

# Evaluation of the Implementation of the Paris Declaration

## Country Evaluation

### GHANA

## Executive Summary

Ghana has since the Accra High Level Forum been identified as one of the Anglophone countries to participate in the Phase 2 of the Global Evaluation of the PD. This phase of the evaluation which started in early 2010 is expected to feed into the 4<sup>th</sup> High Level Forum scheduled for 2011. As set out in the ToR, the overall purpose of this evaluation is to provide information about the development results achieved thus far as a result of increased aid effectiveness practices. Specifically, the evaluation will assess the PD on aid effectiveness, development effectiveness and poverty reduction. Three key questions were addressed in this evaluation including:

- “What are the important factors that have affected the relevance and implementation of the Paris Declaration and its potential effects on aid effectiveness and development results?” (The PD in context)
- “To what extent and how has the implementation of the Paris Declaration led to an improvement in the efficiency of aid delivery, the management and use of aid and better partnerships?” (Process outcomes)
- “Has the implementation of Paris Declaration strengthened the contribution of aid to sustainable development results? How?” (Development outcomes)

The evaluation methodology involved a mix of both qualitative and quantitative research techniques. Information and opinions were sought in one of three ways: face to face interviews with officials drawn from institutions spanning central government, sector ministries, quasi-government institutions,

development partners (DPs), civil society and the private sector. Sampling of respondents was done purposive and priority given to three sectors for case studies: *education; health and agriculture*. A total of 29 questionnaires were received comprising donors (12), government (5), and civil society organisations (9) and others (3). A comprehensive list of key informants and institutions interviewed are provided at the appendix. In addition, three projects in three sectors, namely, agriculture, education and health were evaluated in terms of their development outcomes. The projects spanned the Northern region, Eastern, Ashanti and Central regions of Ghana. Focus group discussions were held (two separate groups per sector) with 6-8 beneficiaries per project in addition to face-to-face interviews with project managers on development outcomes.

The Phase 2 evaluation of the implementation of the Paris Declaration noted that moderate progress has been made in terms of **Ownership** over the past five years. There has been modest improvement in consultations and coordination; for instance, there have been discussions on the implementation of national development policies and priorities at Ministerial and Cabinet level and DPs have provided oversight responsibility in its implementation. Civil society organisations have also been engaged in CG meetings and other aid effectiveness discussions although stakeholders were of the opinion that these engagements have been *ad hoc* and yet not institutionalized.

The review also reported that there has been a significant improvement in the **alignment of projects** with Ghana’s development strategies although off-budget and off-plan

activities still remain, thus, indicating lack of alignment with Government of Ghana (GoG) priorities and systems. It must be noted that although a new aid landscape is emerging, aid effectiveness challenges still remain. Challenges with country systems and non-use or partial use by donors due to mistrust has undermined country systems.

**Aid harmonisation** is one of the areas which have seen greater improvement particularly the decoupling of aid for projects from the consolidated fund. Nevertheless, harmonisation within certain areas has been reported to be slow. Little progress is reported on the way GoG steers the strength of donors and there is general lack of transparency in the way 'non-traditional' or 'emerging' donors like the BRICKs operate. Uneven progress is reported of joint analytical work and shared missions, thereby limiting progress on reducing transactions cost of aid.

The PD principle on **managing for results** has seen modest improvement in the last two years especially in the way aid conditions or 'conditionalities' have been developed transparently and in consultation with government and other donors. However, the cost of managing aid continues to be high for partner and donor countries and this is not likely to decline soon in view of the increase in aid. Some areas of improvement however include the new guideline on managing for results developed by the National Development Planning Commission (NDPC) for MDAs to formulate M&E plans and also some donors have been providing multi-year indicative funding and quarterly information on disbursement.

**Mutual accountability** in terms of resource flow and achievement of results has recorded little improvement over the past two years and goes to confirm Ghana's recent position on the Corruption Perception Index. Evidence of improvements can be seen in terms of mutual trust and respect, open dialogue and flexibility between DPs and government. A high degree of openness was demonstrated by both parties at the 2010 CG meeting and the renewed commitment by DPs towards the development of the Development Partner Assessment Framework. Recent debates on the floor of parliament especially on the STX Housing Agreement are a typical example of improved accountability. However, accountability it is noted has been more skewed towards GoG and less towards donors. There is incomplete information on donor contributions to CSOs and some donors are unwilling to provide such information when requested.

**Development Results** has been the focus of aid effectiveness discussions and policies in recent times with the alignment of donor policies on aid to the national development framework. There has been a partial improvement in the efficiency of aid delivery over the past five year according to the 2010 PD evaluation survey. The funding of agricultural value chain as well as other key interventions particularly in infrastructure development are key areas where aid is helping to leverage the country's own policies and programmes to achieve higher national objective. The provision of aid effectiveness platforms

which have promoted dialogue between donors, government and civil society are all clear evidence of improvements in development outcomes. PD has also helped to institutionalize good governance practices such as press freedom and the fight on corruption. Project level outcomes have also confirmed the improvement in aid effectiveness. However, despite these positive outcomes, PD has had unintended effects which have limited its development outcome. The new complex aid architecture comprising a mixture of programme and project aid makes a lot of demands on aid administrators and the government machinery. Significant amount of time is spent at meetings and other aid related activities thus adding to the transactions cost and reducing the development outcomes of aid.

