
GHANA

INTRODUCTION

GHANA, formerly a low income country, was officially declared a lower-middle income country in November 2010, (Ghana Statistical Service, 2011a). It has a gross national income (GNI) per capita of USD 883 (2009) which has grown at an average rate of 4.5% per annum since 2005 (WDI, 2011). It has a population of 24.233 million (Ghana Statistical Service, 2011b), 30% of whom (7 million people) currently live under the 1.25 dollar-a-day income poverty line (WDI, 2011).

In 2010, the Ghana Statistical Service undertook a rebasing exercise of the economy which led to Ghana achieving a lower-middle income status on account of its gross domestic product per capita rising over USD 1 000. This may mean that the level of concessional development assistance given to Ghana will be reduced in relative terms. As a result Ghana will have to explore alternative sources of development financing including mobilisation and efficient use of its own resources. Ghana is experiencing a period of rapid growth due to the production and export of newly found oil reserves and high world prices for its more traditional exports: gold, cocoa and timber. Ghana continues to be politically stable, with a competitive multi-party political system and is one of the few African countries likely to meet the first Millennium Development Goal target of halving the population living in absolute poverty.

Net official development assistance (ODA) to Ghana in 2009 totalled USD 1 583 million (OECD, 2011). Since 2005, net ODA has averaged 6.4% of GNI and 33% of central government expense (WDI, 2011). The top six donors contributed 76% of Ghana's core ODA (OECD, forthcoming). ■

SUMMARY OF PROGRESS

PROGRESS ON THE PARIS DECLARATION INDICATORS depends on improvements by both donors and partner governments. Ghana has shown significant commitment towards the implementation of the Paris Declaration. Having taken part in both the 2006 and 2008 surveys, the country together with donors not only delivered impressive progress but has also shown more pragmatic leadership, working closely with donors in building capacity.

Ghana's performance on the 13 Paris Declaration indicators with applicable 2010 targets is mixed, meeting targets for five indicators (ownership, mutual accountability and three in alignment), making progress on harmonisation as well as seeing four indicators (three in alignment and one in harmonisation) suffering setbacks and two indicators remaining unchanged when compared with 2005.

No targets were met in harmonisation or management for results. The trend, particularly for alignment indicators, becomes even more mixed when scores in 2007 are taken into account, revealing that several indicators which show progress when compared to the 2005 score have regressed or stayed static since their high point in 2007. Ghana has a wide range of donors and except for the indicator on parallel PIUs, there is an extremely wide range of scores amongst the donors, suggesting uneven progress.

TABLE 1:
Baselines and targets
for 2010

	INDICATORS	2005 REFERENCE	2007	2010 ACTUAL	2010 TARGET
1	Operational development strategies	C	B	B	B or A
2a	Reliable public financial management (PFM) systems	3.5	4.0	3.5	4.0
2b	Reliable procurement systems	Not available	C	Not available	No Target
3	Aid flows are aligned on national priorities	96%	95%	93%	98%
4	Strengthen capacity by co-ordinated support	40%	74%	59%	50%
5a	Use of country PFM systems	62%	51%	60%	75%
5b	Use of country procurement systems	52%	56%	56%	No Target
6	Strengthen capacity by avoiding parallel PIUs	45	16	5	15
7	Aid is more predictable	92%	82%	67%	96%
8	Aid is untied	91%	89%	92%	More than 91%
9	Use of common arrangements or procedures	53%	69%	57%	66%
10a	Joint missions	20%	39%	15%	40%
10b	Joint country analytic work	40%	60%	42%	66%
11	Results-oriented frameworks	C	C	C	B or A
12	Mutual accountability	Y	Y	Y	Y

TABLE 2:
Learning from success
and challenges

	ACHIEVEMENT OR CHALLENGE	LESSON OR PRIORITY ACTION
Ownership	Achievement: A long-term, costed vision exists which is linked to sectoral and sub-national strategies.	Priority action: Make progress on performance-oriented budgeting by more clearly identifying the outputs, outcomes, and or impacts in the medium-term expenditure framework (MTEF) budgeting process.
Alignment	Challenge: Progress in 2007 has not been sustained	Priority action: capture aid flows from donors that are not directly passing through government financial and procurement systems especially where these funds are aligned to national priorities.
Harmonisation	Achievement: An increased number of projects in which various donors are working together.	Priority action: Hold donors to account over their uneven performance.
Managing for results	Achievement: Ghana's monitoring and evaluation system is linked to, and tracks outcome indicators in the national development strategy.	Lesson: Sector-level inputs and data collection enables analysis from the districts, regional and sector units to feed directly into policy- and decision-making processes.
Mutual accountability	Achievement: Ghana has developed country-level aid effectiveness targets for both Ghana and its donors.	Priority action: Government and donors should hold each other to account where they deviate from the common agreed principles for aid delivery in the national aid strategy.

ABOUT THE SURVEY

This chapter assesses progress against the quantitative indicators provided by the Survey on Monitoring the Paris Declaration, drawing on data provided by the government and donors, the OECD and the World Bank. In addition to this, it draws on qualitative evidence submitted to the OECD by the national government which incorporates feedback from donors and other stakeholders. Stakeholders note that it is possible that in places definitions and concepts were interpreted differently by survey respondents in 2011 compared with previous years. A degree of caution should be taken when analysing the trends shown by some of the indicators.

