-2007
Support to NGOs (Five Projects) IPEC	Education	1.03	1.42	2.16	3.41	2.02	10.04
UNESCO Support Programme	Sector	2003	2004	2005	2006	2007	2003-2007
Community Multimedia	Communication	0.00	0.00	0.00	0.04	0.01	0.05
UNFPA Support Programme	Sector	2003	2004	2005	2006	2007	2003-2007
Support to NGOs	Health/HIV	0.00	0.00	0.00	0.46	0.00	0.46
Support to NGOs	Education/M-power	0.00	0.00	0.00	0.05	0.00	0.05
Support to NGOs	Gender	0.00	0.00	0.00	0.11	0.00	0.11
UNDP Support Programme	Sector	2003	2004	2005	2006	2007	2003-2007
Pro-Poor Budgeting - Local CSOs	Water & Sanitation	0.11	0.14	0.12	1.36	0.41	2.14
US Support Programme	Sector	2003	2004	2005	2006	2007	2003-2007
Strengthen Civil Society (GAIT II)	CSOs	0.97	0.89	0.82	0.37	0.00	3.05
Support Democratic Local Government and Decentralisation	N/A	0.89	0.85	0.82	0.37	0.50	3.43

**APPENDIX C: MDBS POLICY MATRIX 2007-2009:
GOVERNMENT'S REFORM STRATEGY AND PROGRESS INDICATORS**

II. HUMAN DEVELOPMENT AND BASIC SERVICES					
A. Education					
Policy Objective	PRSC 7/MDBS 07	Means of Verification for PRSC 07/MDBS 07	PRSC 8/MDBS 08	PRSC 9/MDBS 09	Expected Outcomes
<i>A1 – Increase access to and participation in education and training at all levels. Baseline 2005/06 29%</i>	10. Increase the level of public expenditure on primary education to at least 35% of total public expenditure on education. <i>Definition: Total expenditure (Item 1-4) from the following sources - GOG (MOES domestic budget), donor expenditure, GETFund, DACF, HIPC and IGF spent on primary education.</i>	2006 Accounts and Expenditure Returns and 2007 Education Sector Performance Report.	10. Increase the level of public expenditure on primary education to at least 38% of total public expenditure on education.	10. Increase the level of public expenditure on primary education to at least 38% of total public expenditure on education.	MDG Universal Primary Completion (UPC).
<i>A2 – Bridge gender gap in access to education.</i>	11. Implement specific measures to achieve gender parity particularly in areas with low enrolment of girls.	Annual EMIS Census Report.	11. Implement specific measures to achieve gender parity particularly in areas with low enrolment of girls (Academic Year 2008/09).	11. Implement specific measures to achieve gender parity particularly in areas with low enrolment (Academic Year 2009/10).	Gender Parity throughout Primary and Secondary education by 2015.

Policy Objective	PRSC 7/MDBS 07	Means of Verification for PRSC 07/MDBS 07	PRSC 8/MDBS 08	PRSC 9/MDBS 09	Expected Outcomes
<i>Baseline 2005/06</i> GPI Primary - 0.95	Gender Parity Index GPI Primary - 0.97		Gender Parity Index GPI Primary - 0.98	Gender Parity Index GPI Primary - 0.99	
GPI JSS - 0.86	GPI JSS - 0.88		GPI JSS - 0.90	GPI JSS - 0.92	
GPI SSS - 0.78	GPI SSS - 0.80		GPI SSS - 0.81	GPI SSS - 0.82	
<i>A3 Improve quality of teaching and learning.</i> <i>Baseline P3</i> <i>English: 16.4% P3</i> <i>Maths: 18.6%</i> <i>P6 English: 23.6%; P6 Maths: 9.8%</i>	12. Maintain annual testing of children in schools (National Education Assessment, Continuous Assessment) A 10% raise in the number of children in P3 and P6 passing English and Math tests. P3 English: 18.0%; P3 Maths: 20.5% P6 English: 26.0% P6 Maths: 10.8%	Reports on annual Education Assessment tests in schools.	12. Maintain annual testing of children in schools (School Education Assessment, Continuous Assessment) Better SEA Test Results in 2008 than in 2006. A 10% raise in the number of children in P2 and P4 passing test in English and Math tests.	12. Maintain annual testing of children in schools (National Education Assessment, Continuous Assessment) A 10% raise in the number of children in P3 and P6 passing English and Math tests. P3 English: 19.8%; P3 Maths: 22.5% P6 English: 28.6%; P6 Maths: 11.9%	Improved performance of students in national test and exams.
<i>A4- Improve quality and efficiency in delivery of education services</i>	13. Reduce disparities in enrolment ratios and efficiency indicators between deprived Districts and the national averages by better targeting of resources.	Annual EMIS Census Report and Household survey data (if available).	13. Reduce disparities in enrolment ratios and efficiency indicators between deprived Districts and the national averages by better targeting of resources.	13. Reduce disparities in enrolment ratios and efficiency indicators between deprived Districts and the national averages by better targeting of resources.	Improved education service delivery at the basic levels.