The Accra Agenda for Action (AAA) also noted that the predictability of aid has improved with DPs routinely providing multi-annual indicative funding commitment and quarterly reports on disbursements. Capacity building to strengthen country systems are on-going especially the Public Procurement Authority and the Audit Service. Capacity building is an integral part of the PFM. The use of process and policy conditionality by DPs particularly those subject to the interpretation of donors is undermining aid delivery. Although there have been some improvements in aid conditionalities over the past five years, DPs continue to put significant demands on government in terms of time reporting needs uncoordinated missions and meetings all add to the already high levels of transactions costs. This has been attributed to the lack of delegation of authority of donor HQ to local offices not forgetting the high staff turnover rate and in some cases low quality staff used in DPs local offices. Finally, evidence of de facto untying exists but technical cooperation still remains tied.

In view of the above findings from the 2010 evaluation of the implementation of the PD, the following recommendations are made:

### Government of Ghana

- (i) The Government of Ghana should strive to improve its systems to build the trust of donors to also use them. Annual budget provisions and regular monitoring of progress with such country systems will gradually build trust and confidence in the systems to encourage its use by donors which will then lead to its perfection;
- (ii) The government should ensure better consultation with civil society members by institutionalizing the consultation process with CSOs. The current consultation process seems *ad hoc*;
- (iii) Transparency with new loans particularly with the BRICKs should be promoted in order to build mutual trust with other partners;
- (iv) Another major issue is corruption and how this is addressed. It is true that there has been a marginal

improvement in how corruption is dealt with but there is more room for improvement. The way corruption investigations are quickly initiated but in the end it does not merit the resources committed to such investigations and should be checked;

- (v) Government should also invest in promoting the availability of data at the MDAs to promote the tracking and monitoring of aid funds to the beneficiary level.

### Donors

- (i) As Ghana continues to develop and improves on its accountability systems, it is expected that DPs will provide significant amounts of aid that can help transform the structure of the economy to promote growth and poverty reduction. Donors should also increase aid to Ghana and ensure that aid is provided in a much more coordinated way whether in the form of projects or budget support. In addition, in as much as donors strive to be responsible to their tax payers, they should together with the Government of Ghana ensure that there is full information on aid projects to the Ghanaian citizens;
- (ii) The review indicated that transparency issues surrounding 'emerging' or non-DAC donors are of concern to DPs and civil society. Thus, non-traditional donors should also be brought on board the harmonisation process in order to ensure that transactions cost is reduced significantly;
- (iii) Donors should also harmonise their aid procedures; the recent pace of harmonisation is very slow (see the Ghana Aid Harmonisation Matrix). There should be a shift from project funding towards pooled or programme funding by ensuring that the various projects are integrated into the Ghana Poverty Reduction Strategy to avoid stand-alone projects;
- (iv) The non-use or partial use of country systems continues to challenge aid effectiveness in the country. DPs are used to 'own style' and coupled with their limited institutional arrangements, they have made limited improvement in aligning with country systems. It is only when such systems are used and reformed that the expected 'perfect' system can be operational. Thus, it is important that as donors continue to provide assistance they strive to build the capacity of local project managers and implementers;
- (v) The high turnover of DP project staff and quality issues with field staff were mentioned as a key challenge to aid effectiveness. Thus, DP HQ should strive to promote

continuity of staff and also address the quality issues that undermine aid effectiveness;

- (vi) Although the PD requires mutual accountability, it has been reported that accountability has been skewed towards the partner country with little accountability from DPs. DP funding to civil society organisations, project funding have not been communicated to government thereby encouraging off-budget spending and corruption;
- (vii) Aid conditionalities still remain and the mixture of project, programme and pooled funding has led to a complex aid architecture with its associated high transactions cost. Thus, donors should continually shift from project funding towards programme of pooled funding;
- (viii) A major issue with progress on the AAA is the existence of tied aid. Donors continue to operate tied aid system particularly with procurement of goods and technical assistance. As DPs strive to move towards pooled funding, this challenge can be minimized;
- (ix) Donors and the government should promote accountability of aid funds to civil society in Ghana by ensuring that aid data in a disaggregated form is made available and accessible. There should also be a system in place to ensure that funds are tracked to their recipients. We understand Aid and Debt Management Department is working on this and it is hoped this will significantly enhance the impact of aid in Ghana.

### Civil Society

- (i) Civil Society Organisations should be restructured into clusters to serve as stakeholders and not just watch dogs;
- (ii) Civil society should form watch dogs to discuss aid projects and also to serve as monitoring tools for aid projects in Ghana, though there is no indication DPs aid in Ghana are not run adequately. However, tracking aid funds to recipients has been a major challenge to aid effectiveness in Ghana as revealed by an ODI study. Thus civil society watchdogs will significantly highlight problems associated with corruption, misapplication of aid funds and the problem of 'white elephant' projects;
- (iii) Civil Society Organisations' participation in aid effectiveness discussions should be inclusive and institutionalized in order to get effective participation and ownership.