

# Department for International Development

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The Department for International Development (DFID) is the UK Government department responsible for promoting sustainable development and reducing poverty. The central focus of the Government's policy, based on the 1997 and 2000 White Papers on International Development, is a commitment to the internationally agreed Millennium Development Goals, to be achieved by 2015. These seek to:

- Eradicate extreme poverty and hunger
- Achieve universal primary education
- Promote gender equality and empower women
- Reduce child mortality
- Improve maternal health
- Combat HIV/AIDS, malaria and other diseases
- Ensure environmental sustainability
- Develop a global partnership for development

DFID's assistance is concentrated in the poorest countries of sub-Saharan Africa and Asia, but also contributes to poverty reduction and sustainable development in middle-income countries, including those in Latin America and Eastern Europe.

DFID works in partnership with governments committed to the Millennium Development Goals, with civil society, the private sector and the research community. It also works with multilateral institutions, including the World Bank, United Nations agencies, and the European Commission.

DFID has headquarters in London and East Kilbride, offices in many developing countries, and staff based in British embassies and high commissions around the world.

## WHAT ARE COUNTRY ASSISTANCE PLANS?

Country Assistance Plans set out how we aim to contribute to the achievement of the Millennium Development Goals in various countries. Country Assistance Plans start from the basis of our partner country's poverty reduction strategy and set out in detail how we will work as part of the international development effort to support a country's strategy for reducing poverty. They include a framework for annual assessment of our performance in implementing the plan. Major reviews of Country Assistance Plans are expected to be undertaken every three to four years.

Department for International Development

April 2003



# Ghana: Country Assistance Plan 2003–2006

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*\*Part 3 and Annexes 1, 3, 4 and 6 are to be made available electronically on the DFID website, [www.dfid.gov.uk](http://www.dfid.gov.uk). These are subject to change from time to time. Enquiries can be sent by e-mail to [enquiry@dfid.gov.uk](mailto:enquiry@dfid.gov.uk)*

*Alternatively, hard copies of Part 3 can be sent on request. Please phone 0845 3004100 or write to Enquiry Point, DFID, Abercrombie House, Eaglesham Road, East Kilbride, Glasgow G75 8EA*

# Part 1 – Context

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## A. Summary

- I. This document sets out DFID's plans for assistance to Ghana based on the objectives of the Ghana Poverty Reduction Strategy. It summarises the proposed framework and modalities of delivery for DFID's next programme of support to Ghana for 2002-05. We are appreciative of the contributions from a wide range of stakeholders in Ghana, the UK and elsewhere in formulating this Plan. The main features of the Country Assistance Plan (CAP) are:
  - An analysis of poverty reduction in Ghana, in terms of the potential, the challenges and the possible risks.
  - Our proposed framework for supporting Ghana in delivering concrete improvements in the lives and well-being of poor people via the Ghana Poverty Reduction Strategy.
  - How we intend to deliver our support to Ghana over the next three years, by working through, and by strengthening, Government of Ghana systems, as well as by building more effective partnerships with civil society organisations, the private sector and the international community.
- II. There is a strong partnership between Ghana and the United Kingdom: between the Governments as well as through commercial and social links. DFID intends to strengthen this partnership by supporting the Ghana Poverty Reduction Strategy (GPRS).
- III. Our assistance to Ghana is centred on the provision of budgetary support channelled through government systems and by working through multi-donor mechanisms. This entails an emphasis on translating the priorities of the GPRS into the budget, improvements in public financial management, taking forward public sector reform and focusing on the provision of basic services at district level through the decentralisation process. It also involves work to strengthen the voice and rights of the poor, and to strengthen institutional mechanisms for political participation so that formulation of policy is more inclusive and transparent as a means to hold the Government to account in delivering pro-poor development and poverty reduction. This is a new approach, which represents a significant opportunity to improve the effectiveness of assistance from development partners.
- IV. Ghana has made great strides in reducing poverty over the last decade; but there are a number of risks which may undermine further progress. The foremost relate to political direction, economic management and weak capacity within the public sector. Strong political commitment is essential in developing and delivering poverty reduction and economic growth, especially in the most impoverished regions of Ghana. The Government is committed in its public statements to poverty reduction, but more explicit connections need to be made between its policies of wealth creation and the benefits to poor people. The economy is very vulnerable despite improvements in the macroeconomic situation and what little room there is for manoeuvre requires careful and difficult economic choices. Perhaps one of the biggest factors hampering progress on poverty reduction is the extremely weak capacity of the public administration at all levels. This weakness will exert a major negative effect on poverty reduction and growth, even with strong political commitment and effective economic management.
- V. The Government recognises its dependence on developments in the region. Ghana plays a key role in the sub-region, in working towards economic stability, promoting trade and through diplomacy in brokering resolutions to conflict and tension.
- VI. Our support is, therefore, centred around working with the Government and other key stakeholders – in Ghana, in the sub-region, in the UK and in the international community – to address the critical challenges facing poverty reduction in Ghana.

## B. The challenge

1. Ghana has made great strides in reducing poverty over the last decade and has experienced one of the fastest rates of poverty reduction in Africa.

### BOX 1: GHANA'S ACHIEVEMENTS

The incidence of income poverty declined from over 50% in 1991/92 to just under 40% in 1998/89 and in the same period the proportion living in extreme poverty fell from over a third to just over a quarter<sup>1</sup>.

There have been significant improvements in the number of households taking their drinking water from a safe source, using adequate toilet facilities and having access to electricity.

Infant and child mortality rates have almost halved in the last 20 years while the fertility rate shows nearly a two-child drop over the decade (from 6.4 to 4.6 children per woman). This is well below the average for sub-Saharan Africa and the effect will begin to show in the next year or two when the number of children of primary school age will start to fall.

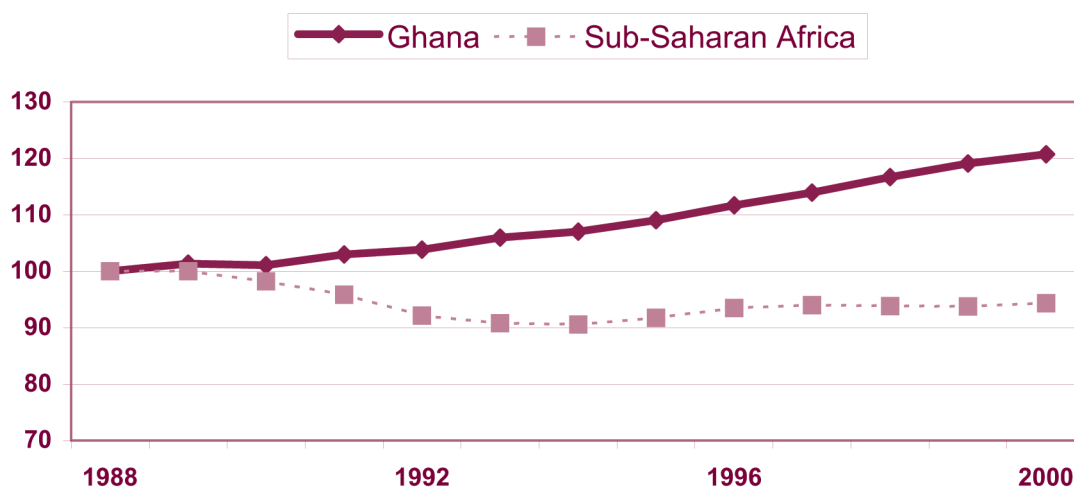
2. Despite the overall reductions in poverty, there is a growing intensification of vulnerability and exclusion among some groups. For example, subsistence farmers constitute 60% of the poor and female-headed households are over-represented amongst the poor in both rural and urban areas. Poverty is particularly acute in the three northern savannah regions and Central Region, all of which experienced increases in poverty during the last decade.
3. Infant and child mortality rates are higher in the north than in the south of Ghana – two and three times higher respectively in the three Northern Regions than in Greater Accra. Over 30% of children in the north are not immunised before their first birthday and there is a

higher prevalence of diarrhoea and malnutrition in part due to the annual four-month 'hungry period'. While school enrolment rates are growing fastest in the northern savannah areas they are still lower than in all other areas.

