



# Joint Evaluation of Budget Support to Ghana (2005-2015)

**Final Report**

**Volume 2b**

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*Independent evaluation jointly managed by the European Commission (DG DEVCO's Evaluation Unit), the World Bank's Independent Evaluation Group, the Government of Ghana, Denmark, France and Germany.*



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The Final Report is authored by a joint EU and IEG team of evaluators. The EU team of evaluators was provided by Particip GmbH, a Germany-based consultancy firm.

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# Joint evaluation of budget support to Ghana (2005-2015)

## Final report

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## 1 Health sector case study

The main findings and evidence gathered in this case study are structured in three parts along the lines of the OECD methodological approach for the evaluation of BS:

- Overview of BS design and direct effects (Step 1/ levels 1 and 2 of the theory of change).
- BS induced effects on policy formulation & implementation processes (Step 1/ level 3).
- Sector outcomes and main determining factors (Step 2).

The overall synthesis of the analyses carried under Step 1 and Step 2 is presented in the main evaluation report (Volume 1).

### 1.1 Overview of BS design and direct effects

#### 1.1.1 BS (SBS & GBS) design

##### 1.1.1.1 Introduction

During the evaluation period, there were six main SBS operations implemented in the health sector – see Table 1.

Table 1 Overview of SBS operations in the Health sector

DP	Short title	Start	End	Amount planned (USD)
Denmark	HSSP IV	2008	2012	59,110,050
Denmark	HSSP V	2012	2016	59,813,365
EU	MHSP	2012	2016	64,445,000
Japan	Health SBS (JP)	2010	2016	2,166,679
Netherlands	Health SBS (NL)	2008	2012	see Table 2 below <sup>1</sup>
UK	HSSP <sup>2</sup>	2008	2013	82,310,328

Source: *Particip 2016* (based on information available in financing agreements and other project documentation)

It is important to note that a SWAp arrangement supported by a basket fund existed in the health sector before the evaluation period. Since 1996, the structure and mechanisms for collaboration and co-ordination within the sector were formalised in a document, the Common Management Arrangement.<sup>3</sup> Moreover, health was featuring prominently in the BS policy matrices since the start of the provision of GBS (in 2003).<sup>4</sup>

##### 1.1.1.2 Overview of SBS operations

In 2008, three DPs (Danida, DFID, and the Netherlands) decided to move to SBS under a specific joint arrangement. The idea was to:

- bring the MoF on board for overseeing what took place in the sector and help strengthen PFM and accountability measures,
- widen and strengthen policy dialogue on the priority areas, and
- foster the implementation of aid effectiveness principles (co-ordination, alignment, etc.).

The Framework Memorandum of Understanding (FMOU) signed by the three DPs, the MoH and the MoF defined the institutional arrangements framing the provision of SBS in the health sector. It was accompanied by three annexes:

- ToR for Health and HIV/AIDS sector group (to be signed during the Health Summit in April 2008);
- Progress Assessment Framework (PAF) including defined targets;

<sup>1</sup> The evaluation team did not manage to collect other information on the budget of this SBS operation than the figures presented in the sector's APoW. It was thus not possible to confirm the exact size of the operation.

<sup>2</sup> A follow-up SBS operation for the period 2013-2018 was designed but eventually restructured. The bulk of the SBS component was transformed into earmarked project support.

<sup>3</sup> See Box 4 below.

<sup>4</sup> Health was a major policy area under the Pillar II 'Human development and basic services' of the GRSP I&II which became Pillar II 'Human development, productivity and employment' under the GSGDA.

- Holistic assessment of the health sector.

In addition, GoG signed bilateral arrangements with each individual signatory DP with respect to providing SBS for the Ghana health sector Programme of Work (PoW) 2007-2011.

As per the Framework Memorandum,

2008 GoG-DPs – Health SBS FMOU: *The SBS funds transferred to the Consolidated Fund of the national Treasury will be taken fully into account by GoG in its planning, budgeting, disbursement, accounting and auditing processes [...]. SBS funds for the health sector are not earmarked to specific health sector budget categories, budget lines or expenditure items. [...] This FM is intended to operate within the FM for the Multi-Donor Budget Support (MDBS) [...]. The Health and HIV/AIDS Sector Group (HSG) will contribute to the policy dialogue in the sector.*

The difference between SBS and basket fund is explained below.

2016 Bjerrum - Danida's involvement in the Ghanaian health sector 1994-2015: *During the first SWAp arrangements [...], DPs were disbursing directly to a Health Fund under MoH i.e. not through Ministry of Finance. Those funds were therefore not part of MoF/Controller and Accountant General's Consolidated Fund. The Health Fund was managed by the MoH and used the GoG public financial management system for planning & budgeting, disbursement and accounting. The Health Fund was reflected in the Medium-Term Expenditure Framework (MTEF) budget, and approved by the Parliament as part of the health sector budget, and was covered in the audit reports submitted to Parliament.*

*Since HSPS phase IV Danida has provided Sector Budget Support (SBS) and channel funds through Ministry of Finance (MoF) earmarked for the health sector. The support is integrated into the budget together with Ghana's domestic resources by becoming part of the Consolidated Fund and being fully handled within the framework of the national budget process. MoF releases funds on the request from MoH using normal GoG procedures and giving the same supervisory responsibility to MoF over both GoG and the sector budget support, i.e. financially aligning GoG funds and sector budget support.*

The Common Management Arrangement (CMA) III specifies that:

2012 GoG – Common Management Arrangement III: *Sector Budget Support is the MoH's preferred modality for external support to its SMTDP. [...Yet,] SBS is not yet fully integrated into the health sector financial management system. In particular, it is currently reported and tracked separately from GoG Funds in planning and financial reporting, and is subject to the same bureaucratic mode of access as GoG Item 3 funds, with each individual drawdown having to be applied for and justified.*

The CMA IV (2014) reiterates the assertion that SBS is the MoH's preferred modality for external support.

The planned SBS contributions presented in the Health sector Annual Plan of Works (APoWs) are presented in Table 2.

*Table 2 SBS financial inputs planned in APoWS between 2008 and 2015 (GHc million)*

<b>DP</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Denmark	4.51	13.23	n/a	18.58	20.02	24.37	n/a	34.66
EU			n/a		21.64	48.32	n/a	132.62
Japan			n/a	3.2	3.72	4.82	n/a	6.07
Netherlands	22.88	29.60	n/a	31.14	38.95		n/a	
UK	25.94	16.77	n/a	17.04	19.18		n/a	
<b>Total</b>	<b>53.33</b>	<b>59.60</b>	<b>n/a</b>	<b>69.96</b>	<b>103.50</b>	<b>77.51</b>	<b>n/a</b>	<b>173.35</b>

*Source: APoWs 2008, 2009, 2011, 2012, 2013, 2015*

The actual SBS disbursements are presented in Table 3.

Table 3 Receipts/contributions of SBS in the health sector, 2009-2014 (GHc)<sup>5</sup>

DP	2009	2010	2011	2012	2013	2014
Denmark	17,401,048	18,000,000	21,199,531	31,232,955	26,109,734	43,794,824
DFID	18,899,200	18,018,400	19,442,400	21,058,400	24,986,400	25,399,800
Netherlands	32,818,500	21,901,463	56,789,700	39,956,400		
JICA			3,920,000	4,840,000	4,100,000	6,060,000
EU					24,768,752	
<b>Total SBS</b>	<b>69,118,748</b>	<b>57,919,863</b>	<b>101,351,631</b>	<b>97,087,755</b>	<b>79,964,886</b>	<b>75,254,624</b>

Source: MoH Audited Annual Financial Reports 2009-2014

Additional information on the SBS operations implemented in the sector over the evaluation period is presented in Appendix 1.

In 2011 Denmark (Danida), on behalf of the DPs providing SBS, commissioned a study on how to improve the flow of SBS funds from DPs to the MoH. Its main findings are presented in Box 1.

Box 1 Main findings from the study on improving the flow of SBS funds in the health sector

**An analysis of the SBS tranches released** by Danida, DFID and the Netherlands during the period 2009-2011 showed that **the duration of this process ranged from 57 calendar days** (Danida tranche in 2010) **to 326 calendar days** (tranche of The Netherlands in 2010). The analysis of the various steps showed that there were **no systemic issues in the procedural steps of the flow of funds which prevented a speedier transfer of SBS funds to the MoH**. Steps were slowed down because of staff being out of office, signatures needed, and lack of co-ordination and communication between departments within MoF and between the MoF and the MoH. **The delays were rather practical in nature** and had more to do with a lack of attention rather than a specific flaw in the procedures. The fact that the disbursement of SBS funds was a rather rare transaction (on average three or four tranches per year) may have contributed to the delays. The analysis revealed that it took approximately **three months for the funds to move from MoH to the districts**.

The way in which SBS was put in place in practice in the health sector in Ghana **does not fully reflect the Framework Memorandum of Understanding** between GoG and DPs, or the bilateral agreements between GoG and DPs. Therefore **procedures and conditions were not as harmonised and aligned as envisaged initially**.

In particular, cash based resource allocation during the year replaced the budget as the guide to actual expenditure. MoF ring-fenced the SBS funds in a separate treasury account, and wanted to be able to further track what SBS funds were spent on.

As the GoG budget preparation takes place in the summer and fall, and the Parliament approves the budget in November/December, APoW was at that time only finalised after the government budget had been approved. The budget underlying the APoW was significantly higher than the GoG Health budget approved by Parliament. **SBS funds were at best only partly reflected** by the budget under "donor funds/item 3".

The Sector Medium Term Development Plan (SMTDP) and APoWs constitute elaborated policy programmes, but **monitoring of expenditure against policy priorities was not yet being implemented**. The external review process suffered from systematic unavailability of basic data at the time of the review.

Contrary to GBS, **the implementation of SBS is not co-ordinated** because SBS is treated within the MoFEP as a **regular individual donor project** with limited communication between several departments.

**The availability of funds at the level of service provision during the budget year is too late** with first releases often materialising only in May / June. As a result, health facilities are forced to postpone activities due to the backloaded availability of cash towards the end of the year, leading to unnecessary inefficiencies in operations.

The MoH and GHS have set up a **monitoring system that tracks funds through all the steps** of the macro process for the release of SBS funds to the moment that MoH disburses the funds to GHS. The tracking of the SBS flow of funds to MoH is useful, but could be used more actively between stakeholders to reduce the scope for unnecessary delays.

<sup>5</sup> Note that these records may not correspond to those from donors and MoF, due to delays between disbursement and actual transfer to MoH account.

Moreover, a number of **differences were observed in 2011 between practices in place, the Framework Memorandum of Understanding (FMOU) and bilateral agreements**, notably:

- While the FMOU required SBS to be transferred to GoG Consolidated Fund, Danida's bilateral agreement allowed for ring-fencing by special Treasury account if preconditions were not fulfilled;
- While the FMOU required SBS releases to take place in year N+1 based on health sector review in N-1, on the basis of approved APoW, DFID's bilateral agreement allowed for different release schedule based on other conditions;
- While the FMOU required timing of release of funds to MoFEP preferably within first 4 months of the year, only the Netherlands respected this through annual instalments;
- The exact way SBS is reflected in the budget and need for quarterly financial reports were unclear.

Source: ECORYS (2011) *Getting into flow: improving the flow of SBS funds – Final report*; by Arthur ten Have and Laura Thissen, Client: Danida, on behalf of DFID and EKN Ghana, Rotterdam, 24 October.

### 1.1.1.3 Health in the MDBS framework

As mentioned above, in addition to SBS, the health sector also received a lot of attention in the Multi-Donor Budget Support (MDBS) framework. The MDBS Performance Assessment Framework (PAF) comprised explicit performance indicators related to the health sector as illustrated in Table 4.

Table 4 Overview of MDBS PAF indicators focusing on the health sector

Year	Indicators
2005	<ul style="list-style-type: none"> <li>• <i>B1. Bridge equity gaps in access to quality health care:</i> <ul style="list-style-type: none"> <li>○ 13. Assess health professional attraction and retention programme in consultation with stakeholders and decentralise management of human resources continued, including the identification of options for decentralizing P.E.</li> </ul> </li> <li>• <i>B2. Ensure sustainable financing arrangements that protect the poor:</i> <ul style="list-style-type: none"> <li>○ 14. Revise the resource allocation formula to be used in the 2005 budget to include for goods, services and investments (items 2, 3 and 4 in the budget), favouring the most deprived districts.</li> <li>○ 15. Increase funding for exemptions, develop and implement system for identifying the poor for exemptions from fees/health insurance premium subsidy, and expand maternal delivery exemptions to two additional regions.</li> <li>○ 16. Lay Legislative Instrument for the National Health Insurance Scheme before Parliament.</li> <li>○ 17. Increase utilisation of health services in deprived regions (Specific to MDBS).</li> </ul> </li> </ul>
2006	<ul style="list-style-type: none"> <li>• <i>B1. Bridge equity gaps in access to health and nutrition services:</i> <ul style="list-style-type: none"> <li>○ 31. Continue human resources reform (Model the impact of piloting the Decentralisation of Personal Emolument's Vote and Human Resource Management in the Health Sector);</li> <li>○ 32. Accelerate progress towards achieving MDG 4 and 5.</li> <li>○ 33. Improve the Health Management Information System (HMIS).</li> </ul> </li> <li>• <i>B2. Ensure sustainable financing arrangements that protect the poor:</i> <ul style="list-style-type: none"> <li>○ 34. Increase health spending to accelerate progress toward the MDGs: A. Absolute increase in spending on item three of the health budget (services); B. Execution of 2006 Budget. C. HIV/AIDS (2 measures).</li> </ul> </li> </ul>
2007	<ul style="list-style-type: none"> <li>• <i>B1. Bridge equity gaps in access to health and nutrition services:</i> <ul style="list-style-type: none"> <li>○ 20. Continue human resources reform.</li> </ul> </li> <li>• <i>B2. Accelerate progress towards achieving MDG 4, 5 &amp; 6:</i> <ul style="list-style-type: none"> <li>○ 21. More than 50% of the indicators in the basket of indicators for measuring sector performance improved.</li> </ul> </li> <li>• <i>B3. Ensure sustainable financing arrangements that protect the poor:</i> <ul style="list-style-type: none"> <li>○ 22. Increase health related spending (FY 2007) which leads to accelerated progress toward the MDGs: a) Absolute increase in spending on item 3 of the health budget (services); b) Execution of 2007 budget; c) NHIS becomes increasingly effective. c) National Health Insurance Scheme becomes increasingly effective: 36% of population, including the indigents and other exempt categories, are issued with ID cards</li> </ul> </li> </ul>
2008	<ul style="list-style-type: none"> <li>• <i>B1. Bridge equity gaps in access to health and nutrition services and accelerate progress towards achieving MDGs 4, 5, &amp; 6:</i> <ul style="list-style-type: none"> <li>○ 10. Satisfactory performance of the health sector as defined and measured through the holistic assessment;</li> <li>○ 11. Percentage of children fully immunised by age one (Penta-3 coverage as proxy indicator).</li> </ul> </li> <li>• <i>B2. Ensure sustainable financing arrangements that protect the poor:</i> <ul style="list-style-type: none"> <li>○ 12. Align the budget cycle of Ghana Aids Commission to that of GoG;</li> <li>○ 13. Budget execution rate of item 3 (Consolidated Fund, HIPC, NHIF, Health Fund and SBS).</li> </ul> </li> </ul>



Year	Indicators
2009	<ul style="list-style-type: none"> <li>• <i>B1. Scale up high impact health, reproduction and nutrition interventions and services targeting the poor, disadvantaged and vulnerable groups:</i> <ul style="list-style-type: none"> <li>○ 11. Satisfactory performance of the health sector as defined by and measured through the holistic assessment;</li> <li>○ 12. 45% expected deliveries attended by trained health workers.</li> </ul> </li> <li>• <i>B2. Improve governance and sustainable financing:</i> <ul style="list-style-type: none"> <li>○ 13. Budget execution rate of item 3 (Consolidated Fund, HIPC, NHIF, Health Fund and SBS) is greater than or equal to 80%.</li> <li>○ 14. At least 80% of total budget allocated for HIV prevention activities disbursed for implementation.</li> </ul> </li> </ul>
2010	<ul style="list-style-type: none"> <li>• <i>B1. Scale up high impact health, reproduction and nutrition interventions and services targeting the poor, disadvantaged and vulnerable groups:</i> <ul style="list-style-type: none"> <li>○ 15. Satisfactory performance of the health sector as defined by and measured through the holistic assessment;</li> <li>○ 16. 47% expected deliveries attended by trained health workers.</li> </ul> </li> <li>• <i>B2. Improve governance and sustainable financing:</i> <ul style="list-style-type: none"> <li>○ 17. 80% preventive funds disbursed to beneficiaries by levels and time.</li> </ul> </li> </ul>
2011	<ul style="list-style-type: none"> <li>• <i>B1. Scale up high impact health, reproduction and nutrition interventions and services targeting the poor, disadvantaged and vulnerable groups:</i> <ul style="list-style-type: none"> <li>○ 13. Satisfactory performance of the health sector as defined by and measured through the holistic assessment;</li> <li>○ 14. 50% expected deliveries attended by trained health workers.</li> </ul> </li> </ul>
2012	<ul style="list-style-type: none"> <li>• <i>B1. Scale up high impact health, reproduction and nutrition interventions and services targeting the poor, disadvantaged and vulnerable groups:</i> <ul style="list-style-type: none"> <li>○ 8. Satisfactory performance of the health sector as defined by and measured through the holistic assessment;</li> <li>○ 9. 60% expected deliveries attended by trained health workers.</li> </ul> </li> </ul>

Source: Particip's compilation based on 2005-2012 PAF matrices

However, from the MoH perspective, MDBS DPs linking sector disbursement to macro level indicators have created delays in disbursement of funds to the sector.

#### 1.1.1.4 Main focus of BS operations in the health sector

In the health sector, the **focus of BS operations** – in terms of the content of the dialogue associated with BS,<sup>6</sup> the overall programme objectives and the triggers used for tranche release – reflects the main issues debated in the context of the sector dialogue (see JC61). It is put on **maternal health** (especially for the EU/MHSP, Danida and DFID) **and access to healthcare, with a special emphasis on equity** (especially for DFID support), including consideration for the poor and vulnerable throughout policy planning and implementation.

More generally, SBS was intended to support wider systemic reforms in the sector in areas of PFM and economic governance (Clarke and Tyson 2014<sup>7</sup>). DFID's GHSP 2013-2018 even includes a performance target on budget execution. Mental health is also a rising issue, especially for DFID, through earmarked support.

#### 1.1.1.5 Trends towards the earmarking of DPs support in the health sector

*(Preliminary remark: this section relies on information collected from various sources such as Interviews with DPs, MoH and MoF representatives, Minutes of the Health SWG Meeting held on 10<sup>th</sup> of March 2016, 2014 and 2015 DFID-GoG MoU, data received from JICA office).*

Over the last three years, all SBS partners have decided to end their SBS (some of them completely pulling out of the modality) and are now earmarking their support via other forms of aid. Last SBS

<sup>6</sup> Note that Danida's HSPS V 2012-2016 Agreement explicitly specifies that **issues addressed in the dialogue accompanying SBS may include**: access to care and inclusion of the poor in NHIS; adequacy and distribution of resources (financial and human resources) to health services in general and in particular to primary health care services; sexual and reproductive health and rights; management of the increasing compartmentalisation of the health sector; health sector decentralisation; gender equity; use of information for evidence-based decision-making; and cost containment measures and efficiency improvements in service delivery as well as in the NHIS (Ministry of Foreign Affairs Denmark and Ministry of Health Ghana 2012).

<sup>7</sup> 2014 HEART (Clarke & Tyson) - Ghana Health Sector Support Programme: Scenario Planning and Risk Management.

tranches provided by Danida, the EU and JICA in the health sector were due in 2016<sup>8</sup>, and DFID's redesigned programme only comprises a modest share of performance-based type un-earmarked budget support.

In the health sector, design and management of SBS varies across operations. At the aggregate level, SBS appears in the MoH budget and APoW as both income and expenditure. SBS is not further disaggregated in the budget. SBS used to be transferred from MoF to the MoH general account, but funds are now transferred from the MoF through warrants directly to implementing agencies and programmes (depending on the degree of earmarking/ring-fencing of each DP, which has evolved over time). At the aggregate budget level, SBS is subject to the same chart of account as GoG funds, but transfers use specific codes.

Since funds transferred to implementing agencies do not enter the consolidated MoH account, SBS is not systematically entered into GIFMIS. Each donor has its own tracking tool, used by the agencies or programmes receiving the funds. The tracking is consolidated manually by the MoH (PPME Directorate and financial controller) based on the APoW, and financial reports are issued quarterly. Tracking ensures that SBS funds are used for their intended purpose:

- **The EU:** Since its inception in 2012, MHSP SBS funds are ring-fenced on MAF (MDG5) through specific budget lines (these are approximate due to uncertainty about the amount of variable tranche that will be released). When a tranche is approved, the EU transfers funds to the Bank of Ghana, which informs the MoF, which in turn sends them to the MoH. Transfer to the various implementing agencies is subject to approval of plan by the MAF Steering Committee. The expenditure itself does not pass through GIFMIS, but the MoF Schedule Officer for health manually encodes the information in GIFMIS so as to facilitate tracking.
- **Denmark (Danida):** In the past two years, Danida has also ring-fenced funds to specific budget lines within MAF; each implementing agency must submit a progress against plan report on Danida funds before any other transfer of funds can be done.
- **The UK (DFID):** Since the launch of its current programme, DFID revised its MoU with GoG twice (February 2014 and October 2015), and elaborated a Business Case Addendum for 2015-2018 to its GHSSP 2013-18 (2015 DFID - Ghana HSSP business case addendum). According to the DFID-GoG MoU (2014), DFID was to authorise and make payment of the SBS funds into an account part of the Consolidated Fund account of GoG; yet, DFID funds could not be used to finance a number of expenditure types. Tranches could only be disbursed upon the receipt of financial reports for previous disbursements and an audited statement confirming that DFID's Grant had been used for the intended purposes. However, a change of modality occurred in 2015, such that DFID has now earmarked part of its funding by focusing on CHPS in four regions. Financial contributions have been revised so as to comprise (MoU 2015): (1) non budget support financial aid to CHPS (c. GBP 17.32 million); (2) un-earmarked performance based sector budget support (GBP 7.552 million) for the Health Sector Financing Strategy – Implementation Plan; plus GBP 125,000 for management costs. Most arrangements to manage the first component are the same as those to be used for the World Bank's Maternal and Child Health & Nutrition Improvement Project, although with additional safeguards. Nevertheless, as for Performance-Based Sector Budget Support supporting the Health Sector Financing Strategy – Implementation Plan of the MoH (no release has been done to date), DFID will release the annual tranche to the MoH through the MoF (DFID-GoG MoU 2015).
- **Japan:** JICA now (until 2016) provides the only remaining non-earmarked SBS. After grant approval by Japanese Parliament, JICA transfers funds to the Bank of Ghana, informs the MoF which in turn transfers the funds to the MoH's operational account. Funds are used to finance the APoW, and no separate reporting is required. JICA uses the Holistic Assessment of the PoW as main disbursement condition.

A number of problems occur with the request to track and report SBS funds separately, while at the same time not passing through GIFMIS. Information needs to be collected and consolidated manually and since agencies and programmes are not subject to ex-ante controls, the MoH is accountable for decisions taken by agencies, which may sometimes lead to overspending or misappropriation. GHS was also not subject to any audit until two years ago. Since at health sector level policy dialogue led in the context of SBS is centred around APoWs, this has not led to strengthening links with and dialogue on the overall the budget.

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<sup>8</sup> Source: DP forum monthly meeting (7 June 2016).

### 1.1.1.6 On the relevance of BS in the health sector

The evidence gathered shows that the rationale for providing SBS in the health sector is sound and the modality keeps being preferred by the MoH to project support. Main findings underpinning this include (main sources: DFID 2013, 2015c; interviews MoH, DP and GHS representatives):

- **Dialogue at the SWG level** – complemented by the sub-sector dialogue on MDG5 in the framework of the MAF – is much more effective to deal with health sector issues than dialogue performed at the MDDBS level for instance; “[SBS] opens up dialogue at political, policy and technical levels, and incentivises implementation of reforms that can strengthen the gains achieved” (2012 DFID - Ghana GBS business case); SBS was actually an appropriate modality considering the good functioning of SWG dialogue, including the development of the holistic assessment system. It also made the common arrangement framework evolve.
- Presence of SBS donors is helpful in supporting MoH in being more credible and **adhere to the plan/budget**, and in managing implementing partners such as GHS, Teaching hospitals, CHAG and the National Ambulance Service.
- Insufficient resources and leadership capacities at MoH level require a **more focused approach and TA** than what is usual with GBS.
- More importantly, the MoH has **limited discretionary budget**, and due to PFM inefficiencies (irregular releases of GoG funds, long delays and uncertainty regarding fund availability) SBS enables to **secure** funds to finance sectoral activities and to comply with the good PFM principles of timeliness and predictability of funds (DFID 2013). Indeed, as pointed out by Clarke and Tyson (2014)<sup>9</sup>, SBS used to be an important element of donor assistance, even if it accounted for less than 10% of the health budget. It provided the MoH with the only source of discretionary funding at a time when the sector faced severe limits on running costs. SBS is one of the principal sources of financing for the MoH stewardship function, including monitoring and evaluation activities, training and capacity building (see JC21). Following donors pulling out from budget support, major health sector priorities are now not funded (Health Development Partners Group 2016; interviews MoH and DP representatives) – see JC21 below.

Yet, the focus and design of BS operations in the health sector have not responded to evolving GoG priorities by providing sufficient flexibility for the use of the funds. BS operations have been designed taking account of sound risk assessments and risk mitigation measures (see for instance section 9 of HSPS IV agreement; section 10 of HSPS V agreement; section 3.3. Risks and assumptions of EU’s maternal health support programme’s Action Fiche; section 5B Risk assessment of DFID’s GHSSP 2013-2018 Business Case and section 5B of its 2015 addendum).

However, while MDDBS offered a joint and harmonised platform for providing GBS, no such joint and harmonised framework ever existed for SBS. Despite the existence of the CMA, bilateral agreements are not in line with one another and with the way in which SBS was envisaged through the common Framework Memorandum on SBS in the health sector (ECORYS 2011<sup>10</sup>). In practice, each donor specified its own disbursement modalities and schedule, conditions and indicators. Moreover, performance assessment frameworks / disbursement triggers are rather centred on DP priorities, especially those of DFID which are integrated in a programmatic logical framework and are revised every year following annual review<sup>11</sup>. Therefore, while alignment with national strategies and system should be perfect in theory, actual practice and parallel budgeting and accounting systems in the health sector result in procedures and conditions that are not as harmonised and aligned as one could expect from SBS.

The decision by donors to earmark BS in the past two/three years further **reduced flexibility** for the MoH and did not help to compensate for reduction in discretionary funding (see JC21).

## 1.1.2 Evolution in the sector dialogue

### 1.1.2.1 General appreciation

Overall, institutional frameworks for policy dialogue between GoG and DPs have been strengthened and cover both performance assessment and broader policy issues. However, the quality and strategic focus of dialogue in the health sector have declined in recent years, concomitantly with the

<sup>9</sup> 2014 HEART (Clarke & Tyson) - Ghana Health Sector Support Programme: Scenario Planning and Risk Management

<sup>10</sup> 2011 ECORYS - Getting into flow: improving the flow of SBS funds.

<sup>11</sup> 2015 DFID - Ghana HSSP business case addendum and HSSP logical framework.

invitation of all DPs to participate on the same foot to SWG (e.g. sign Business Meeting Aide Memoires), resulting in greater divergence of views expressed by DPs; donors pulling out of budget sector; insufficient leadership/co-ordination by MoH; and lack of critical mass of DPs in favour of harmonisation and respect of aid effectiveness principles. This is further discussed below.

### 1.1.2.2 Overview of main stakeholders involved

On the government side, policy dialogue in the health sector is led by the MoH, with participation of its main agencies (including GHS and CHAG) and, in some instances, other bodies (e.g. MOFEP). On the donor side, the DPs active in the health sector in Ghana are (WHO Country Cooperation Strategy at a glance):

- UN agencies: UNAIDS, UNICEF, WHO, UNFPA, and WFP, who deliver through the UN Development Assistance Framework (UNDAF) and are working towards “Delivery as One”;
- Other multilateral agencies: EU, World Bank and African Development Bank;
- Bilateral donors: Danida, German international development cooperation (GIZ), Israel, Japan, the Netherlands, Korea International Cooperation Agency, DFID (UK), and USAID;
- Global health initiatives: Gavi and the Global Fund to Fight AIDS, Tuberculosis and Malaria.

Tables 5 and 6 below gives an overview of external fund contributions in the sector budget in 2014 (budget execution) and in the APoW 2015 (loans/mixed credits excluded). In the absence of loans and credit, DFID, Danida and the Global fund were the largest contributors in 2014, collectively contributing over 86% of total donor receipt (source: Holistic Assessment PoW 2014). The EU's SBS and the earmarked funding of USAID and Gavi were the most important external sources of fund to the health sector in 2015 (above GHc 50 million). However, in recent years, MoH infrastructure projects have mainly been financed out of loans and mixed credits, composing 58.09% of external funding in 2014.

Table 5 Budget execution in respect of DPs Funds

Source	2014 GHc thousands	% of Total Receipt
Danida	43,994.20	10.45
DFID	64,065.40	15.22
JICA	6,060.60	1.44
Global Fund	44,136.30	10.49
China	615.9	0.15
WHO	13,298.10	3.16
KOICA	1,352.70	0.32
KOFFI	1,599	0.38
UNICEF	1,287.60	0.31
Others (Mixed credits)	244,515.60	58.09
<b>TOTAL</b>	<b>420,925.40</b>	<b>100.00</b>

Source: Holistic assessment PoW 2014 (p. 24).

Table 6 Projected Expenditure from Donors excluding loans and mixed credits (GHc million)

Partner	Budget Support	Donor Earmarked
DFID		31.01
JICA	6.07	9.27
DANIDA	34.66	1.65
GLOBAL FUND		49.96
GAVI		94.00
UNICEF		12.56
KOFIH		2.88
KOICA <sup>12</sup>		15.08
NETHERLANDS		7.27
UNAIDS		0.26
UNFPA		22.40
WORLD BANK		16.00
WHO		10.53
AfDB		1.91
WFP		12.06
USAID		136.93
EU	132.62	
<b>Total</b>	<b>173.35</b>	<b>423.77</b>

Source: APoW 2015

### 1.1.2.3 Main platforms/mechanisms of policy dialogue

As explained under JC61 below (see Box 5), **all the major actors of the health sector are invited to participate in sector dialogue which is well structured and defined in a Common Management Arrangement (CMA)**, and which **has evolved over time**. The current HSMTDP 2014-2017 is accompanied by the CMA IV (2014), which affirms that the MoH provides overall leadership and direction to the health sector; co-ordinates implementation of the HSMTDP to ensure achievement of sector objectives; and facilitates engagement with health sector partners at all levels. **The Ministry facilitates quality policy and technical dialogue with health sector partners and stakeholders through the following structures:**

- The **Inter-Agency Leadership Committee (IALC)** aims to institutionalise a key leadership structure across MoH and its agencies. It convenes four times a year and its core members are the Minister of Health, Deputy Ministers, Heads of Agencies, and Chief Director. Other stakeholders are invited as participants on an ad hoc basis.
- The **Sector Working Group (SWG)** is expected to be organised monthly and attended by all key sector partners at senior management and technical staff levels; the outputs from SWG meetings are collated by the MoH/PPME to feed into the IALC meetings.
- The **Inter-Agency Coordinating Committees (ICCs)** provide the platform for discussing technical issues on specific themes/diseases.
- **Business Meetings** should take place three times a year (one of them is in conjunction with the Health Summit). They are attended by the key sector partners at senior management and technical levels, and are chaired by the Ministry of Health and the MoFEP.
- The **Annual Health Summit** takes place in April, with the participation of all the key health sector partners and stakeholders.
- Furthermore, there is also a Decentralised Level Dialogue, and engagement with the private sector and civil society is ensured through the Private Sector Unit of the MoH/PPME.
- The lead DP (currently USAID, with UNICEF as deputy) also organises Development Partners Forum Monthly Meetings (source: field observations).

There is no separate mechanism for SBS dialogue. The sector-level dialogue **feeds into the country policy dialogue**, including the review process defined in the MDBS framework memorandum. As shown in the MDBS annual reviews, the MDBS dialogue focuses mostly on triggers and tranche

<sup>12</sup> Includes 6.78 for Grants.

releases, but covers also broader exchanges on key policy issues (see Annex 5 in Volume 3). The Holistic Assessment of the sector, which is MoH-led and notably attempts to condense sector performance into a single indicator as part of the annual review, has been introduced as one of the targets used in the annual MDDBS PAF, and is also used by Danida's, DFID's and EU's SBS agreements.

As explained in JC62, **the framework for performance monitoring currently used in the health sector has roots in the SWAp and the first CMA of 1996, and has evolved over time**, especially with the development and refinement of the **Holistic Assessment** of the Health Sector PoW.

The current HSMTDP 2014-2017 is accompanied by a **core set of sector-wide indicators and targets** that are used to monitor the performance of the health sector. The annual review of the PoW takes place at all levels. Holistic Assessments and independent evaluations are an integral part of the M&E systems. In-depth reviews of key areas are conducted on a selective basis as part of the annual review process. In addition to the sector-wide indicators, a number of milestones (also considered in the annual Holistic Assessment exercise) have been agreed as a means of monitoring sector progress in key areas.

#### 1.1.2.4 Links between sector dialogue and dialogue on cross-cutting policy reforms

**Most cross-cutting policy reforms are subject to policy dialogue led in the health sector.** For instance, as pointed in JC61, (i) "inclusion" aspects (gender, regional disparities) are well integrated in health policies; and (ii) financing has always been a major concern in policy dialogue, especially regarding the sustainability of NHIS as well as more significant PFM issues – for instance:

2011 MDDBS annual review aide memoire: *"Persistent delays in the flow of sector budget support funding continue to be of concern. Sector budget support partners, MoH and MoFEP are discussing a proposed study to improve financial management in the sector, including detailed analysis of flow bottlenecks [this was the purpose of the 2011 ECORYS study]. In addition, off the book indebtedness and internally generated revenue (IGF) were identified for further study"*.

According to stakeholders' perceptions, dialogue led at the health sector level feeds dialogue led at national level in a coherent way. However, dialogue did not lead to observable improvements in PFM, especially in clarity of consolidated financial reporting (interviews with MoH and DP representatives).

Regarding decentralisation, consistency with the decentralisation fiscal and administrative context is one of the guiding principles of the recent Ghana Health Financing Strategy<sup>13</sup>. However, beyond **technical deconcentration** which is addressed through the regional directorates and the health district approach (including development of CHPS), the consequences of **administrative devolution have long been unclear and not much debated in the context of the policy dialogue in the health sector**. The only references found with respect to decentralisation are the following:

- MDDBS annual review aide-memoires mention decentralisation in the health sector only in 2007 (May), regarding *"the fiscal decentralization of item 2 and 3 of the budget to district level; concrete plans to decentralize the PE vote and human resources management [...]"*;
- MoH APoW 2012 plans an activity called *"Prepare agencies in readiness for decentralization (composite budgeting etc) and for full implementation of PBB"*; APoW 2014 mentions the need to *"Continue with institutions and organizational restructuring of Ministry of Health and its Agencies in line with the ongoing national decentralization programme"*; and APoW 2015 plans to *"Finalize the health sector response to national decentralization agenda"* and *"Draft health sector decentralization Bill completed and submitted to Cabinet"*;
- Working groups have been created in 2013 to review the functioning and organisation of the sector in the context of the decentralisation policy, but their low performance was raised as an issue (source: aide mémoire of the Joint MoH-Partners Business meeting April-May 2013).

However, the MoH has recently advanced in that matter and the Health Sector Decentralisation Bill has been finalised and submitted to Attorney General's Department for advice (Draft Holistic Assessment PoW 2015).

Bridges between the social protection and the health policies have notably been promoted through MDDBS PAF, especially the common targeting mechanism used for the Livelihood Empowerment Against Poverty (LEAP), other social protection programmes and NHIS. All LEAP beneficiaries selected through the common targeting mechanism are automatically eligible for a free NHIS card (SWG social protection review 'one-pager', May 2013).

<sup>13</sup> 2015 GoG - Ghana Health Financing Strategy.

### 1.1.2.5 Evolution in the quality and content of the dialogue

The evidence gathered shows that from the institutional point of view, the sector dialogue is very well organised and provides good opportunities for strong and frank debates. GoG has organised appropriate institutions and deploys adequate resources to foster policy dialogue. DPs also actively participate in policy dialogue, even if not always with sufficient technical capacities (especially regarding PFM issues), and perhaps with the exception of the global funds which are not represented in the country. The SWG feeds in the dialogue led in the broader context of MDDBS, but does not duplicate it. Beyond the SWG, some specific dialogue also takes place at sub-sector level, notably in the context of the MAF. As a result, donors sometimes incite the MoH to develop strategic plans on sectoral issues not yet covered. Donors try to speak in one voice<sup>14</sup> and the Minister of Health often chairs business meetings, together with DP co-leads (currently USAID and UNICEF). Results from the stakeholder eSurvey show that 87% of respondents believe that budget support helped to enhance health sector and cross-sectoral dialogue in Ghana between 2005 and 2015 (46% to a great extent and 40% to some extent) (see eSurvey in Annex 6 in Volume 3).

However, according to the qualitative sources of information, **the quality and strategic focus of dialogue in SWG have decreased in recent years**, with growing individual interests on the part of DPs. This is especially the case since the transition from pooled fund to SBS: now all DPs are invited to participate on the same foot to SWG and sign Business Meeting Aide Memoires, resulting in greater divergence of views expressed by DPs and difficulties in focusing the process of negotiating and writing the Aide Memoires, lack of a critical mass of DPs committed to harmonising and respecting the aid effectiveness principles, and lack of MoH leadership to co-ordinate them. At present, dialogue is not always focused on key priorities due to some donors' tendency to promote their interests, contrary to what existed when there was a critical mass of DPs contributing to the Health Fund or to SBS. Moreover, beyond dialogue, implementation does not always follow suit. This was also raised by a stakeholder participating in the eSurvey: *"There was frustration with slow progress in implementing health sector reforms and weak follow-through on recommendations from dialogue; targets in performance matrices were often not met"*. There are also co-ordination issues in the sector, especially in the field of CHPS which is supported by several DPs. The narrowing focus of dialogue is also due to the fact that expectations have not been met with respect to accountability and results (interview DP and MoH representatives; focus group).

### 1.1.2.6 BS contribution to strengthening sector dialogue

Based on the analysis of budget support conditionalities / matrices (including MDDBS), joint meetings aide memoires and reports and interviews, the **main issues debated in the context of health sector dialogue** are the following (note that the two first are related to inclusion aspects):

- **Maternal health**, including the three areas of the MAF: attended deliveries, emergency obstetrical care and family planning;
- **Access to health care**, both concerning availability of primary health care mainly through CHPS, and financial protection through expanding NHIS coverage;
- More specifically, **equity in healthcare**, both geographic (notably concerning the imbalances in distribution of human resources) and socio-economic (targeting and pro-poor focus of NHIS and more generally, attention to the poor and vulnerable in policy planning and implementation);
- **Financing** has always been a concern, especially regarding the sustainability of NHIS as well as more significant PFM issues;
- **Human resources for health** is also an important issue which has been the object of dialogue as well as of SBS conditions (DFID's GHSP 2013-2018 performance target);
- More general **governance** issues (concerns vis-à-vis **fragmentation** of the sector) are also much debated in sector dialogue.

In theory, SBS and GBS have the potential to be very complementary in terms of policy dialogue. As a DP representative pointed in the eSurvey:

2016 Particip eSurvey: *Yes [there are major differences between the way sector budget support and general budget support have contributed to reforms and policy implementation in the health sector]. MDDBS is much higher level, looking at broad inputs and outputs/outcomes. Discussion and*

<sup>14</sup> A MoH representative even reckons that when DPs take a decision in the context of their meeting excluding MoH, it is difficult to make them change their mind (interview MoH representative). However, due to growing diverging interests, DPs recently stopped writing a Joint Response to the annual review report.

*indicators did not get very specific. SBS allowed for a much more detailed discussion. In the health sector, in particular, having both MDBS and SBS could be very helpful, to work at these two different scales. More could probably have been made of this approach.*

However, the evidence gathered in this evaluation shows that **SBS has not contributed much to strengthening health sector dialogue. On the contrary, it has rather reaped the benefits of the well-functioning institutions for sector dialogue set up in the context of the SWAp and MDBS, and missed a number of opportunities.** Clarke and Tilley (2014) considers that:

2014 HEART (Clarke & Tyson) - Ghana Health Sector Support Programme - Scenario Planning and Risk Management: *“The influence of donors in health appears to be limited. While they enjoy good access and relations with senior Ghanaian staff, there is little evidence of leverage over policy, the pace of implementation or accountability.”*

Yet, **donors have a de facto important influence over policy making, planning and implementation through their involvement in the preparation of the APoW** (especially for the MAF which is quite micro-managed in the context of its steering committee), considering the imbalance between earmarked funding and discrepancy expenditure. By contrast, according to interviews and observations, it seems that **providing SBS does not offer donors a privileged role in policy dialogue**, contrary to what took place at the time of the Health Fund and to what is observed in other countries. Currently all DPs are invited to business meetings, SWG and other policy dialogue platforms (interviews DP and MoH representatives; focus group; DP forum meeting and SWG).

A **major failure of budget support dialogue** – both at the level of MDBS and SBS – is the fact that dialogue over PFM issues, have not produced results, and overall governance has not improved in the sector.<sup>15</sup> This is related to the missed opportunity of creating appropriate institutions for more transparent collaboration between DPs, MoH and MoF. For instance, Clarke and Ostrowski (2009)<sup>16</sup> made some recommendations as for improving MoH-MoF relationships for increased health funding.<sup>17</sup> Hardly any progress has been reached at those levels or at the loans/debt management level.

### 1.1.3 Overview of accompanying measures

SBS DPs have provided various accompanying measures.

**Denmark (Danida)** provides support to the health sector at various levels, including support to the Christian Health Associations of Ghana (CHAG), exemptions and national health insurance, support to infrastructure and capital projects in Upper West Region, sexual and reproductive health rights, HIV/AIDS and the MDG5 acceleration framework. The Health Sector Support Office (HSSO) was created to facilitate implementation of the HSSP II, which commenced in 1999, and was continued until the end of HSSP IV in December 2011. It was tasked with the provision of technical advice to MoH, GHS, CHAG, DP sector lead, other DPs, NGO, CSOs and other private sector partners, as and when requested (2008 HSPS IV GoG-Denmark agreement). Moreover:

- About 25% of **HSSP III** was earmarked for the following critical areas: improved health estate management and planning; improved access to health care, with a focus on the poor, and on issues addressing exemptions and health insurance; strengthening public and private service delivery at district and sub-district level, including focus on HIV/AIDS and gender; and strengthening strategic initiatives at central level in capacity-building for policy and planning in both public and private sectors, financial management and regulations;
- About 30% of **HSSP IV 2008-2012** was earmarked to provide support to the private health sector (DKK 25 million) and to the fight against HIV/AIDS (DKK 50 million). In addition, **three international Technical Advisers** were assigned to MoH and CHAG: a Health Economics

<sup>15</sup> See for instance the appreciation of fiduciary risk developed in DFID's GHSSP Business Case Addendum (DFID 2015c).

<sup>16</sup> 2009 Global Health Initiative (Clarke & al) - Improving MoH and MoF Relationships for Increased Health Funding.

<sup>17</sup> The main elements of the assessment and recommendations include: i) *The MoH needs to strengthen their evidence for increased budget support by linking health indicators to specific budget items;* ii) *The MoH needs to give high-level staff with strong arbitration and negotiation skills the task of advocating for more funding;* iii) *The MoH is perceived as spreading itself too thin, presenting numerous projects for the limited resources available;* iv) *At MoF level, budget operation is not very flexible, and allocations are viewed as predetermined;* v) *There is limited opportunity for discussion during the arbitration process;* vi) *The MoH feels it cannot advocate for more resources because the budget process is a formality that does not change significantly;* vii) *The MoF does not provide sufficient training on the medium-term expenditure framework, the mechanism used for cash budgeting;* viii) *The low share of government resources for the health sector hinders the MoH's relationships with the MoF.*



Adviser and an Institutional Development Adviser to be posted to MoH/PPME Directorate, and a Management Adviser to be posted to the CHAG Secretariat (2008 HSPS IV agreement).

- About 10% of **HSPS V 2012-2016** is earmarked to provide support to private health sector (DKK 26 million). In addition, long term TA accompanying Component 1 (SBS) amounts to 19 million DKK, and is aimed at supporting capacity strengthening: **four international technical advisers** were posted to NHIA, CHAG, and MoH (one on PFM and one on M&E), for about 3 years each (2012 HSPS V agreement; Bjerrum 2016<sup>18</sup>; interview with Denmark representatives).

**The UK (DFID):** GHSSP 2008-2012 comprised a **GBP 2.5 million envelope** to be used as technical assistance; GHSSP 2013-2017 has a **GBP 5 million envelope for TA to the MoH** to improve stewardship, monitoring and leadership (started in January 2014, GBP 1.9 million were released by June 2015) **plus Strategic TA support officer**; it also provides targeted financial aid to three agencies (NHIA, Food and Drugs Authority, and Mental Health Authority, for GBP 6 million), GBP 6 million supports mental health services through CHAG and a local mental health NGO, and various earmarked grants and other support components, accounting in total for nearly GBP 27 million in addition to SBS.<sup>19</sup> The MoU 2014 specifies that a **Technical Assistance Fund** (GBP 5 million / GBP 4 million according to MoU 2015) agreed with MoH has been put in place to support the achievement of the Performance Framework. DFID notably provided TA to the MAF secretariat and to the NHIA (interviews with MoH, NHIA, DPs).

**Japan: JICA** has provided a lot of TA to the health sector, especially at the **operational level** as a complement to grant projects for the construction and equipment of CHPS. It has also provided TA to **PPME/MoH** in 2007-2008 and to **PPME/GHS** over the past 5 years, to support the development CHPS policy and information system (Bank of Ghana database; interview with JICA representatives). Moreover, it supports the health sector at operational level through Japan Overseas Cooperation Volunteers; this includes support improvement of Human Resource Information System for Ghana Health Service (March 2005-January 2006); a Project for HIV/AIDS Prevention through Education; and the project "Scaling up of Community Based Health Planning and Services (CHPS) Implementation in the Republic of Ghana Upper West Region" (March 2006-February 2010, approx. 500 million yen) (2011 and 2014 JICA's Ghana country brochures).

**The Netherlands:** The Netherlands did not provide SBS-embedded TA but **direct technical support** from the Embassy and Dutch NGOs (interview representatives of the Embassy of the Netherlands 10/02). It is now phasing out of the sector. Transfer of ODA funds will start to phase out by 2017 (EUR 1 million). The bilateral programme in the health sector now concentrates on increasing private operators and health insurance on the one hand, and sexual and reproductive health and rights and MDG5 on the other (through the MAF). Self-reliance and quality improvements in health are promoted through TA for the national health insurance fund. The ODA in the health sector over the period 2014-2017 amounts to EUR 14.4 million (2014 the Netherlands –Multi Annual Strategic Plan Ghana).

**The EU:** Considering the important TA provided by other donors to the MoH, the EUR 2 million institutional support component of the SBS/MHSP has been made available to the Ghana Statistical Service to conduct a **Maternal Health Survey** under the supervision of MoH; it is planned to take place in 2017. In addition, the EU also provides additional support to the health sector, mostly through civil society organisations: ~EUR 0.38 million for maternal health care in community hands; ~EUR 0.5 million for enhancing good governance, transformative change and accountability in maternal health delivery; ~EUR 0.41 million for maternal health social accountability; ~EUR 0.5 million for participatory governance; ~EUR 0.48 million for citizen participation (2016 EU Support to the Maternal Health Sector in Ghana).

Concerning the **NHIS** specifically, it was initially launched without any external influence, but in the process it learnt from the experiences in other countries. The NHIA received delegations from other countries and also seconded staff according to needs (notably to Ethiopia), and it is also very much involved in the Joint Learning Network on Universal Health Coverage<sup>20</sup> (interview with NHIA). The NHIA also requested some TA and other support from BS and non-BS donors, among which Danida (M&E adviser) and DFID (2012 HSPS V agreement; interview with NHIA), as well as from the International Labour Organisation and the World Bank through its health insurance project (source: 2014 World Bank - Health Insurance Project in Ghana - Implementation Completion and Results Report).

<sup>18</sup> 2016 Bjerrum - Danida's involvement in the Ghanaian health sector 1994-2015.

<sup>19</sup> Source: 2013 DFID - Ghana HSSP business case; 2014 DFID - Ghana HSSP Annual review; 2015 DFID - Ghana HSSP Annual review; 2015 DFID - Ghana HSSP business case addendum.

<sup>20</sup> See [www.jointlearningnetwork.org](http://www.jointlearningnetwork.org)

Overall, the evidence gathered shows that **BS is complemented by appropriate accompanying measures (TA and specific interventions), which are well targeted and designed, and support capacity development of the relevant stakeholders**, including public institutions but also civil society. ECORYS 2011<sup>21</sup> reckoned that at that time, TA accompanying SBS was not positioned at a sufficiently strategic level – this is not the case anymore at present. On the contrary, **all critical institutions and priority areas in need for capacity strengthening have been covered by TA and other accompanying measures**: MAF, PPME, NHIS, CHAG, and PFM. TA/capacity development activities seem to be appropriately negotiated between supply and demand, as testified by interviews, SBS agreements and the reorientation of EU SBS TA component. DPs also support surveys, data collection and analyses in the health sector (notably through the Holistic Assessment, DHS, etc.), which feed into the policy dialogue. TA-supported MAF Secretariat has produced volume of analytical work, and EU support to Maternal Health Survey is expected to be of much use to reorient health sector priorities (interview MoH and DP representatives).

However, despite considerable investments in TA aimed at strengthening **PFM, the results did not follow suit** and issues persist in that area (manual management, centralisation of GIFMIS, etc.) (interview MoH representatives). In addition, there are concerns vis-à-vis the **sustainability of results from capacity strengthening interventions**, especially at the level of CHAG which has benefited from strong quality support from Danida, and will be soon left without functioning resources following its withdrawal (interview with CHAG).

## 1.2 BS induced effects on policy formulation & implementation processes (Step 1)

<b>EQ6 – Policy formulation &amp; implementation processes</b>	<b>To what extent and through which mechanisms (funds, dialogue and TA) has budget support contributed to any improvement in the policy formulation and implementation processes and related accountability (including service delivery)?</b>
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### 1.2.1 JC61. The legal framework, the policy processes and the quality of the policies and strategies improved overall

#### 1.2.1.1 Evolution in the legal framework and the quality of the policies and strategies

As outlined in Box 2, the **legal framework** of the health sector in Ghana was regularly modified over the last decades.

#### Box 2 Overview of the legal framework in the Health sector

Like all ministries, the **Ministry of Health (MoH)** is administered subject to the National Financial Administration Act 654, 2003. The administration of teaching hospitals is subject to the Hospitals Fees Act (Act 387, 1971) and the Hospitals Administration Law (1988).

Following the 1992 constitution, the Ghana Health Service and Teaching Hospitals Act 525 (1996) established the **Ghana Health Service (GHS)** as an autonomous Executive Agency responsible for implementation of national policies under the control of the Minister of Health through its governing GHS Council.<sup>22</sup>

Another important element of the legal framework is the National Health Insurance Act (Act 650, 2003, followed by an amendment, Act 753 - 2008, and further revised through Act 852 in 2012), which defines the governing bodies of the **National Health Insurance Authority (NHIA)**. The Act refers to the Insurance Act 724 (2006) regarding private health insurance providers. The Part Two of Act 852 establishes the **National Health Insurance Levy (NHIL)** for the financing of the National Health Insurance System.

The '**National Health Policy – Creating Wealth through Health**', adopted in September 2007, has been the central element of the health sector policy framework. The policy has been further translated into medium-term plans and strategies – see Box 3.

<sup>21</sup> 2011 ECORYS - Getting into flow: improving the flow of SBS funds.

<sup>22</sup> <http://www.ghanahealthservice.org/ghs-category.php?cid=2>

Box 3 Overview of the 2007 National Health Policy

The '**National Health Policy – Creating Wealth through Health**' defines the broad goals and objectives of the health sector. In line with the national vision, the ultimate goal of the health sector is to ensure a healthy and productive population that reproduces itself safely. This goal should be achieved pursuing three interrelated and mutually reinforcing objectives:

- To ensure that people live long, healthy and productive lives and reproduce without an increased risk of injury or death;
- To reduce the excessive risk and burden of morbidity, mortality and disability, especially in the poor and marginalised groups;
- To reduce inequalities in access to health, populations and nutrition services and health outcomes.

The conceptual framework of the National Health Policy spells out two interacting and mutually reinforcing pathways through which the **health sector contributes to socio-economic development** in the country, namely: (i) improving health and nutritional status of the population leads to savings on treating preventable diseases, improved productivity, economic development and wealth creation; and (ii) creating a local health industry supports and sustains health services, creates jobs and leads to economic development and wealth creation.

The National Health Policy is further translated into medium-term plans and strategies, which are in turn translated into Annual Plans of Work (APoWs). The Health sector Programme of Work 2007-2011 (5YPOW 2007-2011) aimed to reach "Better Health and Reduced Inequality" through four strategic objectives:

- Promote individual lifestyle and behavioural models for improving health and vitality;
- Scale up high impact health, reproductive and sexual health and nutrition interventions and services, targeting the poor, disadvantaged and vulnerable groups;
- Strengthen health system capacity to expand, manage and sustain high coverage of services;
- Accelerate the achievement of results through improved governance and sustainable financing.

During 2009 and 2010, MoH and its partners have developed a draft 4-year Health Sector Medium Term Health Plan 2010-2013 (HSMTDP), based on guidelines issued by the National Development Planning Commission (NDPC). Under the guidance of the NDPC, all sectors in Ghana were requested to develop sector medium-term development plans covering the same period, as per a legal requirement by the Constitution (source: JANS 2010<sup>23</sup>). The HSMTDP 2010-2013 replaced the Programme of Work III (2007-2011). It pursued five health policy objectives:

- Bridge equity gaps in access to health care and nutrition services and ensure sustainable financing arrangements that protect the poor;
- Strengthen governance and improve the efficiency and effectiveness of the health system;
- Improve access to quality maternal, neonatal, child and adolescent health services including nutrition;
- Intensify prevention and control of communicable and non-communicable diseases and promote healthy lifestyles;
- Improve Institutional Care Including Mental Health Service Delivery.

Note that the HSMTDP 2010-2013 ran concurrently with the latter part of the MOH's third Capital Improvement Plan 2007-2011 (CIP III) (source: Review of HSMTDP 2010-2013 – draft report).

The ongoing Health Sector Medium Term Development Plan (HSMTDP) 2014-2017, which is based on the National Medium Term Development Policy Framework, pursues six strategic objectives:

- Bridge the equity gaps in geographical access to health services;
- Ensure sustainable financing for health care delivery and financial protection for the poor;
- Improve efficiency in governance and management of the health system;
- Improve quality of health services delivery including mental health services;
- Enhance national capacity for the attainment of the health related MDGs and sustain the gains;
- Intensify prevention and control of non-communicable and other communicable diseases.

The MoH and its agencies and partners have also developed a number of **strategies** to reach the policy sector objectives – see Box 4, which focuses on three key strategic areas.

<sup>23</sup> 2010 Joint Assessment of National Strategies (JANS) report of Ghana's HSMTDP 2010-2013.

**Community Health Planning and Services (CHPS):** the support to CHPS was designed by the MoH as a national programme to bridge the gap in healthcare access through delivering care directly to communities. It is a key element in pro-poor health services since the community-based level service provision is viewed as enabling to reduce health inequalities and promote equity of health outcomes by removing geographic barriers to health care. A key component of CHPS is a community-based service delivery point that focuses on improved partnership with households, community leaders and social groups – addressing the demand side of service provision and recognising the fact that households are the primary producers of health. CHPS was initially a home-grown policy, but now it is mostly financed by DPs (source: Annual Health Sector Review, In-depth Review of the CHPS Programme 2009; MoH, CHPS Policy 2014; DFID 2015c; interview with AfHEA).<sup>24</sup> The strategy is seen as critical to achieve universal health coverage and certain DPs (especially USAID, the World Bank – through its Maternal, Child Health and Nutrition Improvement Project – MCHNP, JICA and DFID – through the reorientation of its recent GHSSP 2013-2018 sector programme) have invested significantly in this strategy.

The **National Health Insurance Scheme (NHIS):** NHIS has been launched to address the problem of financial barrier to healthcare access due to out-of-pocket (OOP) payment for health care at the point of service delivery (popularly known as “Cash and Carry” in Ghana), the government initiated in 2001 a National Health Insurance Scheme as a humane approach to financing health care. The National Health Insurance Policy Framework for Ghana was elaborated in 2002 and revised in 2004. It states that it is compulsory for every person living in Ghana to belong to a health insurance scheme type. The social-type health insurance scheme built on the pre-existing District Mutual Health Insurance Scheme. The design of the NHIS is based on the following principles: equity, risk equalisation, cross-subsidisation, solidarity, quality care, efficiency in premium collection and claims administration, community or subscriber ownership, partnership, reinsurance, and sustainability. In addition to the public scheme, private commercial and private mutual health insurance schemes are also operational. Since its inception, the **NHIS has been a top priority of the Government of Ghana (GoG).**<sup>25</sup> It is mostly funded through a National Health Insurance Fund (NHIF). The formal sector shall contribute 2.5% of their 17.5% Social Security and National Insurance Trust (SSNIT) contribution. The informal sector should also contribute (except those who are exempt). Moreover, GoG has instituted by law a 2.5% National Health Insurance Levy (NHIL = additional VAT) payable on selected goods and services: funds raised from this source shall be used to subsidise the contributions of the underprivileged segment of the society and to pay for the contributions for the core poor and other vulnerable groups (source: National Health Insurance Act 852 and 2004 MoH National Health Insurance Policy Framework for Ghana). In 2015, the NHIS was financed predominantly out of the NHIL (GHc 908.6 million, or 72.1%), followed by the SSNIT (GHc 283.3 million, or 22.5%) and premiums (GHc 48.1 million, or 3.8%) (Draft Holistic Assessment of PoW 2015). However, predictions of bankruptcy of NHIS have been common in the past years, because of a sharp increase in healthcare costs (above funding allocations) leading to increasing delays in reimbursing healthcare providers. Henceforth, the President of Ghana recently commissioned a review of NHIS aimed at rendering it more efficient, sustainable, and pro-poor (source: interviews GoG and DPs).

Another current priority of MoH is the **Millennium Development Goals (MDGs) Acceleration Framework (MAF)**, which was developed in 2010 by the MoH and GHS in collaboration with DPs, especially the United Nations Country Team, in order to accelerate progress in achieving the goals which were likely not to be met by 2015. Ghana thus devised a nationally owned, multi-partner action plans for improving its rate of progress on achieving MDG 5, because progress in reducing the maternal mortality ratio was off track. The main reason for the MAF was to redouble efforts to overcome bottlenecks in implementing interventions that have proven to work in reducing the maternal

<sup>24</sup> Currently, CHPS implementation is supported by (DFID 2016: 2): i) DFID in the Brong Ahafo, Central, Eastern and Western Regions; ii) USAID has focussed support on five Regions (Western, Greater Accra, Central, Volta and Northern; this consists of “software support” but also includes the construction of some 50 CHPS compounds in the latter two Regions; iii) JICA is providing software support and building CHPS compounds in Upper East; iv) The general agreement that there was no need for CHPS compounds in Ashanti and Greater Accra, the most developed and urbanised Regions of Ghana; v) The World Bank’s Maternal and Child Health and Nutrition Improvement Project is nationwide and anticipates covering 50% of the districts.

<sup>25</sup> Among GPRS I (2003-2005) priorities is 4.3.iv to “Phase out the cash and carry system and replace it with a more humane and effective system of financing health care”. NHIS is a major component of GPRS II (2006-2009) 4.4.1 “Improving access to health care” objective. GSGDA I (2010-2013) chapter on human development – health has a special section on 7.2.1.4 “Sustainable financing arrangements that protect the poor”. Among the four priorities of the GSGDA II (2014-2017) relative to the objective of Provision of quality health care, no. 4 is to “Strengthen the NHIS to guarantee financial access to health care, especially for the poor”.

mortality ratio in Ghana. The MAF focuses on improving maternal health at the level of both community and health care facilities using evidence-based, feasible and cost-effective interventions in order to achieve accelerated reduction in maternal and new-born deaths. The three key priority interventions as identified are improving *family planning*, *skilled delivery* and *emergency obstetric and new-born care*. The MAF is not aimed at replacing existing interventions. Rather, it is meant to complement them with specific focused interventions. The *MAF Secretariat* is housed in the MoH Policy, Planning Monitoring and Evaluation (PPME) directorate of the MoH (source: ToR of the MAF Secretariat and 2014 MoH - MAF Status Report). The MAF was conceived as an ambitious, comprehensive programme with a quite large financial gap. Its implementation started in 2011, and the major source of funding aimed at filling its gap was the sector budget support (SBS) provided by the Commission of the European Union (EU) through the Maternal Health Support Programme. However, following EU's suspension of budget support, many activities could not be financed in 2013-2014. Other DPs also contribute to MAF funding, notably Danida and DFID.

*Source: policy documents and interviews with GoG and DPs*

In addition, a number of **free healthcare initiatives** have been launched in Ghana. In particular, in 2003, GoG introduced a policy of exempting pregnant women from all forms of payment for maternal services in four of the 10 regions of the country with the highest poverty incidence. This initiative was scaled up in 2008 through a country-wide free maternal care programme launched under the NHIS with a start-up grant from the UK (DFID) through SBS to the NHIA (source: Odame et al. 2014<sup>26</sup> and interview with NHIA representative). Currently, a number of categories of care are exempt from payment: maternal care; care for children below 18, patients aged 65 and more, and indigents; mental care; and a number of public health services (vaccination, anti-retroviral therapy, tuberculosis - TB, cholera, etc.).<sup>27</sup>

**Overall, the MoH has substantially improved its policy and strategic framework** during the evaluation period. It has developed a number of relevant policy and strategic documents which address the most crucial sector issues and are translated into well elaborated annual work-plans enabling to operationalise them in accordance with priorities. The current policy and strategic framework can be seen as:

- **Coherent and comprehensive:** it addresses both supply (CHPS, MAF) and demand for healthcare (NHIS, free healthcare initiatives). As indicated in DFID's 2015 Ghana HSSP business case addendum: "*there is considerable evidence on the value of investing in CHPS*". The Health Financing Strategy aims to strengthen the link between the ambitious objectives and resource needs. However, the area of human resources (HR) has long been insufficiently dealt with, but seems to be higher in priority agenda in recent months.
- **Quite well prioritised:** CHPS and MAF are the two top priorities on the supply side; NHIS could be more targeted.
- **Moderately realistic:** policy documents are ambitious, especially the NHIS; regular adaptations have to be made so as to match implementation and financial capacities. However, **not all policies are financially sustainable**. For instance, Odame et al. (2014) indicates that the free maternal care initiative was not sustainable due to failure to plan for expenditure over the long term and lack of attention to cost containment; ESID 2016<sup>28</sup> considers that the financial sustainability of NHIS is in crisis because of political, rather the technical, incentives pushing the government to focus on increasing enrolment onto the NHIS, against technical advice that it should be restricted to the most vulnerable (see below and Box 6).

There are also **regular adaptations to and improvements of the legislative and policy framework** so as to fill gaps and respond to emerging needs (source: interviews with GoG; Draft Holistic Assessment PoW 2015; Minutes of the 10<sup>th</sup> March, 2016 Health SWG Meeting). For instance:

- The Ghana Health Financing Strategy was elaborated in 2015.<sup>29</sup>

<sup>26</sup> 2014 Odame et al. - Sustainability of recurrent expenditure on public social welfare programmes.

<sup>27</sup> These fee exemptions are managed either through public health programmes providing equipment and drugs for free to providers or through NHIS (pregnant women, children, aged patients and indigents are enrolled to NHIS for free or for a modest contribution, and their care is reimbursed to providers through NHIS) (source: interviews with GoG and NHIA representatives).

<sup>28</sup> 2016 ESID - Politics and health service delivery: Insights from Ghana.

<sup>29</sup> The guiding principles of the **Ghana Health Financing Strategy** (GoG 2015) are: commitment to global initiatives (Paris, Abuja, Ouagadougou declarations); reducing individual and household risks for out-of-pocket payment for health care at the point of service delivery; consistency with decentralisation fiscal and administrative context; cost containment; gradual shift from narrow programme or scheme financing to broad system financing;

- The Health Sector Decentralisation Bill was finalised and submitted to Attorney General's Department for advice. Pilot experiences of capitation are led in 4 regions.
- A Presidential Review of the NHIS delivered its recommendations in June 2016.
- The implementation of a Human Resource Strategic Plan including staffing norms started in 2015 using the workload indicators for staffing needs.
- The CHPS Policy Document developed in 2015 was launched in March 2016.

In brief, as Saleh 2013<sup>30</sup> puts it:

*Policies and plans are in place, and innovative reforms are under way. However, in some cases, standards have not been established; in others, implementation is weak and variable along geographical lines.*

This is consistent with the results from the stakeholder eSurvey. Out of the 60 persons who responded to the question “Based on your experience, to what extent did the reforms and the implementation of policies in the [health sector] advance between 2005 and 2015?”, 23 answered “to a great extent” and 30 answered “to some extent”, leaving only 6 (resp. 1) respondents considering reforms advance to little extent (resp. not at all) (source: 2016 Particip eSurvey).

