

Ghana Joint Assistance Strategy (G-JAS)

Mid-Term Review

30 November 2009

Marcus Cox
Mavis MacCarthy

Executive summary

In February 2007, 16 development partners (DPs) signed the 4-year Ghana Joint Assistance Strategy (G-JAS). G-JAS was designed to improve alignment of external assistance with Ghana's development priorities and provide a framework for implementing the Paris Declaration. However, over an eventful period in which Ghana went through a change of government and a number of economic shocks, G-JAS has not served the functions originally expected of it.

In 2009, the G-JAS partners commissioned an independent team to carry out a mid-term review of G-JAS. The review team was asked to assess development partner (DP) performance against their aid effectiveness commitments, to encourage critical reflection and mutual accountability. We were also asked to assess whether the original G-JAS goals were still relevant, and what role it might play in the evolving aid architecture in the future.

The review involved three main elements:

- i) a self-assessment by each of the G-JAS partners of their own performance against individual G-JAS commitments, and a peer review by two other DPs;
- ii) two sectoral case studies, on water and sanitation and health; and
- iii) two thematic case studies on the quality of dialogue and division of labour.

The self-assessment showed good overall progress in a number of areas, with G-JAS commitments either achieved or substantially on track, including:

- reducing the burden of conditionality;
- increasing the use of joint analytical work;
- scaling up budget support (although levels are still well short of the 80% that GoG has proposed in its draft Aid Policy);
- phasing out parallel PIUs;
- making multi-annual funding commitments;
- providing regular and timely information on disbursements;
- reducing tied aid; and
- observing the national mission free period.


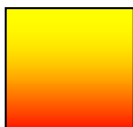
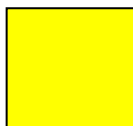
There are some areas where GoG and DPs have not yet established credible processes for meeting their joint commitments.

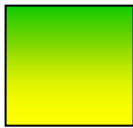
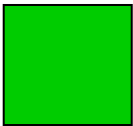
- GoG has not articulated its preferred capacity-building approaches. Ministries have been poor at articulating their capacity needs and incorporating capacity development objectives into their strategies. As a result, capacity building support from DPs remains fragmented and supply-driven.
- While some sharing of mission schedules occurs through SWGs, this has not been enough to increase the level of joint missions.
- While there have been efforts to develop joint monitoring arrangements in a number of sectors, parallel monitoring systems are still common and individual monitoring missions continue to be burdensome on counterparts.

There are some areas where performance is mixed across different groups of DPs.

- On selectivity and division of labour, the EU and its member states have made significant efforts to reduce their areas of engagement in accordance with the EU Code of Conduct. Other DPs still have a ‘long tail’ of projects across too many areas.
- Some DPs have made programme-based approaches (PBAs) the default option for their assistance. Others are making relatively small contributions to PBAs, while maintaining a substantial suite of stand-alone projects, often in the same sector.
- Use of country systems for aid delivery has become the default option for some DPs. For others, it is limited to budget support operations, while projects are still delivered through separate channels.

Overall, the review team assessed collective achievement against the G-JAS outcomes as follows:

Achievement of G-JAS Outcomes	
G-JAS Outcome	Assessment
<p>1. Higher quality dialogue between DPs and government</p>  <p>Yellow/red</p>	<p>DPs are making genuine efforts to participate effectively in sectoral dialogue. They have reduced conditionality and increased joint analytical work. GoG participation in SWGs is patchy, and some DPs are engaged in too many sectors to participate effectively. Cross-cutting issues are not being pursued systematically. There has been progress in involving civil society in dialogue, but more effort is required. The Consultative Group process is widely considered to have lost direction. Multi-Donor Budget Support (MDBS) has emerged as a key platform for strategic dialogue, but the dialogue has become narrowly focused on the formulation of triggers, rather than strategic issues. The dialogue on aid effectiveness has broken down in recent years.</p>
<p>2. A better division of labour</p>  <p>Yellow/red</p>	<p>There has been significant effort by many DPs to improve the selectivity and focus of their programmes. This has already delivered clear benefits, in the form of higher quality engagement on strategic and policy issues. However, an attempt to launch a more ambitious division of labour process in 2008 failed for lack of GoG engagement, and there is no process in place for moving forward. As a result, the G-JAS ambition of developing a more rational overall division of labour based on joint decision making has not been realised.</p>
<p>3. Greater harmonisation in aid delivery</p>  <p>Yellow</p>	<p>DPs have made substantial investments in improving the harmonisation of aid delivery through PBAs, joint projects and common delivery arrangements. However, there are limits to the level of harmonisation that DPs can achieve without simultaneously aligning to GoG programmes and systems. There has been little progress on improving coordination of missions, and a 2007 agreement between DPs on allowances for GoG personnel has become outdated.</p>

<p>4. Increased reliance on PBAs and coordinated TA programmes</p>  <p>Green/yellow</p>	<p>DPs have increased their levels of budget support, and most report increases in use of PBAs. However, many DPs continue to maintain too many free-standing projects, resulting in little overall consolidation of funding flows. Capacity development support remains fragmented and supply driven. There is good use of joint diagnostic instruments on country systems, and more DPs are using country systems for new programming. Parallel PIUs are being phased out. There has been some good work on developing common sectoral monitoring arrangements, but DPs could be doing better on aligning with country monitoring systems.</p>
<p>5. Improved predictability in resource flows and reduced transaction costs for government</p>  <p>Green</p>	<p>DPs now routinely provide multi-annual indicative funding commitments and quarterly information on disbursements. Disbursement is not always timely, due mainly to delays in project implementation and bureaucratic problems on the GoG side. Aid is being reflected on the budget, although there is a need to rationalise the processes involved. While it will take more time for reduced transaction costs to be felt by GoG, this outcome seems to be substantially on track.</p>

The review team identifies a number of strategic priorities on aid effectiveness in Ghana for the coming period, including:

1. A more concerted shift towards PBAs. The benefits of PBAs have been clearly demonstrated in Ghana. They enable a more coordinated and strategic engagement by DPs on strengthening sectoral policies, institutions and processes. Where a flexible pool of funding is provided for implementing a comprehensive programme of activities, it provides both the means and incentive for improving planning and budgeting. DPs should continue to develop PBAs in more sectors, consolidating funding flows through common mechanisms (basket funds or sector budget support), and ensure that continuing project support is complementary to existing PBAs.

2. Improved selectivity and division of labour. There should be a more rational process for allocating assistance across sectors, and a better balance of external assistance and national resources within sectors. DPs should be flexible enough to respond to emerging priorities, while maintaining predictability of support in key areas. Where DPs consolidate their programmes around a few priorities and build up their comparative advantage in those areas, there are clear gains in terms of quality of engagement.

3. Clarify the overall architecture for dialogue and coordination. All the basic elements are in place for a coherent architecture for the development partnership, including regular platforms for dialogue between DPs and GoG (the MDDBS, Consultative Group and sectoral working groups) and platforms for the DPs to agree common positions and strategies (principally the HOCs). However, at present the elements do not function together as well as they could, and greater clarity about the relationship among them is required. In particular, there needs to be more concerted use of the HOCs to agree policy goals and negotiation strategies to take into the annual MDDBS dialogue, Consultative Group meetings and other *ad hoc* fora as required.

4. Build the MDDBS into a more effective platform for dialogue. The effectiveness of MDDBS is determined by the quality of the dialogue, rather than the financial incentives generated by performance-related disbursements. DPs should review the level of participation in the dialogue, make more use of holistic assessments of sector performance as MDDBS triggers, and improve the integration of cross-cutting issues and the participation of national stakeholders. They should use the Heads of Cooperation (HOCs) meetings to agree common positions and strategies to take into MDDBS negotiations.

5. Overcome weaknesses in the aid effectiveness dialogue. There has been a succession of DP initiatives on aid effectiveness that have failed for want of GoG engagement. To break this dynamic, DPs need to make more effort to communicate to GoG why the aid effectiveness agenda matters, broaden national participation in aid policy issues, invest in building up the Ministry of Finance as lead agency on aid management, development a Performance Assessment Framework and independent review process for DP aid effectiveness commitments, and consider developing a standing DP/GoG forum on aid effectiveness issues.

6. Continue to strengthen SWGs. Sector dialogue could be improved through measures such as re-assessing the level of participation by GoG counterparts, ensuring effective DP leads, more robust follow-up of annual review process and more systematic engagement with civil society.

7. Improve the quality of capacity development. DPs have already identified this as a priority issue. Options include better integration of capacity assessments and development plans into sectoral strategies, more use of joint delivery arrangements including pooled TA funds managed by counterparts, and more analysis on what approaches work in which context.

8. Reduce the distortions and transaction costs associated with aid. There is still much to be done in Ghana on systems alignment. DPs should be explicitly stating their minimum conditions for use of country systems, and developing joint plans at sectoral level to ensure those conditions are met. There should be better systems for coordinating DP missions, more use of common monitoring arrangements, and a process for bringing allowances for GoG staff involved in DP projects into line with GoG norms, to reduce distortion.

The future of G-JAS is in some ways a secondary matter. Once GoG and DPs have agreed a common set of aid effectiveness objectives, they can determine whether or not a joint strategy is an appropriate tool for achieving them. There are a number of functions that might usefully be served by another iteration of G-JAS, including

- **Defining the national aid architecture** by describing the functions of and relationships among its different elements and rationalising the processes;
- **Forging a consensus on short-term aid effectiveness priorities**, possible in the form of a collective DP response to a national Aid Policy;
- **Agreeing a common country analysis and high-level objectives** for DPs to incorporate in their assistance strategies, to ensure a shared strategic orientation in a changing country context;

- **A common response to the new national development plan**, when adopted, to map DP activities and funding flows against the new development priorities;
- **Developing a division of labour or ‘results and resources’ process**, to identify overcrowded and underfunded sectors, and ensure that new aid commitments are matched with agreed priorities.

Do these suggestions add up to a strong case for another iteration of G-JAS? The answer depends upon the availability of alternative mechanisms for achieving them. If GoG expresses a preference for pursuing them through other means, DPs should follow that preference. At this stage, DPs should probably wait until the new national development strategy and Aid Policy are in place. If at that stage there is no other credible mechanism for addressing the objectives set out here, then another G-JAS may be the best way to move forward.

Acronyms

ADMD	Aid and Debt Management Division
AFD	Agence Française de Développement (French Development Agency)
AfDB	African Development Bank
AIDS	Acquired Immuno-Deficiency Syndrome
BMC	Budget management centre
CCM	Country Coordinating Mechanism
CG	Consultative Group
CG	Consultative Group
CIDA	Canada International Development Agency
CMA	Common Management Arrangements
CONIWAS	Coalition of NGOs in Water and Sanitation
CPIA	Country Policy and Institutional Assessment
CSO	Civil society organisation
CWSA	Community Water and Sanitation Agency
DA	District Assembly
DDF	District Development Facility
DFID	Department for International Development
DiMES	District Monitoring and Evaluation System
DoL	Division of Labour
DP	Development Partner
EC	European Commission
EHSD	Environmental Health and Sanitation Directorate
EU	European Union
FOAT	Functional Organisation Assessment Tool
GDP	Gross Domestic Product
GEST	Gender Equality Support Team
G-HAP	Ghana Harmonisation Action Plan
GHS	Ghana Health Service
GIMPA	Ghana Institute of Management and Public Administration
G-JAS	Ghana Joint Assistance Strategy
GoG	Government of Ghana
GPRS	Growth and Poverty Reduction Strategy (GPRSII) 2006-2009
GPS	Ghana Partnership Strategy
GTZ	German Technical Cooperation
GWCL	Ghana Water Corporation Ltd
HIPC	Highly Indebted Poor Country
IDEG	Institute of Democratic Governance
IFAD	International Fund for Agricultural Development
IGF	Internally generated funds
IMF	International Monetary Fund
KfW	Kreditanstalt Für Wiederaufbau (German Development Bank)
LGSS	Local Government Service Secretariat
M&E	Monitoring and evaluation
MDA	Ministries, departments and agencies

MDBS	Multi-Donor Budget Support
MDG	Millennium Development Goals
MLGRD	Ministry for Local Government and Rural Development
MoFEP	Ministry of Finance and Economic Planning
MoH	Ministry of Health
MoU	Memorandum of Understanding
MoWAC	Ministry of Women and Children
MTEF	Medium-Term Expenditure Framework
MWRWH	Ministry for Water Resources, Works and Housing
NDPC	National Development Planning Committee
NGO	Non-government organisation
NHIS	National Health Insurance Scheme
NREG	Natural Resources and Environmental Governance
NWP	National Water Policy
ODA	Official Development Assistance
OPEC	Organization of Petroleum Exporting Countries
PAF	Performance Assessment Framework
PBA	Programme-based approach
PETS	Public expenditure tracking surveys
PFM	Public financial management
PIM	Project Implementation Manual
PIU	Project Implementation Unit
PoW	Programme of Work
PPME	Policy, Planning, Monitoring and Evaluation
SBS	Sector budget support
SEND	Social Enterprise Foundation of West Africa
SIP	Strategic Investment Plan
SOEs	State-owned enterprises
SWAp	Sector-Wide Approach
SWG	Sectoral Working Group
TA	Technical assistance
TB	Tuberculosis
TOR	Terms of reference
UNDP	United Nations Development Program
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
WHO	World Health Organization

~ Table of contents ~

Chapter 1 Introduction	1
1.1 Purpose of the review	1
1.2 Scope and methodology.....	2
1.3 Structure of the paper.....	4
Chapter 2 Background to G-JAS	5
2.1 History of G-JAS.....	5
2.2 Country context.....	6
Chapter 3 Self-Assessment and Peer Review	9
How effective is your participation in sector/pillar working groups?	9
Have you taken steps to reduce the burden of conditionality?	10
Have you increased your use of joint analytical work?.....	11
Are you engaged effectively in cross-cutting issues?.....	12
Have you increased the selectivity in your programme?	13
Have you developed areas of comparative advantage?	14
Have you increased your use of delegated cooperation?	14
Have you increased your use of joint programme-delivery arrangements?	15
Have you improved the coordination of missions?	16
Do you adhere to common allowances/per diems?	16
Have you increased your levels of budget support?	17
Have you increased your use of programme-based approaches (PBAs)?	17
Have you increased your use of coordinated, country-led capacity development?	18
Do you make use of joint diagnostic tools on country systems?.....	19
Have you increased your use of country systems for aid delivery?	19
Have you taken steps to phase out parallel PIUs?	20
Have you aligned your monitoring practices with country systems?	21
Do you provide indicative funding commitments on a multi-annual basis?	21
Do you provide GoG with regular and timely information on disbursements?	22
How do you rate your timeliness and predictability of disbursements?	22
Have you accelerated progress in reducing tied aid?	23
Do you observe the national mission-free period?	23
Do you make use of joint processes for programming your assistance?	23
Implementation issues	24
Chapter 4 Sectoral case studies	25
4.1 Water and sanitation	25
Background.....	26
Measures to improve aid effectiveness	27
Scaling up to achieve the MDGs	29
4.2 Health.....	30
Evolution of funding modalities	31
The aid architecture in health	32
Overall assessment	34
4.3 Programmatic engagement at sectoral level	35

Chapter 5 Thematic case studies	37
5.1 Quality of dialogue.....	37
Sectoral dialogue.....	37
Cross-cutting issues.....	39
Breadth of participation.....	39
Multi-Donor Budget Support.....	40
Heads of Cooperation and Heads of Mission	43
Aid effectiveness dialogue.....	44
5.2 Division of labour	45
Chapter 6 Conclusions and recommendations	48
6.1 Achievement of G-JAS objectives.....	48
6.2 Strategic priorities on aid effectiveness.....	51
6.3 The future of G-JAS.....	56
Annex A: Self-Assessment and Peer Review score sheet	59
Annex B: Paris Declaration monitoring results.....	62
Annex C: Summary of G-JAS goals, principles and commitments	63
Annex D: Sector case study frameworks	66
Annex E: Self-Assessment and Peer Review survey forms	71

Chapter 1 Introduction

1.1 Purpose of the review

In February 2007, 16 development partners (DPs) signed the 4-year Ghana Joint Assistance Strategy (G-JAS). G-JAS was designed to improve the alignment of development assistance with the Government of Ghana's (GoG) development priorities and preferred aid management approaches. It contains a joint commitment to supporting implementation of the Growth and Poverty Reduction Strategy (GPRSII) 2006-2009 and accelerating progress towards a set of aid effectiveness principles and commitments.

The period since then, however, has been a tumultuous one in Ghana. The country has been dealing with macroeconomic instability caused by high food and oil prices and then the global financial crisis. It has had a change of government, and is preparing for the commencement of oil revenues. In these circumstances, it is widely acknowledged that G-JAS has not served the functions originally expected of it.

In 2009, the G-JAS partners commissioned an independent team to carry out a mid-term review of G-JAS implementation. The Terms of Reference recognised the shortcomings in implementation to date, and asked the review team to assess whether the original goals of G-JAS were still relevant, and whether G-JAS might play a useful role in the evolving aid architecture in the future. They also asked the review team to carry out an assessment of DP performance against their aid effectiveness commitments, to create a new baseline and try to inject more energy and discipline into the aid effectiveness agenda in Ghana.

The review team carried out a scoping mission in July 2009, to discuss expectations of the review with the G-JAS partners and other stakeholders. During those consultations, we found that there had been high turnover of development partner (DP) staff since 2007, and that many were now unfamiliar with content and function of G-JAS. It noted concerns that there had been a loss of discipline among DPs and momentum on the aid effectiveness agenda, due in large part to a lack of GoG engagement during the election period and subsequent transition. G-JAS partners expressed the view that the review should help to promote mutual accountability among DPs for their individual and collective performance, and should serve as a platform for dialogue with GoG on how to move forward with the aid effectiveness dialogue.

GoG expressed its interest in and support for the review, but declined to participate directly in it. It takes the view that G-JAS is a DP initiative and should be reviewed accordingly. We have therefore focused on DP rather than GoG performance, although we have inevitably touched on areas where the commitments are joint in nature.

Following the consultations, the partners agreed the following objectives for the review:

- i) to assess whether G-JAS partners have lived up to the G-JAS strategic principles and specific commitments, and to identify explanatory factors;
- ii) to encourage G-JAS partners to reflect critically on their own performance, in support of mutual accountability;
- iii) to determine whether G-JAS has met its intended objectives; and

- iv) to provide recommendations on the way forward for increased aid effectiveness in Ghana.

1.2 Scope and methodology

The review covers the 13 G-JAS partners who have been active participants in aid effectiveness processes in Ghana: Canada, Denmark, the European Commission, France, Germany, Japan, the Netherlands, Switzerland, the United Kingdom, the United States, the African Development Bank, the United Nations and the World Bank.

It focuses on the six aid-effectiveness outcomes, four strategic principles and the individual commitments listed in G-JAS. These are set out in full in Annex C. To facilitate the review, we took the six G-JAS outcomes and disaggregated them into bundles of related commitments, as follows.

