Natural Resources & Environmental (NRE) Governance in Ghana

DFID, NL, WB, EC, France, Switzerland
Government of Ghana

Strengthening the Development Results and Impacts of the Paris Declaration through Work on Gender Equality, Social Exclusion and Human Rights
Workshop, London, United Kingdom, 12-13 March 2008
NRE context in Ghana

NRE policy trade-offs - underestimated consequences
- Government’s own Strategic Env Assessment neglected
- 6% growth - agriculture & private sector key
- Environmental degradation counts for 10% GDP loss
- Constraints on growth prospects

Rethink policy dialogue & operational support to NRE
- Inconsistent consideration of NRE in-country
- Shift to budget support, harmonisation & alignment; country priorities & systems
- Disengagement from NRE policy support
- NRE marginal to "on-budget" support, aid instruments & development policy
Government & donor alignment
New aid architecture

Growth & Poverty Reduction Strategy II

Development Partners & GPS coordination

Donor
Donor
Donor
Donor

Ghana Partnership Strategy
Joint Assistance Strategy

Multi-Donor (General) Budget Support
Prog
Prog
Prog
3 year NRE process & dialogue

Country environmental analysis & analytical gap-filling
- Language from stated GPRS II priorities
- Ministry of Finance to centre stage, workshops
- NRE back to machinery of Government

In-country dialogue
- Sector group, Consultative Group meetings
- Triggers for financing of forestry in general budget support
- Need for NRE engagement beyond general budget support

Cross-cutting priority in Joint Assistance Strategy
- 14 donors
- 90% of ODA flows to Ghana
## Evolution of dialogue

### Country Environmental Analysis
- Technical expertise, mission mode
- National & international consultancy
- Anchored in ENR sector group
- Drew on long-term institutional memories
- Coalition around economic impacts, links to GPRS II agenda of public financial management & governance

### NRE Governance Programme
- Rent-seeking sectors (forestry, mining) + environment
- Artisanal issues, civil society, climate change
- Cross-Government working, with Finance at centre
- Multiple development partners
NREG preparation process
(not linear)

Government of Ghana

Analytical work

Ghana Poverty & Reduction Strategy II

Ghana Joint Assistance Strategy

Policy Dialogue – General Budget Support

NREG

Finance (MoFEP)

High level committee

Budgets & fund flows

Missions, virtual networks

NREG task team

Development Partners

Ministries & Agencies

Policy matrices

Civil society

ENR Sector group

Abidjan

Porto Novo

Lome

Lagos

Policy matrices
NREG - evolving mix of financing instruments?

- Multi-Donor Budget Support
  - €$ - MoFEP

- Sector budget programmes
  - €$ - MoFEP & Ministries

- Sector-aligned programmes
  - €$ - Ministries

- Projects
  - €$ - Sector agencies

2006
- Shift from enclave projects

2010
- Consolidating accountability

2015
- Sustaining successes
Paris linkages I

NREG leverage of other (vertical) financing
- Forestry/wildlife (EC Voluntary Partnership Agreement on legal timber trade)
- Minerals (EITI, artisanal issues, revenues – oil & gas find)
- Environment (SEA, climate change, intersectoral dialogue)
- Complementary civil society & accountability facility

Central elements
- Finance at centre, coordinating line Ministry inputs
- Anchored in sector dialogue & issues
- Public financial management focus – revenues & financial flows
- Overarching platform for dialogue – tripartite
- Consolidate on use of SEA in national planning & in GPRS III
- Strengthen Poverty & Social Impact Analysis (via Finance & Planning)
Ownership
- Letter of Development Policy as overall statement of Government priorities on NRE
- Finance coordinating inputs by line Ministries
- Nat’ Dev’ Planning Commission guidance on sectoral planning
- Medium-Term Expenditure Frameworks
  - robust analysis & planning on financial flows

Alignment & harmonisation
- Single set of indicators, set by line Ministries & Agencies
- Finance commissioning related studies using country procurement mechanisms
- Multi-year budget commitment, annual assessments
- Flexibility in evolving indicators & targets
- Reinforcing country sectoral & national planning & systems, including SEA, public financial management, M&E
Paris linkages III - reflections

High transactions costs in set-up
- for both Government & development partners
- Weak strategic planning, M&E & financial systems

Quality of input
- Bringing NRE agencies to speed with aid instruments
- Policy matrices & indicators – sector plans vs dialogue
- “Matrix fatigue” & “guided ownership”
- Civil society engagement sensitive

Harmonisation & alignment
- Donor procedures differ, only some flexibility
- Joint conclusions from joint assessments?
- Reconciling HQs with in-country offices & processes
- Anchor in dedicated staff & in-country processes
Background information if required for Q&A
<table>
<thead>
<tr>
<th>Sub-sector</th>
<th>Policy objectives</th>
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<tbody>
<tr>
<td>Environment</td>
<td>• Improve cross-sectoral environmental management, including climate change response</td>
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<td></td>
<td>• Apply SEA to inform decision-making &amp; mainstream environment in sectors</td>
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<td>• Improved EIA processes &amp; compliance</td>
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<td>Forestry &amp;</td>
<td>• Ensure effective law enforcement (trade agreement)</td>
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<td>wildlife</td>
<td>• Ensure predictable &amp; sustainable financing of the forest &amp; wildlife sectors</td>
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<tr>
<td>Mining</td>
<td>• Address social issues in mining communities</td>
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<td>• Enhanced policy &amp; regulatory framework &amp; effective coordination among key government agencies</td>
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<td></td>
<td>• Improve mining sector revenue collection, management, &amp; transparency</td>
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Donor coordination on NRE

• 2001 **Coordination**
  – on project basis around NR Management Programme
  – not strong, focus on disbursement
  – differing project requirements

• 2004 **Sector group** started
  – information exchange

• 2005 **Economic & Sector Work**
  – discussion at different level
  – economic case, not "protection"

• 2006-7 **Country Environmental Analysis**
  – platform for dialogue during workshops

• 2007-8+ **NRE Governance sector budget support**
Country Environmental Analysis history

- **2005: Economic & Sector Work (WB, DFID) on NR Management & Growth Sustainability**
  Costs of depletion - forestry, wildlife, agricultural soils, lake Volta, coastal fisheries

- **2006: Country Env Analysis with France, NL & DFID**
  - **Underlying causes** of depletion/degradation in 4 sectors underpinning economic growth in Ghana
    - Forestry & wildlife, agricultural soils, **mining**, urban environment
    - policy/institutional/public expenditure analyses
  - Feasible policy/ institutional/ management recommendations
  - Cost of environmental health effects related to water & air pollution
NRs = Ghana’s golden goose
Need stewardship for long-term growth

- NRs = 15% GDP
- NRs = 25% Govt revenues
- Substantial source of livelihoods
- Loss of NR stocks & degradation of urban environment cost approximately 10% GDP
- Reducing potential growth by 1% each year
Environmental degradation = $\frac{1}{2}$ of ODA
2003-4 rates