

# Ghana Joint Assistance Strategy (G-JAS)

Commitments by partners to work toward  
GPRS II goals and harmonization principles

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## Abbreviations

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AFD	Agence Française de Développement
APR	Annual Progress Report (GPRS II)
APRM	Africa Peer Review Mechanism
CEA	Country Environmental Analysis
CG/APM	Consultative Group / Annual Partnership Meeting
CHRAJ	Commission on Human Rights and Justice
CIDA	Canadian International Development Agency
CSO(s)	Civil Society Organisation(s), including private sector
CWIQ	Core Welfare Indicators Questionnaire
DFID	Department for International Development (United Kingdom)
DP(s)	Development Partner(s)
EC	European Commission
ECG	Electricity Company of Ghana
ECOWAS	Economic Community of West African States
EITI	Extractive Industries Transparency Initiative
EPA	Economic Partnership Agreement
ERPFM	External Review of Public Financial Management
FSD	Financial Sector Development
GDC	German Development Cooperation
GDP	Gross Domestic Product
G-HAP	Ghana Harmonisation and Aid Effectiveness Action Plan
G-JAS	Ghana Joint Assistance Strategy
GLSS	Ghana Living Standards Survey
GPS	Ghana Partnership Strategy
GPS RM	Ghana Partnership Strategy Results Matrix
GPRS I	Ghana Poverty Reduction Strategy
GPRS II	Ghana Growth and Poverty Reduction Strategy II
GSS	Ghana Statistical Service
GWCL	Ghana Water Company Ltd.
HDI	Human Development Index
HIV/AIDS	Human Immuno-Virus / Acquired Immune Deficiency Syndrome
ICT	Information and Communication Technology
IFAD	International Fund for Agricultural Development
IMR	Infant Mortality Rate
MDAs	Ministries, Departments, Agencies
MDBS	Multi-donor Budget Support
MDGs	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
M&E	Monitoring and Evaluation
MFP	Mission Free Period
MMR	Maternal Mortality Rate
MoFEP	Ministry of Finance and Economic Planning
MoPSR	Ministry of Public Sector Reform
MoWAC	Ministry of Women and Children's Affairs
MOU	Memorandum of Understanding
MPs	Members of Parliament
NDPC	National Development Planning Commission
NGO(s)	Non-governmental Organisation(s)
NRM	Natural Resources Management

OECD/DAC	Organization for Economic Cooperation and Development / Development Aid Committee
PAF	Performance Framework Agreement
PBA	Program-based Aid
PEFA	Public Expenditure and Financial Assessment
PFM	Public Financial Management
PSD	Private Sector Development
PSIA	Poverty and Social Impact Assessment
PSP	Private Service Provider
PSR	Public Sector Reform
RNE	Royal Netherlands Embassy
SWAp	Sector-wide Approach
UN	United Nations
USAID	United States Agency for International Development
WB	World Bank
WHO	World Health Organization
WSS	Water Supply and Sanitation

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# 1. Introduction

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## 1.1 Rationale for the Ghana Joint Assistance Strategy

The Ghana Joint Assistance Strategy (G-JAS) aims to improve the alignment of development assistance with the core business of Government and the Government's political and partnership cycle. It builds on commitments by development partners (DPs) to work toward the achievement of goals and priorities of the second Ghana Growth and Poverty Reduction Strategy (GPRS II) and to accelerate progress against mutually defined harmonization principles.

An important backdrop for the G-JAS is the Ghana Partnership Strategy (GPS) endorsed at the November 2005 Consultative Group/Annual Partnership Meeting (CG/APM) and updated for the CG/APM in June 2006. The GPS comprises a results matrix which maps DP-funded activities to GPRS II policy priorities; an annual harmonisation action plan; and an overview of external assistance, detailed by GPRS II pillar and sectors. As such, the GPS provides a framework for monitoring the effectiveness of development assistance in supporting GPRS II.

The G-JAS involves the majority of Ghana's GPS development partners (representing about 95% of official development assistance flows), who wish to take the DP response in support of the GPRS II one step further. It consists of five interlinking elements that contribute to a comprehensive approach on the part of DPs to the aid relationship in Ghana:

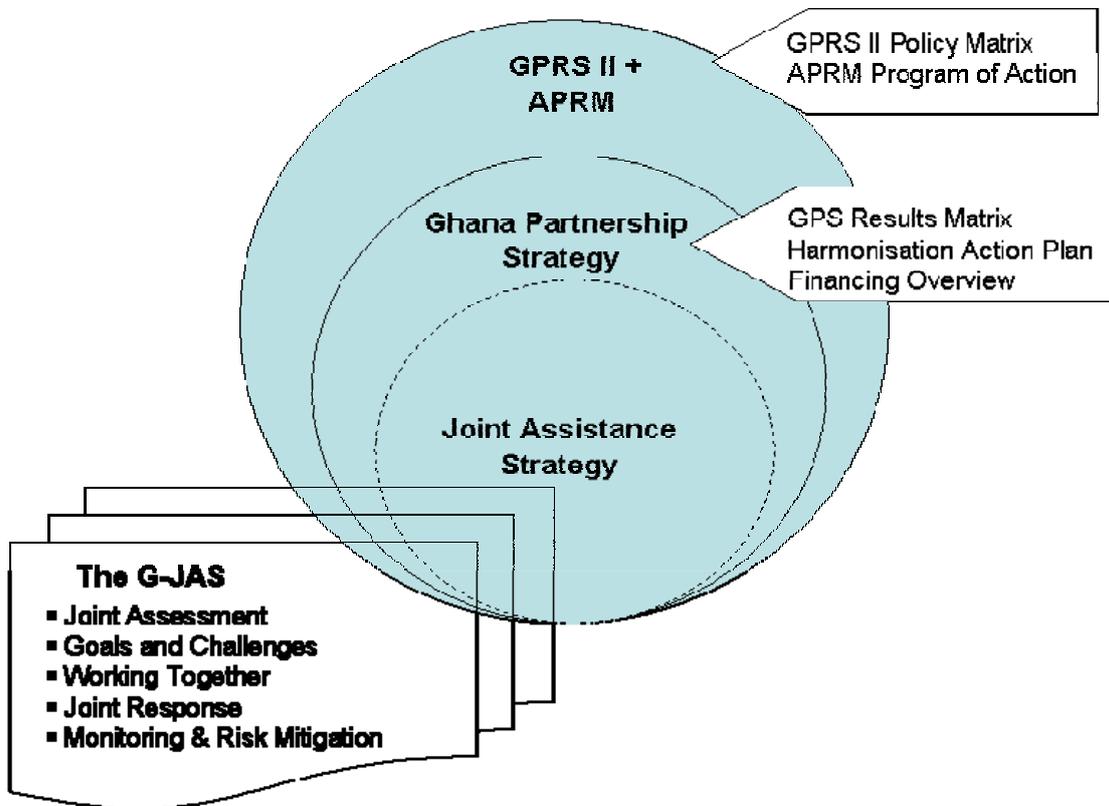
- (i) a joint assessment of the current country situation (political, economic, social);
- (ii) a joint description of the major challenges facing Ghana in its quest to achieve the Millennium Development Goals (MDGs) and middle-income status;
- (iii) a statement of principles and commitments on how G-JAS partners will work with each other, with Government, and with civil society and private stakeholders;
- (iv) priorities for the joint DP response at the GPRS II pillar and sector level; and
- (v) arrangements for results monitoring and risk mitigation.

The G-JAS should be seen as a milestone in an on-going process, which provides a framework for continued action over the next four years. Concrete actions for moving forward are therefore presented as part of the G-JAS conclusions.

The timeframe for the G-JAS is the four year period starting in 2007 and ending in 2010. This timeframe has been adopted to take into account national cycles in Ghana: new governments are elected in December every four years (2004, 2008, 2012) and the next GPRS time-slice is prepared during the government's first year in office (2005, 2009, 2013) for implementation during the next four year cycle (2006-2009, 2010-2013, etc.). The first year of GPRS implementation (2006, 2010, 2014) is therefore the time when G-JAS partners can consult with government and stakeholders to review new GPRS priorities and make any needed alignment and programming adjustments, which would then be reflected in the subsequent G-JAS framework (2007-2010, 2011-2014, etc.).

The linkages between the national level development framework (GPRS II and the Africa Peer Review Mechanism, APRM), the GPS, and the G-JAS are presented in Figure 1:

**Figure 1: The National Strategy Context and the G-JAS**



Following adoption of the G-JAS, partner-by-partner decision making on aid allocations will be replaced by better cooperation and joint programming, anchored in the national development strategy. More concretely, we expect to see by the end of the G-JAS period:

- higher quality dialogue between DPs and the government,
- improved aid delivery through a better division of labour and a solid process for deciding who does what,
- greater harmonisation in the way development assistance is delivered,
- increased reliance on programme based modalities and coordinated technical assistance programmes that support government priorities,
- improved predictability in resource flows and reduced transactions costs for government, and
- better alignment of DP country strategies and resource allocations with GPRS II goals and priorities.

The G-JAS reflects strong Development Partner political will to engage in a more harmonised and efficient dialogue with the government in all aspects of development cooperation. However, we note that the G-JAS is not legally binding. To the extent that the G-JAS is inconsistent with the laws or policies of any signatory, such laws, policies, and commitments will prevail.

## 1.2 Partners in the G-JAS Process

### **The role of Government in the G-JAS process**

The government has developed the GPRS II (2006-2009) and has welcomed the DP initiative to better define how the development community will support GPRS II implementation. By seeking to reduce fragmentation, improve harmonised working, and enhance alignment, the G-JAS seeks to support government leadership of its national development strategy. DPs consulted the government at key milestones in the development of the G-JAS, and sought its feedback in the formulation of the final document.

Overall, the government finds the G-JAS to be a good start at developing a harmonised approach to multi-annual programming. However, DPs were encouraged to be more ambitious in setting performance targets and accelerating introduction of harmonized modalities. As the government would like to avoid increased transaction costs when engaging with DPs, it has requested that harmonized approaches and procedures be as streamlined as possible. The government also encouraged DPs to keep in mind its desire to see budget support increase as a share of official development assistance, within a scaled-up financial envelope for the country. DPs have taken these comments on board, and will seek to apply their spirit in the implementation of the G-JAS.

Regarding the future, the government accepts the need to be more involved in directing the G-JAS process from this point forward, and welcomes further discussion about how the government and DPs can improve our joint partnership, with the objective of improving aid effectiveness and achieving development results. To facilitate the partnership, government intends to define a clear aid and external resource mobilisation strategy that can provide guidance for DPs.

### **The role of Civil Society Organisations in the G-JAS process**

In its preparatory stages, civil society organisations (CSOs) were encouraged to give their views on the G-JAS process and to share information about the strategic priorities for the joint assistance programme. Following completion of the document, it is expected that CSOs (NGOs, APRM Secretariat, Private Sector associations, as well as independent research institutions) will be involved in monitoring implementation of the aid partnership framework as provided for in the Paris Declaration and the Ghana Harmonisation and Aid Effectiveness Action Plan (G-HAP). Moreover, G-JAS DPs will seek to include Parliament as well as CSOs in a more structured and transparent manner in the policy dialogue with the government as well as in the design and discussion of cooperation programmes.

## 2. Country Analysis

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### 2.1 Context

Ghana was the “shining star” of Africa at independence fifty years ago. The years 1960-1964 saw relatively high growth, spurred on by favorable export performance and rapid industrialization linked to import-substitution policies. This encouraging beginning gave way to macroeconomic instability, and uneven and volatile growth from 1965-1983. This uncertain foundation, hit by economic shocks, brought the economy close to collapse in the early 1980s.

Recognizing the need for change, the government launched the Economic Recovery Program in the early 1980's, which succeeded in renewing growth and contributing to significant poverty reduction. A process of political liberalisation was initiated in the 1990s which has culminated in an environment where political rights, civil liberties and freedom of press indicators are as positive as those achieved by some middle-income countries. Country assessments put Ghana at the top of the rankings in Africa,<sup>1</sup> and the country's leadership seeks to achieve the Millennium Development Goals (MDGs) and reach middle-income status by 2015.

### 2.2 Political Developments

**The democratic process has made impressive gains in Ghana.** As a result, Ghana's political rights, civil liberties and freedom of press rankings are not only amongst the best in Africa but are comparable to those recorded by countries at much higher levels of income.<sup>2</sup> Democracy has become a strong competitive advantage.

**The government understands the need to consolidate political achievements, and it is actively participating in the African Peer Review Mechanism (APRM),** a governance initiative of the African Union. Ghana was the first country to be reviewed under this initiative<sup>3</sup> and to prepare a programme of action, thanks to the strong support of President Kufuor and the engaged participation of all stakeholders, including civil society.

**Governance reviews have identified some democratic deficits such as weak accountability and oversight of the executive** and patron-client relations in the civil service and in government-business interactions.<sup>4</sup> This situation has made reform of the civil service a lengthy process.

**Ghana international ranking on corruption indicators is the best among low-income African countries.**<sup>5</sup> However, its ranking has slipped in the past few years, and a recent national survey found that 75% of all households regarded corruption as a serious national problem, with 80% feeling that it had worsened in the recent past.<sup>6</sup>

<sup>1</sup> Including the Country Performance and Institutional Assessment (World Bank) as well as the 2005/06 list of Top 10 Reformers in the Doing Business report (World Bank, 2006).

<sup>2</sup> Table of Independent Countries, 2005 Freedom House.

<sup>3</sup> African Peer Review Mechanism, Country Review Report and Programme of Action of the Republic of Ghana, June 2005. NEPAD.

<sup>4</sup> APRM; the GPRS II; “Drivers of Change in Ghana. Overview Report,” Booth et al (May 2004); “Operationalising Pro-Poor Growth, A Country Case Study on Ghana”, McKay and Aryeetey (October, 2004).

<sup>5</sup> CPI Transparency International (2006). Ghana scores 70 out of 163 countries, at the same ranking as Brazil, China, India, and Mexico. See also Worldwide Governance Indicators 2005, Control of Corruption. World Bank.

<sup>6</sup> APRM, June 2005, p. 36.

The weak system of checks and balances and politicised civil service create opportunities where corruption can occur. The Serious Fraud Office, the Commission on Human Rights and Justice (CHRAJ) and civil society “watchdogs” are in place to fight corruption, but are not yet robust.