G-JAS Outcomes	Specific commitments
1. Higher quality dialogue between DPs and government	1.1 Effective participation in sector/pillar working groups 1.2 Reduced burden of conditionality 1.3 Increased use of joint analytical work 1.4 Effective engagement with cross-cutting issues
2. Improved aid delivery through a better division of labour and a solid process for deciding who does what	2.1 Increased selectivity in programming 2.2 Developing areas of comparative advantage 2.3 Increased use of delegated cooperation
3. Greater harmonisation in the way development assistance is delivered	3.1 Increased use of joint programme-delivery arrangements 3.2 Improved coordination of missions 3.3 Adhering to common allowances and per diems for GoG staff
4. Increased reliance on programme-based modalities and coordinated technical assistance programmes that support government priorities	4.1 Increased levels of budget support 4.2 Increased use of programme-based approaches 4.3 Increased use of coordinated, country-led capacity development 4.4 Increased use of joint diagnostic tools on country systems 4.5 Use of country systems for aid delivery 4.6 Phasing out parallel PIUs 4.7 Aligning monitoring practices with country systems
5. Improved predictability in resource flows and reduced transaction costs for government	5.1 Providing indicative funding commitments on a multi-annual basis 5.2 Providing regular and timely information on disbursements 5.3 Improving timeliness and predictability of disbursements

	5.4 Accelerating progress on reducing tied aid 5.5 Observing the national mission free period
6. Better alignment of DP country strategies and resource allocation with GPRS II goals and priorities	6.1 Making use of joint processes

G-JAS partners were asked to participate in a qualitative self-assessment process. They assessed their own performance against individual G-JAS commitments, using a simple traffic-light scoring systems, as follows.

G	Commitment met or clearly on-track
Y	Some progress towards meeting commitment, but significant effort still required
R	Unable to move forward on this commitment

Note that many of the G-JAS commitments involve joint action with GoG or DPs. A red score may therefore indicate that progress on a particular commitment has stalled for reasons beyond the DP's control.

In addition, we asked each DP to provide a narrative of measures taken to advance each commitment, and an explanation of any problems that have been encountered. We also asked DPs to provide background information on their programmes, financial support and human resources, and to answer some general questions on the aid effectiveness agenda in Ghana.

Each DP self-assessment was then shared with two other DPs for peer review. Peer reviewers were invited to comment on and score the DP's performance. The original respondent was given an opportunity to respond. The self-assessment, peer reviews and responses are all published in full in Annex E. The self-assessment was followed up by interviews with each participating DPs to explore issues in more detail. The review team would like to offer our appreciation to the DPs for the time and effort they invested in the self-assessment and peer review process.

Please note that this is a qualitative survey, designed to elicit how DPs view their own performance and what problems they are encountering. The peer review process provided a challenge function, introducing an element of mutual accountability. However, the survey was not designed to produce strictly comparable results across DPs. It was clear from the responses that DPs interpreted the commitments in different ways, and applied the traffic light assessment with varying degrees of strictness. (The peer reviewers suggested revising scores upwards as often as downwards.) While we have presented the results of the DP self-assessments and peer reviews alongside each other, this is in order to provide an overview of collective performance. It is not intended to

provide a ranking of DPs by performance. Self-assessment and peer review scores are summarised in Annex A, and discussed in Chapter 3.

The review also involved two other elements, designed to generate greater insight into DP performance. We carried out sectoral case studies in health and water and sanitation. These were done through reviews of available documentation and interviews with both national and international stakeholders. The questions we set out to answer through the sectoral case studies are in Annex E.

We also carried out two thematic case studies. The first was on the quality of dialogue, and covered sectoral working groups, the Multi-Donor Budget Support instrument (MDBS), the Consultative Group (CG) process and the aid effectiveness dialogue. The second looked at the G-JAS commitment to improving division of labour, and built on a 2008 mapping exercise carried out by Mavis MacCarthy.¹ Because the proposed division of labour exercise has never been carried out, this case study contains our analysis of the merits and levels of support for such an exercise.

1.3 Structure of the paper

The results of this review are presented as follows.

Chapter 2 presents a brief overview of the origins and history of G-JAS, including the goals of the original sponsors, the pre-existing initiatives that were incorporated into G-JAS and the reaction of GoG to the initiative. It also includes a brief discussion of relevant elements of the country context, including Ghana's record on democratisation, national development and institutional reform, its commitment to the aid effectiveness agenda, the significance of oil and the recent problems of macroeconomic instability.

Chapter 3 presents the results of the DP Self-Assessment and Peer Review process, organised under G-JAS objectives and individual commitments. In each case, we present the self-assessment and peer review scores for all 13 DPs, together with the review team's interpretation of the results, based on follow-up interviews and Paris Declaration monitoring results.

Chapter 4 presents the results of the two sector case studies: water and sanitation and health. It concludes with a discussion of the extent to which DPs have used programme-based approaches to consolidate funding flows and reduce fragmentation of assistance.

Chapter 5 presents the thematic case studies. The first study on the quality of dialogue looks at the sectoral working groups, integration of cross-cutting issues, breadth of participation among national stakeholders, Multi-Donor Budget Support as a platform for dialogue, the Consultative Group process and the aid effectiveness dialogue. The second case study on division of labour considers why there has been resistance to a formal division of labour process and the extent to which fragmentation of aid remains a problem. It assesses two options for advancing division of labour: a once-off, Zambia-type division of labour exercise, or a more incremental 'results and resources' process.

Chapter 6 presents the review team's conclusions and recommendations. We provide an overview of G-JAS implementation, including our own scoring of collective DP progress

¹ Mavis MacCarthy, "Review of development partner division of labour", May 2008.

against the G-JAS outcomes. We present our list of the strategic priorities on aid effectiveness, followed by a discussion on the future of G-JAS.

Chapter 2 Background to G-JAS

2.1 History of G-JAS

While joint assistance strategies have become increasingly common internationally as tools for organising development assistance, there is no such thing as a standard model. The Tanzanian model is often referred to as the gold standard – a comprehensive strategy document used by government to strengthen its management of external assistance. Other versions (e.g., Uganda or Zambia) have been donor-led initiatives to improve harmonisation and alignment. In some cases (e.g., Nigeria or Cambodia), joint assistance strategies have been produced by small groups of DPs, in order to reduce the demands on the government of developing parallel country strategies.

The original sponsors of G-JAS hoped to replicate the Tanzanian model, with GoG taking on leadership, but GoG never engaged with the process. In a pattern that has become common in Ghana, DPs pressed ahead regardless, hoping that the initiative would inject greater energy and discipline into the harmonisation agenda, even without GoG leadership. G-JAS was re-conceived as a collective DP response to the GPRS. The document comprises:

- a joint assessment of Ghana’s development challenges, organised according to the three GPRS pillars;²
- a set of principles and commitments on aid effectiveness;
- a set of shared priorities for responding to the GPRS; and
- common arrangements for results monitoring and risk mitigation.

These elements were intended to provide a common strategic framework for DP engagement in Ghana. Some DPs, such as the World Bank, reproduced G-JAS verbatim in their country strategy. Others made reference to the joint analysis when elaborating their individual strategic documents.

G-JAS incorporated various initiatives that predated the document itself. It drew on the Ghana Harmonisation Action Plan (G-HAP) – a matrix of aid effectiveness actions and targets developed in 2006 as a joint GoG/DP response to the Paris Declaration. A Harmonisation Working Group was established to oversee G-HAP, and donor leads (*chefs de file*) were assigned to particular technical issues. The G-HAP matrix was updated annually in a report to the Consultative Group (CG) meeting. G-JAS restates a number of commitments from G-HAP.

G-JAS also incorporated a ‘results and resources’ process known as the Ghana Partnership Strategy (GPS). According to G-JAS, the GPS was intended to “replace partner-by-partner decision-making on aid allocation” with “better cooperation and joint programming, anchored in the national development strategy”. It comprised a results

² These are private sector competitiveness, human resource development and governance/civic responsibility.

matrix,³ a matrix of DP activities linked to the relevant GPRS targets and results, and a mapping of aid flows against GPRS pillars and sector groups. These documents are produced annually for the CG meeting. By mapping aid flows against national development priorities and progress, the GPS sought to encourage a more rational overall allocation of aid across sectors.

GoG declined to sign G-JAS, and gave the document only lukewarm endorsement at its launch, describing it as a “good start”⁴ while encouraging DPs to be more ambitious in setting performance targets and introducing new aid modalities. GoG announced its preference for addressing the Paris Declaration agenda through a national Aid Policy – an idea warmly welcomed by DPs. In G-JAS, DPs pledged their support for an Aid Policy, although they also noted the possibility that GoG might not provide adequate leadership on these issues as a “major potential risk”.⁵ In 2008, GoG shared a draft Aid Policy with DPs, but the document was never finalised. In recent months, there have been indications that the new government has resumed work on the draft.

Without active GoG leadership and in the face of high turnover of staff among DPs, there is now some uncertainty as to the exact status and role of G-JAS. While there has been progress against many of the individual commitments in G-JAS, it is widely acknowledged that G-JAS itself has not been the organising framework for Paris Declaration implementation. The Harmonisation Working Group lapsed after a period. The core G-JAS instruments – the G-HAP Matrix and the GPS Results Matrix – continue to be prepared annually for the CG meeting (with the exception of 2009, when no CG was held), but no mechanism was ever developed for joint aid allocation decisions. The CG meeting itself became a largely formal event, used for pledges and speech making rather than joint decisions on financing.

In its place, the Multi-Donor Budget Support (MDBS) process emerged as the principal forum for dialogue, taking the aid architecture in Ghana in a different direction than that envisaged in G-JAS. If G-JAS was primarily about making DPs more accountable for their contribution to GPRS implementation, the role of MDBS was to make GoG accountable for the implementation of its own reform agenda, focusing on short-term priorities identified through sectoral dialogues. With the annual MDBS cycle directly linked to resource allocation, G-JAS became, according to some of its signatories, a dead letter.

In 2009, a group of DPs initiated this mid-term review of G-JAS. As well as assessing the progress DPs have made against their aid effectiveness commitments, the review will consider whether there is still a need for an instrument like G-JAS in the coming period.

2.2 Country context

Since the restoration of democracy in 1992, Ghana has had more than a decade of stable, constitutional rule, with two peaceful transfers of power despite close-run elections. The country enjoys extensive civil and political rights, with a free press. While its democracy

³ The results matrix was first drawn up by DPs for the November 2005 CG meeting. Later, when the National Development Planning Committee (NDPC) produced its own results matrix for GPRSII, this was incorporated in the GPS.

⁴ “Ghana Joint Assistance Strategy (G-JAS)”, February 2007, p. 3, referring to a February 2007 letter from GoG.

⁵ G-JAS, p. 34.

is still maturing, Ghana has been described by its African peers as “a beacon of hope in the volatile West African sub-region”.⁶

Ghana’s democratic credentials make it a popular country for external assistance. The international development community has a strong interest in supporting Ghana’s national development goals, to demonstrate the contribution of democracy to development. The dividends of democracy are already apparent, with Ghana demonstrating steadily improving governance standards over the past decade. But a young democracy also leads to political dynamics that can be disruptive of the development process. Political competition is sharply polarised, leading to high turnover among public sector managers following a transfer of power, and a tendency for each new government to make a complete break with the policies of its predecessor. This creates high levels of uncertainty, both for public servants and their DP advisers.

Ghana has strong record on growth and poverty reduction. The poverty headcount has declined from 39% in 2000 to 30%, and Ghana may be one of the few Sub-Saharan African countries to achieve the poverty MDG ahead of 2015. MDGs on hunger, primary completion, gender parity at school and access to water are also on track.⁷ However, progress towards the health MDGs (child and maternal mortality) has been harder to achieve, although there are recent signs of improvements in child mortality.

Poverty reduction has been the result of consistently high economic growth rates over the past decade, averaging around 6% in recent years, helped by prudent fiscal and monetary policies. However, the economy remains highly vulnerable to external shocks, in particular regarding cocoa and gold prices – Ghana’s two largest exports. In recent years, it has also been hit hard by rising oil and food prices together with declining foreign investment and remittances, and a recent World Bank assessment included it among the most exposed countries to the global economic crisis.⁸

Ghana has demonstrated steady progress on strengthening its institutions for economic management. It scores 3.9 on the World Bank’s Country Policy and Institutional Assessment (CPIA) index, which puts it among Africa’s top performers alongside Botswana, Tanzania and Uganda. The legal frameworks on public financial management and procurement are sound, although implementation capacity remains constrained. However, Ghana has been slow to tackle some major institutional challenges, particularly around public sector pay. It also faces substantial difficulties with budget execution, which threatens fiscal management and undermines the value of the budget as a tool of development policy.

Ghana demonstrated an early commitment to the aid effectiveness agenda, developing some of the first examples of sector-wide approaches (SWAs) in health and education. It has also been prominent in international processes, most recently hosting the 2008 High Level Forum on Aid Effectiveness in Accra. Internally, however, its leadership on aid effectiveness has been patchy. It is questionable whether GoG has really recognised the potential of the Paris Declaration and Accra Agenda for Action as tools to strengthen its own aid management capacity and accelerate the national development agenda. For

⁶ African Peer Review Mechanism, “Country Review Report of the Republic of Ghana”, June 2005, p. 101.

⁷ World Bank, “IDA Program Document for the Economic Governance and Poverty Reduction Credit to the Republic of Ghana”, June 2009, p. 14.

⁸ World Bank, “The global economic crisis: assessing vulnerability through a poverty lens”, 2009.

most of the G-JAS period, aid effectiveness has been crowded off the national agenda by more pressing political issues, including the January 2009 election, causing progress to lag.

On the whole, however, Ghana is a very good bet for international aid. Aid volumes have more than doubled since 2003, totalling US\$1.8 billion in 2008, with 13 bilateral and 19 multilateral partners. The largest donors are the World Bank, African Development Bank (AfDB), the United States, the Netherlands, the United Kingdom and the European Commission. In 2008, 30% of assistance was in the form of general and sectoral budget support, 6% was basket funding and 64% was projects.⁹

The future of external assistance to Ghana will be heavily influenced by oil revenues, due to commence in 2010. Ghana's reserves are relatively modest by international standards, and will not radically transform the economy. But they are large enough to cause potentially significant distortions to the non-oil economy, and to threaten standards of governance (the 'natural resource curse'). Many observers are concerned that Ghana's poor record on enforcing budget ceilings and its tendency to give in to public sector pay demands may stand in the way of responsible use of oil revenues. The World Bank is advising GoG to minimise these risks by renouncing the discretionary use of windfall oil revenues, instead placing them in an offshore investment fund with only the investment returns brought back into the national budget. Such a fund could potentially generate US\$460m *per annum*¹⁰ towards the national development programme – a figure roughly equivalent in real terms to annual ODA levels.¹¹ While oil revenues are unlikely to cause a sudden drop in ODA levels, DPs are already beginning to review both the quantum and type of their assistance, and attention in the future may focus more on technical assistance than financing. 2009 may turn out to be the peak year for ODA to Ghana.

At the time of this review, DPs are also concerned about a decline in macroeconomic conditions. During the pre-election period, GoG built up widening fiscal and external deficits, in sharp contrast to the fiscal discipline it had displayed in earlier years. From 2006, below average annual rainfall led to the loss of hydropower generation capacity, leaving GoG faced with imposing highly unpopular electricity rationing. To keep power supplies constant, GoG imported additional generators and the fuel to run them, at a time of record high fuel prices. Funds were diverted from other budget lines, curtailing implementation of development initiatives, and GoG became liable for heavy losses in oil-related SOEs. The full extent of the fiscal imbalances (coinciding with the global financial crisis and consequent fall in foreign investment and remittances) only became apparent after the election, forcing the new government to seek emergency support from the World Bank and IMF.

In mid-2009, GoG adopted a set of IMF-backed austerity measures designed to reduce the budget deficit from 14.5% to 9.4% of GDP. Its efforts have helped reassure DPs that there is no general deterioration in economic governance. However, the episode is likely to have a lasting impact on the development partnership. It greatly complicated an already extended post-election transition period, causing implementation of the national development strategy to falter. In terms of aid management issues, DPs have been in a long period of limbo which they hope is now drawing to an end. The episode also put

⁹ Figures taken from the latest DP Envelope database, compiled by the EC for the annual Ghana Partnership Resource Overview.

¹⁰ Estimates are highly sensitive to assumptions on future oil prices.

¹¹ World Bank, "Economy-wide impact of oil discovery in Ghana", June 2009, p. 7.

heavy strain on the current aid instruments and architecture, with the World Bank departing from the common Multi-Donor Budget Support (MDBS) mechanism for its 2009 emergency support operation, amid heavy criticism from the bilateral donors for its unilateral actions. While the World Bank is now committed to returning to the common MDBS framework in 2010, DPs have reached the conclusion that they lacked the collective ability to respond flexibly and strategically in a volatile situation, and need to improve their collective quality of engagement.

Chapter 3 Self-Assessment and Peer Review

In this section, we present the results of the DP self-assessment under each G-JAS objective, broken down into specific commitments. As well as presenting the DP self-assessment and peer review scores, we offer our own interpretation of the results, based on both peer review comments and follow-up interviews. This section also draws on the results of the Paris Declaration monitoring survey (see Annex B). In the Conclusion and Recommendations section, we offer our own scoring of collective DP performance against the G-JAS objectives (section 6.1).

Objective 1 Higher quality dialogue between DPs and government

How effective is your participation in sector/pillar working groups?

	Canada	Denmark	EC	France	Germany	Japan	Netherlands	Switzerland	UK	USA	AfDB	UN	World Bank
Self assessment	Green	Green	Green	Green	Green	Yellow	Green	Green	Green	Green	Green	Yellow	Green
Peer reviewers	Green	Green	Green	Green	Green	Yellow	Green	Green	Green	Green	Yellow	Yellow	Green

Most DPs rate themselves as engaging actively and effectively in sector working groups, with 11 of the 13 scoring themselves green. DPs clearly value the working groups as venues for collecting information on other DP activities, coordinating interventions and facilitating dialogue, even though the quality of sectoral working groups is mixed (see section 5.1 below).

However, there are some issues regarding the quality of participation by DPs. Most DPs state that they are willing to abide by common positions and to be represented by group leads in policy dialogue. However, the level of formal delegated cooperation within the working groups is low. Many of the DPs are participating in a large number of working groups, relative to their personnel capacity, which necessarily limits the level of their contribution. In some cases, DPs attend merely to collect information, rather than contribute to technical or policy discussions.

There are some concerns relating to the World Bank and AfDB. AfDB has had a country office in Ghana only since 2007, and is still bringing its staffing up to a full complement, which limits its capacity to participate. For the World Bank, some sector leads are responsible for several countries, which means that their participation in working groups can be patchy.

A number of DPs noted that the quality of the sector working groups is strongly influenced by the level of effort put in by the DP co-chair. Some DPs have made a specific effort to allocate personnel resources to the leadership of working groups, which can take up to 50% of a staff member's time. However, there are concerns that not all DPs are taking on a fair share of the burden. Improved leadership of working groups is identified as one of the potential gains from improved selectivity and division of labour.

Have you taken steps to reduce the burden of conditionality?

	Canada	Denmark	EC	France	Germany	Japan	Netherlands	Switzerland	UK	USA	AfDB	UN	World Bank
Self assessment	Green	Green	Green	Yellow	Green	Green	Green	Green	Green	Yellow	Green	Green	Yellow
Peer reviewers	Yellow	Green	Green	Yellow	Grey	Green	Yellow	Green	Green	Yellow	Yellow	Green	Yellow

Nine of the 13 DPs rated themselves as green on reducing the burden of conditionality, although the responses indicate differences in how the concept is understood. DPs have clearly moved away from traditional conditionality, in the sense of using offers of assistance to leverage promises of policy change. Rather, funding is linked to the achievement of policy actions or milestones taken from national or sectoral strategies, or agreed through the sectoral dialogue. For example, the EC made its support for the Ghana AIDS Commission conditional on GoG taking over the financing of the institution's salaries. Many of the World Bank's loans take the form of single-tranche operations with the release of funding tied to an agreed policy action.