The 2011 survey responses cover 19 donors (an increasing trend) and 66% of Ghana's core ODA including aid from several non-DAC providers. Ghana participated in both the 2006 and 2008 surveys. The survey process in 2011 was led by the Ministry of Finance and Economic Planning with support from a think tank, the Institute for Democratic Governance. A wide consultation which involved ministries, departments and agencies, civil society organisations as well as donors offered divergent views and ideas as well as consensus on progress. ■

OWNERSHIP

AID IS MOST EFFECTIVE when it supports a country-owned approach to development. It is less effective when aid policies and approaches are driven by donors. In the context of the Paris Declaration, ownership concerns a country's ability to carry out two, inter-linked activities: exercise effective leadership over its development policies and strategies; and co-ordinate the efforts of various development actors working in the country.

Indicator 1 assesses the operational value of a country's development strategy. In particular, it looks at the existence of an authoritative country-wide development policy (*i.e.* a unified strategic framework), the extent to which priorities are established, and whether these policies are costed and linked with the budget. All of these features are important to harness domestic resources for development, and to provide a basis for the alignment of aid to development priorities. Each country has provided evidence against these criteria, and this has been translated into a score by the World Bank using the same methodology as in the 2006 and 2008 surveys. A five-point scale runs from A (highest score) to E (lowest score). The Paris Declaration targets 75% of partner countries achieving a score of A or B by 2010.

As was the case in the 2008 Survey, Ghana received a B rating for its operational development strategy in the 2011 Survey. This indicates that Ghana maintained its improved rating over the 2006 Survey, meeting the 2010 target. Ghana has had operational development strategies incorporated in its medium-term development framework in all three Paris Declaration monitoring surveys. Ghana's national development strategy is called the Ghana Shared Growth and Development Agenda, 2010-2013 and was prepared by the National Development Planning Commission through extensive consultations among stakeholders including members of parliament, civil society organisations and private sector bodies such as the Association of Ghana Industries and the Ghana National Chamber of Commerce. The strategy framework is subject to monitoring through the annual progress reporting mechanism undertaken by cross-sectoral agencies and stakeholders convened by the National Development Planning Commission. Stakeholders at the country-level acknowledged the urgent need for capacity building to enhance development planning at the sector and the district levels and improve on the implementation of programmes and projects at the local level.

Ghana's national development strategy contains prioritised targets which are monitored and their implementation is evaluated. Indicators of impact, outcome, output, and input are identified. While the monitoring may not be as comprehensive in practice, the National Development Planning Commission issues annual assessment reports on the status of implementation. The National Development Strategy links to localised versions of the Millennium Development Goals targets. The strategy also links to cross-cutting issues

INDICATOR 1

Do countries have operational development strategies?

including climate change and gender. Ghana also recently agreed an aid policy which targets similar goals through improving aid effectiveness.

Ghana is using the medium-term fiscal framework and the medium-term expenditure framework as a strategic budgeting link to align public expenditure to national priorities. Through a decentralised approach, the estimated costs of individual sectors derived from their strategies and submitted to the National Development Planning Commission are used as a proxy for the cost of the development framework. The Consultative Group/Annual Partnership Meeting provides a major platform for donor support in implementing Ghana's poverty reduction strategies. ■

ALIGNMENT

AID THAT IS DONOR DRIVEN AND FRAGMENTED is less effective. For aid to be effective, it must make use of national development strategies and use and help strengthen capacity in national systems, such as those for procurement and public financial management. The Paris Declaration envisions donors basing their support fully on partner countries' aims and objectives. Indicators 2 through 8 of the Paris Declaration assess several different dimensions of alignment.

Ghana's performance in alignment was very mixed. Targets were met for strengthening capacity by co-ordinated support, parallel PIUs and untied aid, whereas there were setbacks for predictability, use of country PFM systems and alignment with national priorities. As a result it is hard to discern any particular trends.

INDICATOR 2 Building reliable country systems

Indicator 2 covers two aspects of country systems: public financial management (PFM) and procurement. Do these systems either adhere to good practices or are there plans for reform? If countries have reliable systems, donors are encouraged to use them for the delivery and management of aid. This helps to align aid more closely with national development strategies and enhances aid effectiveness.

INDICATOR 2a How reliable are country public financial management systems?

Indicator 2a of the Paris Declaration assesses whether PFM systems meet broadly accepted good practices or whether credible reform programmes are in place. The assessment is based on the World Bank's Country Policy and Institutional Analysis (CPIA) score for the quality of PFM systems, which uses a scale running from 1 (very weak) to 6 (very strong).

To score highly, a country needs to perform well against all three of the following criteria: a comprehensive and credible budget linked to policy priorities; an effective financial management system to ensure that the budget is implemented as intended in a controlled and predictable way; and timely and accurate accounting and fiscal reporting, including timely and audited public accounts with effective arrangements for follow up. Meeting the global 2010 target requires half of partner countries to move up at least one measure (*i.e.* 0.5 points) between 2005 and 2010.

Ghana's score of 4.0 in the 2008 Survey indicates that the government had embarked on reforming its PFM systems. After the 2006 Survey, the government rolled out financial management information systems and computer-based budgeting systems to improve on its data management with regards to public financial management. However, in the 2011 Survey, Ghana was unable to maintain its score of 4.0, dropping to 3.5 for the reliability of its PFM systems (see Table 1, p. 2).

INDICATOR 2b How reliable are country procurement systems?

Indicator 2b was first measured in 2008 by 17 countries. The process is one of self-assessment, using the Methodology for the Assessment of National Procurement Systems developed by the OECD-DAC Task Force on Procurement. The methodology includes baseline indicators to compare a country's systems to internationally-accepted good practice, as well as a new set of indicators. These indicators assess overall performance of the system, compliance with national legislation and standards and whether there is a reform programme in place to promote improved practices. The results are expressed as grades on a four-point scale

running from A (the highest) to D (the lowest). The 2010 target is for a third of partner countries to move up at least one measure (*i.e.* from D to C, C to B or B to A) although not all countries will perform an assessment.