### 1.2.1.2 Participatory nature of the consultation processes during policy formulation

The consultation process during policy formulation is very participatory and evidence-based – see Box 5. It involves not only DPs but also the private sector and civil society. It takes place within an institutionalised sector policy dialogue framework (see also JC22).

#### Box 5 Consultation process in the health sector

**All the major actors of the health sector are invited to participate in sector dialogue which is well structured and defined in a Common Management Arrangement (CMA)** – the first one was adopted in 1996 – that sets out arrangements for effective collaboration and co-ordination within the health sector. It describes interrelationships within the health sector and partners at all levels. It aims to ensure effective achievement of the sector programme of work. The purpose of the CMA is to spell out modalities for effective collaboration and co-ordination of all processes and activities within the health sector and describes interrelationships, roles and responsibilities within the sector. Beyond co-ordination and dialogue frameworks, the CMA also defines common arrangements regarding planning and budgeting, performance monitoring, and financial management.

**The CMA has evolved over time.** At the beginning of the evaluation period, in 2005, CMA II was applicable (Joint Ministry of Health – Development Partners Summit, Nov 2005). CMA III was then adopted in 2012. It was different from CMA I and II because of the evolving institutional reforms and decentralisation between MoH and its agencies; an increasing need to involve a larger group of stakeholders such as the private sector and civil society in the sector planning, implementation and monitoring processes; and changes in the way DPs work following the signing of the Paris Declaration on Aid Effectiveness and development of the Ghana Joint Assistance Strategy. CMA III also reflected the changing financing architecture of the health sector – the NHIF becoming a significant funding source; the shift to sector budget support by the health partners rather than the Health Fund, and reduction in the Health Fund relative to earmarked funds.

Prior to its finalisation, the HSMTDP 2010-2013 was subject to a Joint Assessment of National Strategies (JANS), a participative process enabling to review the quality of the policy development process and policy documents produced. The JANS report (2010) noticed that the plan referred to CMA III (p. 10) and that “During the development of the draft HSMTDP [...], many relevant stakeholders provided inputs: Development Partners; MOH agencies and partners (GHS; CHAG; regulatory bodies); regional and district health authorities; civil society; members of Parliament; other Ministries. Various committees were created [...] and meetings held to discuss and develop draft sections and versions of the plan.” (p. 12)

The current HSMTDP 2014-2017 is accompanied by the CMA IV (2014), which affirms that the MoH provides overall leadership and direction to the health sector, co-ordinates implementation of the

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and strengthen inter-sectoral approach. It pursues 15 strategies, including increasing GoG revenue allocated to the health sector; continually refining NHIS premium specification and improving means-testing to better target NHIS exemptions to poor and vulnerable populations; improving pooling of funds as well as breadth, scope and depth of services and benefits; and strengthening public finance management and information systems supporting health purchasing.

<sup>30</sup> 2013 Saleh - The Health Sector in Ghana: A Comprehensive Assessment.

HSMTDP to ensure achievement of sector objectives and facilitates engagement with health sector partners at all levels.

The MoH facilitates **quality policy and technical dialogue** with health sector partners and stakeholders through the following structures:

- The **Inter-Agency Leadership Committee (IALC)** aims to institutionalise a key leadership structure across MoH and its agencies. It convenes four times a year and its core members are the Minister of Health, Deputy Ministers, Heads of Agencies, and Chief Director. Other stakeholders are invited as participants on an ad hoc basis.
- The **Sector Working Group (SWG)** is expected to be attended by all key sector partners at senior management and technical staff level; the outputs from SWG meetings are collated by the MoH/PPME Directorate to feed into the IALC meetings.
- The **Inter-Agency Coordinating Committees (ICCs)** provide the platform for discussing technical issues on specific themes/diseases.
- **Business Meetings** should take place three times a year (one of them is in conjunction with the Health Summit). They are attended by the key sector partners at senior management and technical levels, and are chaired by the Ministry of Health and the MoFEP.
- The **Annual Health Summit** takes place in April, with the participation of all the key health sector partners and stakeholders.
- Furthermore, there is also a Decentralised Level Dialogue; and engagement with the private sector and civil society is ensured through the Private Sector Unit of the MoH/PPME.

The MoH and representatives of DPs sign an Aide Memoire after each business meeting. The Aide Memoire records decisions taken and represents an agreement between MoH and its partners. Recommendations from the Aide Memoires are followed up on the monthly SWG meetings (source: Bjerrum 2016<sup>31</sup>). DPs also jointly monitor the sector with the MoH and its agencies through regular field visits (source: DFID 2013; interviews with DPs representatives).

The SWG functioning is further defined in specific documents. For instance, the Terms of Reference Health, HIV & AIDS Sector Group (2008) specifies that the policy dialogue of the health sub-group is led by MoH/PPME and organised in the framework of monthly meetings, inter-agency co-ordination committees, health summits, and Business Meetings (on a quarterly basis, possibly in conjunction with the summits). The Terms of Reference for MoH based MAF Secretariat to guide MAF implementation (MoH, undated) specify that a National Steering Committee provides overall governance and policy oversight for MAF implementation. It is chaired by the Minister of Health and has membership that includes DPs/UN agencies, MoH, GHS, CSOs, NHIA etc. Four technical subcommittees aid the work of the National Steering Committee: Procurement, Behavioural & Social Change Communication, Human Resource and M&E.

The lead DP (USAID at the time of the main field mission of this evaluation, soon to be replaced by its Deputy lead DP, UNICEF) also organises Development Partners Forum Monthly Meetings.

The sector-level dialogue **feeds into the country policy dialogue**, including the review process defined in the Multi-Donor Budget Support (MDBS) framework memorandum.

### 1.2.1.3 Integration of “inclusion” aspects in the drafting & revision of policies

The first of six strategic objectives of the current HSMTDP 2014-2017 is to “**Bridge the equity gaps in geographical access** to health services”; the second is to “Ensure sustainable financing for health care delivery and **financial protection for the poor**”.

**Gender** budgeting was piloted in 2008 in three key sectors among which health (see gender note). In 2009, the MoH issued its Health Sector Gender Policy. The situational analysis of gender issues in the health sector points out that men and women are different in terms of their healthcare needs and their disease epidemiology (for instance, pregnant women are more vulnerable to malaria). They also have different roles to play in their response to health promotion and the reduction of barriers to accessing health services. Therefore, the policy calls for gender sensitivity of the health service delivery.

Gender issues are particularly salient with respect to **Sexual and Reproductive Health**, with critical exposure to healthy or poor sexual behaviours; family planning, particularly access to and acceptability of contraception; women’s risk from abortion; high maternal deaths and general knowledge about reproductive health options and opportunities. The policy reckons that the following factors contribute to the high rate of maternal mortality:

<sup>31</sup> 2016 Bjerrum - Danida’s involvement in the Ghanaian health sector 1994-2015.

- Insufficient knowledge among health staff and community members;
- Inadequate basic emergency obstetric and gynaecological healthcare packages within reach of women and adolescents of childbearing age;
- Lack of comprehensive abortion care rather than post abortive care;
- Inadequate supervision at all health centres, inadequate number of health workers trained in life saving skills as well as poor communication and transportation system;
- Socio-cultural values/stereotypes, negative attitudes of healthcare providers or lack of customer oriented service.

The MoH has identified a number of ways to achieve the goal of contributing to better health for both women and men through health research, policies and programmes, which give due attention to gender considerations and promote equity and equality between women and men (source: 2009 MoH - Health Sector Gender Policy).

In recent years, **gender mainstreaming in the health sector** has been supported by UNICEF and CIDA. At MoH level, the draft HSMTDP 2014-2017 has been reviewed and “engendered”, so that now most strategies implemented in the health sector have been designed with gender lens (notably activities performed at community level through CHPS, and the family health policy). GHS has developed a Draft Gender Strategic Plan (still not formally approved) and a Gender working group for health, involving all GHS departments, has been set up and trained. The health information system is now disaggregated by sex. Consequently, the gender mainstreaming framework for the health sector comprises a number of policy measures with respect to access to healthcare, quality of care (notably in the field of reproductive care), management of the health system, and gender sensitive budgeting.

**Overall, “inclusion” aspects (gender, socio-economic and regional disparities) are well integrated in the drafting and revision of health policies.** Gender is the object of substantial attention by MoH and DPs through the emphasis on maternal health. Reducing maternal mortality is probably the main objective of the sector (cf. MAF and Objective 5 of the HSMTDP 2014-2017), and is the focus of most budget support operations. The documentary evidence (joint meetings aide memoires and reports, budget support conditionalities / matrices, etc.) and interviews carried out show that **maternal health** (including the 3 areas of the MAF) **and equity in healthcare** (both geographic and socio-economic) are among the **main issues debated in the context of health sector dialogue** (see JC22).

#### 1.2.1.4 Budget support contributions

**Changes in the legal framework have been mostly driven by domestic policy processes** (especially regarding the NHIS). For instance, the NHIS is clearly a home-grown political priority. It has been initiated without external influence, even if it has benefited from external expertise in further steps of its development.

2016 USAID Health Finance & Governance - Building on Community-based Health Insurance to Expand National Coverage: *The particular path health insurance reform took in Ghana was heavily influenced by politics and, in particular, the competitive electoral pressure [...]. It is very unlikely that the NHIS would have been created in its current form without meaningful electoral competition. Political expediency led to particular advantages and disadvantages. On the positive side, the political pressure for rapid national scale-up likely led to arguably the single most important innovation of the NHIS—the choice and successful passage of the VAT-based National Health Insurance Levy as the major source of financing. The NHI Act also set political precedents in Ghana that have yet to be challenged by either major party: that funding raised and pooled at the national level should be used to reimburse providers for health services that patients receive, which both creates a single pool for the sharing of health and financial risk and allows money to follow the user of services. [...] However, the politically-beneficial promise of a comprehensive benefit package with no cost sharing [...] has also created major financial sustainability problems for the NHIS, leading to urgent new policy development (e.g., capitated purchasing) to control costs.*

It is also noteworthy that **the policy dialogue framework in the sector pre-dates budget support** and has been extensively shaped by the Sector-wide approach (SWAp). The Common Management Arrangement (CMA) evolved to take into account BS. But most of its features and dynamics have not been initiated by BS. The SWAp dynamic fostered progress in terms of application of the aid effectiveness principles and various aspects of the GoG-DPs partnership, including policy dialogue. According to an evaluation carried out by Danida:

2008 Particip - Joint Evaluation of the Ghana – Denmark Development Co-operation from 1990 to 2006, 2008 (quoted in Bjerrum 2016): *The health sector relationship with donors under SWAp underwent considerable change from project-type approaches (with donors in control) to a government-led-and controlled approach. The partnership gained considerable success in policy*



*dialogue, joint performance assessment of the sector, co-ordination of activities to reduce duplication of effort, improved financial management and procurement and general planning for the health sector.*

DFID's 2015 Ghana HSSP business case addendum indicates that "SBS as an instrument to drive reforms in the sector has not materialised as anticipated." However, the evidence gathered in this evaluation shows a less negative picture.

Even though changes in the legal framework and most policy processes were domestically driven (a normal situation in a MIC country), **GBS and SBS were still appropriate aid modalities** in this context as they helped strengthening policy processes and the quality of policies and strategies in the sector. During the first years of SBS implementation, **SBS has helped consolidating the general sector-wide approach (SWAp) dynamic which has positively contributed to improving policy processes.** The financial support provided<sup>32</sup> and, most importantly, the dialogue around BS have accompanied GoG's decisions to focus its efforts on specific strategies areas. Interviews with MoH highlighted the fact that BS conditionalities, especially the joint triggers of the PAF, have played an important clarifying role to identify priorities to be used as a basis for policy dialogue between the MoH, the MoF and DPs. EQ1 and EQ2 provide further details on the selection of MDDBS indicators related to the health sector as well as the focus of SBS programmes.

Results from the 2016 Particip stakeholder eSurvey show that opinions on BS contributions to reform processes are positive in the health sector. Out of the 56 persons who responded to the question "Based on your experience, to what extent did budget support help advance the reforms and policy implementation in [the health sector] between 2005 and 2015?", 23 answered "to a great extent" and 26 answered "to some extent", leaving only 6 (resp. 1) respondents considering reforms advance to little extent (resp. not at all). A GoG representative stated that the SWAp has especially contributed to the promotion of the reforms and policy outcomes in the health sector; while a DP representative considers that SBS allowed for a much more detailed discussion (Particip 2016). However, inclusion of all DPs in policy dialogue (Business Meetings) – and not only DPs contributing to the Health Fund as was the case before SBS – and their increased targeting of funds has progressively led to blurring the focus of dialogue (Interview DP representatives).

The interview carried out with NHIA representatives confirmed that the launch of the NHIS reflected a strong domestic process but it also highlighted the fact that the implementation of NHIS benefited from the experience of other countries and DPs actively "backed" the introduction of the new scheme. DPs support to the NHIS process is also evidenced by the indicators selected in the early MDDBS PAFs policy matrices (see Table 4).

Moreover, **some evolutions in the legal framework have benefited from a "push" by DPs providing BS.** An example is the mental health draft legislative instrument which has been recently submitted to Parliament (Draft Holistic Assessment PoW 2015). This draft has benefited from support provided by DFID through project approach in the context of a wider programme built around SBS.

In the context of a well-functioning SWAp and with a good overall health policy framework as is the case in Ghana, budget support – both GBS and SBS – were appropriate aid modalities to further improve policymaking processes through strategic TA and strengthened policy dialogue backed by a prioritised PAF, in complement to more targeted programmes. As a complement to more targeted projects and programmes, **budget support has contributed at various degrees to the improvement of the policy and legal framework.** In particular, maternal health (through MAF), technical decentralisation and reduction in inequities (through CHPS), including constant focus on the poor and vulnerable as for service delivery, human resources and capital planning, have been strongly supported priorities and related policymaking processes were possibly partly pushed by DPs through policy dialogue, technical assistance and complementary targeted projects.

**However, the SWAp dynamic is now jeopardised** by: i) the fact that DPs have decided to end their SBS (most of them have completely "pulled out" of the BS modality); ii) the consequent collapse of the high-level policy dialogue backed by the MDDBS joint framework (interview MoH representatives); and iii) the resurgence of specific (and sometimes unco-ordinated) individual projects.

A recent study in the health sector<sup>33</sup> explains that:

<sup>32</sup> Since the signature of the sector Framework Memorandum (launched in 2008), SBS amounted to 17% of DPs funding planned in Annual Programmes of Works, compared to 39% for earmarked (project) grants and 44% for loans and mixed credits (APoWS 2009 and 2011-2015). SBS corresponded to 5% of total health sector expenditure (Audited Annual Financial Reports) (see also JC63).

<sup>33</sup> 2014 HEART (Clarke & Tyson) - Ghana Health Sector Support Programme: Scenario Planning and Risk Management.

*The role of donors/development partners has evolved over the past 20 years. In 1997 Ghana's health sector was a forerunner of what became the sector-wide approach. This encouraged donors to pool funds and use common management arrangements to improve results and the effectiveness of aid. The advent of large global health partnerships from 2000 made more resources available to the sector but shifted the focus from the whole sector to targeted initiatives against specific diseases or interventions.*

DPs now mostly use earmarked support and/or short-term targeted TA (interviews with MoH and DPs representatives). The 2014 study by Clarke and Tyson<sup>34</sup> points out that:

*Aid is generally well aligned to the national health framework but the greater part is directed to earmarked programmes, particularly for AIDS, tuberculosis, malaria and childhood immunisation. It is often managed through parallel systems.*

## 1.2.2 JC62. Public sector institutional and technical capacities, incl. M&E capacities and systems, strengthened

### 1.2.2.1 Overall institutional framework for policy implementation

The main organisations in charge of health policy implementation are the following:

- The **Ministry of Health** formulates, co-ordinates and monitors the implementation of policies, programmes and processes related to the sector's Programme of Work (PoW) assessment. The MoH has a number of agencies through which the sector's vision and goal will be realised in conjunction with key sector partners. The agencies perform service delivery, regulatory, financing, research and training functions and are responsible for implementing policies of the Ministry. Regulatory activities in the health sector focus mainly on consumer or client protection by ensuring that the requisite and appropriate human resource for service delivery are available at service delivery points. It also ensures the availability of appropriate products for service delivery and that service delivery outlets meet minimum prescribed standards (HSMTDP 2014-2017: 2).
- **Ghana Health Service (GHS)** is an autonomous Executive Agency responsible for implementation of national policies under the control of the MoH. It continues to receive public funds and thus remains within the public sector; however, its employees are no longer part of the civil service, and GHS managers are no longer required to follow all civil service rules and procedures. The independence of the GHS is designed primarily to ensure that staff have a greater degree of managerial flexibility to carry out their responsibilities than would be possible if they remained wholly within the civil service. GHS does not include Teaching Hospitals, Private and Mission Hospitals.<sup>35</sup>
- The **Teaching Hospitals** are also autonomous MoH agencies that provide tertiary and specialist services and act as the main referral centres in the country (HSMTDP 2014-2017).
- The **Christian Health Association of Ghana (CHAG)** is an umbrella organisation that co-ordinates the activities of the Christian Health Institutions and Christian Churches' Health programmes in Ghana. It is a body through which all or most of the Christian Church related health facilities/programmes liaise with the MoH to ensure proper collaboration and complementation of the government efforts at providing for the health needs of Ghanaians. The CHAG network comprises 183 health facilities and health training institutions owned by 21 different Christian Church Denominations. CHAG provides health care to the most vulnerable and underprivileged population groups in all 10 regions of Ghana, particularly in the most remote areas. CHAG is a recognised Agency of the MoH and works within its policies, guidelines and strategies; nonetheless, CHAG is autonomous and takes an independent position to advocate and promote improvements in the health sector and to promote the interest of its members and its target.<sup>36</sup> CHAG receives financial support from government through the payment of personnel costs, training, supply of some equipment and subventions. Performance contracts have been drawn between government and CHAG institutions. CHAG also receives support from external development partners (DFID 2013). There are also private for-profit providers who are largely based in urban areas whereas non-governmental

<sup>34</sup> 2014 HEART (Clarke & Tyson) - Ghana Health Sector Support Programme: Scenario Planning and Risk Management.

<sup>35</sup> <http://www.ghanahealthservice.org/ghs-category.php?cid=2>

<sup>36</sup> <http://www.chag.org.gh/index.php/pages/about-chag> ; <http://www.moh-ghana.org/pages.aspx?id=24>

organisations/CSOs, informal drug sellers and traditional healers are in rural areas (source: Clarke and Tyson 2014).<sup>37</sup>

- The **National Health Insurance Agency (NHIA)** was established in 2003 as a regulatory body for health insurance operations.<sup>38</sup> The NHIA regulates and supervises Health Insurance Schemes, accredits and monitors healthcare providers and manages the national health insurance fund (NHIF) (HSMTDP 2014-2017). The NHIS has now become the main source of finance for service delivery (2013 DFID - Ghana HSSP business case).

In recent years, **the MoH has experienced a high turnover in leadership positions**, with a succession of nine Ministers of Health since 2009 and with nearly as many changes in top managers (source: interviews with MoH representatives). This has probably weakened policy continuity and leadership in the sector, both vis-à-vis the MoF and the DPs.

On paper, the roles of MoH, GHS and NHIS are clearly delineated, and according to the interviews, the co-operation is generally good (e.g. the PPME directorates of MoH and GHS work together to develop the sectoral plan M&E framework). However, in practice, the **increased fragmentation of the sector** combined with insufficient resources and leadership from MoH leads to **lack of co-ordination** (including for the MAF and CHPS) **and/or duplications and conflicts of interest between the different organisations** at stake.

Clarke and Tyson 2014<sup>39</sup>: *Ghana's health system is highly fragmented, with separation of policy, budgeting and monitoring functions (MOH) from service provision (GHS) and health financing (NHIA). Seventeen agencies vying for roles and responsibilities further complicate the structure of the system.*

For instance:

- With regards to human resources (HR) management, there is disconnect between training institutions (under the MoH) and GHS which was until recently “obliged” to hire newly trained health staff.
- As for supply chain management, there is also disconnect between MoH, which is responsible for central stores, and GHS, responsible for regional stores.

Therefore, “*the sector faces new challenges concerning: a) loss of effective communication between agencies b) greater complexity in health financing mechanism (NHIS), and c) moving from a theme based to an agency based focus*” (EU SBS Action Fiche 2011). This also makes strategy implementation more complicated. The flow of activities is constrained and implementation often lags behind. It also seems that the various players compete for resources and that the balance of power has shifted to the organisation holding the funds (NHIS) as well as to some GHS programme managers (interview MoH and DP representatives). Moreover, the fact that the NHIA and GHS are MoH agencies does not offer a real regulator-purchaser-provider split, which reduces its expected benefits in terms of accountability (interviews with MoH representatives).

**The institutional fragmentation mostly occurs at central level.** At regional level, the health system is more unified and co-ordinated around GHS regional directorates and district management teams. **However, another problem arises at the operational level: that of vertical programmes** – and henceforth earmarked funding and specific planning, implementation and M&E modalities – which tend to interfere with integrated service provision (interviews during field trip to Cape Coast region in mid-June 2016).

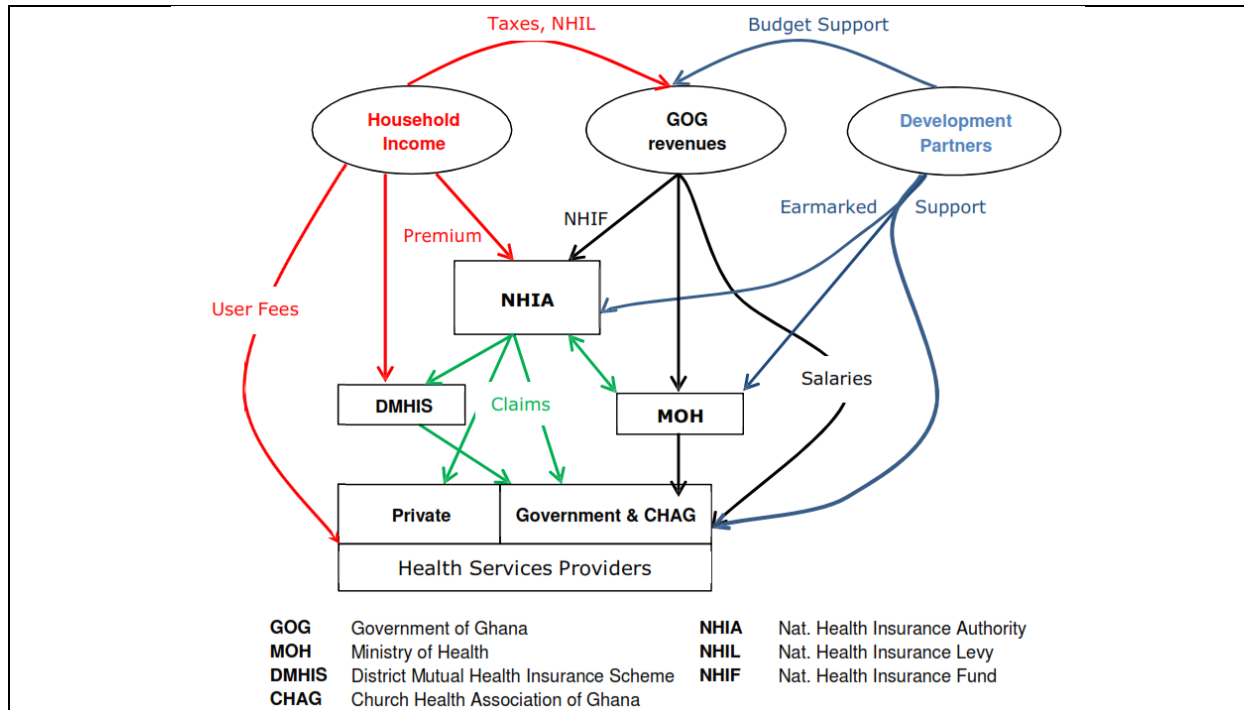
The financial flows between the main actors of the health sector are illustrated in Figure 1.

<sup>37</sup> The MoH Private Health Sector Development Policy (2013) gives an overview of the extent of the private health sector (see p.17).

<sup>38</sup> <http://www.nhis.gov.gh/nhia.aspx>

<sup>39</sup> 2014 HEART (Clarke & Tyson) - Ghana Health Sector Support Programme: Scenario Planning and Risk Management.

Figure 1 Financial resource flows between the main actors of the health sector in Ghana (in 2014)



Source: Embassy of the Kingdom of the Netherlands in Ghana (2015)

### 1.2.2.2 Capacities and systems (human resources, procedures, etc.) for planning and implementation

Health system administration is organised around:

- 216 districts (each comprising sub-districts, possibly one or two district hospital, and a district health management team);
- 10 regions (with medical administration and a regional hospital); and
- the central level including central administration and tertiary / teaching hospitals, and MoH agencies.

At central level, the Directorate of **Policy, Planning, Monitoring and Evaluation (PPME)** of the MoH is responsible for the co-ordination of policy formulation, strategic planning, resource allocation and budgeting in the Ministry.<sup>40</sup> It also houses the MAF Secretariat and has received a lot of technical assistance, notably from Danida and DFID (interviews with MoH representatives). Beyond co-ordination and dialogue frameworks, the Common Management Arrangement also defines arrangements regarding planning and budgeting, performance monitoring, and financial management. As pointed in the EU SBS Action Fiche (2011):

*Due to the long experience of the Health Sector with the pooled fund and later with the Sector Budget Support, the institutional capabilities in terms of steering and managing the health SWAP are well established. The PPME units of the Ministry and the Ghana Health Service are specifically involved in the guidance and management of the sector budget support.*

A number of initiatives have been taken in recent years aimed at improving sector management, such as the programme-based budgeting or, more recently, the signature of performance contracts between the MoH and all directors (Draft Holistic Assessment PoW 2015). When it used activity-based budgeting, the MoH budget used to be practically impossible to analyse (totalling thousands of pages), while now the programme-based budget is reduced to about hundred pages, making it more credible, in line with action plan and linked with output/policy indicators. Health accounts have also improved analytical work on resource allocation (interviews with MoF and DP representatives).

Ghana's health system has been based on the **basic healthcare model** with a network of health posts and dispensaries at the lowest level, linked to health centres, polyclinics and hospitals. In 1977, Ghana adopted a strategy of service delivery at the community level. The 1996 Health Sector Reform was launched with focus on health system development, especially at the district level. Primary

<sup>40</sup> <http://www.moh-ghana.org/pages.aspx?id=32>

Healthcare was the bedrock of the first Medium Term Health Strategy and the SWAp leading to over 40% of the discretionary sector budget consistently being allocated to the district and sub-district level (2014 MoH CHPS Policy).

Currently, **health service delivery** in Ghana is under the responsibility of the GHS, CHAG and the Teaching Hospitals. Private health institutions also provide significant health services. GHS provides public health and clinical services at primary and secondary levels. As part of the effort to improve access to health services, the Community-Based Health Planning and Service programme (CHPS) has been designated as another level of health care delivery that combines public health and basic clinical care activities (HSMTDP 2014-2017). CHPS involves six general implementation activities that change primary health care services from a sub-district clinic-based operation to a comprehensive community-based programme. These “CHPS milestones” are: Planning; Community Entry; Community Health Compound construction; Community Health Officer; Essential Equipment; and Volunteers. In 2000 work began on scaling up the CHPS concept, but it was initially limited by resource constraints. In line with the expected roll out of CHPS strategy, every CHPS zone shall have a CHPS compound comprising community health officer accommodation and a service delivery point. Patients who cannot be handled at this level are referred to a Health Centre, district hospital and regional hospital in that order of upward referral. The aim of this policy is to attain the goal of reaching every community with a basic package of essential health services, with effective health system strengthening at the community level, towards attaining Universal Health Coverage and bridging the access inequity gap by 2020 (sources: Annual Health Sector Review; In-depth Review of the CHPS Programme 2009; 2014 MoH CHPS Policy). Interviews carried by the evaluation team in the district of Mfantseman (Central Region) confirm that CHPS facilitates reaching population as well as the reference system.

A **fiduciary risk assessment** of the health sector performed in 2012 rated both overall and corruption-specific risk as moderate.<sup>41</sup> This was better than the assessment at national level because of additional measures taken at the health sector level to minimise risks. Risks affecting service delivery and efficiency are largely due to weaknesses in national financial management systems such as unpredictability and late release of government funds. The biggest risk area relates to payroll control. Other substantial risk relates to budget credibility, comprehensiveness and transparency, and cash management (source: DFID 2013). However, an update made in 2014 rated fiduciary risk as **substantial**, considering that corruption risk was ‘persistently high’ and that reforms in this area are at best only ‘partly credible’ (source: 2015 DFID - Ghana HSSP business case addendum). A big scandal in the health sector occurred in 2015 when a fire at the central medical store in Accra was suspected to have been intentionally set to hide corruption issues (interviews with DP representatives).

**In general, despite the availability of competent workforce both at MoH/GHS and at operational level** (as we observed in the context of this evaluation), **institutional capacities and systems for implementation have not substantially evolved during the evaluation period. Implementation still lags behind in several areas**, especially regarding the capital investment plan. For instance, the Review of the HSMTDP 2010-2013 emphasises the relatively modest levels of capital expenditure being recorded compared with forecast levels; and reckons that “The composition of the capital expenditure budget also has a “wish list” element in that items are included where approved funding arrangements are not in place” (Review HSMTDP 2010-2013, p. 53).

The difficulty in translating good individual competences into institutional capacity is notably due to insufficient leadership in MoH, interference with political interests, inappropriate Human Resource management policies and regional disparities in health staff appointments. As pointed out by DFID:

2013 DFID - Ghana HSSP business case: *There have been major achievements in some areas of human resource management with improved production of mid-level cadre staff and their distribution but there is still a lack of accountability and performance management.*

Saleh (2013)<sup>42</sup> also highlights that “*implementation is weak and variable along geographical lines.*”

### 1.2.2.3 Capacities and systems for M&E of public policies

The MoH/Directorate of **PPME** is also responsible for the overall monitoring and evaluation of the performance of the health sector in the country.<sup>43</sup>

**The origin of the framework for the monitoring and evaluation (M&E) and co-ordination of the health sector pre-dates the evaluation period and originates in the Sector-wide Approach**

<sup>41</sup> 2012 Adjei-Mensah - Ministry of Health Fiduciary Risk Assessment.

<sup>42</sup> 2013 Saleh - The Health Sector in Ghana: A Comprehensive Assessment.

<sup>43</sup> <http://www.moh-ghana.org/pages.aspx?id=32>

**(SWAp)** built around the first MoH Medium Term Strategic Framework for Health Development 1996-2000 and the first Common Management Arrangement accompanying (MoH, CHPS Policy 2014). **The M&E framework has evolved and improved over time.** The **annual review of the PoW** takes place at all levels. As part of it, joint independent reviews (gathering MoH, GHS and Health partners with external assistance), assessing sector priorities and performance, were carried out every year between 1998 and 2010 (Bjerrum 2016<sup>44</sup>). Since 2009, the MoH has used a new tool attempting to perform a thorough assessment of the sector and to 'condense sector performance into a single indicator', which could be used as an input to the MDBS dialogue – the **Holistic Assessment** of the Health Sector PoW. It has replaced the independent review – which is in itself an indicator of strengthened MoH capacities for M&E (focus group).<sup>45</sup> The holistic assessment tool was developed during the 5YPOW 2007-2011 to provide a brief but well-informed, balanced and transparent assessment of the sector's performance and factors that are likely to have influenced this performance. Since the holistic assessment tool was first used, a number of critical methodological issues were identified, and it has been revised so as to better fit the needs of HSMTDP 2014-2017. The change in methodology between 2013 and 2014 enabled to include a wider variety of indicators such as access to care, financing, human resources and to include indicators from a range of Agencies (Holistic Assessment PoW 2014). In-depth reviews of key areas are also conducted on a selective basis as part of the annual review process.

**Monitoring of results has improved as well over the evaluation period.** Currently, the HSMTDP 2014-2017 is accompanied by a core set of **sector-wide indicators** and targets that are used to monitor the performance of the health sector. Moreover, a number of milestones (also considered in the annual Holistic Assessment exercise) have been agreed as a means of monitoring sector progress in key areas.

The GHS in 2012 embarked on an ambitious programme to **improve the national health information system** in order to improve the healthcare delivery. This resulted in nation-wide implementation of the software District Health Information Management System (DHIMS2), in all GHS facilities and some private and quasi government health facilities. In addition to routine data collected through DHIMS2, information used for the M&E of the health PoW also comes from the conduct of surveys like the Demographic and Health Surveys (DHS) and the Multiple Indicator Cluster surveys (MICS) in collaboration with the Ghana Statistical Service and other partners (HSMTDP 2014-2017). Leonard et al. (2014)<sup>46</sup> reckon that the GHS has successfully implemented an integrated and sustainable web-based health information system. Data quality in all aspects has been improved through institutional arrangements such as peer-performance reviews using DHIMS2 data and establishment of data quality assurance teams at all levels. This has promoted data use for decision making. The online system has also ensured data transparency and accessibility. 'Break-downs' in the system such as lack of funds, faulty equipment, lack of adequate and skilled human resource for data management are seen as major challenges to data quality. Such 'break-downs' may also be seen as opportunity for system strengthening and sustainability as end-users are compelled to use personal resources for managing data. Through institutionalised peer-performance review processes using data from the DHIMS2 is improving the quality of health service data for planning and decision making.

Overall, apart from the general poor standard of financial reporting (source: Review of Ghanaian HSMTDP 2010-2013; ISSER 2016), **capacities and systems for M&E of public policies have been strengthened over time.** Quality of M&E data produced is reliable (composed of routine data, whose quality has been improved with scale-up of DHIMS2; and surveys), easily accessible (reports regularly published) and used to back policy dialogue and decision-making. However, in-country monitoring mechanisms and evaluation tools are inadequate for quantifying equity and financial risk protection among different wealth quintiles (Nyonator et al. 2014<sup>47</sup>). DFID 2013<sup>48</sup> identifies a number of capacity and capability challenges in the public health sector, regarding human resources, data management, management and maintenance of infrastructure and assets, and drug quality, procurement and supply systems; and the health sector has weak public expenditure tracking systems (ISSER 2016<sup>49</sup>). Indeed, the 2011 MDBS review already expressed concerns about the fact that: *"There is no tracking system providing status of budget releases throughout the sector and a feedback loop on actual expenditures and timing of releases is lacking."*

<sup>44</sup> 2016 Bjerrum - Danida's involvement in the Ghanaian health sector 1994-2015.

<sup>45</sup> It was also one of the targets used in the annual Performance Assessment Framework (PAF) for Multi-Donor Budget Support (MDBS).

<sup>46</sup> 2014 Leonard et. al. - Peer-performance review as a strategy for strengthening health information systems

<sup>47</sup> 2014 Nyonator et. al. - Monitoring and Evaluating Progress towards Universal Health Coverage in Ghana.

<sup>48</sup> 2013 DFID - Ghana HSSP business case.

<sup>49</sup> 2016 ISSER - Public Expenditure and Implementation Review (PEIR) of the Health Sector.

### 1.2.2.4 Budget support contributions

According to an evaluation commissioned by Danida, progress in various aspects of partnership, including joint performance assessment, co-ordination, planning and management, had already been achieved through the SWAp:

*The health sector relationship with donors under SWAp underwent considerable change from project-type approaches (with donors in control) to a government-led-and controlled approach. The partnership gained considerable success in policy dialogue, joint performance assessment of the sector, co-ordination of activities to reduce duplication of effort, improved financial management and procurement and general planning for the health sector. (Particip, Joint Evaluation of the Ghana – Denmark Development Co-operation from 1990 to 2006, 2008; quoted in Bjerrum 2016)*

However, like for JC61, the evidence gathered shows that, during the evaluation period, **BS has positively yet modestly contributed to the observed changes regarding public sector institutional and technical capacities, especially M&E capacities and systems**. The latter are for a large part due to the general sector-wide approach (SWAp) dynamic. Nevertheless, complementary to more sector-focused modalities, budget support was an appropriate modality to continue supporting the well performing SWAp and the efforts of GoG to strengthen its capacities and implement its policies through national systems. It is important to note that:

- The Holistic Assessment of the Health Sector PoW has been developed at the initiative of the MoH in the context of the health sector dialogue, as an appropriate way to jointly monitor progress. It has been included in the MDDBS PAF, showing coherence between sector processes and GBS, and used by JICA to release SBS tranches. It has been pointed by stakeholders as an indicator of strengthened MoH capacities for M&E and reduced utilisation of external resources (interviews and group discussion with MoH and DP representatives).
- Probably the most influential way through which SBS has had effect over M&E is the strategic technical assistance accompanying SBS (notably at the PPME and NHIS level), which contributed to analyses and evidence-based policymaking; BS DPs also regularly contribute to financing surveys (e.g. the forthcoming maternal mortality survey is financed out of EU's SBS supporting MAF).
- MDDBS PAF helped to back dialogue and keep stakeholders focused on key priorities.
- BS has also helped strengthening dialogue and collaboration between the MoH and the MoF, through the 'health sector lead' in the MoF and participation to joint monitoring of progress.

However, a number of **missed opportunities** have been identified. SBS dialogue is organised around MoH Programmes of Work (PoWs) and Holistic Assessments, but interviews with several DP representatives did not show a good understanding of budget processes at the MoF level (e.g. relationship between MoH budget and PoW unclear to all). This explains to a large extent why technical dialogue around sector public expenditure issues between MoH, MoF and DPs providing budget support has been very limited. DPs and MoF still share common concerns, notably regarding the quality and focus of resource allocation and the growing burden of loans in MoH budget<sup>50</sup> (Source: DP forum monthly meeting and SWG meeting, which took place in early June 2016; interviews and group discussion with DPs and MoF representatives).

Moreover, DPs ending their BS (some completely pulling out of BS) and the related collapse of the high-level dialogue in recent years left the health sector with less clear milestones and priorities (interview with MoH representatives).

### 1.2.3 JC63. Public service delivery / management (incl. infrastructure and human resources) strengthened, particularly at the local level

#### 1.2.3.1 Disclaimer on financial data quality

As explained in Appendix 2, the analysis of the evolution in sector allocations and public expenditure is particularly challenging in Ghana because of numerous obstacles such as:

- high level of complexity of the financing system (with multiple sources of finance such as the MoH central budget (appropriation voted by Parliament), the NHIF, Internally Generated Funds, donor budget support and grants, loans, mixed credits, etc.);
- the national aid information management system has been weak with DPs sometimes reluctant to inform GoG about their planned and actual disbursements;

<sup>50</sup> In particular, the financing of hospitals out of loans is a source of concern for many stakeholders interviewed.

- some financial information is only available at aggregate level making it difficult to analyse public spending in strategic areas (e.g. GoG financial statements are aggregated at the regional level and the sector budget at both national and district levels are not disaggregated by specific areas of interventions) ;
- the budget nomenclature/template has changed several times during the evaluation period;
- since the few attempts to analyse trends in public spending ex-post have not managed to overcome the major barriers identified above, there are no consistent data series nor consolidated financial reports presenting budgets and expenditure from all sources over the evaluation period.

### **1.2.3.2 Level and composition of sector public expenditure and sources of financing**

There has been a significant increase in public health expenditure over the evaluation period. According to the National Health Accounts (NHA), which cover the years 2002, 2005, 2010 and 2012:

- Per capita Total Health Expenditure (per capita THE) increased from GHc 29.55 to GHc 136.87 (from USD 20.05 to USD 74.55) between 2005 and 2012, that is, an increase of 373% in GHc (272% in USD).
- Total Health Expenditure (THE) amounted to GHc 3.55 billion in 2012, 40% of which generated from direct GoG transfers and 16.7% from the NHIS.

However, according to the data available in the APoW, per capita expenditure in USD actually dropped from 47.1 to 32.8 between 2013 and 2014 although funding for the health sector (nominally) increased. Moreover, according to the WHO Global Health Expenditure Database, Total Health Expenditure as a percentage of GDP has fluctuated between 3.5 and 5.3% in Ghana over the evaluation period, following an upward trend until 2010 and then a downward trend. In particular, this does not allow meeting the internationally recommended threshold of 5% of GDP necessary to finance universal health coverage.<sup>51</sup>

In terms of sources of funding:

- The information on budget allocations presented in the sector's APoWs between 2005 and 2015 shows that GoG central funding has constituted an average of 28% of health sector budget allocations, donor funding 23% (donor earmarked funds constitute on average 10% of the total), IGF 20% and NHIF 26%.
- The information on actual expenditure available in the MoH Audited Annual Financial Reports confirms that the majority of health expenditure is funded by GoG (56.3% of actual expenditure over the period), followed by IGF.<sup>52</sup>
- The NHA THE breakdown by source between 2005 and 2012 shows a reduction in the share of international funds and a strong increase in the share of (domestic) public funds which appears to be explained to a great extent by the expansion of the NHIS.
- However, there is also converging evidence showing that preventive and public health care is predominately financed by DPs in the form of projects. More generally, in recent years, the bulk of funds for service delivery and implementation of activities thus comes from earmarked funds from DPs and IGF.

In terms of the composition of sector spending:

- The information on actual expenditure available in the MoH Audited Annual Financial Reports shows that compensation of employees (mainly salaries of public servants) constituted 57.3% of health sector expenditure over the period 2009-2014, against 35.3% for goods and services and only 7.3% for assets.
- A dramatic increase (120%) in the sector wage bill (compensation of employees) occurred in 2012 consequently to the implementation of single spine salary scale and the payment of arrears.
- In recent years, the Human Resource budget has been absorbing the majority of GoG allocation to MoH and that, as a result, the other types of expenditure have been largely under-funded.

<sup>51</sup> Threshold estimated by: McIntyre, Di, Meheus, Filip 2014 - Fiscal Space for Domestic Funding of Health and Other Social Services (Chatham House - The Royal Institute of International Affairs - Centre on Global Health Security Working Group | Paper 5).

<sup>52</sup> Note that the NHIS accounts for a large part of IGF, in addition to statutory funding.



- A recent public expenditure and implementation review carried out by ISSER (2016) confirms this trend and highlights that very little is spent in fixed capital and maintenance at health facility level.

Overall, the analysis of the evolution of its financing profile shows that the health sector has been facing a vulnerable financing situation in recent years, which was aggravated by the growing earmarking of external assistance. Its current limited fiscal space has led to GoG's inability to fund health priorities (especially health commodities), challenges in meeting counterpart support, delays in reimbursement of claims and needs to fund the deficit on claims. It is noteworthy that a significant proportion (96%) of funds aimed at financing health infrastructure come from loans and mixed credits (source: Holistic assessment PoW 2014). This further increase Ghana's indebtedness and interest payments further reduce fiscal space available for the sector's budget. In addition, the NHIS efficiency and sustainability have become a serious issue. The NHIA is confronted with a high expenditure on claims per active member estimated at about GHc 96 (source: Holistic assessment PoW 2014). About two thirds of the clients are in the exempt category and this puts further strain on the finances of the authority. Therefore the NHIA accumulates arrears and reverberates them by delaying reimbursement to healthcare providers

Finally, regarding the **benefit incidence** of sector spending, the jury is still out. Coulombe and Wodon's (2012)<sup>53</sup> analysis suggests substantial variations in transfers and unit costs by districts, with higher costs in areas with the lowest and highest poverty measures, and lower costs in-between. Public health funding is also found to be regressive, in large part because hospitals and clinics still benefited the better off more than the poor, whether they are operated by the government or faith-inspired providers. A number of studies carried out by the World Bank find that government subsidies for inpatient and outpatient hospital care are pro-rich while subsidies for health centres and health posts are pro-poor; that Ghana's various tax levies are progressive but that out-of-pocket spending and NHIS voluntary enrollee premiums tend to be regressive, so that, **overall, the financing of both the overall health system and the NHIS tend to be generally progressive**. The benefit incidence of Ghana's health financing system could nevertheless be improved by better targeting (Schieber et al. 2012<sup>54</sup>). Results from the benefit<sup>55</sup> incidence analysis carried out by this evaluation (see Annex 8 in Volume 3) shows that even if socioeconomic inequities in the benefits of public health care have persisted (the distribution of benefits in 2015 is still pro-rich), they have been reduced over the evaluation period. Given the patterns of health care utilisation, the poorest 20% of Ghana capture an attributed 12.9% of GoG spending on public health facilities, whereas the share of the richest 20% is almost twice as large (24.5%). There has been a modest reduction in these disparities since 2006, which is concentrated among users of district hospitals.

### 1.2.3.3 Goods and services delivered

**Health service coverage has improved over the evaluation period.** There is now an extensive network of facilities – including at community level – and there has been progress in reducing attrition of doctors in particular, and in increasing the training of nurses, midwives and doctors (source: 2014 HEART (Clarke & Tyson) - Ghana Health Sector Support Programme: Scenario Planning and Risk Management).

Based on available data, **GoG is currently the major provider of outpatient services** (57% of total OPD in 2015), followed by the private-for-profit sector (22%)<sup>56</sup> and the CHAG (18%). Primary care comprises half (50.5%) of OPD attendance, followed by secondary care (44.8%) and tertiary care (4.4%) (Draft Holistic Assessment PoW 2015). The tables below (using most recent available data) give an idea of the **current capacity of health service supply** in Ghana (facilities and staff), including the weight of each type of provider.

<sup>53</sup> 2012 Coulombe & Wodon - Benefit incidence of public health spending for public and faith-inspired health facilities in Ghana.

<sup>54</sup> 2012 Schieber et. al. - Health Financing in Ghana

<sup>55</sup> The benefit is the share of the national GoG budget for health facilities attributed to the different poverty quintiles based on the actual attendance of these health facilities.

<sup>56</sup> However, data on health service delivery by the private sector is limited. It is estimated that in Ghana, about half of the health services that both rural and urban residents and both the richer and poorer use come from providers in the private sector (World Bank 2011, Working paper no.210).

Table 7 Health Facilities by Type and Ownership, per region, 2013

Region	CHPS	Clinic	District Hospital	Health Centre	Hospital	Midwife / Maternity	Mines	Poly-clinic	Psychiatric hosp.
Ashanti	70	152	19	141	89	97	0	0	0
Brong Ahafo	186	115	18	83	11	42	0	0	0
Central	169	54	12	64	14	32	0	1	1
Eastern	422	118	14	84	18	24	0	1	0
Greater Accra	81	257	6	20	62	80	0	10	2
Northern	151	49	11	83	15	9	0	5	0
Upper East	189	45	5	44	1	1	0	0	0
Upper West	126	12	3	68	6	2	0	0	0
Volta	158	72	17	146	11	21	0	2	0
Western	181	114	11	59	17	41	3	2	0
<b>National</b>	<b>1,733</b>	<b>988</b>	<b>116</b>	<b>792</b>	<b>244</b>	<b>349</b>	<b>3</b>	<b>21</b>	<b>3</b>

Source: GHS Facts &amp; Figures 2014

Table 8 Number of Hospital Beds by Region and Ownership, per region 2014

Region	Government	CHAG	Islamic	Quasi Government	Private	Total	% by Region
Ashanti	1,230	1,063	52	131	555	740,293	15.2
Brong Ahafo	895	1,303	0	0	186	1082,303	12.0
Central	1,523	424	0	72	11	508,523	10.2
Eastern	1,088	1,054	0	134	0	136,142	11.4
Greater Accra	1,581	41	0	13	52	107,581	8.5
Northern	1,268	414	0	0	0	415,268	8.4
Upper East	679	375	0	0	70	1124, 0	5.6
Upper West	525	370	0	0	0	895, 0	4.5
Volta	1,400	895	0	0	62	958,4	11.8
Western	1,499	500	0	228	209	938,499	12.2
<b>Total</b>	<b>11,689</b>	<b>6,441</b>	<b>52</b>	<b>580</b>	<b>1,145</b>	<b>651,275</b>	<b>100</b>
<b>% by ownership</b>	<b>58.7</b>	<b>32.4</b>	<b>0.3</b>	<b>2.9</b>	<b>5.8</b>	<b>100</b>	

Source: GHS Facts &amp; Figures 2014 (NB: Data for Quasi Government and Private Hospitals are incomplete)

Table 9 Number of GHS Staff and Payroll Cost by Category, 2014

Category	Staff Strength	% staff strength	Monthly Payroll Cost	Market Premium	Total Monthly Payroll Cost	Annual Payroll Cost	% of Tot. Annual Payroll
Doctors	2,857	3.33	5,419,226	5,761,527	11,180,753	134,169,034	9.8
Community Health Nurse	13,659	15.96	9,078,911	5,265,769	14,344,680	172,136,160	12.5
Enroll. Nurse	12,424	14.52	8,261,808	4,791,848	13,053,656	156,643,871	11.4
General Nurse	14,773	17.27	16,878,435	10,073,730	26,952,166	323,425,987	23.5
Staff Midwife	4,760	5.56	5,610,686	3,557,129	9,167,815	110,013,779	8.0
Pharmacists	650	0.76	952,896	594,016	1,546,913	18,562,950	1.4
Biomedical scientists	720	0.84	988,676	591,099	1,579,775	18,957,294	1.4
Radiographers	91	0.11	123,464	73,589	197,053	2,364,634	0.2
Management (Dir, Dep. Dir, etc.)	243	0.28	601,647	993,189	1,594,836	19,138,036	1.4
Administrators & HRM	675	0.79	815,260	244,578	1,059,838	12,718,050	0.9
Health Trainee & Intern	4,500	5.26	2,491,566		2,491,566	29,898,795	2.2
Others	30,209	35.31	22,470,782	8,986,625	31,457,406	377,488,875	27.4
<b>TOTAL</b>	<b>85,561</b>	<b>100</b>	<b>73,693,357</b>	<b>40,933,098</b>	<b>114,626,455</b>	<b>1,375,517,465</b>	<b>100</b>

Source: IPPD, excerpt from Holistic Assessment APoW 2014 p. 26

Table 10 Average number of medical personnel by facility type, 2015

Facility type	Doctors	Nurses	Medical Assistants	Medical Technicians
District/General Hospital	6	112	5	6
Health Centre	0.1	15	1	1
Polyclinic	2	75	3	6
Secondary/Regional Hospital	46	271	3	13
Tertiary Hospital	146	1006	3	18

Source: Facility and Institutional Survey, 2015, quoted in ISSER (2016: 75)

**Health staff** (healthcare providers, including district teams which belong to the GHS) does not belong to civil service (who can be moved from an institution to another) but to public service (whose hiring is based on technical capacities and who are thus attached to a particular sector). Health staff payroll is centralised through a common platform (integrated personnel payroll department – IPPD) but they are hired and administered by the agency (e.g. GHS, Teaching Hospital) which employs them. For instance for GHS employees, GHS asks clearance from MoF to hire staff and then dispatches it to regions, which in turn dispatch to district and facilities according to staffing norms. Working conditions are the same for GHS and Teaching hospitals staff. On the other hand, civil service has another platform for managing MoH administrative staff. Health staff are trained in MoH training schools and until 2 years ago, received allowances while at school, and were systematically hired by MoH agencies when completing their courses. This system is now phasing out (only people in 3<sup>rd</sup> grade receive allowances and will be hired, while the followers will have to compete on the labour market). In addition, facilities can hire “daily-rate” staff out of their internally-generated funds. Health staff is also eligible to receive upgrading training (while still receiving same emoluments) along its career (interview MoH and GHS representatives; site visit Cape Coast 13/06). **A lot of health staff has been hired in recent years, so as to respond to expansion in the number of health facilities and heavy workload, and the wage bill has increased correspondingly over the evaluation period.**

Consequently, important progress has been reached in the evolution of supply capacity, relative to Objective 1 “Bridge the equity gaps in geographical access to health services” of the HSMTDP 2014-2017. Table 6 shows increase in functional primary health care structure coverage; in particular, **the number of functional CHPS zones has more than tripled between 2010 and 2015.**

Table 11 Progress in functional primary health care structure coverage

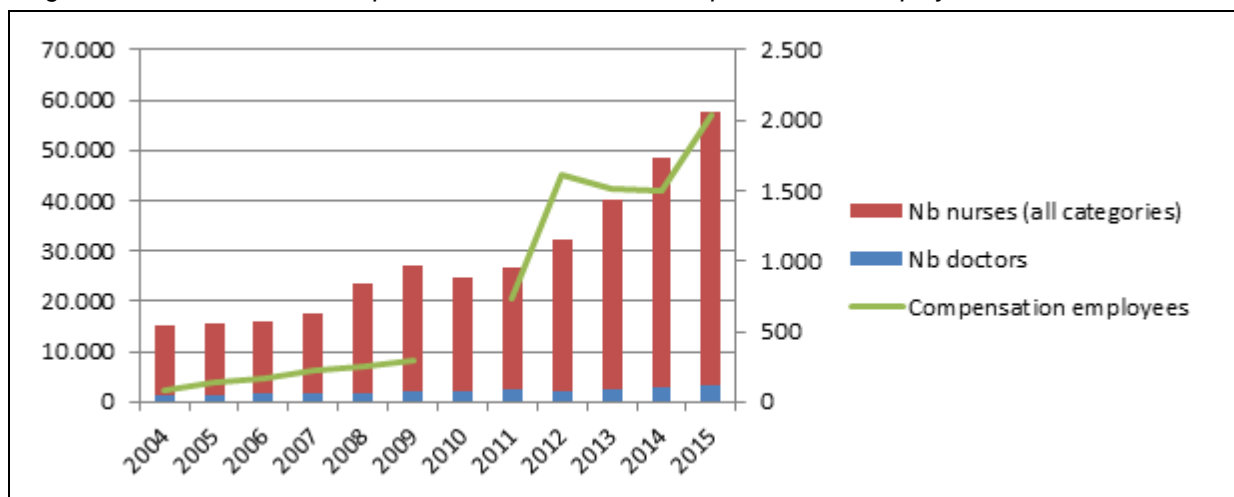
	2010	2011	2012	2013	2014	2015*
Number of functional ambulance service centres	N/A	24	121	122	128	127
Number of functional CHPS zones	1,241	1,659	2,175	2,315	2,948	3,951

Source: Holistic Assessment PoW 2014 and \* Draft Holistic Assessment PoW 2015

Over the evaluation period, the **doctor to population ratio has improved** from 1 doctor per 13,074 inhabitants in 2008 to 1 doctor per 9,043 inhabitants in 2014 and 1 doctor per 8,934 inhabitants in 2015. It has met WHO norms (below 10,000 inhabitants / doctor) since 2012. **The nurse to population ratio improved as well**, from 1 nurse per 1,109 inhabitants in 2008 to 1 nurse per 959 inhabitants in 2014 and 1 nurse per 739 inhabitants in 2015 (GHS Facts & Figures 2014; Draft Holistic Assessment of PoW 2015).

However, following the implementation of the single spine salary policy with retrospective effect in 2012, **the wage bill has dramatically increased. A large part of the total increase in personnel emoluments is due to higher wages**, and a smaller part due to more staff on the payroll.

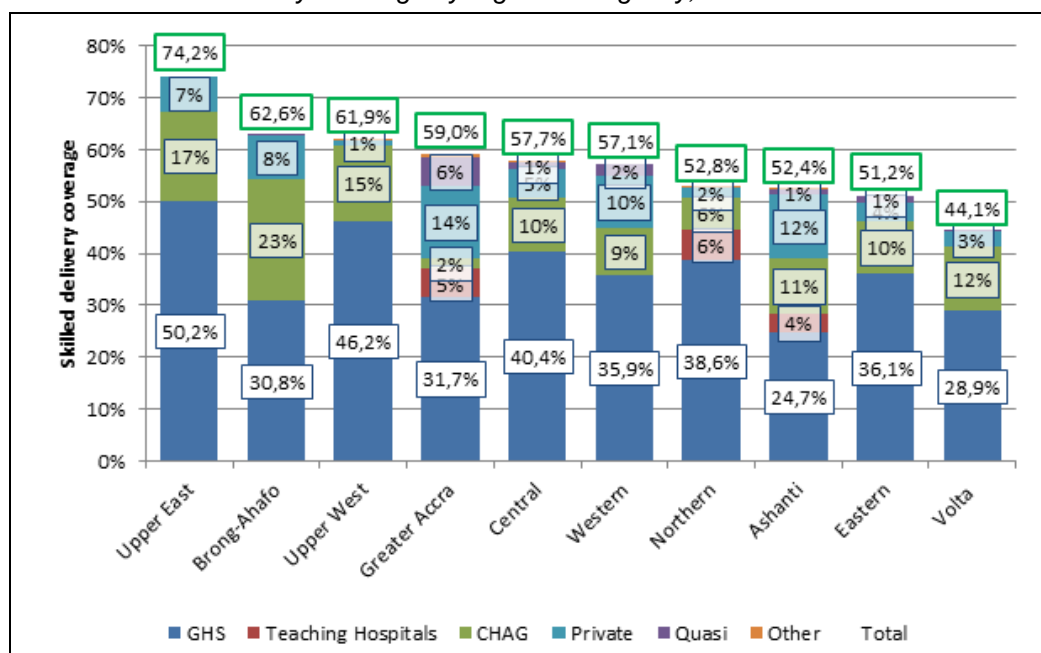
Figure 2 Evolution of personnel numbers and compensation of employees cost<sup>57</sup>



Source: Particip calculation based on data from: GHS Facts & Figures 2010 (no. staff 2004-2006); GHS Facts & Figures 2014 (no. doctors 2007-2008; no. nurses 2007-2010); Holistic Assessment of PoW 2014 (no. doctors 2009-2015); GHS HR payroll database (no. nurses 2011-2015); Annual PoWs (compensation of employees 2005-2009); GIFMIS (compensation of employees 2011-2015)

Following service availability, **utilisation of services** also increased over the evaluation period, and the majority of services are provided at primary health care level (GHS and CHAG). However, there are **important geographical inequities in service provision** between the different regions of the country. In particular, the Northern region has limited infrastructure, which limits access to health services. Inadequate staff numbers and mix further compound the problem. Transport networks in the region are poor, making it difficult for the limited staff to adequately provide services to all populations. The DHS results indicate that the Northern Region's performance is below average compared to other regions (Holistic assessment PoW 2014). Figure 3 illustrates geographical inequalities regarding **skilled delivery coverage** in 2015, which was highest at 74.2% in the Upper East region, compared to a low 44.1% in the Volta region. The different regions are also characterised by **very different profiles with regard to health service coverage by type of provider** (e.g. GHS covers 50.2% skilled deliveries in Upper East compared to 24.7% in Ashanti).

Figure 3 Skilled delivery coverage by region and agency, 2015

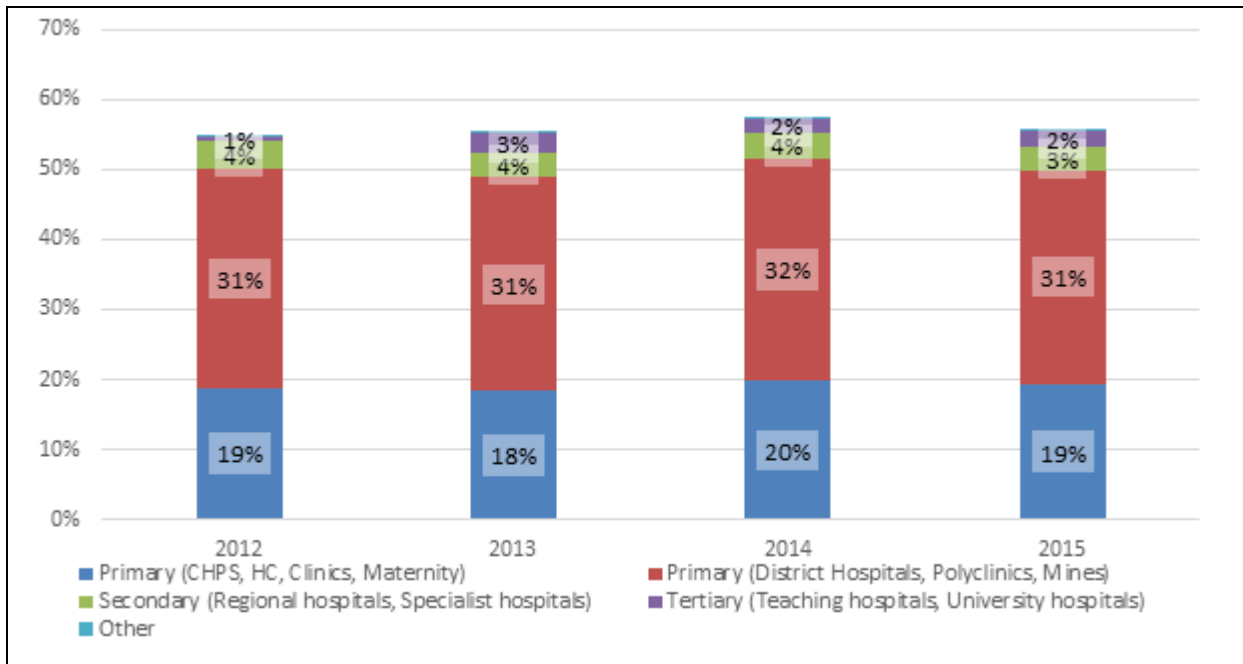


Source: MDG Acceleration Framework (MAF) Secretariat Analysis 2015, MoH

<sup>57</sup> The figures used are not entirely comparable since (i) there are discrepancies between GHS Facts & Figures, GHS HR payroll database and Holistic Assessment of PoW; (ii) ex ante budget was used for 2005-2009 and actual expenditure for 2011-2015.

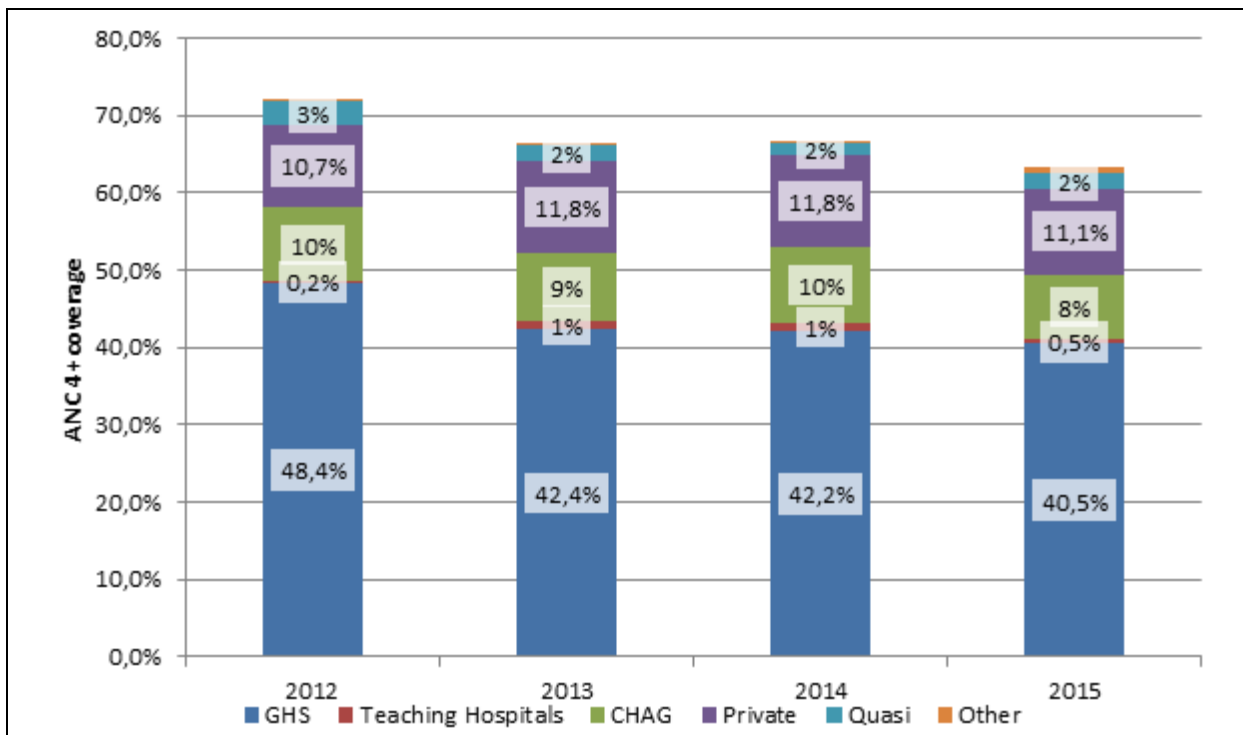
While there had been important progress at the beginning of the evaluation period, **healthcare service utilisation – especially maternal health services – has at best plateaued, at worst worsened at the end of the evaluation period.** This is the case of skilled deliveries (plateauing around 55% between 2012 and 2015, see Figure 4) and of 4<sup>th</sup> antenatal care consultations (which worsened over the past 4 years, see Figure 5).

Figure 4 Skilled delivery coverage by level, 2012-2015



Source: MDG Acceleration Framework (MAF) Secretariat Analysis 2015, MoH

Figure 5 4<sup>th</sup> antenatal consultation coverage trend by agency, 2012-2015



Source: MDG Acceleration Framework (MAF) Secretariat Analysis 2015, MoH

### 1.2.3.4 Quality (including sustainability) of goods and services delivered

According to Saleh (2013)<sup>58</sup>:

*Quality of care and [health workers] competencies and productivity are rated as low. [...] Although absenteeism is modest, [health workers] attitudes toward clients are poor, and motivation is low. The government increased salaries to improve worker productivity; however, the impact is uncertain. We find many [health workers] are not performing up to standard, particularly in rural areas, among the poor, and especially in the northern region. The competencies of private providers are even worse than those of public providers.*

Moreover, she also finds that “the types of services used by the poor are of relatively lower quality [...]. The quality of services offered in rural areas, urban slums, and certain regions where the poor are concentrated is lower than the quality of services in urban areas and some of the more well-off regions”. Results from the eSurvey also confirm stakeholder concerns about quality of healthcare. Among the 56 persons who responded to the question ‘Based on your experience, to what extent has there been progress in sector outcomes linked to the reforms implemented between 2005 and 2015 in the following area: Health: quality of health care services’, 14 answered “to a great extent” and 25 answered “to some extent”, but 17 respondents considered there was little progress. By contrast, the opinion of respondents is much more positive with regards to access in healthcare, and several respondents raised concerns over quality in the open questions (Particip).