Policy Objective	PRSC 7/MDBS 07	Means of Verification for PRSC 07/MDBS 07	PRSC 8/MDBS 08	PRSC 9/MDBS 09	Expected Outcomes
<i>Baseline 2005/06 Deprived Districts: NER* (P) - 40.8% PTR - 40:1</i>	Deprived Districts: NER (P) - 57% PTR - 38:1		Deprived Districts: NER (P) 62% PTR - 37:1	Deprived Districts: NER (P) - 68% PTR - 36:1	
<i>National Averages: NER* (P) - 68.8% PTR - 35:1 * the baseline year is 2004/05.</i>	National Averages: NER (P) - 75.5% PTR - 35:1		National Averages: NER (P) - 79% PTR - 35:1	National Averages: NER (P) - 82.6% PTR - 35:1	
<i>A5. Improve Science and Technology Education.</i>	14. Improve skills towards higher levels of employment, productivity and income. Develop a costed implementation plan for TVET including performance indicators. (Baseline and annual targets)	Costed implementation plan for TVET.	14. Improve skills towards higher levels of employment, productivity and income. % of JSS leavers going into TVET and apprenticeship programmes. % of SSS students enrolled in science programmes.	14. Improve skills towards higher levels of employment, productivity and income. % of JSS leavers going into TVET and apprenticeship programmes. % of SSS students enrolled in science programmes.	A higher number of graduates from post-basic education find employment in the formal sector.

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NOTES

¹ The latest work by the International Civil Society Steering Group is a policy paper drafted in September 2007 to inform the debate at the Accra Conference.

² At the international level IBIS is part of the international NGO facilitation group coordinating NGO activities towards the Accra HLF3 in September 2008 and IBIS is supporting and contributing to the CSO parallel conference in Accra.

³ A detailed version of the Terms of Reference is presented in the appendix.

⁴ International CSOs/NGOs are likely to be more informed about the aid effectiveness issues than national/local CSOs.

⁵ Implementation of GPRS I began in 2003 to provide ample time to raise more resources and logistics in support of programme.

⁶ In CDF terms an operational development strategy is one that has a coherent long-term vision from which a medium term strategy may be derived.

⁷ The World Bank and the International Monetary Fund

⁸ Whatever the motive of GoG for formulating the PRSPs, there is no doubt that the process has been advanced by the development partners who have supported the PRSP processes and provided key inputs in the area of technical and financial assistance.

⁹ A network of 30 people comprising CSOs and the private sector actors

¹⁰ In March 2003, GoG signed a framework memorandum with nine development partners governing the first year of budgetary support. They included the African Development Bank, Canada, Denmark, European Union, Germany, Netherlands, Switzerland, United Kingdom and the World Bank. France signed on in 2005 to bring the number to 10 contributing donors.

¹¹ Programme aid is an umbrella term covering budget support, debt-relief, and balance of payment support (Quarley, 2005).

¹² Efforts to improve the impact of aid in Ghana by promoting aid coordination began in the early part of 1999 when the World Bank launched the Comprehensive Development Framework (CDF) initiative and Ghana was selected as one of twelve CDF pilot countries. Prior to the official adoption of the MDBS framework in Ghana, discussions on a more coordinated support of donor assistance had begun at the April 2002 CG meeting.

¹³ The operation of the MDBS alongside other forms of aid has been popularly described as “the mix of aid” in a paper by Quarley (2005, p. 2).