Making disbursements conditional on the achievement of agreed milestones can be a useful accountability mechanism, used to gauge the seriousness of government commitment to its reform programme. However, the line between traditional conditionality and prior actions can be a fine one – especially for the World Bank, given its strong bargaining power. DPs need to make sure when negotiating new programmes that the policy actions are genuinely country owned, and not agreed purely to gain access to DP finance.

A few DPs are required by their own national laws to impose additional conditions on their assistance. For example, USAID is obliged by Congress to impose restrictions in its health programmes, although no such restrictions apply in the education field.

There are some good examples of harmonisation of conditionality. For example, some of the Sector Budget Support (SBS) programmes link the level of disbursement to a joint, holistic assessment of progress under an agreed Performance Assessment Framework (PAF). The negotiation of the PAF and the joint assessment process provide opportunities for policy dialogue and promote managing for results.

DPs have also been working to get the right balance between conditionality and predictability of funding. In the MDBS and sectoral budget support, performance assessments affect funding levels in the subsequent year, so as not to leave unexpected gaps in the budget. In the MDBS process, discussed in more detail in section 5.1 below, the DPs devote considerable resources each year to the negotiation of a harmonised

PAF, but have struggled in recent times to maintain a common approach given different DP views on conditionality.

Have you increased your use of joint analytical work?

	Canada	Denmark	EC	France	Germany	Japan	Netherlands	Switzerland	UK	USA	AfDB	UN	World Bank
Self assessment	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Peer reviewers	Green	Green	Green	Green	Green	Red	Green	Green	Green	Green	Green	Green	Green

All DPs reported increases in their production and use of joint analytical work. This is supported by the results of the Paris Declaration monitoring survey, which found that the proportion of analytical work conducted jointly increased from 40% in 2005 to 60% in 2007. Examples of joint analytical work given in the survey included:

- a joint policy review on decentralisation, contributing to the national decentralisation strategy;
- a joint review of Independent Governance Institutions;
- public expenditure tracking surveys (PETS) in education and health;
- a national AIDS spending assessment;
- multiple DP contributions to the World Bank's Country Economic Memorandum, Poverty Assessment and Public Expenditure and Institutional Review;
- a joint DP study on the economics of adaptation to climate change;
- a joint study on the impact of the global financial crisis;
- a country environmental analysis;
- various studies commissioned from Ghanaian NGOs, such as on unsafe abortion practices.

However, there is still a tendency to conduct too many bilateral studies – especially when the studies are commissioned from HQ level. There were concerns that not all DPs are contributing equally to the production of joint analytical work.

There were also questions as to the level of GoG engagement with joint analytical work. Some DPs noted that simply sending analytical work to a GoG counterpart is rarely enough to ensure it contributes to the policy process. GoG should be engaged more closely with the analytical process, which would mean adapting scope and timing to reflect GoG needs. A number of the sectors (e.g., health, water, transport) now have annual joint reviews of progress. These offer opportunities for feeding joint analytical work into the policy dialogue.

Are you engaged effectively in cross-cutting issues?

	Canada	Denmark	EC	France	Germany	Japan	Netherlands	Switzerland	UK	USA	AfDB	UN	World Bank
Self assessment	Green	Green	Green	Green	Red	Green	Green	Green	Green	Green	Green	Green	Green
Peer reviewers	Yellow	Green	Green	Green	Grey	Yellow	Green	Grey	Yellow	Green	Yellow	Green	Green

All but one DP assessed themselves as engaging effectively on cross-cutting issues, although in a number of cases peer reviewers were unconvinced – partly because of differences in view on what constitutes a cross-cutting issue.¹² DPs reported some good examples of analytical work on cross-cutting issues, including:

- gender assessments of budgets and government ministries;
- situation analyses on gender equality;
- a study on domestic violence;
- monitoring mechanisms for gender parity in primary education;
- studies on National Health Insurance and risks of social exclusion;
- studies on desertification and the economics of climate change.

Gender budgeting has been incorporated into the MDDBS PAF to give it more prominence. There is on-going work to improve the targeting of health and education services for the poorest groups, and DPs are promoting the disaggregation of data by gender and social group to capture differential impact of development programmes. A Dutch/DFID adviser has begun acting as a resource person for a new National Climate Change Committee, and DPs are beginning to explore the linkages between their programmes and climate change.

However, follow-up interviews with DPs suggested that the engagement on cross-cutting issues is not yet very strategic. While cross-cutting issues are being pursued through specific projects or initiatives, they are not being taken up systematically in the policy dialogue. DP engagement is organised around sectoral silos. The pillar working groups were originally intended to provide a forum for exploring cross-sectoral linkages and synergies, but these have fallen away. As a result, the DPs are not well organised to promote cross-sectoral issues in a joined up way.

¹² E.g., some DPs see governance, or specific issues like PFM, as cross-cutting, while others treat them as a substantive sector.

Objective 2 – A better division of labour

Have you increased the selectivity in your programme?

	Canada	Denmark	EC	France	Germany	Japan	Netherlands	Switzerland	UK	USA	AFDB	UN	World Bank
Self assessment	Yellow	Green	Green	Green	Yellow	Yellow	Green	Yellow	Green	Yellow	Green	Red	Green
Peer reviewers	Grey	Yellow	Green	Yellow	Yellow	Yellow	Green	Grey	Green	Yellow	Green	Yellow	Red

In 2008, DPs attempted to launch a formal process for improving division of labour, but it lapsed for want of GoG support. However, the European donors have made a significant effort to improve their selectivity, in line with the EU code of conduct on division of labour.¹³ They are moving towards two or three focal sectors each, although it can take several years for a DP to exit in an orderly way from existing commitments. DPs such as Denmark that have had a high turnover of projects in recent years have already achieved their desired level of focus; others still have old projects to bring to a close. We note, however, that the focal sectors are sometimes defined very broadly, and are often cross-cutting in nature. For example, the European Commission has two focal sectors (governance and transport connectivity/regional integration), but participates in nine sector working groups.

There is also some evidence of greater selectivity of engagement within sectors. The trend is towards fewer sub-components in DP programmes and a clearer division of labour at the sub-sectoral level.

The picture is mixed among other donors. A number of DPs – Japan, USAID, CIDA – have not increased their selectivity since 2007, but have undertaken some consolidation within sectors. They concentrate most of their support into focal sectors, while maintaining a suite of projects in other areas. These DPs are not necessarily committed to further consolidation, but might respond if GoG were to express a clear preference on the subject.

There is no consensus as to how the principle of selectivity should apply to multilateral partners. The World Bank is engaged in 14 sectors, and given the scale of its funding does not see scope for further reduction. While it is subject to some criticism from the bilaterals for the breadth of its engagement, the Bank notes that in practice it faces resistance from both GoG and other DPs if it tries to withdraw from particular sectors. For example, it has withdrawn from social protection, but now faces pressure to rejoin in order to lend its financial and analytical weight to other DP efforts. UNDP is also criticised for being spread too thin, relative to its personnel capacity, although it has recently taken the decision to consolidate its programme.

For those DPs that have increased the selectivity of their programmes, some clear benefits have emerged. Some DPs report that their staff now spend less time on project administration, and more time engaging strategically with sectoral issues. This has gone

¹³ European Commission, “EU Code of Conduct on division of labour in development policy”, 2007: http://ec.europa.eu/commission_barroso/michel/Policy/key_documents/docs/COMM_PDF_COM_2007_0072_F_EN_ACTE.pdf

hand in hand with the emergence of more programmatic forms of engagement at sectoral level. This is a very positive result, suggesting that there is a relationship between increased selectivity and higher quality engagement. However, there is not yet any overall reduction in the number of DPs per sector.

Have you developed areas of comparative advantage?

	Canada	Denmark	EC	France	Germany	Japan	Netherlands	Switzerland	UK	USA	AFDB	UN	World Bank
Self assessment	Green	Yellow	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Peer reviewers	Green	Yellow	Green	Green	Green	Green	Grey	Grey	Green	Green	Green	Yellow	Yellow

Almost all DPs reported that they had built up their comparative advantage in their focal areas. However, the survey revealed different understanding of what comparative advantage entails.

- Some measure comparative advantage at a global or regional level. For example, the EU has established expertise in transport infrastructure in Africa, while Germany is working to build up global and regional profile in governance/decentralisation, sustainable economic development and water.
- Others see comparative advantage in terms of a long-standing engagement in a particular sector or geographical area in Ghana, which enables them to build up localised knowledge and quality relationships with local partners.
- Some DPs see comparative advantage in terms of niche areas – for example, the Swiss in intellectual property and Japan in rice production.
- Some describe it in terms of the staffing of their country office – either sectoral expertise, or high-level coordination, facilitation and negotiation skills.

DPs noted weaknesses in their collective ability to mobilise expertise and resources for emerging priorities – particularly around energy (there is still only one energy economist working in the country).

Have you increased your use of delegated cooperation?

	Canada	Denmark	EC	France	Germany	Japan	Netherlands	Switzerland	UK	USA	AFDB	UN	World Bank
Self assessment	Yellow	Red	Green	Green	Red	Yellow	Yellow	Green	Yellow	Red	Red	Red	Green
Peer reviewers	Yellow	Yellow	Green	Green	Grey	Yellow	Yellow	Green	Green	Red	Red	Red	Yellow

There is limited use of delegated cooperation in Ghana. Five of the DPs rated themselves as red and four as yellow, although for different reasons. For example, Germany acts as the lead partner in delegated cooperation arrangements, but not as the silent partner. CIDA is able to channel its funds through others, but has difficulty

managing a basket fund due to restrictive rules and procedures. USAID is subject to regulatory constraints that prevent it from pooling its funds.

DPs are divided as to whether delegated cooperation is a goal in its own right. Danida sees it merely as a transitional arrangement to achieving an appropriate division of labour, and therefore has a low level of delegated cooperation, although it participates in a number of basket funds. Similarly, DFID provides the bulk of its funding as budget support, and has little need to direct support through other DPs, although it has a number of shared advisory arrangements. By contrast, the European Commission, AFD and Switzerland make extensive use of delegated cooperation as long-term arrangements for aid delivery.

Objective 3 Greater harmonisation of aid delivery

Have you increased your use of joint programme-delivery arrangements?

	Canada	Denmark	EC	France	Germany	Japan	Netherlands	Switzerland	UK	USA	AfDB	UN	World Bank
Self assessment	Yellow	Green	Green	Green	Green	Yellow	Green	Green	Green	Yellow	Yellow	Yellow	Yellow
Peer reviewers	Yellow	Green	Yellow	Green	Green	Yellow	Green	Grey	Green	Yellow	Yellow	Yellow	Yellow

The self-assessment indicates different rules and approaches when it comes to joint programming and common delivery arrangements. Around half of the DPs now opt for joint programmes wherever possible – including PBAs in the more advanced sectors, and basket funds or joint projects where PBAs have not yet emerged. Examples of pooled and joint funding include:

- the District Development Facility (CIDA, AFD, KfW, Danida);
- support to the Local Government Service Secretariat (France, GTZ, Danida);
- a Danida/DFID pooled fund for water;
- Danida/Dutch support to the Environmental Health and Safety Directorate;
- two civil society basket funds (multiple donors);
- joint support to the Ghana AIDS Commission (Danida, World Bank, DFID);
- a private sector development pooled fund (Danida, DFID, World Bank, Germany);
- support to the Public Procurement Authority (DFID, Germany).

There are also a range of other joint delivery arrangements, including shared advisory capacity, common project planning and implementation arrangements, shared monitoring systems and so on. Note that as DPs shift towards use of country systems for aid delivery, harmonised arrangements of this kind may become less important.

Other DPs are restricted in their ability to pool funds, but are nonetheless active in trying to improve harmonisation. For example, USAID has worked through the sector working groups to identify other opportunities for joint working, such as shared monitoring arrangements in health, joint policy work in education and various complementary activities in economic growth and agriculture. Japan offers an interesting

example of practical coordination in its community health project, working with USAID at the policy level, WHO on training standards and UNICEF and UNFPA on the construction of facilities.

Have you improved the coordination of missions?

	Canada	Denmark	EC	France	Germany	Japan	Netherlands	Switzerland	UK	USA	AFDB	UN	World Bank
Self assessment	Red	Yellow	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Yellow	Yellow	Green
Peer reviewers	Yellow	Yellow	Green	Yellow	Green	Yellow	Yellow	Green	Green	Yellow	Yellow	Yellow	Yellow

There has been little progress on coordination of missions. While missions are done jointly for PBAs and joint projects, DPs find it difficult to coordinate missions for purely bilateral projects. DPs try to inform other DPs of scheduled missions through sectoral working groups, but in many cases this is not done systematically. Missions are often organised from headquarters level, which makes coordination more difficult.

The World Bank reports that all its missions are announced in advance through the sector working groups, and that other DPs have the opportunity to join. Ninety percent of its missions were reportedly joint in 2008. However, the peer reviewers noted that mission schedules are often shared at the last minute and TORs are not discussed in advance, with the result that these remain World Bank missions rather than joint missions.

GoG staff informed the review team that multiple donor missions continue to be significant drain on GoG resources.

Do you adhere to common allowances/per diems?

	Canada	Denmark	EC	France	Germany	Japan	Netherlands	Switzerland	UK	USA	AFDB	UN	World Bank
Self assessment	Green	Yellow	Red	Green	Yellow	Green	Green	Green	Green	Green	Green	Green	Green
Peer reviewers	Green	Yellow	Red	Green	Yellow	Green	Grey	Grey	Yellow	Green	Green	Green	Green

This is an issue that has stalled. In 2007, DPs agreed a common schedule of rates and allowances for GoG officials involved in the implementation of GoG programmes, to avoid adverse competition among DPs and minimise distortions. Most DPs continue to adhere to these rates. For this reason, 10 of the 13 DPs have given themselves ratings of green.

However, the rates are now well out of date, and the consensus is beginning to break down, with the European Commission recently announcing new rates of its own. This is a politically sensitive issue which was reportedly poorly handled by DPs in 2007, triggering resentment from GoG. Since then, no effective dialogue with MoFEP on the issue has been possible.

Objective 4 Increased reliance on PBAs and coordinated technical assistance

Have you increased your levels of budget support?

	Canada	Denmark	EC	France	Germany	Japan	Netherlands	Switzerland	UK	USA	AFDB	UN	World Bank
Self assessment	Green	Green	Green	Yellow	Yellow	Green	Green	Green	Green	Yellow	Green	Red	Green
Peer reviewers	Green	Green	Green	Yellow	Yellow	Green	Green	Green	Green	Red	Yellow	Red	Green

GoG has stated that general budget support is its preferred aid modality. Almost all DPs have responded by increasing their levels of budget support, both sectoral and general, since 2007. The MDBS in 2009 is estimated at US\$425 million, or 21% of total assistance, while un-earmarked sector budget support is another US\$140 million (7%). Ghana is one of only two countries to receive Japanese budget support. DFID provides up to 90% of its support as budget support.

The MDBS has emerged as the highest level forum for policy dialogue, and DPs see it as imperative to participate. The two non-funding G-JAS partners, USA and the UN, participate as observers, although UNDP noted that there are disadvantages in not being a full member.

Have you increased your use of programme-based approaches (PBAs)?

	Canada	Denmark	EC	France	Germany	Japan	Netherlands	Switzerland	UK	USA	AFDB	UN	World Bank
Self assessment	Green	Green	Green	Green	Green	Yellow	Green	Green	Green	Yellow	Green	Yellow	Green
Peer reviewers	Yellow	Green	Green	Yellow	Yellow	Yellow	Green	Green	Green	Red	Yellow	Yellow	Green

Ghana has been a pioneer of programme-based approaches (PBAs), with early SWAp in health and education. The 2008 Paris Declaration survey found that Ghana received 70% of assistance in the context of PBAs – up from 53% in 2006 and already ahead of the 2010 target of 66%. However, definitional problems may render these figures unreliable.

Ten DPs reported increasing their level of PBAs since 2007. As well as the MDBS, there are sectoral budget support programmes in health, education and agriculture and environment and natural resource management, and other PBAs in transport, decentralisation, private sector development, civil society support and other areas. DPs who are unable to contribute to pooled funds have made efforts in several areas to bring their projects within a PBA framework. For example, Japan supports the health information system as a contribution to the health SWAp, while USAID has complementary projects in health and education.

While there has been an increase in PBA funding, many DPs maintain a combination of upstream aid modalities and traditional project assistance, in the belief that this provides

a balanced engagement. However, the effect of this is that the proportion of assistance channelled through common funding mechanisms has not increased in most sectors. Some of the benefits of consolidating funding through PBAs are therefore not being realised. This issue is discussed in more detail in section 4.3 below.

Have you increased your use of coordinated, country-led capacity development?

	Canada	Denmark	EC	France	Germany	Japan	Netherlands	Switzerland	UK	USA	AfDB	UN	World Bank
Self assessment	Green	Green	Green	Green	Yellow	Green	Yellow	Green	Yellow	Yellow	Green	Green	Green
Peer reviewers	Yellow	Green	Yellow	Green	Grey	Yellow	Green	Grey	Yellow	Green	Yellow	Green	Grey

While 9 of the 13 DPs rated themselves green on providing coordinated, country-led capacity development, follow-up interviews suggested that this is one of the most problematic of the G-JAS commitments. There is no national capacity development plan, and little detail on capacity development needs in sectoral plans. Government MDAs are reportedly poor at recognising their own capacity needs and reluctant to provide guidance to DPs on the kinds of support they consider effective. As a result, capacity development support in Ghana remains highly fragmented, mostly in small projects bundled with financial assistance. This is precisely the form of support that is likely to be supply-driven and ineffective. The problem has been recognised by DPs, and the HoCs have initiated a programme of work to address the issue.

The survey revealed different approaches to capacity development being implemented in different areas. For example,

- Germany has more than 30 German staff from the German Development Service and GTZ embedded in GoG institutions delivering technical cooperation. The personnel are procured and managed by German agencies, although efforts are made to establish GoG-owned steering committees. The effectiveness of this kind of support is reportedly mixed, depending on the openness of the counterpart institution to external input.
- Some DPs (e.g., USAID in health and Danida in governance) provide fully untied capacity development support, leaving the counterparts free to identify their own needs and procure and manage the support.
- In private sector development, Germany is building up the capacity of local institutions, such as the Association of Ghana Industries, Institute of Local Government Studies and National Insurance Commission, to provide capacity building support.
- The District Development Facility takes a highly structured approach to capacity development at district level, which includes support to the Local Government Service Secretariat to oversee the process, a standard capacity needs assessment tool and a common package of support, all linked to the provision of discretionary funding for DAs.

The HoCs are reviewing these different delivery models to determine which are most effective.

Do you make use of joint diagnostic tools on country systems?

	Canada	Denmark	EC	France	Germany	Japan	Netherlands	Switzerland	UK	USA	AfDB	UN	World Bank
Self assessment	Green	Green	Green	Green	Yellow	Yellow	Green	Green	Green	Red	Green	Yellow	Green
Peer reviewers	Yellow	Green	Green	Green	Green	Yellow	Red	Grey	Green	Red	Green	Yellow	Green

When deciding whether to use country systems for aid delivery, good practice suggests that DPs should make use of diagnostic assessments based on agreed international standards carried out jointly with government and other DPs. In Ghana, the most important example is the annual External Review of Public Financial Management, which assesses patterns of public expenditure and progress on strengthening public financial management and procurement, and is an input into annual MDBS negotiations.

Most DPs report making use of this assessment and similar diagnostic work. However, many are still required to carry out their own assessments of fiduciary risk when programming new support, which suggests that duplicatory diagnostic work is still being undertaken. There are also some concerns as to whether DPs are sharing the burden of joint diagnostic work equitably.

Have you increased your use of country systems for aid delivery?