**Civil society is active and potentially a key driver for political governance reforms.** Farmers’ movements, Trades Unions and Professional Associations have traditionally been involved in the nation’s political process. More recently, other civil society organisations such as “home town” development associations, women’s rights groups, welfare clubs, parent-teacher associations, faith based organisations and groups providing social services are providing renewed vibrancy to civil society engagement.<sup>7</sup> The Diaspora is also increasing its involvement and has formed Ghanaian Home Town Associations overseas. Some advocacy groups and think tanks are well rooted in society, though often over-centralised in Accra.<sup>8</sup> Civil society groups offer great potential to strengthen the demand for good governance and social accountability in government processes.

**The government recognises that participation by different social groups in national development is limited and needs to increase in order to reinforce national consensus and reduce social polarisation.** The government has made some progress to date<sup>9</sup> but there is much more that can be done to increase the voice of citizens in the development process - as proposed both by the GPRS and the APRM. The media is active and citizens are able to express their views on development issues. However, citizens are often unaware of their rights vis-à-vis government, and mechanisms for government/citizen engagement remain underdeveloped.

**Progress in achieving gender equality goals has been limited.** Gender equality is not broadly accepted as a critical development issue, and women’s exclusion from national processes, under-representation in public life and decision making, and weak entitlements to economic assets appear at odds with Ghana’s performance in the economic and political spheres. The government has introduced legislation and policies to protect the rights of women and children<sup>10</sup>, however, implementation has been weak. The African Peer Review Mechanism found strong cultural impediments to the promotion and protection of women’s rights. A number of protocols for the protection of the rights of children and women have not been ratified.

**Decentralisation is essential to promote citizens’ participation and to achieve better service delivery, but progress has been slow.** Part of the delay in decentralizing staff and fiscal resources is due to concerns about local capacity, combined with the normal reluctance of ‘the center’ to lose resources and influence; and part of the delay is due to the complexity of managing such a process. The 2007 budget authorized a significant transfer of civil servants from Ministries, Departments, and Agencies (MDAs) to district authorities, for implementation in 2008. Political reforms at the local level are still under discussion, as one-third of members of the District Assemblies and the District Chief Executives are not elected but are appointed by the President. Citizen Surveys report dissatisfaction with the performance of District Assemblies<sup>11</sup>.

<sup>7</sup> “Drivers of Change in Ghana”, op. cit., p. 30.

<sup>8</sup> “The Not for Profit Sector in Ghana: A CIDA CDPF Development Document”, J. Langdon, 2005.

<sup>9</sup> Annual Governance Forum, the People’s Assembly and consultations around national development plans.

<sup>10</sup> Affirmative Action Policy 1998, National Gender and Children’s Policy, 2004, and Early Childhood Care and Development Policy, 2004.

<sup>11</sup> “Citizens Assessment of the Quality of Governance” related to District Assemblies shows a dissatisfaction rating of 62% and a satisfaction rating of 27%. 2005 Annual Progress Report GPRS I.

**Ghana has not suffered significant internal conflicts** and traditional authorities have a recognised role in local conflict management. However, Chieftaincy-related disputes about land, inheritance and succession have the potential to lead to local conflicts.<sup>12</sup> There is also a risk that multi-party electoral contests may fuel local conflicts. The military is subordinated to democratic institutions.

**Ghana plays a key role in the sub-region and at the regional level.** Ghana provides an example of successful political and economic performance in West Africa, a region that includes a number of countries that have experienced violent conflicts. Ghana is also a strong supporter of regional integration and conflict prevention initiatives of the Economic Community of West African States (ECOWAS) as well as an active participant in UN peacekeeping activities (including the Kofi Annan International Peace Keeping Training Centre). Recognizing Ghana's policy of "good neighbourliness" and strong engagement with the APR mechanism, President Kufuor was elected Chairman of the African Union in January 2007.

## 2.3 Economic Developments

**Ghana's economy has registered robust economic growth rates since the year 2000**, despite sharp increases in international crude prices. Growth of real gross domestic product (GDP) increased progressively from 3.7% to 5.9% between 2000 and 2005, driven by the strong performance of cocoa and gold exports. The outlook for 2006 appears positive, although the impact of the energy crisis which hit in late 2006 could adversely affect growth in 2007, if underlying policy and investment factors are not addressed.

**Table 1: Selected Economic Indicators 2000-2005**

	Real GDP Growth	Export Growth Index (2000=100)	Import Growth Index (2000=100)	Credit to the Private Sector (%)
2000	3.7	100	100	44.0
2001	4.2	96	99	51.3
2002	4.5	106	98	46.7
2003	5.2	128	108	58.2
2004	5.8	144	149	51.1
2005 <sup>e</sup>	5.9	145	185	57.5

Bank of Ghana, World Bank, and IMF

<sup>e</sup> Estimate

**Macroeconomic and financial sector stability have steadily improved, removing two key constraints to private sector growth.** Prudent fiscal and monetary policies have benefited from a fairly stable external environment, and have contributed to a decline in end-year inflation rates from 40% to 14% from 2000 to 2005. The general decline of the overall fiscal deficit from 9% (2001) to 3.0% in 2005, coupled with the decline in the domestic-debt-to-GDP ratio from 29% (2002) to 11% in 2005 have impacted positively on declining interest rates.<sup>13</sup> The declining public sector deficits have reduced the pressures for public domestic borrowing and provided scope for an increase in the share of credit to the private sector from 13.1% of GDP in 2004 to approximately 20% of GDP in 2006. The positive impact of macro and financial stability on the private sector cannot be overestimated.

<sup>12</sup> "Drivers of Change in Ghana", op. cit. p. 31.

<sup>13</sup> For example, interest rates on 90 day Treasury bills have declined from 35% in July 2003 to about 10% three years later.

**Financial sector reform is progressing and the potential for competition is well above most countries in the region.** The financial sector is healthy and relatively open, with banks generally liquid and meeting prudential standards. The role of Government in the banking sector is limited, and new entrants from overseas have enhanced innovation in products and services. However, despite increased competition and a reduction in the prime rate, the spread between deposit rates and commercial lending rates remains high. The sector has benefited from a modern payment and clearing architecture with real-time gross settlement system since 2002, a more recent automation of cheque clearing and integration of rural banks into the electronic payments platform, and the establishment of a Central Securities Depository System for government and stock exchange listed securities. Measures have been taken in recent years to improve banking supervision (Banking Act 2004), promote financial deepening (Credit Rating Agency bill, Foreign Exchange bill), and provide safeguards against money laundering (Anti-Money Laundering bill).

**Improved macroeconomic management and sustained growth has contributed to Ghana's healthy debt outlook.** Other factors include an improved revenue position, especially in the tax and duty system, and steady increases in official development assistance and in private remittances.<sup>14</sup> Ghana reached the HIPC Completion Point in July 2004. This paved the way for the country to benefit from the Multilateral Debt Relief Initiative (MDRI), which reduced the debt stock from US\$6.4 billion to US\$1.5 billion and provides new opportunities for targeted, pro-poor, public spending.

**Remittances and tourism are increasingly important sources of foreign exchange.** Private transfers were estimated at about US \$1.5 billion in 2005 and are projected to increase in the coming years. They result from Ghana's high rates of emigration of skilled workers<sup>15</sup>, with estimates indicating that private remittances originate mostly in the USA and Canada (50%) and the United Kingdom (25%).<sup>16</sup> Tourism receipts have also grown steadily over the past five years and are projected to reach US\$ 1 billion in 2006.<sup>17</sup> As in other regions, the human and financial resources of the Diaspora have an enormous potential to contribute to the development of the country through direct engagement with families and community groups.

**Table 2: External Inflows 2003-2008 (US\$ million)**

	2003	2004	2005	2006 <sup>e</sup>	2007 <sup>e</sup>	2008 <sup>e</sup>
<b>Official ODA</b>	<b>1,003</b>	<b>1,155</b>	<b>1,280</b>	<b>1,566</b>	<b>1,561</b>	<b>1,642</b>
Project Grants	361	413	499	581	732	688
Project Loans	173	224	241	315	250	324
HIPC & MDRI Grants	131	168	171	260	285	275
Budget Support	264	311	291	332	294	355
IMF Drawings	74	39	78	78	0	0
<b>Exports</b>	<b>2,471</b>	<b>2,785</b>	<b>2,802</b>	<b>3,685</b>	<b>4,125</b>	<b>4,504</b>
Traditional	2,071	2,382	2,314	3,008	3,313	3,530
Non-traditional	400	402	489	677	812	974
<b>Tourism</b>	<b>603</b>	<b>649</b>	<b>836</b>	<b>1,000</b>	na	na
<b>Unrequited private transfers</b>	<b>801</b>	<b>1,287</b>	<b>1,550</b>	<b>2,094</b>	<b>2,181</b>	<b>2,216</b>

Source: Bank of Ghana, World Bank, IMF, Tourism Board

<sup>e</sup> Estimate

<sup>14</sup> Reforms have contributed to increased tax revenues.

<sup>15</sup> President Kufour, Address at Accra Regional Forum on Remittances, March 30, 2006. USAID website.

<sup>16</sup> The rest of the EC accounts for 13%. "The Macroeconomic Impact of Remittances", Addisson. Director of Research Department of Ghana, September, 2004.

<sup>17</sup> Overview of Economic Policy and the budget. November, 2005. Minister of Finance.

**Current growth rates put Ghana on track to meet the MDG on halving poverty levels by 2015.** The latest comprehensive estimates show that the poverty headcount declined from 52 percent in 1991, with 36 percent living in extreme poverty, to 40 percent in 1999 and 15 percent of Ghanaians in extreme poverty. The most recent Core Welfare Indicators Questionnaire (CWIQ), which uses an asset rather than an income-based poverty measure, indicates that there has been a 7 percentage point reduction from 42 percent in 1997 to 35 percent in 2003. The two trends are indicative of general progress, although they are not directly comparable with one another. Updated information on recent income poverty trends will be available in early 2007 once the results of the fifth Ghana Living Standards Survey (GLSS 5) are tabulated.

**Despite the recent economic expansion, the structure of the economy has not changed substantially.** The economy continues to be largely dependent on agriculture (40% of GDP and 50% of employment)<sup>18</sup>. It is constrained by low-productivity farming practices, poor infrastructure (e.g. roads, irrigation, and ICT), land tenure uncertainties, gender inequities, and uncertain access to inputs. Traditional exports – cocoa, gold and other natural resources – still account for almost half of GDP. The industrial sector remains relatively small and dominated by firms with low productivity. Foreign direct investment is relatively low for an economy of Ghana's potential.<sup>19</sup>

**Although overall poverty levels are declining, socio-economic and regional disparities remain,** and are linked to the lack of structural change in the economy. Weaknesses in human and social development (in terms of investment in children and young people's health and education) are reflected in the gap between Ghana's Human Development Index (HDI) rank (138 in 2003)<sup>20</sup> and its gradually increasing GDP per capita rank (121 in the same year). There is a strong urban-rural differential in poverty indicators, with deprivation levels substantially higher in some rural areas. The severity and depth of poverty is highest in three northern regions (Northern, Upper West and Upper East) and parts of the rural coastal zones.<sup>21</sup> There is potential for growth-driven poverty reduction in these regions, but it will need targeted investments by Government and policy reforms aimed at encouraging private sector development in these areas.<sup>22</sup> Recent growth trends have fuelled the movement of people from rural to urban areas, where they are concentrated in sectors with limited employment prospects for those living in poverty. What appears to matter most in determining inequality and poverty in urban areas is the level of education of household heads.

**Ghana's trade regime is open and Ghana is a strong advocate of regional cooperation and integration.** Exports to the EC and the USA account for 53% and 7%, respectively, of total Ghanaian exports, while Africa accounts for 11% of total exports (2002). Ghana is an important trading partner with its three neighbours and it is committed to the ECOWAS regional framework. In order to meet its objective of becoming a middle-income country by 2015, Ghana's non-traditional exports must expand also into growing regional markets.

<sup>18</sup> "Operationalising Pro-Poor Growth", op. cit., page 7

<sup>19</sup> In 2004 total FDI inflows into Ghana were estimated at \$139 million, compared with \$279 million in Rwanda, \$545 million in Ethiopia and \$585 million in South Africa (UNCTAD 2006). UNCTAD FDI Database.

<sup>20</sup> Ghana's HDI value was 0.531 in 1995, 0.556 in 2000 and 0.520 in 2003 (below the figure for 1995).

<sup>21</sup> "Operationalising Pro-Poor Growth", op. cit.

<sup>22</sup> 'Economic Growth in Northern Ghana', ODI London and Centre for Policy Analysis, Accra; 2005

**Ghana has achieved the highest electrification rate in Sub-Saharan Africa (54%),** and is the anchor country for the West-African Power Pool. However, fast economic growth combined with under-investment, poor planning, and reliance on seasonally variable hydropower have led to a situation where power supply is now unreliable and becoming a binding constraint to growth. Annual growth in electricity consumption is estimated to be 12%, and government's strategy is to increase access to grid electricity for domestic users from 54% to 75% by 2015. This would require substantial investment and improvement in managing the existing network and its regulation.

**Transport and communications infrastructure are in a poor state to cope with recent economic growth and expansion of basic service delivery, due to insufficient maintenance and weak strategies.** Transport is key to facilitating both improved productivity in agriculture and agro-industry (by linking rural production to processing centers and trading points) and development of Ghana's human resources (by ensuring rural communities' access to schools, clinics and water points). Road density in Ghana is 248 km per 1,000 sq km, compared to 368 in lower middle-income countries and 1,015 in high-income countries. The Government has invested in expansion of the network; however, this expansion has not been accompanied by sufficient emphasis on network maintenance, with the result that only 34% of roads are in good condition. Currently, port capacity is under pressure from increased traffic: between 2004 and 2005, the volume in tonnes (import/export average) increased by 10%, container traffic increased by 15%, and the number of vessels increased 27%. Air traffic growth lags behind growth of other regional hubs. The growth in information and communications technology (ICT) has been rapid, with current phone penetration at 20% (from 4% in 2000). The price of communications remains high, however, and quality remains relatively low.<sup>23</sup>

**Natural resources and environment need careful management to assure long-term growth.** Minerals, fisheries, forestry and wildlife represent 15% of GDP, 25% of government revenues and a substantial source of livelihood through artisanal activities. Inadequate potable water supply, sanitation and hygiene and air pollution (urban and indoor) seriously affect the burden of disease and quality of growth in the rapidly growing economy. Poor management of these resources, with related health effects, is costing Ghana approximately 10% of GDP,<sup>24</sup> with 4% due to forestry and wildlife depletion and 4% due to water and air pollution. The sustainability of these key productive sectors and the prospects for community development and economic growth are put at risk by the absence of effective regulatory institutions and by indecisive leadership on issues related to sustaining the natural resource base and managing the environment.

