

RECOUP

The Changing Face of Development Partnerships and Aid to Ghana: the case of Education

*Kenneth King, Leslie Casely-Hayford, and
Roland Akabzaa*



ASSOCIATES FOR CHANGE



March 9th, 2009

Introduction

The Aim of the Research

- *How has the wider movement towards aid reform, coordination and harmonisation within the Ghanaian context affected the education sector:*
- *How have different DPs responded*
- *What impact will this have on the poor and social equity?*

Key research questions

Key research questions

- *What are the current and preferred aid modalities in the education sector?*
- *Do the current and preferred aid modalities ensure that EFA goals will be achieved?*
- *What are the key factors influencing the changes in aid architecture in Ghana's education sector?*
- *Is the aid architecture efficient at ensuring the timely (and equitable) release of funds?*
- *How do development partners measure their effectiveness in moving from programme to budgetary support ?*

Ghana's Aid architecture: Current aid Modalities

- *Multi-Donor Budget Support (MDBS); preferred by GoG*
 - *Aid goes to a common basket and allocated to sectors un-earmarked (about 30% currently and 60% by 2010)*
 - *Targets and triggers set by both GoG & DPs*
 - *Aid Coordination: 16 sector working groups and 15 aid effectiveness thematic areas (from Paris Declaration)*
- *Sector wide Approaches (SWAPS)*
 - *Guided by the Education Strategic Plan (ESP), Annual Performance Reviews and AESR,*
- *Sector budget support (sometimes earmarked)*
- *Project support (still preferred by most DPs)*

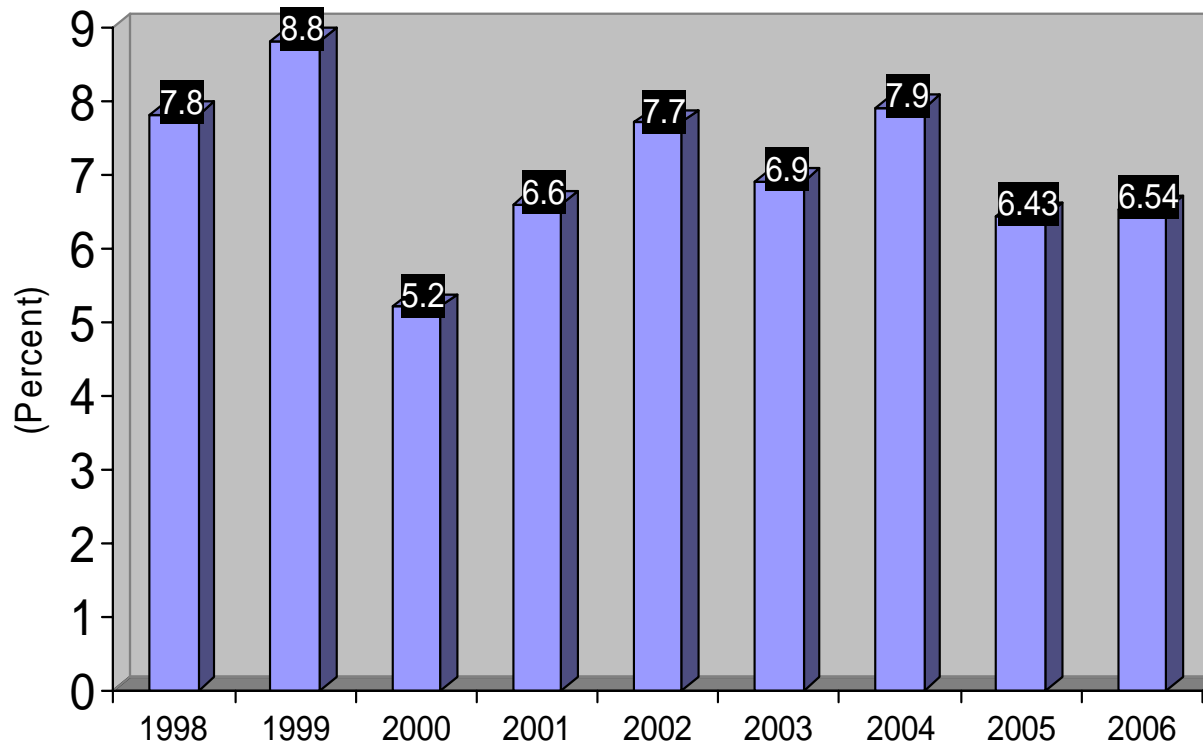
GoG view of aid delivery

- *Aids should be delivered within the wider development framework of the country – goal of middle income by 2015; in accordance with the new aid policy (which prefers MDBS), NDP.*
- *Reasons: harmonization, reduction in transaction costs and government coordination.*
- *Concern with MDBS: Reduce the number of targets & triggers being set. Does not want to be held accountable for unrealistic triggers/targets.*
- *Efficiency in the delivery of aids by DPs – division of labor and harmonization by DPS*
- *Vision: decrease aid dependency over the coming years*