Ghana's procurement system was not assessed in 2011. Stakeholders noted that a country-level assessment in 2007 using the methodology developed by the joint venture on procurement indicated that Ghana's procurement system was performing at an 'average' level and awarded a grade of C. Against this backdrop it was expected that Ghana stood a chance of achieving a B rating in the 2011 Survey if efforts were made to support the implementation of the 2004 Procurement Act and strengthen the use of monitoring systems.

Comprehensive and transparent reporting on aid, and its use, helps ensure that donors align aid flows with national development priorities. When aid directed to the government sector is fully and accurately reflected in the national budget it indicates that aid programmes are well connected with country policies and processes. This also allows partner country authorities to present accurate and comprehensive budget reports to their parliaments and citizens.

As a proxy for alignment, indicator 3 measures the percentage of aid disbursed by donors for the government sector that is included in the annual budget for the same fiscal year. The indicator reflects two components: the degree to which aid is aligned with government priorities, and the extent to which aid is captured in government's budget preparation process. Budget estimates can be higher or lower than disbursements by donors and are treated similarly for the purpose of measuring indicator 3 despite the different causes.

The 2010 target is to halve the proportion of aid flows that are not currently reported on government budgets, with at least 85% of aid reflected in the budget.

INDICATOR 3

Aligning aid flows
on national priorities

	Government's budget estimates of aid flows in 2010 (USD m) a	Aid disbursed by donors for government sector in 2010 (USD m) b	2005		2007		2010 *		Total aid disbursed through other donors (USD m)
			(for reference)		(for reference)		(%) c = a / b c = b / a		
African Dev. Bank	142	136	79%			15%		96%	0
Canada	69	76	93%			80%	90%		19
Denmark	72	76	92%			89%	95%		0
EU Institutions	114	94		22%	57%			83%	6
France	42	46	40%		99%		92%		0
GAVI Alliance	--	3	--		--				0
Germany	51	41		74%		90%		80%	0
Global Fund	--	57	0%		38%				0
IFAD	5	11	--			41%	42%		0
IOM	--	0	--		--				0
Italy	--	1	--		--				0
Japan	19	58	0%		14%		33%		1
Korea	--	3	--		--				0
Netherlands	111	90		58%	65%			80%	3
Spain	14	17		72%	7%		85%		0
Switzerland	44	11	84%		91%			25%	3
United Kingdom	112	131	76%		96%		86%		0
United Nations	22	53	26%		85%		40%		0
United States	154	202	95%			66%	76%		0
World Bank	362	328		98%		88%		91%	0
Average donor ratio			61%		64%		73%		
Total	1 333	1 435	96%		95%		93%		31

TABLE 3:
Are government budget estimates comprehensive and realistic?

In 2010, 93% of aid was reported in the Ghanaian budget and this has been roughly consistent since 2005. However, minor setbacks compared to 2005 and 2007 data mean that Ghana did not hit the 2010 target. At the individual donor level, the vast majority of donors improved their performance with only the smallest donors having a high share of aid not reported on budget. Switzerland and the United States were the only donors to report substantially less aid on budget compared to 2005. To deal with the remaining challenges of information flow between donors and the government, the Debt Management Division has taken steps to standardise reporting formats and synchronise the timing of reporting.

INDICATOR 7
Providing more
predictable aid

For many countries, aid is a vital source of revenue and resources. Being able to predict aid disbursements – both in terms of how much aid will be delivered and when – is important to enable countries to manage public finances and undertake realistic planning for development. The Paris Declaration calls on donors to provide reliable, indicative commitments of aid over a multi-year framework, and to disburse aid in a timely and predictable manner according to agreed schedules.

Indicator 7 examines the in-year predictability of aid for the government sector by measuring the proportion of planned disbursements (as reported by donors) that are recorded by governments in their accounting system as having been disbursed. Indicator 7 therefore assesses two aspects of predictability. The first is the ability of donors to disburse aid according to schedule. The second is the ability of government to record disbursements for the government sector as received in its accounting system. Indicator 7 is designed to encourage progress in relation to both, with the aim of halving the proportion of aid not disbursed (and not captured in the government's accounting system) within the fiscal year for which it was scheduled by 2010. The ultimate goal is to improve not only the predictability of disbursements, but also the accuracy with which they are recorded in government systems – an important element to support ownership, accountability and transparency.

TABLE 4:
Are disbursements
on schedule
and recorded
by government?

	Disbursements recorded by government in 2010 (USD m) a	Aid scheduled by donors for disbursement in 2010 (USD m) b	2005		2007		2010*		For reference: Aid disbursed by donors for government sector in 2010 (USD m) d	For reference: % of scheduled aid disbursements reported as disbursed by donors in 2010** (%)	
			(for reference)	(for reference)	(for reference)	(for reference)	c = a / b	c = b / a		e = d / b	e = b / d
African Dev. Bank	136	142	55%	32%	96%	96%	96%	136	96%		
Canada	81	85	93%		96%	95%		76	89%		
Denmark	30	58	92%		67%	52%		76		77%	
EU Institutions	53	120		22%	95%	44%		94	78%		
France	39	57	32%		79%	68%		46	80%		
GAVI Alliance	--	14	--		--			3	20%		
Germany	34	77		22%	97%	43%		41	53%		
Global Fund	--	45	0%		64%			57		79%	
IFAD	4	11	--		79%	39%		11		96%	
IOM	--	0	--		--			0		0%	
Italy	--	15	--		--			1	5%		
Japan	33	58	0%		85%	58%		58	100%		
Korea	--	0	--		--			3		0%	
Netherlands	65	90	95%		53%	73%		90	100%		
Spain	14	21		0%	0%	66%		17	78%		
Switzerland	8	11	60%		97%	71%		11		98%	
United Kingdom	90	131	86%		86%	68%		131		100%	
United Nations	6	66	80%		26%	9%		53	81%		
United States	192	290	95%		41%	66%		202	70%		
World Bank	286	307		92%	80%	93%		328		94%	
Average donor ratio			55%		67%	63%				70%	
Total	1 072	1 599	92%		82%	67%		1 435		90%	