However, more recently, Goepfel et al. (2016)<sup>59</sup> find that only 4.5% (with a 95% confidence interval, that is, between 3.0 to 6.7%) of the participants of their survey were dissatisfied or very dissatisfied with healthcare services in Ghana.

There is no objective indicator of health service quality; however, proximate indicators can help assess quality of care:

- Availability of qualified staff: between 2007/2008 and 2015, the doctor to population and nurse to population ratios have improved;
- Utilisation of health services is also a proximate indicator of quality; as shown in JC71, outpatient attendance per capita per annum has doubled over the evaluation period;
- A number of tracer indicators relative to Objectives 4 and 5 of the HSMTDP, are also proxies for health service quality; Table 11 offers a selection of such indicators documented in Holistic Assessments of the PoW (available data only); institutional maternal mortality rate has been reduced since 2008; the availability of tracer psychotropic drug availability in hospitals has increased between 2010 and 2012, but this is not the case for the availability of general tracer drugs;<sup>60</sup> TB treatment success rate has slightly improved between 2007 and 2013.

Table 12 Indicators relative to quality of health services and institutional care

	2007	2008	2009	2010	2011	2012	2013
% tracer psychotropic drug availability in hospitals				68%	64%	85%	
% tracer drugs availability in hospitals				86.4%	94.1%	85.7%	
TB treatment success rate	84.6%	85.4%	87.0%	85.3%	86.2%	88.6%	87%*
Institutional infant mortality rate		7	17	5.8	4.4	13.8	13
Institutional under-five mortality rate		9	25.2	9.3	9.2	20.1	17.9
Institutional MMR	187	230	200	164	174	152	155

Source: Holistic Assessment of the PoW 2013 (except \*: Holistic Assessment of the PoW 2014)

### 1.2.3.5 Main delivery and management challenges at sectoral level

All in all, **the picture regarding strengthening of public service delivery / management (incl. infrastructure and human resources), particularly at the local level, is quite positive**, even if most progress in service utilisation has been reached at the beginning of the evaluation period, while some indicators have worsened in recent years. However, there are a number of **failures and challenges** in the health sector that threaten further progress and the ability to sustain gains. The **main health financial issues and challenges** are summarised in Box 6, and their consequences over service delivery are further developed below.

<sup>58</sup> 2013 Saleh - The Health Sector in Ghana: A Comprehensive Assessment

<sup>59</sup> 2016 Goepfel et. al. - Assessment of universal health coverage for adults aged 50 years or older with chronic illness in six middle-income countries.

<sup>60</sup> However, 90% of tracer drugs availability was achieved in 2015 (Draft Holistic Assessment PoW 2015).

The main health financing issues are as follows:

- **The health sector is fragmented, not only at the institutional level** (which weakens effective management, leadership and accountability) but also **with respect to the financing system**, which is scattered among various sources (GoG allocation to MoH and its agencies, donors, NHIS, other IGF, others); information is parcelled and fragmented as well, thus a clear, consolidated picture of the evolution of the composition of health spending – on an ex-ante but even more on an ex-post (expenditure) basis – per economic classification, per region, per level and per type of spending is urgently needed; and the vast **majority of funding is earmarked**, leaving insufficient flexibility at district and facility level and to respond to emergencies and ensure systemic activities (monitoring, outreach, etc.).
- **PFM is performing poorly** in the health sector: the MTEF is not used for defining resource allocation; the budget is not credible (the MoH overspends on some items and others are underspent); funds are released late, especially at operational level (this problem is aggravated by the heavier reliance on NHIS).
- **Costs are escalating and sustainability of the NHIS is jeopardised**, as expenditures on claims are growing far faster than revenues and there are indications of moral hazard, abuses and inefficiencies in NHIS management (interview with AfHEA representative).
- As already mentioned above in JC61, **sustainability of health sector financing and therefore of goods and services delivered is at risk**. In its current form, the NHIS entails many inefficiencies and is not focused enough (interview with AfHEA). As a result, there is a risk that insufficient budgets allocated to the health sector lead to adverse consequence on health outcomes. The Health Development Partners Group recently expressed concerns that:
 

*“The Health Sector in Ghana requires more financial resources to consolidate the gains made and accelerate progress in several critical areas. The resources allocated to health sector programming in the 2016 Budget Statement is unlikely to make that possible to achieve. This creates a real concern that the progress made on several health indicators over the past decade will backslide and have a negative impact on the health status of the Ghanaian population.”* (source: Health Development Partners Group 2016)
- **The sector is underfunded:**<sup>61</sup> personnel emoluments constitute over 90% of the MoH budget. *The high wage bill is not a problem per se* – on the contrary, it is at a normal level to be in line with the national health policy and meet increased human resources needs propelled by expansion of services (notably the rapid expansion of CHPS) and increased utilisation of health services by the Ghanaian population; the results also show a causal relationship between increase in HR and a number of health outputs and outcomes (see EQ7). *The problem lies in a more general underfunding of the health sector* (cf. declining health expenditure as a % of GDP for instance), which is aggravated by the fact that the bulk of investments in the sector (for equipping hospitals in particular) are funded out of loans, whose interests are a burden to the sector budget (the problem extends beyond the health sector). Consequently, the fiscal space of the health sector is very limited, which has in recent years translated into a sharp reduction in funds available for goods & services and hence for activities enabling to implement the health policy.

Henceforth, the main challenges are: (i) to provide clearer and more comprehensive resource allocation pictures, both ex ante and ex post; (ii) to respect the budget (so as to make it more credible) and facilitate its execution down to the implementation level; (iii) to increase resources – especially discretionary ones – for health; and (iv) to ensure efficiency gains and thus sustainability.

In turn, there are **two worrying consequences, at the service delivery level, to the current trend of shrinking in GoG budget spent on goods and services**. These perhaps reflect a misunderstanding of the financing needs of the health sector by the MoF and donors alike,<sup>62</sup> and a consecutive lack of strategic prioritisation of resources. First, despite the recent adoption of the Ghana Health Financing Strategy (2015), **the sector lacks a consistent framework for health system strengthening (HSS) as a whole** – which is nonetheless a necessary condition for enabling specific

<sup>61</sup> Note that PPME/MoH plans to develop a resource mobilisation strategy by December 2016 (Aide memoire progress report 2016).

<sup>62</sup> IGF, for instance, should not be used for capital investment; they consist of a revolving fund enabling to refurbish stocks of drugs and medical products.

programmes to deliver.<sup>63</sup> Support to HSS is rather provided on an ad hoc, project-type basis (e.g. USAID and Global Fund work on supply chain management; USAID has an HSS programme in 5 regions; Gavi provides an HSS window but this is much targeted on immunisation), but major issues (notably the need to implement a coherent HR development and motivation policy) are not consistently addressed. Second, despite the large amounts of money flowing through the NHIS, the continuous rise in wage and the great deal of public resources absorbed by teaching hospitals, it is now **very difficult for the MoH, the GHS and districts to find the resources – and get them in a timely manner – to finance public health / preventive and promotional activities, and to ensure continuity in quality healthcare.**<sup>64</sup> As Saleh (2013: 13) puts it:

*“Financing of prevention and curative care is fragmented: one is controlled by MOH, the other by NHIS. Current payment mechanisms, one based on budgets, the other on ex post fee for service, have created a system with little incentive to promote prevention over curative services (...) [Yet] Because the rate of [communicable diseases<sup>65</sup>] is still high, public health remains an important priority for Ghana. Strategies should continue to support behavioral change initiatives and to promote prevention”.*

In other words, the incentives associated with the current system are such that healthcare providers are barely reimbursed for the curative services they provide – with a long delay that sometimes harms stocks refurbishing, quality of healthcare and timely execution of activities (for example, immunisation activities must be performed at the dry season, while if districts get the money only in August or September, it can no longer be used for that purpose)<sup>66</sup> – but receive piecemeal institutional support (mostly from donors); while districts, the GHS and MoH more generally do not receive (timely) resources to perform activities such as vaccination outreach, information/education, and supervision. The following extracts illustrate these major issues.

*2014 MoH - Holistic Assessment of the PoW: The assumption is that most of the expenditure categorised as IGF is for provision of curative care services. Since a precise estimation of expenditure on preventive/public health is currently not possible, the proportion spent on preventive/public health care can be approximated by removing the IGF component from the total expenditure. This shows that expenditure on preventive/public health care is predominantly sourced from development partners with only 29% financed by GOG and NHIA. In the short to medium term Ghana is expected to experience dwindling inflow of support from development partners including GAVI, GFATM and SBS partners. This could have serious negative impact in financing and provision of preventive/public health service, e.g. immunization of children, treatment of TB, HIV and Malaria, if not offset by increased investments by government in preventive/public health care.*

*2014 SEND-Ghana and Star-Ghana: Financial constraints hinder [District Health Directorates] and facilities effort to providing adequate health facilities including well-equipped CHPS compounds and skilled personnel to man the facilities. It also impacts on the ability of [District Health Directorates] to*

<sup>63</sup> See e.g. Hatt, Laurel, Ben Johns, Catherine Connor, Megan Meline, Matt Kukla, and Kaelan Moat, June 2015. Impact of Health Systems Strengthening on Health. Bethesda, MD: Health Finance & Governance Project, Abt Associates.

<sup>64</sup> The NHIA is currently funding some preventive health care including vaccines and a part of antiretroviral drugs (Aide memoire progress report matric April 2015 Health Summit Business Meeting) but this is not enough.

<sup>65</sup> According to GHS Facts & Figures (2014), the top 3 causes of outpatient morbidity between 2002 and 2013, accounting for 51% of morbidity, are: malaria (34.71%), upper respiratory tract infections (11.37%), and diarrhoea diseases (4.90%).

<sup>66</sup> The delays in channelling funds to the operational level are not new. The 2007 Public Expenditure Tracking Survey (PETS) in the health sector revealed significant delays, confusions in record keeping, and funds divergence at all levels of administrative offices: “There were few delays on the GHS part in channelling Item 3 to [District Health Offices], with about three quarters of Item 3 funds channeled to [District Health Offices] in September or October. Majority of to [District Health Offices], 96 percent of them, received only one tranche Item 3 in 2006. They in turn transferred the funds to facilities in September. The PETS revealed that significant delays and the infrequent (mostly one tranche) transfers to [District Health Offices] and facilities were due to the ripple effects of delayed transfers from MOFEP to MOH. [...] In summary, PETS identified delays as a major issue in efficient resource transfers for Item 3. Most facilities and below-central level offices received only one tranche toward later part of 2006, which can have significant impact on the quality of services due to lack of funding for a good part of the year. The bottleneck lies in the delayed budget release from MOFEP to MOH, whose ripple effect was felt at the hospitals and clinics.” The same applied to NHIS: “The NHIA receives funding from MOFEP and Social Security and National Insurance Trust (SSNIT) to pay for subsidies and re-insurance through District Health Insurance Scheme. In 2006, significant delays in resource transfer occurred. [...] The majority (90 percent) resource transfers, however, only happened during the last three months of 2006 [...]. The reimbursement of NHIA to district health schemes appeared to be low, based on the survey of 48 districts. [...] In summary, delays in resource transfers, mainly from MOFEP, is the main inefficiency identified by the PETS.”



*carry out continuous extensive educational outreach programmes to boost citizens' acceptance of family planning and to access antenatal, supervised deliveries and postnatal care services.*

Health Development Partners Group 2016: *To illustrate the inadequacy of the 2016 health sector budget is the example of immunization, which has been established as one of the most cost effective health interventions. Ghana had been in default of paying their co-financing requirements to the Global Alliance for Vaccine (GAVI) for 2014 and 2015 of \$7,117,930.17 and faced an absolute suspension from accessing life-saving vaccines on January 30, 2016. With high level advocacy from the Ministry of Health and Development Partners, the Ministry of Finance was finally able to make this payment on December 28, 2015. On average, Ghana's annual counterpart vaccine requirements are \$3.6 million, five times the amount of the entire Goods and Services budget. With such a woefully inadequate budget, it is deeply concerning how Ghana will be able to meet the cost of this priority program, let alone to be able to purchase other critical commodities like Anti-retroviral treatments for People Living with HIV, anti-snake and rabies vaccines as well as fund other priority programs of MOH's 21 agencies, 10 Regional Health Directorates and 216 District Health Directorates.*

The report 'Citizen's Input into the 2016 Budget' prepared by a civil society organisation (SEND-Ghana 2015) also urges the MoF to:

- increase budgetary resources to meet shortfall in essential drugs and other medical supplies (especially in the face of the recent burning of the central medical store in Accra);
- realign health sector budget to allow allocation of additional resources to go to primary health care and lower level health facilities at district and sub district levels;
- increase funding for health management information system; and
- progressively increase allocations for the health sector indexed to inflation rate and to move towards Abuja declaration of 15% of the total budget.

Ghana is probably paying the price of its progress in covering a large part of its population through NHIS, which attracts attention away from the negative incentive consequences of the system of reimbursement of curative care – which in turn could jeopardise the gains achieved in terms of health results (e.g. reduction in child mortality through immunisation). A solution may lie in the pilot experience led in the Ashanti region, now expanded to three other regions, of financing districts through a capitation allowance – which is assumed to enable cost containment, reduce (supply-induced) cost inflation, and incite the provision of preventive and promotional services.

Box 7 offers some political economy explanations for the issues raised in health financing and resource allocation choices.

*Box 7                      A political analysis of the health sector in Ghana*

Public wages dominate the GoG component of the budget, leaving limited resources for actual service delivery. In addition, there are frequent deviations between allocations and actual spending, as well as significant leakages at various levels.

A recent paper by ESID (ESID 2016) offers a political economy analysis of the health sector in Ghana. According to the authors, Ghana can be characterised as a 'competitive clientelist' type of political settlement, in which two political parties have consistently challenged each other in national elections and where patron-client forms of politics continue to prevail. In this context, the incentives of the ruling elites are loaded towards the use of public institutions in securing short-term political gains. Competitive clientelist politics in Ghana creates an environment in which public investment decisions are shaped more by political than technical or developmental considerations. Health reforms are directly shaped by electoral cycles, a key example being the introduction and evolution of the NHIS, which has been an electoral issue since the first competitive elections in December 2000. In the run-up to the 2008 election, the then President announced a free maternal healthcare initiative that would be implemented through the NHIS. The focus on the political, rather than the technical, has continued as the current government has focused on increasing enrolment onto the NHIS, against technical advice that it should be restricted to the most vulnerable. As a result, the financial sustainability of NHIS is now in crisis. The free maternal health policy introduced under NHIS has led to increased use of health services by pregnant women in ways that have increased pressure on existing human resources. This has negatively affected the quality of care.

Moreover, politicians are incentivised to make investments in visible aspects of the health sector, rather than promoting quality health outcomes. For instance, ESID (2016) reckons (as shown above as well) that the bulk of expenditure is concentrated in high-level health facilities, while lower-level facilities, which serve the vast majority of the population, are starved of investment. Although such investment strategies limit improvements in health outcomes, the government is unlikely to re-allocate

public funding from higher- to lower-level facilities, due primarily to political pressure to maintain levels of medical care in urban areas.

ESID (2016) considers that weaknesses of accountability in the Ghanaian health sector are more a political than a technical or cultural issue. In the public sector, accountability and disciplinary measures are undermined by unclear lines of authority, and promotion is often based on patronage rather than performance. Centralisation of the payroll also contributes to a lack of monitoring and supervision at the local level.

*Source: 2016 ESID - Effective Development and Inclusive Development "Politics and health service delivery: Insights from Ghana", Briefing No. 16.*

### 1.2.3.6 Budget support contributions

As highlighted above, it is difficult to assess on what basis resource allocation has been made, and whether it has improved over time. **This problem has considerably increased with the earmarking of almost all DPs funding** now, which leaves little flexibility to respond to emergencies and ensure basic functionality of operations (source: interviews with MoH representative and site visit Cape Coast June 2016).

The overall **increase in public health expenditure has undoubtedly benefited from the new funding sources for NHIS**, especially the National Health Insurance Levy (2.5% VAT) and portion of social security taxes, which have resulted in higher levels of total and government spending on health. Ghana has also experienced remarkable economic growth since the NHIS was passed. NHIS has been demonstrated to have contributed to increasing service utilisation (see JC71), yet the evidence on its effects on quality of care is inconsistent (USAID Health Finance & Governance 2016).<sup>67</sup>

DFID's 2014 annual progress review of GHSP 2013-2018 judged that, in 2013, SBS did not contribute to progress against either of the anticipated outcomes (as per programme's logical framework) at the level of health and health system strengthening (quoted in Clarke and Tyson 2014<sup>68</sup>). However, this evaluation has a more positive judgement, and shows that **BS contributed in a sensible way to public service delivery / management in the health sector**, as argued below:

- As shown in Figure 30 and Figure 33 (see Appendix but also the analysis presented in Volume 2a / EQ2 – I.2.1.3), **SBS constituted about 5% of financial resources** to the health sector between 2008 and 2015, while earmarked donor funding increased a lot; however, those 5% were discretionary resources that the MoH could allocate to finance activities planned in the APOWs (although not entirely since some SBS has been 'ring-fenced' by the MoH), and thus **support policy implementation – while policies are demonstrated to be sound and to produce results** – in a context where more than 90% of the MoH budget is absorbed by compensation of employees; **recent reduction of budget support is indeed correlated with an overall reduction of goods and services funding – as well as recent reduction in progress in health results.**
- In particular, the **major source of funding aimed at filling the financial gap of the MAF** is the SBS provided by the EU through the Maternal Health Support Programme, but suspension

<sup>67</sup> References reviewed:

- Alatinga, K. and N. Fielmua. 2011. The Impact of Mutual Health Insurance Scheme on Access and Quality of Health Care in Northern Ghana: The Case of Kassena-Nankana East Scheme. *Journal of Sustainable Development*, 4(5):125.
- Ansah, E.K., et al. 2009. Effect of Removing Direct Payment for Health Care on Utilisation and Health Outcomes in Ghanaian Children: A Randomised Controlled Trial. *PLoS Med*, 6(1): e1000007.
- Gobah, F.K. and L. Zhang. 2011. The National Health Insurance Scheme in Ghana: Prospects and Challenges: a cross-sectional evidence. *Global Journal of Health Science*, 3(2): 90.
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- Blanchet, N., G. Fink, and I. Osei-Akoto. 2012. The effect of Ghana's National Health Insurance Scheme on health care utilisation. *Ghana Medical Journal*, 46(2): 76-84.
- Dzakpasu, S., et al. 2012. Impact of free delivery care on health facility delivery and insurance coverage in Ghana's Brong Ahafo Region. *PLoS ONE*, 7(11): e49430.
- Mensah, J., J.R. Oppong, and C.M. Schmidt. 2010. Ghana's National Health Insurance Scheme in the context of the health MDGs: An empirical evaluation using propensity score matching. *Health Economics*, 19(S1):95-106.
- Smith, K.V. and S. Sulzbach. 2008. Community-based health insurance and access to maternal health services: Evidence from three West African countries. *Social Science and Medicine*, 66(12):2460-2473.

<sup>68</sup> 2014 HEART (Clarke & Tyson) - Ghana Health Sector Support Programme: Scenario Planning and Risk Management.

of budget support by EU prevented the implementation of many activities of the MAF in 2013-2014 (interviews with MoH representatives).

- As for **GBS**, while the MoH could ‘absorb the shock’ of the single spine salary leading to significant increase in personnel emoluments in 2012 through central GoG financial transfers, the sudden – and much decried – increase in financial loans and credits in the health sector in 2013 and 2014 corresponds to the two years when GBS was interrupted. This might indicate that **GBS played an important role to finance the functioning of the health system**.
- **Other BS inputs have contributed to improving strategic management in the sector:** in particular, **technical assistance** was provided at the strategic level and contributed to analyses and evidence-based policymaking, and MDBS PAF and related **dialogue** helped strengthening the sector dialogue and keep stakeholders focused on key priorities (interview with MoH representatives).

As for the comparison and complementarity with alternative aid modalities, each modality has its pros and cons, and trade-offs must be made. The interviewed DPs have expressed concerns relative to **fungibility**. By providing “free” resources through budget support, they are concerned that GoG did not continue financing goods and services out of its own resources, and that it allowed it to invest in non-productive assets (e.g. tertiary care). On the other hand, budget support is the only aid instrument allowing to have an oversight over the entire sector budget and spending. It is presumed that the current resource allocation issues would probably be worse if there hadn’t been budget support at all (source: interviews with DP and MoF representatives and focus group).

**Targeted programmes**, which are now the preferred modality of DPs in the health sector, facilitate reaching intended purposes and thus accountability for results. They have undoubtedly contributed to increasing resources available for the sector and improving results in the health sector, especially the malaria control programme and expansion of CHPS (interview DP representatives). However, separate project modalities entail slowing down disbursement of funds and by transferring resources directly to implementing agencies and/or vertical programmes, the MoH is cut off from the expenditure process; the absence of ex ante control may lead to misapplications and discrepancies from what had been planned (however, the MoH is ultimately responsible, which complicates accountability). More importantly, their multiplication creates a big challenge at the planning / allocation of resources level, as well as at the implementation level. In particular, the recent focus on CHPS by several large donors (USAID, World Bank, DFID, JICA) causes important co-ordination issues (source: interviews DP and MoH representatives).

Everyone now recognises the **need for the MoH to have more un-earmarked funding to allow sufficient flexibility** to manage emergencies (central level), to ensure systemic functioning of health services at district level (e.g. public health, monitoring and outreach activities), and to respond to local priorities (while vertical programmes basically use the same approach in all districts, whatever their epidemiological profile) (interview MoH representative; site visit Mfantseman 13/06; focus group). SBS provides such flexibility in resource allocation, but its transfer through the MoF slows down the process; the previous arrangement through **the Health Fund was preferred** by MoH, which had more control over it at central level, and by districts because it was easier, more secure and faster to mobilise since each district received financing from the pooled fund on a special donor account. The pooled fund also benefited from a strong, performing management structure, which enabled to improve the efficiency of PFM (compared to the national system used by budget support) and to provide a clearer link between health sector dialogue and funding, which has unfortunately not been reached through SBS (interviews MoH representative and consultant; site visit Cape Coast and Mfantseman; focus group).

Beyond funds and dialogue on policies, important BS contributions to public service delivery and management have probably been reached through **TA and capacity building** activities, which have been well targeted by the programmes under review (but which could also be provided as stand-alone TA in the context of the SWAp).

Finally, interviews confirmed that there is **considerable political pressure to invest on tertiary care**, while primary healthcare is the most cost-effective and privileged objective of DPs. **The lack of GoG commitment to PHC contributes to explaining why some donors pulled out of SBS in the sector** (interview DP representative; focus group).

#### 1.2.4 Step 1 Summary table

The table below summarises the contribution of BS to the induced outputs in the health sector. In particular, the table highlights:

- the causal links between BS and GoG policies / strategies and policy outputs as well as the roles played by the various BS components (financial transfers, policy dialogue and related performance assessment frameworks, and TA and/or other accompanying measures);
- other (non-BS related) factors - historical, policy related, or other internal or external factors - which have influenced GoG strategies / policies and policy outputs.

The table follows a standard structure (as in the other in-depth case studies):

- The central column ‘GoG policies / strategies’ presents the relevant sector policy outputs of the sector policies / strategies which were covered by BS operations.
- The column on the left hand side, identifies the ‘contribution of BS’ to changes in the given GoG policy / strategy, specifying the type of influence (provision of funds, policy dialogue, capacity building) and the degree of influence.
- The column on the right hand side identifies other factors (e.g historical and/or internal/external factors) which have also influenced or contributed to changes in relation to the given GoG policy / strategy.

Table 13 Step 1 synthesis table for the health sector

<i>BS inputs</i>	<i>Degree of influence</i>	<i>GoG policies/strategies (Induced outputs)</i>	<i>Degree of influence</i>	<i>Other factors</i>
Financial inputs	<i>Moderate</i>	<b>HSMTDP (objective 1 “Bridge the equity gaps in geographical access to health services”, incl. MAF and CHPS programme)</b>	<b>Beneficial factors</b>	
Dialogue	<i>Strong</i>		<i>Strong</i>	Domestic political support
			<i>Strong</i>	Earmarked financial and technical support
			<i>Strong</i>	Earmarked support
Accompanying measures / TA	<i>Strong</i>		<b>Hindering factors</b>	
		<i>Strong</i>	Lack of co-ordination between DPs and with CHAG	
Financial inputs	<i>Absent</i>	<b>NHIS coverage expansion and refinement of policy</b>	<b>Beneficial factors</b>	
Dialogue	<i>Moderate</i>		<i>Strong</i>	Domestic political support
			<i>Strong</i>	NHI Levy
			<i>Strong</i>	National consultants & international exchanges
			<i>Moderate</i>	TA from non-BS donors
Accompanying measures / TA	<i>Moderate</i>		<b>Hindering factors</b>	
		<i>Strong</i>	Internal design issues	
		<i>Strong</i>	Abuses from clients	
Financial inputs	<i>Weak</i>	<b>Other specific health programmes (e.g. immunisation)</b>	<b>Beneficial factors</b>	
Dialogue	<i>Weak</i>		<i>Strong</i>	Earmarked support
Accompanying measures / TA	<i>Weak</i>		<b>Hindering factors</b>	
			<i>Strong</i>	Lack of domestic financing
		<i>Moderate</i>	Suspension of EU’s MHSP funding in 2013-2014	

Contribution scale: *Strong, Moderate, Weak, Absent*

### 1.3 Sector outcomes and main determinants (Step 2)

<b>EQ7 – Health</b>	<b>To what extent, in the health sector, have the development outcomes pursued through the national policy and related strategies and programmes of work supported by BS been (or are being) achieved? And which have been the key factors of their achievement?</b>
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#### 1.3.1 JC71. Increased access to preventive, promotional and curative health services

Overall, the analysis of the main health indicators (see below) show that Ghana's health system has delivered **steady progress in increasing access to services and in improving health outcomes over the past two decades**. Significant achievements have been reached in increasing access to services including maternal, family planning, and child health, HIV/AIDS, Tuberculosis and malaria (HSMTP 2014-2017). The holistic assessment of the health sector indicates the following overall scores: +4 in 2011 (highly performing), +3 in 2012 (highly performing), zero in 2013 (minimal or no progress made during the year), 3.0 in 2014 (moderately performing); 3.2 in 2015 (moderately performing) (Holistic Assessments PoW 2011-2015).<sup>69</sup>

However, apart from specific programmes, general **health system strengthening (HSS) has lagged behind**, so that some strategies had to be scaled down for insufficient health system capacity (interview DP representative) and **in recent years, progress has slowed**. One observes **deterioration in a number of key service indicators**, notably falling coverage of antenatal care, skilled birth attendance and immunisation, along with increasing inequity across regions and wealth quintiles (Holistic Assessment of the PoW 2013). This decline occurred despite increased human and financial resources. Analysis of the DHS 2014 shows a number of fairly stagnant areas over 2008 figures such as immunisation (among children age 12-23 months, 77% have received all basic vaccinations, a slight decrease from 79% in 2008) and neonatal mortality rate (DHS 2014).

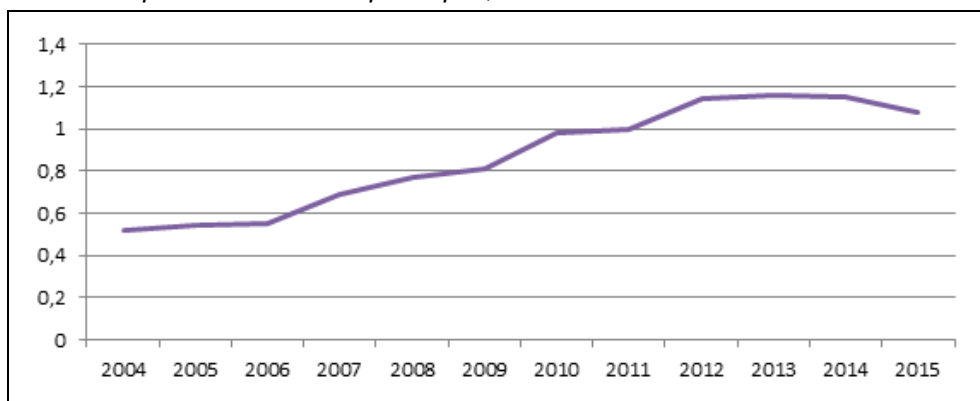
This judgment is further substantiated below through the presentation of the evolution of a number of indicators.

##### 1.3.1.1 I.7.1.1. Outpatient attendance per capita per annum

<b>Summary assessment:</b> Outpatient attendance per capita per annum has doubled but this evolution hides important regional disparities.	<b>Robustness of the evidence:</b> Strong
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As shown below, outpatient attendance per capita per annum has doubled over the evaluation period, to reach 1.08 at national level in 2015. However, this hides important regional disparities: outpatient attendance per capita ranged between 1.76 in the Upper East to 0.72 in the Northern Region in 2015 (GHS Facts & Figures 2014; Draft Holistic Assessment of the PoW 2015).

Figure 6 Outpatient attendance per capita, 2004-2015



Source: GHS Facts & Figures 2014; Draft Holistic Assessment of the PoW 2015

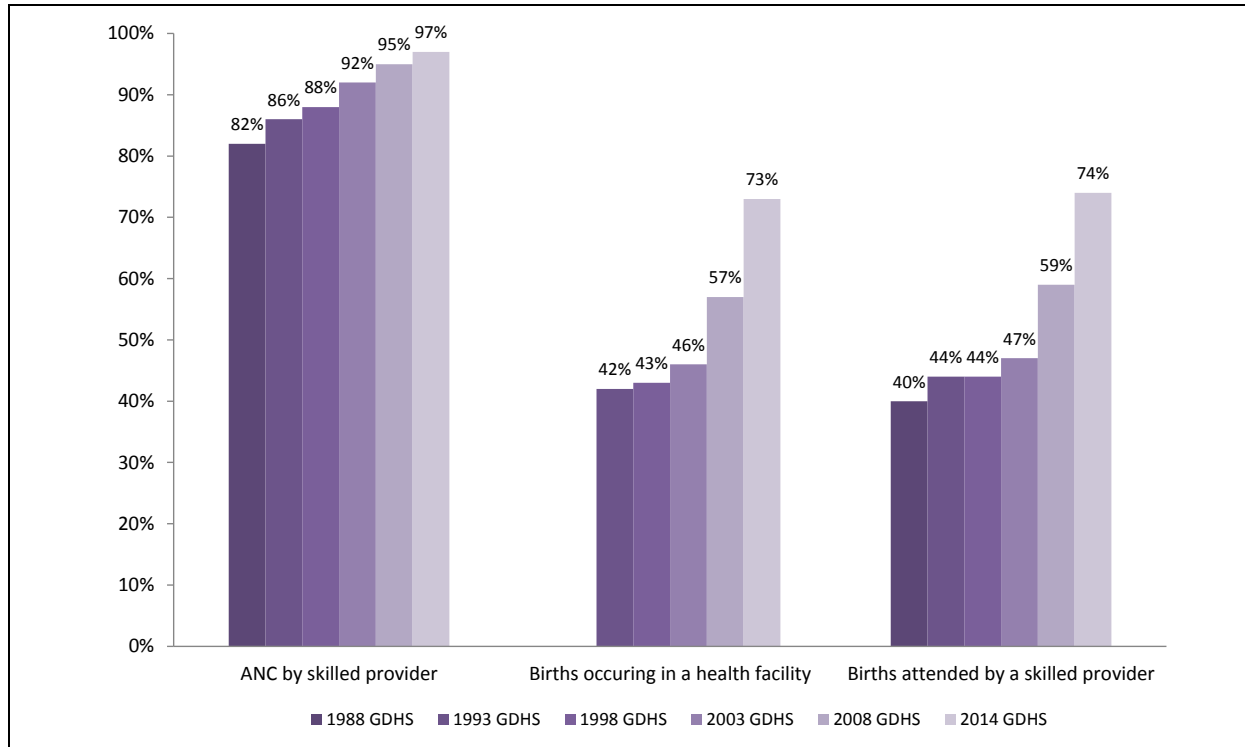
<sup>69</sup> Due to a change in methodology between 2013 and 2014, it is not possible to compare those scores.

### 1.3.1.2 I.7.1.2. Skilled Delivery Rate

<p><b>Summary assessment:</b> Skilled attendance at birth has substantially increased over the evaluation period.</p>	<p><b>Robustness of the evidence:</b> Strong</p>
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According to Demographic and Health Surveys (DHSs), skilled attendance at birth increased a lot over the evaluation period, from 47% (2003) to 59% (2008) and to 74% (2014) at national level (DHS 2014). Other indicators of maternal care have also improved over the evaluation period.

Figure 7 Trends in maternal healthcare, 1988-2014



Source: DHS 2014

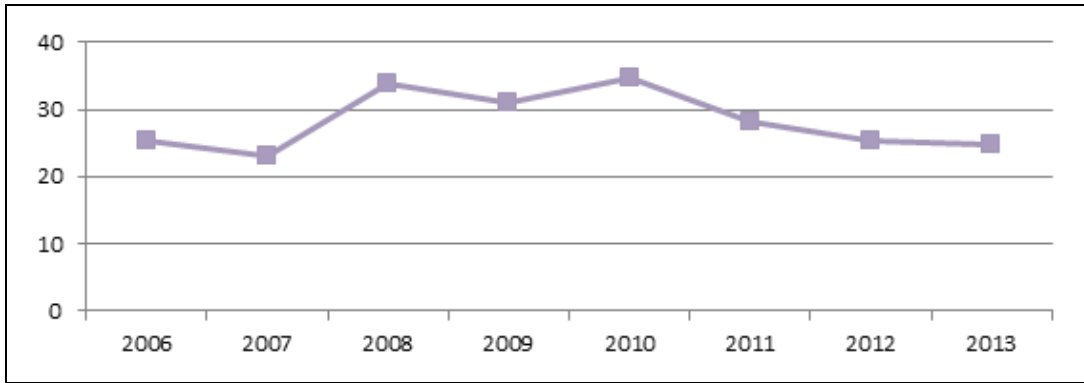
Note: Data for the 1988, 1993 and 1998 surveys refer to births, whereas data for antenatal care for the 2003, 2008, and 2014 surveys refer to women who had a live birth. The reference period is five years preceding the survey except for 1993, which refers to women who had a live birth. The reference period is five years preceding the survey except for 1993, which refers to the three years preceding the survey. In the 2008 and 2014 surveys, a skilled provider includes a community health officer, while in all previous surveys a community health officer was not included. For the 1988 survey, data for births that occurred in a health facility are missing.

### 1.3.1.3 I.7.1.3. Contraceptive prevalence

<p><b>Summary assessment:</b> The current use of contraceptive methods has slightly increased but regional disparities remain important.</p>	<p><b>Robustness of the evidence:</b> Strong</p>
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Family planning is one of the MAF priorities. According to administrative data, family planning acceptor rate did not improve over the period 2006-2013, and is stable at around 25% (GHS Facts & Figures 2014).

Figure 8 Family planning acceptor rate

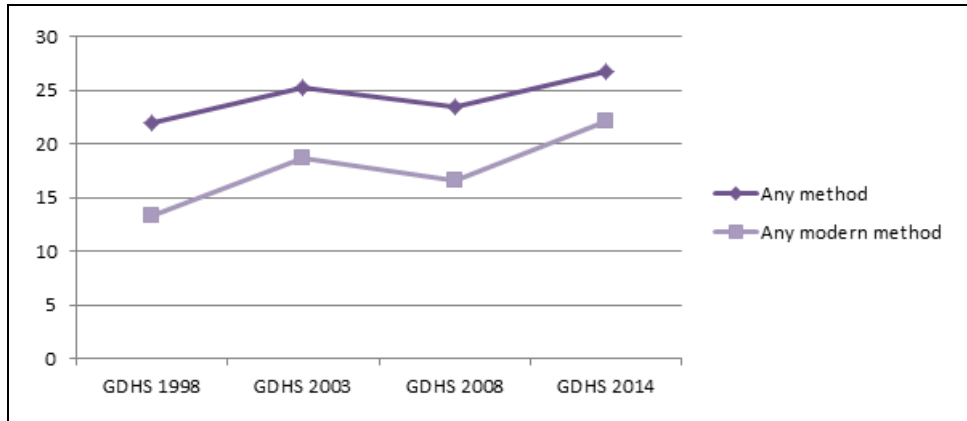


Source: GHS Facts & Figures 2014

However, 2015 has seen a big increase in couple years of protection (another indicator used to assess contraceptive prevalence), from 1.7 million in 2014 to 2.7 million in 2015, that is an increase of 63% (Draft Holistic Assessment PoW 2015).

According to survey data, **current use of contraceptive methods has slightly increased over the evaluation period**, from 25.2% in 2003 to 26.7% in 2014 (any method), and from 18.7% in 2003 to 22.2% in 2014 (modern methods). Unmet needs for contraception among married women decreased from 35% in 2003 to 30% in 2014 (DHS 2014).

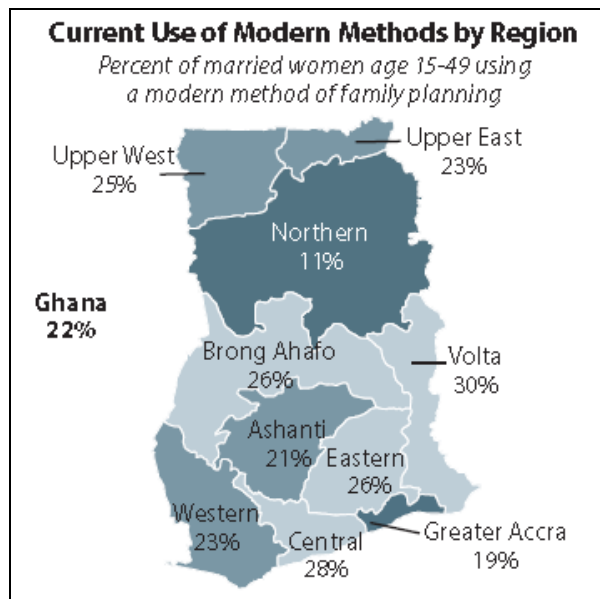
Figure 9 Current use of contraception, 1998-2014



Source: DHS 2014

However, regional disparities are very important for this indicator as well, which reaches 30% in the Volta region and 29% in Upper West, but only 11% in the Northern region (DHS 2014).

Figure 10 Regional disparities – current use of modern methods of contraception, 2014



Source: DHS 2014

### 1.3.1.4 I.7.1.4. DPT3/Penta3 and measles Immunisation rates

#### Summary assessment:

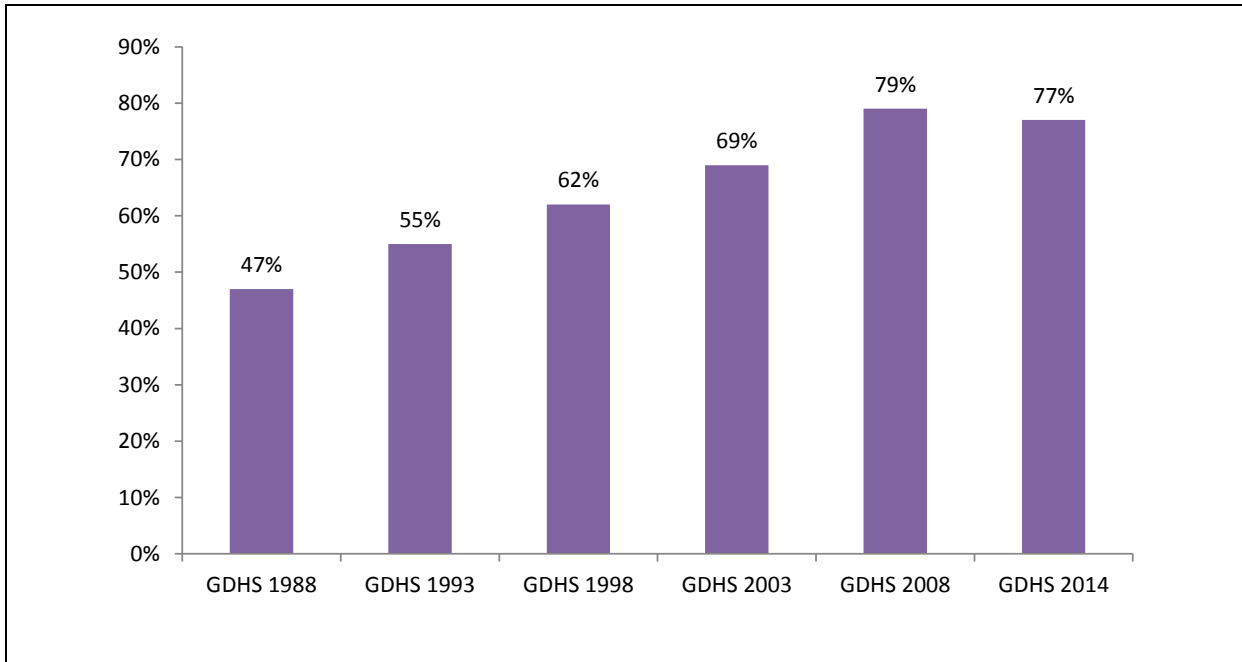
Immunisation rates (Penta3 and other compulsory vaccines) has increased a lot in the first half of the evaluation period, but progress has stepped down in the second half of the evaluation period and regional disparities persist.

#### Robustness of the evidence:

Strong

Immunisation coverage is steadily high in Ghana. According to survey data, in 2014, 88.5% of children aged 12-23 months had received Penta3 (compared to 79.5% coverage of DPT3 in 2003), 89.3% were vaccinated against measles (compared to 83.2% in 2003), and 77.3% received all basic vaccinations at national level (compared to 69.4% in 2003) (DHS 2003, 2014).

Figure 11 Trends in basic vaccination coverage among children 12-23 months, 1988-2014

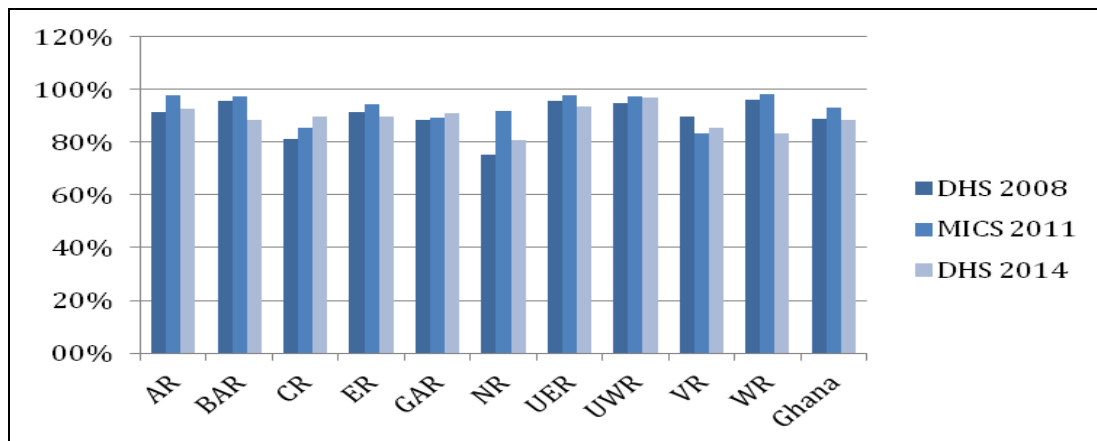


Source: DHS 2014

Note: Children age 12-23 months who received all basic vaccinations, i.e., BCG, measles and three doses of DPT or pentavalent (DPT-HepB-Hib) and polio vaccine (excluding polio vaccine given at birth).

However, **most progress has been reached during the first half of the evaluation period since DHS 2008 showed higher vaccination rates than DHS 2014**. As shown below, the past years have seen a worrying slight reduction in Penta3 coverage, and there are regional disparities with respect to this indicator as well.

Figure 12 Pentavalent 3 coverage per region, 2008-2014 (proxy for fully immunised children)



Source: Holistic Assessment PoW 2014, based on DHS and MICS

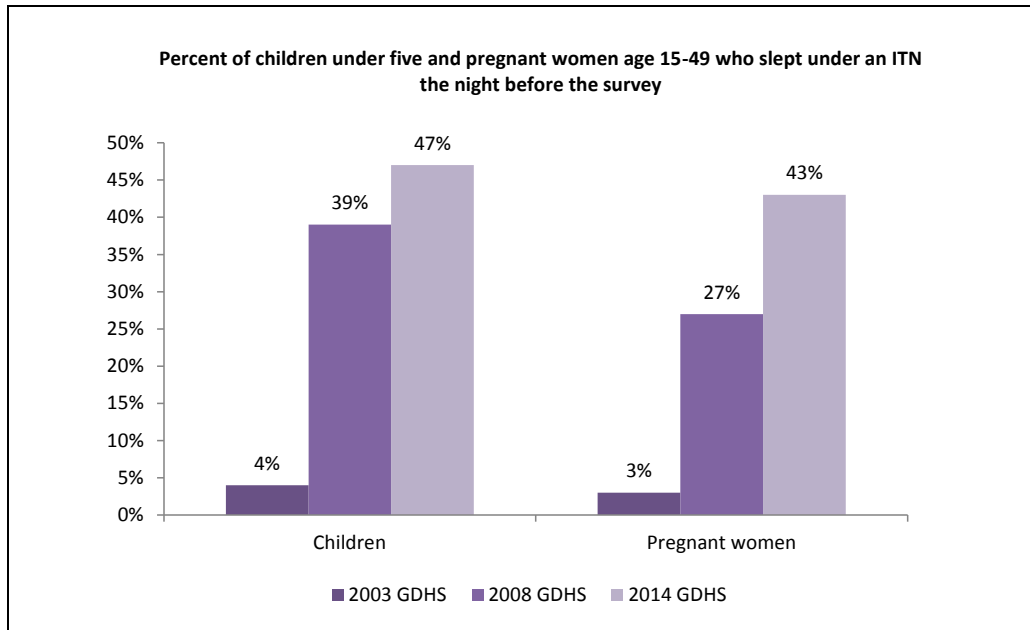


### 1.3.1.5 1.7.1.5. Proportion of children and pregnant women sleeping under insecticide-treated net

<p><b>Summary assessment:</b> Proportion of children and pregnant women sleeping under insecticide-treated net has substantially increased.</p>	<p><b>Robustness of the evidence:</b> Strong</p>
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Use of malaria prevention devices has dramatically increased over the evaluation period, with the proportion of children (resp. pregnant women) sleeping under insecticide-treated bed net increasing from 4% (resp. 3%) in 2003 to 47% (resp. 43%) in 2014 (DHS 2014).

Figure 13 Increased use of insecticide-treated nets



Source: DHS 2014

### 1.3.1.6 Main determining factors (for all above indicators)

Several factors have been identified as contributing to explain the progress.

#### NHIS expansion

The increased utilisation of outpatient services in all the regions is attributed to **improved access due to the NHIS which has also enabled reduced reliance on out-of-pocket payments** (see JC73) (sources: NHA 2005-2010; HSMTP 2014-2017; Clarke and Tyson 2014<sup>70</sup>). For instance, Blanchet et al. (2012)<sup>71</sup> find that on average, individuals enrolled in the insurance scheme are significantly more likely to obtain prescriptions, visit clinics and seek formal health care when sick.<sup>72</sup> USAID Health Finance & Governance (2016)<sup>73</sup> reckons that the clearest finding of studies that have evaluated the impact of the NHIS<sup>74</sup> is that **NHIS enrollees use health services more than non-enrollees overall,**

<sup>70</sup> 2014 HEART (Clarke & Tyson) - Ghana Health Sector Support Programme: Scenario Planning and Risk Management

<sup>71</sup> 2012 Blanchet et. al. – The Effect of Ghana's NHIS on Health Care Utilisation.

<sup>72</sup> However, it seems that some health facilities are denying clients the full benefits of the NHIS (SEND-Ghana and Star-Ghana 2014).

<sup>73</sup> 2016 USAID Health Finance & Governance - Building on Community-based Health Insurance to Expand National Coverage.

<sup>74</sup> References reviewed:

- Alatinga, K. and N. Fielmua. 2011. The Impact of Mutual Health Insurance Scheme on Access and Quality of Health Care in Northern Ghana: The Case of Kassena-Nankana East Scheme. *Journal of Sustainable Development*, 4(5):125.
- Ansah, E.K., et al. 2009. Effect of Removing Direct Payment for Health Care on Utilisation and Health Outcomes in Ghanaian Children: A Randomised Controlled Trial. *PLoS Med*, 6(1): e1000007.
- Gobah, F.K. and L. Zhang. 2011. The National Health Insurance Scheme in Ghana: Prospects and Challenges: a cross-sectional evidence. *Global Journal of Health Science*, 3(2): 90.
- Health Systems 20/20 Project and GHS. 2009. An Evaluation of the Effects of the National Health Insurance Scheme in Ghana. Bethesda, MD: Abt Associates, Health Systems 20/20 project.

**and are more likely to use formal care services.** Measuring the true effect of NHIS on utilisation is complicated by voluntary selection into the scheme, but studies that control for such bias have still found higher utilisation among enrollees, including for visits to outpatient clinics and hospitals, pharmaceutical usage, prenatal care, delivery in facilities, and other maternal health services. More recently, Goepfel et al. (2016)<sup>75</sup> also found that health insurance generally increased access to care. However, it has to be noted that despite financial protection ensured through NHIS, populations may still face other financial barriers (e.g. transportation costs) as well as a number of non-financial barriers to healthcare (related for instance to ethnicity, religion, gender, information).<sup>76</sup>

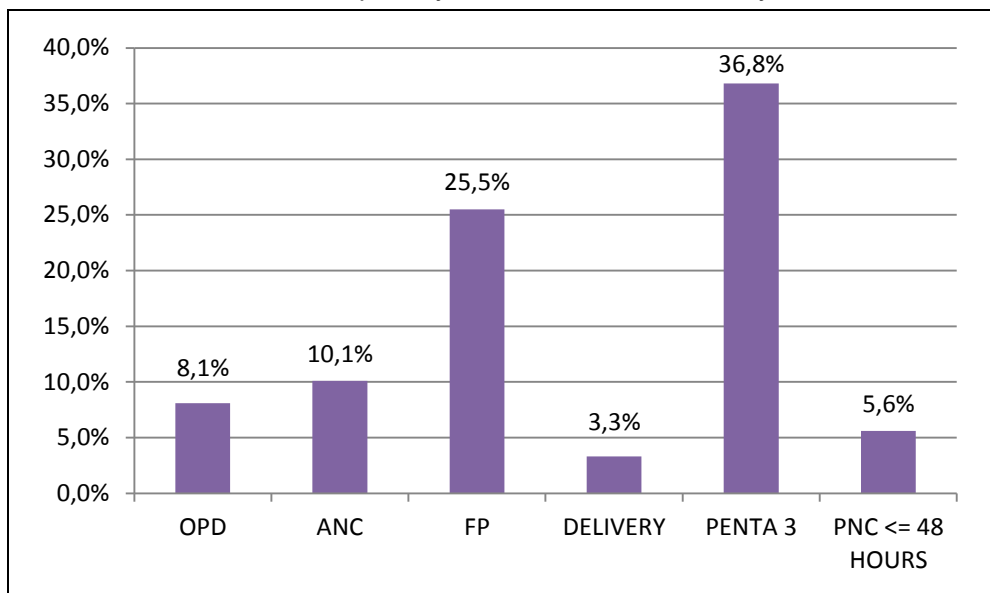
#### Specific programmes

An **overall increase in donor funds in specific disease control programmes** (especially in the areas of malaria, HIV/AIDS and TB) has helped to improve their overall performance<sup>77</sup> – as may be logically drawn from steady progress achieved for instance in the fight against malaria. The Expanded Programme on Immunisation (EPI) has also been identified as having made a considerable contribution towards the effort to attain MDGs 4 and 5 (HSMTDP 2014-2017), but the graduation from Gavi support (progressive withdrawal following Ghana's reclassification as a lower-middle income country) jeopardises sustainability of results in immunisation (MDBS Annual Review 2009; interview DP representatives).

#### Priority policy factors

Among the current priorities of the MoH and DPs (including BS providers), the **expansion of CHPS** has also contributed to **increases in primary healthcare service delivery**, especially in terms of family planning and immunisation, which emphasises the public health effect of CHPS.

Figure 14 CHPS contribution to primary healthcare service delivery, 2015



Source: Draft Holistic Assessment of the PoW 2015

- Blanchet, N., G. Fink, and I. Osei-Akoto. 2012. The effect of Ghana's National Health Insurance Scheme on health care utilisation. *Ghana Medical Journal*, 46(2): 76-84.
- Dzakpasu, S., et al. 2012. Impact of free delivery care on health facility delivery and insurance coverage in Ghana's Brong Ahafo Region. *PLoS ONE*, 7(11): e49430.
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- Smith, K.V. and S. Sulzbach. 2008. Community-based health insurance and access to maternal health services: Evidence from three West African countries. *Social Science and Medicine*, 66(12):2460-2473.

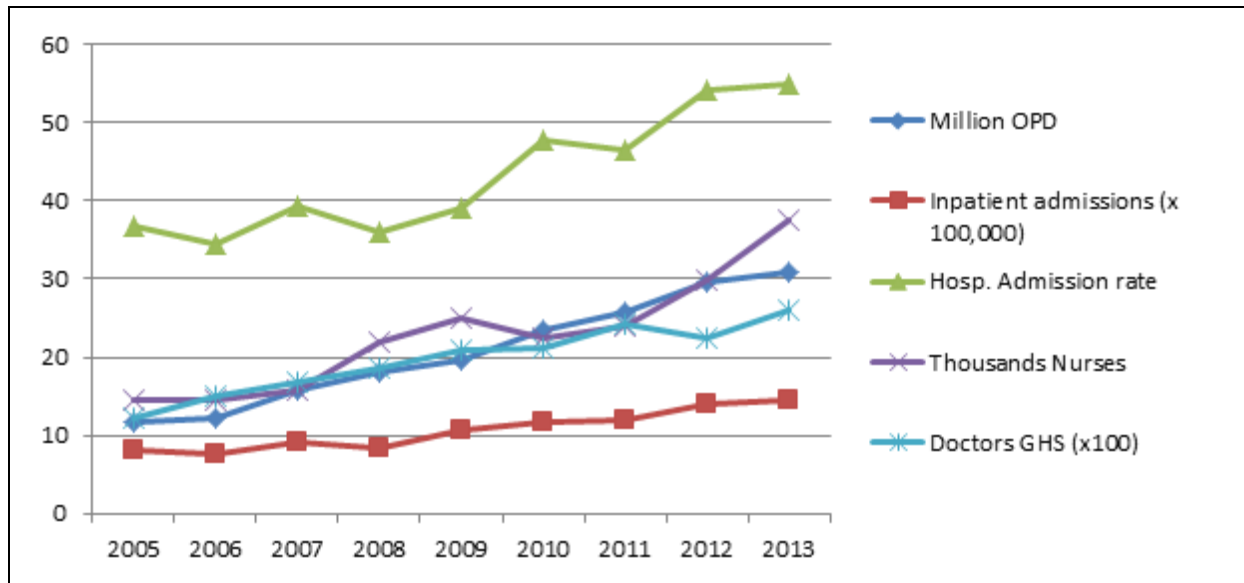
<sup>75</sup> 2016 Goepfel et. al. - Assessment of universal health coverage for adults aged 50 years or older with chronic illness in six middle-income countries

<sup>76</sup> See e.g. O'Connell, Thomas S. K., Juliet A. Bedford, Michael Thiede and Di McIntyre (2015) Synthesizing qualitative and quantitative evidence on non-financial access barriers: implications for assessment at the district level, *International Journal for Equity in Health* (2015) 14:54.

<sup>77</sup> Note that the Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM) subsidises drugs for malaria as well as anti-retroviral therapy (interview GFATM representative).

As shown below, **increase in health staff has been matched by increase in utilisation of health services**: the ratios OPD/nurses and hospital admissions/doctors have remained stable over the period 2005-2013; the ratio OPD/doctors has increased, but the ratios hospital admissions/nurses and inpatients/staff have decreased.

Figure 15 Increase in number of health staff is associated with increased utilisation of health services, 2005-2013



Source: Particip calculation based on GHS Facts & Figures 2010 & 2014; Holistic Assessment of PoW 2014; GHS HR payroll database

Results from the **econometric analyses** confirm that **a number of policy factors and more general health system strengthening have impacted on healthcare utilisation** (see Annex 7 in Volume 3). There are clearly statistically significant effects of increased numbers of health staff on improved service delivery outputs:

- An increase in the number of nurses per 100,000 inhabitants clearly raises outpatient attendance per capita. Community health nurses (which are part of the CHPS policy), rather than enrolled or professional nurses, account for most of this effect; the results suggest that a 10% increase in community health nurses per 100,000 inhabitants raised outpatient attendance by 0.5-1% and hospitals admission rates by 1.5% from their respective sample means;
- There is strong evidence that both doctors and nurses clearly improve immunisation rates, for both Penta-3 and measles vaccination. Again, community health nurses, rather than enrolled or professional nurses, are driving the effect of nurses on immunisation rates; for instance, a 10% increase in community health nurses per 100,000 inhabitants would reduce the number of non-vaccinated children by one fifth from the existing levels, despite the already high immunisation coverage;
- In the poorest regions, professional nurses raise skilled delivery rates.

#### Concerns for future progress

However, concerns about recent macroeconomic instability and the failure to address systemic issues, particularly health financing, PFM and an unsustainable wage bill, that **crowd out funds for goods and services** – together with reduction in budget support – seem to explain recent reduction in progress (Clarke and Tyson 2014). As expressed by the DP group, for instance:

*“Of greatest concern to the Health Development Partners, is the alarming decrease in the Goods and Services budget allocation which has been decreased by an alarming 90 percent from GH¢ 35,293,320 in 2015 to GH¢ 3,646,660 in the 2016 Budget Statement.*

*This budget will be insufficient for Health sector priorities for 2016. [...] Such a huge decrease in budget will undoubtedly result in significant negative impact on priority programs in the sector.*

*To illustrate the inadequacy of the 2016 health sector budget is the example of immunization, which has been established as one of the most cost effective health interventions. Ghana had been in default of paying their co-financing requirements to the Global Alliance for Vaccine (GAVI) for 2014 and 2015 of \$7,117,930.17 and faced an absolute suspension from accessing life-saving vaccines on January 30, 2016. With high level advocacy from the Ministry of Health and Development*

Partners, the Ministry of Finance was finally able to make this payment on December 28, 2015. On average, Ghana's annual counterpart vaccine requirements are \$3.6 million, five times the amount of the entire Goods and Services budget. With such a woefully inadequate budget, it is deeply concerning how Ghana will be able to meet the cost of this priority program, let alone to be able to purchase other critical commodities like Anti-retroviral treatments for People Living with HIV, anti-snake and rabies vaccines as well as fund other priority programs of MOH's 21 agencies, 10 Regional Health Directorates and 216 District Health Directorates." (source: Health Development Partners Group 2016)

### 1.3.2 JC72. Reduction in inequities in healthcare utilisation and results

Overall, the health situation in Ghana has been characterised by **significant inequalities** during the evaluation period, both from the geographical and socio-economic points of view. Ill health is more concentrated among the poor in Ghana – this includes a number of indicators of child health, such as under-five mortality rate, stunting, underweight, diarrhoea, acute respiratory infection and fever; moreover, health care utilisation is concentrated among the better-off (World Bank 2012). Today, some disadvantaged districts still lack adequate facilities (hospitals, CHPS), equipment and logistics, which has serious implications on the supply of services (SEND-Ghana and Star-Ghana 2014). Yet, **some progress has been achieved over the evaluation period in reducing inequities in healthcare utilisation and results.**

#### 1.3.2.1 I.7.2.1. Reduction in regional disparities in key health outcomes

<b>Summary assessment:</b> Evolutions in regional disparities in key health outcomes have been mixed: over the evaluation period, they have been reduced with respect to supervised deliveries, but have increased with respect to outpatient attendance.	<b>Robustness of the evidence:</b> Strong
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If key health indicators have improved in all regions over the evaluation period, important disparities continue to characterise the country. Holistic Assessment of the PoW follows a number of tracer indicators for geographic equity, which computes the difference between the best and the worst performing regions with regard to the proportion of deliveries attended by a trained health worker and the number of trained staff by total population. Table 13 shows that **geographic inequities have been reduced over the evaluation period with respect to supervised deliveries and nurse to population ratio, but have increased between 2010 and 2014 with respect to doctor to population ratio.**

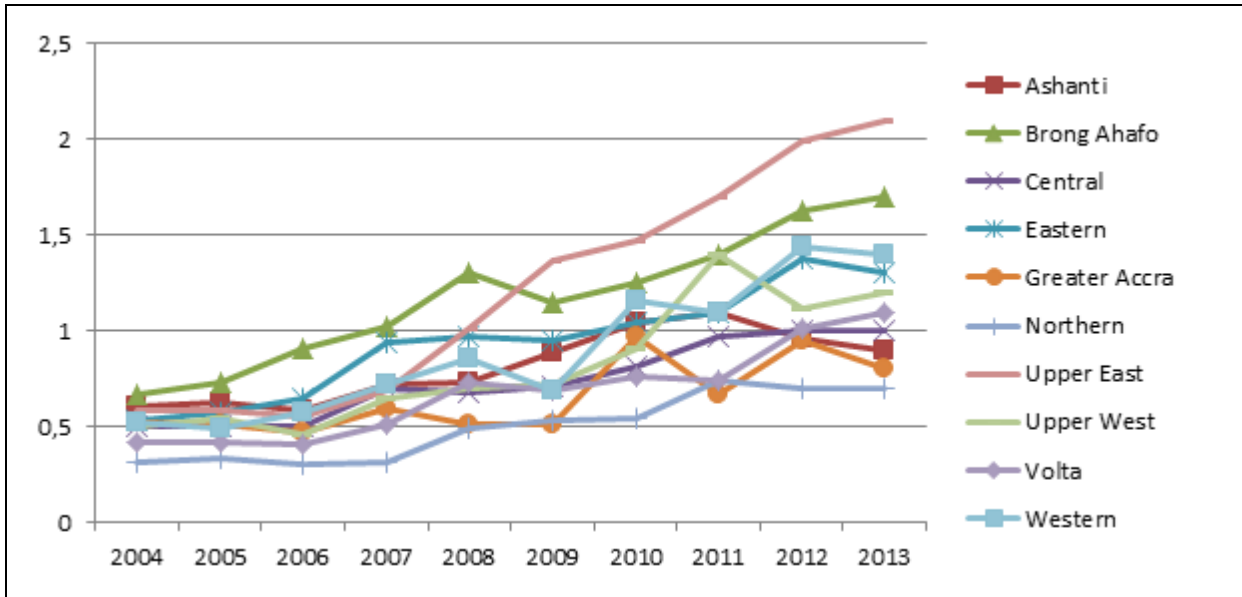
Table 14 Geographic inequity indicators, 2006-2014

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Equity geography: Supervised deliveries	2.95	2.47	2.17	1.49	1.64	1.64	1.53	1.56	1.6	
Equity geography: Doctor to population					11	10.9	10.7	16.7	13.1	9.6
Equity geography: Nurse to population	2.13	2.26	2.03	1.84	1.99	1.73	1.86	1.99	1.9	

Source: Holistic Assessment PoW 2011 (2006), 2013 (2007-2013), 2014 and Particip calculation based on draft HA PoW 2015

Over the evaluation period, **outpatient attendance has increased in all regions, yet geographic disparities have increased:** the Northern region has remained (nearly all years) the most disadvantaged region; the regional equity ratio – best performing region (Brong Ahafo and later Upper East) / Northern region – has increased from 2.16 in 2004 to 3 in 2013.

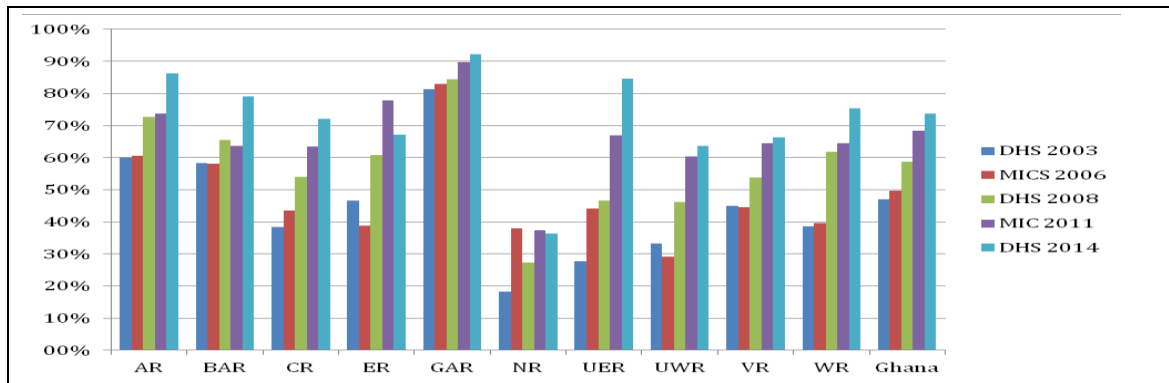
Figure 16 Outpatient attendance per capita and per region, 2004-2013



Source: GHS Facts & Figures 2014

By contrast, **skilled delivery coverage** (survey-based) has improved in all regions between 2003 and 2014, particularly in worst-performing regions, showing a **reduction in regional disparities** for this indicator.