GOG /Donor support to Basic Education

- Between 1987 to 2006 the total donor assistance to the education sector was estimated at 1.5 billion to 2 billion USD.
- Education sector expenditure increased from 1.4% of GDP in 1987 to 5.7% in 2006 (reached a peak in 1976 of 6.4%)
- Recent trends in total donor education spending suggest that DP support to the sector reached a high of 8.8% in 1999 and then has been around 6.5% since 2006.
- Major donors include the USAID, EU, DFID and the World Bank.
- Primary education share of MOE expenditures does show a decline from 40.4% in 1997 to around 30.6% in 2006.
- RECOUP analysis suggests that expenditure has not kept pace with the increases in enrolments.

Donor Share of total educational spending



Source: GoG Budget Statements

Development Partner Views of aid delivery in Ghana

- *Division of labour and support*
 - *Studies on the Division of Labour*
 - *Some DPs provide leadership in certain policy areas and are supported by others DPs e.g. DFID, WB & UNICEF*
 - *Synergy and representation of one DP by other DPs (thus reducing transaction costs : time and resources)*
- *Some DPs feel there is over concentration of DPs in some sectors but others want visibility.*

Aid Modalities within the ed. sector

- *Out of the 13 donors to education listed in the 2008 Division of labour study (MacCarthy 2008);*
- *11 are using project aid from 2008 to 2010 as their main approach to aid delivery.*
- *DFID and the WB are the only two using the SBS and MDBS approach.*
- *The MDBS/SBS approach is much smaller contribution since 400 million is committed to the ed sector through project aid over the 2008-10 period and 60 million through SBS.*
- *The total annual allocation to MDBS from the same period over all sectors of the economy is 3X that: USD 1.2 Million*

Modes of aid delivery in the education sector

Type of Donors	Main activities	App. to aid delivery
1. Bilateral DPs part of budget support-DFID, WB	Sector analysis & policy dialogue but no direct implementation	30% of total education support goes to MDBS or <u>earmarked</u> SBS through MOFEP
2. Bilateral DPs beginning to move to SBS but are still in direct implementation mode (JICA&ADF)	A lot of experience in project/ programme implementation & engaging in sector policy dialogue	Are in project support mode but % beginning to support SBS

Type of Donors	Main activities	App. to aid delivery
3. DPs still in direct programme implementation (UN agencies, USAID & EU/EC)	Implement programmes with national and district level stakeholders	Mode of aid delivery; micro projects, district grant incentives, direct contracting, etc) & policy dialogue and sector wide discussions through sector and thematic meetings.
4. DPs working at the district and decentralized level –new funding mechanism e.g. CIDA)	DISCAP	

Factors influencing donor selection of Aid modalities

- Relationships and confidence in Government mechanisms to plan, budget, disburse, monitor and evaluate.
- DPs own international policy related to aid delivery... and need for direct implementation (tied aid, tested approaches)
- Peer Pressure from other DPs or Gov. to innovate and attempt new approaches (SBS/ MDDBS)
- Pressure through new aid policy, Paris declaration, triple A.

Effectiveness and Impact

- MDBS (pros and cons);
 - Ownership; long term planning & budgeting (once targets & triggers are met); reduce transaction costs for donors; aid delivery within GoG policy framework
 - Difficulty targeting the poor ; independent M and E to verify performance; tension over targets & triggers; funds not readily available & timely for implementers at regional & district levels.

Effectiveness and Impact

- Project and sector supports (Pros and Cons)
 - Some donors have experience; easy to target the poor and to track; regulate the timely release of funds; visibility of donors.
 - Difficult for GoG to plan, coordinate and track spending in sectors; high transaction cost for GoG & donors; Government ownership.

Policy implications for MOE regarding the new aid architecture

- Ability of Ministries (i.e. MOE) to maneuver within the new aid architecture (control and direct resources)--- timely and flexibility.
- Ability for MOE to meet equity targets given diverse poverty profile of Ghana.

Policy implications for MOE and DPs regarding the new aid architecture

Role and degree of DP involvement in defining direction of GOG/MOE.

- Technical support and research informing policy.
- External monitoring/eval and objective performance reporting.
- Social accountability, transparency and civil society participation.

Policy implications for MOE and DPs regarding the new aid architecture

Research informing policy direction... with less DP involvement and potentially less direct implementation;

Capacity issues to delivery and decentralisation;

Role of Ghana based providers: the role of the private sector and civil society sector.

Need to monitor the effectiveness of MDDBS on aid delivery within the SWAP and decentralisation regime.