**Institutional reforms of the public sector have had limited success to date.**

Recognition of this factor was behind the government's decision to create the Ministry of Public Sector Reform (MoPSR) in April 2005 and launch the Public Sector Reform (PSR) reform strategy and programme of action in March 2006. The reform program aims to improve performance management, remuneration, and accountability, starting with the civil service. In addition to reform of the civil service, the government has developed a framework for reforming subvented agencies, and a new Subvented Agencies Law (Act 706) was enacted by Parliament and gazetted in April 2006. On the public expenditure front, poverty-related expenditures have increased from 6.5 percent of GDP at the end of 2003 to 8.5 percent in 2005, and the

<sup>23</sup> In 2003, fixed line phone subscribers per 1000 was 13, and cellular lines per 1000 was 36 (Human Development Report 2005)

<sup>24</sup> Ghana Country Environmental Analysis, World Bank, DFID, RNE, and AFD, (2006).

government reports that budget expenditures are increasingly in line with GPRS II. However, policy formulation, programme implementation and the capacity to coordinate DP assistance need to be strengthened. Efficiency of public spending is low and is increasingly the focus of government attention.

## 2.4 Human and Social Developments

**Progress in education has meant increasing numbers of children are entering school and progressing through the system.** A major breakthrough was the abolition of mandatory school fees for basic education and the introduction of capitation grants through the country in the 2005/6 academic year. Non-salary expenditure allocations to deprived regions almost doubled over the GPRS I period.<sup>25</sup> As a result of some of these changes, Ghana is judged to be on track to achieve both MDG2 (Universal Primary Education) and MDG3 (gender parity in primary enrolment) by 2015. (Ghana's gender parity ratio at the primary level was 0.95 in 2005).

**Improving access and quality in basic education are the central challenges.**

These include ensuring that children outside the school system (estimated presently at about 700,000 children) are enrolled and those at risk of dropping out are encouraged to complete primary education. Access problems are exacerbated for at-risk groups, including girls, children from deprived regions, disabled children and the extremely poor in rural and urban areas. There is also a persistent challenge to improve the quality of learning through increasing and monitoring the distribution of inputs. The number of qualified teachers, core textbooks, and classrooms in good condition must keep up with increased enrolment. All these interventions require increased and sustained per student funding at primary level in real terms over the next ten years, as well as increased and targeted programmatic funding to address these policy priorities.

**Gradual improvements in the delivery of a number of critical health outputs have taken place.** A pre-paid National health Insurance Scheme introduced in 2004 marks a new direction in health financing for poor and vulnerable groups. Recent indications are that the HIV prevalence rate may be dropping, although it is too soon to determine a trend. Malaria, however, remains a significant cause of mortality and costs the equivalent of 3 percent of GDP annually.

**Infant and child health indicators and maternal mortality rates appear stalled at high levels.** Current estimates show a stagnation in neonatal mortality between 1998 and 2003.<sup>26</sup> Progress in reducing infant and under-five mortality levels stalled during GPRS I. Child malnutrition also remains a significant problem, accounting for up to 60 percent of the cases of child mortality and pointing to the need for a comprehensive approach to adequate nutrition, care and food security, especially amongst the poorest households. Infant mortality (IMR) and maternal mortality (MMR) are inextricably linked. Nationally estimated maternal mortality stands at 214 deaths per 100,000 live births, although the adjusted figure published by the UN is 540 deaths per 100,000. In either case Ghana is off track in achieving the MDGs on both MMR and IMR counts. Of particular concern is that these trends have coincided with a period of increased health sector financing.<sup>27</sup> The next opportunity to take stock of trends will be the Demographic Health Survey in 2008.

<sup>25</sup> APR 2005, Table 6.14.

<sup>26</sup> Although the latest DHS report states that the changes are small and hard to verify statistically. Problems of measurement and inaccurate birth and death data make accurately tracking mortality trends difficult.

<sup>27</sup> Health Sector Programme Evaluation

**Access to water and sanitation services is progressing, but not as rapidly as needed.** The approach to rural water delivery is based on community ownership and management. Coverage by functioning water facilities in rural areas has risen from less than 30% of the population in 1994 to slightly more than 50% in 2005, and local capacity exists to undertake water and sanitation civil works and to manage and operate facilities. Urban Water supply coverage is currently estimated at 58%. The approach to urban water delivery is based on a utility model, with tariffs regulated by an independent regulator. Inefficiencies in the management of services and big losses of revenue resulted in the under-performance of the urban water sub-sector and led to a Government decision in 2006 to turn to a private service provider (PSP) to manage the production and distribution of water. Absence of a comprehensive national water policy and water sector implementation plan has constrained scale up in the sector, and lack of harmonized implementation approaches among DPs has reduced efficiency.

With regard to sanitation services, the Joint Monitoring Program for Water Supply and Sanitation of UNICEF and WHO report an effective average access rate to improved sanitation facilities of 18% at the national level. Implementation of the Environmental Sanitation Policy (1999) has faced considerable difficulties, posed by institutional problems and technical and financial capacity in the sub-sector. The low sanitation coverage requires innovative and sustainable approaches to latrine promotion and financing. Costs related to mortality and morbidity from poor water supply, sanitation and hygiene practices amount to 2.1 % of GDP.

**Urbanization in Ghana is accelerating.** In 2000, the level of urbanization in Ghana stood at 44%, and this is expected to increase to 58% by 2030<sup>28</sup>. Nearly 34% of the urban population lives in Accra (estimated to be 3.2 million people) and in Kumasi (estimated to be 0.8 million). These two cities account for almost 20% of Ghana's GDP<sup>29</sup>, while the Greater Accra region alone accounts for 51% of manufacturing activity in Ghana<sup>30</sup>. For cities like Accra and Kumasi, infrastructure investments are essential to their growth and progress. However, investments have not kept pace with the rapid urbanization underway, which is resulting in traffic congestion, environmental sanitation problems, and institutional/governance challenges for urban residents and local authorities.

**Gender disparities are steadily declining in some areas of basic service provision,** such as in primary education, where Ghana has almost achieved gender parity. However, in areas such as reproductive health and water provision, they remain high and burdensome. While these problems are being addressed through a range of interventions by government and social institutions, Ghana has far to go in significantly reducing such disparities, especially in the poorest regions.

### **Progress towards the MDGs**

Table 3 shows that Ghana's progress towards the MDGs has been steady but not transformational. Achieving a transformational change consistent with Ghana's aspiration to be a middle-income country will depend on consistently improved service delivery across the public sector and outreach to non-state actors through public-private partnerships.

<sup>28</sup> Financing Urban Shelter, Global Report on Human Settlements, United Nations (2005).

<sup>29</sup> <http://www.worldbank.org/urban/upgrading/ghana.html>

<sup>30</sup> <http://www.ghanadistricts.com/reg-info.asp/RegionID=1>

**Table 3: Ghana's Progress towards the MDGs**

MDG Goals	MDG Indicator & Target	1990	2000	2003	2004	2005	2015 Target
Eradicate Extreme Poverty	Halve the proportion of people whose income is less than \$1 per day	51.7% <sup>i</sup>	39.5% <sup>ii</sup>	35.8% <sup>iii</sup>	34.6	33.4	26%
	Halve the proportion of people who suffer from hunger	37% <sup>iv</sup>	12% <sup>iv</sup>	11% <sup>iv</sup>	11% <sup>iv</sup>	11% <sup>iv</sup>	19%
Achieve universal primary education	Gross national primary school enrolment	72.7% <sup>v</sup>	79.5% <sup>v</sup>	85.7% <sup>v</sup>	86.3% <sup>v</sup>	85.7% <sup>v</sup>	100%
	Net primary school enrolment rate	53.7% <sup>vi</sup>	60.7% <sup>vi</sup>	69.9% <sup>iii</sup>	57.9%	59.1% <sup>vii</sup>	100%
Promote gender equality	Eliminate gender disparity in primary education	85% <sup>viii</sup>	93% <sup>v</sup>	98% <sup>v</sup>	94% <sup>v</sup>	96% <sup>v</sup>	100%
	Eliminate gender disparity in secondary education	65% <sup>viii</sup>	81% <sup>v</sup>	85% <sup>v</sup>	83% <sup>v</sup>	85% <sup>v</sup>	100%
Reduce child mortality	Reduce under-5 mortality by two thirds (rate per 1,000)	122 <sup>ix</sup>	112 <sup>x</sup>	112 <sup>iii</sup>	112 <sup>x</sup>	111 <sup>vii</sup>	40
	Measles immunization (% children 12-23 months)	61% <sup>vi</sup>	70% <sup>xi</sup>	83% <sup>xi</sup>	83% <sup>xi</sup>	84% <sup>xi</sup>	100%
Improve maternal health	Reduce MM by three-quarters (MMR per 100,000 live births)	740 <sup>vi</sup>	540 <sup>xi</sup>			241 <sup>vii</sup>	185
	Skilled attendance at delivery (% of total)	36.7 <sup>xii</sup>	49% <sup>xii</sup>	51.8% <sup>iii</sup>	55% <sup>xiii</sup>	47% <sup>vi</sup>	100%
Combat infectious diseases	Halt and reverse the spread of HIV/AIDS (prevalence % of population ages 15-49)	2.4% <sup>xiv</sup>	2.3% <sup>xv</sup>	3.6% <sup>i</sup>	3.1% <sup>i</sup>	2.7% <sup>vii</sup>	<2.4%
	Halt and reverse the incidence of malaria (notified cases per 100,000 population)		42.9	43.9	44.1	42.7	
Ensure environmental sustainability	Reverse loss of resources (% of land area covered by forest)	32.7% <sup>vi</sup>	26.8% <sup>xvi</sup>	34% <sup>xvii</sup>	32% <sup>xviii</sup>	24.2% <sup>xviii</sup>	>33%
	Halve proportion of people without sustainable access to safe drinking water (% of population with access to improved water source – all)	49% <sup>xix</sup>				55%	75%
	Halve the proportion of people without sustainable access to improved sanitation (% of population with access to improved sanitation)	48.5% <sup>xx</sup>			18% <sup>vi</sup>		75%
Partnership for new technologies	Fixed lines and cellular subscribers (per 100 people)	0.3 <sup>vi</sup>	1.7 <sup>vi</sup>	5.0 <sup>vi</sup>	9.1 <sup>vi</sup>		
	Internet users (per 100 people)	0 <sup>vi</sup>	0.2 <sup>vi</sup>	1.1 <sup>xxi</sup>	1.7 <sup>vi</sup>		

- <sup>i</sup> Ghana Poverty Reduction Strategy I, 2002 - 2004  
<sup>ii</sup> Ghana Living Standards Survey 1998/999  
<sup>iii</sup> Core Welfare Indicators Questionnaire Survey, 2003. Ghana Statistical Service  
<sup>iv</sup> FAO 2006 Food Security Report  
<sup>v</sup> Ministry of Education Science and Sports (MOESS) 2006 ESP  
<sup>vi</sup> Online UN Stats MDG indicators 2006  
<sup>vii</sup> Ghana Poverty Reduction strategy II indicators p.8  
<sup>viii</sup> Online UN Stats MDG indicators 2006; baseline is 1991  
<sup>ix</sup> UNICEF 2005  
<sup>x</sup> Ghana Poverty Reduction Strategy I 2002 – 2004; p.34  
<sup>xi</sup> Online UNICEF database 2006

- xii Demographic and Health Survey, Ghana 2003
- xiii Ghana Poverty Reduction Strategy I p.91
- xiv Ghana Poverty Reduction Strategy I, 2002 – 2004; p.86; baseline is 1994.
- xv Ghana Poverty Reduction Strategy I, 2002 – 2004; p.86
- xvi EPA/UNEP State of the environment report July 2002
- xvii EPA/UNEP State of the environment report July 2002 p.6
- xviii EPA/USGS Agro-ecological zones and land cover trends in Ghana January 2006 p.4
- xix UN Human Development report, April 2006
- xx WHO/UNICEF Joint Monitoring Program for Water Supply and Sanitation, 2004
- xxi UNICEF online Country data

Note: water and sanitation data series are under review

## 3. Goals and Challenges

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### 3.1 The National Development Strategy – GPRS II

Ghana's first national Poverty Reduction Strategy (GPRS I) was finalised in 2002 with the aim of generating growth, controlling inflation and increasing expenditure on programmes targeting the poorest and most vulnerable in society. While much of the government's macroeconomic agenda was achieved during the GPRS I period (2003-2005), reviews noted little room in the GPRS for addressing high-growth issues, as well as weak attention to gender equality, inclusion and social protection.

A second generation GPRS was produced by government<sup>31</sup> in late 2005, with an ambitious overarching goal of raising average per capita income levels to middle-income levels by 2015, i.e., from about US\$ 400 to about US\$ 1,000. The GPRS II (2006-2009) is an agriculture-led strategy which seeks to diversify the economy's structure from traditional cocoa to cereals and other cash crops for export markets. Other sectors considered to have long-term potential include: tourism, information and communication technologies, light industry based on textiles and garments, and value-added to minerals. The GPRS II emphasizes policies to promote equitable growth that will be sustainable over the medium to long term.

GPRS II presents its strategies and actions according to three thematic pillars: **Private Sector Competitiveness; Human Resource Development; and Governance and Civic Responsibility**. Development partners consider that the GPRS II, together with the recommendations of the APRM, provides an acceptable basis for aligning support over the short to medium term. However, the GPRS II would provide an even better framework for programming of external assistance were there greater strategic depth in the discussion of trade-offs, a more credible costing of GPRS II priority programs, and a robust results framework.

If Ghana is to continue its record of strong macro-economic performance and achieve its goal of reaching middle-income status by 2015, including the fulfilment of all the MDGs, a number of constraints and challenges across the three GPRS pillars will need to be resolved in the short to medium term. These challenges are presented in the following section.