	Canada	Denmark	EC	France	Germany	Japan	Netherlands	Switzerland	UK	USA	AfDB	UN	World Bank
Self assessment	Yellow	Green	Green	Green	Yellow	Yellow	Green	Green	Green	Yellow	Yellow	Yellow	Green
Peer reviewers	Yellow	Green	Yellow	Green	Yellow	Green	Grey	Grey	Green	Yellow	Yellow	Yellow	Green

In the Accra Agenda for Action, DPs agreed to use country systems as the first or default option for all aid provided to the public sector. If they choose any other option (including parallel PIUs), they should state the rationale and review their position at regular intervals.

Ghana has a fairly well developed regulatory framework for public finance and procurement, but is weaker at implementation and enforcement. DPs report a number of concerns over country systems, in particular weak financial reporting.

Under the Paris Declaration monitoring survey, DPs used country PFM systems for 51% of their support in 2007, down from 62% in 2005, and used country procurement systems for 56% of their support (up from 52% in 2005). With a number of DPs experiencing major falls in their use of PFM systems over two years, it is not clear how reliable these results are. The 51% score on use of county PFM systems is also difficult to reconcile with the figure of 70% PBAs.

The self-assessment suggests a mixed picture on use of country systems for aid delivery. For most DPs, using country systems involves a substantial change in business model.

Some are already well advanced on this path. For example, DFID provides 90% of its support as budget support, which automatically uses country systems. Danida policy states that sector budget support (SBS) is the default option, and that where this is not feasible, country systems should be used to the greatest extent possible and the path for moving towards SBS should be described. In the most recent Paris Declaration survey, the Netherlands scored 100% on use of country procurement systems.

Other DPs are in the process of adjusting their corporate rules to permit greater use of country systems. For Germany, use of country systems is the default option for financial cooperation, but not for technical cooperation. CIDA uses country systems for approximately 80% of its assistance, but sometimes imposes additional audit or reporting requirements. USAID is seeking to increase its use of country systems, but is constrained by rules requiring it to track the end use of all funds provided by USAID, which limits its ability to provide funding via MoFEP to MDAs and regions/DAs. However, it does manage to use GoG systems for its education support, subject to various constraints.

Use of country systems by the World Bank and AfDB is mainly limited to MDBS and (for the World Bank) other Development Policy Loans. For traditional investment loans, the World Bank makes limited use of aspects of country PFM systems. It also uses country procurement systems for National Competitive Bidding and lower procurement methods, but not for International Competitive Bidding. However, the World Bank has now proposed to include Ghana in a proposed pilot on increasing use of country systems.

Have you taken steps to phase out parallel PIUs?

	Canada	Denmark	EC	France	Germany	Japan	Netherlands	Switzerland	UK	USA	AfDB	UN	World Bank
Self assessment	Green	Green	Green	Green	Yellow	Green	Green	Green	Green	Yellow	Green	Green	Green
Peer reviewers	Green	Green	Green	Green	Yellow	Green	Grey	Grey	Green	Yellow	Green	Green	Green

All except two DPs scored themselves green for phasing out parallel PIUs. There are still some definitional issues on what constitutes a parallel PIU, but all donors clearly recognise the need to ensure their project delivery arrangements are better integrated into counterpart institutions.

A number of DPs report having either no parallel PIUs (e.g., the Netherlands, Japan, the European Commission, DFID, Switzerland) or else only one or two parallel PIUs which will terminate upon the completion of existing projects (e.g., Germany, Danida, AfDB).

However, the number of parallel PIUs is not the only measure of the integration of project management structures. Some DPs (e.g., Germany, Switzerland) use embedded project coordinators paid for from project funds. Others (e.g., USAID, Canada) use foreign companies as implementing agencies. Both these practices potentially detract from the goal of building sustainable capacity within counterpart institutions.

Have you aligned your monitoring practices with country systems?

	Canada	Denmark	EC	France	Germany	Japan	Netherlands	Switzerland	UK	USA	AfDB	UN	World Bank
Self assessment	Yellow	Green	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Green	Yellow	Green	Yellow	Green
Peer reviewers	Yellow	Green	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Green	Yellow	Green	Yellow	Green

Monitoring practices still present a significant aid-effectiveness challenge in Ghana. There have been good examples of developing sectoral monitoring arrangements in support of PBAs, particularly in health and education. DPs are providing strategic support to the development of these systems, and making use of the data they provide for monitoring their own support. There has been good progress in aligning PAFs and adopting common results indicators (for example, NREG has a common PAF for five DPs). Annual joint sector review processes (e.g., in health, education, rural water and sanitation) provide an opportunity for feeding results data into the policy dialogue. There are also emerging good practices on use of national NGOs for sectoral monitoring, to build national accountability.

However, most DPs still insist on additional monitoring arrangements and review missions, in part because of the poor quality of sectoral monitoring arrangements. For example, CIDA notes that it is not always able to align its project monitoring timetables to the GoG review cycle, and sometimes requires contracted monitors to participate in country-led monitoring exercises. The European Commission, France and Japan require all projects to be independently monitored and evaluated, irrespective of any joint sector reviews.

Objective 5 Predictability of resources and reduced transaction costs for GoG

Do you provide indicative funding commitments on a multi-annual basis?

	Canada	Denmark	EC	France	Germany	Japan	Netherlands	Switzerland	UK	USA	AfDB	UN	World Bank
Self assessment	Green	Green	Green	Green	Green	Green	Green	Yellow	Yellow	Green	Green	Green	Green
Peer reviewers	Green	Green	Green	Green	Green	Green	Green	Yellow	Green	Green	Green	Green	Green

The survey responses indicate that almost all DPs are now providing multi-annual indicative funding commitments, both at country programme and project level. This commitment is therefore substantially achieved.

Do you provide GoG with regular and timely information on disbursements?

	Canada	Denmark	EC	France	Germany	Japan	Netherlands	Switzerland	UK	USA	AfDB	UN	World Bank
Self assessment	Green	Green	Green	Green	Green	Green	Green	Yellow	Yellow	Green	Green	Yellow	Green
Peer reviewers	Green	Green	Green	Green	Green	Green	Yellow	Yellow	Green	Green	Green	Yellow	Green

DPs provide regular quarterly disbursement information to the Aid and Debt Management Division (ADMD) of MoFEP, as well as to counterpart institutions. They also provide annual data separately as an input into budget preparation, as well as preparing the G-JAS Resources Schedule for the annual CG meeting (although not in 2009).

While DPs are living up to their side of the commitment, it is not clear that the data is being put to effective use by GoG. Disbursement data is collected by different agencies for different purposes, without being reconciled. MoFEP lacks an automated system for generating reports for aid management purposes, although it is receiving support from UNDP for an aid database. Aid figures appear in the budget papers, but there are issues regarding their reliability, and it is not clear how they are taken into account in the budget process. Overall, while aid data is being captured on the budget, it is not clear that it is incorporated meaningfully into the budget process.

How do you rate your timeliness and predictability of disbursements?

	Canada	Denmark	EC	France	Germany	Japan	Netherlands	Switzerland	UK	USA	AfDB	UN	World Bank
Self assessment	Green	Green	Green	Yellow	Yellow	Yellow	Green	Green	Green	Yellow	Yellow	Yellow	Green
Peer reviewers	Green	Green	Green	Yellow	Yellow	Yellow	Green	Green	Green	Yellow	Yellow	Yellow	Green

There is a mixed picture on timeliness of disbursement. DPs appear to be performing well on timeliness of budget support. Both MDBS and the sectoral budget support programmes are designed to maximise predictability of finance, with performance assessments influencing disbursement levels in the following financial year.

However, disbursements for projects are subject to a range of delays, linked to slow project implementation, poor financial reporting, delayed funding request from counterparts, non-completion of formal loan requirements, and delays in the transfer of funds from MoFEP to line ministries. Delays appear to come from bureaucratic problems on the GoG side, rather than from DP, although the requirement for approval of disbursements from headquarters is an occasional source of delay.

Have you accelerated progress in reducing tied aid?

	Canada	Denmark	EC	France	Germany	Japan	Netherlands	Switzerland	UK	USA	AfDB	UN	World Bank
Self assessment	Green	Green	Green	Green	Yellow	Yellow	Green	Green	Green	Yellow	Green	Green	Green
Peer reviewers	Green	Green	Yellow	Green	Yellow	Yellow	Grey	Grey	Green	Yellow	Green	Green	Yellow

Most DPs have completely untied their aid to Ghana. For Japan and Germany, technical assistance is still tied, and for the European Commission it is tied to European or developing country companies. USAID reports that solicitations for new projects are now open to all companies, including Ghanaian companies, but in practice it is very difficult for local companies to meet the requirements. Other DPs could also be doing more to meet their AAA commitment of opening up procurement processes to allow local and regional companies to compete.

Do you observe the national mission-free period?

	Canada	Denmark	EC	France	Germany	Japan	Netherlands	Switzerland	UK	USA	AfDB	UN	World Bank
Self assessment	Yellow	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Peer reviewers	Yellow	Green	Green	Green	Green	Yellow	Grey	Grey	Green	Green	Green	Green	Green

Almost all DPs are respecting the national mission-free period (despite concerns about the length of the time period). In a small number of cases, GoG approval is sought for missions to go ahead during this period. (In 2008, CIDA sought GoG approval for two missions, plus conducted another three that did not involve central government.)

Objective 6 Better alignment with GPRS II goals and priorities

Do you make use of joint processes for programming your assistance?

	Canada	Denmark	EC	France	Germany	Japan	Netherlands	Switzerland	UK	USA	AfDB	UN	World Bank
Self assessment	Yellow	Green	Green	Green	Yellow	Green	Yellow	Green	Green	Green	Green	Green	Green
Peer reviewers	Yellow	Yellow	Grey	Green	Green	Yellow	Yellow	Grey	Grey	Yellow	Grey	Yellow	Yellow

While most DPs scored themselves green on use of joint processes for programming assistance, it is also apparent that the ambitious mechanism for joint decision making on resource allocation anticipated in G-JAS has not eventuated. Most DPs find the sector working groups to be useful processes for collecting information on other DP activities and identifying appropriate funding opportunities. However, the sector working groups have not evolved beyond basic information sharing into ‘clearing houses’ for matching

new assistance with funding gaps. Nor is there any wide process for ensuring a rational overall allocation of assistance.

Implementation issues

In the self-assessment survey, DPs were asked a number of questions regarding implementation of their aid effectiveness commitments, as well as their views on the most pressing aid effectiveness issues. Their responses are summarised here.

Harmonisation and alignment activities consume between 10% and 50% of total professional staff time, with an average of 20-30%. The burden is higher on smaller agencies, and on agencies that take on time-consuming roles such as sector leads. Most DPs have factored these demands into their staffing plans, and only a few report that human resources are a constraint on their engagement with the aid effectiveness agenda. It is notable that DPs that have made greater progress with improving the selectivity of their programmes report having more time to spend on aid effectiveness issues and policy dialogue.

Some DPs have taken measures to improve staff incentives around harmonisation and alignment, for example by including it in job descriptions and performance reviews. However, even where this has not been done, DPs generally report that staff are supportive of the aid effectiveness agenda. Japan reports that Ghana is a test case country for aid effectiveness, and staff are active in promoting the agenda within their own organisation. The World Bank makes the point that staff are primarily accountable for delivering results on Bank-financed activities, and are therefore wary of harmonisation purely for its own sake.

Most DPs report that corporate rules and procedures are broadly supportive of harmonisation and alignment. Some DPs still face limits on their ability to pool funds, and are required to be overly risk-averse on use of country systems (e.g., to use country systems only where they offer the same level of fiduciary protection as the DP's own systems). A number of DPs report that insufficient delegated authority to the country office is a constraint on harmonisation, which requires flexibility to negotiate with partners. One DP noted that the corporate commitment to aid effectiveness needs to be balanced with political pressure for visibility.

There was a broad range of views on the value-added of time invested in aid effectiveness. Some DPs considered harmonisation and alignment activities to be indispensable to their business model. Others find that the return is often low, and that staff report fatigue and frustration with many of the existing processes. Weak GoG leadership, lack of DP coherence and discipline, restrictive DP rules and high turnover of DP staff were all cited as limiting the return on harmonisation and alignment. There is a common concern that the aid architecture in Ghana needs to be rationalised to avoid duplication, and that the entire enterprise needs to be more results oriented.

DPs were asked to give their view on what were the most pressing aid effectiveness issues facing Ghana. Responses included:

- the need for GoG leadership of the aid effectiveness agenda, including the adoption of an Aid Policy and a more rational aid architecture;

- the need for a successor to the GPRS, and for improved country ownership of the development agenda, especially at regional and local levels;
- greater progress on division of labour, and the adoption of a more ambitious joint assistance strategy;
- the elimination of parallel PIUs;
- improved data on aid activities;
- the introduction of an independent review for mutual accountability;
- the need to bring emerging donors into the aid architecture.

DPs were also asked to point out the most important current constraints on aid effectiveness in Ghana. Responses included:

- the lack of overall GoG leadership on aid effectiveness; several DPs pointed out the difficulty of making further progress on harmonisation without country leadership;
- poor quality dialogue between GoG and DPs;
- weak GoG aid management capacity, including weak capacity to implement PFM and procurement regulations, poor reporting and a lack of accountability for results, leading to high levels of fiduciary risk and a lack of trust;
- loss of energy and discipline among DPs; a number of DPs in particular raised concerns over the current breakdown of consensus around the MDBS;
- too many small and scattered DP initiatives, and DPs spread across too many sectors, increasing the difficulty of coordination;
- an overall tendency to focus on process over results, leading to inefficient working;
- excessive DP conditionality, displacing domestic accountability;
- rigid DP planning and budgeting cycles, and lack of flexibility on aid modalities;
- lack of DP responsiveness to emerging needs (e.g., energy).

Chapter 4 Sectoral case studies

4.1 Water and sanitation

Water and sanitation is among the most donor dominated of all sectors in Ghana. While total spending has more than tripled since 2001, the increase has come entirely from external assistance. Upwards of 95% of activities in the sector, and virtually all capital investment, is ODA-financed. Projects are the predominant modality, although plans to develop a SWAp have been on the table for some years. Successive governments have stated that water and sanitation is a high priority, and the issue has genuine political salience. However, GoG appears content to allow the sector to be financed and led by DPs. While increases in donor finance have enabled significant expansion in rural water supply, investments will need to be scaled up substantially if Ghana is to reach its water and sanitation targets.¹⁴ The key question for the sector is whether it is possible to continue scaling up funding without more effective GoG leadership.

¹⁴ The MDG target on rural water is 76% of the population with access to safe water, which Ghana has arguably already achieved. However, the GoG/CWSA definition of access to safe water (20 litres per person per day within a radius of 500m) is more ambitious than the one used for the

Background

ODA for water and sanitation has increased dramatically over the past five years, from around US\$56m in 2003 to US\$191 million in 2008.¹⁵ The major donors are Danida, the Netherlands, CIDA, France, USAID, KfW, UNICEF, the European Commission, the World Bank and the African Development Bank. The sector also has substantial contributions from international NGOs, including WaterAid, World Vision and Churches of Christ.

The sector is divided into three distinct areas with different institutional arrangements and ODA profiles. Rural water and sanitation is the responsibility of the Community Water and Sanitation Agency (CWSA) under the Ministry for Water Resources, Works and Housing (MWRWH). It is a popular area among DPs, with nine active and four background donors, although some are in the process of exiting. Urban water is managed by Ghana Water Corporation Ltd (GWCL), and is mainly supported by the World Bank, the Netherlands and AfDB. Sanitation, which falls under the Environmental Health and Sanitation Directorate (EHSD) of the Ministry for Local Government and Rural Development (MLGRD), is a neglected area, both by GoG and DPs, with Danida, the Dutch and UNICEF the most active donors.

This case study concentrates mainly on rural water, where the most interesting lessons can be found. It has a history of fragmented donor support. There are a few joint projects and delegated cooperation arrangements,¹⁶ but stand-alone bilateral projects are the norm. Coordination has been led by DPs, and confined mainly to information sharing on project activities. This has enabled a rough geographical division of labour to emerge, with DPs choosing different areas to implement their projects. But with DPs using different selection criteria, gaps and overlaps are common, and some districts have several DPs working in different communities. Common arrangements for project planning, management and reporting have been slow to emerge.

The Water Directorate in MWRWH was created on paper in February 2004 to coordinate, monitor and evaluate activities in the water sector, but was not formally established and given dedicated budget lines until 2007/8. For most of its life, it has functioned with only three regular staff members. Danida agreed to support the establishment of the Water Directorate through an intensive technical assistance programme. However, with GoG slow to assign resources to the Directorate, Danida-funded consultants ended up taking on direct managerial responsibilities. As a result, there was more capacity substitution than capacity development, with few sustainable results when the assistance was terminated. (Danida recognised the problem, and later used a lighter model of technical assistance with the Water Resources Commission.) As a result, the limited national capacity in the sector is devoted to servicing, rather than managing, the different DP funding streams.¹⁷

MDGs. By this measure, coverage in Ghana remains at just under 60%. Personal communication to the author from DP officials.

¹⁵ Figures taken from the latest DP Envelope database, compiled by the EC for the annual Ghana Partnership Resource Overview.

¹⁶ E.g, the World Bank/Nordic Development Fund project for urban water, and the Danida/DFID co-financing of the eastern corridor water supply scheme (now being wound up).

¹⁷ GoG & World Bank, "Public Expenditure Review 2001-2006: The rural and semi-urban water supply and sanitation sector", November 2007.

Measures to improve aid effectiveness

Over the last 3-4 years, DPs in rural water and sanitation have made a series of efforts to improve their quality of engagement. The initiative has been largely on the DP side, although the Water Directorate has been supportive of the efforts. DPs have succeeded in putting together a number of elements of a more programmatic or strategic engagement in the sector, even though funding modalities have not yet changed.

Since 2003, **donor coordination** has been done through an annual Donor Conference for water. As well as a pledging forum, it provided an opportunity for the major players in the sector to meet, including DPs, GoG officials, the private sector and NGOs. In January 2007, a study on aid effectiveness in the sector concluded: “Sector coordination is weak in all aspects and development of dialogue fora must be given fast attention.”¹⁸ In 2008, it was agreed that the Donors Conference would be changed into a Ghana Water Forum, with a broader scope. The Forum will be informed by **joint annual review** of progress in the sector.

There is also a **Water and Sanitation Sector Working Group** which serves primarily as a forum for exchange of information among DPs on on-going and planned project activities. Although the Water Directorate participates, the SWG is not at a high enough level for policy dialogue. Policy issues or matters requiring Cabinet approval are fed to the Heads of Cooperation and the MDBS process. A number of key reforms of recent years have been MDBS triggers.¹⁹ The current MDBS trigger is a holistic assessment of progress in the sector, based on coverage rates. Apart from the MDBS, there is no high-level policy dialogue in the sector. DPs are exploring ways of encouraging senior politicians to participate in the Water Forum.

A **National Water Policy (NWP)** was launched in June 2007 following a detailed consultation process. The NWP sets out broad policies and objectives and the overall division of institutional responsibilities, including the principle of community ownership and management of rural water facilities, but has little concrete detail. There is also a CWSA Strategic Investment Plan (SIP) 2008-2015. It is a needs-based plan, setting out the total resource envelope required to achieve the national target of 76% rural water coverage by 2015 – an ambitious goal that would require a major increase in the current investment rate. Annual investment needs are then extrapolated from this figure, without much guidance on short-term priorities. The SIP does not cover institutional needs, and is not linked to the national budget process. It therefore falls short of what would be required for a shift towards programmatic support.