Figure 17 Skilled delivery coverage by region (survey based)



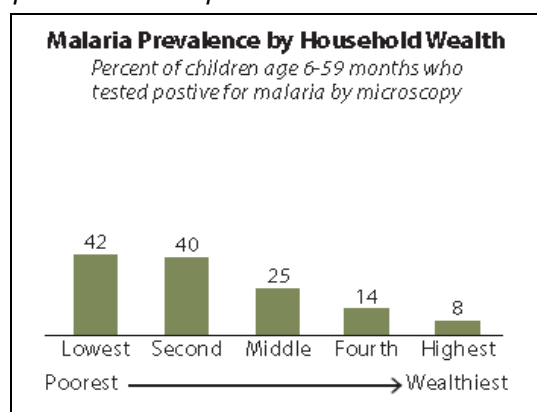
Source: Holistic Assessment PoW 2014, based on DHS and MICS

**1.3.2.2 1.7.2.2. Reduction in socio-economic inequities (wealth quintiles) in key health outcomes**

<p><b>Summary assessment:</b></p> <p>Despite persistence in socio-economic inequities and worsening in inequity in terms of socioeconomic status of NHIS active members, over the evaluation period, socio-economic inequities relative to wealth have been reduced for a number of healthcare service utilisation and outcome indicators.</p>	<p><b>Robustness of the evidence:</b></p> <p>Strong</p>
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As already mentioned, the health sector in Ghana is characterised by important inequities – including with respect to socio-economic characteristics of the population (see hereafter for an illustration).

Figure 18 Wealth inequities – malaria prevalence



Source: DHS 2014

The Holistic Assessment of the PoW follows a tracer indicator for socio-economic equity, which computes the difference between the richest and the poorest quintiles with regards to under-five mortality rate. This Equity Index on Poverty was at 1.18 in 2006, 1.72 in 2008 and 2.04 in 2012, indicating **worsening of socio-economic inequities over the evaluation period** (Holistic Assessment PoW 2011, 2013). However, **socio-economic inequities relative to wealth have been reduced for a number of healthcare service utilisation and outcome indicators**, as shown below. The socio-economic inequity ratio (wealth) has been calculated by comparing the results of the highest/lowest quintiles (for “positive” indicators, relating to service utilisation; lowest/highest for health problem indicators) between DHS 2003 and DHS 2014. Inequity ratios have been reduced for all indicators except provision of antenatal care (ANC) by a doctor (DHS 2003, 2014).

Table 15 Evolution of socio-economic inequity ratios (wealth) relative to a selection of service utilisation and outcome indicators

	DHS 2003			DHS 2014		
	Lowest	Highest	Inequity ratio	Lowest	Highest	Inequity ratio
ANC provider - Doctor	8.8	50.6	5.75	6.1	42.8	7.02
ANC provider - Nurse/midwife	74.5	47.6	1.57	72.1	55.8	1.29
Assistance at delivery - doctor	1.6	20.2	12.63	3.8	32.6	8.58
Assistance at delivery - nurse/midwife	19	70.2	3.69	38.4	61.6	1.60
DPT3/Penta3 children 13-23 months	64.5	87.4	1.36	87.4	91.9	1.05
Measles children 13-23 months	75	88.8	1.18	86.5	92.9	1.07
Prevalence of diarrhoea children < 5	19.7	10.9	1.81	14.1	7.9	1.78
Children < 5 stunted	41.8	13.2	3.17	24.8	8.5	2.92
Children < 5 underweight	31.3	11.4	2.75	15.6	6.3	2.48

Source: Particip calculation based on DHS 2003 and DHS 2014

However, results from the benefit incidence analysis (see Annex 8 in Volume 3) show that wealthier individuals still attend health facilities (especially district hospitals) more often than the poor. Yet, these disparities are not as large as those in the benefit shares, indicating that the latter are driven by other inequities as well. Moreover, it also shows that the benefits of district hospitals have been somewhat redistributed over time from the richest to the poorest users.

In addition, inequity in terms of socioeconomic status of NHIS active members has significantly worsened since 2008. The indicator is calculated as the ratio of valid cardholders among women 15-49 years from the poorest quintile compared to women 15-49 years in the general population; it was 0.82 in 2008 and 0.69 in 2012. The observed trend indicates that there is a financial access barrier for women from the lowest wealth quintile to enrol onto NHIS and/or renew their membership card (Holistic Assessment PoW 2013). Note also that the “**pro-female**” **gender ratio of NHIS cardholders remains stable** with 23% (MICS 2011) more female cardholders (15-49 years) than male cardholders (15-49 years) compared with 27% (DHS 2008) (Holistic Assessment PoW 2013).

### 1.3.2.3 1.7.2.3. Reduction in socio-economic inequities (mother's education) in key health outcomes

<b>Summary assessment:</b> Overall, socio-economic inequities relative to mother's education level have been reduced.	<b>Robustness of the evidence:</b> Strong
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**Socio-economic inequities relative to mother's education level have been reduced over the evaluation period for a number of healthcare service utilisation and outcome indicators**, as shown below. The socio-economic inequity ratio (mother's education level) has been calculated by comparing the results of mothers having secondary education and more / mothers having no education at all (for "positive" indicators, relating to service utilisation; no education/secondary+ for health problem indicators) between DHS 2003 and DHS 2014. Inequity ratios have decreased for all indicators except prevalence of diarrhoea among under-5 children, and under-5 children who are stunted – the latter having more than doubled between 2003 and 2014 (DHS 2003, 2014).

Table 16 Evolution of socio-economic inequity ratios (mother's education level) relative to a selection of service utilisation and outcome indicators

	DHS 2003			DHS 2014		
	No education	Second-ary+	Inequity ratio	No education	Second-ary+	Inequity ratio
ANC provider - Doctor	11.4	53.5	4.69	8.8	36.2	4.11
ANC provider - Nurse/midwife	74.7	46.5	1.61	72.6	61.8	1.17
Assistance at delivery - doctor	3.5	21.3	6.09	6	29.1	4.85
Assistance at delivery - nurse/midwife	26.2	68.1	2.60	42	65.6	1.56
DPT3/Penta3 children 13-23 months	68.5	94.3	1.38	86.7	94.3	1.09
Measles children 13-23 months	78.2	97.6	1.25	85.8	93.7	1.09
Prevalence of diarrhoea children < 5	15.7	11.1	1.41	14.4	7.9	1.82
Children < 5 stunted	38.2	11.1	3.44	25.6	3.6	7.11
Children < 5 underweight	27.5	7.8	3.53	14.2	4.6	3.09

Source: Particip calculation based on DHS 2003 and DHS 2014

### 1.3.2.4 Main determining factors

#### Policy factors

According to interviews, expansion of the CHPS strategy, promotion of availability of nurses in disadvantaged regions, disease control programmes<sup>78</sup> and reduction of financial barriers to healthcare – especially regarding attended deliveries through the free healthcare initiative managed by NHIS – are clearly the **policy factors** that have contributed to results.

Results from the **econometric analyses** (see Annex 7 in Volume 3) show that **estimated effects of human resources on health results tend to be more pronounced in the poorest regions:**

- Community health nurses (which are part of the CHPS policy), rather than enrolled or professional nurses, account for most of the effect on raising outpatient attendance per capita and on immunisation rates;
- Demonstrated effects are particularly strong in the poor regions; in particular, the effect of community health nurses on immunisation rates is pro-poor: the differential effect between the poorest and other districts is positive and statistically significant; the results suggest that dispatching community health nurses (and to a smaller extent enrolled nurses) to the poorest districts can boost immunisation coverage among the hardest-to-reach children; effects of doctors on immunisation coverage are dramatically larger in the poorest districts;
- In the poorest regions, professional nurses raise skilled delivery rates.

In terms of gender inequities, the development and implementation of a specific gender equality policy for the health sector has also contributed to the positive evolutions observed.

#### Non-policy factors

<sup>78</sup> Note that some vertical programmes also contribute to reduction in inequities; for instance, the GFATM subsidises poor people for a number of services (interview GFATM representative).

However, non-policy factors – especially **economic growth** – are likely to explain increase in regional disparities in outpatient attendance, for instance, as well as in socio-economic disparities, because richer people tend to consume more health services. For example, the benefit incidence analysis shows that wealthier individuals attend health facilities (especially district hospitals) more often than the poor. This effect is augmented by the somewhat “pro-rich” bias of the NHIS.

### 1.3.3 JC73. Reduction in risk of impoverishment due to health hazards

#### 1.3.3.1 1.7.3.1. Out-of-pocket expenditure (cash-and-carry)

<b>Summary assessment:</b> Despite increase in NHIS coverage, out-of-pocket expenditure remains high in Ghana.	<b>Robustness of the evidence:</b> Low (contradictory data according to sources)
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According to the National Health Accounts, under the NHIS household spending by way of premiums increased significantly from 0.15% to 10.97% between 2005 and 2010; consequently, direct out-of-pocket payments to public health care facilities (which are covered under the NHIS) fell within the five year period (NHA 2005-2010). In 2012, this trend was confirmed: social insurance contributions accounted for 16.7% of the total health expenditure sources, while out-of-pocket composed 32% of expenditure (NHA 2012). Different figures are given by the WHO Global Health Observatory<sup>79</sup> (see Table 20) according to which out-of-pocket expenditure (OOPs) as a percentage of Total Health Expenditure rose from 22.8% in 2005 to 26.84% in 2014.

#### 1.3.3.2 1.7.3.2. NHIS members in exempt categories

<b>Summary assessment:</b> Proportion of NHIS members in exempt categories has increased over the evaluation period.	<b>Robustness of the evidence:</b> Strong
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Proportion of NHIS members in population evolved from 17.7% in 2006 to 50% in 2009 (Holistic Assessment PoW 2009). However, since many of them were not active, the indicator changed in 2010 to take account of active members only. Based on the new way of computing the indicator, the number of NHIS active members increased from 8.2 million in 2010 to 10.3 million in 2014, that is a proportion of the population covered by NHIS increasing from 33% in 2010 to 38% in 2014 (Holistic Assessment PoW 2014) and to 39.3% in 2015 (EUD 2016b on basis of NHIS).

Table 17 Proportion of population with active NHIS membership

	2010	2011	2012	2013	2014	2015*
# Active members (million)	8.2	8.3	8.6	9.8	10.3	NA
Population (million)	24.7	25.3	25.9	26.6	27.3	NA
Proportion	33%	33%	34%	37%	38%	39.3%

Source: Holistic Assessment PoW 2014; \* Delegation of the European Union (2016b) based on NHIS

In a recent study on universal health coverage for adults aged 50 years or older with chronic illness, Goeppel et al. (2016) find that 52.5% (at 95% confidence interval (CI), that is between 48.7 and 56.4) of participants had no health insurance at all; 2.3% (95% CI: 1.4 to 3.8) had mandatory insurance; 43.2% (39.3 to 47.1) had voluntary insurance; and 2.0% (1.2 to 3.2) had both mandatory and voluntary insurance.

As shown in Table 17, about two thirds of NHIS members belong to exempt categories (children below 18 years, pregnant women, aged, indigents, SSNIT pensioners). In particular, the number of indigents exempt under NHIS continues to increase and reached 1.5 million in 2014. 5.5% of the population is now covered as indigent under the scheme (Holistic Assessment PoW 2014; Draft Holistic Assessment PoW 2015).

Table 18 Proportion of NHIS members in exempt categories

	2011	2012	2013	2014	2015*
# Exempt members (million)	5.3	5.5	6.1	6.7	NA
# Active members (million)	8.3	8.6	9.8	10.3	NA
Proportion	63%	63%	63%	65.7%*	66.9%

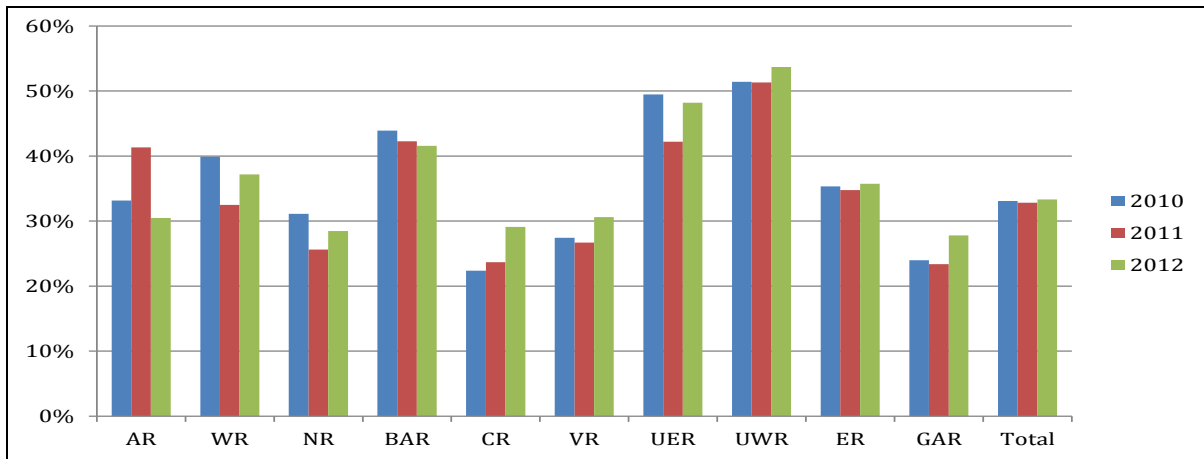
Source: Holistic Assessment PoW 2014; \* Draft Holistic Assessment PoW 2015

<sup>79</sup> <http://www.who.int/gho/countries/gha/en/>



NHIS coverage is also characterised by regional disparities, as shown in Figure 19.

Figure 19 NHIS coverage (active members) by region, 2010-2012



Source: Holistic Assessment of the PoW 2012

### 1.3.3.3 Main determining factors

#### NHIS expansion

Main determining factors for increased NHIS coverage are definitively **policy-linked**, since its expansion is a political commitment of the government – which dedicates a special levy, plus additional resources, to finance the NHIS. Recent increase was possible through registration of the poor (about 1.5 million of NHIS beneficiaries, who do not have to contribute); collaboration with other Ministries will enable to continue this process, with single registration for all social protection programmes (interview with NHIA representative). Moreover, the scheme appears attractive to customers as Citizens' Assessment Survey of the NHIS concludes that overall, its performance was rated as high: about 92% of insured members reported being either “very satisfied” or “satisfied” with the scheme (Schieber et al. 2012: 52).

Another finding from studies that have evaluated the **impact of the NHIS is that results in terms of financial protection have been mostly positive for enrollees**. Alatinga and Fielmua (2011) found that the insured pay about half as much as the uninsured for services. Health Systems 20/20's (2009) analysis shows that insured patients paid less out of pocket than the uninsured for outpatient services, hospital payments, and maternal services. Nguyen et al. (2011) found that even if insured people still incurred out-of-pocket payment for care from informal sources and for uncovered drugs and tests at health facilities, they paid significantly less than the uninsured, and were less likely to have catastrophic health care payments. However, Brugiavini and Pace (2011) found that NHIS enrolment only slightly correlated with lower out-of-pocket spending (USAID Health Finance & Governance 2016).<sup>80</sup> The results from a recent study on universal health coverage are synthesised in Box 8.

#### Box 8 Results from a recent study on universal health coverage in Ghana

A recent study aimed to assess universal health coverage for adults with chronic illness in 6 countries, including Ghana. In Ghana, data were obtained on 1,327 participants aged 50 years or older (mean age = 66.3) who had at least one diagnosed chronic condition from the WHO Study on Global Ageing and Adult Health. Access to basic chronic care and financial hardship were assessed and the influence of health insurance and rural or urban residence was determined by logistic regression

<sup>80</sup> References reviewed:

- Alatinga, K. and N. Fielmua. 2011. The Impact of Mutual Health Insurance Scheme on Access and Quality of Health Care in Northern Ghana: The Case of Kassena-Nankana East Scheme. *Journal of Sustainable Development*, 4(5):125.
- Brugiavini, A. and N. Pace. 2011. *Extending Health Insurance: Effects of the National Health Insurance Scheme in Ghana*. European University Institute.
- Health Systems 20/20 Project and GHS. 2009. *An Evaluation of the Effects of the National Health Insurance Scheme in Ghana*. Bethesda, MD: Abt Associates, Health Systems 20/20 project.
- Nguyen, H.T.H., Y. Rajkotia, and H. Wang. 2011. The financial protection effect of Ghana National Health Insurance Scheme: Evidence from a study in two rural districts. *International Journal for Equity in Health*, 10(1):4.

analysis. The main results from this study in Ghana show that:

- The weighted proportion of participants with access to basic chronic care amounted to 36.9%. Access rates were highest for the richest household income countries, with a continuous gradient from poor to rich. Living in a rural rather than an urban area was associated with a significantly lower likelihood of access to basic chronic care.
- The proportion of households that faced catastrophic out-of-pocket spending in the last reported year was 65.5% (at 95% confidence interval (CI) that is between 60.6 and 69.8). The proportion with catastrophic health expenditure for the last outpatient visit amounted to 54.8% (95% CI: 49.1 to 60.4). Financial hardship was more common among the poor in most countries but affected all income groups.
- Health insurance generally increased access to care but gave insufficient protection against financial hardship: Participants with health insurance were significantly more likely to have access to basic chronic care than those without. The insured had a significantly lower risk of catastrophic out-of-pocket expenditure (OR: 0.38; 95% CI: 0.23 to 0.62) but a non-significantly higher risk of catastrophic health spending in the last year (OR: 1.22; 95% CI: 0.86 to 1.73), perhaps due to more frequent service utilisation by the insured (Nguyen et al. 2011).

Source: Goepfel, Christine, Patricia Frenz, Linus Grabenhenrich, Thomas Keil & Peter Tinnemann (2016) Assessment of universal health coverage for adults aged 50 years or older with chronic illness in six middle-income countries, *Bull World Health Organ* 2016;94:276–285C. doi: <http://dx.doi.org/10.2471/BLT.15.163832>

### 1.3.4 JC74. Improved health status of the Ghanaian population

Overall, **the health status of the Ghanaian population has substantially improved** during the evaluation period.

#### 1.3.4.1 1.7.4.1. Malaria prevalence

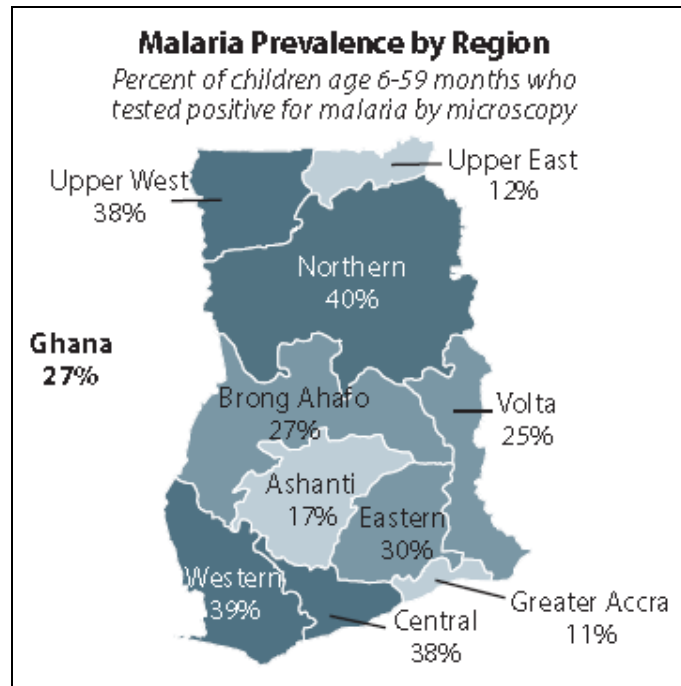
<p><b>Summary assessment:</b> Despite important regional disparities persist in terms of malaria prevalence, case fatality rate for malaria for children under 5 has been substantially reduced over the evaluation period.</p>	<p><b>Robustness of the evidence:</b> Strong<sup>81</sup></p>
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Malaria prevalence varies considerably between the different regions of the country, ranging from 11% in Greater Accra to 40% in Northern region in 2014.<sup>82</sup> Case fatality rate for malaria for children under 5 has been reduced by 82% between 2005 and 2015 at national level, from 2.8% in 2005 to 0.51% in 2015 (GHS Facts & Figures 2014; Draft Holistic Assessment PoW 2015, based on DHIMS2).

<sup>81</sup> Note that data on malaria prevalence were not available in DHS before 2014, so that we cannot judge on the evolution of that indicator.

<sup>82</sup> This indicator is not available in DHS 2003 and 2008, and thus evolution over the evaluation period cannot be analysed.

Figure 20 Geographic Inequities – Malaria



Source: DHS 2014

#### 1.3.4.2 1.7.4.2. Proportion of children under 5 who are stunted

##### Summary assessment:

Percentage of children under 5 years who are stunted has substantially decreased over the evaluation period, and regional disparities have been reduced as well.

##### Robustness of the evidence:

Strong

There has been important progress in the nutritional status of children over the evaluation period, and regional disparities (geographic and urban/rural) have been reduced:

- **Percentage of children under 5 years who are stunted evolved from 29.9% in 2003** (ranging from 13.9% in Greater Accra to 48.8% in Northern Region; 20.5% in urban vs. 34.5% in rural areas) **to 18.8% in 2014** (ranging from 10.4% in Greater Accra to 33.1% in the Northern Region; 14.8% in urban vs. 22.1% in rural areas);
- **Percentage of children under 5 years who are underweight evolved from 22.1% in 2003** (ranging from 11.5% in Greater Accra to 35.5% in Northern region; 15.4% in urban vs. 25.4% in rural areas) **to 11.0% in 2014** (ranging from 5.9% in Brong Ahafo to 20.0% in Northern region; 8.6% in urban vs. 13.1% in rural areas) (DHS 2003, 2014).

#### 1.3.4.3 1.7.4.3. Neonatal, Infant and Under-five mortality rates

##### Summary assessment:

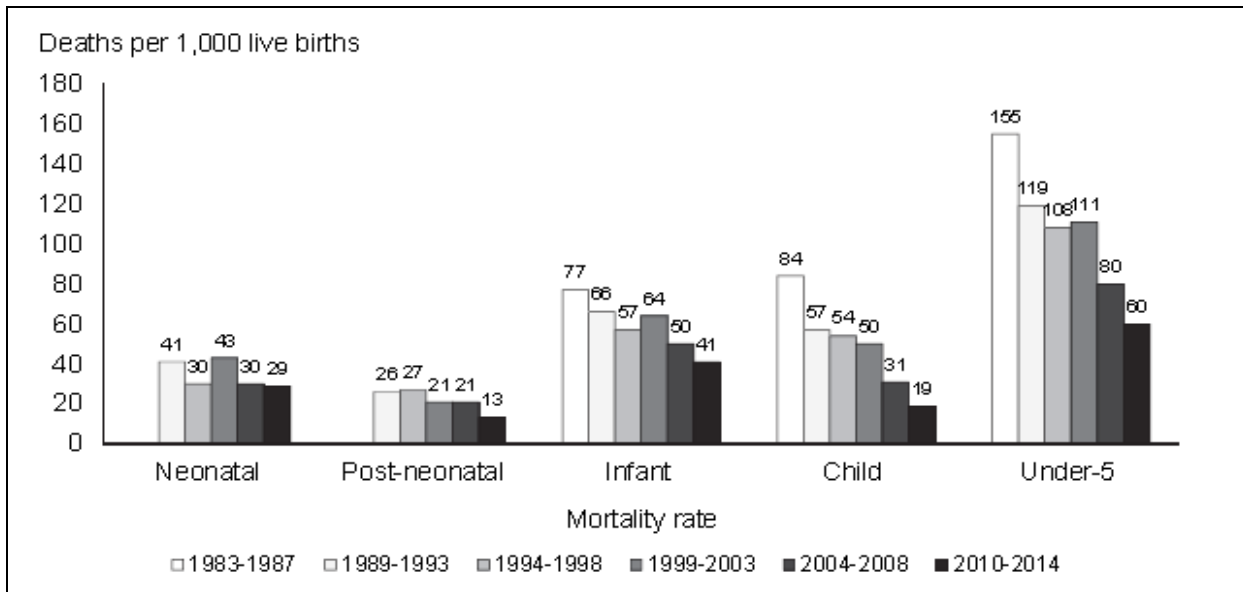
Neonatal, Infant and Under-five mortality rates have substantially decreased over the evaluation period, particularly at the beginning of it.

##### Robustness of the evidence:

Strong

Whereas infant and under-five mortality rates have decreased steadily over the evaluation period – from 64 per 1,000 live births in 1999-2003 to 41 in 2010-2014, and from 111 per 1,000 live births in 1999-2003 to 60 in 2010-2014 respectively – analysis of the DHS 2014 shows a number of fairly **stagnant areas over 2008 figures**, especially neonatal mortality which improved by a mere 1 point decrease from 30 per 1,000 live births in 2004-2008 to 29 per 1,000 live births in 2010-2014 (DHS 2014).

Figure 21 Trends in child mortality rates, 1983-2014



Source: DHS (2014)

#### 1.3.4.4 1.7.4.4. Maternal mortality rate

##### Summary assessment:

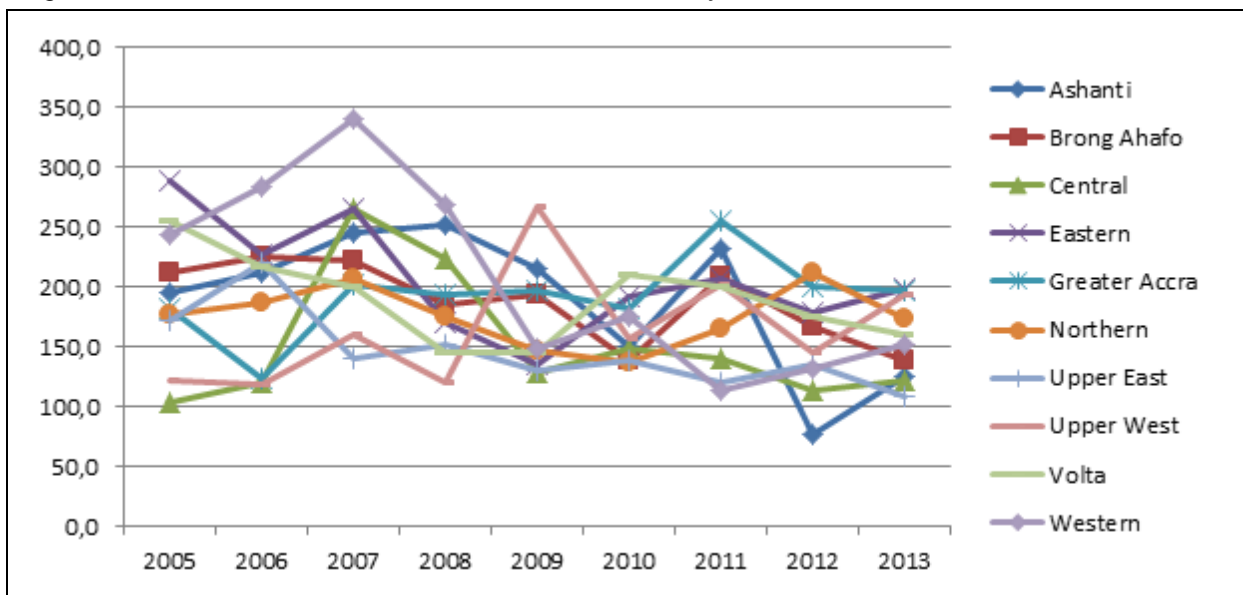
Institutional maternal mortality rate has decreased and regional inequalities have been reduced.

##### Robustness of the evidence:

Quite strong (strong evidence will be available through Maternal Health Survey)

The DHS does not provide data on maternal mortality rates; reliable survey data on this indicator will only be available in 2017, from the results of the Maternal Health Survey financed by EU's maternal health support programme. Therefore, the administrative data relative to institutional maternal mortality ratio is used, which has been reduced from 196.8 in 2005 to 141.9 in 2015 at national level (GHS Facts & Figures 2014; Draft Holistic Assessment PoW 2015), with a reduction in regional inequalities (inequity ratio comparing the worst performing region (Eastern) to the best performing (Central in 2005, Upper East in 2013) down from 2.77 in 2005 to 1.84 in 2013).

Figure 22 Evolution in institutional maternal mortality ratio, 2005-2013



Source: GHS Facts & Figures 2014

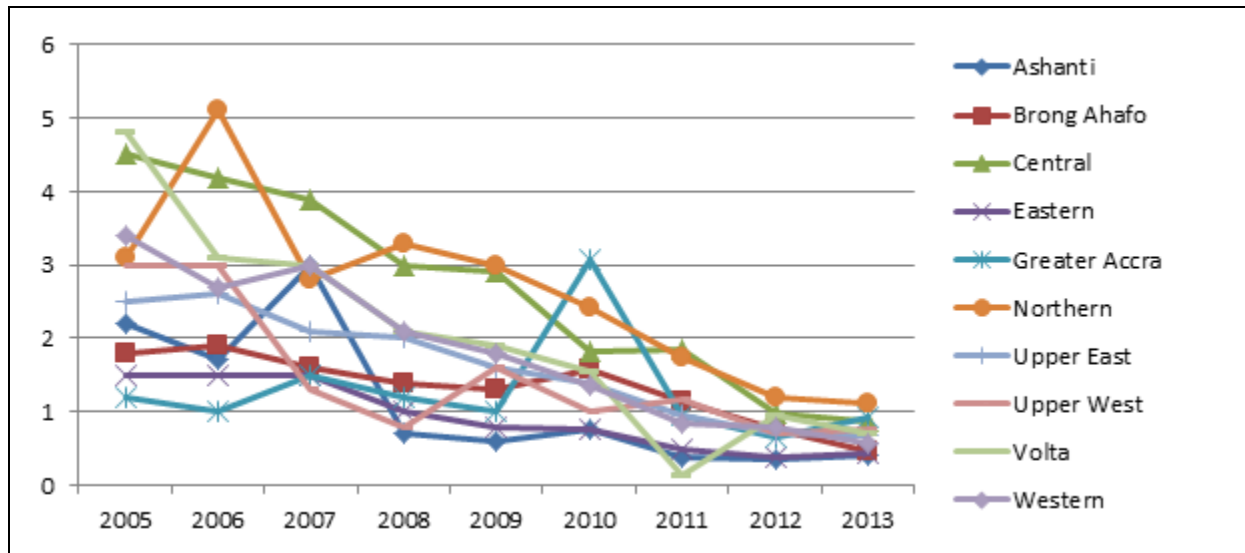
### 1.3.4.5 1.7.4.5. Regional disparities in key high-level health outcomes

<p><b>Summary assessment:</b> Regional disparities in key high-level health outcomes (e.g. case fatality rate for malaria, infant mortality rate) have been reduced over the evaluation period</p>	<p><b>Robustness of the evidence:</b> Strong</p>
--	--

**Regional disparities in key high-level health outcomes have been reduced over the evaluation period.** For instance, the case fatality rate for malaria for children under 5 has been reduced by 82% between 2005 and 2015 at national level (GHS Facts & Figures 2014; Draft Holistic Assessment PoW 2015); the inequity ratio between the worst performing region and (i) the national average and (ii) the best performing region were reduced:

- Against the national average:
  - in 2005: worst performing (Volta) / national average: 1.71;
  - in 2013: worst performing (Northern) / national average: 1.61.
- Against the best performing region:
  - in 2005: worst performing (Volta) / best performing (Greater Accra): 4;
  - in 2013: worst performing (Northern) / best performing (Ashanti): 2.64.

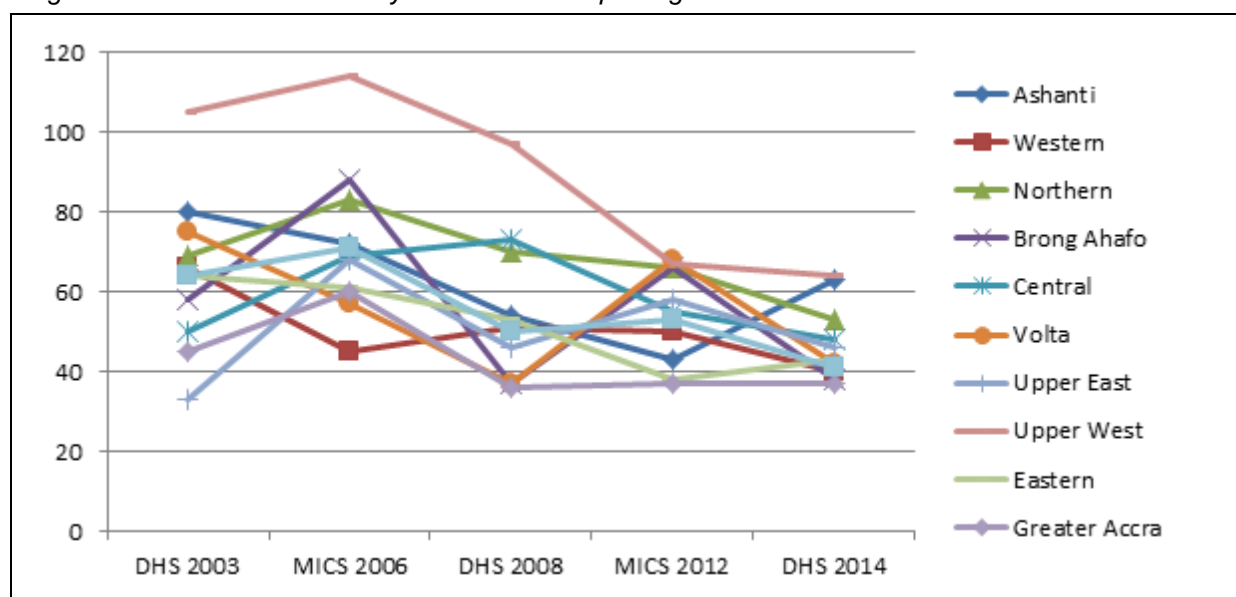
Figure 23 Case fatality rate for malaria – children under 5



Source: GHS Facts & Figures 2014

During the evaluation period, infant mortality rate has also been reduced in all regions except Upper East (+39.4%), with an average decrease of 36% in the country. Upper West region remained the worst-off region, despite a reduction of 39%. Nevertheless, **regional disparities have been reduced**: the **equity ratio** (Upper West / best performing region) **went down from 2.33 in 2003 to 1.73 in 2014** (DHS, MICS).

Figure 24 Infant mortality rate 2003-2014 per region



Source: Holistic Assessment of the PoW 2012 based on DHS and MICS; DHS 2014

#### 1.3.4.6 1.7.4.6. Socio-economic inequities (wealth quintiles) in key high-level health outcomes

##### Summary assessment:

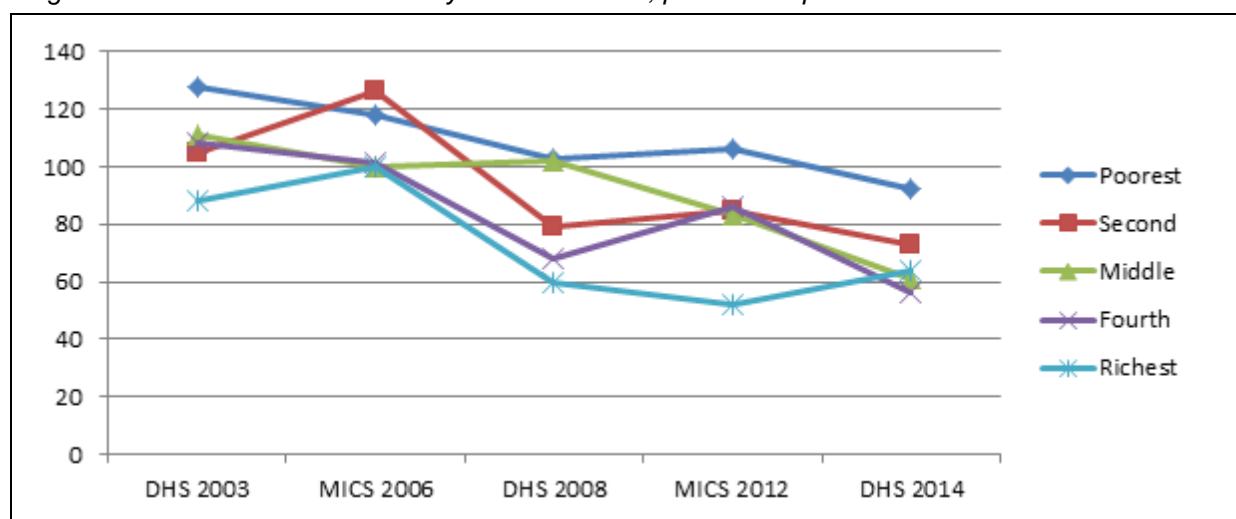
Socio-economic inequities in key high-level health outcomes have not been reduced

##### Robustness of the evidence:

Strong

Under-five mortality rate has been reduced for all wealth quintiles over the evaluation period, but **socio-economic inequities were not reduced**: the **equity ratio (poorest / richest) remained stable, from 1.45 in 2003 to 1.44 in 2014** (after a peak of 1.72 in DHS 2008 and 2.04 according to MICS 2012) (DHS, MICS).

Figure 25 Under-five mortality rate 2003-2014, per wealth quintile



Source: Holistic Assessment of the PoW 2012 based on DHS and MICS; DHS 2014

#### 1.3.4.7 Country comparison

**When compared to other African countries with comparable level of development, Ghana does pretty well.** As Table 18 shows, while the Ghanaian health system is relatively under-financed (cf. health expenditure as % of GDP and in USD per capita), it outperforms the average of comparable countries in many areas: share of public spending and of out-of-pocket expenditure (therefore financial health protection), nurses and midwives per 1,000 people, DTP3 immunisation rate, births attended by skilled health staff, maternal mortality ratio, life expectancy at birth and infant/under-five mortality rates. However, there is still room for increases in terms of number of physicians and of hospital beds per 1,000 people.

Table 19 Comparison with other countries, selected indicators (2014 unless otherwise specified)

	Senegal	Ivory Coast	Zambia	Ghana	Congo Rep.	Nigeria
Gross national income per capita, Atlas Method	1,050	1,450	1,680	1,590	2,720	2,970
GNI/cap. PPP	2,300	3,130	3,690	3,900	5,200	5,710
Health expenditure as % of GDP	4.7	5.7	5.0	3.6	5.2	3.7
Public % of total	51.8	29.4	55.3	59.8	81.8	25.1
OOP % total	37.3	50.8	30.0	26.8	17.5	71.7
External resources % total	20.6	29.4	38.4	15.4	4.0	6.7
Per capita USD	50	88	86	58	162	118
Per capita USD PPP	107	187	195	145	323	217
Physicians per 1,000 people 2008-2014	0.1	0.1	0.2	0.1	0.1	0.4
Nurses and midwives per 1,000 people 2008-2014	0.4	0.5	0.8	0.9	0.8	1.6
Hospital beds per 1,000 people 2007-2012	0.3	NA	2.0	0.9	NA	NA
Child immunisation rate DTP3	89	67	86.0	98	90	66
TB - treatment success rate	87	80	85	85	70	86
Pregnant women receiving prenatal care 2008-2015	96	91	96	91	93	61
Births attended by skilled health staff 2008-2015	59	59	64	74	93	38
Maternal mortality ratio (modelled estimates 2015)	315	645	224	319	442	814
Antiretroviral therapy coverage (% HIV+)	38	31	57	33	17	22
Life expectancy at birth	66	52	60	61	62	53
Infant mortality rate per 1,000 live births (2015)	42	67	43	43	33	69
Under five mortality rate - poorest quintile	92	123	100	106	89	190
Under five mortality rate - richest quintile	28	82	58	52	54	73
inequity ratio	3.3	1.5	1.7	2.0	1.6	2.6

Source: Particip calculation based on World Development Indicators (available at <http://wdi.worldbank.org/tables>, consulted 12 June 2016)

### 1.3.4.8 Main determining factors

#### NHIS expansion

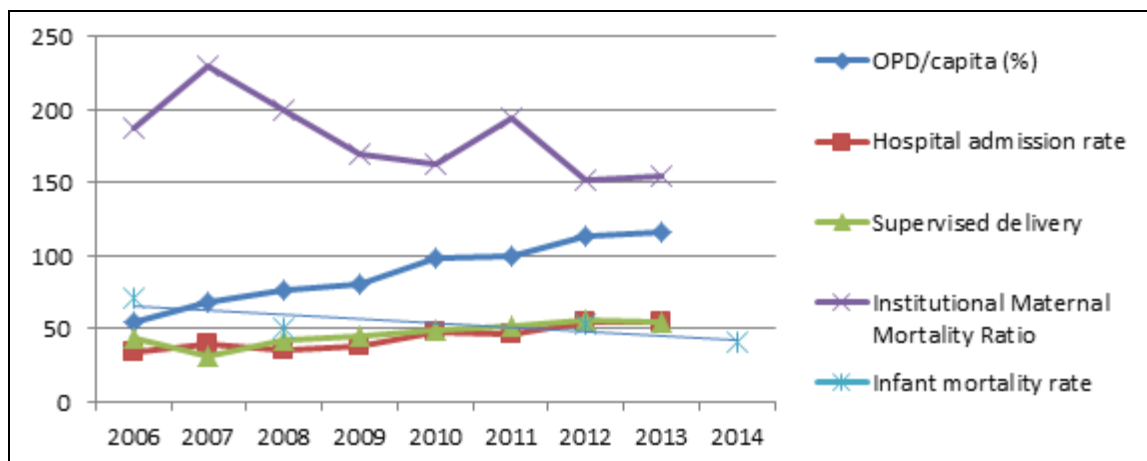
Financial protection through NHIS should also be a determining factor for improved health status, but a causality relationship is difficult to interfere. In particular, the only randomised controlled trial to date of the effect of NHIS enrolment on health status found increases in utilisation consistent with prior studies, but no statistically significant effect of NHIS coverage on the studied health outcomes (moderate and severe anaemia among children, often a consequence of untreated malaria) (USAID Health Finance & Governance 2016).<sup>83</sup>

#### Other supply factors

**Improvements in health outcomes are correlated with increased utilisation of health services**, which in turn is explained by both policy factors (increased supply/coverage of health services, specific programmes such as malaria control, financial protection through NHIS and a number of exempted public health services) (see JC71) but also non-policy factors (economic growth). While Figure 15 showed that increase in number of health staff was associated with increased utilisation of health services, Figure 26 puts in perspective increased utilisation of health services and decrease in mortality.

<sup>83</sup> Reference reviewed: Ansah, E.K., et al. 2009. Effect of Removing Direct Payment for Health Care on Utilisation and Health Outcomes in Ghanaian Children: A Randomised Controlled Trial. *PLoS Med*, 6(1): e1000007.

Figure 26 Increased utilisation of healthcare is associated with reduction in mortality, 2006-2013/14



Source: GHS Facts & Figures 2014; DHS 2008 and 2014; MICS 2006 and 2012

In turn, recent decline in health service provision is also associated with worsening results. For instance, following decline in HIV positive pregnant women put on antiretroviral treatment from 76% in 2013 to 64% in 2015, the proportion of babies from HIV mothers born HIV negative decreased from 93% in 2013 to 91% in 2015 (Draft Holistic Assessment PoW 2015).

Results from the **econometric analyses** confirm that **a number of policy factors and more general health system strengthening have impacted on health outcomes** (see Annex 7 in Volume 3). There are statistically significant effects of increased numbers of health staff on a number of health outcomes; estimated effects of human resources on health results tend to be more pronounced in the poorest regions:

- Increasing the number of enrolled nurses per 100,000 population reduces the number of malaria cases per 1,000 inhabitants;
- There is also weak evidence that human resources reduced mortality rates: a 10% increase in the number of doctors translates into a 1% reduction in institutional maternal mortality.



## 1.4 Appendix 1 - Additional information on the design of the SBS operations

### 1.4.1 Denmark

Since Health Sector Support Programme (HSPS) II (1999-2002), Danida has provided some form of direct financial support to Ghana's health sector. During HSPS II and III, the health sector budget support from Danida and other partners was channelled through the "Health Account" operated by the MoH. Since HSPS IV, budget support was transferred to Ghana's MoF earmarked for the Health Sector. Under the evaluation period Danida thus provided:

- **HSPS III 2003-2007: DKK 340 million**, of which approximately 75% corresponds to a form of financial support to the annual plan of work (PoW), through contributions **to the Health Fund**, and about 25% earmarked. The rationale for the earmarked support in phases I-III of Danida support was to secure funding for areas of crucial importance to the success of the programmes of work, but which were difficult to implement or at risk of being side-lined. Secondly, earmarked funds would enable the MoH and DPs to respond quickly and flexibly to arising needs and opportunities and particularly to support innovative activities. Once approved, the funds were disbursed through the 'Aid Pool Account', which was managed by MoH, to the implementing Budget and Management Centres. Financial reporting on earmarked funds was through the routine financial reporting system of the MoH.
- **HSPS IV 2008-2011: DKK 425 million**, of which approximately 70% (DKK 300 million) sector budget support to the PoW, about 30% earmarked to support the fight against HIV/AIDS (DKK 50 million) and the private health sector (DKK 25 million). The objectives, outputs and activities of Component 1 "Financial support for the PoW III" (component provided as un-earmarked funding for the implementation of the PoW III) coincided with those defined by the PoW III and operationalised in the APoWs. Progress was monitored using the sector-wide indicators and milestones agreed for the PoW III by MoH and DPs.
- **HSPS V 2012-2016: DKK 400 million**, of which approximately 90% (DKK 364 million) was sector budget support to the PoW. For internal reporting purposes, Danida reported on selected indicators to follow progress, chosen from the indicators and milestones agreed as part of the SMTDP and the CHAG strategic plan of work. However (source: Bjerrum 2016), stagnation of progress in achieving the MDGs and other targets led several SBS partners, including Denmark, to move towards "ring-fenced" SBS. This situation combined with internal issues within Danida led to the decision that the SBS would be earmarked for MAF during the last two years of the HSPS V (DKK 120 million).

### 1.4.2 UK

DFID has financed two support programmes to the health sector under the SBS modality, in addition to a number of projects.<sup>84</sup>

- **Ghana Health Sector Support Programme (GHSSP) 2008-2012** (code: 113923): **GBP 40 million**, earmarked for Health in the GoG budget, of which GBP 2.5 million to be used as technical assistance and another proportion of this fund being directed towards increasing access of adolescents to reproductive health information and services working with private NGOs. Funding was provided in a joint arrangement with Denmark and the Netherlands. The programme aimed to contribute to accelerated progress on health MDGs (measured by 2 impact indicators: under-5 and maternal mortality rates) through improved access to quality health care (measured by 3 outcome indicators: an equity index relative to skilled birth attendance, percentage of population with valid NHIS membership, and percentage of health workers per 10,000 population by cadres). The logframe of the programme further details output indicators and milestones (DFID 2011, 2013b).
- **Ghana Health Sector Support Programme (GHSSP) 2013-2018** (code: 203536): GBP 67 million of which **GBP 50 million in SBS** (as originally planned). SBS is performance-based, and initially planned with a base tranche of GBP 23 million (first tranche of GBP 8 million released in September 2013, 2<sup>nd</sup> tranche before June 2014 totalling GBP 14 million), a conditional performance tranche of GBP 11 million, and a GBP 16 million tranche for over-performance. Performance areas and detailed indicators are to be agreed each year between DFID and GoG. The programme aims to contribute to sustainable and equitable

<sup>84</sup> The projects notably focused on Emergency Obstetric Equipment (2009-2012), on Prevention of Malaria through Procurement and Distribution of Long Lasting Insecticide Treated Nets (2011) and on adolescent reproductive health (2012-2016) – see <https://devtracker.dfid.gov.uk/countries/GH/projects>.

health system in Ghana through quality and equitable health delivery. More specifically, it aims to achieve 4 outputs: (i) More efficient and effective financing of MoH; (ii) Strengthened internal management and quality assurance; (iii) Improved mental health care delivery; and (iv) Improved safety of medicines. The logframe comprises 4 impact indicators (under-5 mortality rate; outpatient attendance per capita (national; Northern region); health expenditure per capita; and sustainability of NHIS funding); 5 outcome indicators (% of births delivered by a skilled professional (total; poorest quintile); integration of Ghana's mental health system into general health care services at the primary health care levels; proportion of facilities achieving accreditation scores at levels A+, A and B; ratio of gap between best performing and worst performing regions: nurse to patient ratio; % of drugs tested by the Food and Drugs Authority that are counterfeit); and a number of output indicators. However, **the programme has been redesigned in 2015** due to the assumptions made in the Business Case not holding true. An addendum to the Business Case was prepared in 2015, a new MoU has been signed in October 2015, and now most of the project is **earmarked to CHPS** through Non-Budget Support Financial Aid (NBSFA). Some un-earmarked **Performance-Based Sector Budget Support** is still planned for to support the Health Sector Financing Strategy – Implementation Plan from 2015 to 2018, provided through MoF for the MoH. Performance milestones for 2015/16 are: roll out of the capitation scheme; publication of PEIR; revised procurement manual and in use (DFID 2013a, 2015a,b,c; MoU DFID-GoG 2014, 2015; interview DFID representative).

### 1.4.3 EU

**The EU** started SBS in the context of the MDG5 initiative through the **Maternal Health Support Programme (MHSP)** Ghana (FED/2012/023-645), totalling **EUR 52 million** (100% EU/EDF contribution, including EUR 2 million institutional support) and covering the period **2012-2016**, which pursues 3 specific objectives relative to (i) coverage of skilled attendance during pregnancy, childbirth and postnatal period; (ii) coverage of family planning availability and usage; (iii) accessibility of emergency obstetric and neonatal care. It operates through the MDG Acceleration Framework (MAF) and its Action Plan. SBS is disbursed to Treasury which in turn transfers the budget to MoH (**de facto used specifically for the MAF activities**). The disbursement took place as follows:

- 1<sup>st</sup> tranche EUR 10 million released nearly according to schedule in December 2012;
- Disbursements were then put on hold in 2013 and 2014; thus the 2 outstanding tranches, that is the 2<sup>nd</sup> tranche (EUR 20 million, planned July 2013) and 3<sup>rd</sup> fixed + 1<sup>st</sup> variable tranche (max. EUR 15 million, planned Jan. 2014), were released mid-2015, totalling EUR 31.25 million;

The last tranche (4<sup>th</sup> fixed EUR 2.5 million and 2<sup>nd</sup> variable up to EUR 2.5 million, planned Jan. 2015) has been released in June 2016; due to non-attainment of targets relative to ANC4 and skilled delivery, only one third of the variable tranche was released, so that total disbursement amounted to EUR 3.33 million (source: MHSP Action Fiche; EUD 2015, 2016a, 2016b).

### 1.4.4 Other DPs

**The Netherlands** provided health sector SBS over the period **2008-2012** (ACC SBS Health 2008-2012) and released tranches of EUR 18 million each year.

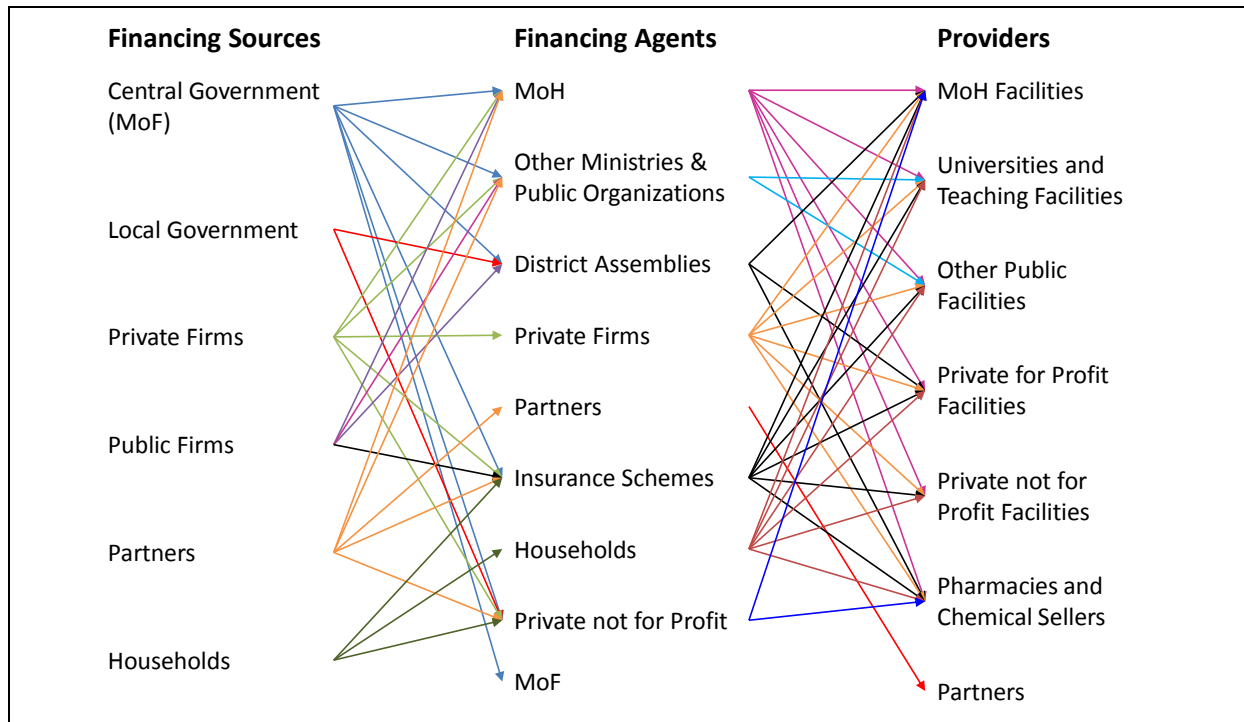
**Japan (JICA)** experimented its first SBS contribution in 2011 through the Poverty Reduction Support Grant (health sector) amounting to USD 2.64 million, approved in 2010 (JICA 2011). Then, JICA has renewed a yearly contribution of YEN 200 million (that corresponds to approx. USD 1.82 million per year over the period) through the Sector Budget Support for the Health Sector Programme of GoG (JICA 2015). Because Japan has a fiscal year starting in April, release of funds to the MoH were often late in the year. JICA ends its SBS contribution in 2016 following late disbursement of the 2015 tranche (DP forum monthly meeting 07/06; interview JICA representative).

## 1.5 Appendix 2 - Additional financial information on sector expenditure

### 1.5.1.1 Disclaimer on financial data quality

The analysis of health financing in Ghana is made particularly challenging due to a number of issues regarding data availability and quality, and, more generally, to the fact that the health financing system in Ghana is highly complex. There are multiple sources of funds such as the MoH budget (appropriation voted by Parliament), the NHIF, other Internally Generated Funds (IGF), donor funds (SBS, 'earmarked' project grants), as well as loans and mixed credits.<sup>85</sup> Figure 27 below illustrates the financing channels from financing sources down to service providers.

Figure 27 Financing channels for public health sector activities



Source: Adapted from ISSER (2016).

The multiplicity of funding sources renders the analysis of sector allocations and public expenditure problematic, in particular because:<sup>86</sup>

- Apart from SBS, which is channelled through MoF, DPs provide direct funding to various levels (MoH, GHS and other agencies, programmes, regions & districts, facilities). They have been sometimes reluctant to inform GoG about their planned and actual disbursements.
- The budget nomenclature/template has changed several times during the evaluation period.
- While the GoG budget is very detailed on an *ex ante* basis (down to the level of districts and sub-districts), actual GoG financial statements are aggregated at the regional level. Donors' spending does not follow a comparable nomenclature.
- Health sector budget at both national and district levels are not disaggregated for spending in specific areas, making it difficult to analyse allocation of resources.

**The analysis of the financing profile of the health sector over the evaluation period is difficult because of lack of consistent data series and consolidated financial reports presenting budgets and expenditure from all sources (GoG, donors, NHIS, others) per economic classification.** In recent years, the rising share of the NHIS further complicates analysis (interview with ISSER representatives):

*An important lesson learned from the [Public Expenditure and Implementation Review] is that public expenditure tracking process focusing on the health sector of Ghana faces four major challenges. First, health expenditure data obtained from different sources in Ghana are inconsistent. Second,*

<sup>85</sup> In the past, other sources of funding have also been used, notably funds stemming from debt relief (HIPC).

<sup>86</sup> These elements were highlighted in interview with MoF and MoH as well as in various documents such as 2014 SEND-Ghana and Star-Ghana.

some institutions do not have financial records for some of the fiscal years attributed to lack of the requisite personnel, missing books and the refusal of officials to properly hand over whenever they were transferred. Third, officials are unresponsive towards the data collection exercise viewing it as an audit process and therefore reluctant to provide the requisite data. Finally, the issues regarding introductory letters to the facilities, where facilities were reluctant to engage in the exercise without specific mandate from the Ghana Health Service created delays to start of the exercise. (ISSER 2016: 10)

Moreover, **the predictability of the budget is very poor**, which translates into a strong disconnect between the APoW, the annual health sector budget and actual expenditure, as illustrated in Table 19.

Table 20 Revised budget vs. Actual, Ministry of Health Total GHc, selected years

	Restated/revised budget MoH	Actually implemented MoH	Variance
2010-item 1	36,142,142	77,142,324	41,000,182
2010-item 2	1,987,280	6,826,450	4,839,169
2010-item 3	6,175,826	2,726,204	-3,449,622
2010-item 4	616,105	1,331,502	715,397
2011	9,603,297	6,547,596	-3,055,701
2012	437,951,853	1,613,443,906	1,175,492,052
2013	777,778,832	32,500,236	-745,278,596

Source: Controller & Accountant General's Department, Annual Public Accounts, available at <http://www.cagd.gov.gh/portal/index.php/public-accounts-reports>

This problem is compounded by:

- **Off-budget expenditure:** during implementation of the budget, issues come up for which the normal budget had not planned for. Government budgeting at ministry/department level does not usually allow for contingencies. In some cases there are large over expenditure against budgets for some activities. There seem to be no formal opportunity for reviewing the budget at ministry/department level. This leaves some of the activities unfunded.
- There are challenges in the system for **IGF forecasting**, collection and recording, leading to inability of the sector to capture the full complement of IGF generated and used, and IGF not being used to support direct service delivery.
- **Programme funds** are used as additional to GoG budget. However, planning for programmes and programme activities are not well integrated into central budget, leading to duplication of activities which may result in inefficiencies in the use of funds (both programme and GoG) (Anemana, 2015).

At the bottom line, **it is difficult to assess on what basis resource allocation is made, and whether it has improved over time**. Therefore, for the purpose of this analysis, **an array of financial data sources which are neither consistent nor comparable**, had to be used:

- The **national health accounts (NHAs)** provide the most comprehensive source of information; this methodology intends to calculate the total amount of spending in the health sector over a year, even in the private sector (including drugs). However, to date, the NHAs are available for the years 2005, 2010 and 2012;
- Based on country data, WHO compiles a **Global Health Expenditure Database**<sup>87</sup>, which enables country comparisons and analysis of yearly evolution and composition of health expenditure; however, this database does not correspond to country data;<sup>88</sup>
- The **Annual Programmes of Work (APoWs)** provide yearly budget allocations to the health sector, including all sources of funding; however, expenditures often do not match allocations, and the budget tables presented in APoWs vary from one year to another, making the construction of a coherent database over the evaluation period difficult (e.g. some tables include donor funding/NHIS, others do not); APoWs were used mostly to show the evolution of budget allocation by source of funding, and allocation by economic classification (GoG only – all sources);

<sup>87</sup> <http://www.who.int/gho/countries/gha/en/>

<sup>88</sup> The person in charge of Ghana at WHO/HQ could not explain discrepancies.

- Information on actual expenditure by sources of funding and by economic classification have been computed from MoH Audited Annual Financial Reports (2009-2014), the printed version of which was consulted and copied in the MoH Financial Controller office;
- Other sources of data include data on MoH expenditure extracted from GIFMIS/Consolidated account; a number of public finance management (PFM) performance indicators from the Holistic assessment of the PoW; as well as data on donor project grant disbursements from a database of the Bank of Ghana;
- Finally, another source of information was the Public Expenditure and Implementation Review (PEIR) on government spending for health in Ghana (ISSER 2016), which provides an overview of government budgetary health spending, primarily covering fiscal years 2012, 2013 and 2014. The review analyses overall trends in government health financing and expenditure patterns, and discusses some of the budgetary and allocative issues pertaining to current government health spending patterns. It provides an analysis of public sector spending and outcomes, public expenditure priorities and public sector institutional arrangements. Nevertheless, the PEIR only covers data for recent years, and at the time of the evaluation field mission, it had not been approved by the MoH. Therefore it is used only to report some results from the facility-level survey performed by the PEIR in a sampling of facilities across the country.

### **1.5.1.2 Level and composition of sector public expenditure and sources of financing**

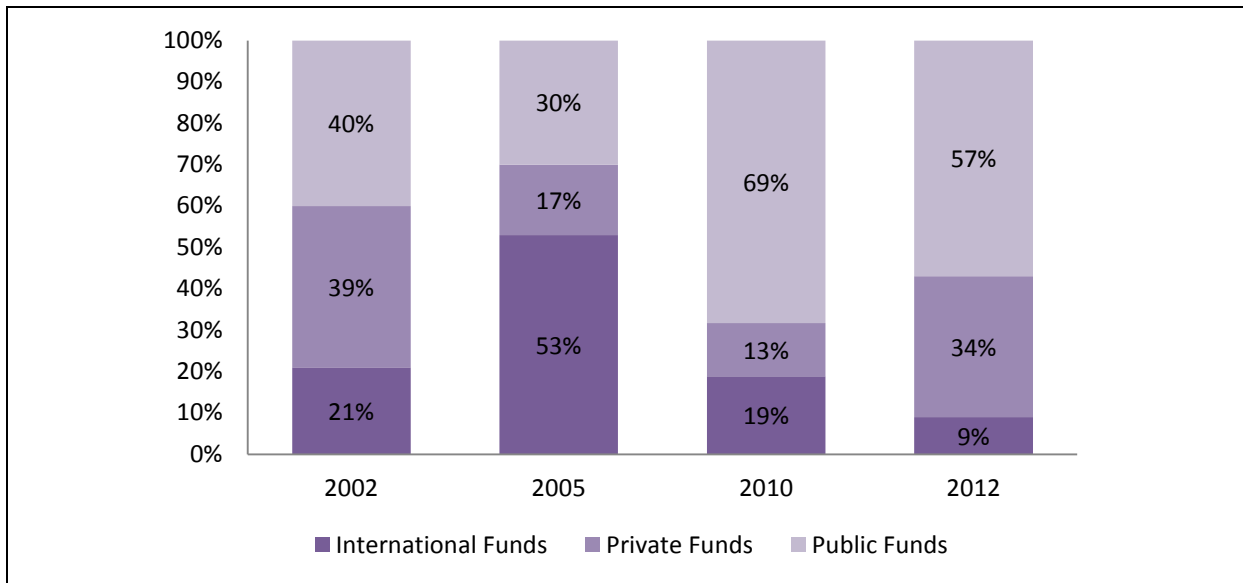
**There has been a significant increase in public health expenditure** over the evaluation period. According to the National Health Accounts (NHA), which cover the years 2002, 2005, 2010 and 2012, **Total Health Expenditure (THE)** amounted to GHc 3.55 billion in 2012, 40% of which generated from direct GoG transfers and 16.7% from the NHIS. 32.1% of THE was spent through households out-of-pocket payments. 66.9% of THE was spent for curative services, against 18.2% for preventive care and 13.4% for governance, health system and administration. A quarter of THE was spent on infectious and parasitic diseases (mostly malaria and HIV). **There was a sharp increase (471%) in THE over the period 2005-2012**, from GHc 641.41 million to GHc 3,549.47 million (from USD 338.46 million to USD 1,933.26 million). Per capita total expenditure increased from GHc 29.55 to GHc 136.87 (from USD 20.05 to USD 74.55), that is, an increase of 373% in nominal GHc (or 272% in nominal USD). However, THE as a percentage of GDP fell from 6.41% in 2005 to 4.86% in 2012 (with a low of 3.28% in 2010).<sup>89</sup>

The **THE breakdown by source** between 2005 and 2012 shows a **strong increase in the share of public funds** (to a great extent due to the expansion of the NHIS) **and a reduction in the share of international funds**.<sup>90</sup>

<sup>89</sup> This is contradictory to the figures compiled by WHO presented below.

<sup>90</sup> Note that loans and the marginal contribution of GBS are captured in public funds, whereas grant projects and SBS are apprehended in external resources.