4. These two trends – the rapid reduction in national and extreme poverty on the one hand and the failure to reduce poverty in the north on the other – present considerable challenges. One of the greatest challenges for Ghana is to accelerate the trends that delivered the reduction in poverty while attacking the constraints that have exacerbated poverty in the north.
5. Achieving poverty reduction and economic growth is a formidable agenda. The structure of the economy and levels of income are fundamentally unchanged since Ghana gained independence in 1957. Perhaps the most significant issue for Ghana is identifying how an economic growth rate of 7% (needed to attain the Millennium Development Goals) can be achieved. Ghana's economic growth record is good in comparison to sub-Saharan Africa as a whole (see figure 1). But continuation of the average growth of 4.3% of the 1990s is insufficient, and this rate itself masks differences in sectoral performance. While agriculture and services experienced steady growth, manufacturing output contracted by 3.3% per annum in the 1990s. Investment accounted for only 23% of GDP. Ghana just made the ranks of the top 20 recipients of foreign direct investment in Africa in 1996-2000, after being a frontrunner in the early 1990s [United Nations Conference on Trade and Development (UNCTAD) Investment Policy Review, 2002].

<sup>1</sup> As measured against national poverty lines. The extreme poverty line is set at the level of consumption required to meet minimum nutritional requirements. The overall poverty line includes an element for non-food needs

**FIGURE 1**  
**GDP per capita (1988 =100)**



6. Much of Ghana's growth has been based on the unsustainable exploitation of natural resources, especially lands and forests. This threatens future growth in Ghana and the livelihoods of some of the poorest communities. Sustainable management of these resources however offers considerable potential for pro-poor economic growth.
7. The economy is vulnerable to price fluctuations for its three primary exports and is highly exposed to rising oil prices. Conflict and instability within the region have further dampened growth. Intra-regional trade is also hampered by weak harmonisation of tariffs, and non-tariff barriers such as road blocks and poor infrastructure. Whilst economic management has improved dramatically since January 2001, there is a tradition of boom-bust economic management – especially in the run up to elections. Public financial management is particularly handicapped by weak systems and capacity.
8. The economy is hampered by a disproportionate public sector. Key staff are underpaid and poorly motivated. There has been an erratic approach to reform that has been overly ambitious and lacked effective political support. There has been limited progress on decentralisation and divestiture. These issues are extremely politically sensitive, yet they are critical to freeing up the economy.
9. Ghana currently ranks at 50 out of 102 countries on Transparency International's Corruption Perceptions Index – an improvement over the previous year – and while it is certainly less corrupt than many other countries within the sub-region, it is nevertheless a problem. Petty corruption from public agencies – especially the police, judiciary and land registry – is a serious problem for all people, but particularly the poor. The resulting distortion and increased cost of public services directly impacts on poverty reduction and growth.
10. The private sector is hampered by uncertainty in macroeconomic management, a poor legal and regulatory environment, direct Government intervention in markets, a weak trade regime, inadequate infrastructure and poor access to critical financial and other business support services.

11. The social sector is particularly affected by a 'brain drain' of key staff – notably doctors and nurses – to Europe and the United States and this is putting pressure on the budget through demands for higher salaries. This is seriously undermining the Government's ability to deliver effective social services. The prevalence rate of HIV/AIDS is 3.6% (although much higher among some groups) and a concerted effort is being made to ensure that this does not get to the critical level of 5% from where the epidemic increases exponentially. There is a much higher prevalence rate in some neighbouring countries and this could affect Ghana through movements of people caused by trade, conflict and migration.

### Ghana's potential

12. Despite the many challenges, Ghana is seen as a beacon of hope and stability amidst a turbulent region, with a healthy and increasingly participatory democracy and strong independent media. Civil society is playing an increasing role in policy dialogue with the government. The country is relatively rich in natural resources, with gold, cocoa and timber forming the mainstay of the economy. There is latent entrepreneurship, which, together with economic stability and the generally high level of education, could provide a strong foundation for growth.

13. A new Government elected in 2000 has made significant headway on macroeconomic management and has placed its emphasis on developing a 'Golden Age for Business' and 'Zero Tolerance of Corruption'. It has devoted a lot of attention to the preparation of the Ghana Poverty Reduction Strategy (GPRS).

14. The Government takes its regional and international responsibilities seriously and is working in concert with other African countries on the New Partnership for Africa's Development (NEPAD). The Government has recognised Ghana's dependence on developments within the region. Especially promising is the

Government's policy of giving strong support to the Economic Community of West African States (ECOWAS) for conflict reduction and regional integration together with efforts to build good relationships with its immediate neighbours: Togo, Côte d'Ivoire and Burkina Faso.

15. Ghana benefits from a strong degree of good will from the international community. There is a willingness to provide support to ensure that Ghana builds on its democratic credentials, reaches its full economic potential and acts as a stabilising influence within the region. Several of Ghana's development partners are working collaboratively to develop a programme of budgetary assistance to assist with the implementation of the GPRS. This 'multi-donor budget support' (MDBS) mechanism will provide predictable funding for the Government's poverty reduction and reform agenda, in an efficient and effective manner.

### The Ghana Poverty Reduction Strategy

16. The Government of Ghana aims to "create wealth by transforming the nature of the economy to achieve growth, accelerated poverty reduction and protection of the vulnerable and excluded within a decentralised, democratic environment". This is to be achieved through:

- Ensuring sound economic management for accelerated growth;
- Increasing production and promoting sustainable livelihoods;
- Direct support for human development and the provision of basic services;
- Providing special programmes in support of the vulnerable and excluded;
- Ensuring good governance and increased capacity of the public sector;
- The active involvement of the private sector as the main engine of growth and partner in nation building.

17. Work on the development of the GPRS started under the previous Government but was taken on swiftly in 2001 by the incoming Government. Unusually, work on the GPRS began in the absence of a requirement born out of the Heavily Indebted Poor Countries (HIPC) initiative, although Ghana subsequently achieved HIPC status. Initially the process was rather haphazard, but consultation and participation has grown.
18. The GPRS has a strong analytical base, drawing heavily on good data pointing to regional disparities and identifying vulnerable groups. It identifies a broad range of pro-poor interventions within its framework of objectives.
19. The GPRS poverty reduction targets for the short term are broadly consistent with the Millennium Development Goals (MDGs). These include:
  - A reduction of income poverty from 39% in 2000<sup>2</sup> to 32% in 2005 and extreme poverty from 27% to 21% over the same period.
  - A reduction in child mortality from 110 deaths per 1000 births in 1998 to 95/1000 in 2005.
  - An increase in the gross primary school enrolment rate from 78% in 2000 to 82% by 2005 and an increase in the ratio of girls to boys from 71% to 80% in the same year.
  - A reduction of 24% in new HIV infections in the 15-49 age group.
20. An assessment by the UN reckons that Ghana will probably reach some of the MDGs and has the potential to reach the others, with the exception of maternal mortality, as set out in Table 1.
21. Despite its strengths, the GPRS in the view of development partners has a number of areas for development. The multitude of policy prescriptions lack coherence and do not focus in sufficient depth on the problem of poverty or how economic growth can be achieved. Action on vulnerable and excluded groups is marginalised and the document adopts a somewhat fragmented approach to strengthening demand for services and promoting the rights of poor people. The framework for targeting geographical inequalities also needs more work – there are specific targets for poverty reduction in the three Northern Regions, but capacity will need to be increased and resources allocated to ensure they are met. Neither is there yet adequate analysis of the unsustainable exploitation of natural resources nor the need for effective environmental appraisal and management in the various policy prescriptions. Most significantly, the specific medium-term priorities proposed in the GPRS do not seem to reflect the conclusions of the consultation process nor the current stated objectives of key ministries.
22. A start has been made in the 2003 budget in translating GPRS objectives into budget allocations. But as the Government itself has recognised, more needs to be done to link budget allocations directly to outcomes, both by improving budgeting processes in ministries and ensuring that investment budgets do not suffer because of salary costs.
23. The timeframe for the GPRS is fairly short, running until 2005, although the Government's Medium Term Plan (which will build upon the GPRS) should set out a longer time horizon.
24. Development partners have been supportive of the GPRS process throughout and are committed to using it as the basis for their support – particularly through the budget. It is recognised that it is a work in progress. The Government is committed to a strong system of monitoring and evaluation which will feed back into refinement of policy. The key issue for development partners, therefore, is to remain engaged on policy dialogue with the Government to strengthen the pro-poor focus of the GPRS and its implementation, while supporting a process of democratic participation in its further development.

<sup>2</sup> Assumed to be the same as 1998/9; household survey under way.