### 3.2 Challenges and Strategic Priorities

#### Cross-sectoral challenges

- ***Maintaining sound macroeconomic management and budget governance*** and improved management of domestic and external resources are essential for sustainable growth and poverty reduction. Without a strong domestic revenue base and effective management of official and private resource flows, achieving an accelerated growth target will be significantly more difficult.
- ***Tackling poverty disparities*** will require targeted interventions to address growing inequities between and within regions, gender disparities in access to resources, services and infrastructure amenities, and the effects of long term natural resource depletion. Such action will be necessary if Ghana's human

<sup>31</sup> Growth and Poverty Reduction Strategy (GPRS II) (2006-2009). November 2005, National Development Planning Commission (NDPC), Republic of Ghana. (219 pp). See Annex 1 for a précis.

development indicators are to improve significantly and contribute to economic performance.

- ***Sharing the benefits of growth*** is important because growing inequality and unsustainable growth paths have the potential to lead to political strife and conflict, as has been demonstrated in neighboring countries. Shared growth can happen in two ways. One is through ensuring that everyone has the same economic opportunities so that they can make a decent living and, thereby contribute to growth over time. The second is to put in place redistributive measures so that people who will not be able to work are ensured a minimum standard of living.
- ***Improving the quality and productivity of all public expenditure*** is an urgent cross-sectoral priority, particularly in view of the need for enhanced financing of infrastructure investments to underpin growth. With current considerable domestic resource mobilisation and more DP resources flowing directly into the government budget, it is essential that Government tests for efficiency and value for money in public expenditure and insists on accountability for all public monies.
- ***Absorbing large external inflows without compromising the competitiveness of the export sector*** will require a strong drive to enhance the productivity of private sector investments and improve the productivity of public sector spending overall. On the latter point, Ghana's need to finance large infrastructure investments to provide a platform for growth could lead to an expansion of non-concessional borrowing and a weakening in the country's debt sustainability position, if concessional funds are not available to respond to needs.
- ***Accelerating decentralization*** is key to improving citizens' participation in development. If service delivery is to be improved and become more responsive to local priorities, the Government needs to step up the implementation of its National Decentralisation Action Plan, adopt a comprehensive decentralisation policy and strategy, make progress regarding the political decentralization process, and ensure that functions and resources are transferred from MDAs to districts.
- ***Managing the effects of rapid urbanization*** in a way that is equitable and has positive poverty reduction impacts will require a well-functioning infrastructure network, a transparent regulatory environment with increased emphasis on coordinated urban planning, and a sound municipal governance/finance system. Bringing these factors together will create an enabling environment for private sector development.
- ***Reinforcing high-level coordination and dialogue to mainstream environment*** is critical. The implication of environmental and climatic factors for economic growth and the trade-offs that may be required across sectors need to be assessed systematically and routinely. Policy, regulatory, and incentive frameworks relating to environmental management are complex, and overlapping institutional mandates and outdated legislative measures can lead to conflicts in interpretation and program implementation. An immediate need exists to strengthen intersectoral coordination mechanisms to foster sustainable growth.

In addition to these cross-sectoral challenges, G-JAS DPs have identified a number of strategic priorities at the pillar and sector level which will inform their assistance and dialogue with the government over the G-JAS period.

### **Pillar One: Private Sector Competitiveness**

The GPRS II places private sector-led development at the forefront to achieve higher and more broadly based growth. Modernization of agriculture and linkages to industry are seen as central to the structural transformation of the economy that will be needed to sustain higher growth and drive poverty reduction. A broad range of efforts will be needed to remove constraints related to sustainability and shared growth.<sup>32</sup> Strategic priorities across the pillar include:

- improving the enabling environment for business, including trade and financial services,
- facilitating stronger regional integration to stimulate productivity and trade links,
- enabling agricultural producers to improve productivity, diversify crops, and expand production for exports,
- improving access to land and security of property rights, particularly for women farmers,
- managing Ghana's natural resources in a sustainable and transparent way,
- scaling up investment in energy generation and distribution and in transport infrastructure, and
- creating the environment for more competitive and lower cost ICT services.

#### *Business environment*

Ghana's business environment is becoming one of the most favourable on the continent, but improving the enabling environment for businesses of all sizes, and particularly outside the main urban areas, continues to be a major challenge. Priorities for government action include simplifying procedures for business start up, allowing greater competition in the financial sector, facilitating land title and property registration including reducing gender differentials in access to land and credit, and strengthening the legal rights of creditors. Increasing investment, strengthening business linkages, and generating employment are major tasks for the private sector. Implementing the Trade Sector Support Programme and the Financial Sector Strategic Plan are essential to improve access to international markets and to financial services. Widening access to credit and affordable business development services is critical for enabling small and medium scale enterprises to develop.

#### *Trade*

Accelerating growth of regional markets will require greater integration of transport and communication systems among ECOWAS countries and increased harmonisation of fiscal and regulatory policies. ECOWAS efforts to put in place common external tariffs and custom facilitation measures will enhance trade and regional integration. Regional programmes such as the forthcoming Economic Partnership Agreement (EPA) with the EU and USAID's West Africa Trade Hub could be instrumental in facilitating stronger regional integration and contributing to address supply-side and competitiveness constraints.

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<sup>32</sup> Ghana – *Scaling Up for Stronger Growth*. Note prepared by the World Bank for Ghana CG/APM meeting, Accra, June 21 2006.

### *Agriculture*

Central to the diversification and expansion of exports needed to achieve and sustain higher economic growth is the modernisation of agriculture which will, in turn, spur pro-poor growth beyond the sector itself. These growth linkages are vital in a sector that has the highest proportion of workers in households in the two lowest welfare quintiles. The priority for a growth with poverty reduction strategy is therefore to take measures that enable poor producers, many of them women, to improve their productivity, market access and incomes alongside those with more commercial advantages, while at the same time sustaining their natural assets such as land (see Box 2) by scaling-up sustainable land management practices. Strategic priorities include strengthening rural infrastructure, especially rural roads and irrigation, improving land tenure, promoting promising value chains, enhancing access to credit for women and men by strengthening rural financial institutions, and strengthening the provision and targeting of agricultural research and extension services.

#### **Box 1: Differential Access to Land**

Land ownership by households and their members is the exception rather than the rule. Less than one third (31%) of households headed by women own land. The land allocation process is often biased against women; fewer women obtain land; women consistently have smaller and in some cases less fertile plots; and they often hold land on less secure terms than men. All of these factors reduce agricultural productivity. Gender differentials in access to and control of land are often a result of inheritance rules, marital residence and land use patterns, as well as life cycle changes. Unequal land rights sustain and reproduce female poverty and exclusion.

### *Natural Resources and Environmental Management*

Sustainable management of natural resources and environment is also urgent. Priorities include: reforming and building capacity of key regulatory agencies (for fisheries, minerals, forestry and environmental protection) to help them adapt and fulfill their mandates as subvented agencies; improving positive linkages between extractive industries and local communities; regularizing and assisting the related informal and artisanal sectors within a participatory framework; improving budget formulation and execution as well as public financial management; strengthening oversight capacity; and enhancing coordination mechanisms among regulatory agencies.

### *Infrastructure*

Much of Ghana's desire to accelerate growth rests on a substantial scaling up of investment in new infrastructure, including efforts to strengthen the regulatory and institutional framework to attract more private sector participation, and efforts to improve efficiency and absorptive capacity. A significant part of the challenge also lies in substantially improving the management of existing infrastructure, including maintenance needs. Meeting the infrastructure challenge requires a fully integrated infrastructure platform and critical attention by government to the effective combining of public and private sector investments, prioritisation processes and value-for-money tests.

### *Transport*

Improved transport links are critical to improvements in market access, factor productivity, and export performance as well as to enhancing Ghana's position as a regional transport hub and corridor in West Africa. Priorities include: achieving a better balance between investment and expenditure on maintenance; providing better links between rural areas and markets and service centers through rural feeder roads; improving regional trade routes; upgrading ports to minimize delays and developing interchange facilities for passengers and freight; improving security and safety to international standards; and strengthening sector management through an integrated transport policy and strategic plan.

### *Energy*

With rising demand and constrained supply, energy infrastructure needs to be significantly upgraded and expanded if the sector is not to act as a serious brake on future growth. Critical priorities include completing the power sector reform (including a management services contract for the Electricity Company of Ghana, ECG), expanding generation capacity to meet demand growth, stemming losses in the distribution system, setting retail and bulk tariffs at cost recovery levels, and adopting a new energy policy that sets out a clear institutional framework for the sustainable expansion of access. Complementary action is called for to promote the efficient use of energy, gradual transition from fuelwood to modern energy (including renewable sources), and regional power sharing arrangements.

### *Telecom/Information Communication Technology*

International competitiveness increasingly depends on high speed, low-cost communications. In the Ghana context, there is a need for more competitive and lower cost ICT services through tighter regulation in the short term, development of a national broad-band fibre-optic network, and an improved institutional framework for promoting private sector participation, especially in the development of a robust information technology industry. Opportunities for private sector operators to enter into partnership with Government to develop e-government applications are now being explored and offer potential for cost-effective roll-out of virtual services.

## **Pillar 2: Human Resource Development**

The GPRS II places emphasis on expanding services to meet the MDGs and developing a healthy and skilled labour force to support higher growth and structural change. While progress has been made in expanding services in health, education, and water and sanitation, quality improvements lag behind. Attention to quality is vital to achieving and sustaining outcome improvements in learning, life expectancy, and child and maternal mortality. Addressing gender inequalities in school enrolment and access to health services is also essential to meet MDG targets and encourage stronger participation by women in the growth and development process. A commitment to social protection is likewise an essential part of delivering on a high and sustainable growth path.

Strategic priorities across the pillar as a whole include:

- enhancing the quality and efficiency of basic service delivery,
- improved targeting of services and preventative activities to underserved areas and vulnerable groups,

- ensuring financial sustainability in service delivery and social protection measures,
- clarifying roles and responsibilities of line ministries and district governments and ensuring effective flow of funds to district levels, and
- focusing on the role of education and health in raising productive capacity of the labour force.

### *Education*

Priorities in the education sector include achieving Universal Primary Enrolment and full completion in primary education, expanding enrolment at post-primary levels, promoting gender parity in secondary school enrolment, improving the quality of teaching and learning at all levels, and improving the relevance of post-basic education. The role of private providers as well as private financing also needs to be strengthened. Reforming tertiary education financing needs to assure sustainable growth, diversification and improve accountability. Further priorities include an emphasis on science and technology, especially ICTs in education, and a greater focus on skills development and training, including technical and vocational education and training, as a means of human resource development in line with the GPRS II growth agenda.

### *Health*

Priorities in the health sector are focused on achieving significant declines in the rates of maternal and child mortality (in particular neo-natal mortality) by improving equitable access to quality basic health and nutrition services. Reproductive health interventions, with a particular focus on youth/adolescents, are likewise important and will lead to better health outcomes and a reduction in population growth. Malaria control is a continuing priority in light of its significant impact on economic growth and on child mortality. Collaboration with non-state service providers will increase effectiveness and efficiency of 'close to client' delivery of a high impact service package. Improved management of human resources will be necessary if quality of services is to be improved, including policies to address the impact of health staff brain-drain. Likewise, consolidating the financial viability of the National Health Insurance Scheme will be a key element to ensuring the sustainability of health service delivery. Lastly, intersectoral collaboration beyond the limits of the "health sector" will be needed to promote health and attack the underlying causes of morbidity (in particular by linking with water and sanitation, environment, education, infrastructure, and agriculture/food security).

### *HIV/AIDS*

Prevention efforts in the past have led to high levels of awareness and good knowledge about HIV/AIDS and other sexually transmitted infections. However, misconceptions still exist, risk perceptions are low, and adoption of preventative behaviours is still limited. Improving the level and targeting of prevention activities towards specific groups and geographical areas with high prevalence rates and risky behaviours needs to be intensified. Stigma and discrimination faced by people living with the virus urgently need to be reduced, alongside scaling-up anti-retroviral combination therapy for people with advanced HIV.

### *Water and Sanitation*

Key priorities include approval of the National Water Policy and revision of the Sanitation Policy, as well as preparation of related implementation frameworks.

Prioritized investment plans for urban water, rural water, and sanitation are needed to provide a solid framework for scaled-up funding to the water supply and sanitation (WSS) sector. Strengthening of the institutional framework is needed to provide guidance for harmonisation and alignment of DP implementation approaches. Such strengthening is needed at the national level so that the sector ministry can carry out its lead role effectively, and district capacity development will also be needed, as District Assemblies take on increased responsibilities. Funding for rural water investments needs to be doubled if the MDG target of 73% coverage of the rural population is to be met by 2015<sup>33</sup>, with an increasing share coming from domestic sources. With respect to urban water, challenges include strengthening Ghana Water Company Ltd. (GWCL) capacity to effectively supervise the PSP arrangement, integrating financial modelling into the investment planning process, increasing investments in urban water supply to improve access, and developing pro-poor approaches that will enable the utility to meet the needs of poor consumers.

### *Social Protection*

Despite improving poverty trends, over 25% of the population lives in extreme poverty. The government has committed to developing more targeted programmes, both to act as a safety net and to provide an extra push to move them out of chronic poverty. Government capacity needs to be developed so that it can run a well-targeted and efficient social protection programme on a national scale, which addresses income poverty and facilitates access to basic services. The Ministry of Manpower will need to coordinate closely with MDAs and districts to avoid parallel programs. Interventions, such as social security payments for the elderly, for the food insecure, or for vulnerable children, need further support.

### **Pillar 3: Governance and Civic Responsibility**

The government has significantly improved the management of public resources in recent years, and has made a start in attacking the backlog of broader public sector reform issues. Although political constraints have tended to slow implementation of systemic changes to the budget process, financial controls and budget accountability to parliament and civil society, progress is definitely being made, as evidenced by the Public Expenditure Financial Assessment (PEFA) and External Review of Public Financial Management (ERPFM) process. This offers the opportunity for accelerated reform to reach international value-for-money standards, the impact of which cannot be over-estimated for achieving a high-growth scenario.

Cross-sectoral priorities for governance reform include:

- Upgrading public expenditure and financial management, in particular strengthening value for money structures related to public expenditure and investment.
- Reforming the civil service, with an emphasis on measuring results and citizens participation, and improving the transparency and accountability of government operations.
- Implementing effective decentralisation to local authorities, including clear roles and responsibilities for central and local MDAs, and sufficient resources and responsibilities for districts to fulfil their mandates.

