

strong mutually reinforcing benefits of parallel but converging sector and central budget support arrangements.

7. We note the Evaluation recommendation that DFID Ghana should develop a strategy to tackle **hunger**. Firstly, it is important to note that Ghana's problems with food security are less severe with those in southern African countries. Secondly, the forthcoming Joint Assistance Strategy process offers an opportunity for donors to consider collectively how to help Government and poor communities tackle the root causes of food insecurity, as well as the effects of poor nutrition. In the meantime, one third of DFID and CIDA's combined budgetary budget support to the Ministry of is being used to improve food security in Ghana's three poorest Northern regions.

8. The Evaluation's assertion of "significant gaps to understanding performance and achievements in sector programmes such as health, which can help Government inform future policy" needs qualification. In 2004 DFID funded a study by the Ministry of Health to explore the reasons for a recent reversal in child outcomes, after 10 years of steady

improvement. The study found that infant deaths in the first month accounted for most of the problem, with the poorest infants six times more likely to die. The study also found that this dip in progress had been made at a time when financing to the health sector and such outputs as immunisation, access to insecticide-treated bednets and skilled midwifery had increased.

9. We disagree that the transition to a shared advisory arrangement with the Royal Netherlands Embassy has weakened DFID's internal effectiveness in this sector or the quality of advice to Government. Following seven years of close policy coherence among donors in the health sector (through a sector-wide approach), we maintain that the sector is sufficiently mature for a harmonised advisory approach. We have recently strengthened arrangements with the Royal Netherlands Embassy by supporting direct advisory links with DFID HQ.

10. Finally, the Evaluation highlights limitations of the 2003 **Country Assistance Programme (CAP)** and the Change Forecast approach, with which we largely agree and are working to resolve.



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EVALUATION OF DFID COUNTRY PROGRAMMES COUNTRY STUDY: GHANA 2000-2005

Vitus Azeem, Bishop Akolgo, Lilian Breakell, Maria Paalman, Derek Poate, Ines Rothman

'DFID's overall performance has been strong. Ghana is one of only eight African countries on track to reach the poverty MDG target.'

Executive Summary

S1 This report is an evaluation of DFID's country programme in Ghana. It is the third in a round of five country programme evaluations (CPE) commissioned in 2005/06. The evaluation asks two main questions: what was the quality of DFID's programme and processes; and what has the programme achieved?

S2 Ghana has been one of the most stable countries in West and Central Africa in recent years. It has been at the forefront of international attention in the region, and the first to adopt many initiatives. It is one of only eight African countries on track to reach the poverty MDG target, but with significant regional inequalities. Three northern regions are significantly poorer than the south, which enjoys a better endowment of natural resources and historically has been favoured with capital investment and social services.

S3 Aid flows have benefited from HIPC debt relief and donors responded to the 2002 poverty reduction strategy with a programme of budget support that now represents 40 percent of total aid and 10 percent of the government budget. DFID is a long standing major donor and opened a decentralised office in 2002.

Programme content and process

S4 Two strategies have informed DFID's programme during the past five years: the Country Strategy Paper from 1998 to 2001 and the Country Assistance Plan (CAP) from 2003 to 2005.

S5 DFID's strategic orientation is clear, but the CAP reflects policy from DFID more than those in the Ghanaian context. Despite extensive consultation with stakeholders, the Plan lacks analysis of partners' programmes and DFID's country office resources.

S6 The portfolio is broad with a rising financial trend in budget support and human development. It is

well aligned with Ghana's poverty reduction strategy and internally coherent. The broad approach is not, however, well focused.

S7 The programme has moved upstream towards closer engagement with central agencies and with higher levels of government. DFID staff share concerns expressed by development partners that advisors now lack the interaction with government programmes outside of Accra that bring insight to inform policy.

S8 DFID's programme arrangements have been stronger on monitoring than evaluation. There are significant gaps to understanding performance and achievements in sector programmes such as health, which could help government inform future policy.

Outcomes and programme effectiveness

S9 Multi Donor Budget Support (MDBS) has brought direct benefits to management of the economy and strengthening of pro-poor expenditures. MDBS has produced beneficial effects in the quality of policy dialogue, predictability of funding, harmonization of donor policies, government ownership, and in performance tracking. The effectiveness of MDBS is being held back by slow progress with public financial management, especially in the downstream parts of the budget cycle, managing fiscal risks and with Civil and Public Service Reform.