**TABLE 1: Ghana's progress towards the Millennium Development Goals: Status at a glance<sup>3</sup>**

GOALS	Will goal be reached?	State of supportive environment
<b>Extreme Poverty and Hunger</b>		
<ul style="list-style-type: none"> <li>• Halve the proportion of people below the national poverty line by 2015.</li> <li>• Halve the proportion of people who suffer from hunger.</li> </ul>	Probably Potentially	Strong Fair
<b>Universal Primary Education</b>		
<ul style="list-style-type: none"> <li>• Achieve universal access to primary education by 2015.</li> </ul>	Potentially	Strong
<b>Gender Equality</b>		
<ul style="list-style-type: none"> <li>• Eliminate gender disparity in Primary and Junior Secondary Education by 2005.</li> <li>• Achieve equal access for Boys and Girls to Senior Secondary by 2005.</li> </ul>	Potentially Potentially	Fair Fair
<b>Under-Five Mortality</b>		
<ul style="list-style-type: none"> <li>• Reduce under-five mortality by two-thirds by 2015.</li> </ul>	Probably	Strong
<b>Maternal Mortality</b>		
<ul style="list-style-type: none"> <li>• Reduce maternal mortality ratio by three-quarters by 2015.</li> </ul>	Unlikely	Fair
<b>HIV/AIDS &amp; Malaria</b>		
<ul style="list-style-type: none"> <li>• Halt and reverse the spread of HIV/AIDS by 2015.</li> <li>• Halt and reverse the incidence of malaria.</li> </ul>	Potentially Lack of data	Weak but improving Weak but improving
<b>Ensure Environmental Sustainability</b>		
<ul style="list-style-type: none"> <li>• Integrate the principles of sustainable development into country policies and programmes and reverse loss of environmental resources.</li> <li>• Halve the proportion of people without access to safe drinking water by 2015.</li> </ul>	Potentially Potentially	Weak but improving Weak but improving
<b>Global Partnership for Development</b>		
<ul style="list-style-type: none"> <li>• Deal comprehensively with debt and make debt sustainable in the long term.</li> </ul>	Potentially	Strong

<sup>3</sup> Ghana: Millennium Development Goals Report 2002, United Nations, September 2002

## C. The risks

25. There are a number of risks to Ghana's prospects, the implementation of the GPRS and the provision of support by the international community. The following assessment of risks is shared by all development partners.
26. The main risk is **political**. The Government is pursuing an agenda of wealth creation and prosperity for all. But the national debate on economic development is couched largely in terms of the need for infrastructure investment. Strong political commitment and informed analysis will be needed to ensure that a wide range of economic instruments is used, that growth benefits poor people and relatively deprived regions, and that an enabling environment is created which does not simply help a small range of entrepreneurs but releases the potential for enterprise throughout the nation. Moreover, the Government faces elections at the end of 2004. It naturally feels constrained in taking difficult decisions on such issues as public service reform, and unpopular revenue and expenditure decisions. But delays in action on such core questions come with costs to the country that risk undermining the Government's own objectives in the GPRS.
27. The second major risk is **economic**. The Government made dramatic progress on restoring macroeconomic stability in its first eighteen months in office. Since the beginning of 2003 it has increased fuel prices by 90% and enforced key expenditure control measures. Other measures in the area of taxation and divestiture were announced in the 2003 budget. Firm action needs to be maintained on controlling expenditure, introducing further revenue measures and on divestitures. Furthermore, Ghana's economy could easily be derailed by external shocks (falling prices for its main exports and rising oil prices) and it could be affected by turbulence and instability within the region.
28. Although HIPC resources are helping to keep up social sector expenditure, the Government has limited room for manoeuvre to direct increased resources to poverty reduction in the short term. A strong commitment to the GPRS objectives and fiscal discipline will be necessary to contain spending pressures in the next two years which would further limit the room for manoeuvre.
29. The third type of risk relates to **weak capacity**. There is concern that the intention of the GPRS will not be converted into reality given weak capacity within government to implement it. The main concerns relate to fiduciary risk i.e. the strength of public financial management and the weak capacity of the public sector in delivering Government priorities for poverty reduction. Ghana's weaknesses on public financial management have been highlighted in the World Bank's Country Financial Accountability Assessment which revealed grave concerns over planning, budgeting, procurement and audit. Weak compliance with, and enforcement of, financial management mechanisms, as well as weak planning capacity, is a problem at all levels: at central government (i.e. within the Ministry of Finance, Controller and Accountant General's Department and the Audit Service), within sectoral ministries and especially at district level in local government. These weaknesses result in low investor confidence as well as inadequate protection of poor and vulnerable Ghanaians.
30. The Government is aware of the importance of taking rapid action in this area and efforts are underway to redress these deficiencies.
31. Public sector reform has proved elusive. While a few individual institutions have made real efforts to improve performance and outputs, most have remained defeated by common civil service problems: inadequate budgets; excessive centralised control; de-motivated and in some cases demoralised staff; structures and procedures that are at best dysfunctional and in some cases destructive.

The National Institutional Renewal Programme may be able to generate the necessary political momentum and marry this to technical expertise, but the sustained, strong political support required is not yet in evidence.

32. The fourth risk relates to the way in which the Government is to be held to **account** in delivering the GPRS objectives. A committee on the GPRS has been established in Parliament, but clear roles have still to be established for civil society and the private sector in contributing towards its implementation and in monitoring and evaluation. While the Government has adopted an open stance on its policies – especially with the media – there is little real scrutiny from Parliament and civil society organisations, either because they are by-passed in the policy formulation process or because they lack the capacity for effective advocacy.
33. The fifth risk relates to the high stakes attached to development partner support to be provided through the **multi-donor budget support** mechanism (MDBS). While this approach has been adopted in many other African countries, it is new in Ghana so there is a risk that the Government may be let down by difficulties among development partners in coordinating their support in MDBS, although this has not proved to be a risk elsewhere. Indeed it is hoped that the effectiveness of MDBS will encourage the other development partners to participate, otherwise there is a danger that this approach may be undermined by the large volume of assistance channelled outside this mechanism.
34. Of more importance are concerns that the benefits of MDBS will be eroded by weak public financial management and poor allocation against GPRS priorities. Concerns have also been raised about the strong emphasis on the role of central Government, notably the Ministry of Finance, and less emphasis on influence being exerted on sectoral ministries or local government.
35. There is a risk of continued localised tension and **conflict** within Ghana and the sub-region. The Government is naturally concerned with internal security in Ghana and with preserving the foundations of democracy. There is a risk that the 'Yendi crisis' in northern Ghana could escalate if not handled carefully or that similar situations could arise elsewhere. Were this to happen it would derail the implementation of the GPRS in the priority regions. There are also wider risks within the sub-region. Conflict and instability in neighbouring countries has a significant adverse impact on Ghana through the trafficking of small arms, movements of displaced people and refugees together with associated risks of increased crime, pressure on physical and human resources and depressed economic activity.
36. There is a risk that **HIV/AIDS** will progress beyond the point where the epidemic increases exponentially. Population movements due to conflict, food shortage or economic pressure, or increased road traffic following continued economic growth, could overwhelm Ghana's mitigation strategies and close off the window of opportunity to avoid disastrous infection levels.
37. A final risk relates to **vulnerable groups**. The plight of the most vulnerable – food crop farmers, women, children and the disabled – has intensified over the past decade. Particular problems relate to climatic variability and the increasingly frequent and intense hazards of drought and flooding (which also affect urban areas). In addition, there are risks to safety and security through instability in the North, fear and mistrust of the police; weak controls on regional trafficking of women and children; and the lack of capacity to analyse, identify and track vulnerability issues, including those which are sector specific. The Government's approach to vulnerability and exclusion is through the establishment of discrete programmes of assistance, rather than mainstreaming this throughout its policies. In our assessment, this will further marginalize such groups.

38. These risks were all raised during the consultation process that formed part of the formulation of the Country Assistance Plan, although the primary concerns centred around the quality of the GPRS and the ability of multi-donor budget support to deliver its objectives. In the following sections we set out how we will contribute towards managing and reducing these risks to poverty reduction in Ghana.

## D. What we have learnt

39. DFID'S Country Strategy for Ghana for the period 1998 – 2001 aimed to support Ghanaian national development goals as set out in Vision 2020. Our strategy was based upon working in partnership with government and civil society and in close collaboration with other development partners. Our support had three main objectives:

- Concentration on a limited number of sectors to provide better (mainly social) services
- Supporting the mainstreaming of the poverty strategy in all budgetary planning
- Supporting sound macro economic and fiscal management through programme aid.

40. DFID commissioned an independent review of our support over this period. It concluded that we had adopted a genuinely strategic approach to poverty reduction, by allying our support to Vision 2020 objectives. This represented a clear departure from previous approaches – by being partnership focused, based on sector wide approaches and founded on Ghana's Medium Term Expenditure Framework and the central reform agenda.