There are very different donor approaches to the **use of country systems** in the sector. Broadly speaking, most donors are satisfied with the legal frameworks for PFM and procurement, although there are widespread concerns about capacity constraints at local level. Standard bidding documents have been developed for rural water works. A few DPs – notably Danida – rely entirely on country systems for procurement and financial management, with no additional reporting requirements. All procurement under Danida projects is done by DAs and approved by the CWSA, although poor quality tenders often delay implementation. The EU, CIDA and USAID use mainly their own

¹⁸ French Development Agency, “Assessment on Aid Effectiveness, including Alignment and Harmonisation in the Ghana Water Sector”, January 2007.

¹⁹ Including approval of the National Water Policy, Strategic Investment Plan and Project Implementation Manual.

procurement systems. AFD uses country systems for procurement, while the World Bank and AfDB use country systems for local procurement (subject to no-objection letters) and their own systems for international competitive bidding.

Harmonisation of technical standards has been perhaps the most important achievement of recent years. A Project Implementation Manual (PIM) was adopted in 2008, setting out common technical standards and guidelines, together with the institutional arrangements for managing community water systems. Efforts are now underway to ensure that all donors comply with these standards. Generally, donors use the PIM for new projects, but many are unwilling to change the design of on-going projects, which would involve renegotiating contracts. NGOs and church organisations are also being encouraged to follow a harmonised set of technical standards. The PIM is potentially a very important instrument for improving the coherence of project assistance.

In the past, there has been a plethora of different **monitoring arrangements** in water and sanitation, creating fatigue among the MDAs required to contribute information. Efforts have been underway to consolidate these arrangements into a District Monitoring and Evaluation System (DiMES). DiMES will record baseline data on district water systems, record new investments and track progress towards the MDGs. Work has been done on standardising definitions, especially in regard to access and coverage issues. The design of the system is now complete, and it is being rolled out to district level. In the meantime, donors still insist on sending separate monitoring missions for their own projects, with little coordination. DP missions can reportedly take key MDA staff away from their regular duties for up to two weeks at a time.

The water and sanitation sector is notable for its active **civil society engagement**. There is a Coalition of NGOs in Water and Sanitation (CONIWAS), which organises the annual Mole Conference Series, in which all the major players from government, DPs and civil society participate. The last conference was attended by the Vice President.

There is little coordination or national leadership of **capacity development** in the sector. There are no capacity building strategies, and few joint activities. Because GoG has been slow to allocate adequate personnel and operational budgets to the MDAs, DP project implementation structures tend to dominate the sector, and capacity building efforts end up filling gaps rather than developing sustainable capacity. National consultants working in the sector receive five or six times the salary of their MDA counterparts, creating negative dynamics that impede capacity transfer. So long as GoG is not providing adequate leadership in the sector, this dynamic will be hard to break.

One exception is capacity building at the district level through the District Development Facility, which appears to be more strategic in design, even if implementation is at an early stage. It is based on a common capacity assessment tool (FOAT) and a standard package of capacity building support, delivered by the Local Government Support Secretariat. Importantly, it is linked to the allocation to DAs of a pool of discretionary finance that can be spend on capital investments. This provides districts with both the means and the incentive to improve their planning and financial management.

Scaling up to achieve the MDGs

The major increase in donor financing of rural water and sanitation has led to a rapid expansion of rural water facilities, at the rate of 2% of the population per annum. In 2008, total rural coverage reached 57.1%. The MDG target of 76% coverage by 2015 is achievable, but only with a substantial scaling up of investment. The rural water sub-sector has successfully addressed some important institutional challenges. The national policy of community owned and managed rural water facilities has been implemented across the country using a standard institutional structure, despite the plethora of donor projects. A culture of paying for water is emerging at the community level, helping to ensure the sustainability of rural water facilities.

This stands in sharp contrast to the sanitation area, where basic institutional problems – especially around cost recovery – have not been addressed, and DPs have seen little scope for scaling up their support. Accurate sanitation figures are not available, but it is estimated that only 2.2 million people (10% of the population) have access to household toilet facilities, while sewerage systems are virtually non-existent outside the capital.

Overall, important progress has been made in putting in place the building blocks of a more strategic engagement in the sector. The achievements have included:

- a basic policy framework and investment plan for rural water and sanitation, although with scope for improvement;
- mechanisms for donor coordination;
- a regular platform for engaging external stakeholders in planning, implementation and monitoring;
- harmonised technical standards;
- some increased use of country systems;
- intensive capacity building support for key national institutions, and the beginnings of a strategic approach to capacity building at local level;
- the basic framework of a comprehensive monitoring system.

However, there are still major challenges to overcome. The core of the problem stems from GoG's unwillingness to invest substantial resources of its own into the sector. GoG apparently takes the view that, as the sector is popular among donors and apparently well-resourced, it should allocate its own resources elsewhere. While this may be rational from a national budgeting perspective, it makes it very difficult to establish an effective development partnership in the sector. Water and sanitation MDAs are left starved of resources and dependent on donor projects to meet basic institutional needs.²⁰ The multiplicity of donor projects and implementation arrangements puts major strain on limited national capacity, forcing the MDAs to react to donor initiatives, rather than manage their resources strategically. Without GoG leadership, there are limits to the extent to which donors are willing or able to harmonise their project delivery arrangements.

²⁰ For example, the World Bank pays 5% of its project costs to CWSA as a management fee. This may lead to disincentives for the responsible MDAs to agree to a SWAp or basket funding approach. In planning new modalities, donors may need to ensure that basic institutional needs are provided for during the transition process.

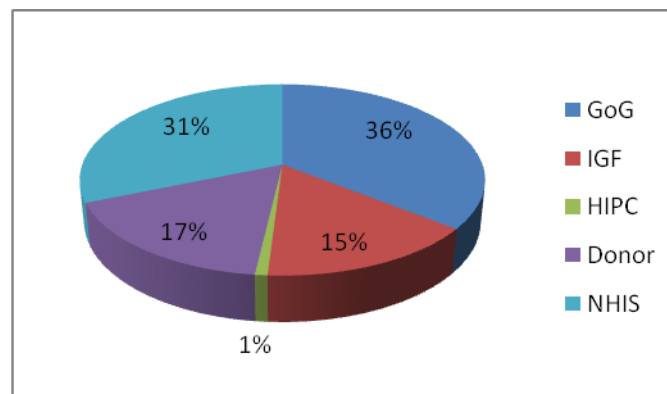
In this context, scaling up assistance through the current sectoral mechanisms is likely to lead to neglect of institutional development, gaps in investments (especially in sanitation), high transaction costs and continuing neglect of maintenance, all of which will present major bottlenecks in the achievement of the MDGs.

To address these challenges, donors have been promoting the idea of a rural water and sanitation SWAp. The idea has been discussed at sectoral donor conferences since 2004, and is taken up in the National Water Policy. A road map for developing for SWAp is being prepared. Some elements (the national policy and sectoral investment plan, dialogue structure, procurement and PFM systems and performance monitoring system) are already substantially in place. Missing elements include sufficient staffing for the Water Directorate and stronger planning and budgeting processes. Ultimately, however, it is only going to be feasible if GoG agrees to a more balanced sharing of the burden with DPs, to enable a genuine partnership to emerge.

4.2 Health

The health sector presents a very different picture to water and sanitation. There is clear GoG leadership on both policy and financing. Just under 10% of GoG expenditure goes to the health system (2008), a figure that has steadily increased over the past decade. While DPs provide substantial support, at around US\$150 million in 2008, this constitutes less than 20% of total expenditure in the sector.²¹ This much healthier balance has facilitated the development of a mature aid architecture, based on one of the earliest examples of a health SWAp. However, in recent years the changing nature of international aid flows for health has brought into question some basic elements of this architecture.

Sources of the health budget 2008



There have been important changes to the organisation of Ghana's health sector over the past decade. The Ghana Health Service (GHS) was set up in 1996 as an autonomous agency under the Ministry of Health (MoH). It is organised on a de-concentrated basis, with some 330 national, regional and local health facilities acting as separate budget management centres (BMCs).²² The creation of the GHS changed the role of the MoH

²¹ Support from non-OECD donors is not captured in these figures.

²² Plans to make district health facilities responsible to District Assemblies did not eventuate, with the regional and central levels refusing to yield control over budgets.

from service delivery to policy making and regulation, and has led to some lack of clarity over responsibilities and reporting lines that is still being worked through.²³ The other major change has been the introduction of the National Health Insurance Scheme (NHIS), which now covers nearly half of the population and provides over 30% of the total funding for health. The NHIS reimburses health facilities directly for the costs of service delivery – an important change to the direction of funding flows which makes planning and financial management at the local level an increasingly important component of health system effectiveness.

Evolution of funding modalities

The health SWAp evolved progressively from the mid-1990s, based on a Medium-Term Health Strategy and 5-year Programme of Work (PoW). A group of six DPs agreed to finance implementation of the Strategy and PoW through a joint Health Fund that supported capital investments and non-salary recurrent expenditure. While the funds were managed by MoH through separate procedures, they were included in the health budget. The MoH and DPs agreed on a set of Common Management Arrangements (CMA)²⁴ for implementation of the PoW, covering not only DPs participating in the Health Fund but also those providing earmarked or project support. The CMA described the overall architecture of the SWAp, including dialogue structures and the annual health summit.

In the 2001-6 period, the majority of donor funding to the health sector was channelled through the Health Fund. It provided MoH with its most reliable and flexible source of funding, and is said to have made a significant contribution to improving the quality of planning and budgeting in the sector. Feedback from both MoH and DPs is that, because the resources provided through the Health Fund were clearly visible, it facilitated an effective dialogue on their use. On the other hand, it also made the MoH more autonomous from MoFEP, undermining the regular budgetary process.

At the conclusion of the second 5-year PoW in 2006, a number of DPs opted to shift from the basket fund into sectoral budget support (SBS), to improve integration of external assistance with the national budget process. The change was made despite reservations from MoH, which preferred the Health Fund for its greater flexibility. In 2009, there were substantial delays in the transferral of SBS funds from MoFEP to MoH (although it had worked better in 2008). The relationship between the two ministries is reportedly poor, with MoH slow in providing the necessary inputs into the annual budget process. It is hoped that these are teething problems that can be overcome. DPs take the view that developing a better working relationship between MoH and MoFEP is a necessary stage in strengthening country systems. So far the DPs are concerned, their SBS funding is fully un-earmarked. However, it is interesting to note that it continues to be accounted for separately within the annual health budget and directed towards non-salary recurrent costs – namely, for the same purposes as the Health Fund.

Over the same period, there has been a proliferation of new funding sources for health, including from global health initiatives (especially the Global Fund for AIDS, Tuberculosis and Malaria), scaled up earmarked funding (notably new US initiatives on

²³ Ministry of Health, “Public Financial Management Strengthening Issues Paper”, December 2008.

²⁴ Ghana Ministry of Health, “Common Management Arrangements for the Implementation of the Second Health Sector Five Year Programme of Work 2002-6”, November 2001.

HIV-AIDS and malaria) and from non-OECD donors. SBS now comprises a minority of DPs and just over 40% of total health aid.

These new initiatives have magnified the challenges of coordination in the health sector. Finance from the Global Fund is application based, which makes it difficult to integrate into the annual budget process. The application process is coordinated by a 25-member Country Coordinating Mechanism (CCM), with both GoG and DP members. Although there is overlap in membership between the CCM and the health SWG, nobody is empowered to speak on behalf of the CCM, which makes coordination difficult. Non-OECD donors such as China, Kuwait and OPEC have funded capital investments in the sector, including new hospitals, with substantial implications for the health budget. However, this assistance is negotiated through diplomatic channels, with the MoH not informed until the last minute. There are also concerns that the proliferation of support earmarked for specific diseases, often with counterpart funding requirements, may be overriding national priorities and undermining progress on planning and budgeting.

The aid architecture in health

The aid architecture in health has evolved over a ten year period, and is among the most developed of any of the sectors. The main features are as follows.

Planning and budgeting. Policy making and planning are said to be strong in health relative to other sectors, but with considerable scope for improvement. As well as the 2007 National Health Policy (“Creating Wealth through Health”), there is a 5-year PoW (2007-2011) and annual PoWs, each with their own budget. These provide a solid basis for programmatic support. Given that around 55% of the national health budget (without DP resources) is tied up in salaries,²⁵ SBS substantially increases the level of discretionary expenditure available to the sector, providing both the opportunity and the incentive for improved planning.

However, the PoW budgets are not fully integrated with the annual budget process, and the MTEF (as in other sectors) is not yet functional. The sector lacks a complete picture of resource flows, due to the complex mix of funding sources and the difficulty of accurately incorporating earmarked donor support into the budget.²⁶ While plans are prepared at the regional and local level, the sectoral PoW is not an aggregation of district plans. Regions and districts have limited incentive to plan effectively because budget execution remains unreliable and shortfalls are the norm. Regions and districts often prepare multiple plans in order to access different sources of donor finance. There are major gaps in PFM capacity at all levels, and despite some attempt to introduce performance contracts, there is little or no accountability for results within the system.²⁷ While the shortcomings are still considerable, most observers are in agreement that there has been substantial improvements over the past decade, and that this trend is continuing.

²⁵ Industrial action by medical personnel in recent years has led to salaries in the health sector exceeding those in the rest of the public service by around 25%.

²⁶ One of the challenges is reflecting US project support on the budget, given that the overheads of US implementing companies are not actually available as aid for the sector. USAID now provides data to MoH both with and without these overheads.

²⁷ Ministry of Health, “Public Financial Management Strengthening Issues Paper”, December 2008.

Dialogue and coordination structures. The sectoral dialogue is organised around bi-annual health summits, quarterly business meetings and monthly SWG meetings. These are governed by June 2008 TORs, based on the Joint Guidebook for SWGs, setting out the roles of the DP and MoH sector leads. The MoH Department of Policy, Planning, Monitoring and Evaluation (PPME) agrees the agenda for meetings with the donor lead (currently Danida). Meetings are well attended by DPs and MoH, with less regular participation from GHS and MoFEP and as yet no real participation from the NHIS. There are sub-committees on thematic challenges like PFM and on particular health challenges (e.g., HIV-AIDS, malaria, TB, family reproductive health and child health).

DPs rate their level of influence as moderate. Their technical input, including from specialised agencies like UNICEF, UNFPA and WHO, is well received. On policy matters, they are accepted as having a legitimate voice, but are only one influence among many on national health policy. There are matters on which DPs have different priorities to GoG – for example, on the balance of expenditure between basic services for the rural poor and advanced health facilities in the urban areas. DPs are able to bring these issues to the attention of GoG, but their views are not determinative of national policy. This is consistent with a mature development partnership.

One of the challenges is to preserve an integrated structure for dialogue among DPs with very different priorities and interests. Earmarked donors tend to work directly with GHS as their technical counterpart, which could lead to the emergence of parallel dialogues. However, over the past 12 months, USAID served as chair of the SWG. This was a positive experience, helping USAID improve the integration of its own programmes with the efforts of SBS donors on planning, budgeting and PFM. USAID states that, while its programmes are disease-specific, it now has more flexibility to devote resources to health system strengthening, and aims to use its projects to strengthen district-level planning, complementing the efforts of the SBS donors at the central level.

There is some participation of civil society actors in the health sector aid architecture, but their input is relatively weak. A number of informants pointed to the need to strengthen the capacity of health NGOs to play a more effective role as partners to MoH.

Annual review process. There is an annual health sector review, commissioned jointly by MoH and DPs with the results presented at the annual Health Summit. It undertakes a holistic assessment of progress in the sector, condensing the 35 indicators in the 5-year PoW (only some of which are measured on an annual basis) into a traffic light assessment based on clusters of related indicators. This assessment was incorporated as a trigger in the last two MDDBS PAFs (alongside improved budget execution). For SBS, there is no automatic link between performance and disbursement levels, but any performance shortfalls trigger dialogue as to how progress can be accelerated. There are concerns among DPs that the annual review process has become routine. While the last review was well supported by USAID as lead donor, its technical output was not particularly strong. There is a tendency for similar issues to be pointed out in successive reviews, without sufficient follow up. The SWG is now considering moving towards reviews in alternate years.

Mutual accountability. The health sector has also been a leader in introducing mutual accountability, although the mechanism needs refinement. In 2008, an independent review was commissioned of DP performance against their Paris Declaration

commitments, based on a DP questionnaire, but the responses and analysis were at a fairly superficial level.

Use of country systems. On use of country systems for aid delivery, a sharp gap has emerged between the SBS donors, whose assistance automatically goes through country systems, and the earmarked donors, who only use country systems at the margins. UNICEF uses country PFM systems, but undertakes its own procurement given the complexities of international drug purchases. Congressional rules require USAID to be able to track the end use of all US funds, obliging it to support decentralised service delivery via US implementing partners, rather than via the health budget. Japan is also unable to use country systems.

Parallel PIUs do not appear to be a significant problem. The MoH has an integrated Capital Investment Unit which functions as PIU for a number of DP capital projects. Danida has transformed a former PIU into the Health Sector Advisory Office, which provides policy and technical support to the MoH. This will be further integrated in the next phase of assistance.

Allowances to GoG staff involved in project implementation are reportedly still a cause of concern, despite the harmonised scale used by DPs. Many MoH and GHS staff are involved in multiple DP projects, and earning substantial additional income for tasks that should rightly fall within their regular duties. The inevitable tendency of staff to maximise their income from DP projects causes significant distortions in human resource allocation.

There has been better progress on alignment of monitoring systems. DPs, including Japan, have made strategic investments in developing a common set of sector-wide indicators and a Health Management Information System. Despite some gaps in coverage, its data is used extensively by DPs for monitoring their own projects. However, there are still elements of parallel M&E systems in operation. The Global Fund is very demanding in terms of results information, but does not provide additional resources for its collection. Its demands therefore tend to overwhelm the limited capacity in the districts, causing delays to project implementation.

Capacity development. Despite the relatively mature aid architecture, there is no overall capacity development plan in health, and support is still provided on an *ad hoc* and often donor-driven basis. Capacity development is reportedly poorly coordinated among DPs, both in terms of objectives and delivery methods. The counterpart institutions are usually not involved in the selection or management of technical assistance. Technical advisers are perceived as ‘outsiders’, and the large differences in salary between national consultants and GoG staff stands in the way of meaningful knowledge transfer. MoH states that its preference is for short-term technical assistance on discrete issues, and for more collaboration with local training institutions like the Ghana Institute of Management and Public Administration (GIMPA).

Overall assessment

As one of the most advanced sectors in Ghana, the development partnership in health is a useful guide as to what is achievable over a decade of effort. The quality of partnership is generally high, with well established structures for dialogue. DPs are accepted as legitimate interlocutors on policy matters, without compromising country leadership.

The Health Fund and its evolution into SBS has provided a flexible pool of resources which has facilitated the development of sectoral planning and budgeting capacity. Shortcomings in the budget process (irregular budget execution, the lack of a functioning MTEF, overall capacity constraints) mean that the sector is still far from an ideal of integrated planning and budgeting, but the process works well enough within these limitations to demonstrate clear advantages from the programme-based approach.

The aid architecture developed under the health SWAp is still in place and functional, and has served as a model for the development of other sectors. However, if the design of the SWAp was premised on the expectation that more DPs would join the common funding mechanism over time, this has not eventuated. Instead, there has been a proliferation of separate, earmarked funding streams. This trend is of course not unique to Ghana, but a result of a changing international aid architecture in health. Even though some of the individual projects may be of high quality, this fragmentation of support risks compromising the overall development effectiveness by undermining the national planning and budgeting process and bypassing country systems. In the face of budget shortfalls, MoH finds itself forced to choose between providing counterpart funding for DP projects or allocating funds to its own priority areas. There is also a perception that earmarked donors are imposing their own priorities and preferences at the decentralised level by packaging them with additional benefits (e.g., vehicles) that health facilities find impossible to refuse.