¹⁴ Defined as “below the line” expenditures of donor funds given to sector ministries of a country. These expenditures are not incorporated in the national budget and audited reports are not sent to the ministry of finance.

¹⁵ The Commission for Africa report published in March 2005 called for a ‘big push’ in development assistance to address the African continent’s development challenges. In this regard, it called for a doubling of aid from the 2004 level of US\$25 billion to US\$50 billion annually.

¹⁶ G-JAS partners include CIDA, the Royal Danish Embassy, the European Commission, France, Germany, Italy, Netherlands, Spain, Switzerland, United Kingdom, United States of America, African Development Bank, IFAD, UNDP and the World Bank.

¹⁷ The initial timeframe for the G-JAS is a four-year period beginning in 2007 and ending in 2010. The projected financial flows for the period 2007-2010 is US\$ 5.3 billion, of which two thirds would be provided on a grant basis and one third on a concessional credit basis; of the assistance flowing to the government sector, US\$ 1.4 billion is expected to be in the form of budget support and US\$ 3.9 billion to be provided for sectoral programs (G-JAS, 2007).

¹⁸ The GPS comprises a results matrix which maps DP-funded activities to GPRS II policy priorities; an annual harmonization plan; and an overview of external assistance, detailed by GPRS II pillar and sectors. As such, the GPS provides a framework for monitoring the effectiveness of development assistance in supporting GPRS II (G-JAS, 2007).

¹⁹ In the first year of implementation, the World Bank’s disbursement were based on a separate PRSC matrix of policy triggers and targets.

²⁰ The triggers were derived from the five key areas of reform considered critical for the successful and efficient implementation of the GPRS I. The reforms were in the area of Public Finance Management, the Budget Process, Decentralisation, Public Sector Reform and Governance.

²¹ Two types of disbursements are traditionally associated with the MDDBS framework as agreed in the MOU. These are: first the “base payment” and second “performance payment”.

²² The NDPC has since 2003 coordinated the production of the APRs that reviews and monitors progress against key dimensions of the national and sector development strategies outlined in the PRSPs.

²³ The GPRS I M&E Plan was established to track progress against a set of 60 core indicators.

²⁴ Members of Parliament especially the Poverty Reduction Committee of parliament, that often relies on APRs for its analysis have complained often of the untimely release that is affecting their ability to also effectively analyse them and prepare their reports for debates at the floor of parliament.

²⁵ For example, education triggers have included (I) Developing policies to encourage deployment of teachers and health workers to remote and rural areas (PAF trigger 2003), (II) Removing all government controlled fees and introducing capitation grants for girls in 53 most deprived districts and schools for the disabled (PAF trigger 2005) and (III) Increasing gross primary enrolment in the three poorest Northern regions (PAF trigger 2005) (Tsekor, 2007).

²⁶ Many MDAs, however, report difficulties in the functioning of the ETCs as the new law imposes a number of administrative and logistic requirements to support the effective functioning of the procurement process.

²⁷ Daily Graphic, Thursday, October 18, 2007

²⁸ The CEF is supported by DFID, UNESCO, UNIDEF and Ibis.

²⁹ The strategies under political governance are: strengthening parliament, enhancing decentralization, protecting rights under the rule of law, ensuring public safety and security, public policy management and public sector reform, fighting corruption and economic crimes, empowering women, enhancing development communication and promoting civic responsibility.

³⁰ Strategies under economic governance are: fiscal policy management, improving public expenditure management, promoting effective debt management, improving fiscal resource mobilization, monetary policy management and international trade management.

³¹ The only strategy under good corporate governance is in the area of promoting evidence-based decision making.

³² www.danidadevforum.um.dk

³³ This number is expected to increase to 160

³⁴ Joint GoG/DPs Decentralisation Policy Review Report, 2007.

³⁵ LogNET spurs organization interested in local governance issues ranging from local CSOs to national “think tanks”. Some of these include the Empowerment Centre for Women and Children, Transparency Youth International, Community Watch Foundation, Institute for Democratic Governance, Centre for the Development of People, Global Youth Action Network, SNV-Ghana, Care International, ActionAid and IBIS.

³⁶ That is in the area of Human Resource Development and in Good Governance and Civic Responsibility respectively.

³⁷ The other sources are GoG grants, Donor grants, the District Assemblies Common Fund and the Internally Generated Funds.