* Ratio is c=a/b except where disbursements recorded by government are greater than aid scheduled for disbursement (c=b/a).

** Ratio is e=d/b except where disbursements recorded by donors are greater than aid scheduled for disbursement (e=b/d).

Since the baseline year of 2005, Ghana has recorded consistent decline in aid predictability. Scheduled disbursements recorded by the government were 92%, 82% and 67% in 2005, 2007 and 2010 respectively. Ghana has therefore missed the 2010 target. Stakeholders noted that the decline in aid predictability appears to be related to donor assistance going to projects and programmes that do not pass through the national government budget but might be aligned with national priorities. Supporting this, in 2010, no donor disbursed more than was recorded in the government budget. Challenges remain with disparities in planned and actual disbursement due to delays in project implementation and to slow disbursement of multi-donor budget support funds – a situation which tends to expose the country’s vulnerability in instances of external shocks and that can hinder the effective implementation of government plans. Stakeholders expected that standardising reporting, improving timelines and an increase in the use of budget support systems will improve aid predictability.

Capacity constraints present significant challenges to development and poverty reduction efforts and their sustainability. These relate both to aid management capacities (the ability of the government to capture, co-ordinate and utilise aid flows more effectively) and also to broader capacities for the design and implementation of policies and service delivery.

Under the Paris Declaration donors committed to providing technical co-operation that is co-ordinated with partner country strategies and programmes. This approach aims to strengthen capacities while also responding to the needs of partner countries. Successful capacity development is led by the partner country.

Indicator 4 focuses on the extent to which donor technical co-operation (an important input into capacity development) is country-led and well co-ordinated. It captures the extent to which technical co-operation is aligned with objectives articulated by country authorities, whether country authorities have control over this assistance, and whether arrangements are in place to co-ordinate support provided by different donors. The Paris Declaration target is for 50% of technical co-operation flows to be implemented through co-ordinated programmes that are consistent with national development strategies by 2010.

INDICATOR 4

Co-ordinating support to strengthen capacity

	(USD m)	Budget execution (USD m)	Financial reporting (USD m)	Auditing (USD m)	2005 (for reference)	2007 (for reference)	2010 (%)	Proc. systems (USD m)	2005 (for reference)	2007 (for reference)	2010 (%)
	a	b	c	d			avg(b,c,d) / a	e			e / a
African Dev. Bank	136	46	46	46	33%	0%	34%	46	33%	0%	34%
Canada	76	70	70	70	81%	73%	92%	70	90%	82%	92%
Denmark	76	74	74	74	40%	72%	98%	73	56%	56%	96%
EU Institutions	94	61	61	61	100%	32%	64%	61	100%	32%	64%
France	46	20	44	20	28%	66%	60%	45	89%	100%	99%
GAVI Alliance	3	0	0	0	--	--	0%	0	--	--	0%
Germany	41	26	30	25	70%	62%	67%	27	70%	69%	67%
Global Fund	57	57	57	0	67%	67%	67%	57	100%	59%	100%
IFAD	11	0	0	0	--	100%	0%	11	--	100%	100%
IOM	0	0	0	0	--	--	100%	0	--	--	0%
Italy	1	0	1	0	--	--	33%	1	--	--	100%
Japan	58	20	20	0	8%	57%	23%	20	8%	13%	34%
Korea	3	0	0	0	--	--	0%	0	--	--	0%
Netherlands	90	69	69	69	96%	51%	77%	69	96%	100%	77%
Spain	17	0	0	0	0%	--	0%	0	0%	--	0%
Switzerland	11	9	9	9	86%	91%	84%	9	86%	91%	85%
United Kingdom	131	102	103	103	70%	98%	78%	105	90%	99%	80%
United Nations	53	50	50	50	12%	7%	95%	26	8%	9%	49%
United States	202	0	0	0	4%	0%	0%	3	4%	0%	1%
World Bank	328	328	179	328	84%	44%	85%	179	37%	44%	55%
Total	1 435	934	815	856	62%	51%	60%	804	52%	56%	56%

TABLE 5:

How much technical co-operation is co-ordinated with country programmes?

Ghana exceeded the 2010 target of 50%; however, co-ordinated technical co-operation declined from 74% in 2007 to 59% in 2010. While some of the biggest donors including the EU Institutions, Japan, Germany and the United Nations co-ordinated all their technical co-operation in Ghana, three donors (the United States, Canada and the African Development Bank) were responsible for 87% of uncoordinated country missions. This setback compared to 2008 was not anticipated by stakeholders, given the completion of the Ghana Aid Policy and Strategy (2011-2013). The aid policy was a response to a review which identified the absence of a comprehensive framework as a major obstacle hindering co-ordinated technical co-operation.