The sectoral coordination structures therefore need to evolve to keep up with this changing aid profile. The focus should now be on creating principles of engagement and coordination structures that apply equally to all DPs, irrespective of their funding modality, along the lines of the 2001 Common Management Arrangements. This might be done through further elaboration of sectoral TORs or an associated Code of Conduct or MoU. It could also be done through a Country Compact of the kind promoted by the International Health Partnership.²⁸ The goal should be to bring project support as far as possible within the rubric of the national planning and budgeting process, to minimise distortions.

4.3 Programmatic engagement at sectoral level

The movement towards greater use of programme-based approaches at the sectoral level is the most dynamic and visible aspect of the aid effectiveness agenda in Ghana. Ten of the 13 G-JAS partners say they have increased their level of programmatic support in recent years, and innovative examples of PBAs have emerged in 7 or 8 sectors. It is readily apparent that the shift towards PBAs enables a more strategic engagement by DPs in the long-term development of a sector. By providing flexible funding in support of a country-led sectoral programme, it minimises many of the distorting effects of fragmented aid projects and provides both the opportunity and incentive for sectors to improve their planning and budget processes. Ultimately, this shift towards PBAs has the potential to deliver more sustainable results.

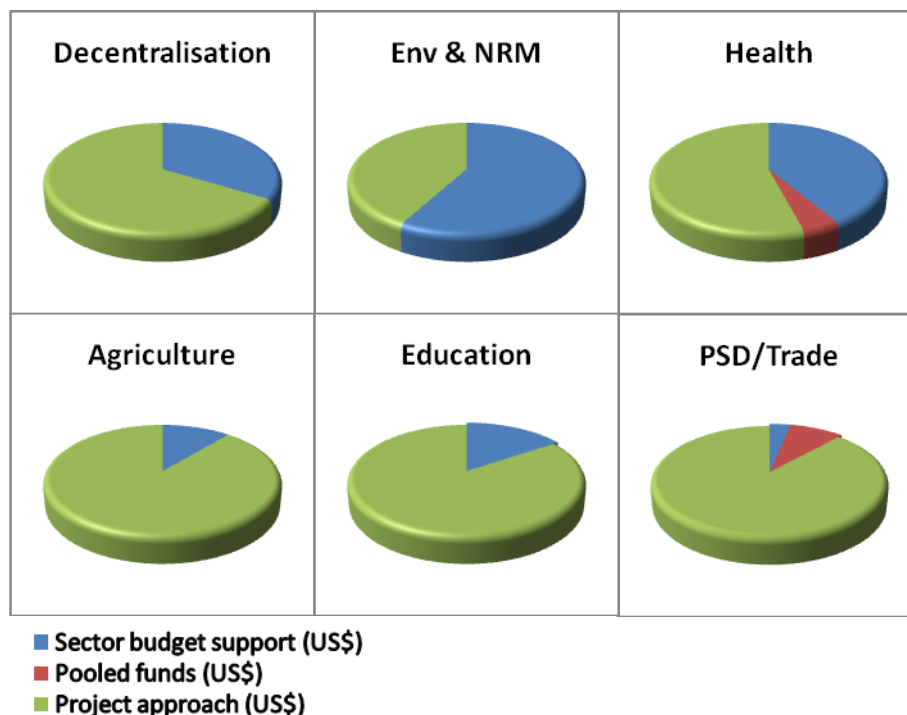
However, while on paper Ghana has already achieved the Paris Declaration target of two-thirds of assistance provided in the context of PBAs, many of the benefits are not being realised. The shift towards PBAs should lead an overall consolidation of funding flows through common arrangement and mechanisms. It is this consolidation that

²⁸ IHP+ is an international partnership created to promote better harmonisation and mutual accountability in the health sector: see <http://www.internationalhealthpartnership.net/en/home>.

brings the potential to strengthen coordination, lower transaction costs and improve country leadership of the development partnership.

There is not much sign of consolidation taking place. Instead, the typical pattern is for DPs to establish a common funding mechanism, such as a basket fund or SBS instrument, with all the heavy design and implementation costs this entails, and yet continue to provide the bulk of their assistance in the form of stand-alone projects. Some DPs are attending sectoral dialogue and coordination processes, without making any real change to their actual aid practices. Even DPs who participate in the PBA may choose to maintain a suite of parallel projects, in the belief that this provides a more balanced engagement. However, the result is that a PBA is simply added on to existing project support, raising transaction costs without decreasing fragmentation.

The data collected in the 2008 division of labour mapping exercise shows this dynamic very clearly. The follow chart shows total projected funding for 2007-2010 in the six sectors with the most advanced PBAs. Only in one of sectors, environment and natural resource management, does a common funding mechanism comprise the majority of funds to the sector (58%). In health, common funding is 45%, and in decentralisation 33%. For the other three sectors, it is between 10% and 15%.



This is not to say that project support cannot legitimately form part of PBAs. Clearly they can, and there are some good examples in the health sector. However, it suggests that the greatest scope for improving aid effectiveness in Ghana may be to increase the percentage of aid channelled through core PBA funding mechanisms, to reduce the fragmentation of assistance.

DPs who choose to continue with project support despite the existence of a common funding mechanism need to intensify their efforts to ensure that their projects are complementary to, rather than in competition with, the PBA. Furthermore, as they

agreed in the Accra Agenda for Action, if they do not use country systems to deliver their projects, they should provide a clear and transparent statement of what shortcomings in the country systems are preventing their use, and agree a strategy for addressing them.

Chapter 5 Thematic case studies

The review team carried out two thematic case studies, to explore issues raised in G-JAS in more depth. We looked at the quality of dialogue at various levels, and at the G-JAS goal of improving the division of labour among DPs.

5.1 Quality of dialogue

In a mature development partnership, dialogue is based not around conditionality, but around DPs helping the partner country to achieve its own development goals. A genuine partnership does not necessarily imply agreement on all issues, and certainly does not mean that DP views always prevail, but it requires a free exchange of ideas in which both have a legitimate voice. Since the Accra Agenda for Action, DPs are also committed to expanding policy dialogue beyond government. A range of other stakeholders should have the opportunity to contribute to national development policy, according to the country's democratic institutions and traditions, including parliaments, local governments, CSOs, research institutes, media and the private sector.

A high quality dialogue needs to be well organised, through standing platforms and structures covering different needs and stakeholders. This section looks at the overall coherence and effectiveness of the dialogue structures in Ghana.

Sectoral dialogue

There have been important advances in recent years in sectoral dialogue, through the sectoral working groups (SWGs). On paper, Ghana has 16 SWGs, although some have been inactive since the 2009 election for lack of a GoG lead. Pillar working groups, based around the three GPRS pillars (private sector competitiveness; human resource development; good governance and civic responsibility), were originally envisaged as a forum on cross-sectoral and thematic issues, but it was considered too burdensome to maintain them as standing structures.

The quality of dialogue in the SWGs presents a mixed picture. The sectors where dialogue is most effective are also those where PBAs are best established, ensuring an intensive focus on building up sectoral planning and budgeting processes. SWGs play an essential role within PBAs, providing a platform for policy dialogue and an oversight mechanism for joint DP programming. A practice has emerged of using joint annual sector performance reviews to build a common understanding of the challenges and ensure that information on results is fed into the policy dialogue. Strategic or cabinet-level issues are identified through the SWGs and fed into the MDBS process.

The dialogue in health, described above, presents a good example of what is achievable within a well-established SWG. Health policy in Ghana is clearly country-led. National counterparts value the technical input provided by DPs, and accept that they have a legitimate voice in the policy dialogue. On issues where GoG and DPs have different priorities, DPs have a platform for making their input, but their views do not necessarily prevail. This is appropriate in mature dialogue.

Other sectors are well behind. Water and sanitation offers in many ways a more typical picture. The sector is dominated by DP spending and DP projects. The DPs find the SWG a useful forum for exchanging information on their own activities, and some good examples of practical coordination have emerged. However, national counterparts have limited capacity, and are dependent on DP projects to meet their own institutional needs. Sectoral policy making and planning capacity is still limited, so there is no comprehensive programme on which a PBA could be built. In such a context, the SWG is more for coordination than policy dialogue. Some policy issues are addressed by referring them in the MDBS PAF, but the larger issue – the imbalance of GoG and DP expenditure in the sector – is not being addressed.

In 2006, DPs prepared a Joint Guidebook on SWGs, to standardise practice across the sectors. The Guidebook defined a common mission for the SWGs, namely to provide continuous policy dialogue, review sectoral performance and improve harmonisation and alignment. It discussed the role of SWGs in relation to the MDBS, annual budget process and CG resource allocation. It set out procedures and mechanisms which sectors could tailor to their needs, such as annual review processes, codes of conduct, joint policies and strategies, joint work programmes, common results frameworks and agreements on division of labour. The Joint Guidebook was never formally endorsed by GOG, although it has been used as a model for some sectoral TORs.

In practice, it would usually take many years of effort in any given sector to develop processes along these lines. It depends upon increasing national capacity, as well as reorganising DP assistance into more programmatic forms. It also requires the DPs to organise themselves so as to maximise the quality of their input. This is still at a relatively early stage. There are still many sectors with too many DPs providing relatively small amounts of assistance, and often playing a passive role within the SWG. Other sectors have too few DPs to create a critical mass. This indicates a failure of the basic G-JAS goals, which was to organise a more rational, balanced engagement across the sectors. At present, the balance of DP input into sectoral dialogue is based on a simple aggregate of individual DP programming preferences, rather than any rational assessment of overall need. For example, public sector reform has only three donors, despite being a highly complex area recognised as critical in a period when GoG is struggling to restore macroeconomic stability. With few DPs willing to commit resources to such a difficult area, the dialogue suffers. Likewise, DPs have been slow to allocate personnel resources to emerging priorities like energy.

The role of the DP lead emerges as particularly important. An energetic, well organised lead can significantly improve the quality of the process. Conversely, a DP lead without sufficient time to commit to the process, or who lacks the requisite managerial and facilitative skills, risks compromising the effectiveness of the SWG. At present, finding a DP lead with the right qualities has been substantially left to chance. This is an area where gains can be made from improving the DP division of labour. If DPs focus their programmes onto a few priority areas, they can ensure the right staffing profile, with both technical and facilitative skills, to maximise their quality of engagement.

There are also issues about the level of participation on the government side. In some sectors, it has never been clearly settled what is the right level of participation for what kind of task. There needs to be a balance between routine coordination meetings with managerial staff, and policy meetings with policy makers. This is a particular problem in

sectors that span different line ministries. Health and education are relatively straightforward in having a clear institutional lead, but an area such as private-sector development involves no fewer than 17 MDAs.²⁹

Cross-cutting issues

Cross-cutting issues are being addressed within the policy dialogue, but not very systematically. Although the pillar groups are not active, there are SWGs with cross-cutting remits, including environment and natural resources, decentralisation, public financial management, public sector reform, gender, social protection, governance and M&E. However, these SWGs tend to be focused on the delivery of specific projects and programmes. It is not clear that cross-cutting issues are being effectively mainstreamed across the sectoral dialogues.

For example, the Gender Equality Support Team (GEST) is an active group, with 9 participating DPs and the Ministry of Women and Children (MoWAC) leading on behalf of GoG. However, MoWAC is a relatively weak institution, dependent on DP projects for its own resources. The focus on specific projects means that the agenda is quite fragmented. MoWAC has multiple initiatives on domestic violence, trafficking, child labour, women's economic empowerment, spousal property rights, gender budgeting and international reporting, all tied to past or on-going DP support. In the past, gender targets included in the MDBS PAF (such as targets on health and education and gender disaggregation of monitoring data) have not received high priority. In an attempt to mainstream gender in the PAF, gender budgeting has been placed under PFM, to give it more prominence, but follow up from MoWAC in terms of analysis and dialogue is reportedly weak. This is now being addressing by having MoFEP share leadership with MoWAC, and through training programmes for MoFEP budget officers.

The challenge of engaging effectively on cross-cutting issues is a difficult one, given the tendency of GoG itself to work in institutional silos with limited cross-sectoral cooperation. It appears that the SWG structure has fallen into a similar pattern. This may also explain why DPs have been slow to engage with emerging challenges like oil, which do not fit neatly into established sectoral categories.

Breadth of participation

DPs have made some effort to involve civil society in the policy dialogue, but in a fairly fragmented way, reflecting the nature of civil society itself in Ghana. In many sectors, there is some civil society participation in SWGs and annual review processes. This can be effective where there are well-established coalitions of national NGOs, but tends to focus more on coordination of service delivery than on participation in policy dialogue. There are some emerging good practices on CSO involvement in project monitoring, for example in the school feeding programme, to strengthen national accountability. The World Bank is also exploring the possibility of supporting CSOs to monitor future use of oil revenues.

Ghana has a well-developed think tank community, and some of its leading figures are invited to attend CG meetings and other high-level GoG/DP events. However, this often amounts to fairly token participation. CSO representatives are not able to

²⁹ Mavis MacCarthy, "Review of development partner division of labour", May 2008, p. 41.

participate meaningfully if they are not privy to ongoing dialogue, lack information on the issues under discussion and are not given the time to consult with their constituencies and analyse the issues. As a result, CSO representatives often attend without a clear mandate to speak on behalf of others.

Ghana has a top-down style of government, with limited tradition of consultation. While the media is free, civil society representatives describe it as a “cacophony of voices”, without much policy influence. One CSO representative commented that “democracy in Ghana ends after the election, when the people go back to sleep”.

By its own assessment, civil society in Ghana is fragmented and rather competitive, and not well organised to speak with a common voice in the national policy arena. CSOs find it difficult to develop joint positions, and there are frequent disputes on representation arrangements. Although CSOs have recognised the importance of building networks and capacity to improve their collective voice, they are still at an early stage in doing so. There was an attempt to organise CSO engagement in the aid effectiveness agenda around the Accra High Level Forum, and SEND Ghana is in the process of developing an Aid Effectiveness Secretariat, building on existing networks. The think tank IDEG has been trying to establish a Poverty Forum, to help bring together the analytical capacity of different think tanks in contributing to the national development agenda, but has failed to attract the necessary funding. There may be scope to adjust DP funding practices to encourage and facilitate more effective networks and coalition building among Ghana’s NGO community.

Multi-Donor Budget Support

MDBS has emerged as the principal forum for high-level policy dialogue in Ghana. It is the process by which GoG and DPs agree short-term policy priorities drawn from the sectoral dialogues. The percentage of external assistance channelled through MDBS has fluctuated, from 39% at its inception in 2003 down to 5% in 2005 and then back up to 21% in 2009. It now stands at around 8% of the national budget. As a forum for dialogue, however, MDBS has assumed a significance that goes beyond the quantum of funds involved. In 2009, the process encountered some significant problems, and is now being adjusted in response to the changing country context.

The MDBS is built on a rolling, 3-year Progress Assessment Framework (PAF) setting out agreed policy reform measures and poverty reduction goals. The PAF consists of a small number of ‘policy triggers’, linked to disbursement levels, and a larger number of ‘targets’ set out in a 3-year matrix. In principle, the triggers and targets are all linked to implementation of the GPRS, but in fact the GPRS appears to have fallen away as a reference point in the annual negotiations. Under the common Framework Memorandum, DPs provide a base payment, linked to the maintenance of an appropriate macroeconomic framework, and a performance payment linked to progress on implementing the triggers. Assessments of macroeconomic policy have been based mainly on the annual IMF Article IV assessments. Each DP decides what proportion of its assistance falls within the base and performance payments. Over time, several DPs have reduced the performance tranche to 20% of their assistance. Since 2006, the level of disbursement of the performance payment has been linked to the previous year’s assessment of progress, to avoid unexpected gaps in the national budget.

The triggers and targets are proposed by the SWGs, and finalised in annual negotiations between MoFEP and the DPs. The dialogue and associated conditionality is intended to give an additional push to sectoral processes, by focusing high-level attention on critical policy actions. The contribution made by the MDBS to progress at the sectoral level is reportedly mixed. Where the sectoral dialogue is well organised, so that MDBS triggers and targets are based on genuine consensus and followed up in a structured way, there is said to be considerable value. The sectors can use the MDBS to secure Cabinet-level attention for policy proposals and resource bids. On the other hand, where the sector dialogue is poorly organised, the value added of the MDBS process is less apparent. Without robust monitoring and follow up, the same MDBS triggers and targets tend to be repeated over multiple years.

There are differences of opinion among DPs as to the significance of the conditionality element of MDBS. While some attach great importance to conditionality as an accountability device, others suggest that it may be creating unhelpful dynamics. It has the effect of focusing annual negotiations on the precise formulation of triggers and their means of verification, rather than on broader policy issues, creating a narrow and rather legalistic dialogue.³⁰ MoFEP, negotiating on behalf of GoG, has an interest in securing more predictable budget support, and therefore an incentive to set the bar as low as possible on individual triggers. There are reports of MoFEP instructing MDAs to put forward triggers that are already substantially achieved, to lower the risk of non-performance. For their part, DPs may also have an incentive to keep the MDBS on track by agreeing to less stringent conditions, and permitting frequent reassessments (that is, giving MoFEP more time to secure implementation). While performance payments have occasionally been withheld, this has been largely symbolic, as the amounts held back have been relatively small and usually paid in the subsequent financial year.

MoFEP also favours triggers that can be satisfied within the bureaucratic domain, given the unpredictability of Cabinet processes. For example, the energy sector trigger in the 2008-2010 PAF was the development of a framework for private investment in power generation (a Cabinet-level issue), but the trigger was defined as the presentation of the framework to Cabinet, rather than its approval. DPs are concerned that these are artificial commitments that do not necessarily signify genuine progress on policy reform. This also suggests that the dialogue is taking place at the wrong level – with bureaucrats within MoFEP, rather than with policy makers in government.

Some sectors have moved away from narrowly defined policy triggers towards more holistic assessment of progress on implementing an agreed sectoral programme or strategy. For example, in private sector development and trade, earlier PAFs focused on core institutional reforms (e.g., automation of the Registrar-General's Department), but the 2008-2010 trigger was defined as implementation of four of the five milestones in the sector programme. Similarly in health, PAF triggers have shifted from concrete reforms (e.g., on human resource management or resource allocation) towards more systemic issues (expanded health expenditure; improved budget execution) and now to a holistic, traffic-light assessment of health sector performance. While this is consistent with a more programmatic approach to assistance, it also leads to triggers that are more ambiguous and open to interpretation. Some DPs are concerned that this weakens accountability.

³⁰ ODI and CDD-Ghana, "Joint Evaluation of Multi-Donor Budget Support to Ghana", June 2007, p. 8.

Some DPs would like to see more results orientation to the MDBS. The European Commission is introducing an 'MDG Contract' element into its budget support, whereby a portion is conditional on medium-term progress towards the MDGs. Some DPs are supportive of a results focus, although there is concern about the European Commission acting unilaterally. Other DPs, such as the World Bank, take the view that disbursements should only be conditional on actions for which GoG can be held directly accountable, and not for outcomes that may be influenced by factors beyond its control.

There are also concerns about the time lags built into the MDBS process. Since 2006, disbursement levels have been linked to the previous year's assessment of progress (the 'N+1 formula'), in order to increase the predictability of budget support and avoid unexpected holes in the national budget. The N+1 formula makes sense for a budget support instrument designed to support implementation of the GPRS, where progress is best assessed over the medium term. However, it left the MDBS without the capacity to respond to changing country conditions and emerging policy challenges.