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<sup>33</sup> Country Status Overview, 2006

- Strengthening the oversight capacity of non-executive bodies (Parliament and other bodies) and the capacity of citizens and non-state actors to engage in national development and to fight against corruption.
- Enhancing the representation and participation by women with clearer accountability for gender equality outcomes across government departments and local authorities.
- Improving statistical services and data analysis, enhancing their utilisation in policy and decision making, and widening information-sharing to strengthen social accountability.

### *Public Financial Management*

Government introduced three laws in 2003 that combine to establish a strong framework for public financial management and accountability. However, the financial administration, procurement and internal audit laws are still at an early stage of implementation, and there is much to be done to ensure they deliver their intended outcomes. The Ministry of Finance and Economic Planning (MoFEP) has developed a strategic plan which reflects challenges identified in the 2006 Review. This plan focuses primarily on MoFEP, but there is also a need to ensure that MDAs' and districts' public financial management and accountability systems are strengthened, including their procurement capacity and ability to screen investments against value-for-money criteria. Improved performance in these areas will help to limit opportunities for corruption.

### *Public sector reform*

Strengthening the civil and public services is a key element of the Government's reform programme. It is essential that the reform process delivers sustained and measurable improvements in a transparent way and with active citizens' participation. As the impact of central-level public sector reforms take time to work through the system, focused sector-based organisational and institutional strengthening programmes will also be required to complement the reform agenda. Priorities for the coming years should include: policy coordination within ministries and across ministries; results-based management and accountability systems; civil service training; reform of central management agencies; overhaul of the public sector pay and pensions, with the aim of achieving consolidation and monetization of salary components and elimination of all non-monetary benefits and allowances; and development of a comprehensive human resources management strategy that would define clear career progressions and management functions within the civil service (including new career streams such as procurement and information technology).

### *Strengthening oversight capacity*

According to Ghana's constitution and legislation, non-executive bodies are mandated to exercise strong oversight over the executive, but their performance of these functions is often limited in practice. For example, staffing and overall funding constraints have limited the scope and depth of scrutiny that Parliament and its standing committees can give. The Ghana Audit Service has improved its capacity to provide financial accountability but has not yet focused on evaluations of outcomes. Priorities for the future should therefore include expanding support to these institutions so that they can deliver their full mandate. Ghana's political traditions provide space for civil society organisations to comment on government performance, and there is additional scope for government to encourage civil society

involvement in public policy formulation and implementation. Capacity development is needed for civil society organisations to build stronger coalitions, strengthen links with grass-roots groups, participate in development dialogues at different levels of governance (including the Extractive Industry Transparency Initiative, EITI), monitor delivery of public goods, and hold government accountable for corrupt practices.

### *Ensuring Gender Equity and Empowering Women*

Ghana has committed to ensuring gender equality and women's empowerment by signing a number of international agreements (CEDAW 1981, 2004 Solemn Declaration), but implementation on the ground has been slow. Priority actions include providing the Ministry of Women and Children's Affairs (MOWAC) with adequate financial resources and good quality staff to carry out its mandate of working with other MDAs and local government to mainstream gender into their policies, programs, and budgets. Government as a whole needs to more strongly drive MDA capacity development interventions related to gender analysis and gender sensitive programming. Enforcement of pending legislation, such as the Domestic Violence Bill, will also require concerted efforts across a range of MDAs. Finally, MOWAC and civil society, working with the Ghana Statistical Service (GSS) and NDPC, need to develop their capacity to monitor and evaluate how well Ghana is doing in implementing its gender policies, domestic law, international agreements, and the APRM recommendations.

### *Managing for Results*

In line with the GPRS I Monitoring and Evaluation (M&E) plan, the government has produced an Annual Progress Report (APR) each year since 2003, to report on GPRS policy implementation and make policy recommendations to feed into the budget process. In addition to the APR, five Poverty and Social Impact Assessments (PSIAs) have been completed. There is increasing demand for timely and quality M&E from central Government, including Office of the President, Cabinet and Parliament. Dissemination of information has been limited historically, but this situation is changing, with the launch of GhanaInfo and operationalising the NDPC website. The GSS is in the process of setting up a Data Centre where electronic data on various surveys can be easily accessed.

The main challenges in this area relate to the need for capacity development at all levels. Some of the problems that persist relate to issues of staff retention and motivation, while others relate to defining clear institutional priorities (in work programmes) and coordinating donor support. Completing prioritized programmes of work has proven difficult, and domestic demand and support have been insufficient to press for necessary changes. As noted above, the dissemination culture is changing towards a more open regime, although there is still a need to widen access to information and strengthen social accountability, especially outside central circles in Accra. To address these challenges, it will be important for central and line institutions (eg, Office of the President, MOFEP, GSS, NDPC, and MDAs) to prepare action plans aimed at resolving M&E related constraints and for DPs to provide coordinated support for their implementation. District-level M&E capacity will also need attention.

## 4. Working Together

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Ghana faces a crucial opportunity to step-up its national development effort to achieve the MDGs and make progress towards middle-income status. But, as discussed in Chapter 3, there are major challenges along the way requiring concerted efforts across the Government and strengthened partnerships with private sector institutions and civil society organisations. This backdrop increases the importance of development partners working together effectively, both to support Government's efforts at increased coordination and to increase the overall impact of assistance on GPRS II goals. The G-JAS is a significant step forward in this direction.

### 4.1 Strategic Principles and Commitments

The G-JAS seeks to fully align partner activities with GPRS II and to formalise the GPS. As described in Section 1.1, the GPS Results Matrix provides the overall framework for how DPs support Ghana to achieve measurable outcomes in accordance with GPRS II. The GPS also includes a rolling Harmonization and Aid Effectiveness Plan (G-HAP) based on the Paris Declaration on Aid Effectiveness. G-JAS partners are fully committed to taking forward the G-HAP in partnership with Government and civil society.

To boost progress, G-JAS partners have identified a set of *strategic principles* and *commitments* drawn from the G-HAP, to drive their harmonization and aid effectiveness efforts forward during G-JAS implementation. The broad **strategic principles** that G-JAS partners will observe in their assistance programs are to:

- increase their use of common arrangements to plan, deliver and monitor their development assistance,
- work through pillar and sector working groups to share information and, as far as possible, plan policy dialogue, financial support, and technical assistance with each other, with the government, with civil society and private sector groups,
- aim to use country systems to manage and implement their assistance, and seek to strengthen these systems in a coordinated way, and
- focus on the achievement of results through nationally driven M&E frameworks and support evidence-based decision-making through strengthened national statistics and systems for M&E.

The **commitments** that G-JAS partners have made as part of the G-HAP are summarised in Figure 2 to facilitate ease of reference and to highlight those elements that G-JAS DPs can actively influence. G-JAS partners plan to set specific targets for these commitments early in the G-JAS cycle. Implementation and reporting against these commitments will take place as part of the G-HAP process, in the context of the CG/APM meeting each June.

### 4.2 Working Smarter

Development partners are already working together through a range of coordinated programmes and common arrangements. Progress is variable, in part because of the lack of fully developed strategies and results frameworks in a number of sectors, the absence of clearly prioritised annual work plans, and the absence of a clearly articulated aid policy in which the government sets out its preferences for working

**Figure 2: Harmonization and Aid Effectiveness Commitments**

Ghana Harmonization & Aid Effectiveness Plan	G-JAS Partner Commitments
<b>Program Based Frameworks</b>	
Program Based Approaches increase and transaction costs for Government institutions decline	<p>DPs commit to use program based approaches where sector strategies are in place</p> <p>Budget support donors commit to increase the level of assistance provided through budget support mechanisms, assuming that macro-stability is maintained and country system performance shows steady improvement.</p>
Coordinated frameworks for technical cooperation support national and sector capacity development requirements	<p>DPs commit to align technical cooperation on national and sector strategies</p> <p>DPs commit to support coordinated programmes for capacity development at national and local levels</p>
Joint country analytic work increases	<p>DPs commit to align country analytic work on national and sector policies and strategies</p> <p>DPs commit to increase the country analytic work carried out jointly</p>
<b>Transactions costs / harmonization</b>	
Aid flows aligned with national priorities	<p>DPs commit to reorient assistance programs, where possible, to improve alignment with emerging national priorities</p> <p>DPs commit to better coordinate among themselves and with Government through the adoption of common standards for sector groups and through delegated representation arrangements</p>
DPs increasingly use Ghana PFM systems for managing flows	DPs commit to use the Public Expenditure and Financial Assessment (PEFA) framework for medium-term monitoring of country financial management capacity
DPs increasingly use Ghana's public procurement system for purchases of goods & services using aid funds	DPs commit to use a standard tool for monitoring country procurement performance and capacity
Parallel implementation structures are reduced and national management arrangements increase	<p>DPs commit to phase out parallel implementation structures in accordance with sector strategies</p> <p>DPs commit to avoid creating new parallel implementation structures</p> <p>DPs commit to strengthen country systems and national capacity for program implementation wherever possible</p>
Tied aid practices decline	DPs commit to accelerate progress in reducing tied aid
Joint DP aid framework (multi-year)	<p>Budget support donors commit to align their disbursements with the budget year and to release funds in the first half of the financial year</p> <p>DPs commit to provide multi-year data on projected disbursements and timely information on actual disbursements, using a common format</p>
Joint missions increase and predictability of visits improves	<p>DPs commit to observe the national mission free period from Sept 15 – Nov 15</p> <p>DPs commit to coordinate mission planning at the sector group level and to share information on mission schedules using the multi-donor website</p>
<b>Partnership Framework</b>	
Independent Assessment Mechanism	DPs commit to develop jointly with Government and to participate in an Mutual Accountability Mechanism that involves civil society and the private sector
<b>Managing for Results</b>	
DPs use indicators derived from the GPRS/detailed sector strategies to monitor their assistance	<p>DPs commit to align the GPS Results Framework on national GPRS II results indicators and targets</p> <p>DPs commit to use the GPRS II Annual Progress Report and APRM Progress Report to monitor the GPS Results Framework</p>

with DPs at central, sector and local government levels. Through the G-JAS process, DPs will be looking to advance dialogue with the government on these issues.

### **Pillar and Sector Working Groups**

Government and DPs recognise that there is an urgent need to improve the cross-sector dialogue at the GPRS II pillar level. Many constraints at the sector level can only be overcome by concerted action in other sectors. Appropriate modalities are under discussion and will be clarified in the coming months.

At sector level, progress with coordinated working is most advanced in the context of Multi-Donor Budget Support (MDBS), private sector development, transport, health, education, HIV/AIDS, and decentralisation, with emerging good practice in financial sector reform, agriculture, water and sanitation, natural resources management, social protection, and monitoring and evaluation. This good practice involves inter alia: clear leadership of the sector working group by the government; aligning DP assistance with a sector strategy, and, where possible, including it in the national budget process; streamlining monitoring and reporting procedures around a common results framework; and pursuing joint policy dialogue and analytical work in partnership with government.

#### **Box 2: Sector Working in PSD and Water Sanitation**

In the **Private Sector Development** sector working group, the main focus for DP alignment is the Government's Private Sector Development Strategy and associated comprehensive work plan. Oversight of the work plan is provided by a joint Government-Private Sector Oversight Committee, and a Memorandum of Understanding (MOU) sets out how the government and DPs will engage to support delivery of the sector strategy and work plan. Currently 12 out of 20 DPs have signed the MOU and either joined a pooled fund arrangement or aligned their project support closely with the strategy and work plan. It is hoped that more DPs will sign the MOU with more support made available either in the pool or on-budget in the near term.

In **Water and Sanitation**, DP support is large relative to the Government budget, thus DPs are working closely with the government to strengthen the sector policy framework for both government and DP financed investments. DPs are funding a study of ongoing harmonisation and alignment efforts in the sector with a view to recommend steps to improve joint working and enhance the impact of assistance. Denmark and the Netherlands are using common arrangements for managing their funds for water and sanitation investments that are channelled through the Ministry of Local Government, Rural Development, and Environment.

To capture these good practices and improve upon them further, a discussion paper was shared with Government in June 2006 which proposed that the pillar and sector working group architecture be rationalized to improve coordination and create a stronger platform for engagement around GPRS II priorities. Under this proposal, some sector groups would be consolidated, and a mechanism for promoting policy dialogue within a pillar would be put in place to enable cross-sectoral synergies and impacts to be addressed. Sector groups would operate according to a common standard, with transparent criteria for the selection of Government and DP sector leads. Civil society and private representatives would participate in core sector group activities, such as the annual sector review. A joint Government-DP working group reviewed and improved upon the original proposals, and forwarded its recommendations in December 2006 for consideration at the Ministerial level. Adoption of the

improved protocols and dissemination to MDAs for implementation would represent an important step towards a clearer division of responsibilities and increased coordination at sector level.

### ***Harmonisation and Reduced Transactions Costs***

One area where parallel practices by DPs have caused some difficulty over the years has been the payment of allowances and per diems to Government staff. The ultimate preference of the DP community is to align project funding with the government policy framework. However this is not yet feasible as public sector reform has not yet dealt with this issue, and practices have emerged that distort government remuneration and travel policy frameworks. In June 2006, therefore, DPs decided to adopt a joint approach to allowances and local travel per diems as an interim standardisation mechanism, pending revision of the Government remuneration and travel policy framework. G-JAS DPs will adhere to the common practices and allowance rates defined in the joint letter to Government, and implementation will be monitored periodically.

To improve harmonised working and lower transaction costs, some development partners have begun to share technical/advisory resources or manage funds for one another (Box 3). There are also a number of joint analyses and joint capacity development activities. For example, in the area of Natural Resources and Environmental Management, a joint approach is emerging supported by a joint Country Environmental Analysis (CEA) funded by the World Bank, DFID, RNE, and AFD. The EC is also using the CEA in the preparation of its Environmental Profile. Analytic work in the transport sector is jointly planned and reviewed by DPs and the government, as are selected interventions in the water sector. DPs undertake joint external reviews of public financial management every 18 months, and are currently participating in a joint evaluation of the MDBS.

#### **Box 3: Silent Partnerships**

'Silent' or 'delegated' partnerships between DPs take on different forms in different settings. They can involve an agreement between two (or more) DPs to share technical/advisory resources in order to represent one another in policy dialogue (often called 'silent' partnership). They can also involve one DP managing the financial contribution to a programme or project of another partner (sometimes called delegated contribution). The value of such partnerships is two-fold. First, they reduce the number of DPs around the policy table and make technical coordination simpler, and second, they facilitate the promotion of common understandings and positions among DPs.