INDICATOR 5

Using country systems

Donor use of a partner country's established institutions and systems increases aid effectiveness by strengthening the government's long-term capacity to develop, implement and account for its policies to both its citizens and its parliament. The Paris Declaration commits donors to increase their use of country systems that are of sufficient quality, and to work with partner countries to strengthen systems that are currently weak. Indicator 5 is directly linked to indicator 2 on the quality of public financial management (PFM) and procurement systems.

TABLE 6:
How much aid for the government sector uses country systems?

	Aid disbursed by donors for government sector (USD m)	Public financial management						Procurement			
		Budget execution (USD m)	Financial reporting (USD m)	Auditing (USD m)	2005 (for reference)	2007 (for reference)	2010 (%)	Proc. systems (USD m)	2005 (for reference)	2007 (for reference)	2010 (%)
	a	b	c	d			avg(b,c,d) / a	e			e / a
African Dev. Bank	136	46	46	46	33%	0%	34%	46	33%	0%	34%
Canada	76	70	70	70	81%	73%	92%	70	90%	82%	92%
Denmark	76	74	74	74	40%	72%	98%	73	56%	56%	96%
EU Institutions	94	61	61	61	100%	32%	64%	61	100%	32%	64%
France	46	20	44	20	28%	66%	60%	45	89%	100%	99%
GAVI Alliance	3	0	0	0	--	--	0%	0	--	--	0%
Germany	41	26	30	25	70%	62%	67%	27	70%	69%	67%
Global Fund	57	57	57	0	67%	67%	67%	57	100%	59%	100%
IFAD	11	0	0	0	--	100%	0%	11	--	100%	100%
IOM	0	0	0	0	--	--	100%	0	--	--	0%
Italy	1	0	1	0	--	--	33%	1	--	--	100%
Japan	58	20	20	0	8%	57%	23%	20	8%	13%	34%
Korea	3	0	0	0	--	--	0%	0	--	--	0%
Netherlands	90	69	69	69	96%	51%	77%	69	96%	100%	77%
Spain	17	0	0	0	0%	--	0%	0	0%	--	0%
Switzerland	11	9	9	9	86%	91%	84%	9	86%	91%	85%
United Kingdom	131	102	103	103	70%	98%	78%	105	90%	99%	80%
United Nations	53	50	50	50	12%	7%	95%	26	8%	9%	49%
United States	202	0	0	0	4%	0%	0%	3	4%	0%	1%
World Bank	328	328	179	328	84%	44%	85%	179	37%	44%	55%
Total	1 435	934	815	856	62%	51%	60%	804	52%	56%	56%

INDICATOR 5a

Use of country public financial management systems

Indicator 5a measures the extent to which donors use partner country PFM systems when providing funding for the government sector. It measures the volume of aid that uses partner country PFM systems (budget execution, financial reporting and auditing) as a proportion of total aid disbursed for the government sector. The 2010 target is set relative to indicator 2a on the quality of PFM systems. For partner countries with a score of 5 or above on indicator 2a the target is for a two-thirds reduction in the proportion of aid to the public sector not using the partner country's PFM systems. For partner countries with a score between 3.5 and 4.5 on indicator 2a, the target is a one-third reduction in the proportion of aid to the public sector not using partner country's PFM systems. There is no target for countries scoring less than 3.5.

The 2011 Survey reported an increase from 51% (2008) to 60% (2010) in the proportion of aid using country public financial management systems although this represents a setback since 2005 and is not enough to meet the 2010 target of 75%. Individual donor performances vary significantly across the three surveys and there is no obvious trend suggesting that the target of 75% will be achieved shortly. In most cases (except the World Bank and the Netherlands) donors who make the greatest use of Ghana's PFM systems also provide high shares of support through programme-based approaches.

Indicator 5b follows a similar graduated target to indicator 5a which is set relative to indicator 2b on the quality of procurement systems. For partner countries with a procurement score of 'A', a two-thirds reduction in the proportion of aid for the public sector not using the country's procurement systems and for partner countries with a procurement score of 'B' to reduce the gap by one-third.

Donors' use of Ghanaian procurement systems in 2010 was 56%, the same as in 2008 and a slight improvement over 2005. Few individual donors have made large strides in their use of Ghana's procurement system since 2005. Korea, Spain and the United States continue to make little or no use of Ghana's procurement system. While the World Bank has increased its use of Ghana's procurement system as a percentage of the aid it provides, it accounts for almost one-quarter of all aid provided outside of Ghana's procurement system. Canada, Denmark, France, the Global Fund, IFAD and Italy all use Ghanaian procurement systems for over 90% of their aid.

When providing development assistance, some donors establish dedicated project management units or implementation units (PIUs) – to support development projects or programmes. A PIU is said to be "parallel" when it is created by the donor and operates outside existing country institutional and administrative structures. In the short term, parallel PIUs can play a useful role in establishing good practice and promoting effective project management. However, in the long run, parallel PIUs often tend to undermine national capacity development efforts, distort salaries and weaken accountability for development.

To make aid more effective, the Paris Declaration encourages donors to "avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programmes." Indicator 6 counts the number of parallel PIUs being used in partner countries. The target is to reduce by two-thirds the number of parallel PIUs in each partner country between 2005 and 2010.

INDICATOR 5b

Use of country procurement systems

INDICATOR 6

Avoiding parallel implementation structures

	Parallel PIUs		
	2005 (for reference)	2007 (for reference)	2010 (units)
African Dev. Bank	21	0	0
Canada	0	0	2
Denmark	0	0	0
EU Institutions	4	8	0
France	5	3	0
GAVI Alliance	--	--	0
Germany	1	0	0
Global Fund	0	0	0
IFAD	--	0	0
IOM	--	--	0
Italy	--	--	0
Japan	1	0	0
Korea	--	--	0
Netherlands	0	0	0
Spain	0	--	0
Switzerland	0	0	1
United Kingdom	3	0	0
United Nations	8	4	2
United States	1	0	0
World Bank	1	1	0
Total	45	16	5

TABLE 7:

How many PIUs are parallel to country structures?