This proved a particular problem in 2009, when a new government facing a major public finance crisis was obliged to request emergency assistance from the World Bank. The World Bank mobilised additional budget support, but decided that the existing PAF, negotiated before the election and silent on matters of macroeconomic management, did not provide an adequate framework for the extra resources. The Bank therefore rapidly negotiated a parallel PAF for its 2009 operation. There was considerable consternation among other DPs at the breakdown of the common PAF, exacerbated by multiple communication failures between the Bank and other DPs around the episode. Under pressure from donor countries, the World Bank Board has agreed not to provide budget support under a separate PAF in the future.

As well as causing a souring of relations within the DP community, the episode brought into sharp focus the limitations of MDBS as a dialogue platform on strategic issues, particularly around budgetary management. Not only are the time lags too great in a changeable environment, but macroeconomic issues have been completely absent from the dialogue, due to its focus on sectoral issues. DPs have also been entering into annual negotiations without a clear understanding of what they want to achieve at the strategic level.

The 2009 problems have prompted DPs to undertake some substantial revisions to the MDBS. To make sure the instrument is flexible enough to deal with macroeconomic shocks, they have agreed with GoG to introduce a short-term window into the PAF from 2010.³¹ It was also agreed to introduce a DP Performance Assessment Framework for analysing the quality of engagement of DPs in Ghana.

Despite the emphasis placed by many of the DPs on the importance of conditionality within the MDBS, the evidence suggests that conditionality is not the decisive element in the effectiveness of the instrument. The significance of MDBS is not its ability to generate positive incentives for reform through variable disbursements. Most of those interviewed by the review team on both the DP and GoG side were in agreement that the incentives it generates are a minor influence on government action, especially at the political level. Rather, the significance of the instrument lies in its ability to provide a high-level platform for strategic dialogue, whether on issues emerging from the sectors,

³¹ Communiqué, MDBS High-Level Meeting, Accra, 28 October 2009.

on macroeconomic policy or on emerging challenges like oil. It is the quality of the dialogue that matters, not the formulation of the triggers. If annual negotiations on triggers are, as many suspect, causing the dialogue to become narrow and legalistic rather than strategic, then this suggests that the current emphasis is wrong. Reform to MDDBS should be aimed at ensuring the DPs are speaking with a collective voice to the right counterparts in GoG about the issues that matter most to Ghana's development, in such a way as to reinforce mutual accountability.

Consultative Group

As mentioned above, the Consultative Group (CG) process, held annually in June, is widely considered to have lost direction. The event has become purely formal, used for making announcements and speeches, without advance preparation or follow-up.

DPs continue to produce their annual matrix of activities and resources flows, mapped against GPRS pillars and sector groups. However, no mechanism has been developed to make use of this data to improve the overall allocation of assistance. At the recent MDDBS High-Level Meeting, it was agreed that the CG process would be reviewed to expand the possibilities for policy and technical dialogue through pre-CG meetings and possible quarterly meetings.

Heads of Cooperation and Heads of Mission

The Heads of Cooperation (HOCs) is a forum in which DPs meet to debate policy issues and coordinate their efforts. It has regular monthly meetings, and additional meetings or retreats as required. The chair and co-chair positions are rotated among the DPs every four months. Under its TORs, the HOCs defines its goal as: "pro-actively facilitate and undertake regular and open policy dialogue amongst DPs and between DPs and all national stakeholders."

While GoG ministers or officials are occasionally invited to meet with the HOCs to discuss particular issues, HOCs is primarily a mechanism for agreeing common positions and strategies among DPs. Its first objective is to "identify, prioritise and coordinate cooperating partner policy positions for discussion and dialogue with all National stakeholders". It does this in two ways.

First, in the absence of a GoG-led process, it is the primary body for discussing aid effectiveness issues. At one stage, the HOCs debated the idea of establishing a committee for harmonisation and alignment, but in the end decided that the issues were important enough to leave at HOCs level. However, individual DPs may be tasked with leading technical work on particular issues (e.g., common rates and allowances for GoG staff). Over the past year, the HOCs identified the quality of capacity building support as an important issue, and commissioned various pieces of analysis to find ways to improve. The HOCs also provided the forum for addressing tensions between the World Bank and other DPs over the 2009 MDDBS PAF.

Second, HOCs provides a forum for the DPs to agree common positions on policy issues. It is through the HOCs that the DPs organise their response to national policy initiatives and proposals, and debate emerging issues such as oil or macroeconomic policy. In recent months, the HOCs have identified a need to strengthen their

engagement with sectoral issues, and have begun inviting SWG DP co-chairs to brief their meetings on current issues.

The role of the Heads of Mission (HOMs) is less clearly defined, and they have not met in the past six months. On principle, issues that require engagement with GoG at the highest level can be referred to HOMs. For example, the HOCs have recently agreed to bring the issues of effective use of oil revenues and the stalled process of public sector reform to HOMs attention. However, there is an unresolved structural issue here. Given that HOMs is a higher-level body, and part of the diplomatic world rather than the aid architecture, it is not clear that it can be ‘tasked’ by the HOMs. It might be useful to have a more formal process for referring issues between the two bodies.

It is clear that HOCs and HOMs have an important coordination and strategy setting role to play among the DPs. In an environment where GoG leadership of the development partnership is not particularly strong, the DPs need a mechanism for hammering out their differences and agreeing common positions. With the MDBS and the sector working groups providing regular platforms for interacting with GoG, the HOCs can add considerable value to these processes if it enables the DPs to speak with a common voice. HOCs can also initiate *ad hoc* dialogue with GoG whenever the need arises, if necessary involving HOMs.

So far, however, this potential is not being fully realised. Over the last 12 months, the DPs have struggled to hold a common line on strategic issues. Nor have they entered into the MDBS dialogue with clear policy objectives and negotiating strategies agreed in HOCs, or backed up sectoral dialogues with strategic interventions. On aid effectiveness, the accountability or disciplining function of HOCs was not sufficient to prevent individual DPs from breaking ranks on various issues, and the DPs have gone into various initiatives (such as the 2008 division of labour exercise) with a consensus on what they wanted to achieve. It appears that there is plenty of scope for strengthening HOCs, and improving its relationship with other parts of the aid architecture.

Aid effectiveness dialogue

Dialogue between GoG and DPs on aid effectiveness issues has been relatively poor throughout the life of G-JAS. GoG has been very active in aid effectiveness processes at the international level, including hosting the third High-Level Forum in 2008. However, this has not translated into strong leadership at the domestic level. GoG has provided relatively little guidance to DPs on preferred approaches to aid, beyond a preference for general budget support. It has had a draft Aid Policy addressing these matters for some years, but the delays in finalising it have been so extensive that DPs have been left guessing whether the initiative is still live. GoG has recently indicated its intention to finalise the document in the coming months.

Part of the problem may be the lack of a strong institutional lead within GoG. There are a handful of individuals within MoFEP who are the primary counterparts on aid effectiveness, and have the carriage of a large number of complex initiatives. The overall assignment of responsibilities is not very clear, and there has been no systematic effort by GoG or DPs to build up greater aid management capacity.

The problem is also a lack of interest from the political class. In recent years, this may be due in large part to the pre-election period and extended post-election transition. Since

the new government came into office, its agenda has been dominated by pressing issues around public finance and the management of future oil revenues. It is not surprising that aid effectiveness issues have been off the agenda. However, some observers also point to a more fundamental problem with political competition in Ghana, where changes of government produce both a major turnover in public-sector managerial staff and a tendency for each government to distance itself from the initiatives of its predecessor, at least initially. There has been no core national aid-effectiveness agenda able to attract bipartisan support. As a result, GoG officials are often genuinely unclear as to the government stance on specific issues, and therefore reluctant to engage in dialogue with DPs.

In the absence of clear political leadership, vested interests created by traditional aid practices can be difficult to overcome. Where public institutions depend on DP projects for their basic needs and public servants receive direct financial benefits, there can be strong resistance to change. An example is the current stand-off over *per diems* and allowances for GoG staff involved in implementing aid projects, which has become such a contentious issue that MoFEP is unwilling or unable to move forward on it.

For their part, DPs have been relatively well organised around aid effectiveness. There are various fora in which issues are discussed, in particular the HOCs and SWGs, and *chefs de files* have been appointed to lead on particular issues such as division of labour and allowances. G-JAS itself was a considerable organisational achievement for a large DP community.

However, in the absence of strong leadership from GoG, there are clear limits to what DPs can achieve. A clear pattern has emerged in recent years of DPs launching aid effectiveness initiatives unilaterally, in frustration at the lack of action from GoG, only to find their initiatives failing for want of GoG engagement. Examples include initiatives on allowances, standard TORs for SWGs and most recently division of labour. The G-JAS itself fits the same pattern. This is a very unfortunate dynamic that has to change if Ghana is to make serious progress on aid effectiveness.

While DPs have been continually frustrated at the lack of GoG engagement, some observers note that they have not been very effective either at making the case to GoG as to why aid effectiveness matters, or at helping to build institutional capacity within MoFEP to take the agenda forward.

5.2 Division of labour

Under G-JAS, DPs committed to replacing “partner-by-partner decision making on aid allocations” with joint programming, anchored in the national development strategy. They developed instruments for mapping their assistance against GPRS priorities and results. Under ‘Next Steps’, G-JAS concludes with the following commitment:

“G-JAS partners plan to initiate in early 2007 a comprehensive exercise that will establish *how to be more selective* in our financial programming, policy dialogue and technical cooperation and *how to concentrate our efforts* in line with our comparative advantages. To reach its full potential this division of labour exercise will involve the government at the earliest opportunity.”

In 2007-8, DPs commissioned a consultant to map DP activities and funding flows, and assess the level of organisation and participation in each of the SWGs.³² The report found substantial variations in the number of DPs per sector, from six (public sector reform) to 16 (agriculture), with 12 the average. Some areas, like urban development, fisheries and public safety and security, were not well supported by DPs. The report noted that, while there was no consensus on the optima number of DPs per sector, the general view was that fewer DPs enabled better coordination, and that DPs should participate in policy dialogue only in areas where they have the expertise to contribute. It noted the difficulties of rating DPs according to their comparative advantage, given the many different criteria that could be used, many of which relate to short-term factors like staffing. The report also discussed how to divide labour – e.g., across the 40 GPRS focus areas, 26 government ministries or 16 SWGs. It noted that whatever criterion was selected, some development challenges and programmes would always fall across more than one area.

The intention was that the mapping would be followed by a full, GoG-led division of labour (DoL) exercise, along the lines of the *Zambian model*. However, there was no consensus among DPs as to the way forward, and GoG declined to engage with the process. A year on, DPs continue to be divided on the merits of a full DoL exercise. It is often understood in simple numerical terms as three DPs per sector, and some DPs are alarmed at the prospect of being assigned sectors for engagement. There is broad agreement that the exercise cannot go forward without clear endorsement of and support from GoG. However, there seems to have been little effort made to persuade GoG of the practical merits of the idea, or to address its concerns about the risks.

While a formal DoL exercise has not eventuated, there has been progress since G-JAS in improving the selectivity and focus of DP programming. As the DP self-assessment revealed, the EU and its member states have made significant progress towards reorganising their programmes around three focal sectors, although some ‘sectors’ are still formulated very broadly. This transition takes several years to accomplish, due to the delays involved in exiting from existing commitments. There is also evidence of consolidation within sectors. The SWGs have not yet evolved to the level of acting as ‘clearing houses’ to match new assistance with identified needs, but improved coordination and fewer subcomponents within DP programmes is resulting in better DoL within sectors.

Greater selectivity has enabled DPs to build up their comparative advantage in their chosen sectors, in terms of staffing profile and focusing on areas where they have established relationships and local knowledge. There is evidence that increasing selectivity in this way has improved the quality of engagement. DPs that have consolidated their programmes report that staff are spending less time on the minutiae of project implementation, and more time engaging with strategic challenges.

Overall, however, fragmentation of aid remains a significant problem. There are still overcrowded sectors with too many DPs and too many activities, raising transaction costs and making coordination difficult. Other sectors, such as public sector reform, have suffered from a lack of intensive DP engagement in the reform process. DPs have been slow to mobilise around emerging challenges like oil. Overall, the balance of DP

³² Mavis MacCarthy, “Review of Development Partner Division of Labour in Ghana”, May 2008.

effort still reflects an aggregation of individual donor preferences, rather than a strategic assessment of Ghana's needs.

There are also sectors with a serious imbalance of resources between DPs and the national budget. This may be a direct result of the lack of an overall resource-allocation process – when DPs concentrate their efforts on a particular area, GoG responds rationally by allocating its own resources to other priorities. However, as the water and sanitation case study shows, it is very difficult to achieve sustainable results in sectors that are dominated by DPs.

This suggests that substantial gains in aid effectiveness could potentially be realised from a more rational overall allocation of DP resources – both financial and knowledge – across sectors. There are in fact three distinct challenges involved:

- i) improving the inter-sectoral allocation of aid;
- ii) improving the quality of DP engagement in sectoral dialogue; and
- iii) reducing the number of funding streams per sector.

None of these imply a particular number of DPs per sector.

The mechanism for achieving these goals anticipated in G-JAS (and the Accra Agenda for Action) is a *Zambian-style DoL* exercise, where government leads on a process of identifying the comparative advantages of different DPs through self-assessment and peer review, and assigns them sectors of operation in a negotiated process. The OECD-DAC recently published draft good practice principles on how such an exercise should be carried out, although they are at a very general level.³³ In fact, there is little established international practice in this area. In the limited number of cases where it has been attempted, the process has proved difficult and divisive and the benefits uncertain. The potential problems include:

- DP comparative advantage tends to be a fluid quality, depending on existing staffing profiles. Any DP can buy in expertise in their focus areas. A comparative advantage assessment conducted today may therefore capture an arbitrary or transient situation.
- There are major time lags involved in consolidating DP programmes, as DPs may need several years to exit from current commitments. A DoL exercise launched in 2010 would not be fully implemented for another two or three years. By that stage, Ghana would be benefiting from substantial oil revenues, and many DPs would be reassessing the nature and scale of their support. The ideal DoL for today's conditions may be outdated by the time it is implemented.
- Finally, there are risks in the process for Ghana that would be need to be addressed. In particular, there is a danger that reducing the number of DPs per sector would leave sectors more exposed to volatilities in DP funding. If some DPs choose to scale down their support in response to oil revenues or other factors, it may exacerbate the problem of underfunded sectors.

³³ OECD DAC Working Party on Aid Effectiveness, "International Good Practice Principles for Country-Led Division of Labour and Complementarity", March 2009.

Given these concerns, it would be prudent to explore whether there are alternative ways of addressing the three challenges described above with less disruption and uncertainty. There are two other approaches to be considered.

First, the goals of reducing fragmentation of assistance and improving the quality of engagement could be addressed by a more concerted move towards PBAs at the sectoral level. This means not just continuing to develop the quantity and quality of PBAs, but also ensuring that a greater share of external assistance is channelled through common funding mechanisms. A well structured PBA encompassing a greater share of assistance should result in a higher quality of engagement with fewer transaction costs, irrespective of the number of participating DPs. It also lends itself to delegated representation arrangements in SWGs, making them more manageable.

Second, GoG and DPs could consider reviving the idea of a ‘results and resources’ process, connected to the annual CG. Each year, DPs map their assistance against GPRS priority areas and results, as identified through the Annual Progress Report (APR). The value of this exercise has fallen away since the change of government, given the uncertain status of GPRS. However, once GoG produces a new national development plan, DPs will need to go through a new mapping process to assess their level of alignment. At this point, rather than launching a comprehensive DoL exercise, they could consider a more incremental approach to improving alignment and DoL.

The mapping exercise gives GoG and DPs the means to analyse which sectors are overcrowded or neglected, and whether there is an appropriate balance of national and external resources in the priority sectors. Drawing on the results of the APR, an assessment should be made as to whether underperforming areas need greater resource allocation. DPs could then commit, when making new funding decisions, to reallocate resources from over- to underfunded or underperforming areas and emerging priorities. The annual CG meeting would provide an opportunity to make these commitments, supported by preparatory meetings to agree the analysis and discuss the changes required. In effect, the CG mechanism would act as a clearing house for improving DP’s collective alignment with national development priorities, through a negotiated incremental process.

Chapter 6 Conclusions and recommendations

6.1 Achievement of G-JAS objectives

Taking into account the results of the self-assessment and peer review, together with the interviews and case studies carried out by the review team, we offer a number of conclusions regarding the level of achievement of G-JAS commitments and objectives.

First, there appears to be good overall progress in a number of areas, with G-JAS commitments either achieved or substantially on track. These include:

- reducing the burden of conditionality;
- increasing the use of joint analytical work;
- scaling up budget support (although levels are still well short of the 80% that GoG has proposed in its draft Aid Policy);

- phasing out parallel PIUs;
- making multi-annual funding commitments;
- providing regular and timely information on disbursements;
- reducing tied aid; and
- observing the national mission free period.

There are some areas where GoG and DPs have not yet established credible processes for meeting their joint commitments.

- Country-led and coordinated capacity development. GoG has not articulated its preferred capacity-building approaches or provided adequate leadership in this area. MDAs have been poor at articulating their own capacity needs, and at incorporating capacity building objectives into their strategies and programmes of work. Capacity building support from DPs remains fragmented across too many projects with conflicting approaches. Supply-driven technical assistance has poor prospects of sustainable results. The HoMs have recognised this problem, and have initiated a collective process for addressing it.
- Coordination of missions. While some sharing of mission schedules occurs through SWGs, this has not proved an effective means of increasing the level of joint missions.
- Alignment of monitoring practices. While there have been efforts to develop common monitoring arrangements in a number of sectors, parallel monitoring systems are still common, and individual project monitoring missions continue to be burdensome on counterparts.

There are some areas where performance is mixed across different groups of DPs.



- On selectivity and division of labour, the EU and its member states have made significant efforts to reduce their areas of engagement in accordance with the EU Code of Conduct. Other DPs still have a 'long tail' of projects across too many areas, and are unlikely to move forward on selectivity without clearer guidance from GoG.
- Some DPs have made PBAs the default option for their assistance. Others are making relatively small contributions to PBAs, while maintaining a substantial suite of stand-alone projects, sometimes in the same sector. This means that many of the benefits that should come from the shift towards PBAs have not been realised.
- Use of country systems for aid delivery has become the default option for some DPs. For others, use of country systems is limited to budget support operations, while delivery of projects is still done through traditional practices.

There are also some areas where the blockages appear to be primarily on the GoG side. For example,

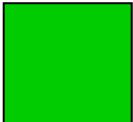
- Most DPs are still abiding by the common allowances for GoG staff involved in aid projects. However, the rates were agreed in 2006 and urgently need updating. They should also be progressively harmonised with GoG's own practices, to minimise the distorting effects of DP projects. This issue is a politically sensitive one for MoFEP, and there is currently no process in place for resolving it.

- DPs are still experiencing problems with timely disbursement, mainly due to slow project implementation rates and bureaucratic problems on the GoG side. As more aid is channelled through the budget, GoG needs to strengthen working relationships between MoFEP and line ministries to facilitate timely funds transfer.
- While aid figures are reported on the budget, there is no integrated process for capturing aid data and incorporating it meaningfully into the national budget.

In light of this progress, the review team has allocated a score for collective DP progress towards the five G-JAS outcomes,³⁴ as follows.