41. Over this period, DFID's support had a strong social sector orientation with significant support being provided to health and education, with less emphasis on short-term economic growth (although considerable amounts of programme aid was provided which undoubtedly contributed towards macroeconomic stability).

42. The reviewers concluded that DFID *"only had a modest overall impact in meeting Vision 2020 and the Millennium Development Goals"*. Although this conclusion is not in itself surprising or discouraging, the review did point to specific areas where we could have done better. The participatory partnership with the Government was not always reflected in working practices, especially in the early years of the programme.

We also failed to anticipate the weak implementation of key reforms by the Government, most notably on decentralisation, public sector reform and public expenditure management. Furthermore, we underestimated the difficulties of launching new sector wide approaches along the lines of what has been achieved in the health sector.

43. Our achievements include:

- A strong rapport with the Government and other stakeholders at all levels and appreciation of our diplomacy and influence on the international stage.
- Being instrumental in inculcating a culture of service and responsiveness in the public sector.
- Contributing towards progress on the health MDGs through our participation in the health sector-wide approach (SWAp).
- Recognition for the quality of our work: provision of good quality advice on pro-poor issues, most notably in health, education, rural development (agricultural services and infrastructure) and water.
- Our innovation and experimentation and the positive impact through various small-scale interventions.
- And our particular strength lies in the large volume of financial resources – grant and untied – that can be provided flexibly and responsively.

44. We have drawn out a number of lessons for the future from this. We need to achieve a better balance between supporting social spending and creating the conditions for pro-poor private sector growth. We also need to focus on strengthening and broadening our partnership with Government at a political as well as a technical level. The 'central reform agenda' on public financial management and public sector reform requires a greater emphasis and we need to integrate our support to this with complementary activity at the sectoral and decentralised levels. We will furthermore need to engage civil society, parliamentarians and others as change agents in the central reform agenda. We also

need to set out our support for Ghana within the context of our engagement with West Africa as a whole.

45. As DFID we will never have more than "a modest overall impact" on the achievement of the MDGs in Ghana. The proportion of all development aid in public expenditure is 29%, lower than many African countries (although aid dependence rises to over 90% for the investment component of the budget). The UK bilateral share in development assistance is about 15%. We need to invest more with other development partners in putting into operation the commitments of the Monterrey Consensus to harmonise aid and to support Ghana's own policy frameworks, building on progress already made under the Comprehensive Development Framework and multi-donor budget support.

## Part 2 – UK assistance plans over poverty strategy period

### E. UK development partnership

46. DFID's policy is to support those countries with a sound and nationally driven Poverty Reduction Strategy by transferring resources directly through the Government's budget. This is accompanied by support for capacity building within Government, civil society organisations and for private sector development, and for the strengthening of institutions inside and outside Government which promote accountability. We are pursuing this approach in Ghana in close partnership with other members of the international community. With them, our overarching aim is to contribute towards the achievement of the Millennium Development Goals in Ghana. Progress towards this will be monitored and assessed on an annual basis<sup>4</sup>.
47. Our main objectives for the next four years will be to:
- Strengthen the poverty focus of the GPRS, in particular through its translation into the Government's budget
  - Assist with significant improvements in public financial management
  - Support progress on the implementation of the GPRS – especially in the enabling environment for pro-poor growth, good governance, human development, sustainable livelihoods & increased production.
  - Improve the effectiveness of donor support as a whole – notably by harmonising procedures and policy through the multi-donor budget support mechanism.
48. It is the intention during the lifespan of the CAP to move an increasing proportion of DFID's resources for the Ghana Country Programme into multi-donor budget support (MDBS). This approach requires us to consider how to better use and strengthen government systems<sup>5</sup> centrally and in delivering our existing sector support in health, forestry, education, feeder roads and bridges, agriculture and water. The long run goal is to deliver the bulk of our financial assistance through the MDBS arrangement.
49. There are a number of challenges in providing substantial support through this mechanism. Given the shortcomings of the GPRS prioritisation, weak links between the GPRS and medium term budget and slow public financial management reforms, DFID will be taking a prudent approach over the course of our Country Assistance Plan in redirecting our financial support through the MDBS arrangement. We will continue to use sector specific financing arrangements and project support for key interventions where necessary. Within our existing sectoral commitments in health, education, forestry, feeder roads and bridges, agriculture and water, we will agree with our partners the appropriate pace of change according to:
- Progress made on translating the GPRS priorities into the budget
  - The level of fiduciary risk/financial management arrangements in the public sector overall
  - Capacity of government systems and processes to accommodate MDBS and to deliver effectively to poor people
  - The scope for achieving additional impact on poverty reduction by continuing to transfer funds through sector budgets, rather than through MDBS.
50. We will ensure, as a minimum, that our assistance to Government is properly reflected in the Medium Term Expenditure Framework (MTEF) and we will work towards channelling an increasing proportion of our support via MDBS year by year.
51. We believe that the benefits of MDBS will outweigh the risks. Throughout this process we will maintain intensive policy dialogue with Government, within sectors as well as at the centre. We will also provide technical assistance support, in collaboration with other

<sup>4</sup> Through DFID's Public Service Agreement and Service Delivery Agreement – see Annex One

<sup>5</sup> Including budgeting, accounting, audit, procurement, M&E and Treasury.

development partners as far as possible, for transformational reform (policy, innovation, piloting) and financial management strengthening initiatives. We will examine the extent to which DFID's objectives – and those of the Government – can be achieved by working through other development partners. We will, therefore, be looking for opportunities where we can hand the management of our support or the lead responsibility of an issue to other development partners in the interests of harmonisation and more effective working.

## Framework for DFID Assistance

52. At the core of DFID's support will be the implementation of the GPRS, ensuring that the GPRS is well integrated in to government planning and budgeting processes (the MTEF); that there is mainstreaming of action to address the needs of vulnerable and excluded groups; and that there is effective participatory monitoring and evaluation of the GPRS to promote the accountability of Government to its citizens. In addition to this, DFID's support will be organised around four thematic areas.

### BOX 2: THE BENEFITS OF BUDGET SUPPORT

- The macroeconomic benefits of a greater proportion of donor inflows as programmatic rather than as projectised support
- Reduced transaction costs and competing demands on the Government, reducing resources tied up in negotiating with development partners and implementing and monitoring conditions
- A strengthening of government systems (e.g. budget planning, accounting, procurement, personnel management); providing the incentive to reform and improve systems that are vital for the delivery of government systems as a whole
- A reduction in uncertainty that undermines planning and long term investment
- A reduction in tied aid conditions that make aid less effective, and create a multiplicity of systems and standards in public services
- Greater accountability by Government to its citizens
- A basis for broad based dialogue on issues such as the under funding of priority sectors, leakage and delayed disbursements.

### BOX 3: MULTI-DONOR BUDGET SUPPORT

Some ten development partners are working with the Government of Ghana to develop a multi-donor budget support arrangement to provide up to \$500m in budget support over the next three years. The support will be disbursed in two tranches: 50% in the first quarter to provide a predictable level of funding, and up to 50% in the third quarter according to progress made on a set of disbursement triggers.

The MDDBS mechanism is fundamentally based on Ghana remaining on-track with its programme with the International Monetary Fund (IMF) and on making progress in the implementation of the GPRS. A Policy Matrix has been developed around some focal areas to guide discussion on progress, with a set of triggers linked to disbursement.

A multi-donor technical assistance (MDTA) fund is being developed – using up to 5% of the funds available for budget support – to support the necessary capacity building in the focal areas.



The proposed themes – which relate to the key GPRS objectives – are:

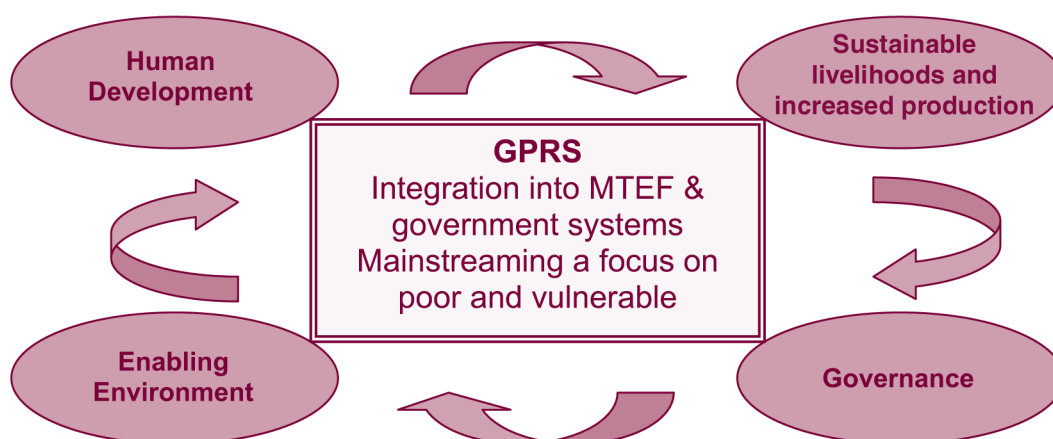
- The enabling environment for private sector led pro-poor growth
- Governance: enhanced accountability through public sector reform and the strengthening of civil society and deepening of democracy .
- Human development: provision of pro-poor basic services at the local level
- Sustainable livelihoods and increased production

53. Our decision to structure our support around these four areas reflects priorities in the GPRS and follows agreement with the Government and other stakeholders that DFID's support can be most effectively utilised in these areas. In part this is due to existing commitments, but it is also based on an assessment of our contribution in these areas relative to other development partners and our 'comparative advantage'.