S10 Information on performance through the OPR/PCR ratings is patchy without clear trends. On the whole, the programme has performed below the target ratings of 1 or 2. Analysis by CAP theme shows solid performance in human development, rather mixed in pro-poor growth but with significant strengths in long-running programmes such as rural infrastructure and forestry. Less has been achieved in governance, where public sector reforms have lacked national ownership and political will.

S11 DFID is an innovator and prone to act faster than other development partners. A policy decision to shift

to a shared health advisory arrangement with the Dutch was rushed into implementation without the support of government or other development partners.

S12 Assessment of achievement against outcomes is hampered by the absence of a results structure in either the CSP or CAP. The individual elements of DFID's performance reporting do not link together well enough to demonstrate how programmes and advisory work contribute to DFID's PSA. Assessment by this evaluation is that DFID's contribution can be rated as 'high' or 'medium' in seven of eight CAP objectives; and high for four out of five relevant categories in the PSA for Sub-Saharan Africa. This is a strong performance.

S13 Movement towards the MDGs, as assessed by the National Development Planning Commission, finds good progress is being made in overall growth. Basic delivery of social services is good, but tackling intractable problems such as regional disparities, and sharpening the focus of programmes to deal with gender inequalities or rural-urban differences requires a greater focus in policy and detailed attention to service delivery. The major concern is the low performance with respect to reducing the proportion of people who suffer from hunger.

DFID contribution & value added

S14 DFID has made a major contribution to development in Ghana. The added value that DFID has brought can be summarised in three parts.

S15 First, the country programme was configured to respond to the 1997 UK White Paper on aid, and the PRSP/MDG initiatives, Monterrey Consensus and Rome agreement were internalised into country strategy. DFID's value was in having a clear vision from a very early stage and seizing opportunities to lead or work with other development partners to promote these changes.

S16 The second major element has been DFID's team of policy advisers. Individually and collectively they have earned the respect of their peers. MDBS has facilitated a high-level dialogue on policy objectives for future reforms with government but also among donors.

S17 The third element is innovation. Continued funding of smaller and long-running programmes alongside budget support and speedy access to financial aid have enabled DFID to engage in difficult areas. The best example is forestry, which has tackled a major export sector, issues of public sector reform, direct financial benefits to poor communities, issues of governance between traditional authorities and the state, transparency and anti-corruption.

S18 A number of weaknesses have been identified. Two most prominent are the shallow analysis in the strategies and the effects from the move upstream. Neither the CSP nor CAP present a clear rationale for where DFID's support should be concentrated and why. DFID's over-arching objective of poverty reduction does not emerge as a core entry point to guide its involvement. The focus on engagement with central agencies and higher levels of government has

moved the programme upstream, but inadvertently distanced the office from sector service delivery within the MDAs.

Lessons and recommendations

S19 Six lessons emerge from this evaluation.

- DFID's successful move into general budget support was facilitated by a combination of clear policy direction from London, strong advisory presence in Accra and active harmonisation efforts by the office as a whole.
- Institutional reforms to the public sector require an explicit approach to dealing with the socio-political aspects of change. Such programmes require a long-term strategy grounded in the development of broadly-based political support.
- One of the core successes of the programme has been in forestry. Progress has come because the programme was flexible enough to be innovative and take risks, and long-lasting enough to endure.
- The change from field offices to a decentralised Ghana office has brought gains. But the shift to upstream policy and budget support has reduced the time spent in contact with sector programmes and service delivery away from Accra.
- The slow pace of migration towards budget support in education has enabled a constructive balance between policy dialogue and technical assistance.
- Silent partnerships with other donors can be a worthwhile strategy, but should be introduced with care, especially where DFID has a long history of being the lead partner.

Recommendations for DFID Ghana

S20 These recommendations are directed primarily towards the preparations of the next CAP. The CPE team argue that some decisions, such as to withdraw from roads, water and forestry should be re-considered as part of a more wide-ranging review.

- DFID's strategy needs to demonstrate how support will contribute to government programmes to tackle hunger.
- Ghana's growth strategy is centred on agriculture. A strategy is needed for the pro-poor growth team to identify how the current DFID resources can be combined and managed to create a coherent pro-poor growth programme that links enterprises in the natural resources sector with an export led growth strategy and the private sector.
- The fiduciary risks of MDBS will not decrease if reforms in PSR and downstream PFM are not addressed. For the foreseeable future a prudent strategy is to sequence instruments, using sector budget support for health and education until more progress has been achieved with public financial management and public sector reform.
- Given the macroeconomic stability that Ghana has achieved, consideration could be given to a larger performance element in the MDBS tranche.