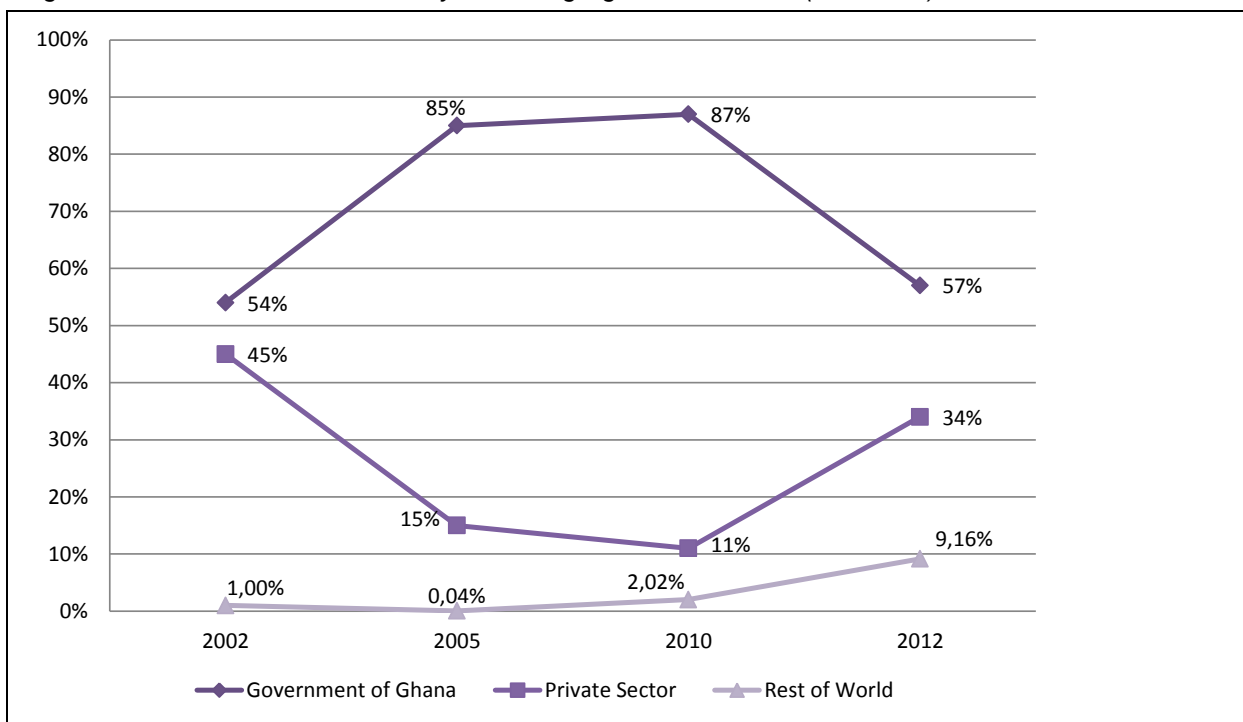
Figure 28 THE Breakdown by Financing Source, 2002-2012 (% of THE)



Source: NHA 2005-2010 and 2012.

As for trends of THE per financing agent, there was an **increase of the share of private providers** between 2005 and 2012. There was indeed a **significant increase in health expenditure by hospitals** between 2010 and 2012, which may be due to the increase in health insurance coverage (NHA 2012).

Figure 29 THE Breakdown by Financing Agent, 2002-2012 (% of THE)



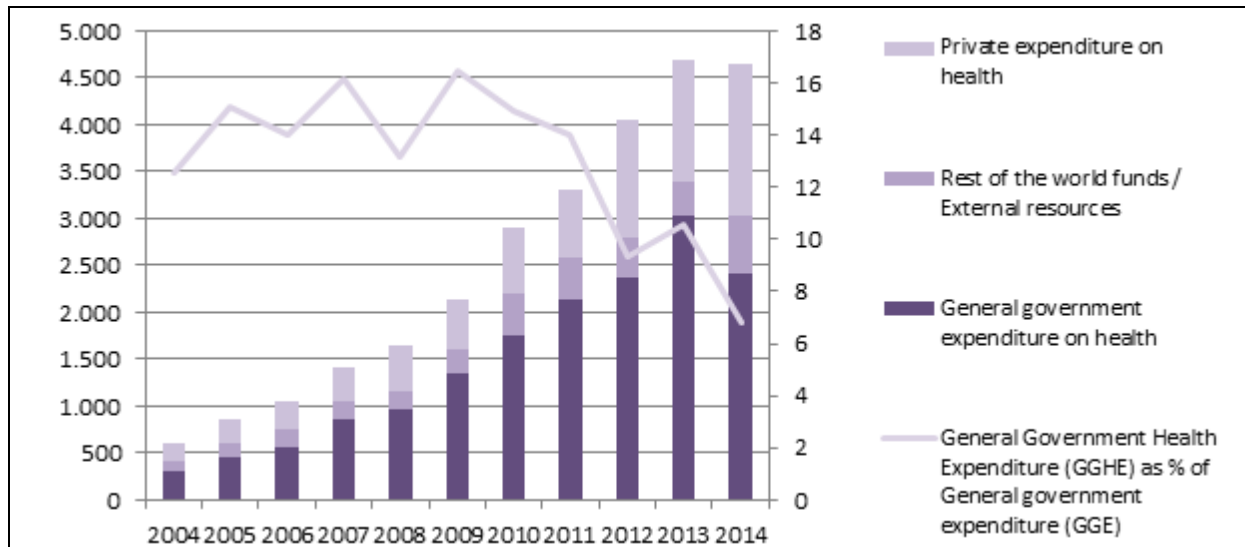
Source: NHA 2005-2010 and 2012.

### 1.5.1.3 Analysis of the information available in the WHO Global Health Expenditure Database

Table 20 provides an overview of the evolution of internationally comparable health financing indicators compiled by WHO. It is important to note that these figures do not match those found in the National Health Accounts (NHAs) computed at national level (NHA 2005-2010 and 2012 – see above).

As illustrated in Figure 30 below, according to WHO data, the share of the health sector in government expenditure has been on a worrying downward trend since 2010. It could indicate that sharp reduction in fiscal space following the introduction of single spine salary structure in 2012, followed by drop in GBS in 2013-2014, did not allow GoG to follow suit on funding the health sector beyond non-discretionary expenditure (mostly personnel emoluments).

Figure 30 Evolution of the composition of total health expenditure, in million GHc<sup>91</sup>



Source: Global Health Expenditure Database (<http://apps.who.int/nha/database> consulted 5 June 2016)

<sup>91</sup> The fall observed in 2014 is mostly due to the 20% drop in GoG funds allocated to health.

Table 21 Selected Financing Indicators, 2004-2014

<b>Health Expenditure ratios</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Total Health Expenditure (THE) % Gross Domestic Product (GDP)	3.96	4.51	4.64	5.30	4.85	5.17	5.33	4.81	4.79	4.63	3.56
General Govt Health Expenditure (GGHE) as % of GDP	2.40	2.92	3.04	3.73	3.22	3.67	3.83	3.58	3.14	3.24	2.13
General Govt Health Expenditure (GGHE) as % of Total Health Expenditure	60.62	64.86	65.66	70.37	66.45	71.04	71.78	74.38	65.57	70.08	59.85
Private Health Expenditure (PvtHE) as % of Total Health Expenditure (THE)	39.38	35.14	34.34	29.63	33.55	28.96	28.22	25.62	34.43	29.92	40.15
General Govt Health Expenditure (GGHE) as % of General govt expenditure (GGE)	12.58	15.08	13.98	16.16	13.15	16.45	14.93	14.03	9.32	10.58	6.82
Public Funds for Health % General Govt Expenditure (GGE) (excl. external resources)	NA	12.64	11.07	15.15	11.67	11.66	11.04	NA	NA	NA	NA
External Resources on Health as % of Total Health Expenditure (THE)	20.91	22.96	20.52	14.60	12.74	13.12	17.72	15.13	12.11	8.60	15.38
Social Security Funds as % of General Government Health Expenditure (GGHE)	NA	21.73	10.66	33.79	26.37	20.93	19.92	17.63	25.10	20.92	32.46
Private Insurance as % of Private Health Expenditure (PvtHE)	9.97	10.28	9.59	9.08	9.13	9.02	9.02	8.70	5.46	2.00	2.01
Out of Pocket Expenditure (OOPS) as % of Total Health Expenditure (THE)	25.58	22.80	22.50	19.50	22.20	18.91	18.44	16.15	26.60	19.92	26.84
Out of Pocket Expenditure (OOPS) as % of Private Health Expenditure (PvtHE)	64.97	64.89	65.53	65.81	66.16	65.31	65.36	63.01	77.24	66.59	66.85
<b>Health Expenditure in USD</b>											
Total Health Expenditure (THE) per Capita in USD	26.70	36.03	43.11	58.25	59.86	56.67	70.58	76.30	78.64	84.53	57.89
Total Health Expenditure (THE) per Capita in adjusted USD (PPP)	133.98	163.52	112.82	137.35	135.44	146.76	161.18	164.93	178.43	180.32	145.37
General Government Health Expenditure (GGHE) per Capita in USD *	16.19	23.37	28.31	40.99	39.78	40.26	50.67	56.75	51.56	59.24	34.65
General Government Health Expenditure per Capita in adjusted USD (PPP)	81.22	106.07	74.08	96.66	89.99	104.26	115.70	122.67	116.99	126.37	87.00
Out of Pocket Expenditure (OOPS) per Capita in USD	6.83	8.21	9.70	11.36	13.29	10.72	13.02	12.32	20.92	16.84	15.54
Public Funds for Health per Capita in Constant 2009 USD	NA	22.05	20.55	31.45	29.72	26.76	24.40	NA	NA	NA	NA

Source: WHO, Global Health Expenditure Database <http://www.who.int/gho/countries/gha/en/>, consulted 5 June 2016.

\*NB: The per capita expenditure on health computed by the MoH and followed through Holistic Assessments of the PoW indicate an increase from 23 USD in 2007 to 42 USD in 2013 (Holistic Assessment PoW 2013).



**Private insurance** as a percentage of private health expenditure has dropped from 10.3% in 2005 to 2% in 2014, indicating satisfaction with the NHIS.

Several worrying features also emerge from these data:

- **Total health expenditure as a percentage of GDP** has varied between 3.5 and 5.3% of GDP over the evaluation period, with a downward trend in recent years; this does not allow meeting the internationally recommended threshold of 5% of GDP necessary to finance universal health coverage;<sup>92</sup>
- **Per capita expenditure (total and government)** has not increased much over the evaluation period, and has declined in 2014;
- The relative proportion of **public and private health expenditure** has remained constant over the evaluation period, at around 60/40.
- Social security funds constitute between a fifth and a third of government health expenditure, but despite the expansion of NHIS and an increase in general government health expenditure per capita, **out-of-pocket expenditure (OOPs)** still represented a quarter of total health expenditure;
- The comparisons of “General Government Health Expenditure (GGHE) as % of General government expenditure (GGE)” (which includes external funding) and “Public Funds for Health % General Government Expenditure (GGE) (excluding external resources)” gives an indication of the **relative GoG effort compared to DPs in the health sector**. According to available data (from 2005 to 2010), the share of health in the budget is systematically higher when external funding is taken into account, indicating that public expenditure in the health sector is driven upward by donors (even if external expenditure for health has decreased over the evaluation period).

#### **1.5.1.4 Analysis of the information available in the APoWs**

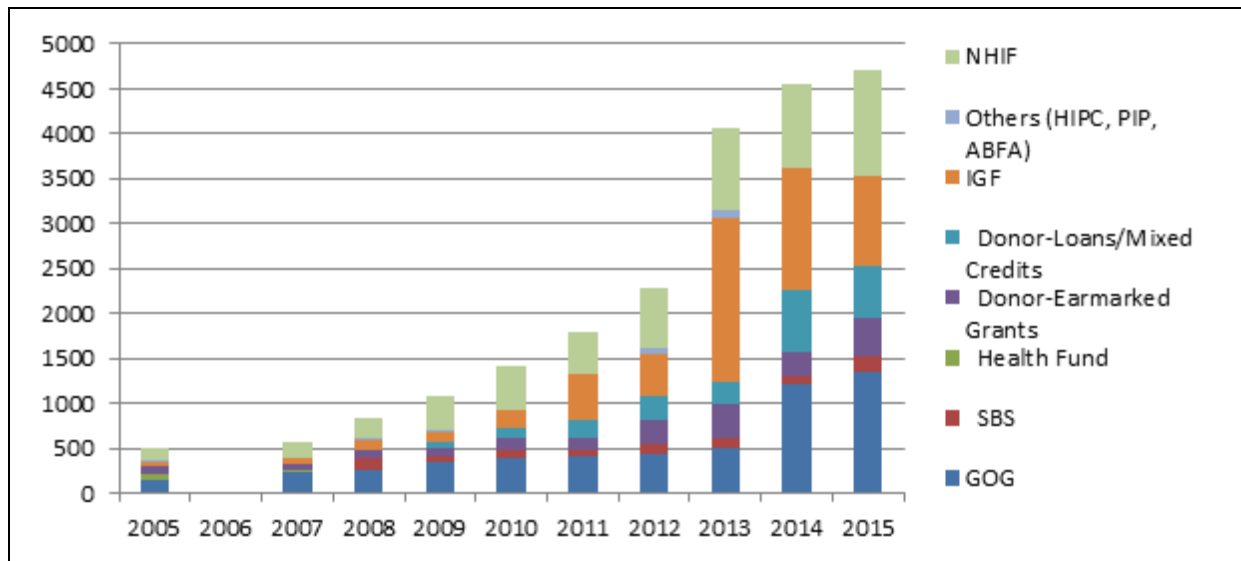
The **planned resource allocation** presented in the sector’s APoWs between 2005 and 2015 is summarised in the figure below which focuses on health sector budget allocations by funding source.<sup>93</sup> **Annual allocations for health increased considerably in nominal terms**, especially in 2013 and 2014, due to a sharp rise in IGF and in loans & mixed credits. Over the evaluation period, **GoG allocation has constituted an average of 28% of health sector budget allocations; donor funding 23% (donor earmarked funds constitute on average 10% of the total); IGF 20%; and NHIF<sup>94</sup> 26%. Over 2008-2015, SBS has constituted an average of 5.4% of health sector budget allocations** (APoWs 2005-2009 and 2011-2015).

<sup>92</sup> Threshold recommended by: McIntyre, Di, Meheus, Filip (2014) “Fiscal Space for Domestic Funding of Health and Other Social Services”, Chatham House (The Royal Institute of International Affairs) Centre on Global Health Security Working Group | Paper 5 (March).

<sup>93</sup> Note that a database of health sector budget allocations by funding source was reconstituted from various tables from the APoWs – some including only on-budget sources, others including off-budget funding; some excluding NHIF, others not – some of which are contradictory. Reconstruction was made on best-effort basis.

<sup>94</sup> NHIF statutory allocation, not discretionary.

Figure 31 Health sector annual budget allocations by funding source, GHc million<sup>95</sup>



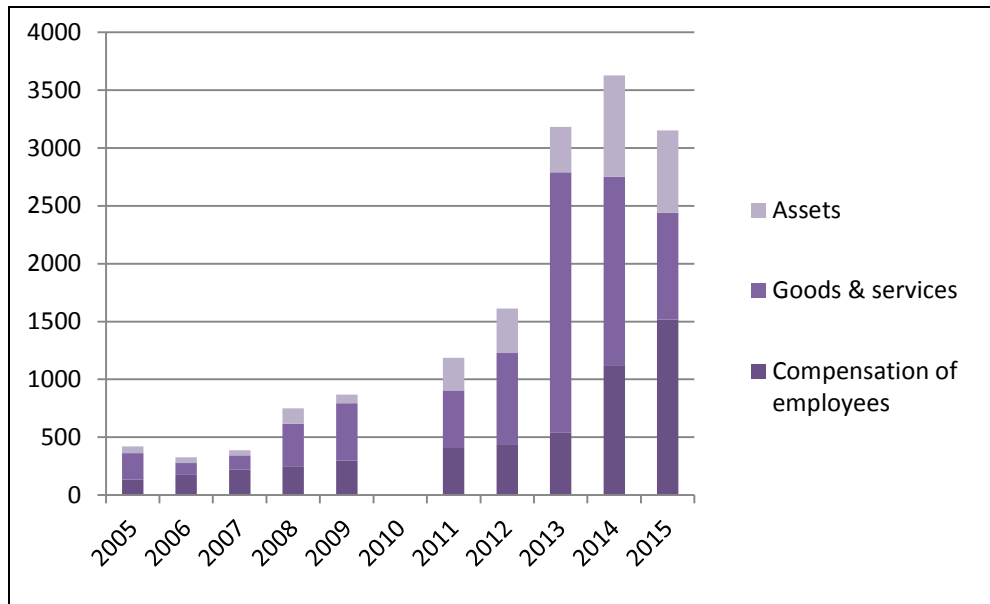
Source: Particip computation based on APoWs 2005-2009 and 2011-2015

The evolution of the health sector budget allocations by economic classification over the evaluation period is presented in Figure 31 (based on partial data).<sup>96</sup> **When considering all funding sources, compensation of employees represented 33% on average of the total, goods and services 48%, and assets 19%.** However, **the share of compensation of employees increased significantly in recent years**, representing as much as 48% of the total in 2015, while goods and services represented only 29% and assets 23% that year (APoWs 2005-2009 and 2011-2015). The **sharp increase in compensation of employees** (in the 2013 budget and in the 2012 expenditure – see below) is largely due to the introduction (with retrospective effect) of the Single Spine Salary Policy in 2012 leading to increased salaries for government workers, as well as – to a lesser extent – to the hiring of health staff (see below). In 2012, GoG paid arrears dated back to 2010, pushing the health expenditure to an exceptionally higher level (ISSER 2016).

<sup>95</sup> Budget missing in draft APoW 2006. There might be partial double counting between IGF and NHIF.

<sup>96</sup> The economic classification along 3 items was used from 2012 on; from 2005 to 2009, former items 2 (administration) and 3 (services) were merged. The database of health sector budget allocations by economic classification was reconstituted from various APoWs – some of which are incomplete (e.g. most do not include NHIF, some do not include all donor funding) and contradictory. Reconstruction was made on best-effort basis.. In 2012-2014, data include all DPs funding but not NHIF; in 2015, data include only part of donor funding, and not NHIF; correspondence with budget by source of funding is difficult to assess for former years. APoW 2010 was not available.

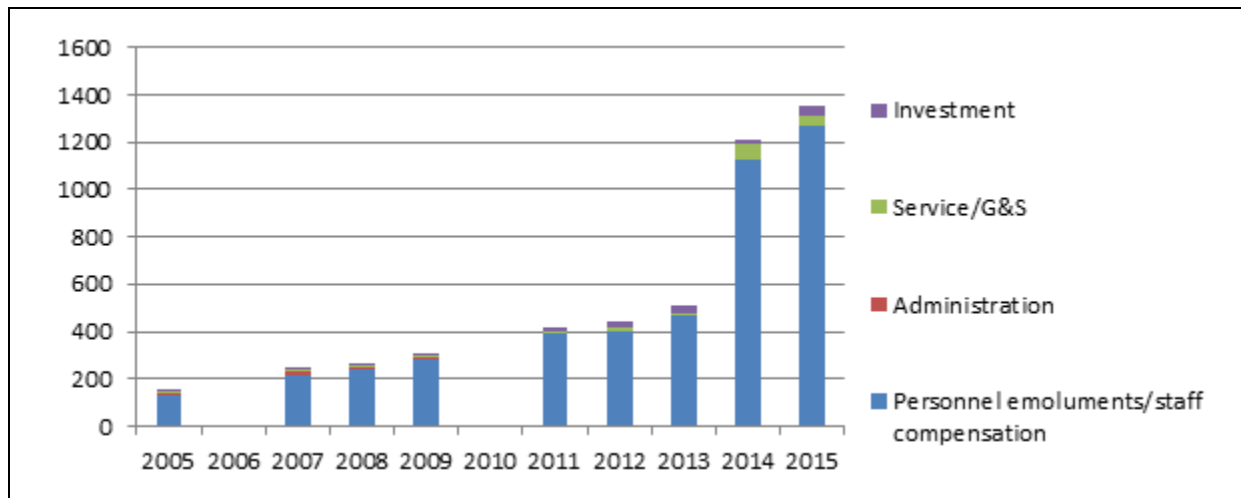
Figure 32 Health sector annual budget allocations by economic classification, 2005-2015, GHc million



Source: Particip computation based on APoWs 2005-2009 and 2011-2015

**When considering GoG funding alone, compensation of employees amounts to 91% of budget allocations over the evaluation period, and as much as 93% since 2011.**

Figure 33 GoG funds allocated to the health sector by economic classification, 2005-2015 (partial), GHc million



Source: Particip computation based on APoWs 2005, 2007-2009 and 2011-2015

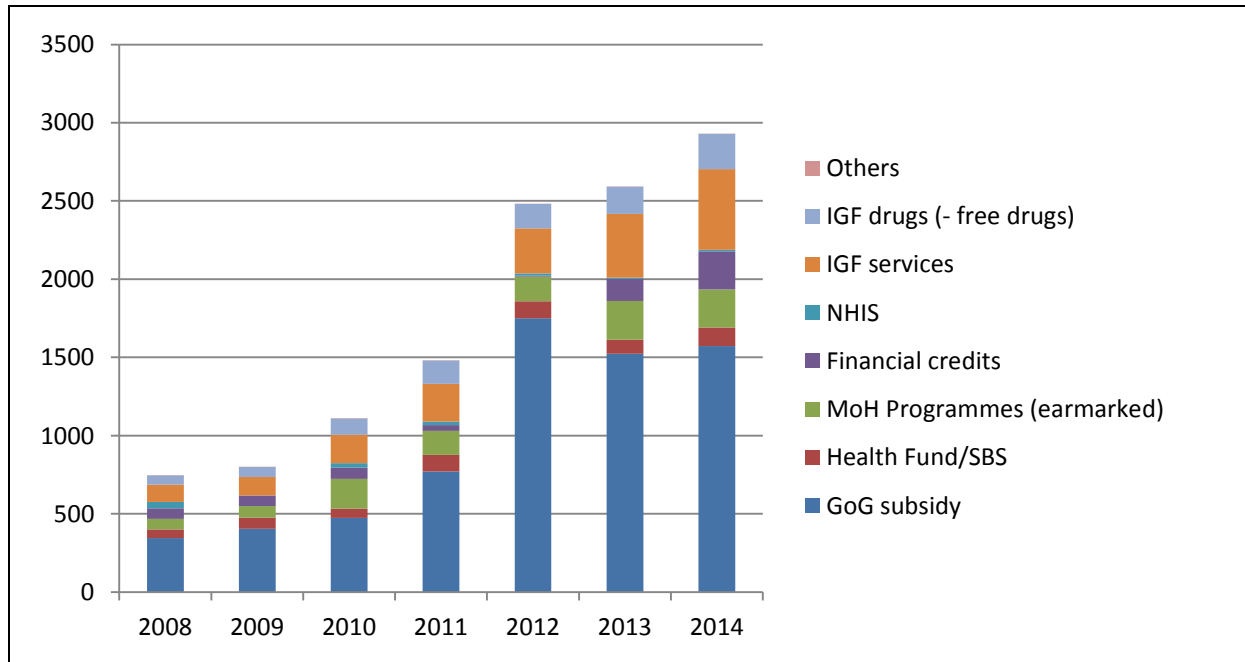
### 1.5.1.5 Analysis of the information available in the MoH Audited Annual Financial Reports and GIFMIS

On an **ex post** basis, Figure 33 presents the composition of **health expenditure** by source of funding between 2008 and 2014. It shows that **the majority of health expenditure is funded by GoG (56.3% of expenditure over the period), followed by IGF (23% for IGF services and drugs).**<sup>97</sup> **Donors' earmarked**

<sup>97</sup> Note that the NHIS accounts for a large part of IGF, in addition to statutory funding.

programmes accounted for 9.4% of expenditure over the period, while SBS (health fund) accounted for 5%. Loans and credits increased considerably in 2013 and 2014 (MoH Audited Annual Financial Reports 2009-2014).

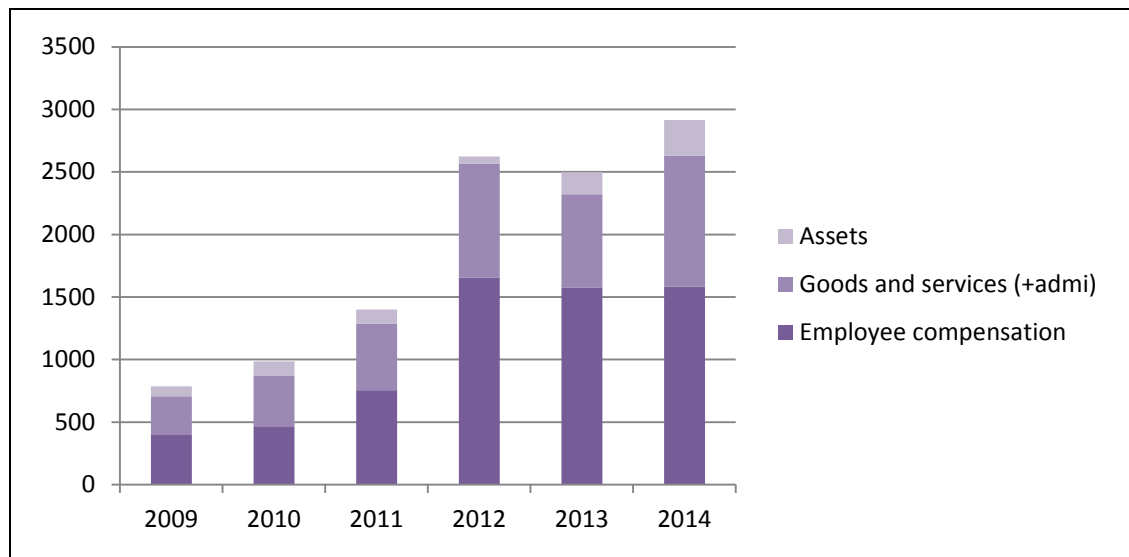
Figure 34 Annual health expenditure by funding source, 2008-2014, GHs million



Source: MoH Audited Annual Financial Reports 2009-2014

As for expenditure by economic classification, **compensation of employees constituted 57.3% of health sector expenditure over the period 2009-2014**, against 35.3% for goods and services and only 7.3% for assets. A dramatic increase (120%) in actual compensation of employees occurred in 2012 consequently to the implementation of single spine salary scale and the payment of arrears.

Figure 35 Annual health expenditure by economic classification, 2009-2014, GHc million

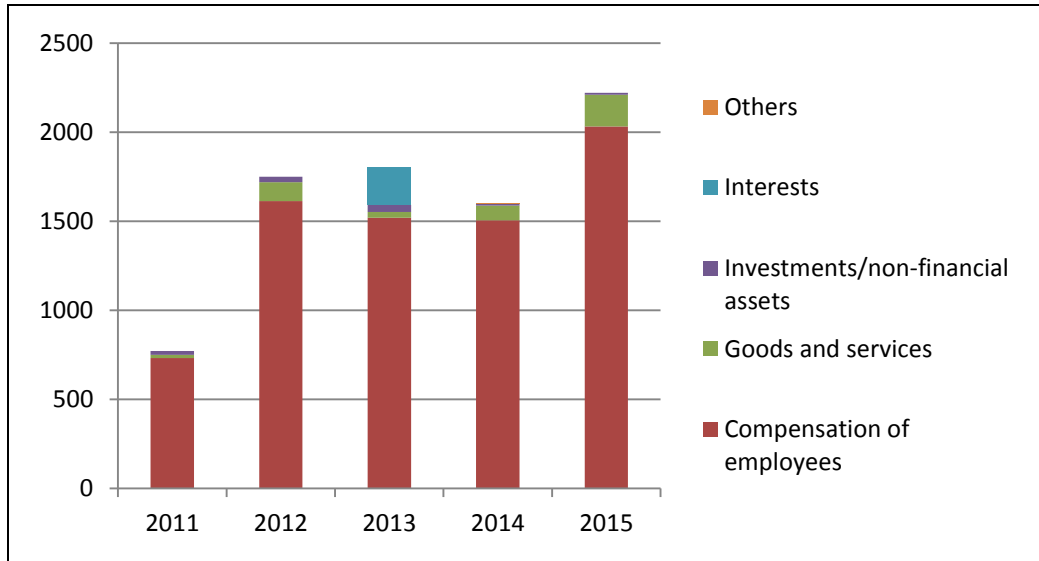


Source: MoH Audited Annual Financial Reports 2009-2014

When taking account of **GoG resources only**, the situation is even more pronounced, as over the period 2011-2015 **compensation of employees constituted 91% of MoH/GoG expenditure**, against 5% for

goods and services and only 1.38% for investment/non-financial asset (interest payments also composed an important part of MoH expenditure in 2012) (GIFMIS/Consolidated MoH Account).

Figure 36 Actual MoH/GoG Expenditure by Economic Classification, 2011-2015, GHc million

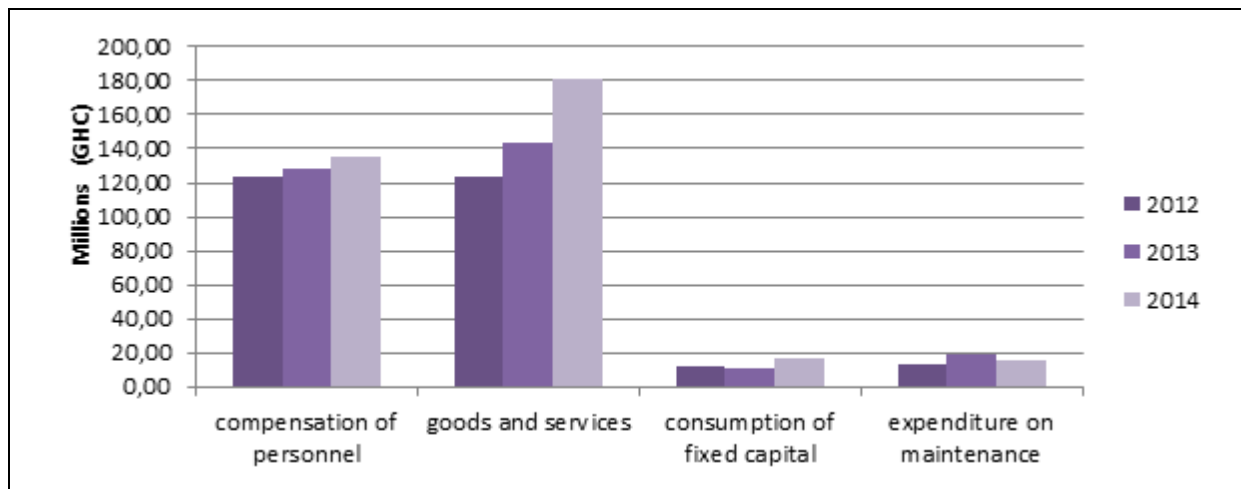


Source: Particip calculation based on GIFMIS/Consolidated MoH Account

#### 1.5.1.6 Analysis of the information available in the 2016 Public Expenditure Review

As for expenditure at facility level, ISSER (2016) shows that the results of its field study (based on a sampling of facilities across the country) reflected the pattern of overall national expenditure: health facilities spend most of their budget in compensation of personnel and goods and services, but very little in fixed capital and maintenance. On average, consumption of fixed capital accounted for 4% of total expenditure with expenditure on maintenance remaining 5%.

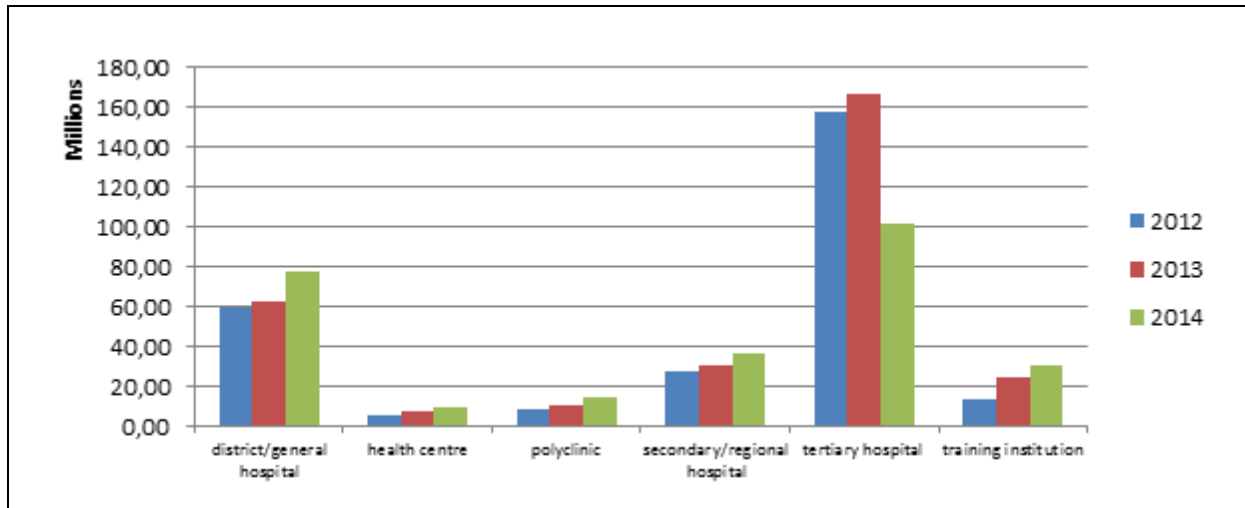
Figure 37 Share of health facilities' total expenditure by expenditure group, 2012-2014



Source: Adapted from ISSER (2016: 68), based on Facility and Institutional Survey, 2015

Finally, as for **expenditure by type of health provider**, Figure 37 shows that there is a **strong bias in favour of tertiary hospitals**, followed by district/general hospitals. Note also that **preventive and public health care is predominately sourced from donors** (DFID 2015b).

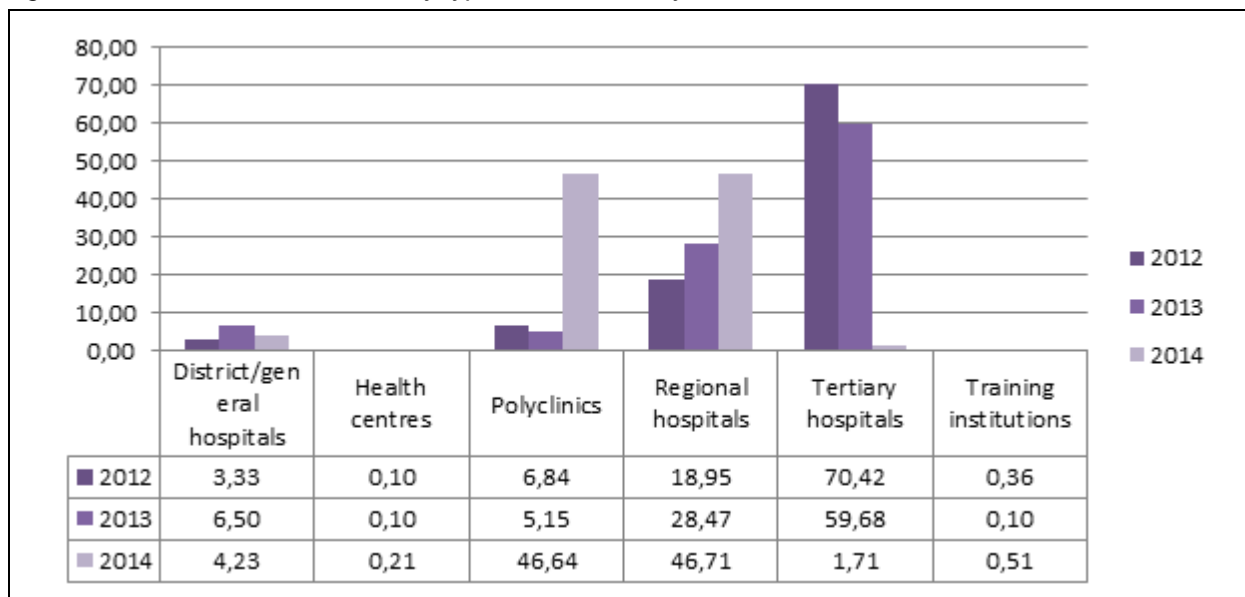
Figure 38 Total Expenditure by health provider, 2012-2014



Source: Adapted from ISSER (2016: 62), based on Facility and Institutional Survey, 2015

This bias is even more important when considering **GoG funds only**. As shown in Figure 38, apart from salaries which are centrally paid for, GoG transfers very little funding to health centres, which thus need to rely on other sources (internally generated funds and possibly donor projects) to fund their activities. ISSER (2016: 67) conclude that “given the share of GOG funds to total revenue for most of the health facilities is small, it implies then that directly funded GOG service-related spending is not as significant and overall health facilities remains dependent on IGF and donor support for service-related spending”.

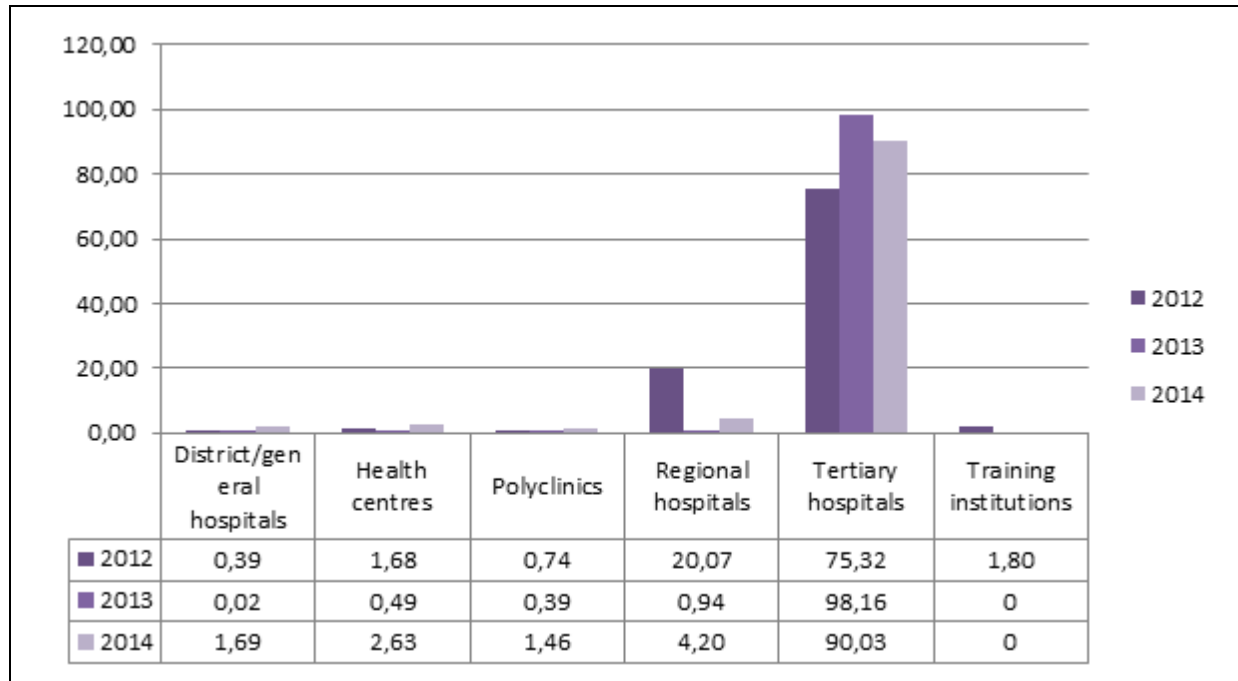
Figure 39 Total GoG funds by type of health facility, 2012-2014



Source: Adapted from ISSER (2016: 63), based on Facility and Institutional Survey, 2015

DP funding through the health fund/SBS is limited to very few health facilities, as shown in Figure 39.

Figure 40 Total Health Fund/Budget Support by type of health Facility, 2012-2014



Source: Adapted from ISSER (2016: 64), based on Facility and Institutional Survey, 2015

Overall, the analysis of the evolution of its financing profile shows that **the health sector faces a vulnerable financing situation, which has been aggravated by the growing earmarking of external assistance.** The May 2007 MDDBS review already warned that:

*Taking into account the expected shift of major donors from Health Fund to budget support, considering the decreased allocations to the health sector, total available funding for the health sector is expected to go down while the new 5 year strategic plan requires an increased GoG expenditure on health if progress on indicators is to be made. In this context it is worth mentioning that the NHIS contribution is to replace out-of-pocket payments by patients and is in addition to the allocations to the MoH, not to replace these.*

### 1.5.1.7 Evolution in recent years

In recent years, the sector faced a number of financing issues. Although funding for the health sector nominally improved, **per capita expenditure in USD dropped** from 47.1 in 2013 to 32.8 in 2014 (Holistic assessment PoW 2014).<sup>98</sup> Within the current financial challenges, **GoG has limited fiscal space**, leading to inability to fund health priorities (especially health commodities), challenges in meeting government counterpart support, delays in reimbursement of claims, and need to fund the deficit on claims (Anemana, 2015). The recent PEIR strongly recommends making additional domestically-financed resources available to reduce both dependence on external funding and out-of-pocket spending for health (ISSER 2016).

Following the introduction of the 'single spine salary scale', the **Human Resource budget** is now absorbing the majority of GoG allocation to MoH. As a result, the other types of expenditure are underfunded.

Specifically, expenditure on **“goods and services” receives very low – and collapsing – budget** from GoG. In 2014, about 11% of total GoG expenditure including SBS was spent on goods and services, while 87% was spent on compensation and only about 2% went into assets. In 2015, the goods and services budget amounted to GHc 35.3 million compared to only GHc 3.65 million in 2016. The bulk of funds for service delivery and implementation of activities thus comes from earmarked funds from DPs

<sup>98</sup> These figures do not correspond to those of the WHO Global Health Expenditure Database, but the trend is similar.

and IGF. As for DPs' funding, even if they can finance goods and services, they are now nearly all earmarked on specific activities, which leaves nearly no flexibility to authorities to respond to emergencies, and to facilities and district to run their ordinary, systemic activities, including monitoring and outreach activities (interview MoH and GHS representatives; site visit Cape Coast and Mfantseman 13/06).

This **may ultimately have a negative impact on service delivery** (Holistic assessment PoW 2014; SEND-Ghana and Star-Ghana 2014; Health Development Partners Group 2016). Indeed, as observed in the context of a joint field visit organised by MoH, apart from salaries that are directly paid from the central level, in 2015, the operational level did not get any funding from GoG – districts and facilities thus could barely survive through internally generated funds (these however mostly comprised of reimbursements by NHIS, which takes months) and earmarked donors' funds (global funds, UN agencies and bilateral donors) (interviews with DP and GHS representatives). SEND-Ghana and Star-Ghana (2014) also observed that for the four years before their survey, 50% of the district health directorates had not received funds from neither government nor local assemblies to support maternal healthcare provision. Besides, the increasing dependence of the sector on IGF is of concern as it could undermine the authority of the central level MoH and GHS, has the potential to increase out-of-pocket payments for health at the individual level, and even to increase the submission of fraudulent claims to the NHIS (Health Development Partners Group 2016). Moreover, a study conducted by civil society organisations found that some districts were discriminated against, and did not consistently receive funds from GHS (SEND-Ghana and Star-Ghana 2014). In the GHS Regional Directorate of Central Region the Regional Accountant did not even have a computer at the time of the field mission; reportedly the Regional Directorate had not received systemic/un-earmarked funds for goods and services since 2012 (only funds made available are earmarked ones through vertical programmes) and staff uses their own vehicles to monitor districts. The district of Mfantseman received only 400,020 GHc in 2015 (site visit Cape Coast and Mfantseman 13/06).

Another consequence is that financing the **capital plan** is challenging: each year, the MoH develops a well costed capital investment plan, but full implementation has been very slow due to inadequate funding. In the past, equipment and civil works have been managed separately, leading to inadequate provision of funds for equipment purchases and maintenance, and weak linkage between investment and recurrent planning for major capital projects; consequently, recurrent cost implications from major capital projects have become a challenge. It is also needed to review the management, maintenance and ownership of major equipment procured for hospitals (Anemana, 2015). Interviews conducted by ISSER (2016) with regional hospitals and other facilities reveal the challenges that arise from limited spending on capital goods.

In addition, currently **a significant proportion (96%) of funds aimed at financing health infrastructure come from loans and mixed credits** (Holistic assessment PoW 2014). This further increase Ghana's indebtedness, and interest payments reduce fiscal space for the MoH budget (interview with MoF representative).

ISSER (2016) questions the **alignment of public spending in health with the government's health policy priorities** (that is, ensuring that the additional resources are used to improve access to and utilisation and quality of health services – especially in more remote areas). Interviewed stakeholders especially pointed to the concern of insufficient funding of primary healthcare by GoG (interview with DP and MoF representatives; focus group).

As for the **NHIS, its efficiency and sustainability have become an emergency**. The NHIA is confronted with a high expenditure on claims per active member estimated at about GHc 96. About two thirds of the clients are in the exempt category and this puts further strain on the finances of the authority. Therefore the NHIA accumulates arrears and reverberates them by delaying reimbursement to healthcare providers – for example, during the evaluation field mission in June 2016, the Cape Coast Teaching Hospital had only been reimbursed for its claims of October 2015 (claims to NHIS amount to around GHc 750,000 monthly), and the district of Mfantseman, that of September 2015 (field observations Central Region 13/06). The NHIA is scaling up with capitation but is faced with structural and systems difficulties (Holistic assessment PoW 2014). At the time of the evaluation field mission, a Presidential Review of NHIS was in progress in order to make it more efficient, sustainable, equitable and accountable. Its preliminary findings indicate that the actual cost of healthcare is not too high as sometimes advanced, but that there are inefficiencies and abuses in the system, which inflate costs.



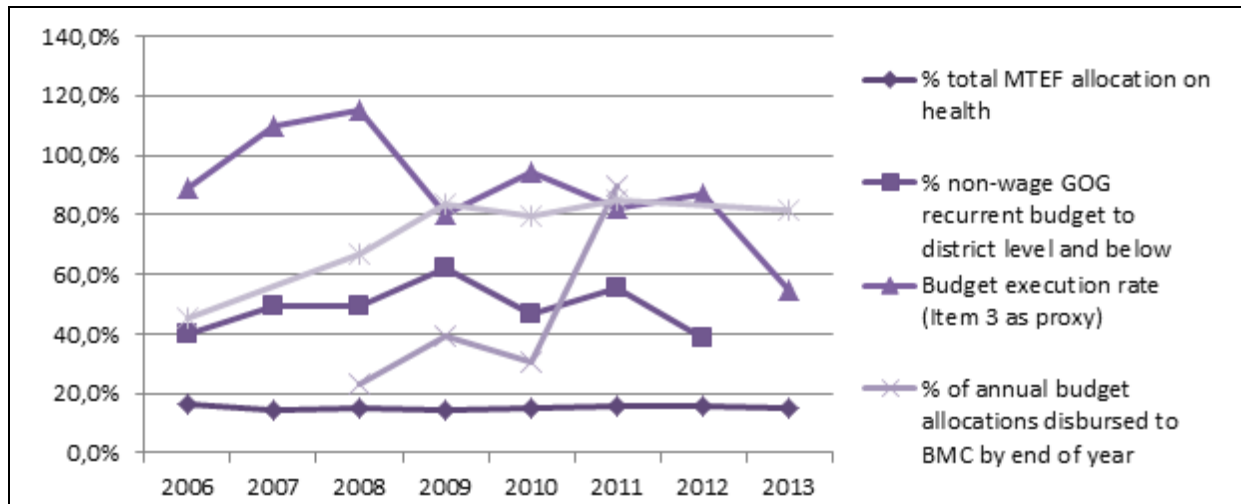
Moreover, the current package of services covered is insufficiently focused so far. Therefore, a number of proposals are formulated to reshape the NHIS and focus it on primary healthcare (interview with AfHEA representatives 14/06).

In addition to budgeting issues, **broader PFM issues also jeopardise the health sector financing system**. Except for salaries, disbursements from MoFEP are late, irregular and not in line with plans. This lack of regular operational funding is partially covered by NHIF, other IGF and donor funds (including sector budget support). However, increases in service uptake and the growing cost of care and claims made on the NHIF have stretched the capacity of the insurance scheme to reimburse service providers in a timely manner. This is likely to cause increasing disruption to the flow of funds (Saleh 2013 and PoW 2013, quoted in DFID 2013). More recently, impact on operations due to delayed releases of funds has also been raised by ISSER (2016). Donors' project funding usually takes long delays before reaching intended beneficiaries (interview with DP representative).

Figure 40 below presents a number of indicators linked to HSMTDP Objective 2 "Strengthen governance and improve efficiency and effectiveness in the health system" followed through the Holistic Assessment of the PoW. It shows that:

- MTEF allocation of health remained stable over the evaluation period at about 15%;<sup>99</sup>
- Only about 40% of non-wage GoG recurrent budget is spent at district level and below;
- Budget execution rate of item 3 was quite low in recent years and even dropped in 2013;
- The proportion of annual budget allocations transferred and disbursed to budget management centres (BMCs) by end of year increased from 23% in 2008 to nearly 90% in 2011;
- Internally-Generated Funds from NHIS increased considerably over the evaluation period, from 45% in 2006 to 82% in 2013 (Holistic Assessment PoW 2013, 2011).

Figure 41 PFM performance in the health sector



Source: Holistic Assessment PoW 2013 (except for 2006: HA PoW 2011)

<sup>99</sup> However, this indicator is not very reliable since MTEF is not respected.

## 2 ENR sector case study

The main findings and evidence gathered in this case study are structured around three parts along the lines of the OECD methodological approach for the evaluation of BS:

- Overview of BS design and direct effects (Step 1/ levels 1 and 2 of the theory of change).
- BS induced effects on policy formulation & implementation processes (Step 1/ level 3).
- Sector outcomes and main determining factors (Step 2).

The overall synthesis of the analyses carried under Step 1 and Step 2 is presented in the main evaluation report (Volume 1).

### 2.1 Overview of BS design and direct effects

#### 2.1.1 BS (SBS & GBS) design

##### *Introduction and context*

Sector Budget Support in the ENR sector was channelled through the Natural Resources and Environmental Governance Programme (NREG). The NREG-SBS started in 2008 and was jointly financed by the World Bank, the Netherlands, the EU, UK and France and targeted the three subsectors mining, forestry and environmental protection. The table below shows the contributions of the different development partners.

Table 22 Donors Contribution to the NREG-SBS

<i>Development Partner</i>	<i>Start</i>	<i>End</i>	<i>Amount spent (USD)</i>
World Bank	2008	2010	40,000,000
Netherlands	2008	2012	48,507,900
EU	2010	2015	19,559,200
UK	2009	2010	10,194,293
France	2008	2010	6,870,300

Source: *Particip 2016*

At the start of the discussions on developing an SBS a lack of a coherent overall policy statement and definitive strategy on environment and natural resource management was identified as a limitation to implementing a sector wide approach in the sector. In response the government prepared an overarching policy statement in 2007 – (Letters of Development presented to the Development Partners, to indicate government commitment to implementing a sector wide strategy across the subsectors) and later in 2009 presented another document –the NREG Statement of Policy – to the EU -reiterating the GoG policy commitments and strategies for sector.

Among other things these documents identified the need to harmonise and co-ordinate the discrete and sometimes conflicting policy documents operating in the sector. Consequently, a key activity to be undertaken by the government was to review existing environmental legislation and where necessary harmonise, amend and bring them up to date. In addition, Government committed to prepare an Integrated Environment and Natural Resources Policy which will ensure effective implementation, co-ordination and collaboration of a wide range of existing policies that relate to the environment, including, for example:

- National Environmental Action Plan (1991)
- Forest and Wildlife Policy (1994), and the National Wildfire Policy (2007)
- The Forest Sector Development Master Plan
- The National Land Policy (1999) and the National Water Policy (2007)
- International conventions to which Ghana is a party, such as those on biodiversity, climate change, desertification, and trade in endangered species, and the national action plans derived from those international agreements

- Bilateral, transboundary and regional initiatives such as the Ghana-South Africa Agreement on Beneficiation (in the mining sector, the Ghana-Burkina Faso Volta Basin Agreement, and AFLEG (the African Forest Law Enforcement and Governance ministerial agreement)
- The Government's draft and emergent policies relating to oil, mining and minerals, climate change, biofuels, and eco-systems services.

### **Focus of the SBS operations**

The Country Environmental Analysis carried out in 2006, indicated that the tapping of NR stocks and degradation of urban environment costing approximately 10% GDP and posed a critical risk to natural resource sustainability and undermined the prospects for economic growth. The key issues identified were considered to be governance and bordered on the need to:

- improve management of fiscal revenues (capture, allocation, investment)
- reform and build capacity of key **regulatory agencies** to help them adapt and fulfil their mandates
- build social accountability to improve governance processes

These observations defined the focus of the programme as a governance programme rather than a purely natural resource project.

The NREG-SBS aimed particularly at addressing the governance issues in the forestry and mining sectors and improving environmental management, but development partners also supported a broader agenda through other means.

The objectives of the NREG-SBS were to: (a) ensure predictable and sustainable financing for the forest and wildlife sectors and effective forest law enforcement; (b) improve mining sector revenue collection, management, and transparency; (c) address social issues in forest and mining communities; and (d) mainstream environment into economic growth through Strategic Environmental Assessment (SEA), Environmental Impact Assessment (EIA), and development of a climate change strategy.

The European Union support for NREG-SBS focused on the Voluntary Partnership Agreement under FLEGT and support to the Mineral Commission. In addition, the EU supported various civil society organisations as a complement to the mainstream government sector support.

The fact that the NREG-SBS covered several sub-sectors had both advantages and disadvantages. On the one hand, covering environmental protection, forestry and mining strengthened co-ordination of government actions across these interconnected sub-sectors. On the other hand, it also made the SBS operation and especially the PAF quite complex. In addition to that, it was difficult to decide where to draw the line and some important ENR MDAs like the water resources commission were not covered by the NREG SBS, although they address important sector issues.

The design of the NREG-SBS features both elements of a BS operation and a more traditional project approach. The 2010 Mid-Term Review of the NREG programme finds that:

*“In terms of aid delivery, it represents a transitional phase between project support and general budget support, during which time sector institutions are strengthened to fulfil their statutory responsibilities. It also provides both DPs and government the opportunity to learn how best to move forward as DPs disengage from major project support.”*

The funds were clearly earmarked to the involved MDAs, which came with some challenges as it added the DPs in the relationship between the MoF and the MDAs. The 2014 WB – NREG DPO 1-3 PPAR explains that:

*the experience of NREG offers a number of useful lessons about using development policy operations for sectoral interventions (...) Earmarking funds to specific agencies can undermine the rationale of a development policy operation by inserting the Bank into the relationship between the finance ministry and the line ministries and their agencies. When agencies are heavily reliant on donor budget support, then there are risks to sustainability if there is no long-term plan for addressing what will happen at the end of the program.*

There were also challenges also with regards to the relationship between the line ministries (MLNR, MESTI) and the subordinated agencies. According to the 2012 Ecorys report:

SBS-NREG funds meant for financing FC's work plans are transferred via the MLNR. In 2008 and 2009, MLNR retained part of those funds for doing purchases on behalf of the FC and possibly also for buying some equipment for its own operations. Since 2010 the MLNR does not retain part of the funds meant for the FC, but it gets its own SBS-NREG allocation.

One of the major critiques towards the focus of the NREG SBS was that it mostly targeted the formal forestry and mining sectors, where conditions are comparably better, instead of engaging with the informal sector in a broad way. The 2011 WB NREG DPO 1-3 ICR explains that:

*The approach was to build momentum by tackling more tractable issues first, and PAF targets related to illegal forestry and mining emphasized putting in place viable alternatives as part of the approach to "social issues", rather than law enforcement. These alternatives, specifically legal sources of domestic wood supply and areas for establishing regulated ASM cooperatives, have proved hard to identify, however, and the ongoing impact of the informal sector urges a more explicit and comprehensive strategy.*

### Performance Assessment Frameworks

The planned actions, objectives and triggers of the NREG were outlined in a Performance Assessment framework (PAF), which was updated annually. The table below summarises the main elements of the initial PAF.

Table 23 Initial PAF for the NREG programme

<b>Prior Actions and Triggers for Environmental protection (2007-2009)</b>	
<b>Policy Objective</b>	<b>Prior Actions and Indicative Triggers</b>
To improve cross-sectoral environmental management, including climate change response	<ul style="list-style-type: none"> <li>Approved climate change strategy, second national communication on climate change submitted to UNFCCC</li> </ul>
Apply SEA to inform decision-making and mainstream environment in sectors	<ul style="list-style-type: none"> <li>SEAs in 2 sectors key for growth: energy and transport]</li> <li>SEA in one additional sector: tourism or shelter]</li> <li>Review of SEA experiences to date, including social issues, consultation process and complementarity with EIA, in and with different sectors (incl. mining)</li> </ul>
Improved EIA processes and compliance	<ul style="list-style-type: none"> <li>Stock-taking of EIA delivery and 8 sector guidelines finalised.]</li> <li>New sector guidelines for oil sector</li> </ul>
<b>Prior Actions and Triggers for Forestry and Wildlife (2007-2009)</b>	
<b>Policy Objective</b>	<b>Prior Actions and Indicative Triggers</b>
To ensure effective law enforcement	<ul style="list-style-type: none"> <li>Voluntary Partnership Agreement (VPA) negotiations between GoG and EU concerning FLEGT launched and elements of agreement clearly defined by December 2007</li> <li>VPA agreement between GoG and EU signed and submitted for Parliamentary ratification process</li> <li>Implement the VPA according to agreed roadmap</li> </ul>
To ensure a predictable and sustainable financing of the forest and wildlife sectors	<ul style="list-style-type: none"> <li>Financial framework for secure and predictable financing for the FC submitted to Cabinet</li> <li>Implement FC framework</li> <li>Implement agreed legislation</li> </ul>
<b>Prior Actions and Triggers for Mining (2007-2009)</b>	
<b>Policy Objective</b>	<b>Prior Actions and Indicative Triggers</b>
To address social issues in mining communities	<ul style="list-style-type: none"> <li>Consultations with mining communities/ civil society and mining companies on content of social responsibility guidelines and summary of consultations published</li> <li>Guidelines on social responsibility for mining activities prepared]</li> </ul>
Enhanced policy and regulatory framework and effective co-ordination among key government agencies	<ul style="list-style-type: none"> <li>Mining Policy Document prepared by MC in consultation with relevant stakeholders</li> </ul>

Improve mining sector revenue collection, management, and transparency	<ul style="list-style-type: none"> <li>Agency Mining Revenue Task Force established and action plan to enhance mining sector revenue collection adopted by the Task Force; pilot of fiscal model for one mine set up</li> <li>Mining Revenue Task Force action plan under implementation, including collaborative audit of one mine; if successful as pilot, extension of fiscal model to 1 more mine</li> </ul>
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Several evaluations concluded that M&E was the weak element of the NREG SBS (2013 Dutch final NREG evaluation, 2014 WB NREG PPAR). The 2011 WB NREG ICR explains that:

*The M&E framework for NREG was weak. At the heart of the problem was an overly extensive Program Assessment Framework (PAF) that substituted for under-developed sector planning systems and did not provide sufficient focus on key results. The PAF included a set of policy objectives, targets, outcome indicators and means of verification that were jointly identified and revised with the Government on an annual basis. Though it was agreed that the PAF should be limited in size and comprise only the most crucial objectives and targets of the three sectors, the DPO-1 matrix ended up including 24 program / policy objectives, and more than 60 targets for each of the first 3 years. From the outset, the PAF was used not only to capture key policy reforms and outcomes, but a much wider set of activities and intermediate steps.*

In addition to the PAF with the prior actions listed in the above table, the DPs also attempted to monitor a number of outcome indicators that were not directly linked to triggers (see table below). But the baseline data for many of the indicators was weak and the data was not collected systematically. Initially, CSOs were supposed to play an important role in the M&E process, but this did not happen.

Table 24 Expected NREG outcomes and outcome indicators

Policy Objective	Baseline	Outcomes (2012)
<b>Forestry and Wildlife</b>		
1. Strengthen institutions and Governance	Baseline study on percentage of 'legal' timber in the domestic market completed in September 2009	Law enforcement in the Forestry Sector: <ul style="list-style-type: none"> <li>20% increase in Legal Wood supply to the Domestic Market</li> <li>75% of all timber exports verified as legal</li> </ul>
2. Secure Natural Ecosystems for the benefit of all segments of society	Baseline study on wildfires was completed in June 2009 and keystone species July 2010	Forest health: <ul style="list-style-type: none"> <li>Incidence of wildfires reduced by 70%</li> <li>Presence of keystone species in Protected Areas increased by 5%</li> </ul>
3. Sustainably Finance and promote Investment in Forestry Sector	Baseline revenue study completed in June 2009	Predictable and diversified sources of funding for Forestry Commission: <ul style="list-style-type: none"> <li>Actual Timber Revenues against potential Timber Revenues increased by 25% due to better collection of fees and royalties</li> <li>Eco-Tourism revenues increased by 10%</li> <li>Payment for environmental services (PES) revenues increased by 10%</li> </ul> Private Sector investment framework in Forest and Wildlife Sector: Carbon financing proposal implemented <ul style="list-style-type: none"> <li>Export of Tertiary Processing Wood increased by 15%</li> <li>Plantation Forest Area increased by 30%, through increased Private investment.</li> </ul>
4. Strengthen Monitoring & Evaluation system (with use of ICT)	Assessment of current M&E system to be completed before May 2010	M & E system: <ul style="list-style-type: none"> <li>Evidence-based management decision-making system in place</li> </ul>

<i>Policy Objective</i>	<i>Baseline</i>	<i>Outcomes (2012)</i>
5. Promote equitable resource access rights and benefits for all segments of society	Assessment of current percentage of local communities knowing the revenue sharing data completed September 2009	Data on revenue collection and distribution: <ul style="list-style-type: none"> <li>70% of local communities actively informed on revenue collection and distribution</li> </ul>
	Assessment of Forest Fora completed March 2009	Active participation of communities in decision-making regarding resource management <ul style="list-style-type: none"> <li>50 number of Forest Fora functional in forest districts</li> </ul>
<b>Mining</b>		
1. Institutional strengthening in the mining sector	Large scale: 48 applications received, 13 granted Small scale: 220 applications received, 95 granted (information still lacking on time to grant licenses)	Mineral licensing: <ul style="list-style-type: none"> <li>Processing time for 100% of the mineral licenses in compliance with the requirements of the minerals and Mining Act (Act 703).</li> </ul>
	32 planned visits to operating mines, 18 visits carried out 58 planned visits to exploration companies, 25 visits carried out	Monitoring of compliance: <ul style="list-style-type: none"> <li>80% of planned compliance missions undertaken for operational mines</li> <li>50% of planned compliance missions undertaken to exploration sites</li> </ul>
2. Reduce social conflict issues in mining communities and improve support to small scale miners (SSM)	No tool or tracking of perception of social conflicts in mining communities	Occurrence of social conflicts and establishment of small scale miners cooperatives: <ul style="list-style-type: none"> <li>Reduced perception of occurrence of social conflicts in mining communities</li> </ul>
	2 cooperatives in existence (2006 baseline)	SSM established through six (6) co-operatives in mining areas with improved performance
3. Improve mining sector revenue collection, management, and transparency	Zero mine fiscal models in use (2006 baseline) Data on mining incomes, royalties, and local revenues and their distribution not published at the local level No tool or tracking of perception of use of mineral revenues at district and municipal level No guidelines of use of revenue at local level	Generation and use of mining revenues: <ul style="list-style-type: none"> <li>Fiscal model applied to six (6) mines, resulting in improved overview of revenues due to GoG and a reduction of the “revenue gap” (difference between paid amounts and amounts actually due)</li> <li>Up to date data on mining incomes, royalties, and their distribution published at the district level</li> <li>Improved perception of use of mineral revenues at district and municipal level in accordance with guidelines</li> </ul>
4. Enhance policy and regulatory framework and effective co-ordination among key government agencies to improve the performance of the mining sector	Baseline data under development (quarterly reports for exploration companies and monthly reports of operating mines available)	Reporting by mining companies: <ul style="list-style-type: none"> <li>100% of mining companies submitted their quarterly reports on time</li> </ul>
	MDF Bill in draft (2006 baseline)	<ul style="list-style-type: none"> <li>Appropriate allocations from MDF to Minerals Commission)</li> </ul>
	No baseline available, but draft reports on “Prioritized action plans on outcome of EIA/SEA project” and	<ul style="list-style-type: none"> <li>Documented incidents of compliance with EIA</li> </ul>
	“Incorporation of MSSP EIA/SEA into the SEA document of Ghana” are prepared	

<i>Policy Objective</i>	<i>Baseline</i>	<i>Outcomes (2012)</i>
5. Enhance international and regional co-operation	System of internal controls lax and inadequate (2005 KPCS review) No Action Plan for African Union Mining Vision 2050	International and regional co-operation: <ul style="list-style-type: none"> <li>• Compliance with KPCS</li> <li>• Action plan under implementation for African Union Mining Vision 2050</li> </ul>
<b>Environmental Protection</b>		
1. Improve cross-sectoral co-ordination and alignment	The Sustainable Development committee is ad hoc and on technical level only Inter-Ministerial Forum in place and functional	Sustainable development priorities and goals in national policies based on consensus: <ul style="list-style-type: none"> <li>• Inter-Ministerial Forum in place and functional</li> </ul>
2. Strengthen national environmental institutions	No clear task division between ministry and EPA (see GESS study for details) Functions and functional relationships clearly defined and resource allocation mechanism in place	Organisation and function of national environmental institutions: <ul style="list-style-type: none"> <li>• Functions and functional relationships clearly defined and resource allocation mechanism in place</li> </ul>
3. Improve national environmental monitoring and Reporting	No uniform M&E system in place in relation to SDAP.	National environment monitoring and reporting: <ul style="list-style-type: none"> <li>• Key environment indicators integrated in macro-economic plans and national accounts</li> </ul>
4. Strengthen decentralized environmental management	Baseline study on EPA regional and district offices capacity to undertake decentralised environmental management	EPA regional and district offices strengthened to undertake SEA and EIAs
5. Promote investment in climate change adaptation and mitigation	No investments for adaptation to climate change in the 2008 budget	Investment in climate change adaptation and mitigation integrated into national budget and planning processes. <ul style="list-style-type: none"> <li>• Specific investments for adaptation and mitigation interventions foreseen in national budget.</li> </ul>
6. Strengthen national environmental impact assessment system	Strategic Environmental Assessment in need of update vis-a vis legislation and development of sector guidelines needed 30% of EIA applications processed within the prescribed time frame and with the requested consultation and disclosure procedures	National environmental assessment system (EIA and SEA) institutionalized and consolidated. <ul style="list-style-type: none"> <li>• 85% of EIA applications processed within the prescribed time frame and with the requested consultation and disclosure procedures.</li> </ul>

Source: 2010 WB NREG 3 program document

With regards to the weaknesses of the M&E system, the 2014 WB NREG PPAR concludes that *an overly extensive program framework was substituted for under-developed sector planning systems. It almost appears that the Bank and development partners were reluctant to fully embrace the more hands-off development policy operation approach, preferring to use the performance assessment framework to manage production of outputs, as is often done in supervision of traditional investment lending projects.*

### **Integration of inclusion aspects (gender, regional disparities, etc.) in BS design**

#### **Gender**

Gender equity was not an explicit target and outcome of the NREG. At the national level the Ministry of Gender, Children and Social Protection is supposed to mainstream gender issues and to reach out to

other sectors. With the support of NREG-SBS, ENRAC would play a role in promoting gender equity as a cross-cutting theme.