54. Achievements in the first two thematic areas, the enabling environment for pro-poor growth and governance, are regarded as particularly critical in supporting wider change and in enabling delivery of concrete improvements in pro-poor service delivery. Linkages between the various thematic areas are, as shown in the diagram below, essential for the delivery of effective support for poverty reduction. Effective delivery of DFID support will therefore be dependent on the development of good multi-sectoral and multi-disciplinary working across the programme.

55. In supporting implementation of the GPRS we will emphasise **environmental sustainability** and **social policy priorities** including gender equality, rights and social protection of the vulnerable and excluded across our programme. We will support the Government in strengthening its own monitoring and evaluation systems to ensure that the international community can collectively track progress towards poverty reduction targets and achievement of the Millennium Development Goals.

**FIGURE 2: FRAMEWORK FOR DFID ASSISTANCE TO GPRS IN THE CAP**



56. The principal focus of our support to Ghana will be through **Government** systems. This reflects the nature of our partnership with Government in Ghana and our assessment that strengthening financial management and accountability in Government is the key building block for poverty reduction.
57. We place great value on helping Ghana build effective relationships between citizens and the state. We will therefore look for opportunities to strengthen our support for **civil society and private sector participation** through MDBS and GPRS implementation, as well as through our engagement at the sectoral level. We will support the participation of civil society and private sector organisations in dialogue with the Government on the GPRS, promoting greater accountability and transparency in the planning and provision of services, and in enhancing the voice of poor people in decisions which affect their lives. We will support Ghana to promote effective citizen participation, enabling citizens to claim their rights as guaranteed under the constitution, and to meet the commitments of UN International Conventions to which it is a signatory. Specifically, we will support independent research institutions and civil society organisations to act as watchdog institutions and knowledge generators. We will also support work on rights awareness, and dialogue and coalition-building around key policy issues.
58. While we will have a substantial programme of assistance targeted at country level, we will also work to **promote development within the sub-region** and the continent to ensure that Ghana is able to take advantage of the opportunities of globalisation, especially in trade, and to minimise the risks from conflict. We recognise the importance of ECOWAS and we will be providing support to assist with greater economic integration and conflict reduction within the region. The UK Government is firmly committed to the New Partnership for Africa's Development through the G8 Action Plan for Africa.
59. Through the establishment of a fully devolved office in Accra, our partnership and working relationships will be enhanced and strengthened. Regional activities will be coordinated by DFID's West Africa Department in London.
60. The specific aims and objectives for each thematic area are as follows. These are set out in more detail in the annual work programme in Part 3 of this plan.

## THE ENABLING ENVIRONMENT FOR PRO-POOR GROWTH

**Aim:** To support the Government to create an enabling environment for private sector led, pro-poor growth that enhances poor people's ability to effectively participate in markets

**Our existing support:** Capacity building with the Ministry of Trade and Industry on trade policy. Support to the Public Utilities Regulatory Commission on private sector participation in the urban water sector.

**Over the duration of the CAP:** We will work with Government and other development partners to develop strategies for pro-poor growth and private sector development. We will conclude our support to the water sector.

## GOOD GOVERNANCE

**Aim:** To enable Government to develop a more effective and democratic governance system which is more accountable to the needs and voice of Ghanaians, particularly the poor.

**Our existing support:** Focus on effective public financial management and public sector reform, including support to the Ministry of Finance and the Controller and Auditor General's Department; reform of subvented agencies; civil service performance improvement, emphasising social protection; strengthening evidence-based and consultative policy making processes and anti-corruption measures.

**Over the duration of the CAP:** the good governance agenda will remain vital and we will be seeking to bring our support firmly in line with the priorities of the MDDBS mechanism. Emerging areas of support include justice sector reform and support to democratic and oversight institutions and civil society to enhance public accountability and rights protection.

## HUMAN DEVELOPMENT

**Aim:** to increase the human capacity of all Ghanaians, especially the poor and vulnerable, through supporting government-led health, education and HIV/AIDS programmes as defined in the GPRS.

**Our existing support:** Earmarked budget support to the Ministries of Health and Education with some capacity building on planning, budgeting, management, monitoring and evaluation. Provision of financial and technical support to the Ghana Aids Commission.

**Over the duration of the CAP:** We will appraise whether budget support to the health sector-wide approach (SWAp) can become part of the MDDBS arrangement by 2005. In education, our existing programme concludes in 2003. We will assess whether further support can be effectively be deployed via MDDBS or through an emerging education SWAp. Mainstreaming of HIV/AIDS as a public health issue across our programme will be a priority.

## SUSTAINABLE LIVELIHOODS AND INCREASED PRODUCTION

**Aim:** to improve the livelihoods of poor and vulnerable people and increase their productivity through supporting government-led programmes that address priorities outlined in the GPRS

**Our existing support:** Projectised support to the Department of Feeder Roads for rural roads and bridges, emphasising core labour standards and community decision making. Capacity building for the Forestry Commission and policy support to the Ministry of Food and Agriculture.

**Over the duration of the CAP:** We will work to improve planning, financial management and development partner coordination in the roads sector. We will support agricultural services either through a SWAp or MDDBS and we will investigate the potential for support for land reform and decentralisation. We plan to conclude our existing commitments in the forestry sector.

## F. Programme resources

61. Assuming continued progress towards the implementation of the GPRS, and full disbursement of performance tranches under the MDBS framework, DFID proposes to provide annual funding of not less than £63 million in each of the financial years 2003/04 to 2005/06. In line with the commitments above, an increasing proportion will be provided as budget support. DFID will inform the Government before the beginning of each calendar year of the amount of budget support planned for the following year.

## Part 3 – Annual plan

### G. Monitoring the impact of DFID activities on poverty strategy outcomes

1. This section sets out measurable indicators for the changes which are expected to be achieved annually for the major areas of DFID support. Change Forecast Indicators have been taken, wherever possible, using the monitoring framework for the Ghana Poverty Reduction Strategy as well as the progress milestones for Multi-Donor Budget Support (MDBS) jointly agreed between GoG and development partners.
2. The Annual Plan is based on a series of **Plan Change Forecast Steps** (table on the next page) to be achieved over the period of the CAP. Each of these steps is designed to address a **key risk area** identified in the CAP (and via the multi-donor risk assessment of the GPRS). For each plan change forecast step, a series of **Annual Change Forecast** Indicators are identified. These are to be updated annually, along with the identified **DFID supported interventions** designed to help achieve the changes identified in the annual change forecast indicators.