Ghana made progress in the reduction in the number of parallel PIUs from 45 (2005) to 16 (2007) and 5 (2010), easily meeting the target of 15. A total of 17 of the 19 donors who responded did not use parallel PIUs and the five parallel PIUs that existed were attributed to Canada (two), the United Nations (two) and Switzerland (one). The country report noted that, despite the reduction, very little or no progress was made in mainstreaming parallel PIUs into the government system. The Ministry of Finance and Economic Planning mentioned that, while parallel PIUs had declined in number these were largely replaced by embedded PIUs which were common in line ministries and departments. Financing agreements and project documents of some donors required PIUs to be set up as part of the conditions precedent to first disbursement. The government reports that embedded PIUs situated within ministries and departments and used by donors, that act in almost the same manner as official parallel PIUs, cause very similar problems such as also reducing opportunities for capacity development.

INDICATOR 8

Untying aid

Aid is “tied” when restrictions are placed on the countries that goods and services may be purchased from, typically including the donor country and/or another narrowly specified group of countries. Untied aid not only improves value for money and decreases administrative burdens, but also supports the use of local resources, country systems and the harmonisation of donor support provided through pooled or joint aid instruments and approaches.

Data on the extent to which aid is tied are based on voluntary self-reporting by donors that are members of the OECD’s Development Assistance Committee (DAC). The Paris Declaration target is to continue progress towards untying all aid between 2005 and 2010.

TABLE 8:
How much bilateral aid is untied?

	Total bilateral aid as reported to the DAC in 2009	Untied aid	2005 (for reference)	2007 (for reference)	Share of untied aid
Australia	0.2	0.2	0%	--	100%
Austria	8.6	0.4	9%	85%	5%
Belgium	0.3	0.3	100%	1%	100%
Canada	11.1	10.8	30%	93%	97%
Denmark	88.3	87.5	100%	100%	99%
Finland	11.2	0.0	100%	--	0%
France	33.1	33.1	99%	99%	100%
Germany	20.7	20.7	100%	100%	100%
Greece	0.0	0.0	100%	0%	--
Ireland	1.7	1.7	100%	100%	100%
Italy	2.8	0.8	100%	0%	28%
Japan	137.9	137.9	100%	100%	100%
Korea	0.0	0.0	--	0%	--
Luxembourg	0.2	0.2	100%	100%	100%
Netherlands	8.6	8.3	71%	71%	96%
New Zealand	0.1	0.1	100%	100%	100%
Norway	1.3	1.3	100%	100%	100%
Portugal	0.0	0.0	--	100%	--
Spain	57.7	26.5	100%	13%	46%
Sweden	0.6	0.6	100%	100%	100%
Switzerland	27.5	27.4	88%	98%	100%
United Kingdom	206.1	206.1	100%	100%	100%
United States	166.6	158.0	20%	97%	95%
Total	785	722	91%	89%	92%

Ghana’s donors made marginal progress on untying aid, moving from 91% in 2005 to 92% in 2010 thus just meeting the target. The degree to which aid is untied differs markedly between donors with many having untied 100% of their aid already in 2005. Several donors with small portfolios still tie the majority of their aid. Since 2005 the United States, Canada and the Netherlands have made some of the most significant improvements towards untying aid to Ghana. ■

HARMONISATION

POOR CO-ORDINATION OF AID increases the cost to both donors and partner countries and significantly reduces the real value of aid. Harmonisation of aid delivery procedures and the adoption of common arrangements help reduce duplication of effort and lower the transaction costs associated with aid management. The Paris Declaration focuses on two dimensions of aid as a proxy for assessing overall harmonisation: the use of common arrangements within programme-based approaches (PBAs) and the extent to which donors and partner countries conduct joint missions and co-ordinate analytic work.

Aid effectiveness is enhanced when donors use common arrangements to manage and deliver aid in support of partner country priorities. A good mechanism for aid co-ordination can be described as one that has shared objectives and integrates the various interests of stakeholders. Indicator 9 assesses the degree to which donors work together – and with partner governments and organisations – by measuring the proportion of total ODA disbursed within programme-based approaches (PBAs). In practice, there are many different approaches and modalities which can use PBAs and harmonisation takes place at various levels.

At one level, the partner country is responsible for defining clear, country-owned programmes (*e.g.* a sector programme or strategy) and establishing a single budgetary framework that captures all resources (both domestic and external). At another level, donors are responsible for taking steps to use local systems for programme design and implementation, financial management, monitoring and evaluation. Finally, partner countries and donors are jointly responsible for donor co-ordination and harmonisation of donor procedures. The 2010 target is that two-thirds of aid flows are provided in the context of PBAs.