Nonetheless, in terms of gender equity it is noted that there is a general awareness of gender policy in all MDAs involved in NREG, but more needs to be done in terms of gender balance at formal meetings. Gender balance is better enhanced at, for example, the various stakeholder workshops or focal point discussions of research projects. EPA in particular showed a strong commitment to gender policy with a female staff member in charge of NREG co-ordination and other key positions and project funding for gender related activities.

CIDA gave support to EPA to develop an environment-gender tool-kit for the Ghana Environmental Management Project (GEMP) in the North of Ghana which tool-kit has been applied to other regions through EPA, which would increase the impact of NREG-SBS on the implementation of gender policy. EPA demonstrated best performance in terms of gender policy, with a number of female professionalson key positions

### **Socio-economic inequities**

The programme did not specifically identify inequities to be addressed. In general, NREG supported policy changes that address social issues in communities dependent on mining and forestry for their livelihood, including benefits sharing, and recognised the role of civil society in contributing to social accountability.

The 2014 WB – NREG DPO 1-3 PPAR explains that:

*[NREG] included relatively little to engage with small-scale mining, which has serious environmental and health consequences, other than some expansion of the sector through surveys. Many of these issues were not covered by the program's objectives precluding their incorporation into the project design. But the design included little direct engagement with addressing social issues in forest communities. The activities on forestry communities were aimed at informing forest communities of forest royalties rather than reducing poverty or increasing incomes from forests, and it was not clear how these activities would reduce social conflict.*

### **Regional disparities**

There were no regional focus for the design and implementation of the NREG programme.

### **CSO participation**

Before the design of the NREG, CSO consultation had begun in the sector especially with the country environmental analysis, in which various CSOs played a key part. In the forest sector, the consultation processes had been deepened with the initiation of the dialogue around the development of the VPA. Lessons from the VPA consultation were therefore brought on board to inform the design of the programme – with the indication that CSOs were key for policy making and implementation, and contribute to the management of resource allocation.

A Civil Society Facility (funded by DPs other than IDA) was incorporated into the design aimed at strengthening the capacity of civil society to understand their rights and obligations, to participate in local and central level policymaking processes, and to monitor the delivery of services of public sector institutions. The facility was to be funded with Two million Euros each year for 3 years.

However, the intended multi-donor funded CSO facility did not materialise leading to the Dutch financing the accompanying KASA facility with 2 million Euros for two years, while all the other DPs did not fulfil their obligations to it.

Nonetheless, CSO participation in the sector as a whole, not necessarily with the BS funding has been quite appreciable.

### **Follow-up support**

The NREG-SBS ended after the EU disbursed its last tranche in 2015. According to available information from the DPs, there are no plans for a sector-wide approach or a follow-up SBS operation. Instead, the DPs either focus on specific ENR subsectors or have discontinued their support.

The EU, under the current 2014-2020 National Indicative Programme, will address the ENR sector from an agriculture and climate change perspective and focus on northern Ghana. The World Bank continues



to provide technical assistance on M&E and the UK is active in the area of timber legality. The Netherlands and France on the other hand have reduced their engagement in Ghana as a whole.

### 2.1.2 Evolution in the sector dialogue

#### *Sector Working Group*

##### **Origin**

The ENRM sector working group (SWG) was created in the context of the MDBS in 2004. Consequently, it predates the NREG programme and the provision of SBS in the sector.

##### **Frequency of meetings**

The SG meetings began on a monthly basis with the sector leads and the co-chairs usually meeting prior to the main meeting to discuss the agenda of the impending meeting, However the SG meetings became less regular over time, especially with the lull in the NREG support. In 2013, for instance there was only one sector group meeting, infrequent meetings were held in 2014 and 2015 and since November 2015 no meetings have been held to date.

DPs within the sector on the other hand, have well established regular meetings to discuss co-ordination and harmonisation issues and mostly defend common standpoints when attending SG meetings, there is regular exchange of information and a co-ordinated system for information management. These meetings have been largely informal meetings and were intended to ensure that donor harmonisation within the NREG programme was being achieved. With the emergence of the Climate Change agenda, more DPs have become involved in the DPs ENR co-ordination meetings, but it still remains largely informal. These meetings are convened by the DPs co-leads of the SG.

##### **Participants**

At the start of NREG (2008), the sector working group comprised of six MDAs (three ministries and the three implementing agencies), who usually represented by a director and an NREG-focal person, 12 DPs (the five NREG partners, UNDP, USAID, the Swiss, JICA, CIDA, GTZ and Norway<sup>100</sup>) and two civil society organisations (invited to attend meeting quarterly).

The SWG was co-chaired by the Executive Director of the EPA and the Technical Director of the Ministry of Lands Forestry and Mines (later renamed Ministry of Lands and Natural resources), with a DP sector lead.

The sector lead from the DP side was the Netherlands with the EU and World Bank as co-leads. The sector lead on DP side is rotated among the DPs and has moved from the Dutch (from 2007-2010), to the EU, (2011 – 2012), UNDP (2012), the Dutch (2012-2013), EU (2013- Nov. 2015) and currently chaired by UNDP. Currently the UNDP is the sector lead having taken over from the EU in November 2015 and the Technical Director of MLNR and the Director of Environment of MESTI are the co-chairs. The Ministry of Finance (hosting the NREG Secretariat) provides co-ordination for the sector group work.

Civil society representation on the group has been a subject of debate over the lifetime of this group. Despite agreement being reached in November 2007 that ‘umbrella/coalition NGOs representing each of the main sectors of ENR will be invited to attend future meetings’, the involvement of CSOs was still subject to discussion in 2012 when it was then agreed that CSOs should participate in the quarterly meetings of the group. However even the quarterly representation was also ineffective as on a few occasions when civil society got represented there were legitimacy issues raised as rival CSOs (in the mining sector) presented themselves at the meeting as the legitimate representatives. Such incidences reinforced the resistance to their participation.

##### **Focus and quality of the dialogue**

Overall, there was a special focus on forestry, mining, protected areas, desertification, climate change and environmental governance.

Since 2008, the sector dialogue tended to be mainly focused at programmatic issues related to NREG. At the meetings the MDAs would usually report on progress in their sub-sector and inevitably dwell on

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<sup>100</sup> Some of them such as Norway had special interest in oil and gas issues.

NREG issues and so the main policy discussions were linked to funding under NREG for national policy formulation relating to SEAs and for FLEGT implementation to operationalise the VPA. For this reason, many of the non-NREG donors became less active in the dialogue. Discussions on progress on the NREG-PAF were however held separately outside the SWG. Nonetheless, since the SG also focused on the NREG, there was complaints about too many meetings and discussions of the NREG-PAF.

### **Recent evolution**

Since 2013 with the ending of the NREG, the meetings of the sector group have become very irregular bringing into question the sustainability of the dialogue platform without external funding. In addition, changes in the MDAs especially within the NREG Secretariat have affected the control and co-ordination of the NREG programme.

## **Environment and Natural Resources Summit**

### **Origin and focus**

Environment and Natural Resources (ENR) summits were organised in the context of the NREG programme. There were an important mechanism to cover all natural resource sectors (water, fisheries, agriculture and land, oil and gas), not just those included in the NREG design.

The stated purpose of the annual summit is

*“to bring together the natural resources sector groups (forestry, wildlife, mining, environmental protection, and land administration), development partners, and other relevant stakeholders (including civil society, landowners, academia, etc.) to review progress in the sectors over the year and to discuss major challenges” (MLNR 2010 – Report on the ENR Annual Sector Review)*

### **Frequency of meetings**

Five Annual Environmental and Natural Resources Summits were organised during 2008-2012.

### **Participants**

At MDAs level, the main ministers which participated were the MLNR and MESTI. The Summits brought together a wide range of ENR stakeholders including government representatives, CSOs, Traditional Authorities, the private sector and Development Partners. CSO participation in the Environmental Summits has been high and under the auspices of KASA CSOs organised parallel sector reviews the results of which were brought into the Environmental Summits.

### **Focus and Quality of dialogue**

Each Environmental Summit focused on a particular theme. For example, 2010 Summit had the theme “Promoting Good Governance in Mining, Forestry and Environmental Management” while the 2011 summit focused on “Sustainable Management of Natural Resources for the Environment and People” and provided an opportunity to review the strategies of different sectors. This Summit addressed the environmental governance aspects of mining in forest reserves, problems caused by galamsey (illegal small scale mining)- and chainsaw operations, benefit sharing and community participation in natural resource governance.

The participation of the Ministers of MNLR and MESTI in most Environmental summits strengthened the policy impact of the events.

### **Recent evolution**

The inability of GoG to hold the Summit since 2013, mainly due to the lack of flow of the SBS funds however, puts the sustainability of the summits into question. A planned one for the middle of 2015 was cancelled for excessive cost of the event at selected venue and disagreement over the agenda between DP's and the government.

## **NREG Technical Co-ordination & Steering Committees**

### **Origin**

The article 4.1 of the NREG FMOU foresee the establishment of a High Level Steering Committee and a Technical Co-ordination Committee to oversee the implementation of the NREG Programme, organise the policy dialogue and annual reviews of the NREG-PAF and co-ordinate cross sector and common issues of the MDAs involved in the NREG programme

The foreseen high level Steering Committee was reconceived to become the Environmental Resources Advisory Council (ENRAC), which is a high-level coordinating body on policy, which assists the MDAs of GoG in taking decisions on critical national issues, priorities, strategies and policies necessary for conservation and sustainable development. ENRAC is intended to ensure inter-agency co-operation in environmental policy development and implementation.

ENRACs objectives are to:

- Promote, co-ordinate and mainstream environmental topics in sectoral policies, plans and programmes and ensure consensus building, and resolve conflicts between ministries;
- Deliberate on government policy for key environmental issues especially intersectoral environmental policies;
- Evaluate the implementation of planned activities Membership is made up of senior officials of government ministries, business, academia, civil society, and legislative institutions.

The ENRAC was established in 2010.

### **Frequency of meetings**

The TCC met on a quarterly basis and has been active since the beginning of NREG and beyond the NREG, the members of the TCC have been meeting on ad-hoc basis especially driven by the on-going NREG TA of the World Bank.

The ENRAC was supposed to meet bi-annually. However, only two meetings of the ENRAC have been held. The second meeting of the ENRAC was in 2012, held while the current President was Vice President. Since his assumption of office as President however, the ENRAC is yet to meet again.

### **Participants**

The TCC comprised of representatives of all relevant MDAs involved in the programme. The TCC has a mandate in the inter-sectoral co-ordination of the NREG-SBS programme and has met regularly with DPs during the implementation of the programme to discuss the progress in relation to the PAF.

The ENRAC is Chaired by the Vice-President of the Republic of Ghana and comprise all the sector ministers in the ENR sector including Food and Agriculture and with the Directors of the various ministries as well as the chairman of the National Climate Change Committee. The TCC is the technical directorate of the ENRAC expected to lay technical papers for policy decisions by the ENRAC.

### **Quality of dialogue**

Interviews with the MDAs (MESTI and MLNR) point to a very positive role of the TCC in improving co-ordination and communication among the MDAs. The 2012 evaluation of the NREG programme commissioned by the Netherlands also concluded that *“the TCC consisted of highly committed staff of MDAs and has contributed significantly to the success of NREG”*. (Syzygy 2013)

The ENRAC meeting provided direction on strategizing for climate change in response to a lack of clarity at inter-Ministerial level. It provided impetus for the development of the National Climate Change Policy. However, the high level nature of the council, has meant that the agenda has to be of outmost priority before the busy politicians could be organised to convene, and this has led to the inconsistency in their meetings.

### **Other**

#### **Civil Society ENR Sector Review**

Under the auspices of KASA, CSOs in the ENR hold an annual review of the sector to give alternative reporting on the sector especially during the environmental summits. Interestingly, unlike the NREG the CSO review covers a broader number of sub-sectors including fisheries and water resources.

Since 2008, six CSO annual reviews have been organised and they have participated in all the five annual summits. The last CS review was held last year and another one scheduled for September 2016.

In an interview with the coordinator of FWG Ghana, he indicated that CS finds the CS ENR review useful for engaging government in joint advocacy. However, there is very little movement on government front in taking the recommendations of CS on board resulting in the same recommendations repeated in their annual meetings.

### **Other Multi-stakeholder dialogue Platforms**

Forest Watch Ghana, a coalition of 36 CSOs in the forest sector, actively engages the sector institutions. There is also a coalition of mining (NCOM) which engages in the mining sector, but is less active than its forestry counterpart.

Within the forestry sector in particular the dialogue is carried to lower levels facilitated both the FC and civil society. The regional and district Forest Forums provide the opportunity of for community members to participate in the discussions on issues in the sector and were used effectively for the discussions on the VPA and REDD+ consultation processes. These forums offer the prospect of improving co-ordination issues at the decentralised levels. NREG support to these forums helped keep them functional. Experience with these forums though suggests they would need further focused support to become effective channels of sector co-ordination, reflect general practice elsewhere: that new co-ordination structures require long-term support to build into effective institutions.

### **2.1.3 Overview of accompanying measures**

The NREG Programme involved considerable TA, but the impact has been mixed, and overall, the approach has not been as systematic as was originally envisaged. Development of a complementary TA facility based on a comprehensive needs assessment was discussed during preparation and referenced in the DPO-1 programme document, but was not hard-wired into the design – i.e. no binding commitments and funding sources were established. Many TA activities have taken place, but the systematic approach envisaged at design did not materialise, and the results have been mixed. Some TA has been provided directly by DPs in addition to the budget support, and in other cases, DPs took a very active role in advising GoG on the identification of appropriate expertise (2011 WB NREG ICR)

#### **Support to GoG**

##### Technical Assistance in PFM

The Netherlands provided technical assistance in PFM to the SBS from 2010 – 2012. The aim of the TA was to support and advise the NREG Partners as regards (i) the financial aspects of the SBS provided to the NREG programme and (ii) strengthening financial management of the Ministries, Departments and Agencies (MDAs) involved in NREG. Martin van der Linde of was the main expert who provided the assistance with several missions during the period.

##### The NRG-TA

The Implementation Completion Report for the of NREG DPO (World Bank 2013) emphasised that structured TA support could significantly contribute to the reform agenda through provision of targeted and cutting-edge analytical work as well as through capacity building of the institutions in charge of implementing the reforms. Subsequently, the World Bank has provided a USD 5 million facility for a project called the NREG Technical Assistance Project.

Project implementation started in June 2013 and is expected to end by June 2016. The TA support is expected to benefit all the NREG MDAs.

The expected outputs from the TA are:

- Revenue forecasting model for the NRM sector in place and operational at the Ministry of Finance;
- Forestry Development Master Plan revised and validated, and related training on its implementation provided;
- Number of District Mining Committees established, trained, and equipped;
- Nationally Appropriate Mitigation Action (NAMA) Plan fully finalised (costed and time bound).

#### **Complementary civil society support**

##### KASA

Although in the original WB document (WB, 2008) for the NREG-SBS a multi-donor Civil Society Facility was envisaged in the DPO1 programme, this did not materialise. Instead, the Embassy of the Kingdom of the Netherlands (EKN) agreed to provide a budget of EUR 1.6 million to KASA in 2008. The initiative was supported by the Dutch co-financing organisation ICCO and the Netherlands Development Organisation SNV, with an average budget of EUR 1 million during 2008-2009 as well as an average annual budget of

EUR 0.75 million provided by the NGO Care and Danida, Denmark during 2010-2014. In the years of its existence, KASA has been able to involve a large number of CSOs. Thanks to this support its network currently covers 126 environmental CSOs, divided over various sub-sectoral platforms. It is on the back of the KASA Platform that the annual CSOs parallel review of the ENR sector is conducted.

EPA/MESTI supported the creation of the National Union of Environmental Non-Governmental Organisations (NUENGO), which participated in the development of strategies and policies.

#### GIRAF

The EU from 2009 – 2013 also supported an initiative to support CSOs, specifically to accompany the FLEGT process in Ghana. Called Governance Initiative for Rights and Accountability in Forest Management (GIRAF), the Project Purpose (PP) was to support the development of dialogue skills and structures for increased transparency and accountability in resource management through the contributions of civil society (NGOs and Community Based Organisations (CBOs)), Industry Associations and local authorities to the FLEGT process.

Funding for the initiative amounted to approximately EUR 1 million.

#### STAR Ghana

STAR-Ghana 1 was a multi-donor fund programme initiated to address the need to increase civil society and parliamentary influence in Ghana to foster better governance of public goods and services. In doing so, the facility aimed to develop efficient and transparent mechanisms which can link civil society with and to the actions of government, traditional authorities, and private enterprise.

According to the STAR-Ghana logical framework, the overall **goal** of the programme is “to increase the accountability and responsiveness of government, traditional authorities and private enterprises to Ghanaian citizens”. Its **purpose** is “to increase the influence of civil society organisations (CSOs) and Parliament in the governance of public goods and service delivery”.

Four main outputs of STAR-Ghana 1 were:

1. Capability of CSOs to enable citizens, particularly women, children, and excluded groups, to claim rights increased. This output will focus on providing capacity building support and technical assistance to CSOs.
2. Civil society engagement in policy formulation, implementation, and monitoring enhanced. This output will involve the provision of grants to CSOs and the media.
3. Increased use of civil society evidence in policy and practice. This output will focus on M&E, knowledge management, research, communication and information dissemination.
4. Improved representative, oversight, and law making functions of selected Parliamentary committees. This output will involve the provision of support to selected Parliamentary sub-committees, the parliamentary service and strengthening of their monitoring and evaluation and knowledge management processes.

At the start of its operations STAR-Ghana issued an open call for proposals from CS coalitions, networks and platforms to support the completion and consolidation of various initiatives they had received funding for in the previous three years. The intention was to enable these organisations achieve unrealised results and extend the impact of recently completed initiatives, rather than to start new projects.

Four main thematic areas were the focus of an initial call, dubbed Results Initiatives (RI). The thematic areas were Anti-corruption/peace building/governance and participation, Health and Education, Gender equity and social inclusion (GESI), and Agriculture, Food Security and Environment (Natural Resource Management).

The ANRM sector call was for a period of one year starting from May 2011. Four civil society organisations were supported under this theme to enable them variously complete or extend the impacts of previous initiatives on advocacy they had undertaken. The support to Forest Watch Ghana under this call was a complementary support to the coalition in its engagement on the NREG programme among other engagements in the forest sector. A specific separate call was placed later on the programme for the oil and gas sector.

## 2.2 BS induced effects on policy formulation & implementation processes (Step 1)

EQ6 – Policy formulation & implementation processes	To what extent and through which mechanisms (funds, dialogue and TA) has budget support contributed to any improvement in the policy formulation and implementation processes and related accountability (including service delivery)?
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### 2.2.1 JC61. The legal framework, the policy processes and the quality of the policies and strategies improved overall

#### *Evolution in the legal framework and the quality of the policies and strategies*

Prior to the NREG period, the **policy framework** was mostly defined by:

- The National Environmental Action Plan (1991);
- The Forest and Wildlife Policy (1994) and the National Wildfire Policy (2007);
- The Forest Sector Development 1996 - 2020 Master Plan;
- The National Land Policy (1999) and the National Water Policy (2007);
- International conventions to which Ghana is a party, such as those on biodiversity, climate change, desertification, and trade in endangered species, and the national action plans derived from those international agreements;
- Bilateral, transboundary and regional initiatives such as the Ghana-South Africa Agreement on Beneficiation (in the mining sector) in 2003, the Ghana-Burkina Faso Volta Basin Agreement in 2007, and AFLEG (the African Forest Law Enforcement and Governance ministerial agreement) in 2003.

**Sub-sectors** were also regulated by a well elaborated framework. As illustrated in the table below which focuses on the Mining sub-sector, the main evolutions which took place since the start of the NREG programme mainly concern adjustments to the existing legal framework such as amendments to existing acts, drafting of specific regulations to operationalise previously passed Acts<sup>101</sup> or introduction of new specific Acts (e.g. Biosafety Act 2011).

Table 25 Some elements of the regulatory framework in the Mining sub-sector

Level	Document
General laws	Minerals and Mining Act, 2006 (Act 703) Internal revenue Act 2000 (Act 592)
Small-scale mining enactments	Small-scale Gold Mining Law, 1989 (PNDCL 218) Precious Minerals Marketing Corporation Law 1989 (PNDCL 219) Minerals Commission Act 1993 (Act 450) Environmental Protection Agency Act 1994 (Act 490) Water Resources Commission Act 1996 (Act 552)
Regulations	Mining General Regulations 2012 Legislative Instrument (L.I 2173) Mines Support Services Regulations 2012(L.I 2174) Mines Compensation and Resettlement Regulations 2012 (L.I 2175) Minerals and Mining Licensing Regulations 2012 (L.I 2176) Mining Explosives Regulations, 2012 (L.I 2177) Mining Health and Safety Regulations 2012 (L.I 2182)

Source: 2015 GhEITI – Mining Sector Report for 2014

In the mid-2000s, the **lack of a comprehensive sector strategy** on environment and natural resources and a coherent overall policy statement was identified as a limitation to implementing a sector wide

<sup>101</sup> Six Minerals and Mining regulations were passed in 2012 to operationalise the 2006 Minerals and Mining Act (Act 703).

approach in the sector. In response, GoG prepared two overarching policy statements to indicate its commitment to implementing a sector wide strategy across the sub-sectors:

- In 2007-2008, 'Letters of Development' were presented to the main DPs which were willing to support GoG in the sector (in particular, the World Bank, the Netherlands and France);
- In 2009, the NREG Statement of Policy<sup>102</sup> was presented specifically to the EU which was about to join the efforts of GoG and its partners on ENR.

In the 2009 NREG Statement of Policy, GoG committed itself to develop “an *Integrated Environment and Natural Resources Policy which will ensure effective implementation, co-ordination and collaboration of a wide range of existing policies that relate to the environment*”. At the end of the evaluation period, a unique sector policy was yet to be developed. The 2010 Mid-term review of the NREG programme notes:

*“A sector programme needs to have a coherent sector policy, which in the context of the NREG programme should be based on the three sub-sector policies. To-date, there appears to have been limited progress in drawing together such a policy statement, despite this being recognised as an important issue to address at the beginning of programme support. The 2009 statement of policies on natural resources and environment was an important attempt to address this deficit, but suffered from being an externally driven exercise. It was also too lengthy a document to serve as a framework policy for the sector. However, it is a well written account of the policy issues facing the sector and could be developed further by the sector leadership to produce the necessary sector framework policy without much further effort. This would publicise the broad policy direction for the sector and highlight intended priority actions. Until this is achieved, securing policy coherence across the entire sector will continue to be problematic.”*

As detailed in the sub-sections below, despite the absence of a unique sector policy, the policy and strategic framework has been substantially reinforced since 2008. Improvements followed clear strategic orientations on how to address the main challenges of the sector – see box below.

**Box 9**                      *Challenges and strategic orientations identified in GoG's NREG Letters of Development Policy*

GoG has issued three letters of Development Policy to describe its view on the evolving policy issues of the sector. The 2008 letter provides the most comprehensive view of the sector, highlighting the major environmental challenges, including the country's vulnerability to the impacts of climate change. The letter acknowledged the weak capacity of sector institutions to enforce good governance and a lack of effective inter-sectoral collaboration among the natural resource sectors leading to institutional inefficiencies. In particular, the 2008 letter indicates: “*The Natural Resources and Environmental Governance (NREG) program will address the challenges faced by the three natural resource sectors by the following strategies:*

*(i) improving governance of the three sectors through capacity development and strengthening of the institutions to ensure effective policy formulation, implementation and law enforcement;*

*(ii) securing a predictable and sustainable financing mechanism for the three sectors to ensure adequate availability of funds to carry out their functions effectively.”*

The letter recognises the following challenges in the three sub-sectors:

**Challenges in the forestry and wildlife sector:** Specific challenges faced by the sector are high illegal harvesting of timber resources, ineffective sector law enforcement, insufficient involvement of communities in resource management and no predictable financing for the sector to carry out the required functions effectively. The result of these challenges is loss of biodiversity, loss of critical revenue to government and a reduction in economic growth.

**Challenges in the mining sector:** One of the major challenges facing the mining sector is the environmental damage resulting from mining activities especially by illegal, small-scale operators. Another area of grave concern is the lack of geologically viable areas and financial support to small-scale miners

<sup>102</sup> The Statement of Policy described the sector strategic framework, highlighted its alignment to the national development policy and reiterated the GoG policy commitments to the sector.

in Ghana, realizing their significant contribution to the economy in terms of employment generation. Attempts need to be made to diversify the minerals production base and also to fully integrate mining into other sectors of the economy.

**Challenges concerning environmental protection:** The EPA mandate requires that the Agency pursues effective partnerships and collaboration with relevant institutions and agencies. However, the relationship between the EPA and other partner organisations, especially the MDAs, is weak. Environmental functions are dispersed across sectors requiring effective inter-sectoral collaboration, which is lacking. There is also weak capacity of sector institutions to enforce environmental governance.

*Source: 2008 MoF 'Letter of development policy – forestry and wildlife, mining and environment sectors'.*

### Forestry

A new 'Forest and Wildlife policy' was adopted in 2012. Documents reviewed<sup>103</sup> highlight a "*paradigm shift from the past policies*". The new policy places significantly more emphasis on non-consumptive values of the forest and creating a balance between timber production and marketing to satisfy particularly domestic wood demands while the old policies mainly sought to maintain the forest resources as a source of timber to feed a vibrant timber industry.

A major policy action was also the decision by GoG to be the first country in the world to commence negotiations on a Voluntary Partnership Agreement (VPA) concerning trade in legal timber with the EU - see box below.

#### Box 10 Voluntary Partnership Agreement between Ghana and the EU

In 2009, a Voluntary Partnership Agreement (VPA)<sup>104</sup> was signed between Ghana and the EU for the implementation of Legality Assurance System (e.g. Wood Tracking Systems). The agreement serves as a commitment from Ghana to meet the EU's legality standards for timber exports, and specifically to implement the European Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan by establishing a process for identifying and certifying the legal origin of timber exports.

A first Joint Monitoring and Review Mechanism (JMRM)<sup>105</sup> meeting was organised in Accra in January 2010. A full VPA implementation is yet to be achieved and the date for roll-out of the full Legality Assurance System (LAS) with the issuing of licenses and export is not certain now. The proposed date of June 2016 as at the last JMRM seems more and more unrealistic. Thus the integration of the domestic market will still have to await the full roll out.

Nonetheless, a number of policy and legislative initiatives to ensure the supply of legal timber on the domestic market have been taken<sup>106</sup>. The Timber Resources Legality Licensing Regulation (LI 2184), a legislative instrument backing the VPA implementation and prohibiting the trade in illegal timber both domestically and for export, was passed in 2012.

*Source: interviews by Particip with FC and MLNR in March 2016*

Finally, the Forestry Commission has also developed a Forest Plantation Strategy 2016-2040 which details out plans by GoG and the private sector to reforest lands by developing commercial forest plantations of recommended exotic and indigenous tree species at a specific annual rate over the next 25 years.

<sup>103</sup> Documents reviewed include: 2012 GoG - Forest and Wildlife Policy; 2013 EU - Note for the disbursement of the SBS base tranche; 2014 IEG – PPAR of NREG DPO 1-3; etc.

<sup>104</sup> See the Ghana FLEGT VPA website (<http://www.fcghana.org/vpa/index.php>) and the EU FLEGT facility website (<http://www.euflegt.efi.int/ghana>).

<sup>105</sup> The JMRM is established under the Agreement to facilitate the implementation of the VPA; provide recommendations for capacity building; and assess the social, economic, and environmental impacts of the Agreement.

<sup>106</sup> A Policy for supply of legal lumber to the domestic market has been developed and approved by the MLNR in 2013. A Public Timber Procurement Policy (which emanates from the domestic policy) which enjoins all public funded works to procure timber from domestic legal sources was before cabinet for approval in mid-2016. As government agencies purchase up to half of the domestic wood in Ghana, this would be a major policy shift that would reduce the proportion of illegal timber on the domestic market, if fully implemented.



## Mining

The main policy document in the sub-sector (the ‘Minerals and Mining policy’) started to be drafted in 1999. It went through various stakeholder consultations and independent reviews in 2001 and subsequently served as the general framework for policy direction in the sub-sector. But it remained a ‘draft policy document’ until it was updated in 2014, formally approved by GoG Cabinet in 2015 and officially launched in 2016. In the meantime, as mentioned above, six Minerals and Mining regulations were passed in 2012 to operationalise the 2006 Minerals and Mining Act (Act 703).

Much of the policy discussion going on in the sub-sector focussed on assisting in the optimisation of small scale mining activities and curbing illegal mining, in particular ‘galamasey’ (i.e. illegal small scale mining) – see box below. A specific strategic framework (‘Artisanal & small scale mining – ASM – Framework’) was developed by the Minerals Commission in 2015.

### Box 11 *Minerals Commission strategy for reducing illegal small-scale mining*

There is a significant legal small-scale mining sector in Ghana regulated and supported by the Minerals Commission, but a significantly larger illegal mining sector (known as *galamsey*). The Minerals Commission strategy for reducing illegal small-scale mining includes a process of regularisation. By increasing the number of areas where small-scale miners could apply for permits and by carrying out prospecting activities to indicate resource potential, the Commission hoped to bring more small-scale miners inside the legal system, where they could be licensed, regulated, geographically concentrated and managed. Prospecting to provide geological data would make it more likely that small-scale miners would concentrate in official areas, and would increase the value of the technical advice and extension services offered by Minerals Commission offices. If small-scale mining occurs on legal sites that could be monitored, it would likely have less serious environmental consequences (illegal mining often takes place in riverbeds, which is outlawed, and uses cyanide).

The Commission intends to help small-scale miners form associations, which can help to improve social conditions on small-scale mining sites. Other efforts to reduce illegal mining include programmes aimed at supporting alternative livelihoods to mining, which have been carried out both by government and by one large-scale mining company.

*Source: 2014 IEG - NREG DPO 1-3 PPAR.*

A Mineral Development Fund (MDF) Bill was developed in 2014<sup>107</sup> to address the development challenges of mining communities by setting a higher proportion of royalties aside for development projects. The Bill introduces a mining community development scheme to sponsor socio-economic development in mining communities or those affected by mining activities. The Bill was eventually passed into law by Parliament in early 2016.

Finally, some policy discussion also took place around mining sector transparency in the context of the Extractive Industries Transparency Initiative (EITI) – see box below. In particular, a validation assessment of EITI was carried out in 2010, confirming Ghana’s compliance with EITI standards.

### Box 12 *Ghana participation in the EITI*

The Extractive Industries Transparency Initiative (EITI) is a global standard that promotes revenue transparency and accountability in the oil and gas and mining sectors. It is an international initiative between governments, companies and civil society groups to promote transparency in the flow of revenues from extractive companies to host country governments based on a set of criteria for transparent reporting on the revenue streams and other benefits. It has a robust yet flexible methodology for disclosing and reconciling company payments and government revenues in EITI implementing countries.

<sup>107</sup> GoG had already established (by an Executive decision) a MDF in 1993. The MDF was meant to provide funds for mining communities to undertake development projects to mitigate the effects of mining on the environment and support the operating budget of mining sector institutions and some specific mineral related projects. But after many years of existence, it turned out that the Fund had not been used for the purpose for which it was established hence the legislation to back the Fund in order to avert misappropriation.

The purpose of the initiative is to encourage greater transparency in the extractive sector. This would enable citizens to make informed demands for the fair and sustainable use of revenues generated through the exploitation of natural resources. It is expected that accountable governments and informed public will contribute to greater political stability, increased security in mining communities and improved investment climate.

EITI implementation has two core components:

- Transparency: oil, gas and mining companies disclose the payments they have made to government, and the government discloses its receipts from the companies. The figures are reconciled by an Independent Administrator, and published in annual EITI Reports alongside contextual information about the extractive sector.
- Accountability: a multi-stakeholder group with representatives from government, companies and civil society is established to oversee the process and communicate the findings of the EITI Report, creating the platform for citizens' engagement with government and companies on the report.

The initiative requires the publication of extractive industry payments and Government receipts. Ghana commenced the publication of extractive industries' payments and government receipts with that of the mining sector.

Ghana was an early adopter of EITI<sup>108</sup>. Starting in 2003, Ghana was the fifth country in the world and the second in Africa to become EITI compliant. The Ghana Extractive Industries Transparency Initiative (GHEITI) has extended the initiative to the Oil and Gas sector (Ghana commenced commercial production of oil in 2010).

The EITI Multi Stakeholder Group (MSG) is the governing body of the EITI in Ghana. Various stakeholders in the Extractive industry are represented on the committee. The members of the MSG comprise of representatives from the under listed agencies or bodies: i/ Ministry of Finance; ii/ Ministry of Land and Natural Resources; iii/ Minerals Commission; iv/ Ghana National Petroleum Corporation; v/ Ghana Chamber of Mines (representing the mining companies); vi/ Office of the Administrator of Stool Lands; vii/ Ghana Revenue Authority; viii/ Civil Society Organisations (led by ISODEC); ix/ Ministry of Petroleum.

The first Ghana EITI report (covering January-June 2004) was published in 2007. GHEITI has published reconciled reports for the years 2004 to 2014.

*Source: 2015 GhEITI - Mining Sector Report for 2014, and 2014 IEG - NREG DPO 1-3 PPAR.*

### **Environmental Protection**

An updated National Environmental Policy (NEP) was designed and approved in 2012, along with an updated National Environmental Action Plan. The 2014 IEG - NREG DPO 1-3 PPAR indicates:

*The policy outlines major environmental challenges, operational principles for environmental management, strategic goals, and sectoral and cross-sectoral environmental policies. Challenges include land degradation, deforestation, biodiversity loss, water pollution, marine and coastal degradation, mining and industrial development, urbanization, environmental health, climate change, natural disasters, urban noise, oil and gas industry, invasive species, tourism, and transport.*

Finally, there has been significant progress in strengthening the policy framework related to climate change. In particular:

- National Climate Change Policy (NCCP) was adopted in 2012 and launched in 2013;
- GoG associated with the Copenhagen Accord in early 2010 and submitted a list of 55 NAMAs; in this context, a National Climate Change Adaptation Strategy (NCCAS) and a Low Emissions Development Strategy (LEDS) were developed in the 2010-2012 period.

The 2014 IEG - NREG DPO 1-3 PPAR explains that:

*Under the NREG program, a national climate change policy was designed, including a national climate change adaptation strategy in 2012, low-carbon development strategies, and a technology needs*

<sup>108</sup> See <https://eiti.org/Ghana>

assessment. The overall climate change policy had not yet been launched as of January 2014, but the launch by the president is planned for 2014. The EPA provided technical support and operates as a national focal point for climate change strategies, but the strategies are national strategies not EPA strategies, and most projects under the strategy will be implemented by other ministries and agencies (health, agriculture, energy, forestry, transport, hydrometeorological, etc.). Climate change has been included explicitly as a policy goal at the National Development Planning authority, a major step as this body is central to development planning. Many key institutions have created their own climate change units (including agriculture, forestry, and energy) or had integrated significant climate change elements into their national sectoral development plans (including health and agriculture). District assemblies are now required to include climate change in their development plans, but capacity at the district level is very low and so it is unclear how meaningful this process will be.

The National Climate Change Policy (NCCP) and the National Environmental Policy (NEP) were formally launched only in July 2014.

#### Box 13 eSurvey results on reform progress in the ENR sector

The majority of the eSurvey respondents made a positive assessment of the reform progress in the ENR sector. 79% of the stakeholders responded that in their experience reforms and the implementation of policies in the ENR sector advanced 'to a great extent' or 'to some extent' between 2005 and 2015, while 19% saw little progress and 2% no progress.

In addition to that, the respondents provided the following qualitative comments on the reform progress in the sector:

##### GoG:

- *There have been a lot of reform of policies and the legislation in the ENR Sector which have been implemented*
- *At the local level we established District Mining Committees to enable Government control illegal mining (local governance) and to help increase mineral (gold) production which led to increase in foreign exchange earnings*
- *A major reform that occurred in the mining sector was the development of guidelines on how District and Municipal Assemblies should use their portion of mineral royalty that is given to them. Society was complaining about how District Assemblies were using their share of the royalty.*

##### DPs

- *Natural resource management [reform progress] mainly in relation to accounting for and managing natural resource revenues.*
- *The NREG program did help on some particular issues, such as on the timber tracking scheme, enforcement of forest law, and some timber fees. But progress was slower than expected, in part perhaps because of unrealistic expectations.*
- *Improvements in transparency in payments for forestry royalties and fees (though mass publication of these payments) were a significant step.*

Source: Particip eSurvey

#### **Participatory nature of the consultation processes during policy formulation**

The documents reviewed contain extensive evidence showing that the policy initiatives implemented during the evaluation period relied on comprehensive consultation processes. In particular, a wide array of non-governmental and not-for-profit organisations have been identified and involved in various policy processes – see Table 26 below.

The '2015 GoG - Consultation guidelines for GoG and CSOs engagement in the ENR sector' explain:

*Although the civil front has been fragmented over the years, the last two decades have seen members of the fraternity coming together as coalitions and networks along thematic lines to coordinate their voice and actions in order to influence policy formulation and management practices in the respective sectors where they operate.*

Within the mining sector of Ghana, CSOs and their coalitions have positively contributed to the development of governance instruments, including the National Mining Policy, the ECOWAS Directive on the Harmonization of Guidelines and Policies in the Mining Sector, the Minerals and Mining Act (Act 2006) and the development of draft Regulations on Compensation and Resettlement. Furthermore, the legal recognition that all lands have value for compensation, in the Minerals and Mining Act, has largely been borne out of CSOs advocacy and actions in the sector. Within the sector, there are a number of networks and associations that engage government on diverse issues of interest to them. Examples of these coalitions and associations are: the National Coalition on Mining (NCOM), Artisanal and Small-Scale Mining Africa Network (ASMAN), Coalition of NGOs in Mining, and Ghana National Association of Small Scale Miners.

In the forestry sector, Friends of the Earth (FOE), National Forest Forum (NFF) Ghana, Forest Watch Ghana (FWG), etc. have actively advocated for and participated in policy reform in the sector. The Coalitions have consistently and increasingly campaigned on the issues of fair and equitable distribution of forest benefits, access to forest resources and right of stakeholders to participate in forest governance through policy and international initiatives such as the Voluntary Partnership Agreement. FWG for instance is a significant actor in Ghana's FLEGT-VPA and REDD+ processes. The coalition advocates for civil society-led independent forest monitoring. FWG has over the years undertaken elements of monitoring through the use of citizens' report cards with the support of Global Witness. As Ghana implements the VPA, the coalition has positioned itself to closely monitor its progress and support key actors, particularly communities to make the most out of the process. There are also other networks and platforms that exist in the forest sector including Sustainable Forest Management Partnership Ghana, Domestic Lumber and Trader Association (DOLTA) etc.

Table 26 Overview of CSOs active in the ENR sector

Policy/Research/Advocacy/Think Tanks	Coalitions/Networks/Platforms	CBOs
<b>Mining</b>		
Publish What You Pay, Center for Social Impact Studies, Centre for Environmental Impact Assessment, WACAM, WERENGO, National Association of Small Scale Miners, Centre for Public Interest Law (CEPIL), Africa Centre for Energy Policy, ISODEC, , NORPRA, IBIS, Childnet, NAID, Zasilari Ecological Farms Project	National Coalition on Mining, Artisanal and Small-Scale Mining Africa Network (ASMAN), KASA Ghana, Coalition of NGOs in Mining, Ghana Upper west Coalition on Mining, Food & Water	Social Support Foundation, Youth Alliance for development, LEG, AHAF0 movement for development, Prestia Concern Citizens, Save our Waters Ghana
<b>Forestry</b>		
World Wildlife Foundation (WWF), Tropenbos International-Ghana (TBI), Ghana Development Community Association, Ghana Wildlife Society, The Legal Working Group	Forest watch Ghana, National Forest Forum, Sustainable forest management Program (FMP), Coalition of Plantation Developers (PADO), KASA Ghana, the Multi-Stakeholder Dialogue , Northern Ghana Network, Savanna Natural Resource & Environmental Coalition (SANREC)	CBAGs, Community Forest Committees (CFC), the CREMA Committee
<b>Environment</b>		
WACAM, WERENGO, Friends of the Earth, Friends of the Nation, Save our Waters Ghana, Third World Network	WERENGO, KASA, the E & P Forum, UCSOND. Shea Network Ghana	Save our Waters Ghana, Social Support Foundation

Source: 2015 GoG - Consultation guidelines for GoG and CSOs engagement in the ENR sector.

The box below presents the example of how civil society organisations were consulted during the VPA negotiation process.

Box 14 *Participation of Civil Society in the VPA Negotiation Process*

Early on in the VPA process, a civil society contact group was created to co-ordinate civil society inputs in the negotiation process. This included a wide range of civil society stakeholders including:

- NGOs in the Forest Watch Ghana (FWG) coalition;
- Traditional Authorities;
- The Domestic Lumber Trade Association (DOLTA), an umbrella body for timber operators and workers in the informal sector including chainsaw operators; and,
- The Forest Forum process composed of community and district forest forums, platforms of forest stakeholders at the district level including forest communities, district assemblies, fire service, police, judiciary, timber companies, CBOs, etc.

The Contact Group had two representatives on the VPA Steering Committee - the official committee on Ghana's side of the negotiations – as well as representatives on five other working groups (chairing two of them). Regular meetings of the Contact Group enabled coherent advocacy of community rights issues. Regular forest forum and community forum meetings, together with the FWG coalition meetings meant that some forest communities participated in the process, and were able to get their issues raised in working groups and the Steering Committee

In 2007, civil society developed a 'Civil Society Position' to inform civil society of their rights to participate in the VPA.

This was included in the VPA in the form of a forest governance vision that emphasised public interest in biodiversity, livelihoods, 'sustainable industrialisation' and cultural development. This was considered an important achievement, and allowed civil society to think through and articulate minimum standards for a participatory process. By taking an active role in negotiations, civil society representatives progressed from being regarded as unwelcome but necessary participants, to key contributors. For example, it appears that communities and grassroots CSOs are likely to have a key role in the LAS – this was being assessed (August 2013) by the Forestry Commission.

*Source: FGMC Report: Analysis of Demand-Side Measures of FGMC – 2014 Update, ITAD and Tripleline Consulting, March 2015*

***Integration of inclusion aspects (gender, regional disparities, etc.) in policy formulation***

The '2013 NREG final evaluation report' commissioned by Embassy of the Netherlands notes: "*In terms of gender policy, the team observes that there is awareness of gender policy in all MDAs involved in NREG, but more needs to be done*".

The Environmental Resources Advisory Council (ENRAC), a high-level coordinating body on policy, which assists the MDAs in taking decisions on critical national issues and strategies necessary for conservation and sustainable development, would be the main institution playing a role in promoting gender equity as a cross-cutting theme in the sector.

However, it appears that gender mainstreaming in the ENR policy framework has remained extremely limited. References to gender equity in policy documents are scarce. The updated National Environmental Policy (NEP) indicates that "Social and Gender Issues" should be considered as cross-sector issues but it does not identify major challenges nor develop a strategic approach to address these issues. Reference is only made to the need to ensure that: "*environmental awareness and public education programmes include both men and women across the social divide; (...) impact assessments cover all policies, programmes and projects in order to maximize equity for economic, ethnic, social, cultural, gender and age groups, especially the socially disadvantaged*" and to "*facilitate the participation of women across all sections of society in training, public awareness campaigns, formal and non-formal education and decision-making processes in environmental management*."

Some budget documents from 2012 mention that it was planned to develop and implement a "*policy to integrate a gender perspective in the design and implementation of environmentally sound and sustainable resource management mechanism*" (2012 MLNR Program-based budgeting pilot). No evidence could be found that such a policy was ever developed.

With respect to the inclusions of issues related to geographical disparities, the evidence is even scarcer although the policy framework clearly aims at addressing social issues in specific areas and communities depending on mining and forestry activities for their livelihood.

### **Budget support contributions**

While the overall legal framework was mainly developed before the launch of the NREG in 2008, the evidence collected converges on the fact that the GoG NREG programme, which was essentially supported by SBS, has been **instrumental in shaping and strengthening the policy framework** related to ENR. As described above, major policy evolutions took place after and they have all been supported (many to a great extent) by the NREG programme whether it was through the provision of funds and technical assistance or through the accompanying policy dialogue.

The positive contributions of BS operations started to be **visible quite early** in the implementation of the NREG programme. For instance, a 2010 brief on the World Bank's NREG SBS already indicated:

*Ghana now has a well-established environmental policy framework. Preliminary achievements of the five-year program include the set up and piloting of a log tracking system to verify the legal source of timber bound for international export markets through four large commercial timber companies (...) and IDA support has assisted the country to prepare to manage the environmental implications of developing its recently discovered oil and gas reserves, and put in place a process leading toward adoption of policy options to manage and mitigate the impacts of climate change. (World Bank 2010: Ghana; NREG Programme document number 97303 September 14, 2010)*

It is noteworthy that the choice to include the three sub-sectors of forestry, mining and environmental protection in one programme (NREG) has helped mainstreaming environmental governance across diverse policy areas.

More specifically, **BS financial inputs** have provided the MDAs with the means to organise extensive policy consultations and prepare the analytical background necessary for the drafting process. In some instances such as in the climate change area, BS financial inputs have also had a financial leverage effect. The 2013 Ghana Climate Change Policy document highlights that: *“Initial funding for the preparation of the funding was sought from the NREG budget support programme and later complemented by resources from the Climate Change Adaptation and Development Initiative, CCDARE.”*

**Policy dialogue** around BS has played a crucial role to support the various policy processes which took place during the period. Although the support to NREG didn't prevent some delays in the actual launch and implementation of policies and strategies, conditionalities attached to this support have helped fostering the formal approval process of a number of strategies such as the NCCAS.

*2013 UNEP & UNDP National Climate Change Adaptation Strategy: The preparation of this National Climate Change Policy has been influenced by a number of factors. (...) the development of a National Climate Change Adaptation Strategy has been agreed on as a trigger under the Natural Resources and Environmental Governance Programme in Ghana.*

*2013 NREG final evaluation report commissioned by the Netherlands: NREG provided considerably support for the implementation of the European Union (EU) Forest Law Enforcement, Governance and Trade (FLEGT) initiative and the related establishment of a Voluntary Partnership Agreement (VPA) between the EU and the GoG. The VPA, the first one worldwide, was signed in November 2009. Although the negotiation process had been on-going for several years before the start of NREG, signing the VPA was made a NREG target in the PAF and is seen as a major output by some of its stakeholders.*

BS has also played an important role in creating a platform to **enhance policy exchange with a broad range of stakeholders** in the ENR sector. As also highlighted in JC62 below, NREG helped improving the relations between the key public institutions and civil society which had hitherto been very adversarial. There was significant stakeholder inputs into the various processes described above (VPA, EITI, mining policies/laws/regulations, environmental policies, etc.). There is abundant evidence showing that EPA reached out to NGO groups for inputs and comments on environmental impact assessment. A central part of this engagement has been through the annual Natural Resources and Environment Sector summit, which were multi-day conferences with participation of ministers, senior government officials, civil society and other stakeholders.

Finally, the analysis of BS programme documents indicates that SBS in support to NREG **did not promote the integration of inclusion aspects** (gender, regional disparities, etc.) in policy formulation in the ENR sector.

## 2.2.2 JC62. Public sector institutional and technical capacities, incl. M&E capacities and systems, strengthened

### *Institutional Framework*

The weakness of the institutional framework and, more generally, the overall governance of the sector was a key element which prompted the start of the NREG programme. The 2014 IEG - NREG DPO 1-3 PPAR describes the situation of the sector before the start of the NREG programme:

*Resource degradation had occurred because of a history of poor governance and management of natural resources, weak environmental protection, and limited community involvement. The sustainability of natural resource sectors were put at risk by the absence of effective governance and regulatory institutions, weak mechanisms for citizen's voice, and indecisive leadership on natural resources and the environment (...) In the forest sector, resource degradation in turn further exacerbated institutional weaknesses, as the key management agency was heavily reliant on internally generated funds coming from forestry operations, which declined as production and income in the forestry sector dropped as high value species became scarce.*

It is important to highlight that the difficulty of categorizing environment and natural resource management as a sector has confronted GoG over the years with successive governments grappling with trying to create appropriate institutional homes particularly for environmental protection. The Environmental Protection Agency (EPA) since its creation in 1974, has had a chequered history of moving from: i) the Office of the President, to ii) the Ministry of Finance, to iii) the Ministry of Environment, to iv) the Ministry of Local Government and Rural Development, and back to v) the Ministry Environment, currently the Ministry of Environment, Science, Technology and Innovations (MESTI).<sup>109</sup>

Since the first years of the NREG programme implementation<sup>110</sup>, the institutional framework has been rather stable and the current key institutions are described in the Box 15 below.

#### Box 15 Overview of the current ENR sector's institutional framework

The ENR sector is institutionally composed of two parent ministries<sup>111</sup>:

- the Ministry of Environment, Science, Technology and Innovations (**MESTI**) that deals with the 'brown environment' and climate change; and
- the Ministry of Lands and Natural Resources (**MLNR**) that deals with lands, forestry and mining.

The main agency within MESTI responsible of environmental management and regulation is the Environmental Protection Agency (EPA). The EPA is also responsible for the climate change agenda. For the MLNR, the Forestry Commission, Lands Commission and Minerals Commission are the responsible agencies. The Forestry Commission and Minerals Commissions are involved in the NREG programme but not the Lands Commission. During the period, the Lands Commission was implementing a major project (the Land Administration Project – LAP) with support from the World Bank and other donors.

The **Minerals Commission** was re-established by the Minerals Commission Act 1993 (Act 450).<sup>112</sup> The Minerals Commission as the main promotional and regulatory body for the minerals sector in Ghana is responsible for the regulation and management of the utilisation of the mineral resources of Ghana and the co-ordination and implementation of policies relating to mining. It also ensures compliance with

<sup>109</sup> See: <http://www.epa.gov.gh/web/index.php/epa-40/216-40-years-of-environmental-protection-in-ghana-footprints-from-epc-to-epa>.

<sup>110</sup> The Ministry of Environment (MESTI) was re-established in 2009.

<sup>111</sup> For the specific purpose of the NREG, the Ministry of Finance plays the coordination role in facilitating the inter-agency interaction and donor coordination.

<sup>112</sup> The Minerals Commission was initially established under the Minerals Commission Law of 1986.

Ghana's Mining and Mineral Laws and Regulation through effective monitoring.

The **Forestry Commission**, as it is currently constituted<sup>113</sup>, was established under Article 269 of the 1992 Constitution and 're-established' by the Forestry Commission Act, 1999 (Act 571) with the mandate to responsible for the regulation of the utilisation of forest and wildlife resources, the conservation and management of those resources and the co-ordination of policies related to them. The establishment of the Forestry Commission brought four agencies which were previously departments of the MLNR under umbrella of which they became division: a) Forest Services Division; b) Forest Products Inspection Division; c) Timber Export Development Division; and d) Wildlife Division. Subsequently, the Forest Products Inspection Division; and Timber Export Development Division were merged to become the Timber Industry Development Division (TIDD). In addition, the Forestry Commission used to have two technical and training centres, the Resource Management Support Centre (RMSC) and the Wood Industry Training Centre (WITC), which have been recently reorganised to form the Forestry Commission Training Centre (FCTC).

The **Environmental Protection Agency**<sup>114</sup> was reinforced at the inception of Constitutional rule by the Environmental Protection Agency Act 1994 (Act 490). The functions of the EPA, among others, are to: i) advice the Minister on the formulation of policies on the environment and in particular to make recommendations for the protection of the environment; and ii) to co-ordinate the activities of bodies concerned with the technical or practical aspects of the environment.

Finally, the **Environmental Resources Advisory Council** (ENRAC) is a high-level coordinating body on policy, which assists the MDAs of GoG in taking decisions on critical national issues, priorities, strategies and policies necessary for conservation and sustainable development. ENRAC is intended to ensure inter-agency co-operation in environmental policy development and implementation. ENRAC's objectives are to: i) Promote, co-ordinate and mainstream environmental topics in sectoral policies, plans and programmes and ensure consensus building, and resolve conflicts between ministries; ii) Deliberate on government policy for key environmental issues especially intersectoral environmental policies; iii) Evaluate the implementation of planned activities Membership is made up of senior officials of government ministries, business, academia, civil society, and legislative institutions.

Under NREG, several sector institutions were strengthened with the establishment of **specialised entities**. For instance:

- In the Forestry sub-sector,
  - Rapid Response Units (RRU) were established in 5 regions to clamp down on illegal activities within the Forest Reserves and Protected Areas and the forestry sub-sector in general
  - The formation of the REDD+ Steering Committee in 2009 (though not entirely the creation of NREG), to oversee the preparation of Ghana Readiness and to ensure co-ordination of implementation and harmonisation of approaches among the actors and was finally replaced by the National REDD+ Working Group (NRWG) in 2013 to provide technical support for the implementation of the REDD+ readiness process.
  - A Multi-Stakeholder Implementation Committee (M-SIC) to oversee the implementation of the VPA in 2011, with participation from CSOs, Private Sector, and other public agencies.
- In the Mining sub-sector,
  - A Multi-Agency Revenue Task Force was established in 2008, to increase co-operation between the Revenue Agencies and the Minerals Commission and address the mining sector fiscal regime.

<sup>113</sup> From 1974 until 1999, the previous "Forestry Commission" had only played an advisory role to the government on issues of forests and wildlife.

<sup>114</sup> The EPA was first established as the Environmental Protection Council (EPC) in 1974 by the Environmental Protection Council Decree 1974 (NRC D 239) with the mandate to co-ordinate all environment matters in the country and also advise government on all matters relating to the environment.



- A task force to deal with illegal mining involving the Minerals Commission and the security agencies established earlier but revamped in 2012 and placed under a newly created National Security Committee on Lands and Natural Resources.
- In the Environment Ministry and EPA,
  - From the support of NREG, the reconstituted MESTI, established a PPMED (Policy, Planning, Monitoring and Evaluation Division) to provide M&E oversight over the activities of the EPA.
  - The establishment of the National Climate Change Committee facilitated by the ENR sector working group and the
  - A strong collaboration with the NDPC in the development of national and district medium plans with the incorporation of SEAs into all the plans.
  - EPA supported a CSO network called the National Union of Environmental NGOs (NUENGO), consisting of some 20 environmental NGOs for engagement on environmental issues.

Since 2008, one of the major changes which occurred in the ENR sector's institutional framework relates to the improvement in the **interagency dialogue** in the otherwise parallel institutions focused on their own agenda which are inextricably linked. In the past, agencies functioned largely independently with little contact. Under NREG, there has been a significant increase in inter-sectoral co-operation and co-ordination.

In particular, there has been greater co-ordination between the environment ministry and the lands and natural resources ministry on biodiversity issues. There is also a greater ability of the EPA and the Minerals Commission to work on the environmental impacts of mining. For example, a small-scale mining unit has been set in the EPA together with the MC to facilitate the registration, monitoring and regulation of the ASM sector<sup>115</sup>. Finally, there are greater links between the Forest Commission and Minerals Commission on mining in forest reserves.

However, there has been less improvement in linkages between the Forestry Commission and EPA, as the Forestry Commission remains largely responsible for environmental issues within forest areas. There are tensions between agencies and interest, for example between whether prospecting and mining should be allowed in forest reserves, but co-operation has helped to resolve and manage these issues.

In addition to enhanced interagency dialogue, it is noteworthy that, under NREG, a **hierarchy of dialogue frame** in the ENR sector has been established from the highest level of government to the district level. Policy dialogue has addressed issues of environment and climate change in the context of the Environment and Natural Resources Sector Working Group, the high-level Environment and Natural Resources Advisory Council, and the Environment and Natural Resources Summit.

Finally, **linkages between public institutions and other sector stakeholders** (CSOs, private sector) have been strengthened. Involvement of CSOs and private sector in policy discussions has become accepted as best practice in the ENR sector. For example, the IEG notes that “

*There has been a major change in the relationship between government and civil society in the natural resource management sectors. Nearly all members of civil society interviewed by IEG argued that the change in attitude had been dramatic, and that this had resulted directly from the NREG program. [...] NGO groups described a number of examples of improved engagement. Government ministers and ministries sometimes listen to concerns from NGO groups, which can have practical impacts. Government agencies are more willing to share data with NGO groups, and NGOs were willing to provide constructive and practical suggestions rather than merely making demands or criticizing government. Many groups saw themselves as having been brought partially inside the policy process. NGOs argued that the greatest progress in natural resource management sectors had been in areas where civil society engagement had been high. EPA staff and environmental groups reported mutual respect, noting that NGO groups had significant technical knowledge, were an important part of the*

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<sup>115</sup> Interview with the small scale mining unit head of EPA, June 2016

*process of providing expert commentary particularly on environmental impact assessments, and worked well with communities to undertake advocacy work.*

Despite the multiple improvements in the institutional framework described above, the evidence gathered highlights **persisting challenges** associated to the lack of high level political commitment to help advancing the NREG agenda and the limited effectiveness of the institutions established. The 2010 MDDBS annual review assessed that the PAF target related to the ENRAC work<sup>116</sup> was not met because “*substantive policy guidance [by ENRAC was] not yet in evidence*”. The 2010 MDDBS annual review aide memoire indicates: “*Overall, the sector is ‘progressing slowly’ and many challenges still need to be actively addressed the coming years including increased engagement at the political level as well as by the development partners.*” The 2011 MDDBS annual review came to a similar conclusion: “*The sector group’s overall assessment is that the sector is progressing (too) slowly and even more commitment of the Government and especially the MDAs in the sector in achieving progress is needed*”.

### **Capacities and systems for planning and budgeting**

There have been **regular attempts to improve sector institutions’ capacity for planning and budgeting**. Efforts were supported through the provision of training, knowledge generation (incl. the implementation of sector studies such as the public expenditure review of the Forestry sector commissioned and financed by the NREG secretariat in 2014-2015), the development of specific planning tools, etc.

The sector ministries have enhanced their MTEFs with the support of NDPC in 2009-2010. The three NREG sector agencies (EPA, FC, MC) have used “Results Frameworks” for planning, budgeting and managing NREG resources since 2011 – see box below. A Pilot experience of Programme-based budgeting (PBB) was carried out at both MESTI and MLNR in 2012. The 2014 IEG - NREG DPO 1-3 PPAR highlights the improvements that occurred in the Forestry sub-sector:

*Planning and budget processes within the Forest Commission were improved, and shifted from an activity-based system to a program-based approach. More medium term strategic planning was carried out, merging activity planning with budgetary planning. Commission staff argued that a greater ability to demonstrate the economic and environmental benefits of forests helped to improve their ability to conduct budgetary discussions with government.*

#### **Box 16            The ‘Results frameworks’ tool used in NREG agencies**

The three NREG agencies (FC, MC and EPA) have made special annual work plans and budgets for the use of the ring-fenced SBS-NREG funds. In the years 2008-2010 these work plans and budgets were structured according to the objectives of the NREG policy matrices. In 2011, the SBS-NREG work plans were replaced by ‘Results Frameworks’. A ‘Results Framework’ is a programming, monitoring and reporting tool which takes the form of a matrix including objectives, outputs, activities, budget per activity, actual expenditures and actual results.

From 2011 onwards, the Results Frameworks were used for planning, budgeting and monitoring the use of SBS-NREG resources. The situation in 2012 was the following:

- The Forestry Commission’s Results Framework for “SBS-NREG prioritised activities” was well structured and kept up to date. It is not clear whether the Results Framework was also used for service activities funded with IGF resources or subsidies from GoG. The Results Framework was not reproduced in the official GoG/MLNR/FC budget of 2012, because in that budget no details are provided as regards the use of SBS-NREG (only an overall figure and total figures for “services” and “non-financial assets”).
- The Minerals Commission was making annual Results Frameworks for all services and investments funded with SBS-NREG and IGF resources. In the 2012 version of the Results

<sup>116</sup> Target: “*Environment and Natural Resource Advisory Council (ENRAC) convenes and provides policy guidance on the following issues: Strategic Environmental Assessment on oil and Gas; strategic direction for the National Climate Change Policy Framework; strategic direction for the Sustainable Development Action Plan; and implementation of the National Plantation Development Program*”.

Framework, funding from SBS-NREG and the IGF had been merged in one table. The structure of the Results Framework is similar to the structure of the official budget of GoG/MLNR/MC (objectives, targeted outputs, activities and budget figures). However, in both 2011 and 2012, the outputs and activities defined in the official budget differed substantially from those defined in the Results Framework, and thus also the budgets per output and activity. It appears that the Minerals Commission had little control over how its RF is finally included in the official GoG/MLNR budget.

- The EPA was making a Results Framework for all services and investments covering all sources of funding (SBS-NREG, IGF and GoG funding). The official GoG/MEST/EPA budget was well aligned with that Results Framework in both 2011 and 2012.
- The MEST has also made a Results Framework for its SBS-NREG expenditures in 2012. MLNR does not use such a type of planning and budgeting tool.

In 2013, MESTI developed a Sector Medium Term Development Plan for the period 2014 – 2017. The Plan incorporated the SBS-NREG targets as part of the performance indicators for the EPA. It is not clear though how these were translated into the budgets for the 2014 and 2015 as the budget information does not use that planning tool.

*Source: 2012 ECORYS - Report of the NREG Financial Management Support Mission of September 2012; Budget Estimate for MESTI 2014.*

Despite some improvements observed since 2008, **overall, planning and budgeting capacities have remained weak**. The ENR SWG inputs to the annual review of the 2011 MDBS PAF highlights:

*There is still insufficient insight in the overall performance of the MDAs in implementing their MTEFs although work is ongoing in improving the priority setting, budgeting of the activities and reporting on the execution. Reporting on the result frameworks of the 2012 MTEF will be a major challenge.*

There are still **weak links between budget and actual revenue and expenditure levels**. The 2010 Mid-Term Review of the NREG programme was already noting:

*Budget comprehensiveness has improved considerably in 2010, with all SBS-NREG work plans being integrated into the annual budget and the MTEF 2010-2012. The FC budget also includes most of its donor funded projects. (...)*

*The budgets, as reflected in the ministries budget (under the sector ceiling) as well as the budgets the agencies have drafted, have a weak link with actual revenue and expenditure levels. No significant improvement has been identified over the period 2008-2010 and therefore the budget is not yet an operational tool for implementation of strategies and programmes.*

The 2010 Mid-Term Review underlined the **lack of realistic planning** and the challenges associated to a strong dependence on external resources:

*In addition, the SBS-NREG work plans do not seem to be realistic. The implementation rate of the SBS-NREG work plans is low, which can be explained to a large extent by a lack of predictability and timeliness of funds. As these work plans reflect 33 percent of the FC budget, 53 percent of the MC budget, and 68 percent of the EPA budget it can be questioned whether these plans are too ambitious. Furthermore, the quality of costing of the work plans can be low. First indications for 2010 (based on first half year figures) suggest that it will be highly unlikely that the proposed work plans will be fully implemented. Unrealistic planning undermines budget credibility and restricts the use of the cash release procedures to safeguard timely and predictable cash flows.*

The Report of the NREG Financial Management Support Mission of September 2012 highlights that, besides the weak budgeting of the specific activities funded under the NREG programme, **budgets for personnel emolument were highly unrealistic**:

*Actual expenditures were respectively 45%, 396%, 569%, 26% and 23% higher than the budget in the years 2007-2011. Even when taking into account that, in 2007-2009, a substantial part of the PE costs*

were budgeted as administration costs (IGF funded), the discrepancy between budget and actual expenditures remains large.<sup>117</sup>

The Box below provides further details on some PFM challenges faced by the Forestry sub-sector.

**Box 17**            *Some PFM related challenges highlighted in the 2015 Forestry sub-sector public expenditure review*

Although at the governmental level, progress in public expenditure management has been evidenced by substantial improvements of national systems in the past years, major challenges in the areas of budget formulation, execution and auditing remain. This is because, whilst the tasks of establishing regulatory frameworks and installing technology are largely completed, implementation and making systems work proves a greater challenge, often resulting in expenditure overruns, weak budget credibility and malfeasance/corruptions, as well as significant differences between approved budgets and actual budget execution. Low budget credibility is caused by both poorly managed budgeting processes and by not using the budget as the guide for taking commitment and expenditure decisions. The Forestry Commission and MLNR are no exception to the loopholes in the national public expenditure management, despite the progress in the respective agencies over the years.

It is important to note that, besides the personal emoluments or compensation of employees that are paid from GoG's Consolidated Funds, Forestry Commission has IGFs which now help finance most of its operations. In other words, goods and services and administration are largely paid out of the IGFs in accordance with the MDA Retentions Act 735 of 2007, and the Appropriation bill. This implies that although the GIFMIS has been rolled out at MLNR and Forestry Commission its implementation has not been effective as IGF and donor funding have not yet been integrated onto the system, and thus most expenditure lines are still done outside GIFMIS. Even where it is in use, long delays between approval and releases of funds, as was articulated by both MLNR and the Forestry Commission, present an enormous challenge to effectively operationalise the system.