Delivering the CAP **Monitoring the impact of DFID activities on Poverty Strategy outcomes: Change Forecast Table**

<b>Key Poverty Strategy Outcome: <i>Achievement of Ghana MDG targets and reduction of geographical and socio-economic inequalities in outcomes</i></b>				
Key risk identified in the CAP	Plan Change Forecast Step	Annual Change Forecast Indicators for 2003 (updated annually) <sup>1</sup>	DFID supported interventions (updated annually)	Annual Assessment of progress
Political priority is given to expenditure which does not benefit the poor	⇒ 1. GoG implements GPRS with a clear focus on sustainable, pro-poor development	<ul style="list-style-type: none"> <li>• <i>2003-5 MTEF budget and guidelines for 2004-6 reflect expenditure priorities outlined in the GPRS</i></li> <li>• <i>Broad poverty reduction expenditure in the 2003 budget increases from 21.7% total of government expenditure in 2002.</i></li> </ul>	<ul style="list-style-type: none"> <li>• PFM: support to MTEF process and participatory budget planning</li> <li>• Support for pro-poor service delivery in health, education, roads, agriculture/rural sectors.</li> <li>• Support for pro-poor regulatory framework in the urban water sector (PURC)</li> <li>• Support for Strategic Environmental Assessment (SEA) and M&amp;E of GPRS</li> </ul>	
Failure in macro-economic management	⇒ 2. Economy is well managed and generates pro-poor growth	<ul style="list-style-type: none"> <li>▪ On-track with IMF</li> <li>▪ Economic growth rate 4.5%</li> <li>▪ Pro-poor Ghana Trade Policy developed and approved by Cabinet</li> <li>▪ Pro-poor Private Sector Development Strategy developed by GoG</li> </ul>	<ul style="list-style-type: none"> <li>• Policy dialogue /support on macro-economic management</li> <li>• Support to GoG and civil society on pro-poor growth analysis and policy development at national and sectoral levels</li> <li>• Expansion of Ghana Trade Policy Project (GTPP) with strong pro-poor focus</li> <li>• PSD strategy and implementation framework supported</li> </ul>	

<sup>1</sup> ACFIs which reflect the jointly agreed policy matrix for GPRS/MDBS between government and DPs are shown in italics.

<p>Fiduciary risk; Government unable to deliver GPRS due to weak capacity</p>	<p>⇒</p> <p>⇒</p> <p>⇒</p>	<p>3. Problems of weak capacity and systems and poor enforcement in government overcome</p>	<ul style="list-style-type: none"> <li>• <i>Cabinet approval of public service reform that integrates ongoing initiatives to enhance co-ordination and implementation of the reform agenda</i></li> <li>• <i>MTAP on Public Financial Management accepted, costed and integrated into budget</i></li> <li>• <i>Initial implementation phase of GoG national Anti-Corruption strategy implemented.</i></li> <li>• <i>Completed action plan for decentralisation submitted to Cabinet</i></li> <li>• <i>Procurement legislation laid before Parliament</i></li> <li>• <i>Policy developed to encourage redeployment of teachers and health workers to remote rural areas</i></li> </ul>	<ul style="list-style-type: none"> <li>• PSR support (PSMRP Phase 2)</li> <li>• PFM support via Multi-Donor Technical Assistance Fund (MDTA)</li> <li>• Support to Ghana Integrity Initiative and other anti-corruption agencies.</li> <li>• Advocacy to strengthen the coherence of decentralisation policy and implementation building on lessons from BADSP</li> <li>• Sectoral support to strengthen GoG systems in sectors (health, education, roads, agriculture)</li> </ul>	
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Lack of accountability of government to its citizens	⇒	4. GoG becomes more accountable and responsive to the needs, voice and rights of Ghanaians, particularly the poor. Ghana's political system is representative and allows poor and marginalized people to organise and influence democratic development.	<ul style="list-style-type: none"> <li>• <i>Freedom of Information Act passed and key government documents placed in the public domain.</i></li> <li>• Charter of user rights implemented in key sectors (Patients Charter in 2003)</li> <li>• Representative workshops on GPRS monitoring and evaluation at local and national level.</li> </ul>	<ul style="list-style-type: none"> <li>• Participatory PEM initiative (joint with World Bank).</li> <li>• SSAJ support</li> <li>• Action to strengthen voice of civil society within GPRS (direct M&amp;E support and via MDTA) and within sectoral support.</li> </ul>	
DPs fail to deliver on MDDBS; continued fragmentation of donor assistance	⇒	5. Harmonisation & predictability of donor support greatly strengthened	<ul style="list-style-type: none"> <li>• MDDBS arrangements successfully introduced with increased % of development assistance on-budget</li> <li>• Broader harmonisation process behind GPRS</li> </ul>	<ul style="list-style-type: none"> <li>• Leading role in MDDBS</li> <li>• Facilitation of harmonisation process (jointly with other DPs)</li> </ul>	
Vulnerable groups continue to be marginalised	⇒	6. Effective action taken to tackle problems of vulnerability and exclusion	<ul style="list-style-type: none"> <li>• Vulnerability issues integrated into GPRS M&amp;E</li> <li>• Health insurance and urban water policy frameworks agreed by government include protection of the poor.</li> </ul>	<ul style="list-style-type: none"> <li>• Advocacy for mainstreaming of vulnerability across all areas of DFID support</li> <li>• Support for social protection policies and in health, education, water and food security.</li> </ul>	
HIV/AIDS undermines development progress	⇒	7. HIV/AIDS is seriously and effectively addressed by GoG	<ul style="list-style-type: none"> <li>• Effective National HIV/AIDS response framework in place at all levels and across all sectors</li> </ul>	<ul style="list-style-type: none"> <li>• Ghana AIDS Partnership Programme (GAPP) and mainstreaming of HIV/AIDS across all DFID support</li> </ul>	



Further ethnic conflict particularly in northern Ghana	⇒	8. Risk factors for conflict, particularly in northern Ghana, addressed	<ul style="list-style-type: none"> <li>• Conflict management and prevention strategies implemented</li> <li>• GPRS commitment to increase recurrent health spending on three northern and Central regions from 32% is met.</li> <li>• Land reform legislation tabled</li> <li>• Decreased reliance on military for law and order</li> </ul>	<ul style="list-style-type: none"> <li>• Develop enhanced understanding of socio-economic, ethnic, and political factors (including the role of traditional authorities and access to land) in causing conflict.</li> <li>• Advocacy on conflict prevention strategies.</li> <li>• Support to GoG to tackle geographical inequalities via sectors (health, education, roads, agriculture)</li> <li>• Support for land reform process</li> <li>• Dialogue on security sector reform issues</li> </ul>	
Risk of instability in the sub-region	⇒	9. Ghana plays a positive role in the development of the West Africa sub-region and in regional conflict prevention	<ul style="list-style-type: none"> <li>• Effective Ghanaian contribution to peace keeping in Cdl</li> </ul>	<ul style="list-style-type: none"> <li>• Advocacy for strong Ghanaian role in ECOWAS</li> <li>• Regional conflict prevention strategy</li> <li>• Support to Kofi Annan Peace-Keeping Training Centre</li> <li>• Support on regional trade issues (GTPP)</li> </ul>	

## H. Implementing the Country Assistance Plan

3. DFID Ghana has been structured to deliver the themes set out in this paper. By early 2003 it will have organised itself to cover issues which cut across the theme areas, in particular democracy and voice, HIV/AIDS and sustainable development. It will seek to concentrate in each theme on the key obstacles to achievement of the GPRS objectives. This will require all staff to understand better issues of growth, public sector reform, public finance and state and non-state mechanisms for accountability. These, together with an understanding of Ghanaian culture and tradition and the skills to operate DFID systems to ensure that we carry out our corporate responsibilities, will be the major ingredients of staff development in the office. Programme delivery is underpinned by strong representation of experienced UK staff in DFID Ghana.
4. The balance between UK and Ghanaian staff will be reviewed over the CAP period. The transaction costs of moving from a portfolio of DFID supported activities further into budget support have been shown to be high elsewhere. No change in staffing levels or mix is expected in 2003, but we will review staffing levels for the next RAR in the light of progress with budget support and harmonisation with other development partners.

## Annex 1: Progress on PSA/SDA Targets (to be updated annually)

### DFID'S Public Service Agreement

DFID's current corporate objectives are set out in its 2001-04 **Public Service Agreement (PSA)**. This document, agreed between DFID and HM Treasury, details targets by which we monitor our performance in contributing to poverty reduction. The PSA reflects our overall approach as set out in the White Papers on International Development and, in particular, their focus on the Millennium Development Goals (which superseded the International Development Targets in 2000). There is a clear link to public accountability - ministers are responsible for delivering on PSA objectives and outcomes. The implication is that DFID's budget will be increasingly linked to its performance against the Public Service Agreement.

The PSA is accompanied by a **Service Delivery Agreement (SDA)** which sets out in more detail the process, inputs and outputs by which DFID will deliver on its PSA objectives and targets.

The table below shows the PSA and associated SDAs for Africa and the indicators of progress we will use. Most indicators in the table below are taken from the GPRS, and are therefore subject to monitoring by Government. There will not be new information on each indicator during the year, but milestones have been chosen by DFID Ghana which should be measurable by Q3 2003.