INDICATOR 9 Using common arrangements

	Programme-based approaches			Total aid disbursed (USD m) d	2005 (for reference)	2007 (for reference)	2010 (%) e = c / d
	Budget support (USD m) a	Other PBAs (USD m) b	Total (USD m) c = a + b				
	African Dev. Bank	46	0				
Canada	67	3	71	87	87%	81%	82%
Denmark	50	32	82	89	28%	49%	92%
EU Institutions	61	35	96	100	41%	32%	95%
France	20	0	20	47	30%	75%	42%
GAVI Alliance	0	0	0	3	--	--	0%
Germany	0	35	35	41	17%	41%	84%
Global Fund	0	57	57	57	100%	100%	100%
IFAD	0	0	0	11	--	100%	1%
IOM	0	0	0	0	--	--	0%
Italy	1	0	1	2	--	--	67%
Japan	20	8	27	59	23%	5%	46%
Korea	0	0	0	3	--	--	0%
Netherlands	60	9	69	95	72%	87%	73%
Spain	0	0	0	17	0%	--	0%
Switzerland	8	3	10	13	74%	55%	77%
United Kingdom	91	14	105	131	69%	92%	80%
United Nations	0	49	49	66	38%	47%	74%
United States	0	0	0	202	100%	100%	0%
World Bank	179	0	179	328	52%	66%	55%
Total	603	245	848	1 489	53%	69%	57%

TABLE 9:
How much aid is
programme based?

In 2010 57% of aid to Ghana made use of PBAs, not enough to meet the 2010 target of 66% and whilst it shows progress when compared to 2005, it is a decline compared to the 2007 figure of 69%. Amongst donors there is a wide variation in practice, with Ghana receiving substantial budget support and other PBA modalities. The United States and Canada were the only donors whose shares of aid delivered as PBAs declined when

comparing figures in 2005 with 2010. Stakeholders attributed the improvement in 2008 to new sector-wide approaches in education and agriculture and the arrangements for the institution of a common basket fund for private sector development.

INDICATOR 10a Joint missions

A common complaint of partner countries is that donors make too many demands on their limited resources: country authorities spend too much time meeting with donor officials and responding to their many requests. The Paris Declaration recognises that donors have a responsibility to ensure that, to the greatest extent possible, the missions and analytical work they commission are undertaken jointly – *i.e.* that the burden of such work is shared. The 2010 target is that 40% of donor missions to the field are conducted jointly.

TABLE 10a:
How many donor
missions are
co-ordinated?

	Co-ordinated donor missions* (missions) a	Total donor missions (missions) b	2005* (for reference)	2007* (for reference)	2010* (%) c = a / b
African Dev. Bank	2	41	33%	25%	5%
Canada	6	23	2%	14%	26%
Denmark	3	7	63%	53%	43%
EU Institutions	1	9	90%	75%	11%
France	7	19	13%	42%	37%
GAVI Alliance	0	0	--	--	--
Germany	3	8	27%	43%	38%
Global Fund	1	4	0%	50%	25%
IFAD	3	7	--	100%	43%
IOM	0	0	--	--	--
Italy	0	0	--	--	--
Japan	0	9	0%	0%	0%
Korea	0	3	--	--	0%
Netherlands	5	8	36%	80%	63%
Spain	0	0	--	--	--
Switzerland	3	8	30%	44%	38%
United Kingdom	2	15	73%	100%	13%
United Nations	47	62	49%	76%	76%
United States	5	51	0%	67%	10%
World Bank	0	102	39%	74%	0%
Total	57	376	20%	39%	15%

*The total of coordinated missions has been adjusted to avoid double counting. A discount factor of 35% is applied.

Ghana recorded a reduction in the share of joint missions from 20% in 2005 and 39% in 2007 to 15% in 2010, though it missed the target of 40%. The World Bank's reduction from 74% in 2007 to 0% in 2010 is likely to account for much of the setback, given that it carries out over a quarter of the total number of donor missions to Ghana. However, several other donors also reported a significant variation in the share of joint missions over the three surveys and this variability suggests that it is possible to overcome the barriers to Ghana achieving a higher share in the future.

INDICATOR 10b Joint country analytic work

Country analytic work is the analysis and advice necessary to strengthen policy dialogue, and to develop and implement country strategies. It includes country or sector studies and strategies, country evaluations and discussion papers. The Paris Declaration foresees that donors should conduct analytic work jointly where possible as it helps curb transaction costs for partner authorities, avoids unnecessary duplicative work and helps to foster common understanding. Indicator 10b measures the proportion of country analytic work that is undertaken jointly. The 2010 target is that 66% of country analytic work is carried out jointly.

	Co-ordinated donor analytic work* (units) a	Total donor analytic work (units) b	2005* (for reference)	2007* (for reference)	2010* (%) c = a / b
African Dev. Bank	0	2	33%	0%	0%
Canada	18	20	20%	100%	90%
Denmark	4	4	--	--	100%
EU Institutions	0	0	30%	--	--
France	0	2	--	100%	0%
GAVI Alliance	0	0	--	--	--
Germany	0	0	--	100%	--
Global Fund	1	3	--	0%	33%
IFAD	0	0	--	100%	--
IOM	0	0	--	--	--
Italy	0	0	--	--	--
Japan	0	1	--	100%	0%
Korea	0	0	--	--	--
Netherlands	1	1	100%	80%	100%
Spain	0	0	--	--	--
Switzerland	1	3	40%	50%	33%
United Kingdom	2	11	80%	88%	18%
United Nations	32	59	73%	88%	54%
United States	6	15	--	75%	40%
World Bank	7	8	67%	50%	88%
Total	54	129	40%	60%	42%

TABLE 10b:
How much country
analytic work is
co-ordinated?

* The total of coordinated missions has been adjusted to avoid double counting.
A discount factor of 25% is applied.