Another issue with PFM at the Forestry Commission is the alignment or the consistency of expenditures with stated sector priorities and budget commitment as well as the linkage of sector priorities to the national strategic planning process. Even though sector budget support (SBS) for NREG programme was offered as un-earmarked SBS, GoG decided to ring-fence the SBS-NREG for being specifically used by the MDAs involved in the NREG programme, in particular the Forestry Commission, the Minerals Commission and the Environmental Protection Agency in order to allow them to undertake additional activities needed to reach the NREG targets and to finance other priority activities and investments. In addition to the various sector policy objectives, the three agencies have made special annual work plans and budgets for using the SBS-NREG funds, structured according to the objectives of the NREG programme.

However, while expenditure appears largely to be consistent with sector priorities and national strategic objectives, there have reportedly been discrepancies between the actual releases of SBS-NREG funds to the MDAs on the one hand and the budgets of the annual work plans and results frameworks on the other hand. This situation is often caused by various factors, such as:

- administrative delays in transferring funds from MoF to the MDAs;
- delayed submission of returns (justification of expenditure) by MDAs to MoF;
- inadequate motivation of requests for new releases; and
- too ambitious work plans in view of the implementation capacities of Forestry Commission and lengthy tendering processes as well as weak linkage between sector policy guidelines and national development goals/priorities.

For instance, in the FC's Sector-Output matrix, a broader sector objective of promoting the development

<sup>117</sup> It should be noted that in August 2009, MoFEP approved an additional allocation of GHc 12.6 million for FC's personnel emoluments (PE). This was the outcome of a decision from Parliament that IGF should not be used (any longer) for financing PE. Part of the PE costs were funded previously with IGF resources and booked under "administration costs".

of viable forest is to eliminate illegal logging and chainsaw operators. However, the specific objective which suggests “Purpose–Output” linkage of developing strategic national plan to address illegal logging and chainsaw activities has not been achieved, while illegal chainsaw operators continue to cause havoc to the forest. This is because it is either this objective is overly ambitious to be achieved or Forestry Commission lacks the capacity to implement it or is not properly aligned with the national policy development framework.

*Source: 2015 EcoEcon - Public Expenditure Review of the Forestry Sector*

At the same time, it should be noted that efforts to improve **revenue collection** were successful during the period of NREG. For instance:

- in the Forestry sub-sector, collection of stumpage fees increased from 65% of the assessed amount in 2008 to 95% in 2011 and 109% in 2013<sup>118</sup>. This has been an important contributing factor to increases in internally generated funds which led to an increase financial independence of NREG agencies.
- in the Mining sub-sector, there have also been very large increases in government revenue (see table below). The increases are partly attributable to the collection efforts following audits and the tax rate changes implemented under the NREG programme (see Box 18 below on the role of the multi-agency mining revenue taskforce established in 2008 But they are also due to the increases in gold production over the period driven by favourable international prices and demand.

*Table 27 Revenue for mining 2005 – 2012*

<i>Year</i>	<i>Total revenue from mining (GHc million)<sup>119</sup></i>	<i>Total revenue from domestic taxes (GHc million)</i>	<i>% of revenue from mining</i>
2005	94.0	644.6	14.6
2006	90.4	734.1	12.3
2007	144.2	910.2	15.8
2008	210.8	1,222.5	17.2
2009	354.4	1,790.6	19.8
2010	555.1	2,338.5	23.7
2011	1,050.4	3,705.7	28.3
2012	1,461.2	5,403.0	27.0
2013	1,104.1	5,880.3	18.9
2014	1,192.7	7,426.1	16.1

*Source: Minerals Commission*

**Box 18** *The Multi-Agency Revenue Task Force and the development of fiscal models for gold revenues in the Mining sub-sector*

A Multi-agency Revenue Task Force was established at the MC in 2008. Membership of this task force include; Minerals Commission, Ministry of Finance, Bank of Ghana, EITI Secretariat and Ghana Revenue Authority. The task force developed an Action Plan which has been in operation for the past 5 years.

A fiscal model for gold revenues was developed in 2009 (by a consultant recommended by the World Bank) and piloted. Under the Action Plan, the task force is to conduct mine audit using a Fiscal Model. In 2013, the Fiscal Models were applied to 2 mines namely, Perseus Mining Ghana Ltd and Owere Mines Ltd. Unfortunately, due to data gaps regarding information collated, the analysis was not completed.

As of January 2014, the models had been applied to 9 of the 13 large mines in Ghana by the task force.

<sup>118</sup> As stumpage fees are shared between government and traditional authorities, increased collections also led to an increase in payments made to district assemblies and chiefs.

<sup>119</sup> Revenues are nearly all from royalties and corporate taxes, though other fees and charges are included.

The models indicated that capital gains taxes were largely being avoided by large mining companies, and led to efforts to address this problem and collect the taxes.<sup>120</sup> These included streamlining tax administration rules for mineral rights transfers, and so making it more difficult to avoid taxes through rights transfers. Rules governing transfer pricing within corporate subsidiaries were put in place to make it more difficult to avoid taxes.

Source: 2013 MC Annual report; 2014 IEG – NREG DPO 1-3 PPAR

### **Capacities and systems for implementation**

The institutions' capacities for implementing sector strategies have been strengthened at various levels. Extensive training was carried out and **technical skills** strengthened in all agencies. New **dedicated units** were created like the Climate Change Unit and the Rapid Response Unit at the Forestry Commission. New **equipment** was acquired. The agencies' **presence at the local level** was further consolidated - see box below.

#### *Box 19 Extension of the district offices network in the Mining sub-sector*

The Minerals Commission has established additional district offices through NREG to provide the required technical assistance to small-scale miners. The officers at the district level also co-ordinate with security agencies and affiliate local branches of Ministries, Departments, and Agencies (MDAs) to ward off illegal mining operations.

The district offices also liaise with the relevant local authorities such as the chiefs and assemblymen as well as CSOs to conduct community education on the hazards of illegal small-scale mining. They facilitate the implementation of guidelines for the distribution of royalties and assist in maintaining a harmonious relationship between communities and mining companies operating in the district. Personnel at the district offices engage with the mining companies and the communities to facilitate social responsibility projects, in order to avoid conflicts.

Source: Minerals Commission

The 2014 IEG - NREG DPO 1-3 PPAR highlight some improvements observed in the Forestry and Environmental protection sub-sectors:

*A range of capacity-building and training operations were carried out within the Forest Commission. Monitoring and evaluation systems within the Commission were expanded, with greater tracking of the production of outputs. Commission staff argued that human resource management changes had led to a change in institutional culture, moving from a civil service mentality to a greater focus on delivery, with target based performance reviews for staff where performance was assessed based on outputs rather than inputs. Information and communication equipment were upgraded, including equipment purchase, email systems, financial systems, and website upgrades. (...)*

*NREG funding has supported capacity increases within the EPA. EPA offices have invested in additional equipment and technical capacity for environmental monitoring, e.g. of water quality, noise, hydrocarbons, air quality, greenhouse gas emissions. Prosecutors were trained on environmental issues. The decentralization process of the EPA has continued. Prior to NREG, 10 regional offices existed, but most EPA functions were centralized in Accra. Now, work on small-scale environmental permitting is conducted at the regional level, while large-scale project permits are issued from the national office. Two additional offices were opened. Decentralization of environmental permitting is important because many development activities are conducted at the local level. District assemblies have mandates and requirements to consider environmental effects, but have relatively little capacity to manage environmental issues.*

But the study also explains that the various systems developed are still not fully functional. For instance:

<sup>120</sup> In order to encourage investment, government policy offered initially lower tax rates for new companies and existing companies could exploit these rules by transferring their mineral rights to a new company which was then eligible for the tax advantage.

*A climate change unit established within the Forestry Commission prior to the NREG program is aimed at supporting climate change mitigation through forestry leveraging opportunities generated through REDD+ and the Clean Development Mechanism. The unit received some support from NREG for policy development, as well as from a range of other development partners and climate finance sources. A REDD readiness proposal is being developed but has not been completed. Systems for monitoring, reporting and verification are being developed but are not yet in place.*

Overall, the documentary evidence gathered shows **major limitations** at four levels:

- institutions remained largely under-resourced compared to their mandate;
- the PFM system is still sub-optimal at sector and national level;
- institutions still lack sufficient senior skilled staff able to efficiently managed and monitor sector programmes and activities;
- sector co-ordination still remain weak in certain areas.

A critical area for strategy implementation has remained the **poor budget execution**. The 2015 EcoEcon - Public Expenditure Review of the Forestry Sector explains:

*Quite apart from the ceilings imposed by MoF which (...) has no regards to the planned project outlines and often far below the budgeted, the releases for Assets are often far lower than the ceilings or allocations. For some of the Divisions such as the FSD, poor budget execution leads to poor confidence in the Divisions. Discussions with stakeholders suggested that, due to limited budgets, shortfalls and untimely release of funds, FSD operations, including plantation development programmes has suffered from a drying up of funds or their late arrivals to defraying claims of communities for work done. This has generated a lack of confidence and trust in the FC at district levels. Forward planning of activities has suffered as a result. Some District Managers are compelled to make private arrangements towards financing of public activities. Cost escalations of activities are also experienced through delays and shortfalls in budget releases. Loss of priorities in spending occurs, as operational staff lack capacity to determine optimal spending in any given quarter.*

**Box 20** *Budget approval and budget releases processes in the forestry sub-sector*

**Budget approval** stage is kick-started with MoF finalizing the sector budget estimate and the MTEF document. Based on this the MLNR and FC are invited for a Budget Hearing to conclude on acceptance of the sector's budget and its consistency with the national goals and priorities. MoF subsequently seeks Cabinet approval. This forms part of the parliamentary procedures for approval of the annual budget and the Appropriation Bill supporting it.

**Budget releases** are made to the FC under the Sector budget allocation. These are apportioned to the Divisions through FC's strategic directions towards the achievement of sector objectives. The Divisions in turn notify operating units to submit expenditure proposals for appropriations and are accordingly resourced within the level of their own budget ceilings. This process according to respondents is an above average or satisfactory performance as an average score of 55% or a B was assigned to the timeliness budget approval by the mandated bodies. However, a number of the respondents believe the process is too long and at times confusing.

With the implementation of the GIFMIS, one major problem that is being observed is that when the **warrant for payment** is issued by the CAGD, it takes a long time for the BoG to pay because sometimes there are no funds in the Consolidated Funds, and, in recent times, the BoG in order to run away from being accused of unduly delaying payment return the warrant back to the CAGD. This makes securing the funds more complex by the Ministries.

*Source: 2015 EcoEcon - Public Expenditure Review of the Forestry Sector*

It is also important to note that the complex and evolving nature of the issues the sector institutions are grappling with poses challenges at two levels:

- Adequacy of the capacity (incl. level and type of resources) mobilised to really bring about changes in these areas;
- Level of political leadership to back the action of the public institutions involved.

These challenges are particularly visible in the Mining sub-sector. The 2013 WB NREG TA project appraisal document explains:

*The number of artisanal and small-scale miners continues to rise along with gold prices. The political economy of informal mining is also becoming more complex with a range of international and national migrants engaging in illegal activities, and intricate relationships between miners and local traditional authorities (who are the custodians of land, on behalf of their local communities - but often act as if they were "owners"). Some informal mining has evolved to involve heavy equipment, requiring enhanced capacities by the GoG to regulate and monitor.*

### **Capacities and systems for M&E of public policies**

Since the start of the NREG programme, there have been increasing awareness about the importance of developing a sector comprehensive M&E framework and several attempts to strengthen the existing M&E systems have been made. The 2011 WB NREG ICR notes:

*The need to develop sector M&E systems has been accepted, but implementation progress has been slow. At least since 2009, and with the support of a new country-based Bank M&E specialist, development of comprehensive M&E systems for each of the NREG agencies has been on the agenda. Recognition by the MDAs of the need for comprehensive sector M&E systems is in itself a significant achievement that is unlikely to have been pursued under earlier project-based lending. Credible efforts have already been made in this direction, including the establishment of Planning, Monitoring & Evaluation Units, and the FC commissioned its own study on M&E design.*

Some small improvements can be observed in specific areas. In the Forestry sub-sector, the Forestry Commission has recently developed an M&E plan for 2015–2017 and the 2013 NREG final evaluation report commissioned by the Netherlands already noted:

*The evaluation team noted that NREG has resulted in increased interest of other Development Partners in the sector. The Japanese Embassy has developed a programme (Forest Preservation Program) to strengthen the GIS-based national forest resource mapping process and carbon mapping. This project adds important elements to the monitoring capacity of the FC. FAO, through the National Forestry Programme (NFP), has supported the establishment of forest forums and the development of the adopted M&E system.*

But, despite some improvements and several attempts to strengthen it, the sector M&E framework remains highly fragmented and the systems in place weak. The 2011 WB NREG ICR explains:

*Unfortunately the MDAs were let down by weak performance of a consultancy intended to support all three. After agreement on the ToR and some delays, a local team was engaged by MoFEP during the first half of 2011, but their value-added has been limited as they have focused on the design of a needlessly elaborate information system, rather than establishing appropriate indicators and monitoring protocols for each of the agencies.*

The 2013 NREG final evaluation report commissioned by the Netherlands also notes:

*MoFEP endeavoured to establish an interagency M&E system but failed. The evaluation team noticed that planning and reporting formats of the MDAs are not yet standardized, which to some extent may complicate interagency co-ordination.*

The 2013 WB NREG DPO1-3 PPAR highlights the facts:

*Development partners attempted to provide support on M&E, and brought in mix of local and international consultants. But this was largely unsuccessful, as the process was seen by the government and agencies as policing them rather than a constructive engagement to help the project.*

*(...) [Overall], Monitoring and evaluation systems were weak, focusing largely on recording production of outputs rather than on assessing progress on outcomes. Many indicators were vague, and baselines were weak. The system was improved during implementation but the core problems remained. There is no evidence of substantive M&E utilization.*

A major reason behind the failure of developing M&E system comes from the weakly designed M&E framework of the NREG programme itself. The 2011 WB NREG DPO1-3 ICR explains:

*The M&E framework for NREG was weak. At the heart of the problem was an overly extensive Program Assessment Framework (PAF) that substituted for under-developed sector planning systems and did not provide sufficient focus on key results. The PAF included a set of policy objectives, targets,*



outcome indicators and means of verification that were jointly identified and revised with the Government on an annual basis. Though it was agreed that the PAF should be limited in size and comprise only the most crucial objectives and targets of the three sectors, the DPO-1 matrix ended up including 24 program / policy objectives, and more than 60 targets for each of the first 3 years. From the outset, the PAF was used not only to capture key policy reforms and outcomes, but a much wider set of activities and intermediate steps.

MDAs familiar with investment projects used the PAF to plan NREG-related activities and justify their claim on resources to MoFEP. Many PAF targets were therefore output-oriented, which led to issues of subjectivity in the subsequent performance assessments – i.e. outputs were produced, but there were sometimes disagreements between GoG and DPs over the acceptable level of quality.

The 2013 WB NREG DPO1-3 PPAR further explains:

*A joint M&E system was established across all development partners to track progress. But there were a number of weaknesses in the design of this system and the program framework. The framework would have benefited from a clearer distinction between program triggers (outputs with formal verification used for processing subsequent operations) and outcome indicators (used to track achievements of the program). As it was, there were too many indicators (roughly 60 targets were identified in the matrix, on which progress was to be reported on each year) and these focused too much on recording completion of outputs rather than tracking intermediate or final outcomes. (...) It almost appears that the Bank and development partners were reluctant to fully embrace the more hands-off development policy operation approach, preferring to use the performance assessment framework to manage production of outputs, as is often done in supervision of traditional investment lending projects. (...)*

*The Bank team was aware of some of the risks in M&E design. An Aide Memoire during preparation noted that the policy matrix should be “lean and mean, focused on key issues (not everything being done has to be in the matrix)” but the final matrix agreed upon by all development partners did not follow this guidance, which seemed to try to use the assessment matrix to fully describe the outputs of the program. In design discussions there were plans to include cross-sectoral elements in the matrix beyond the control of any agency, noting that there would be joint responsibility at the government level. But the matrix in the final version instead created separate matrices for each of the three sectors.*

*There was insufficient clarity about targets, data, and sources of information. Baselines were often missing or vague (“high level of illegal logging”, “low levels of benefits to communities”, “low private sector investment”, etc.). Many targets were qualitative and difficult to assess (“appropriate institutional setup in place and implemented”) or represented intermediate progress (“continue reviewing existing benefit sharing schemes”). Government agencies each developed their own internal M&E systems, but these were not coordinated or combined at the program level.*

### **Budget support contributions**

As indicated above, the weakness of the institutional framework and, more generally, the weak governance of the sector was a key element which prompted the start of the NREG programme. BS operations have substantially contributed to strengthening the institutional framework, incl. interagency linkages and overall sector co-ordination although there is still room for further improvements in these areas.

One of the major achievements of the BS operations has been observed at the level of the **mainstreaming of environmental governance** across two of the country’s major natural resources sub-sectors. This achievement is to be linked to the choice during the design of the initial support to include the three sub-sectors of forestry, mining and environmental protection into one programme. The 2013 WB NREG DPO1-3 PPAR notes:

*There were synergies in bringing natural resource sectors together under a single program. This helped to encourage a whole-of-government attention to resource management and governance as a*

significant theme. And it helped to encourage cooperation between agencies on cross-sectoral issues (such as the environmental impacts of mining<sup>121</sup>).

Moreover, it is noteworthy that **NREG has had an influence at all levels of the institutional framework** as highlighted in the 2013 NREG final evaluation report commissioned by the Netherlands:

*The evaluation team encountered highly motivated core management teams at the national, regional and district levels, at all the departments of the Forestry Commission. NREG is basically everywhere and all staff are somehow involved or affected. The staff are motivated by their leadership, the availability of funds and the results obtained.*

All 'BS inputs' have contributed to the strengthening of the institutional framework. **BS dialogue** has been instrumental to raise awareness on key sector priorities and support the establishment of new public entities. Dialogue on politically sensitive institutional changes such as the establishment of the ENRAC was strengthened by the inclusion of specific indicators<sup>122</sup> in the MDBS framework. Policy dialogue and sector co-ordination were enhanced by the creation of a 'Technical Coordinating Committee' as described in the box below.

*Box 21 The role of the Technical Coordinating Committee in sector co-ordination*

Consistent with Article 4.1. of the NREG FMoU, a High level Steering Committee and a Technical Co-ordination Committee (TCC) supported by a Technical Secretariat were set up for the purpose of organizing the policy dialogue and annual reviews of the NREG-PAF and for coordinating cross sector and common issues of the MDAs involved in the NREG programme.

The TCC has been active since the beginning of NREG. It is comprised of representatives of all relevant MDAs contributing to the programme and the relevant DPs. The TCC has a mandate in the inter-sectoral co-ordination of the NREG-SBS programme and has met regularly with DPs during the implementation of the programme to discuss the progress in relation to the PAF.

Interviews with the MDAs carried out during the field work of this evaluation in 2016 have shown that the role of the TCC in improving co-ordination and communication among the MDAs was very much appreciated. The evaluation of the NREG commissioned by the Netherlands in 2013 also concludes that "the TCC consisted of highly committed staff of MDAs and has contributed significantly to the success of NREG".

*Source: NREG FMoU, 2013 NREG final evaluation report commissioned by the Netherlands, Interviews.*

Accompanying **technical assistance** has helped the strengthening of sector institutions at various levels. In particular, it allowed:

- the implementation of analytical work on strategy implementation, e.g. monitoring and support missions financed by the Netherlands in the area of financial management in 2008-2012, or, more recently, public expenditure review in the Forestry sub-sector;
- the strengthening of skills and the development of tools in technical areas (e.g. DFID provided technical support in the field of timber legality, the Netherlands in the area of Strategic Environmental Assessments );
- the organisation of structured sector consultations (e.g. various support on the involvement of CSOs).

The WB provided its last SBS tranche in 2010 but remained actively involved in the sector and designed a follow-up programme focusing on capacity building linked to GoG's NREG programme (the programme was launched in 2013).

<sup>121</sup> *The mining sector has serious environmental impacts, including vegetation removal, land degradation, ecosystem disruption, air/noise/vibration pollution from blasting and other operations, water contamination from tailings and chemicals, mercury pollution and poisoning from gold mining, and cyanide pollution and poisoning from illegal gold mining.*

<sup>122</sup> E.g. the 2009 MDBS PAF target: "Environment and Natural Resource Advisory Council (ENRAC) established to provide cross-cutting policy direction on environmental and natural resource management, and commence process of establishment of a national platform to discuss and inform on these issues."

Other accompanying measures to BS include a large support provided to the civil society to enhance their links to the action of the ENR sector public institutions – see the box below.

*Box 22 Examples of accompanying measures supporting CSOs' involvement in the ENR sector*

**KASA:** The Netherlands provided a budget of EUR 1.6 million to KASA in 2008. The initiative was supported by the Dutch co-financing organisation ICCO and the Netherlands Development Organisation SNV, with an average budget of EUR 1 million during 2008-2009 as well as an average annual budget of EUR 0.75 million provided by the NGO Care and Danida, Denmark during 2010-2014. In the years of its existence, KASA has been able to involve a large number of CSOs. Its network currently covers 126 environmental CSOs, divided over various sub-sectoral platforms. It is on the back of the KASA Platform that the annual CSOs parallel review of the ENR sector is conducted.

**GIRAF:** The EUD from 2009 – 2013 supported an initiative to support CSOs, specifically to accompany the FLEGT process in Ghana. Called Governance Initiative for Rights and Accountability in Forest Management (GIRAF), the Project Purpose was to support the development of dialogue skills and structures for increased transparency and accountability in resource management through the contributions of civil society (NGOs and Community Based Organisations (CBOs)), Industry Associations and local authorities to the FLEGT process. Funding for the initiative amounted to approximately EUR 1 million.

**STAR Ghana:** STAR-Ghana 1 was a multi-donor fund programme initiated to address the need to increase civil society and parliamentary influence in Ghana to foster better governance of public goods and services. In doing so, the facility aimed to develop efficient and transparent mechanisms which can link civil society with and to the actions of government, traditional authorities, and private enterprise. The overall goal of the programme is “to increase the accountability and responsiveness of government, traditional authorities and private enterprises to Ghanaian citizens”. Its purpose is “to increase the influence of civil society organisations (CSOs) and Parliament in the governance of public goods and service delivery”. At the start of its operations STAR-Ghana issued an open call for proposals from CS coalitions, networks and platforms to support the completion and consolidation of various initiatives they had received funding for in the previous three years. The intention was to enable these organisations achieve unrealised results and extend the impact of recently completed initiatives, rather than to start new projects. Four main thematic areas were the focus of an initial call, dubbed Results Initiatives (RI). The thematic areas were Anti-corruption/peace building/governance and participation, Health and Education, Gender equity and social inclusion (GESI), and Agriculture, Food Security and Environment (Natural Resource Management). The ANRM sector call was for a period of one year starting from May 2011. Four civil society organisations were supported under this theme to enable them variously complete or extend the impacts of previous initiatives on advocacy they had undertaken. The support to Forest Watch Ghana under this call was a complementary support to the coalition in its engagement on the NREG programme among other engagements in the forest sector. A specific separate call was placed later on the programme for the oil and gas sector.

Finally, **BS funds** have had an important effect in terms of financing overall institutional strengthening related activities, incl. sector dialogue and stakeholder consultation, training, equipment. They have helped setting up new dedicated units such as the Rapid Response Unit and the Climate Change Unit in the Forestry sector.

**Overall,** BS has contributed to improve the technical capacity of all major institutions involved in the NREG programme. The 2011 WB NREG DPO 1-3 ICR notes:

*Technical capacity within Government has been enhanced through the NREG program, particularly in cross-sectoral areas. The Minerals Commission has gained considerably more understanding of social and revenue management issues through NREG activities, helping to broaden its focus away from simply promoting mining investments. The Forestry Commission has developed capacity to implement wood-tracking and FLEGT systems, as well as to strengthen consultation processes with CSOs and local communities. The EPA has improved its capacity to process and track EIA application through its on-line register, and more than 500 government officials have been trained in the use of SEA tools. MoFEP has gained a better understanding of objectives and activities within the NREG sectors, and is forming a Natural Resources, Environment and Climate Change unit, which should further strengthen technical engagement in areas such as management of natural resource revenues and climate finance.*

*A comprehensive capacity needs assessment for the NREG sectors was never carried out, however, and hiring restrictions continue to place constraints on the manpower available to MDAs.*

However, BS has had only **very limited effects on the strengthening of capacities and systems for strategic planning and performance monitoring**. Evidence gathered shows that the issues related to capacities for planning and budgeting have been largely underestimated and insufficiently addressed in the initial design and first years of support. In the case of the development of sector M&E, as highlighted above, this area appears to have been inadequately (and maybe also insufficiently) supported.

The weaknesses in these areas were recognised early on but started featuring at a higher level in the sector policy dialogue only in 2012, i.e. towards the end of the first phase of the NREG programme. The ENR SWG inputs to the annual review of the 2011 MDBS PAF noted a lack of GoG efforts on these issues:

*Progress on targets within the NREG SBS PAF has been variable, but possibly with poorer performance in 2011 than in 2010. MDAs need to focus their attention on strengthening performance monitoring and tracking/reporting systems. This and other "basic elements" which allow for the use of this flexible instrument remain unattended to by GoG. In a time of economic constraint in the European Union (major funding parties of NREG SBS), it is becoming difficult to justify use of this very flexible tool, if GoG does not act to improve country/sector systems and show tangible progress.*

But the 2010 Mid-Term Review of the NREG programme indirectly hints towards a shared responsibility between DPs and GoG by indicating that these issues were actually insufficiently addressed in the initial design of the programme and during the first years of implementation:

*Although the programme started with a Public Finance Management (PFM) assessment, the actual situation of PFM practice in the three Agencies, especially on budget implementation, was not the subject of sufficient scrutiny. PFM reform is now being addressed at sector level under the NREG programme, and an annual action plan for 2009 and 2010 has been drafted that identifies realistic incremental reforms. However, the action plan does not seem to have the status or authority to guarantee progress. Reference to general PFM reform through MDBS policy dialogue, as reflected in the FM, seems to underestimate the importance of addressing sector specific PFM reform as part of a sector support programme.*

Evidence gathered from the documentary review and the interviews also shows that the focus of the NREG PAF and the dialogue around BS operations has remained more directed towards supporting the work of the three NREG agencies than the strengthening of their parent ministries (MNL and MESTI). This can be partly related to the fact that the NREG programme, although quite broad in scope, was not reflecting a unique and coherent sector strategic framework. The SBS operations ended up supporting the action of the three NREG agencies and some aspects of co-ordination within the sector. They only partially (indirectly) supported policy processes – including planning, budgeting, performance monitoring, etc. – at sector level, a situation which illustrates the challenge to deal with the high level of institutional fragmentation in this sector as in many other sectors in Ghana.

BS in the ENR sector actually displayed several **similarities to project aid**. For instance, SBS funds were ring-fenced by GoG and used to support institutional changes or finance specific activities within the three NREG agencies rather than to finance a coherent overall sector budget. The PAF did not take fully the form of a policy matrix to support policy dialogue on key strategic priorities but rather focussed on outputs and activities like the logical framework of traditional projects. The choices which were made by GoG and the DPs explain to a large extent some of the limitations observed above.

Nevertheless, the support provided still benefited from a certain **added value offered by BS compared to project aid**. The 2011 WB NREG DPO 1-3 ICR indicates that: *Considerable progress has been made through NREG in comparison to earlier donor projects in the [ENR] sectors which gave limited attention to broader sector management issues.* The 2014 IEG - NREG DPO 1-3 PPAR also highlights the limited results previously achieved by project aid in the sector:

*The Bank had been previously engaged in the natural resource sector through investment projects, notably the 1998-2003 Natural Resources Management Project. But this had been seen as unsuccessful for a number of reasons. Slow and uneven progress on policy reform did not translate into sustainable management practices because of overlapping responsibilities, distorted incentive structures, lack of transparency, poor governance, and the declining importance of 'non-productive' environmental concerns to government (IEG 2008).*

The 2013 final evaluation report commissioned by the Netherlands concludes that: *The evaluation team has the opinion that a programme- or project-based approach would not have resulted in the same level of ownership and improved governance as is the case with the present NREG-SBS.*

### 2.2.3 JC63. Public service delivery / management (incl. infrastructure and human resources) strengthened, particularly at the local level

#### *Level and composition of sector public expenditure and sources of financing - main evolutions*

##### Forestry

The table below presents the income and expenditure of the Forestry Commission as reported in the annual audited financial statements of the agency.

Table 28 *Income and expenditure of the Forestry Commission (in '000 GHc)*

	2007	2008	2009	2010	2011	2012	2013	2014*
<b>Total income</b> <sup>123</sup>	<b>36,712</b>	<b>42,989</b>	<b>59,129</b>	<b>69,690</b>	<b>68,180</b>	<b>116,385</b>	<b>95,371</b>	<b>107,860</b>
GoG subvention	6,941	10,330	18,217	17,600	22,592	73,430	43,835	42,782
SBS-NREG	-	-	21,272	22,344	26,124	0	9,000	200
IGF	14,758	16,230	9,078	13,116	12,772	19,446	25,003	60,351 <sup>124</sup>
Donors (recurrent grants)	5,480	5,870	1,217	1,869	93	9,591	17,533	4,527
Plantation grants	9,533	10,560	9,346	14,761	6,599	13,917	0	0
<b>Total Expenditure</b>	<b>34,913</b>	<b>43,551</b>	<b>44,075</b>	<b>54,952</b>	<b>84,273</b>	<b>121,998</b>	<b>93,592</b>	<b>77,921</b>
Personnel Emoluments <sup>125</sup>	11,685	16,930	21,154	22,623	26,076	62,070	46,023	45,352
Administrative and General Expenses	3,823	4,234	4,928	7,998	13,397	17,974	14,522	0
Service Activity	14,119	17,869	15,760	22,728	37,397	27,792	20,100	44,800
Project expenses	5,092	3,370	674	17	0,093	9,590	8,594	0
Provisions (depreciation/debts)	193	1,153	1,559	1,586	7,31	4,572	4,353	-12,231
<b>Excess income</b>	<b>1,799</b>	<b>-562</b>	<b>15,054</b>	<b>14,738</b>	<b>-16,175</b>	<b>-5,613</b>	<b>1,779</b>	<b>n/a</b>

Sources: FC Audited financial statements, Van der Linde (2012) and MoF Overview of the financial position of the NREG Agencies (2015); \*2014 figures incomplete

Four key observations can be made:

- The income (in nominal terms) of the FC has risen from GHc 36.7 million in 2007 to GHc 116.4 million in 2012 and has somewhat declined thereafter. This is largely explained by: i) increased GoG transfers, which peaked in 2012; ii) the inflow of SBS funds; and iii) plantation development grants.
- Income from IGF has been volatile over most of the period, but is on the rise since 2012.
- Actual expenditures have also increased substantially until 2012. A key reason for the increase in 2012 was the implementation of the single spine salary policy with salary arrears being paid as

<sup>123</sup> Note: Differences between income and expenditures in a particular year are absorbed by the Income Surplus Account, which stood at GHc 37.5 million at the end of 2011, of which 3.2 million was tied up in non-current assets

<sup>124</sup> The Commission generated an amount of GHc 60.4 million as against a budget of GHc 32.6 million, exceeding the budget by 85%. The reason for this increase is that the Forest Services Division and the Timber Industry Development Division of the Commission exceeded their revenue targets due to revision of levies and stumpage fees including the newly introduced levy on Rosewood which has been banned by the Government of Ghana (FC Annual Report 2014)

<sup>125</sup> Employment costs include gross salaries, allowances and employer's contribution to SSF and Provident Fund.

well (FC Annual Report 2012). During the year, the total amount incurred by the FC on compensation was GHc 73 million against a budgeted expenditure of GHc 19 million.

- The FC has run substantive surpluses in 2009 and 2010, which might indicate that it had some difficulties in absorbing the additional NREG funds and other resources.

The table below shows the evolution from a different angle displaying the importance of each element of the above table in terms of the share of total income and total expenditure. In particular, it shows the importance of plantation grants in the agency's income but also an increasing importance of GoG central transfers during the period.

*Table 29 Composition of income and expenditure of the Forestry Commission*

	2007	2008	2009	2010	2011	2012	2013	2014
<b>Total income</b> <sup>126</sup>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
GoG subvention	19%	24%	31%	25%	31%	63%	46%	40%
SBS-NREG	0%	0%	36%	32%	34%	0%	9%	0%
IGF	40%	38%	15%	19%	16%	17%	26%	56%
Donors (grants)	15%	14%	2%	3%	0%	8%	18%	4%
Plantation grants	26%	25%	16%	21%	19%	12%	0%	0%
<b>Total Expenditure</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Personnel Emoluments <sup>127</sup>	33%	39%	48%	41%	33%	51%	49%	58%
Administrative and General Expenses	11%	10%	11%	15%	13%	15%	16%	0%
Service activity	40%	41%	36%	41%	50%	23%	21%	57%
Project expenses	15%	8%	2%	0%	0%	8%	9%	0%
Provisions	1%	3%	4%	3%	3%	4%	5%	-16%

Sources: FC Audited financial statements and Van der Linde (2012).

When compared to total public expenditure (using data from GoG's fiscal tables), it appears that the FC total expenditure has decreased from 0.67% to 0.59% between 2007 and 2008, remained stable (at around 55%) between 2009 and 2012, and substantially decreased in 2013 and 2014 (0.37% and 0.24% respectively).

Finally, the table below presents the budget of the Forestry Commission as presented in the MLNR budget (ministry's annual estimates which are used in the overall national budget). A comparison with the actual expenditure shows that the budget for personnel emoluments has been unrealistically low throughout the entire period. It is also noteworthy that the 2010 NREG Work Plan and Budget was the first one which was included in the official GoG/MLNR budget.

<sup>126</sup> Note: Differences between income and expenditures in a particular year are absorbed by the Income Surplus Account, which stood at GHc 37.5 million at the end of 2011, of which 3.2 million was tied up in non-current assets

<sup>127</sup> Employment costs include gross salaries, allowances and employer's contribution to SSF and Provident Fund.

Table 30 Budget of the Forestry Commission as in the annual estimates of the MLNR (in '000 GHc)

	2007	2008	2009	2010	2011	2012	2013	2014
<b>Personnel emoluments</b>	<b>8,086</b>	<b>3,410</b>	<b>3,161</b>	<b>18,000</b>	<b>18,300</b>	<b>19,200</b>	<b>n/a</b>	<b>25,891</b>
GoG/CF	2,871	3,410	3,161	18,000	18,300	19,200	n/a	25,891
IGF	5,215	0	0	0	0	0	n/a	0
<b>Goods &amp; services (incl. administration costs)</b>	<b>13,945</b>	<b>14,508</b>	<b>27,204</b>	<b>44,105</b>	<b>38,982</b>	<b>76,019</b>	<b>n/a</b>	<b>35,711</b>
GoG/CF	180	186	86	10,105	8,230	8,260	n/a	400
IGF	9,451	14,322	18,118	9,000	5,752	13,069	n/a	29,567
Donor funding (grants)	4,314	0	0	0	0	3,890	n/a	5,614
SBS-NREG	0	0	0	25,000 <sup>128</sup>	20,000	20,000	n/a	0
Other	0	0	9,000	0	5,000	30,800	n/a	0
<b>Investment/ Capital expenditure (assets)</b>	<b>3,894</b>	<b>2,917</b>	<b>4,591</b>	<b>11,909</b>	<b>34,073</b>	<b>15,577</b>	<b>n/a</b>	<b>7,366</b>
GoG/CF	430	204	70	90	200	220	n/a	100
IGF	1,734	1,132	3,279	1,000	3,000	4,935	n/a	3,082
Donor funding (grants)	1,730	1,581	1,242	10,819	18,873	8,422	n/a	4,184
SBS-NREG	0	0	0	0	12,000	2,000	n/a	0
<b>Total</b>	<b>25,925</b>	<b>20,835</b>	<b>34,956</b>	<b>74,014</b>	<b>91,355</b>	<b>110,796</b>	<b>n/a</b>	<b>68,968</b>

Source: Annual estimates of the MLNR.

## Mining

The table below presents the income and expenditure of the Minerals Commission as reported in the annual audited financial statements of the agency. Virtually the only sources of income of the MC over the years of NREG implementation have been from Internally Generated Income and NREG SBS. Between 2007 and 2012, income of the MC has increased more than seven-fold in nominal terms, mostly driven by increased IGF. Since then, the income the income has somewhat gone down, reflecting a decrease in funding received through NREG.

Expenditure has increased at roughly the same pace as income, mainly driven by a very strong rise in personnel emoluments, which have grown more than twelve-fold between 2007 and 2014 and have represented 69% of total MC expenditure at the end of the period.

Over the entire period, the Minerals Commission's income has exceeded its expenditure – in some years, such as 2008 and 2012, by significant amounts. These funds are transferred to the MC accumulated fund, which in consequence has grown from GHc 6.6 million in 2007 to GHc 21.6 million in 2014.

<sup>128</sup> This 2010 SBS-NREG work plan and budget was the first one which was also included in the official GoG budget. In the GoG budget, all NREG expenditures were classified as item 3 costs (service activity expenses) under the MLNR objective 1306 "to develop and maintain effective institutional capacity and capability at the national, regional, district and community levels for land, forestry, wildlife and mineral service delivery".

Table 31 *Income and expenditure of the Minerals Commission (in '000 GHc)*

	2007	2008	2009	2010	2011	2012	2013	2014
<b>Total income</b>	<b>3,890</b>	<b>8,489</b>	<b>8,581</b>	<b>13,222</b>	<b>20,136</b>	<b>29,003</b>	<b>25,814</b>	<b>27,333</b>
GoG subvention	176	193	0	0	0	0	0	0
SBS-NREG	0	3,474	3,000	4,283	6,276	7,815	2,051	4,398
IGF	3,714	4,819	5,576	8,939	13,860	21,188	23,763	22,935
Other income	0	3	5	0	0	0	0	0
<b>Total Expenditure</b>	<b>2,664</b>	<b>4,285</b>	<b>7,997</b>	<b>11,683</b>	<b>17,209</b>	<b>23,922*</b>	<b>24,811*</b>	<b>26,151*</b>
Personnel Emoluments	1,139	2,093	2,952	3,949	7,181	10,104	12,382	13,965
Administrative and General Expenses	536	1,498	4,061	5,962	7,636	4,684	3,312	3,396
Service expenses (incl. travel, transport, repairs, maintenance)	539	422	518	923	1,181	1,806	1,443	1,664
Provisions (depreciation/doubtful debts)	450	272	466	849	1,211	1,587	1,597	1,269
<b>Excess income (transferred to MC accumulated Fund)</b>	<b>1,226</b>	<b>4,204</b>	<b>584</b>	<b>1,539</b>	<b>2,927</b>	<b>5,081</b>	<b>2,045</b>	<b>1,182</b>

Source: MC Audited financial statements. \*For the years 2012-2014, the reported total expenditure exceeds the sum of the different categories.

When compared to total public expenditure (using data from GoG's fiscal tables), it appears that the MC total expenditure has increased from 0.05% to 0.10% between 2007 and 2009, remained stable between 2010 and 2011 at around 0.11%, and substantially decreased afterwards to reach 0.06% in 2014.

The table below depicts the budget of the Minerals Commission as presented in the MLNR budget (ministry's annual estimates which are used in the overall national budget). As in the case of the FC, the 2010 NREG Work plan and Budget was the first one which was included in the official budget although the financing already started in 2008.

According to van der Linde (2012), in 2010 GoG intended to take over funding of all personnel emoluments (PE) of the MC, because of a parliamentary decision that IGF should not be used for PE costs. However, the MC decided not to use make use of this funding facility and continued to rely on IGF for to finance personnel emoluments, which were budgeted as administration costs until 2011. Relying on IGF means that the MC revenues depend on commodity prices, which might lead to volatility. This is illustrated by the comparison between budget and actual income, which reveals that the estimate for IGF has been too ambitious in 2009, but too conservative in the subsequent years.



Table 32 Budget of the Minerals Commission as in the annual estimates of the MLNR (in '000 GHc)

	2007	2008	2009	2010	2011	2012	2013	2014
<b>Personnel emoluments</b>	<b>977</b>	<b>136</b>	<b>0</b>	<b>2,826</b>	<b>2,626</b>	<b>8,953</b>	n/a	<b>14,335</b>
GoG/CF	130	136	0	2,826	2,626	0	n/a	3012
IGF	847	0	0	0	0	8,953	n/a	11,323
<b>Goods &amp; services (incl. administration costs)</b>	<b>2,860</b>	<b>5,133</b>	<b>7,084</b>	<b>17,659</b>	<b>20,091</b>	<b>13,537</b>	n/a	<b>12,006</b>
GoG/CF	100	66	0	0	0	0	n/a	300
IGF	1,860	5,067	5,584	6,325	5,533	5,625	n/a	11,706
SBS-NREG	0	0	0	11,334	14,558	7,912	n/a	0
Other (e.g. HIPC projects)	9,000	0	1,500	0	0	0	n/a	0
<b>Investment/ Capital expenditure (assets)</b>	<b>494</b>	<b>377</b>	<b>1,979</b>	<b>674</b>	<b>6,956</b>	<b>1,147</b>	n/a	<b>6,233</b>
GoG/CF	80	0	0	0	0	0	n/a	100
IGF	414	377	1,979	674	27	1,147	n/a	6,133
SBS-NREG	0	0	0	0	6,929	0	n/a	0
Other (e.g. HIPC projects)	0	0	0	0	0	0	n/a	0
<b>Total</b>	<b>12,431</b>	<b>5,646</b>	<b>9,063</b>	<b>21,159</b>	<b>29,673</b>	<b>23,637</b>	n/a	<b>32,574</b>

Source: Annual estimates of the MLNR.

### Environmental Protection

The table below presents the income and expenditure of the EPA as reported in the annual audited financial statements of the agency.

Internally generated funds for the EPA mainly stem from fees and levies particularly from EIAs and SEAs. These funds are paid into the National Environment Fund managed by the EPA Board. 25% of the amount is retained by the EPA to cover administrative cost and the rest transferred into the NEF. The NEF is supposed to be available to fund the following activities:

- environmental education;
- studies and investigations related to the functions of the agency;
- human resource development; and
- other purposes to be decided by the EPA Board.

EPA income has risen from GHc 2.3 million in 2007 to GHc 23 million in 2014, mostly on the back of increased IGFs and, to a lesser extent, GoG transfers. There was a particularly significant rise in IGF between 2010 and 2011, followed by steady increases in the following years.

In terms of expenditure, one can observe a peak in personnel emoluments in 2012, parallel to the evolution in the FC and MC. Interestingly, administrative and service expenses have risen a lot faster than salaries.

Table 33 *Income and expenditure of the EPA (in '000 GHc)*

	2007	2008	2009	2010	2011	2012	2013	2014
<b>Total income</b>	<b>2,269</b>	<b>2,804</b>	<b>5,395</b>	<b>8,895</b>	<b>10,738</b>	<b>13,004</b>	<b>21,686</b>	<b>22,992</b>
GoG subvention	1,488	1,708	2,356	3,113	2,863	6,859	5,122	5,514
SBS-NREG			712	856	427	735		471
IGF	687	892	1,291	1,970	4,439	4,613	7,964	10,576
Transfers from EPA Dvpt Fund <sup>129</sup>	91	181	1,006	2,845	2,736	0	7,932	5,613
Other income	3	23	30	111	273	797	668	818
<b>Total Expenditure</b>	<b>2,131</b>	<b>2,733</b>	<b>5,072</b>	<b>8,746</b>	<b>9,683</b>	<b>19,258</b>	<b>17,558</b>	<b>24,193</b>
Personal Emoluments	1,567	1,717	2,346	3,085	3,089	7,497	5,894	6,494
Administrative and General Expenses	202	311	566	676	938	4,549	4,294	6,823
Service expenses (incl. travel, transport, repairs, maintenance)	271	524	1,160	2,140	2,920	3,887	5,118	7,803
Provision for depreciation/doubtful debts	91	181	1,000	2,845	2,736	3,325	2,252	3,073
<b>Excess income (transferred to EPA accumulated Fund)</b>	<b>138</b>	<b>71</b>	<b>323</b>	<b>149</b>	<b>1,055</b>	<b>-6,254</b>	<b>4,128</b>	<b>-1,201</b>

Source: EPA Audited financial statements.

The table below presents the budget of the Environmental Protection Agency as presented in the MESTI budget (ministry's annual estimates which are used in the overall national budget). It shows that personnel emoluments have been consistently under budgeted for the whole period. As for the FC and MC, the budget shows NREG funds only starting 2010. Once included in the budget, the estimates for NREG funds have been a lot higher than actual disbursements.

<sup>129</sup> The EPA Development Fund consists of the value of fixed assets acquired with donor aid, GoG funding and SBS-NREG funding as shown on EPA's balance sheet. The annual depreciation of these fixed assets is shown on the income and expenditure statement as an income (transfers from the Development Fund) and as an expenditure (depreciation). (van der Linde 2012).

Table 34 Budget of the EPA as in the annual estimates of the MESTI (in '000 GHc)

	2007	2008	2009	2010	2011	2012	2013	2014
<b>Personnel emoluments</b>	<b>483</b>	<b>1,244</b>	<b>1,672</b>	<b>1,427</b>	<b>1,931</b>	n/a	n/a	<b>5,158</b>
GoG/CF	483	1,344	1,672	1,427	1,931	n/a	n/a	5,158
IGF	0	0	0	0	0	n/a	n/a	
<b>Goods &amp; services (incl. administration costs)</b>	<b>834</b>	<b>1,196</b>	<b>2,490</b>	<b>4,479</b>	<b>8,797</b>	n/a	n/a	<b>14,331</b>
GoG/CF	147	169	150	566	503	n/a	n/a	100
IGF	687	1,037	2,340	3,230	7,593	n/a	n/a	14,231
SBS-NREG				783	701	n/a	n/a	
Other						n/a	n/a	700
<b>Investment/ Capital expenditure (assets)</b>	<b>423</b>	<b>363</b>	<b>2,081</b>	<b>11,361</b>	<b>13,692</b>	n/a	n/a	<b>23,533</b>
GoG/CF	50	75	100	21	11	n/a	n/a	186
IGF	373	288	2,981	260	1,381	n/a	n/a	21,347
SBS-NREG				11,080	12,300	n/a	n/a	
Other						n/a	n/a	2,000
<b>Total</b>	<b>1,740</b>	<b>2,903</b>	<b>4,346</b>	<b>17,367</b>	<b>24,483</b>	n/a	n/a	<b>43,022</b>

Sources: Van der Linde (2012), Annual estimates of the MESTI.

### Goods and services delivered – main features and evolutions

Table 35 Evaluation team and ENR panel summary assessment of actions carried out by relevant MDAs

Sub-sector	Assessment
Forestry	+1
Mining	+2
Environmental protection	+1

Source: Particip and ENR expert panel (see Annex 9 for more details)

Scale applied

+3 = actions of relevant MDAs have substantially increased in scope and quality

+2 = actions of relevant MDAs have moderately increased in scope and quality

+1 = actions of relevant MDAs have somewhat increased in scope and quality

0 = no change observed

-1 = actions of relevant MDAs have decreased in scope and quality.

### Forestry

Among the multiple responsibilities of the Forestry Commission, four areas have represented an important part of the agency's efforts since 2008:

- Forest and wildlife management / preservation of protected areas;
- Restoration of degraded natural resources / plantation;
- Socio-economic conflicts at the level of forest communities;
- Timber legality / the implementation of a Legality Assurance System (LAS) for timber exports in the context of the VPA (EU FLEGT initiative).

In the area of *Forest and wildlife management*, the Forestry Commission expanded its activities in all sub-areas:

- Maintenance of National parks and protected areas. Under the overall supervision of Wildlife Division the main activities included:

- o Routine patrols, rehabilitation and expansion of protected area infrastructure (incl. signage of parks' boundaries, roads and tracks, accommodation facilities for park rangers, ecotourism facilities, etc.) and some livelihoods programmes for communities on the fringes of national parks. Annual reports of the FC indicate that effective patrol days per protected area have increased two-fold between 2008 and 2011. Significantly, the number of effective patrol days dropped in 2013, but picked up again in 2014.

Table 36 Protection Activities undertaken by the WD 2007- 2008; 2011-2014

Protection activity	2007	2008	2009	2010	2011	2012	2013	2014
Effective patrol days per park	1,102	1,260	n/a	n/a	2,249	2,319	1,142	2,313
Poachers arrested	65	54	n/a	n/a	108	111	110	118
Poachers prosecuted	12	18	n/a	n/a	n/a	n/a	n/a	48

Source: Particip based on FC Annual Reports 2007 – 2014

- o Management plans<sup>130</sup> were also prepared or revised for protected areas. In general, the plans developed have been of good quality. However, interviews carried out with WD staff at the FC Headquarters, confirmed the observations made in the 2014 IEG NREG evaluation which highlighted in particular: *“wildlife experts noted that many areas do not have sufficient funds to fully implement their plans. The increase in budget under the NREG program increased the ability of the Division to implement plans but implementation is heavily reliant on donor funds. IEG visited Kakum National Park (the most visited National Park in Ghana and the largest source of revenue from the wildlife sector), and observed fee increases and tourist infrastructure upgrades that contributed to revenue increases, equipment purchases that enabled more effective patrolling, and outreach efforts to neighbouring villages that reduced human/wildlife conflict. However, most other parks have struggled to increase visitor numbers or revenue.”*
- o According to the 8<sup>th</sup> Joint Monitoring and Review Mechanism<sup>131</sup> held in Accra in March 2016, 95 production reserves have been earmarked for development of management plans. However, 32 have been prioritised, all of which a number are in various stages of completion but all are expected to be completed by November 2016.
- **Law enforcement.** This involved destruction of illegal farms in forest reserves and control of illegal chainsaw and galamsey operations.<sup>132</sup> The FC has established Rapid Response Units in five regions. These units consist of FC staff (forest guards and wildlife rangers), which sometimes receive complementary support from the police and military Task Forces. The deployment of these units has allowed the FC to respond quicker to reports infractions.
- **Wildfire.** Prior to the SBS, the Dutch had supported a project Wildfire Management Project (WFMP) under which technical assistance on policy, training and equipment were provided as well as the construction of greenfire breaks around forest reserves in the transitional zone.<sup>133</sup> As

<sup>130</sup> These are detailed operational plans that describe how areas to be managed, including law enforcement, visitor management, infrastructure management, budgeting, and research.

<sup>131</sup> Aide Memoire – Eight Session of the Joint Monitoring and Review Mechanism, Accra 10<sup>th</sup>, 11<sup>th</sup> and 15<sup>th</sup> March 2016.

<sup>132</sup> The 2013 NREG final evaluation report commissioned by the Netherlands notes: *“with respect to the National Strategic Plan for Addressing Illegal Chainsaw Activities (...) the following has been achieved: a five Rapid Response Units (RRUs) have been formed, equipped and made fully operational; b arrangements have been made for the training of 30 FC staff to effectively prosecute forest offences; c two mobile sawmills have been purchased to pilot and test the effectiveness of the Mobile Recovery Team (MRT) in building their capacity to produce legal timber for the domestic market. These actions are already having positive effects in the field and will probably continue to do so to a greater extent, once the pilot phases are finalized and implementation can be increased according to planning.”*

<sup>133</sup> The 2013 NREG final evaluation report commissioned by the Netherlands notes: *“A National Wildfire Policy had been developed (previous to NREG) together with Community Based Organizations (CBOs), traditional chiefs and other stakeholders. NREG has helped to make this policy operational. As a result, there has been a considerable reduction of wildfires. In some areas, farmers are said to have started planting tree crops again, after having focused for years on annual crops out of fear of losing their tree crops to wildfires. The effects of this programme are*

part of the project the MLNR developed a national wildfire policy to provide proactive, pragmatic and comprehensive framework to guide and determine government actions towards wildfire management<sup>134</sup>. A manual of procedure on Wildfire Management was also developed for forest managers by the Forestry Commission.

- Inventories and modelling / GIS. With the support of the Japanese government the Forestry Commission undertook a mapping of the forest cover and carbon stock of the country through the Forest Preservation Programme (FPP), which provides a good overview of the state of Ghana's forests. Two of the important conclusions the study came to include were that:
  - Forest cover change shows a continuous grain in total forest cover (open and closed forest land combined) first (1990-2000) and second (2000-2010) decades, which was about 1.19% the total area of Ghana. However, closed forest land was decreasing while open forest land showed increasing trend, meaning Ghana is having net afforestation, but with forest degradation, and that
  - Forest degradation (conversion from closed to open forest) and deforestation (conversion from close forest to cropland) showed reduction of Above Ground C-Stock from one-fifth to one-third of initial level. (FPP 2013, p. 17)
- In the area of Restoration of degraded natural resources, the Forestry Commission has developed a plantations development strategy with the aim to restore degraded forest lands and also to increase timber stock for both export and domestic use. With a target of cultivating, both through public and private initiatives, 20,000 ha per annum from 2004 – 2010 and 10,000 ha each year from 2011 onwards, the FC made considerable progress in developing plantations as shown in the table below. Except for 2008 and 2015, for each year more than 60% of the national target was exceeded. As at the end of 2015 over 190,000 hectares of degraded forest reserves had been planted with various species of tree crops under plantations.

*Table 37 Plantation Establishment Achievement under the NFPDP (in ha)*

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Sector	14.468	5.008	7.763	14.116	6.990	5.950	3.038	488	108
Private Sector	1.613	5.987	3.894	4.613	4.440	3.550	4.310	7.796	3.802
<b>Total</b>	<b>16.081</b>	<b>10.994</b>	<b>11.657</b>	<b>18.729</b>	<b>11.430</b>	<b>9.500</b>	<b>7.348</b>	<b>8.283</b>	<b>3.910</b>

Source: Ghana National Plantations Development Strategy 2016 – 2040

- The relative contribution of various funding schemes under the plantations programme shows that the Modified Taungya system (MTS) is the most dominant system used for the plantation development with 45% of the area placed under plantations since 2002, being done through the MTS<sup>135</sup> (see figure below). The MTS is an agroforestry scheme applied in degraded forest reserves to foster deforestation. The FC provides access to the land and seedlings and the farmer plant trees and food crops. The food crops belong to the farmer and, in addition to that, they become permanent part-owners of the forest and receive 40% of the revenue generated by the timber crop

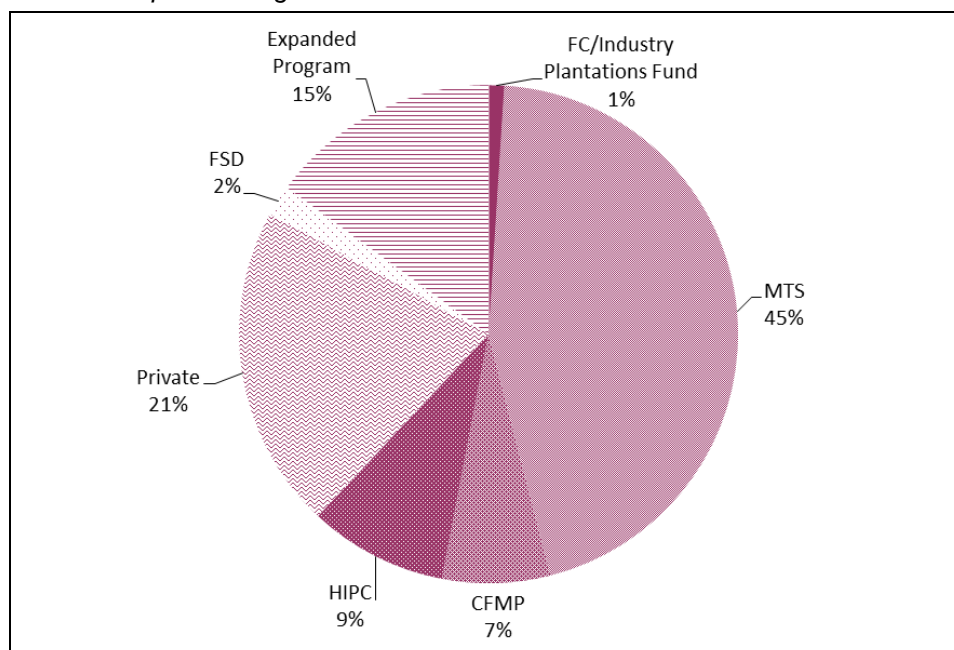
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*particularly strong in the transitional zone, where the wildfire problem is most serious. It is actually being extended beyond the transitional zone to the three Northern Savannah regions."*

<sup>134</sup> MLNR 2006 – Ghana National Wildfire Management Policy

<sup>135</sup> Under this scheme the FC and community members (farmers) enter into a sharing agreement that allows the farmer to cultivate food crops in a degraded forest reserve area while the farmer plants (seedlings supplied by the FC) and tend the timber tree crop. When the tree canopy closes the farmer continues to tend the trees and at maturity the tree crop proceeds are shared in a proportion of 40% to the FC, 40% to the farmer and 20% to the land owners. The farmer in addition has the full ownership of all the food crops cultivated on the land.

Figure 42 Relative contribution of various components under the National Plantations Development Programme as at 2014



Source: FC 2015 – National Plantations Development Programme, 2014 Annual Report

In the area of *socio-economic conflicts*, the Forestry Commission did not conduct specific action targeted only at the reduction of socio-economic conflict. However, it pursued a number of initiatives that are relevant in that regard. These include:

- efforts to increase stakeholder participation policy processes and resource management, ensuring transparency in revenue disbursement and improving accountability. Thus the FC set out under NREG “to review and implement benefit sharing schemes in forest districts and improve collaborative forest management to ensure equitable socio-economic benefits from forest resource management” (WB PPAR).
- the implementation of the MTS that allowed farmers not only to have access to forest land for farming but also make them part owners of the tree resources on plantations
- the continuous publication on bi-annual basis of the disbursement of forest revenues,
- the support creation of dialogue platforms with civil society, private sector and the government through forest forums<sup>136</sup>.

Nonetheless, tensions resulting from illegal chainsaw operations and galamsey in some communities still persists and, as indicated earlier, FC staff undertake law enforcement under considerable risk to their lives in many communities. It must be emphasised though that such incidences are not widespread across the country.

In the area of *Timber legality*, the Forestry Commission has advanced with the needed framework for issuing its first FLEGT licence with the all the needed legislation and manuals developed.<sup>137</sup>. However, a

<sup>136</sup> The WB PPAR notes that *under NREG, the Forest Commission increased its consultation and collaboration with civil society aimed at improving relations and at addressing conflict issues. The commission undertook a program of communication capacity development of civil society groups and communities. Regional forest fora were established to discuss forest issues, operating at the national level, across the 10 regions, and in all districts. Community forestry committees were established as advisory groups, and Commission staff conducted outreach programs with traditional authorities and community groups. Commission staff argued that these efforts had led to greater willingness of communities to report illegal forestry or mining in forests near their communities*

<sup>137</sup> The WB PPAR notes notes: *Legal and operational processes for tracking and verifying the legal status of timber have been designed. The wood tracking system, which tracks consignments from forest to end user, is being*

number of outstanding compliance issues including the failure to convert leases to Timber Utilisation Contracts (TUCs), improper use of salvage permits, issuance of so-called 'Special Permits,' and the absence of valid forest management plans and social responsibility agreements (SRAs), have delayed the processes. At the latest Joint Monitoring and Review Mechanism held in March 2016, it was indicated that the technical hitches stalling the process have all but been resolved and that the end of 2016 is now the most likely date for the issuing of the first FLEGT licence in Ghana.

## Mining

Among the multiples responsibilities of the Minerals Commission, two areas have represented an important part of the agency's efforts since 2008:

- Revenue collection;
- Small-scale mining.

Improving mining sector revenue collection, management and transparency were key objectives for the government's strategies. However, they were focused on the large-scale mining sector rather than small-scale mining or illegal mining. Changes to mineral royalties increased the revenue generated from the mining sector, though increasing production and rising gold prices were also major causes. A commitment to transparency for large mining company revenues through the Extractive Industries Transparency Initiative existed prior to the programme, but incremental progress was made in expanding transparency. (WB PPAR)

A multi-agency Revenue Task Force was established to increase co-operation between the Revenue Agencies and the Minerals Commission and address the mining sector fiscal regime. Fiscal models of large-scale mines were developed, and as of January 2014 these had been applied to 9 of the 13 large mines in Ghana by the task force. The 2014 GHEITI report notes that

*Over the period of the NREG SBS the fiscal regime of the mining sector has been revised to improve revenue generation for the government. "The legislations and fiscal instruments that define the benefits obtained in the mining sector have mirrored policy changes in the mining sector over the years. In 2006 there was a new minerals code which replaced the 1986 Act and its accompanying amendments. The main fiscal provision was the reduction of the range of royalty rate from 3% to 12% to 3% to 6%. It was further fixed at 5% by Minerals and Mining (Amendment) 2010, Act 794". The main fiscal items are indicated below*

Table 38 Evolution of the mining fiscal regime

Items	2006	2012	2014	Remarks
<b>Mineral Right (Mining lease)</b>	One-time payment	Annual payment		<i>Minerals and Mining Licences Regulations 2012; LI 2176; Effective September 2013</i>
<b>Initial Capital Allowance</b>	80%	20%; Straight line	20%; Straight line	Act 839; Third schedule to IRA, act 592 amended.
<b>Upliftment Allowance</b>	5%	0%	0%	
<b>Carried forward Losses for Purposes of Taxation</b>	5 yrs	5 yrs	5 yrs	
<b>Corporate Income Tax rate</b>	25%	35%	35%	
<b>Mineral Royalty</b>	3%-6%	5%	5%	On Gross Revenue
<b>Government Equity Participation</b>	10% free carried interest.	10% free carried interest.	10% free carried interest.	

Source: 2014 GHEITI report

*implemented in pilot areas, but is not yet fully operational nationwide. Key elements of the system conducted by the Forest Commission's newly established Timber Validation Department include reconciliation of data along the supply chain to establish the chain of custody of consignments, application of verification protocols to establish compliance of operators, and processing of complaints. The system has upgraded from paper-based to electronic record keeping, and the scope extended to cover the domestic market in addition to exports.*

As a result of these reforms, there have been very large increases in government revenue from the mining sector. Over 2007-12, nominal revenue from mining increased by 913%, which is roughly 455% in real terms. (NREG Secretariat MoF).

Corporate taxes and mineral royalties account for the lion's share of the government receipts from mining (96% of mining receipts in 2014), the portion of other sources such as dividends and licensing fees being almost negligible. The corporate taxes paid by the mining companies flow directly into the central government's consolidated fund. Of the mineral royalties, 80% flow into the consolidated fund while the remaining 20% go to the Minerals Development Fund (MDF). Half of the funds that go to the MDF go to the MC as internally generated funds while the other half goes to the Office of the Administrator of Stool Lands (OASL), which distributes it between traditional authorities, stools and the district assemblies the mine is located in. In the end, 4.95% of mining royalties go to the district assemblies of the mining communities (approximately 2.4% of the total mining receipts). In 2016, the Parliament has passed the Minerals Development Fund Bill which increases the share of the royalties that directly go to the mining communities to 9%.

In the area of small-scale mining, the MC has engaged in three different strands of activities aiming at the reduction of illegal ASM: i) regularisation of illegal ASM operators, ii) providing alternative livelihoods, and iii) enforcement.

The MC has made efforts to regularise illegal ASM operators and improve support to legal operators. According to the MC (APR 2013), actions in this area include:

*Designating (...) sites countrywide for small scale mining of precious minerals – gold and diamonds. Out of this, 7 areas (345sq. Km) are currently being geologically investigated to prove their viability for licensing to small scale miners. Granted areas being explored prove viable, small-scale miners will be given financial assistance to purchase equipment for the exploitation of the deposit. This will contribute to reducing the menace of illegal mining in the country.*

Currently, over 120 areas have been identified country-wide as potential areas (mainly for gold but also for diamonds). but by the end of 2014, 9 areas (a total of about 554 km<sup>2</sup>) had been or are currently geologically investigated to prove their viability for small-scale miners. The areas include Japa, Prestea & Kutukrom, Akoase, Awisam, Berekum & Akoase, Asawinso and Ofoase. Mining licenses have been given out to small companies for such areas, which are considered suitable for small-scale rather than large-scale mining. The alluvial deposits are now exploited in a legal and more organised way. More than 30 small-scale mining companies are currently operating under this scheme

An additional approach is to establish and resource District Mining Committees, and SSM Associations to assist in the management of SSM activities in the country train them. DMCs have been established in 30 mining areas, of which 24 are officially inaugurated, fully equipped with computers, printers, etc. and have started functioning. So far, 9 DMCs have been trained in legal and policy issue to provide support to SSM operators. However, no ASM cooperatives have been formed yet.

The Minerals Commission (2012 and 2013 APR) recommends the establishment of an ASM Competency Training Centre:

*This centre is envisaged to offer training to small-scale miners in proper mining practice, proper support systems, ventilation and drainage for underground works and safe blasting practice. [...] (T) this form of institutional support to the small-scale mining sector will contribute to curb the incidence of illegal activities, facilitate improved mining practice and safety of small scale miners, drastically reduce the numerous occurrences of serious and fatal accidents, control the illegal acquisition and use of explosives and reduce the environmental degradation associated with their operation.*

However, according the staff interviewed in the field, the main challenge with getting the licensed ASMs to organise is the inability of the authorities to deal effectively with the galamsey operators. The continuous activities of illegal operators discourage legal operations and incidences of licensed ASMs relapsing into illegal operation have become frequent.

The MC spearheaded a scheme to provide alternative livelihoods for small-scale miners based on establishing oil palm plantations with the objective to generate employment, stem the tide of rural' urban migration, reduce poverty as well as the menace of illegal mining in mining communities. The target groups include



- Farmers who want to rehabilitate and make use of former mining sites (illegal as well as legal),
- mining operators rehabilitating their out-mined land, and
- former “retired” miners who are looking for alternative livelihood opportunities.