	Indicators
PSA I Progress towards the Millennium Development Goals in 16 countries (including Ghana)	
SDA I Countries accessing IDA resources and their key donors are committed to and supporting effective and sustainable poverty reduction strategies	<ul style="list-style-type: none"> <li>➤ MTEF and budget reflect expenditure priorities in PRSP</li> <li>➤ Absolute and relative levels of budget support among donors</li> </ul> <p>Milestones:</p> <ul style="list-style-type: none"> <li>➤ Broad poverty expenditure in 2003 budget increases over proportion in 2002.</li> <li>➤ MDBS mechanism introduced and first joint annual GPRS progress review carried out by end April 2003.</li> </ul>
SDA II (a) More effective government-led education sector programmes – equitable access for boys and girls	<ul style="list-style-type: none"> <li>➤ Gross primary enrolment rate</li> <li>➤ Primary drop out rates</li> <li>➤ Improved pass rates in English and maths</li> </ul> <p>Milestone:</p> <ul style="list-style-type: none"> <li>➤ Achievement of Education Fast Track Initiative Status by mid-2003</li> </ul>
SDA II (b) More effective and equitable health sector programmes (communicable diseases, HIV/AIDS, child and maternal mortality)	<ul style="list-style-type: none"> <li>➤ IMR/U5MR</li> <li>➤ MMR</li> <li>➤ New HIV infections</li> <li>➤ Access to safe water</li> </ul> <p>Milestones:</p>

	<ul style="list-style-type: none"> <li>➤ Pro-poor health insurance policy design approved by parliament by mid-2003</li> <li>➤ Establishment of an Urban Low Income Group Water Unit (ULIGWU) by mid-2003</li> </ul>
SDA II (c) Better economic and political governance	<ul style="list-style-type: none"> <li>➤ Projected fiscal deficit for 2003</li> <li>➤ Updating of 2001 CFAA</li> </ul> <p>Milestones</p> <ul style="list-style-type: none"> <li>➤ New IMF PRGF agreed early 2003.</li> <li>➤ Freedom of Information Act submitted to parliament in 2003.</li> <li>➤ Operational agenda of public sector reforms reviewed, with scope and focus adjusted to support GPRS implementation, by July 2003.</li> </ul>
SDA II (d) Sustained improvements in the climate for foreign investment, local private sector development and market access for the poor	<ul style="list-style-type: none"> <li>➤ GDP growth</li> <li>➤ Agricultural sector growth</li> <li>➤ Export growth</li> <li>➤ Proportion of farmers with access to feeder roads</li> <li>➤ Legislation on land reform</li> </ul> <p>Milestones</p> <ul style="list-style-type: none"> <li>➤ Analysis on growth and key sub-sectors completed by end 2003</li> <li>➤ Cost of business survey completed by end 2003</li> <li>➤ PSD Strategy and Action Plan completed and approved by Cabinet by mid 2003</li> <li>➤ Programme of support to improve policy and institutional constraints initiated by 2003</li> </ul>
SDA III: Increased African capacity to prevent and reduce conflict	<p>Milestones</p> <ul style="list-style-type: none"> <li>➤ Kofi Annan International Peacekeeping Training Centre effectively delivering training courses to national and regional trainees by mid-2003</li> <li>➤ Completion of six-month input to ECOWAS force in CDI (by April 2003).</li> </ul>

## Annex 2

### Summary of the process by which the country plan was developed

1. In November 2001, DFID commissioned an independent review of progress on the Country Strategy Paper for Ghana 1997-2001. The findings and recommendations of the review fed into an extensive process of formulating our approach for the next period. This coincided with a revision of the structure and approach to DFID's Country Assistance Plans, as well as with the preparations for multi-donor budget support.
2. We have engaged with a wide range of stakeholders in the preparation of the CAP and have had lively, fruitful and challenging discussions about how best to support the implementation of the Ghana Poverty Reduction Process. A list of participants in the consultation process is set out below, together with a summary of the views and comments received.

TARGET GROUP	PARTICIPANTS
<b>MEETINGS IN GHANA: JULY 2002</b>	
National Reference Group	National Development Planning Commission/Ministry of Economic Planning & Regional Cooperation, Ministry of Finance, Northern Ghana Network for Development, Ghana Association of Private Voluntary Organisations in Development, representatives of development partners (Canadian International Development Agency – CIDA)
Zonal meeting Sunyani – middle belt (Ashanti & Brong Ahafo Region)	Brong Ahafo Network of Non-Governmental Organisations (NGOs), members, DFID's Brong Ahafo District Support Programme (BADSP) Team etc. Government representatives/Regional Coordinating Council/District Assembly reps etc
Zonal meeting Tamale – Northern Regions	Northern NGO Network, Government representatives, Regional Coordinating Council, District Assembly representatives etc
British High Commission /UK partners	BHC, British Council, BMATT
Governance – thematic partners	Office of the Head of Civil Service, National Institutional Renewal Programme, Ministry of Justice, Attorney General's Dept, Crown Agents, NGOs, development partners
Enabling environment – thematic partners	Ministry of Private Sector Development & theme group partners, APDF, NGOs
SLIP partners	Ministries, Forestry Commission (FC), Department of Feeder Roads, Technoserve, SNV, Adventist Development & Relief Agency, World Vision, Integrated Social Development Centre (ISODEC), Emilia Arthur, Kojo Awanor, development partners
Human development – thematic partners	Ministry of Health/Ghana Health Service, Ministry of Education/Ghana Education Service, Ghana Aids Commission, Ministry of Local Government (environmental sanitation)
CS and academics (national)	Institute of Statistical Social & Economic Research, Centre for Economic Policy Analysis, Institute of Economic Affairs, Nkrumah University, Centre for Democratic Development, GAPVOD, Civil Society (CIVISOC), Ghana Federation of the Disabled etc

## TARGET GROUP

## PARTICIPANTS

Development partners

Multilaterals & bilaterals

Ministers

Ministers of Finance, Economic Planning, Local Govt, Health, Education, Private Sector Development, Foreign Affairs, Lands and Forestry, Roads, Works & Housing, Women's Affairs, Manpower Development,

DFID Ghana

All staff and consultants

### WEB-BASED CONSULTATION PROCESS: AUGUST 2002

Wide range of UK, Ghanaian and international contacts

Written comments received from Univ. of Edinburgh, Institute for Development Studies (IDS), Overseas Development Institute (ODI), Bionet International (Ghana Chapter), Christian Aid, Action Aid (Ghana), Great Ape Survival Project, Environmental Protection Agency Ghana.

### MEETINGS IN UK: SEPTEMBER 2002

DFID lunchtime seminar

Video conference between DFID-Ghana and DFID London involving chief advisers, heads of departments and other DFID staff members, representatives of other government departments

## SUMMARY OF COMMENTS RECEIVED IN THE CONSULTATION PROCESS

Our approach: MDBS/GPRS	<p>Strong support for consultation approach and opening up the debate on MDBS.</p> <p>Widespread support for DFID using the GPRS as the basis for the CAP.</p> <p>Strong understanding of the rationale and logic for MDBS.</p> <p>Our analysis of the risks involved shared:</p> <ul style="list-style-type: none"><li>• Concerns about the shortcomings of the GPRS and how best to tackle this</li><li>• Concerns that the Government will not deliver: at central, sectoral and district levels</li><li>• Concerns about weaknesses in public financial management and the consequent risks for MDBS</li></ul> <p>Expand DFID's role in managing risks.</p> <p>Concern about loss of influence at sectoral level – too much emphasis on central government.</p> <p>Increasing interest by sectoral ministries in sector-wide approaches (SWAps) as an alternative to MDBS, in view of concerns about reliability of funds from the Ministry of Finance.</p> <p>Is the UK moving too far too fast into MDBS?</p>
Economic issues and private sector development	<p>Greater assessment of growth potential required – including how growth can be 'pro-poor'.</p> <p>Be less critical of Ghana's economic record: reforms have largely been sustained.</p> <p>Acknowledge export earnings of peacekeeping activities.</p> <p>Risk that timber exports may decline due to unsustainable timber production.</p> <p>To what extent does over-extended public sector crowd out private sector?</p> <p>Check investment figures.</p> <p>Greater emphasis needed on promoting indigenous private sector rather than vulnerable dependence on foreign investment.</p>
Poverty focus	<p>Recognise iterative nature of GPRS as a means to improve its poverty focus and prioritisation.</p> <p>More emphasis needed on poverty in the north (e.g. food crop farmers) and how DFID will support this.</p> <p>Need to ensure MTEF has strong distributional emphasis.</p> <p>Stress DFID's support for poverty reduction is multifaceted: enabling as well as direct support.</p> <p>Concern that empowering the poor could be deemed as politically motivated.</p> <p>Concern that environmental issues have been neglected in GPRS.</p>
Civil society	<p>Section on civil society needs to be expanded.</p> <p>More needed on the roles of civil society organisations on empowerment, policy dialogue, monitoring and service delivery.</p> <p>Support for DFID providing direct support to civil society organisations, rather than exclusively as part of MDBS/GPRS approach.</p>

## SUMMARY OF COMMENTS RECEIVED IN THE CONSULTATION PROCESS

### General issues

Greater clarity needed on how the thematic areas have been chosen and why they are priorities.