Co-ordinated country analytic work increased from 40% to 60% in the 2006 and 2008 Surveys respectively, leading to optimism about meeting the 2010 target of 66%. However, co-ordinated country analytic work declined to 42% in the 2011 Survey. Stakeholders expected that, through the sector working groups, the country stands a high probability of having more country analytical work co-ordinated in future. ■

MANAGING FOR RESULTS

BOTH DONORS AND PARTNER COUNTRIES should manage resources according to well-defined, desired results, measuring progress toward them and using information on results to improve decision making and performance. Achieving this implies strengthening capacity to undertake such management and emphasising a focus on results. Countries are expected to develop cost-effective and results-oriented reporting and performance assessment frameworks, while donors commit to use them and refrain from requiring separate reporting.

Indicator 11 assesses the quality of a country's results-oriented frameworks. In particular, it considers the quality of the information generated, stakeholder access to information, and the extent to which the information is utilised within a country level monitoring and evaluation system. The government provides evidence against these criteria through the survey, and this is translated by the World Bank into a score running from A (highest score) to E (lowest score).

The Paris Declaration 2010 global target is to reduce the proportion of countries without transparent and monitorable performance assessment frameworks by one-third.

As in the 2006 and 2008 Surveys, Ghana's rating for its results-oriented framework in 2010 remains a C. Ghana's national development strategy (NDS) includes a monitoring and evaluation (M&E) framework entailing the collection of data, analysis and dissemination of information on performance and outcomes.

The M&E framework has comprehensive sector coverage, and covers the entire country. Progress against the NDS is reported annually. Coverage of the qualitative and quantitative targets of the NDS is comprehensive

INDICATOR 11
Do countries have
results-based monitoring
frameworks?

with 60% of the indicators having baseline data. The national statistical system includes a population census, household survey, GDP, poverty survey, and other special surveys, at moderate to relatively low frequencies. Quality is assured through careful selection, training, and supervision of survey personnel. A five-year Ghana Statistics Development Plan was prepared in 2009 to serve as a guide for building the capacity of personnel within the National Statistics System as part of the implementation of the Marrakesh Action Plan for the development statistics.

This data enables the National Development Planning Commission (NDPC) and other ministries, departments and agencies to feed the analysis from the districts, regions and sectors directly into policy and decision-making processes. Ghana's NDS, progress reports and public expenditure data are publically available for no charge on the internet, electronically and in hardcopy, but not in any local languages.

Ghana's national M&E system tracks input, output and outcome indicators identified in the NDS, based on sector objectives. Line ministries use the M&E reports to determine whether they are making progress in the implementation of their programmes and the impacts such programmes are having on the targeted communities. In the last ten years all the national development frameworks have had a monitoring and evaluation component. There is also an annual progress report which monitors progress made in the implementation of the national development framework for a specific year. The NDPC is responsible for the drafting of the annual reports and this is done in consultation with civil society organisations, government ministries, and donors, among others. Consultative meetings are organised to validate these reports before they are published. ■

MUTUAL ACCOUNTABILITY

INDICATOR 12

Mutual accountability

STRONG AND BALANCED MECHANISMS that support accountability are required at all levels for aid to be most effective. Donors and partner country governments should be accountable to their respective publics and to each other for implementing their commitments on aid, its effectiveness, and the results to which it contributes.

Indicator 12 examines whether there is a country-level mechanism for mutual assessment of progress on partnership commitments, including on aid effectiveness. There are three criteria that must all be met: the existence of an aid policy or strategy agreed between the partner country government and donors; specific country-level aid effectiveness targets for both the partner country government and donors; an assessment towards these targets undertaken by both partner and donors in the last two years, and discussed in a forum for broad-based dialogue.

The 2010 target is for all partner countries to have mutual assessment reviews meeting these criteria in place.

Since the baseline year of 2005, Ghana has had in place a mechanism for joint assessment built upon the foundation of the Ghana aid harmonisation and effectiveness matrix. There is also a platform established for civil society participation in the debate on aid effectiveness by the Ghana Civil Society Aid Effectiveness Forum.

Stakeholders mentioned that the Government of Ghana and donors have agreed on an aid policy and strategy to guide arrangements for the sourcing and utilisation of aid. In addition, there are also specific country-level aid effectiveness targets for both the Government of Ghana and donors. An assessment is undertaken by both the Government of Ghana and donors which is discussed in a broad-based dialogue forum at the Consultative Group Meeting each year. The 2010 Annual Consultative Group meeting was attended by representatives of the Government of Ghana, donors, local civil society organisations, the mass media and the general public. In the interest of promoting accountability and adhering to common agreed principles for aid delivery between the Government of Ghana and donors, an assessment tool – the Development Partners' Performance Assessment Framework (DP-PAF) – has been developed to address the asymmetry in mutual accountability between Ghana and its donors. The first assessment of donors' performance in implementing their aid effectiveness commitments vis-à-vis Ghana will be carried out this year (2011) based on 2010 data. ■

NOTES

The quantitative information presented in the chapter is taken from data provided by national co-ordinators up to 31 July 2011, following the data validation process with stakeholders at the country level. It was not possible to modify or correct any data received after this date.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

REFERENCES

Ghana Statistical Service (2011a) *Revised Gross Domestic Product 2010*, 11 May, Ghana Statistical Service, Accra, Ghana.

Ghana Statistical Service (2011b) *Provisional Population Census 2010*, available at website: <http://www.statsghana.gov.gh>, accessed 15 September 2011.

OECD (2011), DAC Statistics; <http://stats.oecd.org/Index.aspx>.

OECD (forthcoming), OECD Report on Division of Labour: Addressing Cross-country Fragmentation of Aid, www.oecd.org/document/46/0,3746,en_2649_33721_46022446_1_1_1_1,00.html.

World Development Indicators, The World Bank Group, 2011. Available at <http://data.worldbank.org/indicator>, accessed 23 May 2011.