Currently DFID and the Netherlands share a sector advisor in health, and DFID and the EC share an advisor in transport. Proposals for additional silent partnerships exist between CIDA and DFID in the agricultural sector and between the EC, Netherlands and DFID in education. Currently DFID support to the water sector is being managed by Denmark and GDC/KfW, although DFID maintains a presence in policy dialogue in the sector.

Further efforts to reduce the transactions costs of aid management include the decision reached prior to the 2006 CG/APM to institute a national mission free period (MFP). The MFP (September 15 to November 15) coincides with the finalisation of the national budget (a crucial time for Government) and commits DPs to not launch missions that would engage government colleagues in programming discussions, policy dialogue, or analytical work. 2006 was the first year during which an MFP

operated, and this innovation was a critical step in ensuring that DP mission planning is fully aligned with the Government's budget cycle.

### ***Aid Delivery and Predictability***

The CG/APM meeting is an important process element in improving aid predictability as it is timed to precede the kick-off of the annual budget cycle and provide an updated picture of rolling resource flows for Government planning. The evolution of the CG/APM from a periodic pledging session to an annual forum for reviewing GPRS results, external resource flows, and mutual harmonisation commitments represents an important step forward in the partnership relationship in Ghana. The overview of actual and projected disbursements by GPRS II pillar, sector, and DP provides a simple but powerful tool to monitor priorities. Integrating government spending into this tool would enhance assessment and planning.

The government indicated in the 2005 CG/APM communiqué its preference for an increased use of budget support and sector wide approaches for assisting the GPRS. G-JAS partners will seek to respond to this preference. Progress will depend on whether a clear aid policy is in place; credible sector strategies have been developed; and country systems are steadily being strengthened.

Predictability in financing has already substantially improved through the MDBS, which is now in the position of making pre-budget funding commitments, and a number of coherent sector programmes are now operating. DPs are looking to further improve predictability, and the 4 year focus of the G-JAS is one way to achieve this. Further efforts to improve predictability also depend on improvements in Government prioritisation, medium term budgeting, value-for-money tests, and external resource management.

In terms of preferred aid modalities, all active budget support donors are included in the G-JAS process. In selected cases partners are already planning to provide as much as 70 percent of their support through general and sector budget support instruments. However, further progress in this regard crucially depends on government implementing improvements to the policy framework and strengthening country systems for public financial management amongst other things. G-JAS partners using programme and project funding instruments will also align these with sector strategies and programmes.

## 5. Our Joint Response

### 5.1 Indicative Trends

G-JAS Partners project financial flows for the 2007-2010 period of US\$ 5.3 billion, of which two thirds would be provided on a grant basis and one third on a concessional credit basis. Of the assistance flowing to the government sector, US\$ 1.4 billion is expected to be in the form of budget support and US\$ 3.9 billion to be provided for sectoral programs. It is expected that the breakdown of sector level assistance will be on the order of US\$ 2.3 billion for Pillar I, US\$ 1.2 billion for Pillar 2, and US\$ 368 million for Pillar 3. Direct support to civil society is projected at about \$58 million over the G-JAS period. It should be emphasized that many DPs are not able to make projections for the whole four year period and that these numbers are provided to give an indication of trends, subject to the qualification noted above.

**Table 4: Prospective G-JAS Financial Flows: 2007-2010**

Aid Instruments / GPRS II Pillars and Sectors	Total Projected Disbursement (US\$ mn)				
	2007	2008	2009	2010	2007 2010
<b>Total Projected Disbursements</b>	<b>1,292.7</b>	<b>1,382.9</b>	<b>1,434.7</b>	<b>1,255.0</b>	<b>5,365.3</b>
of which:					
Budget Support (MDBS)	293.6	354.6	378.1	361.2	1,387.5
Direct Support to Civil Society	16.8	16.1	12.9	11.9	57.7
Sector and Investment Support	982.3	1,012.2	1,043.7	881.9	3,920.1
of which:					
<b>Pillar 1: Private Sector Competitiveness</b>	<b>596.6</b>	<b>583.1</b>	<b>626.5</b>	<b>519.4</b>	<b>2,325.6</b>
Agriculture (incl. NRM)	200.6	244.5	235.2	190.2	870.5
Private and Financial Sector Devt	91.5	78.4	56.0	36.6	262.5
Energy	76.6	48.5	53.7	57.7	236.5
Transport	227.9	211.7	281.6	234.9	956.1
<b>Pillar 2: Human Development &amp; Basic Services</b>	<b>315.0</b>	<b>330.6</b>	<b>307.7</b>	<b>273.3</b>	<b>1,226.6</b>
Health (incl. HIV/AIDS)	115.3	116.4	92.2	89.4	413.3
Education	99.2	110.2	103.5	98.0	411.9
Water and Sanitation	100.5	104.0	112.0	85.9	402.4
<b>Pillar 3: Good Governance &amp; Civic Responsibility</b>	<b>70.7</b>	<b>98.5</b>	<b>109.5</b>	<b>89.2</b>	<b>367.9</b>
Public Financial Management	5.4	7.4	6.0	5.5	24.3
Public Sector Reform	7.9	8.6	6.7	4.7	27.9
Decentralization	29.5	45.8	63.2	60.7	199.2
Other Governance (incl. M&E)	27.9	36.7	33.6	18.3	116.5

### 5.2 Focusing our assistance

The G-JAS Partners will support priority action areas identified in the GPRS II and in the APRM through sector and cross-sector programmes and projects. This section describes where G-JAS partners expect to focus their assistance during 2007-10, with a commitment to programme new assistance within this common framework. Detailed information on G-JAS partner mapping at the sector level and expected evolution over time is presented in Annexes 2 and 3, respectively.

## **Pillar 1: Private Sector Competitiveness (US\$ 2.3 billion)**

G-JAS partners will provide ongoing support for implementation of the trade sector program and the private sector development (PSD) strategy to improve Ghana's access to regional and global markets and improve the business and investment climate for private sector investors. Specific areas include improved service quality and timely delivery of PSD-related public services with a particular focus on micro-, small, and medium enterprises; an improved legal and regulatory framework for business and investment; trade facilitation; a more diversified and accessible financial sector through implementation of the financial sector strategic plan; and expansion of high quality, low cost ICT services through improvements in the enabling environment. Sector-wide approaches (SWAs) for PSD and financial sector development (FSD) are in place and will provide the framework for coordinating external assistance in these areas.

To promote the productivity and diversification of agriculture and rural non-farm growth, G-JAS partners will support the development of a SWAp framework focusing on enhancing the productivity of crops, livestock and aquaculture and land resources, improving food security and expanding vital infrastructure including irrigation and supply chain development. To promote rural development more generally, partners are supporting sector reforms and investments in rural roads and energy and measures to promote micro-finance institutions and the tourism sector. Analytical work relating to land tenure, biosafety regulations, capacity development of micro-finance institutions and improving access to finance for micro-, small, and medium enterprises will help guide work in this area.

To sustain growth and poverty reduction, G-JAS partners will pursue opportunities to provide harmonized support to natural resources and environmental governance in line with emerging government priorities for fisheries, forestry and wildlife, mining and overall environmental protection. G-JAS support will focus on regulatory institutions, related artisanal activities, engagement with non-State actors, strengthening the oversight capacity of non-executive bodies, public financial management, and linking with global initiatives to which Ghana is committed on extractive industries, forest governance and trade, and illegal fishing. Support to measures towards minimising the impact of climate variability and change will also be initiated.

As a vital input to higher and more widely shared growth, G-JAS partners will prioritise their support according to an integrated transport strategy and Transport Sector Development Programme with an emphasis on: enhanced maintenance; increased access to market through improvement in rural feeder roads; improved circulation and transit times in urban centers; improved transport links critical to West Africa regional trade; and increased use of private financing across the sector. The sector group is reviewing how to enhance the sectoral programmatic framework applying to both domestic and external funding.

In energy, the priority for G-JAS partners is to continue supporting implementation of power sector reforms to improve the sector's financial viability, and to expand the supply of energy services while protecting the poor. In addition, G-JAS partners will support the West Africa Power Pool and West African Gas Pipeline Projects, scaling-up access to clean, modern energy for households and public facilities, expansion of generation, and improving operation of the power system. Analytical work will provide needed analysis and an outline of an energy regulatory framework. The transition to clean fuel sources for household energy use is expected to contribute to reduced respiratory infections and improved health status among the population in general, and children in particular.

## **Pillar 2: Human Resource Development (US\$ 1.2 billion)**

The GPRS II emphasises the centrality of Human Resource Development to the achievement of faster and shared economic growth. G-JAS partners will support the government's efforts to enhance the role of the education, health, and water/sanitation sectors in raising the productive capacity of the population, enabling them to work more effectively in the productive sectors of the economy.

In support of improved educational outcomes and accelerated achievement of the MDGs, the G-JAS partners will focus on increasing access, completion and quality in basic education, particularly the six-year cycle of primary schooling, and specific measures, such as incentive schemes, to increase girls' enrolment, retention and completion, particularly in secondary education. G-JAS partners will work with the Ministries of Education and Finance to improve efficiency and equity in education financing at all levels, particularly in pursuit of a more sustainable and equitable system of funding for tertiary education. Partners are working with government to develop a SWAp within which support will be provided.

In health, G-JAS support will focus on increasing access to basic health and nutrition services for the poor; strengthening reproductive health care and linking it with HIV/AIDS control; and establishing sustainable financing arrangements with protection of the poor. The desired result is to improve neonatal, infant, and maternal mortality trends. Greater efficiency and higher health worker productivity will be promoted through a better mix of skills, equipment, transport, communication, and commodities. Delivery of a high impact yielding services package will be supported through the steady expansion in underserved areas of the network of health centres and district hospitals, gradually extended by community based health planning services compounds. Evidence based learning and planning will be enabled by a comprehensive Health Management Information System, supplemented by policy related research. Regulation of the health and nutrition sector will be a relatively small but important aspect of G-JAS support. G-JAS partners will give priority to strengthening the SWAp arrangement and its effective linkage to the MDDBS framework, with particular attention to the governance agenda, including decentralisation and public financial management.

To reduce the impact of HIV/AIDS, G-JAS partners will continue to support enhanced management of the HIV/AIDS response, increased targeting of prevention intervention, and scaling up of the provision of antiretroviral combination therapy for people with advanced HIV. Partner support is currently channeled through common arrangements in support of the Government's Universal Response programme, coordinated by the Ghana Aids Commission. In an environment of increasing budget support, opportunities for pooled funding and for integrating HIV/AIDS control measures into government/sector ministries' work programs will be pursued (relevant elements of universal access).

On water and sanitation, G-JAS partners will support the implementation of the National Water Policy and the Strategic Investment Plan for Rural Water, with plans to develop a SWAp. In line with the decentralisation process and in parallel to the reinforcement of district capacities, their interventions will be directed to and implemented by District Assemblies. In addition G-JAS partners will support the updating and implementation of the Strategic Investment Plan for Urban Water and the National Sanitation Policy. To enhance sustainable management of water resources, partners will seek the development of a National Integrated Water Resources Management plan.

G-JAS partners will support implementation of the National Social Protection Strategy by providing co-ordinated support for capacity development of the Ministry of Manpower and for the design and implementation of new programmes, and financial assistance in scaling these up nationally. G-JAS partners will work with the government to refine poverty targeting of protection programmes.

### **Pillar 3: Good Governance and Civic Responsibility (US\$ 368 million)**

To further strengthen democratic practice and public accountability G-JAS partners will provide support to oversight, human rights, and justice institutions.

G-JAS partners will support decentralisation reforms through the National Decentralization Action Plan. On the basis of a comprehensive decentralization policy and implementation strategy, G-JAS partners will seek to develop a coherent and coordinated support modality. Partners aim to move towards harmonized support for capacity development of local governments and the delivery of local public services, and towards harmonized arrangements for district development funding. To address urbanization challenges, support would focus on developing well-functioning infrastructure networks, transparent regulatory environments, and sound municipal governance/finance systems (particularly for those districts that are classified as municipalities or metropolitan areas). It is the understanding of the G-JAS partners that support to sector or cross-cutting programs at district level will be fully aligned with the objectives and implementation arrangements of the decentralization agenda.

Support for the government's Public Sector Reform Strategy will continue via multiple initiatives including economic management capacity development, support for pensions reform, and use of e-government applications to improve service delivery and increased productivity in the public service. Some DPs are participating in a pooled mechanism for a SWAp, and the intent is to expand G-JAS partner participation within this framework over the G-JAS period. G-JAS partners will encourage transparency and citizen participation in the Public Sector Reform process.

Improved interaction between Parliament, traditional authorities, and civil society groups will be supported through coordinated DP initiatives, although mechanisms are yet to be defined. Traditional authorities will be supported to assume a constructive role in national development and the modern nation-state, in particular in local land and judicial administration as well as in extra-judicial dispute settlement in conformity to the requirements of rule-of-law and national policies. Access to resources, justice and good local administration for women and vulnerable groups will be supported as a matter of paramount importance. G-JAS partners will also support initiatives that aim to increase transparency and reduce opportunities for corruption, by strengthening the oversight capacity of non-executive institutions and civil society organizations.

Improvements to budget formulation and execution processes and public financial management reform will continue through MDDBS support and individual DP projects in public procurement, revenue mobilization, and debt management. Upcoming ERP/EFM exercises will focus on issues Government considers critical to improving value for money and accountability in the use of public resources, using the PEFA PFM Performance Measurement Framework and the World Bank-OECD/DAC good practices on strengthening procurement capacities.

G-JAS partners will support the establishment of a robust national M&E system that generates regular reports on GPRS II implementation results and information for use

in evidence-based decision-making. In this context, DPs will work with GoG to enhance GSS and MDA capacity to produce reliable statistics and meaningful analysis in a timely manner. Partners will also encourage the government to engage civil society in its M&E efforts. Specifically, G-JAS partner support will be focused on the NDPC, GSS, the Office of the President, and MoFEP, working within the framework of a coordinated technical cooperation programme and prioritised institution-specific action plans. M&E capacity-development at the MDA and district level will also be supported within a harmonised framework.

To promote gender equality and empower women, and reach MDG 3 targets, G-JAS partners will support government and civil society to integrate gender equity issues and considerations into key national development documents; strengthen MOWAC in its role as policy co-ordinator on gender as well as in its horizontal relationship with MDAs; and advocate for a greater allocation of resources in the national budgeting process for women's empowerment. At the sector level, G-JAS partners will integrate gender concerns in policy dialogue and operational support programmes wherever appropriate and feasible.