Little feedback on areas where we should do less, but stressed that we should do more on governance and land reform.

More emphasis needed on conflict management & resolution in north and DFID's contribution on regional initiatives (e.g. small arms moratorium).

More emphasis needed on potential impact of HIV/AIDS.

Political, not technocratic approach needed to public sector reform.

Consider public works with remunerated labour, fitting with agric cycle, as a poverty reduction tool.

Update Millennium Development Goals (MDGs) post World Summit & Sustainable Development (WSSD).

Need to translate CAP into workable plan with clear objectives, results and indicators.

### Joined up government/wider issues

More emphasis needed on trade and the World Trade Organisation (WTO).

More emphasis needed on working with international financial institutions, African Development Bank, European Union.

UK should be doing more with ECOWAS.

Stress links with DFID-London (e.g. CHAD) and Whitehall.



### Annex 3: Country Plan Expenditure Profile 2003-6

Ongoing programmes agreed with Govt of Ghana	Start data	End date	Amount <sup>2</sup>	Budget 2002/3	Budget 2003/4	Budget 2004/5
<b>Enabling Environment</b>						
Ghana Trade Policy Project	June 2001	May 2003	.77	0.72m	0.06m	
Business Linkage Challenge Fund	Jan 2000	Jan 2006	1.1m	0.30m	0.45m	.25m
Water: Sector programme (WSIP)	July 1998	Mar 2004	9.64m	0.25m	9.39m	
Private Sector Development	Oct 2002	Sept 2003	0.75m	0.19m	0.56m	
Debt, Aid and Private Capital Flows	June 2000	Dec 2001	0.32m	0.07m	0.07m	
<b>Governance</b>						
MTEF	Mar 1997	Aug 2002	2.83m	0.175m	0.00	
Support to the Ministry of Finance	June 2002	Oct 2003	0.6m	0.545m	0.55m	
Civil Service Performance Improvement Programme	Aug 1996	Apr 2002	5.7m	0.25m	0.25m	
Subvented Agencies Reform Programme	Feb 2000	June 2003	2.3m	0.7m	0.314m	
Support to Value for Money Programme	Jan 2000	Apr 2003	0.736m	0.21m	0.03m	
GPRS Monitoring and Evaluation	July 2002	July 2003	1.125m	0.5m	0.625m	
Integrated Payroll and Personnel Database Support	Oct 2002	Mar 2004	3.9m	0.8m	1.9m	1.2m
Security, Safety and Accessible Justice	Jan-2003	Dec 2004	1m	0.002m	0.4m	0.58m
<b>Human Development</b>						
Health Sector Programme	January 2002	December 2006	40m	8m	8m	8m
Education Sector Programme	Aug 1998	Aug 2003*	50m	8m	8m	8m
HIV/AIDS – GAPP	2001	2006	20m	4m	4m	4m

<sup>2</sup> Pounds Sterling

<b>Sustainable Livelihoods</b>						
Forestry Sector Development Programme II	Sept 1999	Mar 2005	12.0m	1.3m	1.0m	1.0m
Feeder Roads Programme	May 1999	Mar 2003	28.0m	4.2m	7.4m	12.5m
Bridges for Feeder Roads Programme	Sept 1997	Jun 2004	12.0m	2.0m	1.2m	
Support Rural Livelihoods Sector	Sept 1999	Aug 2003	2.8m	1.04m	1.0m	
AGSSIP/FASDEP	Proposed		15.0m	0.10m	5.0m	
Land reform	Proposed		2.3m	0.10 m		
Small Grants Scheme	Annually		0.05m	0.05m		
Governance Fund	Annually		0.15m	0.15m		

NB Existing commitments may be absorbed into budget support over the life of the CAP.

## **Annex 4: Input required from other DFID Departments to support Plan Delivery**

**The issues on which we will look to help from other Departments are:**

### **Africa Policy Department**

Promoting growth and pro-poor growth (Africa Growth Resource Centre)  
Promoting donor harmonisation (through the SPA and DAC Working Group)  
Impact of international trading regime on Ghana (with International Division)  
Best practice in corporate procedures (including annual review)  
Professional supervision and information dissemination from APD advisers

### **Policy Division**

HIV/AIDS policy and information dissemination (with Regional Adviser, CSAD)  
Global level policy and progress on education fast track initiative  
Monitoring of GPRS and progress towards MDGs (particularly through continued input from Statistician)  
Political economy, pro-poor change and working with elites  
Public financial management  
Rights based approaches and participation in PRS formulation and monitoring  
Securing rural livelihoods and improving commercial agricultural productivity and competitiveness  
Global Fund for AIDS, TB and Malaria and key multilaterals working on global health issues  
Access to medicines  
Pro-poor urban water policy  
Land reform  
Supervision and professional development from Chief Advisers

### **International Division**

Development of PRSPs and their treatment by IFIs  
PSIA  
HIPC and Paris Club  
African Development Bank

### **Finance Division**

Health check by IAD  
Decision on and roll-out of new accounting system (AD)  
Dialogue on working of new CAS system and proposals for country programme performance management (PED)  
Procurement aspects of public financial management (PD)

## **Human Resources Division**

Support and leadership on diversity agenda, including ensuring equitable treatment and greater opportunities for SAIC staff; efficient and transparent postings arrangements.

Support in evaluating training.

## **Information Division**

Improved facilities for homeworking overseas

Better electronic access to classified material

Support for clearing SAIC to see restricted material.

## Annex 5

### Ghana Country Assistance Plan statistical annex

World leaders adopted the United Nations Millennium Declaration in September 2000. The Declaration commits UN Member States to achieving the Millennium Development Goals (MDGs) by 2015. Statistics for Ghana on key MDG target areas up to 2000 are given in the table below:

Ghana Country Assistance Plan Statistical Annex					Region
Africa	1990	1995	1999	2000	Sub Saharan
<b>1. Eradicate extreme poverty and hunger</b>					
<i>2015 target = halve 1990 \$1 a day poverty and malnutrition rates</i>					
Population below \$1 a day (%)	..	..	44.8	..	48.1 <sup>1999</sup>
<b>2. Achieve universal primary education</b>					
<i>2015 target = net enrolment to 100</i>					
Net primary enrolment ratio (% of relevant age group)	..	..	50.5 <sup>(1)</sup>	..	54.4 <sup>1999</sup>
<b>3. Promote gender equality</b>					
<i>2005 target = education ratio to 100</i>					
Ratio of girls to boys in primary and secondary education ((%))	..	..	..	..	79.9 <sup>1999</sup>
<b>4. Reduce child mortality</b>					
<i>2015 target = reduce 1990 under 5 mortality by two-thirds</i>					
Under 5 mortality rate (per 1,000)	119	108	..	112.1 <sup>(1)</sup>	161.6 <sup>2000</sup>
<b>5. Improve maternal health</b>					
Births attended by skilled health staff (% of total)	55 <sup>(1)</sup>	44	44	..	..
<b>6. Combat HIV/AIDS, malaria and other diseases</b>					
<i>2015 target = halt, and begin to reverse, AIDS, etc</i>					
Prevalence of HIV, female (% ages 15-24)	..	..	3.4	..	9.2 <sup>1999</sup>
<b>7. Ensure environmental sustainability 2015 target = various (see notes)</b>					
Access to an improved water source (% of population)	56 <sup>(1)</sup>	..	..	64	55.4 <sup>2000</sup>
<b>Aid Need and Resources</b>					
UK bilateral aid (£m)			52.8		
UK share of total bilateral aid (%)			21		
Total aid from all sources (£m)			401		
Total aid per poor person (£)			46.39		
Number of DFID staff directly involved			..		
Poor people per DFID staff member (thousands)			..		
<b>General Indicators</b>					
Population (millions)	15.1	17.3	18.9	19.3 <sup>(2)</sup>	658.9 <sup>2000</sup>
GNI per capita (\$)	390	360	390	340	480 <sup>2000</sup>
Life expectancy at birth (years)	57.2	59.2	..	56.9	46.5 <sup>2000</sup>

Source: World Development Indicators Database, April 2002, Statistics on International Development

Notes: (1) These figures are taken from WDI but have not been derived from the sources quoted in the WDI nor from any other in-country source.

(2) Population Census (March 2000) 18.9 million