- Analysis of the programmes of other development partners can be used to support an argument for DFID's comparative advantage as a grant-aid donor.
- The Country strategy needs to include a comprehensive plan for the composition and relative contributions of programme finance, advisory support and technical assistance, to achieve CAP objectives.

Recommendations for DFID HQ

An improved set of guidelines and support are required to assist country programmes that consider supporting complex computer hardware and software projects.

In light of an increasing share of GBS, DFID should review lessons from across country offices on how best to retain its influence and support to sectoral ministries.

Management Response on Ghana Country Programme Evaluation

DFID Ghana welcomes the Country Programme Evaluation 2000-2005 as a balanced and constructive portrayal of the strengths and weaknesses of the Ghana programme over the period. We agree with the majority of the report's recommendations. We are pleased to note the Evaluation's central conclusion that DFID's Ghana's overall performance has been "strong", and "rated as high or medium in seven out of eight areas of the Country Assistance Plan; and high for four out of five relevant categories in the Public Service Agreement for sub-Saharan Africa". Our own self-assessment of our "value added" as a donor in Ghana has been the quality of our partnership with GoG across a number of key sectors. This has provided opportunities for influencing the poverty focus of sector programming of bigger spenders (particularly the World Bank), and lent authority to our central dialogue on budget support.

2. The evaluation documents the evolution of the Ghana programme during a period of tremendous change – in terms of DFID policy, decentralised management of country programmes and the nature of DFID's relationship with Government. The evaluation characterises accurately some disadvantages inherent to these changes – notably the risk of less access to information and intelligence at aid impact and service delivery level. We acknowledge that DFID needs to get better at managing these risks. But we reiterate the advantages of DFID's engagement with higher levels of Government - on grounds of Government ownership, sustainability, and making effective use of UK aid within Ghana's political economy. We note that DFID Ghana's close working relations with the British High Commission have been important in consolidating the

programme's influential role over the period, particularly within Multi Donor Budget Support (MDBS) context.

3. We note the Evaluation finding that "advisory appointments have driven new programme development". Rather, we believe that a decentralised programme responding better to Government priorities – particularly in relation to growth - should take credit for this. We will end our roads programme in 2006 and work largely through DANIDA and GTZ to disburse a long-standing financial commitment in water. Dedicated financing to the Forestry sector will also end this year. But DFID will remain the main provider of policy advice and technical assistance to Government in forestry. In view of the graduation strategies already identified for roads and water, we do not support the Evaluation recommendation to reconsider our decision to exit from these sectors.

4. We welcome the Evaluation's balanced and positive assessment of the emerging benefits of the **MDBS programme** in relation to levels of poverty expenditure, resource targeting for better development results and harmonisation for aid effectiveness. DFID Ghana concurs with the Evaluation finding that the MDBS performance tranche of 50% is too large. DFID will continue to advocate to address this within MDBS group. In the meantime, we are pleased to note that all bilateral donors and the EC have agreed to dispense with in-year conditionality in MDBS disbursement.

5. DFID Ghana agrees the Evaluation finding that pace of progress on PFM should be a critical factor in any decision to increase the current 50% share of PRBS in the Ghana aid framework. But we question the assertion that Government's PRM progress has been "slow". Rather, we believe that Government has made steady progress in improving PFM from a low base, as demonstrated in Ghana improved performance ranking in successive HIPC PFM reviews¹ and confirmed in a recent audit conducted by the UK National Audit Office².

6. We fully support the Evaluation finding highlighting the need to strengthen service delivery if Ghana is to reach its MDG targets. In common with countries surveyed in the recent multi-country evaluation of budget support, MDBS has shown an (inevitable) initial bias towards the expansion of public services, rather than improvements in their quality. Given the centrality of public sector reform in general and service delivery in particular to Ghana's MDG progress, we concur with the Evaluation recommendation to continue dedicated sector support instruments in health and education over the next two to three years in order to bring additional funding, technical assistance and intensive policy dialogue to bear on sector constraints. The Strategic Partnership for Africa³ has recently confirmed the potential for

¹ Ghana moved from scoring 1 out of 16 HIPC PFM benchmarks in 2002 to 7 in 2004 and 8 in 2005

² Audit of the Ghana Country Programme conducted in December 2005

³ Sector Budget Support: A Note from the Dublin Workshop of SPA Working Groups, 5-6 October 2005