### 5.3 Joint Programming Principles

To accelerate movement to joint programming during the G-JAS period, partners have decided to apply some key principles to guide programming choices in the short to medium term. These programming principles, which are listed below, are fully compatible with the strategic principles listed in Figure 2. Specifically, G-JAS partners will work within the framework of pillar and sector groups to:

- define priorities for new assistance and modalities for coordination.
- develop full SWAps and programme-based aid (PBA) frameworks where they do not yet exist.
- enhance coordination and complementarity between different aid modalities so as to maximize their combined effectiveness.
- develop and deliver coordinated technical assistance programs; untying and pooling of TA will be explored wherever desirable for achieving development results.
- consider restructuring on-going programs to enable greater alignment and more harmonized aid delivery when new PBA frameworks come into effect.
- increase predictability by making multi-year commitments wherever feasible, and sharing projected information on financial flows and strategic planning options with the government and DPs at least every six months.
- explore opportunities for increasing the use of delegated financing arrangements to reduce implementing agency transaction costs.

## 6. Results Framework and Risk Assessment

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### 6.1 G-JAS Monitoring and Review

Meeting GPRS II goals and targets requires a strong focus on results by Government and G-JAS partners, while monitoring and evaluation is essential in promoting accountability.

The G-JAS will be monitored in two ways. First, the assistance programme will be monitored through the GPS Results Framework which maps DP assistance to GPRS II and APRM priority actions. Second, the commitment to joint working will be monitored as part of country-level monitoring of the Paris Declaration commitments through the G-HAP.

The G-JAS will draw on existing structures and sources as far as possible. Data sources will include the APR of the GPRS II, the APRM Progress Review, the annual MDBS assessment, G-HAP progress reports, Paris Declaration surveys, and, eventually, an independent mutual accountability review.

*Development results.* Until the national monitoring framework for GPRS II is finalised, G-JAS DPs will use the current version of the GPS results matrix for monitoring G-JAS contributions. The matrix shows (i) GPRS outcomes, (ii) intermediate sector level indicators, (iii) Government strategies and actions, and (iv) specific interventions of development partners designed to contribute to the achievement of GPRS outcomes.

Once Government's GPRS II monitoring framework is finalised (expected by March 2007), the GPS results matrix will be updated to incorporate those GPRS II indicators and national targets which correspond to areas of G-JAS support. This will enable G-JAS partners to rely on annual country assessments of GPRS II results to judge the development effectiveness of the G-JAS, and avoid setting up a parallel monitoring or reporting system.

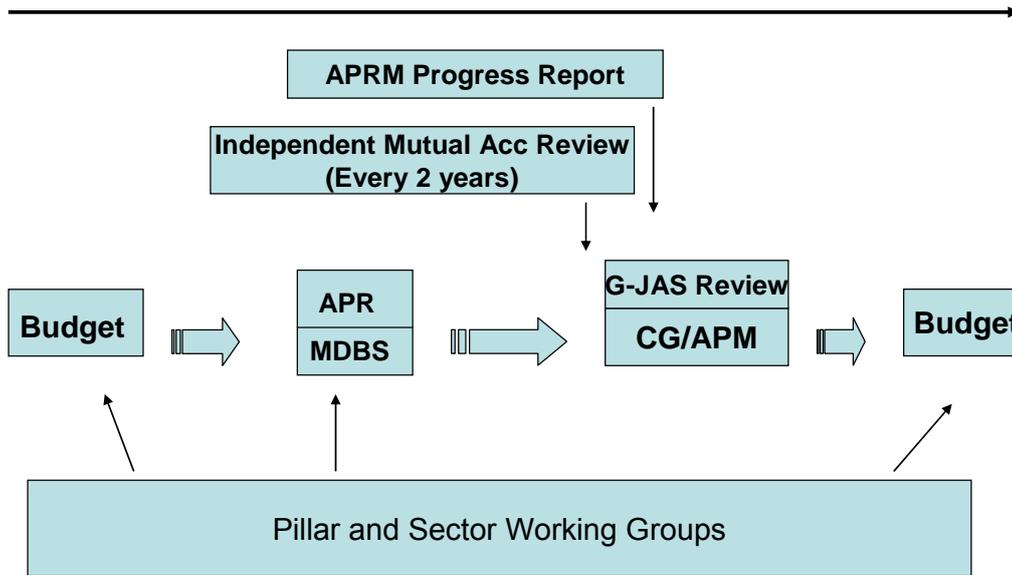
*Partnership results.* In addition to the annual monitoring of the development effectiveness of G-JAS support described above, there will also be annual monitoring of the G-JAS partnership through regular G-HAP progress reports. To complement these self-assessments, there will be a mid-term review of the G-JAS in 2008, and a full evaluation of G-JAS commitments at completion (2010), carried out by an independent team of evaluators.

*Timing.* To maximise the benefits of the joint assistance strategy, monitoring and review will be fully aligned with the GPRS II review cycle and government budget calendar (Figure 3). The findings of the annual G-JAS review will be discussed each June during the CG/APM meeting.

### 6.2 Mutual Accountability Framework

The government and DPs have committed to put in place an independent mechanism for assessing the aid partnership as a critical input to improved mutual accountability for development results. The purpose of an independent assessment mechanism is to generate an objective status report on the quality of the partnership, including recommendations for how it can be improved for the achievement of results.

G-JAS partners will engage government, civil society, and private sector partners in identifying and evaluating options for the establishment of an independent mechanism. The aim will be to ensure engagement of as many key stakeholders to the aid relationship as

**Figure 3: The Partnership and Review Cycle**

possible (e.g. Parliamentarians, CSOs, think tanks, business associations). Partners wish to jointly define with government a timetable for developing such a mechanism that is compatible with the first such report being available in time for the June 2008 CG/APM and the High Level Forum on Aid Effectiveness which will be hosted by Ghana in September 2008.

### 6.3 Risk Assessment and Mitigation

There is a range of risks to the development process in Ghana that relate to certain development challenges not being properly addressed; these risks are not dealt with here, but are outlined in Chapter 3. The scope of the risks discussed in this section are limited to **those risks that could adversely affect the aid partnership** and hence, the implementation of the G-JAS.

A major potential risk is the possibility that the **Government of Ghana does not provide adequate leadership on aid policy issues**, which could undermine overall aid effectiveness as well as the process of developing an independent monitoring mechanism for the aid relationship between the government and DPs. This could affect the credibility of the aid partnership and be an obstacle for scaling up aid volumes in Ghana. G-JAS partners commit to do all that is possible on their side to assist the government to develop an aid management policy that enables strong government leadership. A risk on the DP side is that **frequent turnover of DP personnel** could lead to loss of institutional memory about G-JAS commitments as new staff come on board. DPs undertake to institutionalise G-JAS within their country programme management and orient new staff to take on board G-JAS processes and outputs.

**Lack of progress in improving country systems** (financial management, procurement, monitoring and evaluation) could undermine G-JAS partners' willingness to increase programme-based approaches and budget support modalities. The MDBS dialogue provides an overall umbrella for defining milestones and a joint monitoring progress, and G-JAS partners will provide coordinated support for improving public financial management, procurement and monitoring capacity.

**Major slippage in implementing GPRS II and APRM recommendations** could undermine confidence and reduce the ability of Ghana to maintain current aid levels and attract new external funding. G-JAS partners will work with the government on aligning assistance to GPRS II priorities to reduce the likelihood of such slippages. In addition, to increase the likelihood that delays are caught early, G-JAS partners will work closely with the government to improve the overall architecture of the aid dialogue through the creation of GPRS II pillar structures and the strengthening of sector working groups, to complement the existing MDDBS working group. The institution of regular outcome reviews at CG/APM annual meetings will provide an additional forum for discussing development results.

**Changes in the global aid policies of DPs** determined at head-quarter level could conflict with aid effectiveness practices observed at the country level. This could lead to difficulties in maintaining the G-JAS consensus around harmonisation issues. G-JAS partners undertake to brief capitals on harmonisation progress in Ghana, inconsistencies in organisational global policies and, where adverse changes in global policy occurs, to keep in-country partners apprised of the possible consequences of these changes.

Increasing levels of support from **new and emerging donors** that are not aligned to the G-JAS harmonisation consensus in Ghana could undermine aid effectiveness and have adverse effects on government capacity to manage aid. G-JAS partners will encourage new and emerging donors to participate in existing DP-government dialogue mechanisms and will maintain an open door policy for DP coordination mechanisms.

Experience from other countries suggests that **political instability or deteriorating governance indicators** could result in a breakdown in the DP consensus on how to engage with the government. This risk is considered low given the current positive trends in political governance in Ghana, and can be mitigated by further strengthening the policy dialogue structures mentioned above.

Similarly, **poor macroeconomic management or undue recourse to non-concessional capital markets** could result in an unravelling of the DP consensus as well as fewer commitments of new external resources to Ghana. G-JAS partners will maintain a high level policy dialogue on budget issues as part of the MDDBS framework and at sector level as well. With respect to non-concessional borrowing, G-JAS partners commit to assist the government with advisory services so that market access, when it occurs, is strategic and sustainable. The range of support anticipated includes detailed assessments of Ghana's investment needs based on multiple expenditure and growth scenarios; identification and assessment of Ghana's medium- and long-term financing options; and capacity development related to assessing the viability of investment proposals considered for external non-concessional borrowing.

## 7. Next Steps

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### 7.1 The Way Forward

While concerted efforts to improve joint working and programming are underway, there is still some distance to go before partner programmes are fully coordinated with one another and aligned with sector programmes and priorities. Progress on outcomes and results will also depend on the government moving forward with its own reform programme and engaging actively with DPs on the harmonisation and alignment agenda.

As the G-JAS is a milestone in an on-going process rather than the end of a journey, the G-JAS partners commit themselves to a series of next steps to further deepen joint working and programming as part of G-JAS implementation:

- G-JAS partners involved in the MDBS process are committed to strengthening the multi-year performance framework (PAF), seeking both greater alignment with GPRS II targets and greater reliance on outcome indicators. Consultations between DPs and government on the next iteration of the MDBS PAF (2007-09) have a target completion date of end-February 2007.
- G-JAS partners commit to operationalise jointly with government the recommendations on pillar coordination and sector working groups developed by the joint government-DP working group. The goal is to have pillar and sector groups operating under the new guidelines by end March 2007.
- G-JAS partners are committed to aligning the GPS results matrix on the final GPRS II indicators and targets, so that full alignment is achieved. Once G-JAS partners receive the final national indicator set (expected by end March 2007), the next steps will involve working through the sector groups and sector leads to select which indicators and targets are most relevant to DP assistance programs and then revising the GPS results matrix. This process should be completed by end April 2007.
- G-JAS partners plan to translate the partnership commitments contained in the G-JAS into concrete targets for 2010. The next steps in this process will be to review the country-specific targets generated by the 2006 Paris Declaration baseline survey to assess whether these should become the G-JAS targets or if there are additional actions or higher achievement levels that the group wish to consider. The goal is to have a proposal ready for endorsement by the June 2007 CG/APM meeting.
- G-JAS partners and government committed ourselves at the June 2006 CG/APM to develop a framework for independent monitoring of the aid partnership in Ghana. The next steps involve forming a joint group to define what should be monitored, how frequently, who should do the monitoring, and how civil society and the private sector should be involved. The working group will be formed in early 2007, with the goal of submitting a draft proposal for endorsement to the June 2007 CG/APM meeting.
- 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. The target date for initial discussion of recommendations on this theme would be at the June 2007 CG/APM meeting.

# 8. G-JAS Signatories

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CIDA Canada



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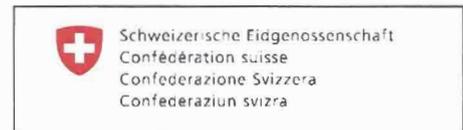
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UN Resident Coordinator

*[Signature]*



Mats Karlsson  
Country Director  
World Bank

*Mats Karlsson*



## **Annex 1: Summary of Ghana GPRS II Pillars**

### **1. Private Sector Competitiveness**

**Objective:** To address in a systematic manner the constraints to private sector competitiveness in agriculture (in the medium term) through the following priority interventions:

- Improve Ghana's access to global and regional markets
- Enhance the efficiency of local markets by ensuring a strong private sector perspective on macroeconomic policies, financial sector reform, and public sector reform (including pro-business "customer charters" and regulatory impact assessments)
- Improve access to justice for businesses, (i.e. contract and enforcement/debt recovery)

The plan includes strategies for: (a) modernised agriculture, (b) trade and industry, (c) support sectors (transport, energy and science and technology), (d) the development of sectors with potential, i.e. information and communication technologies, mining, tourism and the music and film industry) and (e) establish an employment creation, monitoring and evaluation system

### **2. Human Resource Development**

**Objective:** To ensure the development of a knowledgeable, well trained and disciplined labour force with capacity to drive and sustain private sector-led growth.

The plan includes policies on:

- (a) formal education (obligatory school attendance for 11 years rather than 6 years), training and skills development (including entrepreneurship) and sports;
- (b) improved access to health care, malaria control and prevention of HIV/AIDS;
- (c) population management;
- (d) investments in safe water and environmental sanitation;
- (e) urban development, housing and slum upgrading/ urban regeneration, and
- (f) protection of the rights of vulnerable members of society.

### **3. Governance and Civic Responsibility**

**Objectives:** To empower State and non-State entities to participate in the development process and to collaborate in promoting peace and stability. To foster effective, responsible and accountable state machinery with capacity to engage the private sector and civil society. To consolidate and expand democratic practices and to implement the recommendations of the African Peer Review Mechanism.

The plan includes strategies to:

**(a) Political Governance:** (a) review power relationships of the executive and the legislative branches, (b) enhance decentralisation, (c) protect rights and enhance the administration of justice, (d) enhance public safety and security, (e) implement civil service reform (with focus on citizens participation and transparency and accountability), (f) fight corruption, (f) empower women (reform outdated customs, mainstream gender in policy formulation and budgeting, develop gender disaggregated statistics) and (g) ensure better communication of the development plan and promote civic responsibility.