Achievement of G-JAS Outcomes	
G-JAS Outcome	Assessment
<p>6. Higher quality dialogue between DPs and government</p>  <p>Yellow/red</p>	<p>The quality of dialogue presents a mixed picture. DPs are making genuine efforts to participate effectively in sectoral dialogue. They have reduced the use of conditionality and increased their investment in joint analytical work. However, the idea of standardised TORs for SWGs has not been fully adopted, GoG leadership and participation in SWGs is patchy, and some DPs are engaged in too many sectors to participate effectively. Cross-cutting issues are not being pursued systematically. There has been some progress in involving civil society in the dialogue processes, but much more attention is required. The Consultative Group process is widely considered to have lost direction. The MDBS has emerged as the principal platform for strategic dialogue, and there is evidence that it provides useful support to sectoral dialogue. However, there are concerns that the dialogue has become narrowly focused on the formulation of triggers, rather than addressing strategic issues, and there are differences among the DPs as to the proper role of conditionality, leading to a breakdown in 2009 in the common PAF. The dialogue on aid effectiveness has substantially broken down in recent years, with a succession of DP-led initiatives (including G-JAS itself) that have stalled for want of GoG engagement. We note, however, that some of these concerns may be a result of the post-election transition period, and we are optimistic that they can be resolved in the coming months.</p>
<p>7. Improved aid delivery through a better division of labour and a solid process for deciding who does what</p>  <p>Yellow/red</p>	<p>There has been significant effort by a substantial group of DPs to improve the selectivity and focus of their programmes. This has already delivered visible benefits, in the form of higher quality engagement on strategic and policy issues. However, an attempt to launch a more ambitious division of labour process in 2008 failed for lack of GoG engagement, and there is no process in place for moving forward. As a result, the G-JAS ambition of developing a more rational overall division of labour based on joint decision making has not been realised.</p>

³⁴ There is a 6th G-JAS outcome – “Better alignment of DP country strategies and resource allocation with GPRS II goals and priorities” – but as it substantially overlaps with Objective 2 we have not scored it separately.

<p>8. Greater harmonisation in the way development assistance is delivered</p>  <p>Yellow</p>	<p>DPs have made substantial investments in improving the harmonisation of aid delivery, through the development of PBAs, joint projects and common delivery arrangements. There are innovative examples of cooperative working in many sectors, and DPs who are restricted in their ability to pool funds are seeking out other ways to work in a complementary way with others. Further progress in this area will depend in large part on GoG leadership, as there are limits to the level of harmonisation that DPs can achieve without simultaneously aligning to GoG programmes and systems. There has been little progress on improving coordination of missions beyond some basic information sharing, and a 2007 agreement between DPs on allowances for GoG personnel has become outdated.</p>
<p>9. Increased reliance on programme-based modalities and coordinated technical assistance programmes that support government priorities</p>  <p>Green/yellow</p>	<p>DPs have substantially increased their levels of budget support, to approximately 30% of assistance. Most DPs report substantial increases in the use of PBAs, and innovative examples of PBAs are appearing in more sectors. However, many DPs continue to maintain large portfolios of free-standing projects in addition to their PBAs, which means there has been little overall consolidation of funding flows. In the absence of effective GoG leadership, capacity development support continues to be fragmented and supply driven. DPs have recognised this problem and are attempting remedial action. There is good use of joint diagnostic instruments on country systems, and a growing number of DPs use country systems as the default option for new programmes. Parallel PIUs are being steadily phased out, although there is still work to be done on ensuring that all types of project delivery arrangement are as integrated as possible with counterpart institutions. There has been some good work on developing common sectoral monitoring arrangements, but DPs could be doing better on aligning with country monitoring systems.</p>
<p>10. Improved predictability in resource flows and reduced transaction costs for government</p>  <p>Green</p>	<p>DPs now routinely provide multi-annual indicative funding commitments, and provide GoG with quarterly information on disbursements. Disbursement is not always timely, but this is due mainly to delays in project implementation and bureaucratic problems on the GoG side. Aid is being reflected on the budget, although there is a need to rationalise the processes within MoFEP. While it will take more time for reduced transaction costs to be felt by GoG, this outcome seems to be substantially on track.</p>

6.2 Strategic priorities on aid effectiveness

This review suggests that there are a number of collective priorities for the aid effectiveness agenda in Ghana.

A more concerted shift towards programme-based approaches (PBAs). The benefits of PBAs have been clearly demonstrated in Ghana. They enable a more coordinated and strategic engagement by DPs on strengthening sectoral policies, institutions and processes. Where a flexible pool of funding is provided for

implementing a programme of activities, it provides both the means and incentive for improving planning and budgeting. Given continuing shortcomings in the national budget process, this is a very important contribution. Priorities for the coming period include:

- Continue the development of PBAs in more sector and areas. Each SWG should be tasked with developing a road map for moving towards more programmatic forms of assistance.
- Consolidate funding through PBAs. In sectors with established common funding mechanisms (basket funds and SBS arrangements), more funding should be channelled through the common mechanism, to consolidate funding flows, reduce transaction costs and strengthen the PBA.
- More complementary project support. Where DPs continue to provide aid in project form, they should make more concerted efforts to ensure their projects are complementary to the sectoral programme and any joint approaches. To this end, SWGs should act as clearing houses for assistance, matching new funds to agreed priorities under the sectoral programme of work.
- Agree common standards. SWGs should develop ‘rules of engagement’ (expressed in sectoral compacts, TORs or codes of conduct) applying to all DPs, irrespective of their funding modality.
- Ensure that PBAs provide the right incentives on decentralisation. On principle, PBAs should facilitate implementation of GoG decentralisation policies, by mirroring the normal flow of funds from the central budget to the periphery, and by helping to clarify the relationships and division of responsibilities between central, regional and local bodies. In practice, centralised funding mechanisms may also provide central authorities with the means or incentive to resist decentralisation. In appropriate sectors, DPs should analyse the incentives involved, and where necessary design their programmes to ensure that adequate resources are passed through to the local level.

Improved selectivity and division of labour. DPs need to develop a process for ensuring a more rational distribution of assistance across sectors, based on national development priorities and results. They should work with GoG to achieve a more appropriate balance of national resources and external assistance in individual sectors. They should be flexible enough to respond to emerging priorities, while ensuring medium-term predictability of funding for key development areas. DPs should consolidate their programmes around a limited number of priority areas, and ensure that they make available the necessary resources, both financing and personnel, to engage intensively and strategically in their focal areas. None of this implies any fixed number of sectors per DP, but there is evidence to suggest that greater overall selectivity would deliver higher quality engagement.

Clarify the overall architecture for dialogue and coordination. All the basic elements are in place for a coherent architecture for the development partnership. There are regular platforms for dialogue between DPs and GoG (the MDBS, Consultative Group and sectoral working groups), and platforms for the DPs to agree common positions and strategies (principally the HOCs). However, at present the elements do not function together as well as they could, and greater clarity about the relationship among them is required. This suggests a need to:

- Better define the overall aid architecture, incorporating both regular and *ad hoc* platforms for dialogue between GoG and DPs at national and sectoral level, and mechanisms for DPs to resolve their differences and organise common positions to take into dialogue with GoG. A second iteration of G-JAS would be one way to achieve clarity on this architecture.
- Strengthen the linkages between HOCs and sectoral working groups, by ensuring that strategic issues from the sectors are pursued through high-level dialogue wherever necessary.
- Use the HOCs to agree common policy goals and negotiation strategies to take into the annual MDBS dialogue, the Consultative Group meetings and other, *ad hoc* fora as required.

Build MDBS into a more effective platform for dialogue. There are differences of view among DPs as to the role and importance of conditionality within the MDBS. The review team takes the view that the financial incentives provided by performance-related disbursements are not key to the effectiveness of the instrument. Rather, its value lies in its ability to provide a platform for strategic dialogue between GoG and DPs on policy issues. At present, excessive concern with the formulation of triggers has created a narrow and rather legalistic dialogue. A process of reviewing the MDBS is now underway. In our view, reforms should address the following areas:

- Review who participates in the MDBS dialogue, to ensure that the dialogue is with GoG at an appropriate level, and not just with MoFEP. It may even be possible to get sectoral ministers involved in the process, to present progress in their sectors and answer questions as to shortcomings, to improve accountability.
- Strengthen the role of HOCs as the forum for agreeing common objectives and strategies to take into annual MDBS negotiations.
- Make more use of holistic assessments of sector performance as MDBS triggers, using baskets of indicators covering policy and institutional reforms, outputs and results, to improve the balance between short-term accountability and medium-term results orientation. Where appropriate, major policy issues can be incorporated as additional triggers to signal their importance.
- SWGs should strengthen their role in following up and monitoring implementation of MDBS triggers and targets.
- Continue to explore ways to strengthen the integration of cross-cutting issues, including gender, social exclusion and environment, into the MDBS PAF.
- Introduce a short-term window into the PAF for dealing with pressing issues of the day. Through the HoCs, DPs should ensure that they are well prepared for MDBS negotiations with a joint set of priorities and a common understanding of what they want to achieve.
- Explore ways to broaden the participation of national stakeholders, including parliament and civil society, in the MDBS process. For example, CSOs can become more engaged in monitoring implementation of sectoral targets. Information on GoG performance compiled during the annual review process can be fed to parliament, media and civil society to strengthen national accountability.

Overcome weaknesses in the aid effectiveness dialogue. Dialogue on aid effectiveness has been poor in recent years, due mainly to weak engagement from the GoG side. There has been a succession of initiatives launched from the DP side that

have stalled for want of GoG support. Given the election period and the challenges facing the new government, it is not surprising that aid effectiveness has been crowded off the government's agenda. However, it is now vital that this negative dynamic is overcome. A number of strategies could be considered for strengthening the aid effectiveness dialogue.

- More effort by DPs to communicate to GoG why the aid effectiveness agenda is important. While GoG signed up to the international aid effectiveness agenda at Paris and Accra, these external commitments are not sufficient unless supported by a recognition that aid effectiveness is genuinely useful in achieving the national development agenda. At a time when GoG attention is focused on future oil revenues, DPs need to do more to make the case for why aid effectiveness matters. There needs to be discussion of the role of external assistance during the oil period, to demonstrate to national stakeholders that aid will continue to be critical to the national development agenda. It may also be useful to point out the linkages between national capacity to manage aid and capacity to manage oil revenues. If GoG decides to channel a share of its oil revenues into a Permanent Income Fund, then effective use of the annual revenue for national development depends on many of the same variables as good management of aid – namely, improved planning and budgeting processes, stronger country systems, managing for results and so on.
- Broaden national ownership of the aid effectiveness agenda. Involving more national stakeholders, especially parliament and civil society, into the dialogue might help strengthen national ownership by building a cross-party consensus. There are nascent efforts within civil society to build up networks and capacity around aid policy issues, which could be supported by DPs. There may also be scope for building up useful alliances between civil society and parliamentary committees.
- Investments in building aid management capacity within MoFEP. While MoFEP has some very capable individuals leading on aid effectiveness, it acknowledges that the ministry would have to undergo significant reorganisation to implement the draft Aid Policy. So far, there has been relatively little investment by DPs in building up aid management capacity within MoFEP. More capacity development would not only help create a stronger counterpart for Paris Declaration implementation, but also a stronger champion within GoG for the aid effectiveness agenda.
- DP Performance Assessment Framework and review process. In October 2009, GoG and DPs discussed the idea of introducing a DP Performance Assessment Framework into the MDDBS, to strengthen mutual accountability. This is a very positive idea. It would need to be supported by a joint or independent review of DP progress on aid effectiveness – which is in itself a Paris Declaration commitment.
- Develop a permanent GoG-DP forum on aid effectiveness issues. At present, there is no standing platform dedicated to aid effectiveness issues. Some DPs see this as a weakness in the aid architecture. Others are concerned that it would add just another layer of bureaucracy. If, however, GoG demonstrates a clear commitment to implementing its draft Aid Policy, then a structure for organising implementation will be required. International experience suggests that technical issues (e.g., incorporating aid on budget) should be referred to specialist sub-committees with nominated GoG and DP leads, with a higher level forum for

strategic oversight. There should also be an action plan with clearly assigned responsibilities.

Continue to strengthen SWGs. There are many steps that could be taken to further strengthen SWGs and related processes, although the right combination and sequence will depend upon the sector. Possible measures include:

- Improving the level of participation by GoG. There may be a need to separate out policy dialogue, which needs high-level participation, from aid coordination, which is a managerial process, and to ensure appropriate participation for the different functions.
- Strengthen the DP lead. The quality of the SWG process is heavily dependent on the level of input from the DP lead. Where DPs agree to take on the lead role, they should ensure the right individual is assigned and that the scale of the undertaking is adequately reflected in the individual's job description. To ensure a fair sharing of the burden, DPs should each take on the leadership of at least one sector. Transition from one lead to the next should be planned well in advance, to avoid gaps.
- Robust follow up to annual review processes. While more sectors are introducing annual review processes, there is a danger that they become routine. SWGs should ensure that recommendations are debated and followed up.
- More systematic engagement of civil society. Civil society in Ghana represents an underused resource for strengthening the quality of sectoral processes. CSOs need more assistance to develop representative networks, analyse policy issues and monitor results.

Improve the quality of capacity development. This priority has already been recognised by DPs. At present, there is weak GoG leadership of capacity development, leading to fragmented and supply-driven DP support. In our view, a national capacity development plan is unlikely to be a practical solution at this point. The priority should be to strengthen integration of capacity building objectives into sectoral plans and processes, as follows.

- Systematic use of sectoral capacity assessments and plans. All sectoral plans and strategies should include an assessment of institutional and capacity needs (treated as an input of equal importance with funding), existing capacities and deficits. MDAs and DPs should carry out the assessments jointly, to develop a common understanding of the needs.
- More joint delivery arrangements. DPs should explore possibilities for joint delivery of capacity building support, including pooled funding arrangements managed by counterparts. Where delivery methods remain diverse, DPs should nonetheless relate their activities to common capacity development priorities.
- More analysis on what works. Building on the work begun by the HoCs, DPs should carry out more analysis of what approaches to capacity development work best in different contexts, including using local and regional expertise and national training institutes.

Reduce the distortions and transaction costs associated with aid. There is still much to be done in Ghana on the practical challenges of aligning with country systems. Priorities include:

- Explicit strategies on use of country systems. Under the Accra Agenda for Action, where DPs decide not to use country systems for delivering their programmes, they should state the rationale, set out the minimum conditions under which this would change, and agree a strategy for achieving those conditions. DPs should begin to do this at sectoral level. Ideally, within each sector, DPs would agree a common set of minimum conditions for use of country systems, and a joint roadmap for achieving them. They should mobilise assistance (e.g., procurement capacity development) around achieving these conditions. DPs should hold each other to account on their use of country systems within SWGs and annual review processes.
- Improve coordination of missions. SWGs need to develop a more effective system not just for sharing mission schedules, but for increasing the number of joint missions. As many uncoordinated missions are initiated from donor capitals, DPs need to communicate these mechanisms back to their own HQs and advocate for them to be respected.
- Common monitoring arrangements. SWGs should make more effort to develop monitoring arrangements that meet both GoG and DP needs, and DPs should ensure that their projects do not create parallel monitoring systems.
- Harmonised allowances. DPs need to reach an agreement with GoG on an updated set of allowances for GoG staff involved in project implementation, and a roadmap for progressively aligning DP practices with GoG's own rules, so as to minimise distortions on GoG staffing.

6.3 The future of G-JAS

The question of whether there should be another iteration of G-JAS, and what form it should take, is in some ways secondary to the goal of achieving a consensus on national aid effectiveness challenges and priorities. Once GoG and DPs have agreed on what problems they need to solve, they can determine whether or not a joint assistance strategy is an appropriate tool for the job. However, the process of deciding on the future of G-JAS may provide a useful opportunity for a debate on aid effectiveness challenges and priorities for Ghana.

G-JAS partners have not yet begun to discuss the future of G-JAS. In interviews with the review team, some were committed to the idea of a joint assistance strategy as representing international best practice on aid effectiveness, and would see it as a major step backwards if G-JAS were abandoned. They were keen to resume work on unrealised G-JAS goals, particularly around division of labour. Others were sceptical that there was any value to another iteration of G-JAS, given its current shortcomings. Some took the view that existing aid effectiveness processes are already too burdensome, so that any new initiative would need a clear rationale.

There is also some uncertainty about the role of GoG in the process. There is clearly a need to break out of the pattern of DPs pressing ahead with aid effectiveness initiatives which then fail for want of GoG engagement. There is a strong case for waiting for the new national development strategy and Aid Policy before making any decision about G-JAS. Once those instruments are in place, DPs can decide whether a collective response is needed from their side in the form of another G-JAS.

In view of this uncertainty, we set out here a number of functions that could be served by another iteration of G-JAS, to contribute to the debate on its future.

Rationalising the national aid architecture. Just as sectoral TORs and other instruments are used to describe the aid architecture in individual sectors, G-JAS could be used to define the national aid architecture, setting out the functions of and relationships among its different elements (e.g., the CG, MDBS, HoMs, HoCs, pillar groups, SWGs). In Ghana, as in most other countries, the national aid architecture has grown up organically. The danger with this is that new structures and processes are added without rationalising old ones, creating an architecture that becomes more burdensome over time. Developing a new G-JAS would provide an opportunity to review and streamline the existing structures and processes.

Forging a consensus on short-term aid effectiveness priorities. If the Aid Policy eventuates, and is supported by a clear implementation plan, then that may be sufficient to define the national aid effectiveness agenda. Alternatively, if the Aid Policy remains at the level of broad principles, then there may be a need for more concrete targets to be defined in a joint assistance strategy. There may also be a case for DPs to use G-JAS to organise their own collective response to the Aid Policy (just as the first G-JAS was a collective response to GPRS II). It can be used to launch processes where the initiative needs to be primarily on the DP side, like coordination of missions. It could also be used to develop the proposed DP Performance Assessment Framework and independent review process.

Agreeing a common country analysis and high-level objectives. G-JAS contains a joint assessment of the country context and national development challenges. This needs to be updated, to take account of oil and its impact on the political climate and national development agenda. There are large questions around the future of aid that need to be debated. Updating the country analysis, and using it to agree a common set of high-level objectives, amounts to a light version of a joint assistance strategy. While DPs would continue to develop their own strategies and programmes, another iteration of G-JAS would ensure a core level of strategic coherence in the coming period.

A common response to a new national development plan. The first G-JAS was developed in order to support GPRS implementation, mapping DP activities and funding flows against national development priorities. When the new national development plan is completed, DPs will need to engage in a collective analysis of the strategy, to decide what elements they wish to support and how.

Developing a division of labour or 'results and resources' process. Part of organising the collective DP response to a new national development plan is improving the collective division of labour. If there is an appetite for a mandatory division of labour exercise, under GoG leadership, then G-JAS can provide a framework. Alternatively, DPs may agree on a more incremental process, based on a commitment by individual DPs to improve their selectivity and focus and build up their expertise and staffing profiles in their focal sectors. G-JAS could define how this process would be implemented and monitored. The strategy could analyse DP activities and resource flows against the new national development priorities, to identify overcrowded and underfunded sectors. Each year, in preparation for the CG, this analysis should be updated and matched with results data to determine where resource shortfalls or imbalances in national and external funding are a problem. Rather than being just a

formal pledging conference, the CG could be adapted to become a clearing house for new assistance, ensuring that new aid commitments are allocated to agreed priorities, so as to ensure greater overall flexibility and responsiveness in the aid programme.

Do these suggestions add up to a strong case for another iteration of G-JAS? The answer depends upon the availability of alternative mechanisms for achieving them. If GoG expresses a preference for pursuing them through other means, DPs should follow that preference. At this stage, DPs should probably wait until the new national development strategy and Aid Policy are in place. If at that stage there is no other credible mechanism for addressing the objectives set out here, then another G-JAS may be the best way to move forward.