**(b) Economic Governance:** (a) improve public expenditure management, (b) improve fiscal resource mobilisation and monetary policy management, and (c) provide a trade-enabling environment (in order to reduce administrative trade bottlenecks, minimize dumping, diversify and increase export base, promote new areas of competitive advantage, take advantage of preferential access to markets and engage in multilateral negotiations)

**(c) Corporate Governance & Promotion of evidence-based decision making**

## Annex 2: DP Harmonisation and Selectivity in support of GPRS II

GPRS II Pillar/Objective	Ongoing Financing 2006	Planned Financing 2007-2010	Country Analytic/ Advisory Work	More harmonized working	Greater selectivity
<b>Pillar 1: Private Sector Competitiveness</b>			WB CEM	MDBS/PRSC policy dialogue Sector leads to convene quarterly meetings to discuss trends & performance at Pillar level.	
<b>Obj 1: Enhance the competitiveness of the private sector</b>	<i>PSD Strategy</i> (i) Pooled Fund (ii) Aligned Donors  USAID, WB, Germany, IFC, Denmark, UNDP, AfDB, Switzerland, Italy, France, DFID, EC, CIDA, FAO, NDF, IFAD, Japan RNE	EC (sector budget support), US/MCC, WB, IFC/Switzerland, UNDP, IFAD, Germany, AfDB, France, Japan, RNE, Denmark, Italy	USAID, Japan, Denmark, WB, UNDP, AfDB	More DPs to sign MOU by 2007  More DPs to roll-up funding into pooled fund.  All DPs in PSD to align with comprehensive work plan based on PSD strategy.	Plan to increase the share of pooled funds/sector budget support to reduce the number of separate financing streams.
<b>Obj 2: Modernization of Agriculture</b>	Pooled on-budget support - CIDA/DFID, IFAD, WB, Germany, AFD, Japan, EC, USAID, AfDB	IFAD, MCC, WB, CIDA, Germany, AFD, USAID, Spain, AfDB	IFAD/OECD (SAAP), CIDA, Japan	The government roadmap for SWAp supported by DPs  MOU relating to SWAp to be signed by DPs 2008  Plan to increase share of pooled/sector budget support in line with SWAp roll out	Proposal for silent partnerships being discussed between EC and AFD; CIDA and DFID.
<b>Obj 3: Tourism Development</b>	EC, France, Japan	Japan			
<b>Obj 4: Sustainable Natural Resource Development</b>	WB, GEF, EC, UNDP/GEF, AFD, CIDA, DFID, Germany, RNE, IFAD, Japan	WB, AFD, RNE, EC, France, UNDP, IFAD, CIDA, Japan, USAID, Germany	WB, AFD, RNE, EC, UNDP, DFID	Country Environmental Assessment (CEA) providing a common basis for sector policy dialogue and DP engagement.  Plan for a joint DP Environmental Governance Programme with possible pooled/SBS in support.  Joint institutional analysis to guide EPA capacity development.	CIDA and WB have a delegated financing arrangement, with WB managing CIDA funds related to land administration.

GPRS II Pillar/Objective	Ongoing Financing 2006	Planned Financing 2007-2010	Country Analytic/ Advisory Work	More harmonized working	Greater selectivity
<b>Obj 5: Infrastructure Support Services</b>					
<b>Transport</b>	Road Sector Programme – WB, AfDB, EC, Germany, IFAD, BAEDA, OPEC Fund, Saudi Fund, Denmark, Italy, DFID, AFD	Transport Sector programme – EC, WB, AfDB, Germany, Denmark Separate projects – MCC, Spain	EC, WB, AfDB	Active Road Sector working group with common PoW & sector performance benchmarks for the government & DPs.  Proposal to develop Transport Sector Development Programme (TSDP) to support integrated transport strategy.  Annual sector summit shifted to April to align with The government budget cycle	DFID and EC have agreed on a silent partnership in the transport sector, sharing EC's infrastructure advisor.
<b>Energy</b>	WB, Switzerland, AFD, USAID, EIB, Japan	WB, Switzerland, AFD, GTZ, Japan, Spain, AfDB	WB/AfDB <i>Energy Analysis;</i> USAID <i>Gas Regulatory Framework,</i> Japan <i>Distribution System M/P</i>	DPs working to ensure non-duplication and increase complementarity across DP efforts in the power sector.  Participating DPs defined measures for supporting ECG performance improvements.	
<b>ICT</b>	UNDP, WB	WB, UNDP	WB, UNDP	Harmonized approach to elaboration of standards for ICT training, investments, and employment creation	
<b>Pillar 2: Human Development and Basic Services</b>					
<b>Obj 1: Education</b>	Coordinated DP support through (i) specific projects - AfDB, BAEDA, France, Spain, Germany, IFC, Japan, WFP, UNESCO, UNICEF, USAID (ii) sector programmes - DfID, EC, WB, EFA/FTI	(i) USAID, Japan, MCA, AfDB, UNICEF, France, UNESCO  (ii) WB, DFID, RNE (silent with DfID), EFA/FTI,	WB, DFID, Japan, WFP, UNICEF, UNESCO  Joint GoG/DP PETS planned for 2007	DPs providing coordinated support to Education Sector Strategy through active SWG  DPs supporting sector programmes using government systems for channelling funds	EC & RNE to delegate advisory role to DFID.  EC to move funds to MDDBS.  DFID to manage RNE funds to the sector.

GPRS II Pillar/Objective	Ongoing Financing 2006	Planned Financing 2007- 2010	Country Analytic/ Advisory Work	More harmonized working	Greater selectivity
<b>Obj 2: Skills and Manpower Development</b>	WB, Japan	WB, Japan	WB		
<b>Obj 3: Health</b>	(i) specific projects - AfDB, Japan, UNICEF, WHO, USAID, Spain, Denmark, RNE, DFID, UNFPA, Global Fund  (ii) sector programme/ pooled fund - Denmark, DFID, RNE, WB	(i) AfDB, Japan, UNICEF, WHO, USAID, Spain, Denmark, RNE, DFID, UNFPA, Global Fund  (ii) Denmark, RNE, DFID		Health Sector Programme has provided focus for coordinated & pooled DP assistance for nearly 10 years. Common Programme of Work, common management arrangements and performance benchmarks.  Some DP support now moving upstream to MDDBS, others to earmarked funding but still within the sector programme framework. Status of future pooled funding currently unclear.  Joint field visits being carried out between DPs and MoH to assess performance lags in the sector.	WB and EC to shift funds to MDDBS (2007)  DFID to shift to SBS (2007)
<b>Obj 4: Malaria Control</b>	AfDB, Japan, UNICEF, WHO, USAID, Spain, RNE, DfID, UNFPA, DENMARK, UNFPA, Global Fund, WB	WB			
<b>Obj 5: Vulnerability &amp; Social Exclusion</b>	DFID, UNICEF, AfDB	DFID, UNICEF	DFID, UNICEF, UNDP (Human Development Report)	DFID, UNICEF providing pooled support to development of the government's Social Protection Strategy.  Sector group now functioning under government leadership, and dialogue is underway to identify joint funding opportunities under the new social protection strategy	Currently a limited number of actors in this sector.
<b>Obj 6: HIV/AIDS</b>	(i) Pooled Funds: DfID, WB  (ii) Project-Specific Funds: AfDB, Japan, Denmark, UNICEF, WHO, UNDP	(i) Pooled Funds: DfID, WB  (ii) Project-Specific Funds: AfDB, Japan, Denmark, UNICEF, WHO, UNDP	DHS 2008 (USAID)  Annual Surveillance (Global Fund)  Behavioural Surveillance (USAID)	DPs working with the GAC, CSOs and PS to support the 'three ones' principles – one strategy, one coordinating body, one M&E framework.  HIV/AIDS Partnership Forum supports the National HIV/AIDS Strategic Framework 2006-2010, the national work plan and national M&E framework.	

GPRS II Pillar/Objective	Ongoing Financing 2006	Planned Financing 2007- 2010	Country Analytic/ Advisory Work	More harmonized working	Greater selectivity
<b>Obj 6: HIV/AIDS (cont.)</b>	USAID, CIDA, RNE, EC, UNFPA, UNAIDS, Global Fund	USAID, CIDA, RNE, EC, UNFPA, UNAIDS, Global Fund	Multi-Indicator Cluster Survey (UNICEF/ USAID)		
<b>Obj 7: Water &amp; Environmental Sanitation</b>	Denmark, World Bank, EC, CIDA, AFD, AfDB, Dfid, RNE, USAID, Germany, UNICEF	Denmark, World Bank, EC, CIDA, AFD, AfDB, RNE, UNICEF, USAID, Spain, Germany	AFD CIDA	Well functioning SWG  DP willingness to move to a sector approach, dependent on ratification of National Water Policy and definition of common implementation arrangements.  Study of harmonisation and alignment in sector co-funded by AFD/CIDA for SWG	DFID funds being managed by Denmark and KfW  Denmark and Netherlands use common arrangements for water and sanitation investment funding through MLGRDE
<b>Obj 8: Urban development, housing &amp; slum upgrading</b>	WB, AFD, Nordic Development Fund	MIGA, IFC, AFD, UN-HABITAT, AfDB	WB, AFD, UN- HABITAT		
<b>Pillar 3: Good Governance &amp; Civic Responsibility</b>				MDBS/PRSC policy dialogue Some pillar level activity, but largely ad hoc.	
<b>Obj 1: Strengthening practice of democracy &amp; rule of law</b>	UNDP lead on election support; Denmark lead on justice sector; CIDA/USAID lead on support to Parliament; UNDP/DFID lead on civil society/ accountability; Germany lead on anti-corruption.	EC, CIDA, Spain, Denmark, UNDP, possibly Germany	EC/AfDB Country Governance Profile	Beginnings of a harmonised approach to support Parliament. As a start DPs have agreed to limit the number of ways in which support is given to the sector.	
<b>Obj 2: Enhancing decentralisation</b>	CIDA, Denmark, EC, Germany, UNDP, USAID, WB, AFD, IFAD, France, AfDB	EC, CIDA, WB, Switzerland, Germany, France, AFD, USAID, UNDP, Denmark, AfDB	Denmark Joint Decentralisa- tion Sector Review  WB	Multi-donor financing mechanism to support district level activities and TA capacity development under discussion  USAID is leading sub-sector group on civic participation in local governance to harmonize and coordinate activities.  EC support to be rolled up into SBS depending on DDF outcome.	

GPRS II Pillar/Objective	Ongoing Financing 2006	Planned Financing 2007- 2010	Country Analytic/ Advisory Work	More harmonized working	Greater selectivity
<b>Obj 3: Managing public policy/ public sector reform</b>	Pooled fund: WB & DFID. Aligned DPs: France, Japan.	Pooled fund: WB & DFID. Aligned DPs: France, Japan, CIDA, UNDP; RNE under discussion		The government comprehensive work plan for PSR and a detailed Phase One implementation plan now exist as basis for DP support. Some DPs already providing pooled support. Framework MOU exists for all DPs to sign.	WB to manage funds for DFID
<b>Obj 4: Women's empowerment</b>	UNDP, DFID, CIDA, EC, UNFPA, AfDB, UNIFEM, FAO, WFP, Denmark, WB, IFAD	IFC, AfDB, UNDP, CIDA, IFAD	CIDA	Strategic Plan for MoWAC exists, not yet costed. DPs seeking to coordinate dialogue with MoWAC through SWG to be led jointly by DP and MoWAC. Relatively limited DP flows to this sector. Joint mapping exercise, joint analysis of GPRS undertaken by DPs.	
<b>Obj 5: Enhancing development communication</b>	UNDP, WB	Spain			
<b>Obj 6: Economic governance</b>	WB, DFID, EC, Denmark, AfDB, USAID, IFC, Germany, Switzerland	EC, CIDA, WB, DfID, Denmark, Germany, AfDB	UNDP, IMF, IFC, WB, DFID, AfDB, Denmark, CIDA Advisor, Japan	MDBS matrix and dialogue mechanism provides for close joint working on PFM issues. External review of PFM (now part of PEFA) provides shared analytical foundation for DP-government dialogue. DP direct support to PFM to be structured around MOFEP's PFM Action Plan	WB/DFID pooled fund for Financial Sector Program; WB to manage funds for DFID
<b>Obj 7: Promoting evidence based decision making</b>	DFID, WB, UNICEF, EC, UNFPA, IMF, CIDA, IFAD	DFID, WB, CIDA, UNICEF, UNFPA, UNDP, IFAD, EC	IMF, DFID, IFAD, UNICEF, UNFPA, WB, USAID/IFPRI	Proposed Evidence Based Policy Making Programme (EBPM) seeks to ensure a coordinated approach to DP support under a prioritised government programme of work. Proposal for an MOU to structure DP support and government engagement once EBPM approved. Coordinating mechanism/ oversight committee to be supported under EBPM. Common approach to supporting statistical service planned. Upon completion of PoW for MoFEP and NDPC, coordinated DP support is expected.	

## Annex 3: Development Partner Mapping during the G-JAS period 2007-2010

	Canada	Denmark	EC	France	Germany	Italy	Japan	Nether-lands	Spain	Switzer-land	UK	USA	AfDB	IFAD	UN	WB
<b>Pillar 1</b>																
PSD/Trade			SBS		α						Pooled fund					Pooled fund, ©
Agriculture	Increase SBS, α		SBS	Toward SWAp, ©							Silent					Toward SWAp
Environment/NRM (Land & Forestry)	Cross-cutting, α			©	Phasing out			Toward SWAp			With others					
Transport			α		Phasing out						Exit by 2007					
Energy										α						
Urban Dev																CAW
<b>Pillar 2</b>																
Health								α			Silent				©	
HIV/AIDS											Pooled fund	α				Pooled fund
Education					Phasing out			Silent			SBS	©			α	
WSS	Exit by 2014 ?		SBS ©	Toward SWAp, α	Phasing out			With others			delegated funding	Exit by 2009				©
<b>Pillar 3</b>																
PFM					Phasing in						α					
PSR								Being discussed			Pooled fund, α					Pooled fund
Decentralisation	pooled / SBS, ©	α	SBS													
Other Governance (incl M&E)					Being discussed						α + ©					A
Gender Equality	Cross-cutting, ©				Cross cutting			Cross cutting			©	Cross cutting	Cross cutting	Cross cutting	α	Cross cutting
MDBS	GBS	GBS	GBS	GBS, α	GBS, ©		GBS	GBS		GBS	GBS		GBS			DPL A

GBS = general budget support

SBS = sector budget support

α = DP sector lead

© = DP sector co-lead