The project covered five mining communities in the Prestea-Huni Valley District of the Western Region where 23,000 acres of oil palm plantation were established under small farm holder scheme. Based on the success of the Prestea- Huni Valley Pilot Oil Palm Plantation Project, another 23,000 acres of oil palm plantation is being established in the Dunkwa-Ayanfuri Area of the Central Region. By 2013 a total of 3,000 acres of oil palm had been established in five zones. At the time of the Particip evaluation team’s visit to the Dunkwa district, a total of 5000 acres of plantations had been established in the five zones. The scheme is implemented by a private company that develops seedlings for supply to the interested farmers, supplies fertilisers and provides extension services to them.

In interviews with the MC staff at HQ and in the field, it was admitted that given the scale of illegal mining, the sheer numbers of people involved and slow return on investment that oil palm plantation brings compared with illegal gold mining, the livelihood scheme is only a tip of the iceberg in providing solutions to the menace. Nonetheless, combined with increased law enforcement, it provides partial solution to those who would consider withdrawal from illegal mining provides opportunities to rehabilitate devastated mining sites and convert them into productive farmland.

With regards to enforcement, in 2012 the government has established five regional task forces to deal urgently with illegal miners and collaborators in accordance with law. The task forces were spearheaded by the Regional security councils and included MLNR’s Commissions as well as other agencies such as Immigration, Police and other Security Agencies and was supported by the National Security sub-Committee on Lands, Forestry and Mines. As a result of the operations of the task force several illegal miners (mostly foreigners) were arrested, their machinery confiscated and destroyed and 4000 deported. However, the operations of the task forces were only ad-hoc and expensive to sustain, so by the end of 2014 their operations were suspended.

In addition to the task forces, the MC made efforts to raise awareness and strengthen institutional collaboration. For instance, it held trainings for judges, magistrates and all the law enforcement personnel on how to effectively prosecute illegal mining cases in order to improve the level of arrests and prosecution as well as to deter offenders.

### **Environmental Protection**

Strategic Environmental Assessments (SEA), are a policy planning tool used to ensure that environmental impacts are taken into account in policy making. The 2014 WB PPAR provides details on the number of SEAs prepared:

*Strategic environmental assessments of key economic sectors, programs, and plans have been conducted (32 since 2002, including 23 after 2008), including reviews of energy policy, oil and gas policy, water policy, mining policy, sanitation policy, transport policy, and others. These assessments were initially led by the National Development Planning Commission, which advises the president on development policy and strategy. But capacity-building and training has meant that SEAs can now be used as part of district level planning processes. In the past, SEAs were conducted ex post, but under NREG SEAs are now being done pre-emptively before strategy development in some cases such as for oil and gas*

In interviews with the SEA unit of the EPA, the general quality of most of the SEAs was commended as very good. However, in some instances the final product has been poor in quality and makes implementation at the agency level somewhat problematic. The implementation SEA has resulted in a general awareness of different development agencies on the need to streamline environmental concerns in their development activities. The WB PPAR reports that *SEAs of sanitation policies have led to greater assignment of responsibility for waste at the district assembly level, and some districts are now looking at establishing landfill sites rather than dumping sites. A SEA of the water sector has led to some controls on borehole drilling*

The AKOBEN Environmental Performance Rating and Public Disclosure Programme was implemented to complement the Environmental Impact Assessment (EIA) process and serves as a monitoring and verification programme to ensure compliance to environmental regulations on a continual basis. Like the SEAs, the AKOBEN system was an existing programme created under prior World Bank support, and

launched in 2001. It was afterwards expanded from covering just the mining sector to also include the manufacturing sector. The system is based on self-reporting from companies backed by an audit process conducted by the EPA. Companies report in a wide range of categories, which are then aggregated to produce an overall performance rating on a 5 point scale with a colour coding. Company ratings are published online <http://www.epaghanaakoben.org/>, though the detailed data on which ratings are calculated are not published. Also the last published rating is 2012, even though according to the EPA, the 2013, 2014 and 2015 assessment and ratings have been prepared and disclosed to the companies concerned

In combination with the SEAs prepared for the medium term development plans of the MMDAs, the NDPC and EPA has expanded the AKOBEN rating to assess the environmental compliance of the various districts. Currently, 216 MMDAs are covered.

### **Budget support contributions**

#### **Expenditure**

By the end of 2013, GHc 142.3 million were disbursed through NREG. As shown by the table below, the FC has received the largest share (43.9%), followed by the MC (19.6%) and MESTI/EPA (14.7%).

Table 39 Disbursement to the Sectors (as at December 2013)<sup>138</sup>

MDA	GHc million	% share
FC	62.9	43.9
MC	28.0	19.6
MESTI (including EPA)	21.0	14.7
MLNR	14.1	9.8
Transfer to The Consolidated Fund	13.0	9.1
Ministry of Finance	4.2	2.9
Total	142.3	100

Source: Ministry of Finance, NREG Secretariat

In addition to the direct financing, the BS funds have also helped in leveraging other external financing. For instance, the 2013 NREG final evaluation report commissioned by the Netherlands notes that:

*A REDD+ Readiness Action Plan for Ghana (2010-2013) has been developed and is being implemented to reduce deforestation and forest degradation. Monitoring systems and mechanisms for resolving disputes are in place. Development of these activities has been supported by NREG; the action plan actually receives US\$ 3.4 million from the Forest Carbon Partnership Facility (FCPF) to support its implementation.*

While the increased funding has contributed to a rise in expenditure of the involved agencies, some of them agencies, especially the FC, seemed to have difficulties in absorbing the additional funds from NREG immediately, running a large surplus in the first years of NREG (2009 and 2010 in the case of the FC).

With regards to the sustainability of the actions financed by NREG, it is important to highlight the increased IGF of all three agencies, which help offsetting the financing gap after the end of NREG. However, the end of NREG also means that the MC, which is financially autonomous from the central government, is now solely dependent on IGF to finance its operations. It is not clear how a decrease of the IGF collected (e.g. due to a fall in gold price) would affect the operations of the MC. In addition to that, the MC counts on external funding to finance the implementation of the ASM framework, which is estimated to cost GHc 25 billion. According the plan the, MC is expecting 76% of the budget to come from NREG and the rest (24%) from GoG subvention. IGF is expected to contribute a negligible 0.04%. The end of NREG hence puts the financing of the ASM framework into question.

#### **Service delivery**

<sup>138</sup> The figures exclude subsequent releases made by DPs following the de-freezing of the GBS

## Forestry

Overall, since 2009, the Forestry Commission has improved its service delivery and the environment for improved forest and wildlife resource management and NREG has made an important contribution in various fields.

Maintenance of National parks and protected areas: Analysis of the 2011 to 2014 annual reports of the FC indicates that effective patrol days per protected area have increased two-fold over the period of the SBS support. Significantly, the number of effective patrol days dropped in 2013 when NREG funding was suspended. However, in 2014 the level picked up again mostly likely as a result of the increase IGF following the approval of increases in fees, levies and royalties.

Greater funding from NREG increased the ability of the Forestry Commission to carry out monitoring activities within reserves, including re-demarcation of legal farms and prosecution of farmers illegally expanding within reserves

Under the NREG programme, support was continued to reduce wildfire incidence in forest reserves. According to the WB PPAR, *there had been a considerable reduction in wildfires, and that this had led to some increased tree-planting by farmers who had focused in past on annual crops instead for fear of losing their tree crop to fire* (Syzygy 2013, page 30.). However, the efforts the lack of baseline data on past trends makes it difficult to come to firm conclusion on the extent of the reduction in the incidences of wildfire, even though anecdotal evidence indicate that there is a reducing trend in wildfire incidence as against domestic fires<sup>139</sup>.

Timber legality: NREG in general and the UK support in particular have played an important role in the establishment of the necessary institutional structures to roll out the Ghana Legality Assurance System (GhLAS)<sup>140</sup>. The Joint Monitoring and Review Mechanism has provided an important forum to exchange on progress and challenges related to the implementation of the VPA. Although the process has been significantly delayed and so far no FLEGT license has been issued (the issue of the first FLEGT license was initially planned for 2012), the advances are notable.

Plantations: From 2004 to 2007, the injection of HIPC funds into plantation development accounted for high acreage of plantations developed. Subsequently, NREG support from 2010 and additional GoG funding kept the plantations programme going.

However, in many instances the activities remained at a pilot stage because of a lack of resources to replicate the activities at a wider scale (e.g. the national forest forums have not been held since 2014 for lack of funding). An important share of the resources available went into developing strategies as well as systems and tools (e.g. forest and wildlife management plans) which could not be realistically made operational with the resources available at the level of both the Forestry Commission and the other stakeholders involved. In spite of increases in the IGF of the Commission, it is evident that considerable injection of external funding is needed to roll out the full implementation of the policies and strategies developed such as the Domestic Market Policy and the whole GhLAS implementation.

## Mining

Revenue collection: NREG supported the Multi-agency Mining Revenue Task Force, which has revised the royalty rates for large-scale mining companies. The implementation of the proposals of the task force have made an important contribution to the increased collection of IGF in the sector.

In addition to that, NREG has financed the production of the EITI reports covering 2006-2009.

### ASM:

<sup>139</sup> Nonnoni, R, S. Ayesu and G. Gyabaah 2014; Wildfire Incidence in Forest Areas: Implication for Sustainable Forest Management in Ghana. RMSC, Environmental Conservation Unit, September 2014.  
Also Addai EK, et al., Trend of Fire Outbreaks in Ghana and Ways to Prevent These Incidents, Safety and Health at Work (2016), <http://dx.doi.org/10.1016/j.shaw.2016.02.00>

<sup>140</sup> *Under a UK government MoU with the government of Ghana support is directly provided to the FC to undertake activities under each of 8 Policy Areas (from April 2013 to March 2014). The total amount involved is £5 million, out of which by March 2014, £4.5 million had been released. (see FGMC Report: Analysis of Demand-Side Measures of FGMC – 2014 Update, ITAD and Tripleline Consulting, March 2015, p.15)*

The NREG had intended to support the government approach to regularisation of small-scale mining, but progress has been slow. The 2014 WB PPAR notes that

*No mining cooperatives had been established as of 2013. By then end of 2013, 7 potential areas covering 349 km were explored and some drilling and prospecting was carried out at these sites, and 2 more sites were planned for 2014. Of these areas, one site was identified as viable and mining permits are being acquired by small-scale producers. However, as of January 2014 no mining had begun on any of these sites.*

The NREG has also directly contributed to the MC's efforts to provide alternative livelihoods in mining area. The alternative livelihood project was started with HIPC funding and subsequently extended with NREG funds.

Enforcement: While the Inter-Ministerial Task Force to combat illegal mining was not directly part of the NREG programme, government officials and NGOs argued that there was some causal linkage through the Environment and Natural Resources summit in 2012 (2014 WB PPAR).

#### **2.2.4 Step 1 Summary table**

The table below summarises the contribution of BS to the induced outputs in the ENR sector. In particular, the table highlights:

- the causal links between BS and GoG policies / strategies and policy outputs as well as the roles played by the various BS components (financial transfers, policy dialogue and related performance assessment frameworks, and TA and/or other accompanying measures);
- other (non-BS related) factors - historical, policy related, or other internal or external factors - which have influenced GoG strategies / policies and policy outputs.

The table follows a standard structure (as in the other in-depth case studies):

- The central column 'GoG policies / strategies' presents the relevant sector policy outputs of the sector policies / strategies which were covered by BS operations.
- The column on the left hand side, identifies the 'contribution of BS' to changes in the given GoG policy / strategy, specifying the type of influence (provision of funds, policy dialogue, capacity building) and the degree of influence.
- The column on the right hand side identifies other factors (e.g historical and/or internal/external factors) which have also influenced or contributed to changes in relation to the given GoG policy / strategy.

Table 40 Step 1 synthesis table for the ENR sector

<i>BS inputs</i>	<i>Degree of influence</i>	<i>GoG policies/strategies (Induced outputs)</i>	<i>Degree of influence</i>	<i>Other factors</i>	
Financial inputs	<i>Moderate</i>	<b>(Forestry) Management of protected areas (slight increase in capacity to cover protected areas and support implementation of management plans) and Plantation programme (notable increase in plantation areas)</b>	<b>Beneficial factors</b>		
Dialogue	<i>Moderate</i>		<i>Moderate</i>	Involvement of other DPs (e.g. Japanese GIS support)	
Accompanying measures / TA	<i>Weak</i>		<i>Moderate</i>	<b>Hindering factors</b> Lack of incentives for public/civil service	
Financial inputs	<i>Moderate</i>	<b>(Forestry &amp; mining) GoG enforcement actions, including RRUs in forestry and mining task force (slight increase in actions carried out)</b>	<b>Beneficial factors</b>		
Dialogue	<i>Moderate</i>		<i>Strong</i>	Role of the media	
Accompanying measures / TA	<i>Moderate</i>		<i>Strong</i>	Political economy and vested interests	
			<i>Strong</i>	Weak political backing	
		<i>Moderate</i>	Lack of incentives for public/civil service		
Financial inputs	<i>Moderate</i>	<b>(Forestry) Ghana Legality Assurance (system developed but not yet rolled out)</b>	<b>Beneficial factors</b>		
Dialogue	<i>Strong</i>		<i>Strong</i>	Political dialogue in the context of EU-Ghana relations (e.g. FLEGT)	
			<i>Moderate</i>	Role of CSOs	
Accompanying measures / TA	<i>Weak</i>		<i>Strong</i>	Political economy and vested interests	
Financial inputs	<i>Moderate</i>	<b>(Mining) Support to alternative sources of income and regularisation of illegal operators (interventions slightly strengthened)</b>	<b>Beneficial factors</b>		
Dialogue	<i>Moderate</i>		<i>Moderate</i>	Role of the media	
Accompanying measures / TA	<i>Moderate</i>		<i>Moderate</i>	Fragmented institutional framework	
Financial inputs	<i>Moderate</i>	<b>(Forestry &amp; mining) GoG actions to increase revenue (increased royalty rates in mining and significantly improved revenue collection in mining and forestry)</b>	<b>Beneficial factors</b>		
Dialogue	<i>Strong</i>		<i>Strong</i>	Increase in gold prices	
			<i>Moderate</i>	International initiatives (e.g. EITI)	
Accompanying measures / TA	<i>Weak</i>		<i>Moderate</i>	Weak PFM	
		<i>Moderate</i>	Political economy and vested interests		
Financial inputs	<i>Moderate</i>	<b>(EPA) AKOBEN and EPA awareness activities (significant increase in coverage and scope)</b>	<b>Beneficial factors</b>		
Dialogue	<i>Moderate</i>		<i>Strong</i>	Role of CSOs	
			<i>Moderate</i>	Openness from industry towards envt monitoring	
Accompanying measures / TA	<i>Weak</i>		<i>Moderate</i>	Fragmented institutional framework	

Contribution scale: Strong, Moderate, Weak, Absent.

## 2.3 EQ8 - Sector outcomes in ENR (Step 2)

<b>EQ8 – ENR</b>	<b>To what extent, in the environment and natural resource sector, have the development outcomes pursued through the policies and programmes supported by BS been (or are being) achieved? And which have been the determining factors of their achievement?</b>
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The generous natural resources endowment of Ghana in forests, fish, gold, oil and gas, has driven sustained economic growth and poverty reduction and will likely continue to do so in the near future. In recent years, the forestry, wildlife, and mining sectors have accounted for 15% of Ghana's GDP, 25% of government revenues, and 60% of foreign exchange. The sectors have played important parts in Ghana's recent, impressive growth rates of approximately 6% per year. However, such growth rates cannot be sustained in the face of alarmingly high rates of natural resource and environmental depletion.

The high rate of natural resource degradation represents an annual cost of about 10% of GDP, representing almost half of Ghana's USD 1.5 billion annual Official Development Assistance (World Bank Country Environmental Analysis, 2006<sup>141</sup>) and entailing a 1% annual reduction in Ghana's potential economic growth. The cost of lost productivity due to damage to human health<sup>142</sup> and to five classes of natural assets<sup>143</sup> totals USD 730 million per year. The highest costs are from timber depletion (USD 270 million) and inadequate potable water supply, sanitation and hygiene (USD 180 million). Although the cost of environmental degradation has decreased as share of GDP, as per recent EPA's estimates, the rate of resources depletion continues to increase - especially in forests and fisheries. Fast urbanisation is also exposing a growing number of citizens to the negative effects of air pollution and inadequate potable water supply, sanitation and hygiene.

The sub-sectors face similar challenges related to illegal mining/logging, small scale industry, competing (short term) interests between conservation and revenue earning, and above all conflicting interest between resource use by poor local communities, private investors and national interests.

### Box 23 eSurvey results on ENR sector outcomes

The eSurvey respondents have rated the progress in sector outcomes negatively. As shown by the table below, only 58% believe that there has been great or some progress with regards to reduction in socio-economic conflict with regards to mining and forestry while only 41% think that there was great or some progress in the reduction in environmental degradation. This makes the two issues the third worst (conflict) and worst (degradation) rated outcome areas across all sectors.

*Based on your experience, to what extent has there been progress in sector outcomes linked to the reforms implemented between 2005 and 2015 in the following areas?*

Sector	Great extent	Some extent	Little extent	Not at all
Environment: reduction in socio-economic conflict related to mining or forestry	9%	49%	35%	7%
Environment: reduction in environmental degradation	7%	34%	50%	9%

In addition to that, the respondents provided the following qualitative comments on the progress in sector ENR sector outcomes:

GoG

- *Some of the indicators on mining for example have deteriorated due to government inability to check illegal mining activities.*

<sup>141</sup> The World Bank Group- 2006- Report No: 36985-GH

<sup>142</sup> Resulting from urban air pollution, indoor air pollution and inadequate potable water supply, sanitation and hygiene.

<sup>143</sup> Agricultural land, forest and savanna woodlands, coastal fisheries and wetlands, wildlife, and Lake Volta.

<ul style="list-style-type: none"> <li>• <i>In terms of the environment, only a minimum achievement is chalked due to the illegal mining and logging activities.</i></li> </ul>
<p>DPs</p> <ul style="list-style-type: none"> <li>• <i>Transparent and accountable management of natural resource wealth should be listed as an outcome.</i></li> <li>• <i>One significant area of improvement was in the incorporation of civil society into natural resource governance issues.</i></li> <li>• <i>My experience in the natural resources sectors regarding outcomes and reforms is that budget support does promote better outcomes and reforms.</i></li> </ul>

Source: Particip eSurvey

### 2.3.1 JC81. Improved compliance in the forestry and mining sectors

Table 41 Evaluation team and ENR panel JC summary assessment

Judgement Criterion	Assessment
<p><b>Improved compliance in the forestry and mining sectors</b> as evidenced by:</p> <ul style="list-style-type: none"> <li>• Decreasing incidence of Galamsey;</li> <li>• Increased number of companies roped into the AKOBEN and evolution of companies' rating;</li> <li>• Increasing share of timber from legal sources.</li> </ul>	-1

Source: Particip and ENR expert panel (see Annex 9 for more details)

Scale applied:

+3 = situation has substantially improved

+2 = situation has moderately improved

+1 = situation has somewhat improved

0 = no change observed or evolutions have been mixed (equally positive and negative)

-1 = situation has deteriorated.

#### 1.8.1.1. Incidence of Galamsey (illegal small-scale mining)

<p><b>Summary assessment:</b></p> <p>Strong increase and change of nature of ASM despite temporary improvements in enforcement in 2013 and 2014.</p>	<p><b>Robustness of the evidence:</b></p> <p>Strong</p>
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Gold is by far the most important mineral for the Ghanaian economy, accounted for 97% of total revenue from mineral exports. There are two main forms of gold mining in Ghana: i) large scale mining, conducted by international mining companies operating on within official concessions and using a high degree of technology; and ii) artisanal small scale mining (ASM, also called galamsey, see Box 24), traditionally an informal activity with a low level of technology.

#### Box 24 Galamsey

<p>ASM has been a traditional and indigenous activity for centuries, dated back at least to the 15 century when mercury was first used in gold extraction, commonly using rudimentary means of extraction, and an activity that by law can only be undertaken by Ghanaian citizens as outlined in the Minerals and Mining Act 2006 (Parliament of the Republic of Ghana, 2006: sec 83). As in other African countries, ASM takes licensed and unlicensed forms, with the latter predominating and such illicit miners in Ghana known as galamsey, an adulterated version of the English phrase "gather them and sell". In contemporary times, ASM in Ghana has become an increasingly important means of livelihood for many rural dwellers, often turning to mining to supplement or replace farming incomes.</p> <p>Local communities and elites remain invested in Galamsey, not only because of the potential (untraceable) returns, but also as a way to respond to the strong demand for local employment and</p>
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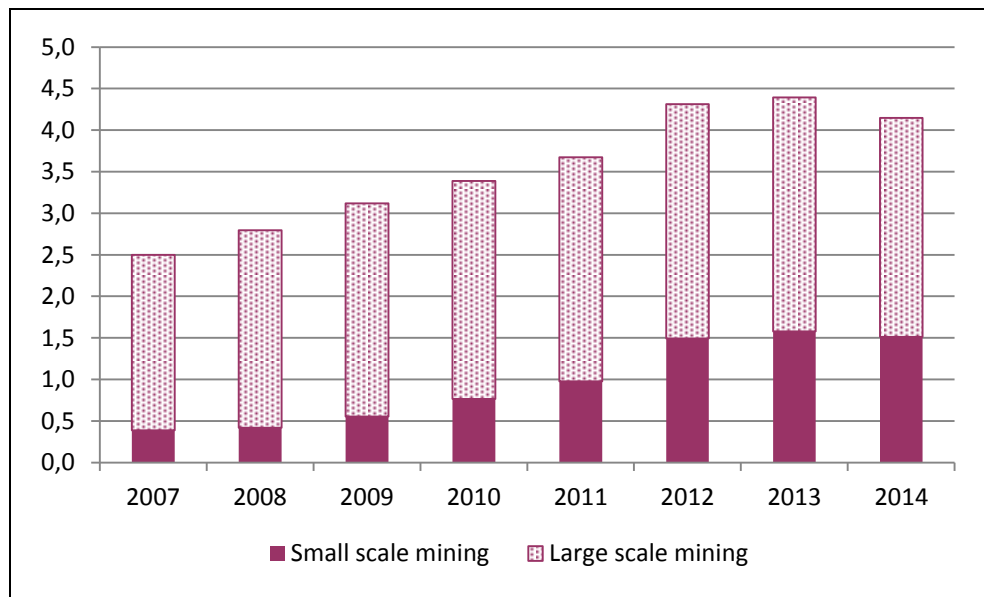
opportunities. Large mining companies are under constant pressure from Galamsey, who sometimes operate illegally on the concessions. Providing employment opportunities is therefore not simply a matter of local support, but also a long-term security measure for companies holding large concessions.

Chiefs feel the pressure to provide access to land for unemployed Galamsey miners since their position partly depends on their ability to provide employment and economic opportunities for the communities they govern. On top of that they receive tribute from these informal operations in exchange for providing access to the stool land.

Sources: 2016 ISS (Crawford) - Conflict, collusion and corruption in ASM in Ghana; 2016 ECDPM - Mining and Community based agriculture.

Gold production and exports of ASM have steadily increased over the last years, both in absolute terms and compared to large scale mining (see Figure 43). While ASM accounted for only 16% of total production in 2007, this number has risen to over a third in 2012-2014. In absolute numbers, exports of ASM gold have increased from 0,4 million ounces in 2007 to 1,5 million ounces in 2014.

Figure 43 Gold exports of large and small scale mining in Ghana (in million ounces)



Sources: GHEITI, MC Annual Progress Reports, NDPC Annual Progress Reports

It is important to differentiate between legal ASM and illegal ASM. Legal small-scale miners have obtained a licence from the Minerals Commission and a designated concession while illegal small-scale miners work without a license, have no concession of their own and operate uncontrollably, sometimes in areas where mining is generally prohibited, such as riverbeds and protected areas, or within concessions of large-scale mining companies. By nature, it is difficult to track illegal activity and hence estimate trends related to it. The Mining Commission estimates that the number of people employed in illegal ASM has gone down from 600.000 in 2009 to 410.000 in 2014 while legal ASM saw an increase in employment from 200.000 to 590.000 over the same period.

However, these figures are at odds with reports according to which incidence of illegal ASM seems to be increasing rather than abating. The 2014 IEG - NREG DPO 1-3 PPAR notes that:

*The level of illegal mining is not well documented, but is widely agreed to have risen dramatically over recent years, driven by rising gold prices. Hundreds of thousands of people are involved in the sector. [...] there is widespread agreement that it continues to have severe environmental impacts: water pollution, landscape destruction, and public health damage from mercury and cyanide.*

A visit by the evaluation team to Dunkwa illustrated the extent of the phenomenon. According to local government sources, in the first quarter of 2016 there were 21 active licenced artisanal mines with a work



force of 1,374 in the area, compared to approximately 3,400 miners engaged in illegal mining operations. Nationwide, there were 1255 companies with an ASM licence in 2014 (2014 GHEITI report).

Over the last years, gold mining in Ghana has attracted a large number of foreign small-scale miners, mostly Chinese, despite the fact that the law only allows Ghanaian nationals to operate in ASM. In their 2016 study on ASM in Ghana, Crawford and Botchwey trace the arrival of foreign miners back to 2006, but state that the influx really started around 2010 when the gold price reached new heights. This issue has attracted a lot of media coverage, with reports going back to 2009 (see for example Modern Ghana (2009), Modern Ghana (2010), Ghana News Agency (2012), Ghana Web (2013) Modern Ghana (2013), South China Morning Post (2013)).

Crawford and Botchwey (2016) explain that:

*Until about ten years ago, two points could be made with certainty about artisanal gold mining in Ghana. First, it was a traditional activity, often involving the same rudimentary means of extraction (pick, shovel and bowl) that had been used for centuries. Second, it was almost entirely an indigenous activity, apart from those few miners from neighbouring countries. However, the last decade has seen rapid and interrelated changes to both these aspects. Foreign miners from China and other faraway places started coming to Ghana to engage in small-scale gold mining from 2006 onwards, which turned into a gold rush with the hike in gold prices from 2008. It is stated that many Chinese miners came into Ghana via Togo who had a 'no visa required' arrangement with China, and then crossed the border unofficially, while others came in on tourist visas. The exact numbers of such irregular migrants is not known, due to the evasion of immigration laws, but it can be safely stated that the number of Chinese miners was in the tens of thousands, with the large majority coming from Shanglin County in Guangxi province and known as the 'Shanglin gang'. All such irregular migrants were working on an illicit and illegal basis given that the sector is reserved for Ghanaian citizens by law.*

The situation peaked in 2012 and 2013, when tens of thousands of foreign miners engaged in ASM in Ghana. In 2013 and 2014, the government responded and deported several thousand foreign miners (Modern Ghana (2013)) and the number of foreign miners has dropped. However, interviews and site visits indicate that this drop might have only been temporary. Either way, the influx of foreign miners has led to a dramatic change of the nature of ASM has over the last years. While ASM used to be characterised by the employment of simple tools and a low level of technology, it now features the use of heavy machinery, a development which has been started by the influx of a large number of foreign illegal miners. Crawford and Botchwey (2016) note that:

*The Chinese miners had a major impact, however. They transformed the artisanal nature of mining through the introduction of a much higher level of mechanization, notably the use of excavators, bulldozers and wash plants. Much of this equipment was also sold or hired out by Chinese traders. One particular innovation introduced by Chinese miners was direct mining within rivers by means of a barge or platform fitted with suction equipment, despite the illegality of mining in rivers or indeed within 100 metres of a river bank. River mining, or dredging mining as it is known, was subsequently adopted by Ghanaian miners [...].*

The change in scale and nature of ASM in Ghana is likely to be permanent and poses a number of socio-economic and environmental challenges which are discussed in the sections below.

### **1.8.1.2. Number of companies roped into the AKOBEN and evolution of companies' rating**

<b>Summary assessment:</b>	<b>Robustness of the evidence:</b>
Clear increase in the number of companies roped into the AKOBEN and improvement in companies' rating, but usefulness of the tool constrained by delays in publication of assessments.	Strong

As explained above, AKOBEN is a compliance monitoring system for the private sector, developed in 2001 with support of the World Bank. It measures the environmental performance of companies based on their day-to-day operations once they have successfully cleared their Environmental Impact Assessments (EIA) and obtained their environmental permit to operate. Initially it was only applied to companies in the large-scale mining sector, but it has since been extended to also cover the manufacturing sector. AKOBEN is based on self-monitoring reports by the companies in question and backed up by EPA audits.

The information covers a wide range of indicators, which are then aggregated to produce a five colour rating scale (see table below).

Table 42 AKOBEN rating scale

Rating Level	Performance	Description
Red	Poor	Has not fulfilled the requirements of LI 1652, and creates risks from toxics and hazardous wastes mismanagement and discharges.
Orange	Unsatisfactory	Exceedance of regulatory standards for conventional pollutants, non-toxics and noise pollution.
Blue	Good	Adequate compliance with environmental standards.
Green	Very good	Company is responsive to public complaints.
Gold	Excellent	Company follows its corporate social responsibility policies.

Source: <http://epaghanaakoben.org>

In 2009 the programme started with 50 manufacturing and 11 large-scale mining companies. Since then, the coverage has extended to 150 manufacturing and 18 large mining companies in 2014.

The integrity of the programme and the benefit it provides companies have tended to attract companies to enrol on the programme. It is often quoted as an indicator by industry players of their compliance to environmental standards. For example, Newmont Mining Corporation states on its website that:

*Newmont's Ahafo mine in Ghana obtained a "Blue" rating in the Ghana Environmental Protection Agency's 2012 AKOBEN environmental rating and disclosure program. Ahafo received high scores for its environmental management and performance, and corporate social responsibility efforts.*<sup>144</sup>

Similarly, Diamond Cement Ltd. in its daily adverts on radio quotes it's 2012 'Green' Akoben rating as 'the only Cement factory and one of only two manufacturing companies to receive a 'Green' rating'.

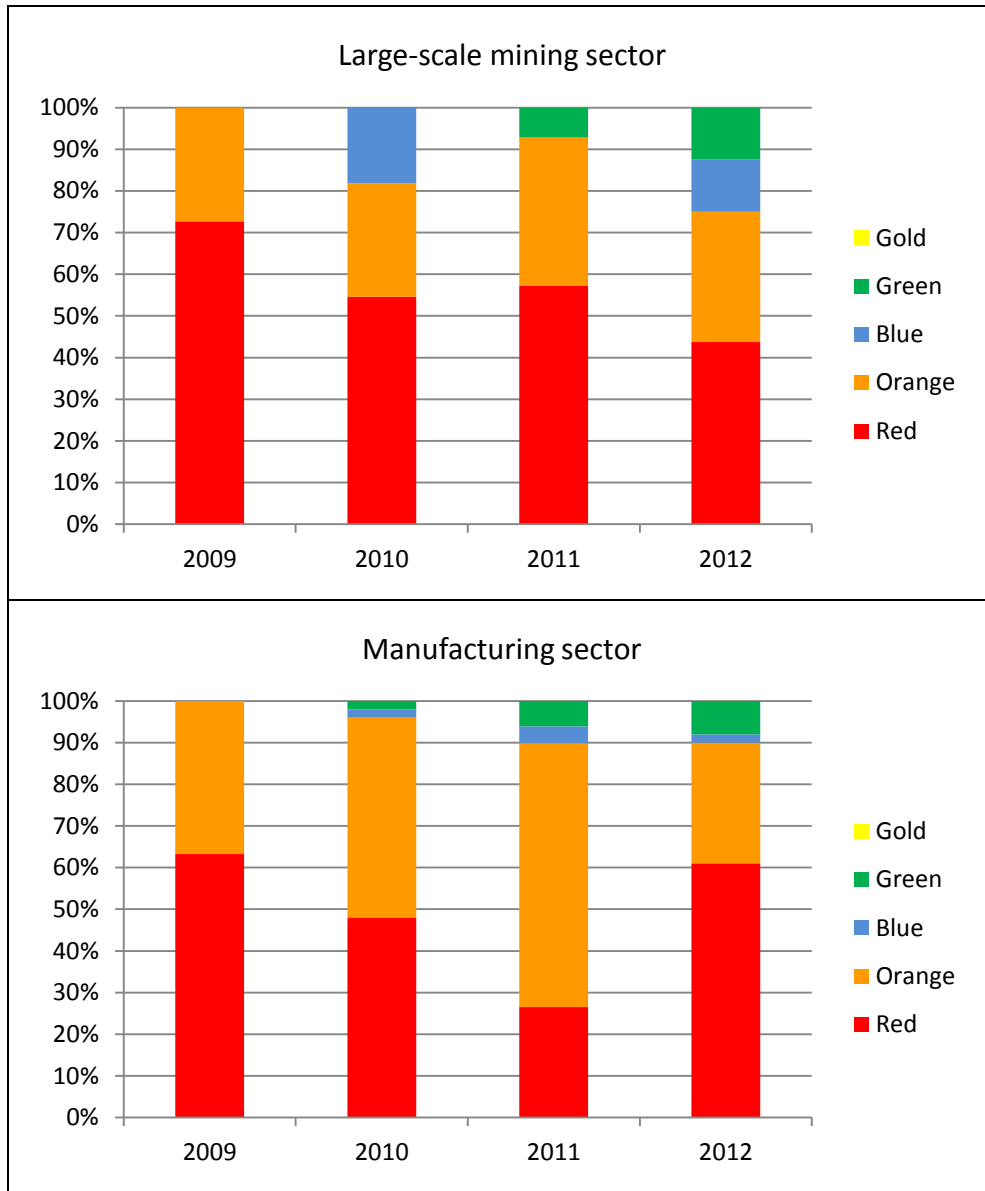
The 2014 IEG - NREG DPO 1-3 PPAR states that:

*NGO groups argued that mining companies had responded to media pressure based on weak AKOBEN ratings and improved their processes, especially for large multinational companies. Government officials reported that banks and insurance companies had put pressure on corporate clients who had low ratings.*

The figures below illustrate how the performance large-scale mining and manufacturing companies has evolved between 2009 and 2012. In the mining sector, there is a clear positive trend. In 2009, more than 70% of the companies had received a red, i.e. the worst, rating and no company was compliant. In 2012, less than half of the companies had received a red rating while a total of four companies had received a blue or a green rating. Despite the progress, the majority of the mining companies still was non-compliant in 2012. In the manufacturing sector, one can also observe a positive trend. Between 2009 and 2011, the share of companies receiving a red ratings declined from more than 60% to below 30%. In 2012, the average ratings worsened which is likely due to the fact that AKOBEN extended its coverage to additional subsectors and thus doubled the number of companies included in the rating.

<sup>144</sup><http://sustainabilityreport.newmont.com/2013/performance-indices.php#sthash.o2utLM3j.dpuf.>

Figure 44 AKOBEN rating<sup>145</sup> trend



Source: Particip, based on data from AKOBEN website

The table below provides more details on the ratings by category. There is some evidence of progress in the area of on-site hazardous/toxic waste management and environmental management best practice, but the ratings for non-toxic discharge, noise and vibration compliance remain very low.

<sup>145</sup> # of companies in each category indicated on the bars.

Table 43 AKOBEN rating trend - share of companies receiving at least "blue" rating

Category	2009	2010	2011	2012
<b>Large-scale mining sector</b>				
On-site hazardous/toxic waste management	45%	100%	64%	87%
Toxic discharge compliance	29%	56%	64%	80%
Non-toxic discharge, noise and vibration compliance	55%	60%	14%	38%
Environmental management best practice	50%	73%	71%	75%
Number of companies reporting	11	11	14	16
<b>Manufacturing sector</b>				
On-site hazardous/toxic waste management	67%	80%	91%	67%
Toxic discharge compliance	60%	19%	50%	61%
Non-toxic discharge, noise and vibration compliance	12%	20%	24%	24%
Environmental management best practice	53%	64%	76%	60%
Number of companies reporting	49	50	49	100

Source: 2014 IEG - NREG DPO 1-3 PPAR / EPA

Despite the rather positive evolutions regarding the number of companies involved and their ratings, there are also a number of shortcomings that undermine the usefulness of the tool. First, there are no formal consequences linked to the AKOBEN system apart from public pressure through the disclosure of the ratings. This weakens the incentive

Second, there have been significant delays in the publication of ratings. In mid-2016, the ratings for 2013 and onwards were still not publicly available. This is likely to hamper the strategy of building public pressure through naming and shaming in the media. Upon request, EPA indicated that they were planning to release more recent data soon but did not provide an explication for the delays.

Third, there has been some criticism with regards to the methodology and the capacity of EPA to carry out audits. The 2014 IEG - NREG DPO 1-3 PPAR states that:

*However, the tool also has limits in that it is based only on company data, with no inclusion of community consultation. Mining sector experts argued that the EPA did not have the capacity to assess corporate social responsibility very well, and tended to give inaccurately positive ratings.[...]*

*Some environmental experts interviewed by IEG argued that improvements were driven mainly by the rating system (and private sector efforts to avoid poor ratings) rather than by the EIA process.*

And fourth, the role of tool is limited to legally established (usually large- scale) mining companies. While this is understandable since it would be impossible to implement self-monitoring for illegal mining operators, it nevertheless limits the effectiveness of the AKOBEN tool since most of the adverse environmental impacts of mining in recent years are attributable to illegal ASM, and only in a lesser extent to the large-scale mining companies (se JC83).

### 1.8.1.3. Percentage of timber from legal sources (both for domestic market and exports)

<b>Summary assessment:</b> Slight increase of the level of timber from legal sources.	<b>Robustness of the evidence:</b> Medium
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The Ghanaian timber industry has traditionally been oriented towards exports. Generally, most exported timber comes from official sources while informal chainsaw milling helped meet domestic demand.

**Export timber:** Most exported timber comes from official sources, but there are debates about whether the official allocation of permits is done in conformity of legal norms, as most concessions are not awarded competitively as prescribed by the law<sup>146</sup>. The VPA definition for timber from legal sources includes the following categories:

- Timber Utilization Contracts (TUCs), awarded competitively
- Salvage Felling permits (SFPs) (e.g. for road construction) awarded administratively
- Special permits, awarded administratively

Civil society groups and development partners have highlighted the following concerns on the current practice. First, the law stipulates that existent concessions need to be converted TUCs, which would make concession holders pay timber right fees, but this has not happened so far. Secondly, for new concessions the government has awarded almost no TUCs, but has given out SFPs and special permits instead. As a consequence, concessions are not awarded competitively, but administratively, i.e. at the discretion of the FC. When these practices have been highlighted by Civil Society Organisations, as for example done by Global Witness in 2013, the government has responded by stating that the permits were awarded according to the procedure prescribed in the law (Daily Graphic 2013).

**Domestic timber:** Chainsaw milling consists in the on-site conversion of logs into limber with the use of a chainsaw. The practice has been outlawed in Ghana since 1998 but is still widespread. A 2009 NREG baseline study of the domestic timber industry found that 84% of the timber domestically sold in Ghana came from illegal sources. A 2015 study by Tropenbos estimates that 70% of the lumber sold on the domestic market stems from illegal sources. This implies that the share of legal timber has risen over the period, but nevertheless that the large majority of domestic timber still comes from illegal sources.

According to the 2014 IEG - NREG DPO 1-3 PPA, mills have produced more legal timber for domestic consumption:

*There has been an increase in the amount of legal timber produced by mills. In 2013 38 percent of lumber production was for the domestic market, while 62 percent was exported, but no baseline data was available. The principle driver of this has been that declining exports mean that sawmills have more capacity available for processing lower quality timber for the domestic market.*

Another source for data on informal forestry is provided by the Forestry Commission, which reports data on detected illegal activities (see Table below). Observed illegal harvesting of natural forest timber and chainsaw milling have gone down between 2011 and 2014, but it is unclear whether this represents a reduction of illegal activity or a reduction of enforcement.

*Table 44 Observed illegal activities by the Forestry Commission (number of trees reported)*

	2011	2012	2013	2014
Illegal harvesting of plantation timber	1,672	609	1,509	1,726
Illegal harvesting of natural forest timber	1,080	709	937	903
Illegal chainsawing of natural forest timber	875	330	353	427

Source: NDPC Annual Reports

### **Main determining factors**

*Table 45 Evaluation team and ENR panel assessment of main determining factors*

Issue	Main determining factors	Assessment
Improved <b>compliance</b> in the forestry sector	Actions by the Government/ relevant sector agencies	+1
	Forest resources depletion due to increased economic activity	+1
	Increased population pressure and lack of employment	-2

<sup>146</sup> Timber Resource Management Act 547 (1997), amended in 2002; Timber Resources Management Regulation LI1649 (1998), amended 2003

<i>Issue</i>	<i>Main determining factors</i>	<i>Assessment</i>
	Political economy and vested interests	-2
Improved <b>compliance</b> in the mining sector	Actions by the Government/ relevant sector agencies	+1
	Role of traditional authorities	-2
	Political economy and vested interests	-2
	Increase in gold prices	-3

Source: *Particip and ENR expert panel (see Annex 9 for more details)*

Scale applied

+3 (important) = the factor has had positive influence on the sector outcome to a great extent

+2 (medium) = the factor has had positive influence on the sector outcome to a moderate extent

+1 (low) = the factor has had positive influence on the sector outcome to a limited (but not negligible) extent

0 = the factor has had mixed influence (or did not have any influence)

-1 (low) = the factor has had negative influence on the sector outcome to a limited (but not negligible) extent

-2 (medium) = the factor has had negative influence on the sector outcome to a moderate extent

-3 (important) = the factor has had negative influence on the sector outcome to a great extent.

### **Forestry**

In its efforts to promote legal sourcing of timber, the government has developed the Ghana Legality Assurance System (GhLAS), encompassing the Ghana Wood Tracking System, verification protocols and manuals of procedure. These elements have been mainly driven by the FLEGT process but have not yet been rolled out. The main reason for the delays in the FLEGT process

The FC has made efforts in the area of enforcement of biodiversity protection in forestry reserves. It created several Rapid Response Teams, which are managed by the Forest Services Division. The teams are patrolling forest and wildlife protected areas to combat illegal activities. In addition to that, the FC trained staff to prosecute forest offenses which were previously handled by the police.

However, these efforts were hindered by limited or no incentives for stakeholders to protect forests and wildlife from illegal operations. Underlying policy and legal barriers<sup>147</sup> that do not allow farmers to have ownership of trees on the farms make them passive on-lookers to illegal harvesting by chain sawers or at worse active collaborators in illegal harvesting. Landowners and tenant farmers have no incentive not to collaborate with illegal timber and chainsaw operators; Landowners and farmers have no property rights over trees and are helpless in having such rights protected;

The general slowing down of logging activities in the country due to the dwindling timber resource base could also be a fact in the decline of illegal logging. More and more timber off-reserve is gone and the forest reserves are becoming the main source of supply. Given that the forest reserves are relatively better protected, the transaction cost for most the illegal operators is increasing the risks of arrest higher.

More generally, the increase population pressure and lack of employment alternatives push people into illegal activities, both in the mining and forestry sector. The government and the development partners have recognised this and have launched efforts to provide alternative sources of income (alternative livelihoods programme for mining, EU funded illegal chainsaw project). However, these activities are only implemented in some areas (in the case of mining) or are still in pilot stage (in the case of forestry) and have not (yet) made an impact at the national level.

#### *Box 25 Political economy of the forestry sector in Ghana*

In the Ghanaian forestry sector, several attempts to launch policy reform and improve resource governance have been attempted, but have had limited success. This is, for example, the case with the attempt to reform the forest fiscal regime. It is also the case with the legal ban on chainsaw lumbering. In spite of reform initiatives forest taxation levels have remained low, allocation of timber rights remains discretionary, and widespread illegal/criminalised chainsaw lumber constitutes almost the entire domestic

<sup>147</sup> This is recognised as a key governance challenge which the WB NREG TA is providing assistance to address.

timber supply.

The governance regime has served the entrenched interests of an economic and political elite in the exploitation of timber in Ghana. This elite has subsequently and with considerable success resisted any attempts at reforms that could threaten its favourable position.

The [low] taxation level implies the existence of a large resource rent, which in 2005 was almost USD 300 million. A large share of this rent is lost, however, through the informal harvesting and selling of timber by chainsaw operators in the domestic market, where prices are lower than in the export market. The low prices obviously benefit Ghanaian lumber consumers. Further, rent is lost through inefficient conversion ratios of logs to lumber by the Ghanaian timber industry, particularly by chainsaw operators. Yet, Hansen and Lund (2011) conservatively estimate that, in 2005 alone, a residual rent of at least USD 58 million was captured by actors involved in the export-driven exploitation of timber in Ghana.

No official statistics or information on existing timber rights and who holds them is publicly available. Based on a review of information on timber rights from various sources, Hansen and Lund (2011) estimated that, in 2005, the area of timber rights was approximately 3.2 million ha: 1.8 million ha under long-term contracts (typically between 40 and 99 years) and 1.4 million ha under short-term (typically five-year) contracts.

Almost all contracts had been allocated administratively, i.e., officers in the Forestry Commission select a firm from the applicants who competed for particular timber rights. Since the enactment of competitive bidding on April 23, 2003, only six of 50 long-term contracts had actually been allocated through competitive bidding. The remaining 44 had been allocated administratively, as had all other long-term contracts before this date.

The short-term timber rights over 1.4 million ha were allocated in the form of Timber Utilization Permits (TUPs) and salvage Felling permits (SFPs). Both of these are meant for a specified (limited) number of trees. TUPs are intended for district assemblies, town committees, rural community groups and NGOs for social and community purposes. SFPs are issued for the salvage of timber trees from smaller areas undergoing development, such as road construction. The data show that all TUPs — 124 in total — have been granted to timber firms, not community groups. Further, all TUPs have been granted for large tracts of forest — an average of 31.7 km<sup>2</sup> — and not a specified number of trees. Likewise, all 448 SFPs, the size of which averaged 22.9 km<sup>2</sup>, had been allocated to companies.

In summary, reforms of timber rights allocation as stipulated in the 1994 Forest and Wildlife policy, most notably competitive bidding, have been enacted only and in general not implemented. The same goes for numerous attempts to increase the taxation level, stumpage fees in particular (Hansen and Treue 2008). Accordingly, low official timber taxes and discretionary allocation of timber rights characterise the sector. This suggests that timber rights are allocated in exchange for payments and/or political support, e.g., in connection with election campaigns. What other rationales could apply? The large number of short-term timber rights allocated to firms with no track record in the forestry sector may be explained as rewards, possibly for political support, that may be turned into cash through joint ventures with or outright sale to active timber companies.

*Source: 2012 Lund et al. - The political economy of timber governance in Ghana*

## **Mining**

The increase in gold prices from 2008 onwards has played a major role in the transformation of the ASM sector. Highly mechanised, illegal mining became very profitable and drew tens of thousands of foreign nationals to Ghana to engage in the sector. In 2013, the government reacted and established an Inter-Ministerial Task Force to combat illegal mining. The task force was essentially a military and police operation and arrested and deported more than 4,000 foreigners engaged in illegal small scale mining and the seized equipment, weapons and vehicles (no Ghanaian miners were arrested or prosecuted). This led to a notable decrease in illegal ASM during that period. However, the Task Force was dissolved in 2014 and illegal mining has bounced back since.

It is also important to note that the transformation of the ASM sector including the influx of foreign nationals and the use of heavy machinery has been going on for several years before the government eventually took action. Crawford and Botchwey (2016) attribute this lack of action to corruption in the government. According to their report,

*It would appear that foreign miners, especially from China, were able to operate with impunity for so long because they were actually protected by those in authority, that is public officials, politicians and chiefs, in return for private payments. Various state institutions have clearly failed in their responsibilities to maintain the law. Yet this is not due to weakness or issues of capacity. Rather public officials have 'turned a blind eye' to illicit mining in return for a share in the large sums of money being made from gold extraction. Similarly chiefs have seen an opportunity for personal gain, especially by selling land for mining.*

Complicity on the part of local leaders such as chiefs, local and high-level politicians and other people of influence in some of the illegal small-scale mining activities are evident particularly when detained illegal miners are released without any punitive measures. This situation has tended to demoralise field officers, and also encourages and even embolden illegal miners to continue with their activities. With the Task Force dissolved, illegal ASM is on the rise again and it appears that there is little government commitment to sustained enforcement in the mining sector in light of the approaching elections.

Apart from the above described efforts on enforcement, the government also incentivised illegal small scale miners to legalise their activities. The MC has expanded and improved its extension services to provide advice to small scale miners. As a result, the rate of regularised ASM has gone up, although illegal ASM is still prominent. However, the lack of financial resources constrained government efforts in the regularisation of ASM. The 2014 IEG - NREG DPO PPAR notes that:

*The NREG program design had intended to support this approach, but progress has been slower than expected. No mining cooperatives had been established as of 2013. By then end of 2013, 7 potential areas covering 349 km<sup>2</sup> were explored and some drilling and prospecting was carried out at these sites, and 2 more sites were planned for 2014. Of these areas, one site was identified as viable and mining permits are being acquired by small-scale producers. However, as of January 2014 no mining had begun on any of these sites. Government officials reported that the main reason for the delays was the lack of money available for exploration and prospecting, and mining experts argued that the refusal of largescale mining companies to lease lands where they have permits was also a contributing factor [...]. The Commission has also increased support it offers to legal small-scale miners by creating 2 new district level monitoring offices, which can offer technical advice and extension work in mining communities.*

The role of traditional authorities in illegal mining is pivotal. That role can be negative (i.e., handing out permissions for illegal mining), but at the same time it can be positive as these leaders are often highly respected in their communities and can set good examples to be followed by their people. However, the influence of the chiefs with regard to mining is gradually waning as lamented by one prominent paramount chief recently that they as chiefs have no mandate to stop illegal mining.

*"Chiefs are supposed to be the owners and custodians of the land but one sad thing is that, the same constitution, chiefs are not the owners of the trees on the land," he stressed. He continued, "We are constrained by so many things. If somebody is in your traditional area and he degrades the environment, I do not have the authority to arrest. If I see somebody degrading the land through galamsey, I cannot stop him because I do not have the mandate to do that. Somebody issues the permit from Accra without even consulting the traditional area and then you sit in Accra and blame me."<sup>148</sup>*

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<sup>148</sup> <https://www.modernghana.com/news/695058/agonehene-chiefs-have-no-mandate-to-stop-galamsey.html>



### 2.3.2 JC82. Improved socio-economic impact of mining and forestry

Table 46 Evaluation team and ENR panel JC summary assessment

Judgement Criterion	Assessment
<b>Improved socio-economic impact of mining and forestry</b> as evidenced by: <ul style="list-style-type: none"> <li>Decreasing trends in number of conflicts related to mining;</li> <li>Decreasing trends in number of conflicts related to forestry;</li> <li>Increased mining revenue collection and sharing with mining communities;</li> <li>Increased forestry revenue collection and sharing with forestry communities.</li> </ul>	<b>0</b>

Source: Particip and ENR expert panel (see Annex 9 for more details)

Scale applied:

+3 = situation has substantially improved

+2 = situation has moderately improved

+1 = situation has somewhat improved

0 = no change observed or evolutions have been mixed (equally positive and negative)

-1 = situation has deteriorated.

#### 1.8.2.1. Trends in number of conflicts related to mining

<b>Summary assessment:</b> Overall, worsening of conflicts related to mining because of the changing nature of ASM.	<b>Robustness of the evidence:</b> Medium
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Over the last decades, there have been tensions and conflicts between ASM operators and large-scale mining companies, going back to the liberalisation of the mining industry in the 1980s (Okoh 2014). Most of the conflicts between ASM operators and large-scale mining companies are in essence conflicts over land rights. Collins and Lawson (2014) explain:

*In Ghana, chiefs or traditional heads still largely control all rural lands, and customary land tenure practices play a significant role in the proliferation of small-scale mining. Galamsey will often claim that they have they have been given permission to work on land by traditional authorities, which often conflicts with the exclusive rights granted by the government to large-scale companies who have acquired a concession through legal channels.*

The intensification and change in nature of ASM described above has led to an escalation of the situation in recent years. There have been multiple violent clashes between foreign and Ghanaian miners, which have been widely reported in the media (see for example BBC (2012), Graphic Online (2013), Joy Online (2016), Reuters (2016)). Crawford and Botchwey (2016) describe the situation as follows:

*The increased competition for resources has also led to issues of law and order. This has related not only to direct conflicts between miners and to incidences of robbery of Chinese miners, but to increased security problems for all citizens. In the Central region, it was stated by the police that armed robberies had increased, and that such robberies often occurred with guns originally brought in by the Chinese to protect themselves while mining in the bush. These weapons had been abandoned during the operations of the national Task Force and had fallen into criminal hands. Local conflicts between Chinese and Ghanaian miners over access to gold resources were reported in the national press from mid-2012 onwards, with deaths and injuries on both sides. Disputes have also arisen between Ghanaians, and in particular between young people in communities and the traditional authorities (chiefs), often accused of 'selling land' to Chinese miners.*

In its 6<sup>th</sup> Annual Report on the ENR Sector, (December 2015), the KASA CSO-Forum, noted that the mining sector is characterised by:

- Arbitrary arrest and detention of some suspects in private detention facilities of mining companies;
- Threats of arrest of community people who want to exercise their constitutional right to demonstrate against mining companies;

- Torture and assault of “galamsey” suspects through beatings and the use of guard dogs on suspects leading to deaths of these suspects;
- Private detention facilities operated by some mining companies;
- Shooting of peaceful demonstrators by security agencies acting on behalf of mining companies resulting in death or maiming.

### 1.8.2.2. Trends in number of conflicts related to forestry

<p><b>Summary assessment:</b> Reduced tensions between companies, the government and the communities, but increased conflicts with miners in forest zones.</p>	<p><b>Robustness of the evidence:</b> Low</p>
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In Ghana many conflicts in the forest sector today originate from competing interests and claims among stakeholders in the use of land and forest resources. While no systematic monitoring of conflicts between communities and forestry companies are carried out there are indications of reduced tensions between companies and communities.

According to the 2014 IEG - NREG DPO PPAR, the relationship between the government and the forestry communities has improved in recent years:

*Outreach efforts improved relationships between government and forest communities. Government officials and most forestry NGOs argued that outreach efforts by the Forest Commission had been significant and meaningful. In a forest community randomly selected by IEG, interviewed community members reported that they had an improved relationship with Commission staff, and knew that they could call and staff would respond. An interviewed community leader noted that prior to the program, he would not have reported illegal foresters, believing they were just trying to make a living, and would not have known who to report to. After training and sensitization efforts during the program, he would report illegal harvesting, knowing that this had a negative effect on the forest and his community and that a response from the Commission would be forthcoming. However, he noted that outreach efforts had been scaled back more recently, and was concerned that community attitudes could backslide.*

*Interviewed community members noted that the transparency of forestry payments had improved, and that they could access information on forestry royalty payments at a nearby city. However, they noted that the data provided was at too high a level, focusing on paramount chiefs rather than lower level chiefs, and consequently had little impact on their community.*

However, the proliferation of illegal mining activities in forest reserves has led to recurrent clashes between galamsey and FC staff. In March 2013 the Chief Executive of the Forestry Commission informed the media on the extent of the violence directed towards FC staff. According to a 2013 article in Graphic online:

*62 forest and wildlife guards have been killed through fatal attacks and cold blooded murder by illegal chainsaw and galamsey operators in the last two years. In March 2013, two persons were murdered in cold blood by wildlife poachers and illegal chainsaw operators at the Kyabobo National Park in the Volta Region and the Abofour Forest Reserve in the Ashanti Region. He said a total of 120 wildlife and forest guards had been attacked between 2011 and 2013, explaining that “some were attacked in church while others were attacked in their offices with guns and machetes”.*<sup>149</sup>

In 2014 it was reported that two guards killed at Offinso Forest District and in the Bekwai, district 3 forest guards and supervisors were kidnapped and tortured at Nkawie (FC 2014 – SESA for REDD+, Initial Stakeholder Engagement Report, September 2014).

<sup>149</sup> <http://www.graphic.com.gh/news/general-news/62-forest-guards-killed-in-2years-by-illegal-miners-chainsaw-operators-and-wildlife-poachers.html>

### 1.8.2.3. Revenue collected from mining sector

<b>Summary assessment:</b> Strong increase in mining revenue, but low share going to mining communities.	<b>Robustness of the evidence:</b> Strong
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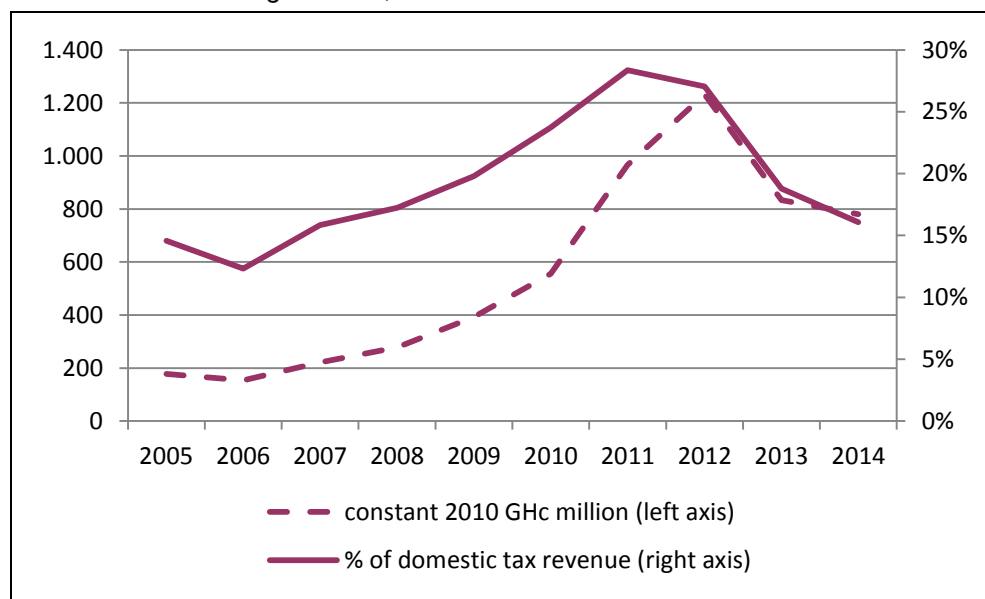
Over the evaluation period, there have been large increases in government revenue from the mining sector. Between 2005 and 2012, mining revenue had increased more than fourteen fold in nominal terms and almost seven fold in real terms (see Table 47 and Figure 45), but has decreased since then. Mining income makes up an important share of total domestic income, peaking at 28.3% in 2011. However, in 2014 it accounted for only 16.1% of total domestic income, a share comparable to the year 2007.

Table 47 Trends in mining revenue, 2005-2014

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Mining income (current GHc million)	94	90	144	211	354	555	1,050	1,461	1,104	1,193
Total revenue from domestic taxes (current GHc million)	645	734	910	1,223	1,791	2,339	3,706	5,403	5,880	7,426
Mining income (constant 2010 GHc million)	178	154	222	278	392	555	966	1,231	833	780
Mining income (% total revenue from domestic taxes)	14.6	12.3	15.8	17.2	19.8	23.7	28.3	27.0	18.8	16.1

Source: GHEITI and WB

Figure 45 Trends in mining revenue, 2005-2014



Source: GHEITI and WB

Corporate taxes and mineral royalties account for the lion's share of the government receipts from mining (96% of mining receipts in 2014), the share of other sources such as dividends and licencing fees being almost negligible.

The corporate taxes paid by the mining companies flow directly into the central government's consolidated fund. Of the mineral royalties, 80% flow into the consolidated fund while the remaining 20% go the Minerals Development Fund (MDF). Half of the funds that go to the MDF go to the MC as internally generated funds while the other half goes to the Office of the Administrator of Stool Lands (OASL), which distributes it between traditional authorities, stools and the district assemblies the mine is located in. In

the end, 4.95% of mining royalties go to the district assemblies of the mining communities (this corresponds to approximately 2.4% of the total mining receipts). The 2014 GHEITI report notes that the allocation of the funds happens in a non-transparent way and that there is low accountability of money going to mining communities.

The 2014 IEG - NREG DPO PPAR adds that:

*[EITI reports] did not include transfers made to traditional authorities, who blocked publication of payments they receive. [...] At a mining community visited by IEG, community leaders reported that royalty payments were made to the paramount chief in the area, who shares funds with division chiefs, but that funds did not reach the local chiefs. They understood how the royalty payment was determined, but were not aware of payment amounts, and said they could not easily find out if they wanted to know.*

Overall, it seems that while the central government strongly benefits from the revenue generated through the mining industry, this is less the case for the communities in which the actual mining takes place. In its 2015 annual report, the Ghana Chamber of Mines notes that:

*Generally, mining communities tend to be in remote locations and therefore lag behind in terms of social and economic infrastructure. The challenge of rustic conditions in the communities have been exacerbated by the prevalent mechanism for distributing mineral revenue, which tends to channel a large share of the revenue to the Consolidated Fund. On account of the crowded fiscal space, the spending pattern of the government does not tend to benefit the mining communities. Not surprisingly, the state of these areas continue to be below par*

*The impact of the historic imbalance in developmental funding for the communities on the one hand and the defining roles of all relevant players and what they are expected to achieve on the other hand, have been a peculiar bane in holistic community development in all mining areas. In the meantime, what endures reflects negatively on the image of the mining industry in particular and usually fuels social tension between the residents and the mining companies.*

#### **1.8.2.4. Revenue collected from forestry sector**

<b>Summary assessment:</b> Improved collection of forestry royalties.	<b>Robustness of the evidence:</b> Medium
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The forestry sector is one of the most important sectors in the Ghanaian economy in terms of jobs creation, incomes for local communities, foreign exchange earnings through timber products export and protection of the environment. Forestry is the provider of multiple tangible and intangible goods and services classified into three categories as follows:

- Timber and wood products.
- Non-timber products including bushmeat and other wildlife products, bamboo/rattan, essential oils, tannins, resins, gums, dyes, cork, honey, and medicinal plants among others.
- Environmental Services, such as watershed protection, biodiversity conservation, carbon sequestration and clean air, micro-climate regulation/modification, soil fertility improvement, soil conservation/soil erosion control, recreational (aesthetic) value and Job creation provision of employment from forestry.

Between 1990 and 2015, timber production has remained Ghana's third biggest foreign exchange earner, and its contribution to the Gross Domestic Products (GDP) has been increasing in nominal terms over the years (Table 3). In real GDP forestry contribution has declined due to the crude oil exports but in nominal terms its contribution has been increasing over the years. This demonstrates the importance of the forestry sector in the national economy.

Table 48 Sector contribution to GDP (at 2006 constant prices in million Ghana cedis)

Sector	2007	2008	2009	2010	2011	2012	2013	2014	2015
Forestry & Logging	706	632	687	757	651	695	726	754	783
Cocoa	493	509	535	535	771	699	717	748	738
Mining	532	544	581	690	2,116	2,462	2,747	2,834	2,753
Oil and Crude oil	-	-	-	65	1,372	1,669	1,969	2,058	2,076
<b>Total GDP in purchase values</b>	<b>19,518</b>	<b>21,304</b>	<b>22,336</b>	<b>24,101</b>	<b>27,486</b>	<b>30,040</b>	<b>32,237</b>	<b>35,522</b>	<b>34,823</b>

Source: Ghana Statistical Service (2016)

### Royalties / stumpage fees

The government of Ghana still misses out on a considerable amount of forest royalties because of illegal logging. The 2014 Tropenbos Domestic Timber Market Study finds that:

*in total some GHC 271,924,520 (US\$75.5 million) of potential stumpage revenue could have been collected based on the estimated 4.9 million m<sup>3</sup> RWE of logs exploited and an average stumpage rate of GHC55.5 (US\$15.4). Given that about 70% of lumber in the domestic market was found to be supplied by illegal chainsaw operators, the expected actual potential stumpage revenue loss is estimated at GHC190.3 million (US\$52.7 million) annually. This is significant if compared to levels of current forest revenue. For example, only US\$ 2 million (GHC 7.2 million) was collected by the FC as stumpage fees in 2012.*

With regards to the distribution of local forestry royalties, the 2014 IEG - NREG DPO PPAR explains that:

*The royalty payment on trees (“stumpage fees”) is shared equally between the government (of which half is retained by the Forest Commission as internally generated funds while the remainder is paid to the Treasury) and traditional authorities. The half of distributed to traditional authorities are paid out through the Office of the Administrator of Stool Lands; of this half 25 percent are distributed to traditional chiefs (the “stool chief”), 55 percent to the district assembly, and 20 percent to the traditional council. These shares are calculated after forest commission management fees and 10 percent for the Office of the Administrator of Stool Lands. Of revenue from plantations, 41 percent goes to the government while 59 percent is then split between local authorities and the forest commission in the same proportional manner. The percentages of royalty payments to district assemblies and traditional authorities were not adjusted [...]. However, [...] the Forest Commission improved the speed at which royalties were distributed by shifting from a system where funds were transferred through regional government to one of direct allocation to the districts on a quarterly basis.*

Lund et al provide further details the channels through which the general population benefits (or not) from forest revenue:

*Of the roughly US\$ 20 million collected annually as timber taxes and fees, approximately 75% is appropriated (drawn from the consolidated and Forest Plantation Development Funds) by the Forestry Commission to finance its running costs and investments. The remainder is distributed to formal representatives of the rural population. How Traditional Councils and Chiefs actually spend the timber revenues they receive and the degree to which this actually benefits the rural population is unclear, due to the absence of accounting requirements.*

*Since very little public revenue from timber exploitation ever reaches rural areas, let alone the general rural population, timber’s main direct contribution to rural livelihoods may thus come from the Social Responsibility Agreements that timber companies must draw up with affected rural communities. Under these agreements, companies provide services equalling 5% of stumpage fee revenue. Communities also benefit from informal payments from chainsaw operators and companies.*

*Studies indicate that the rules governing consent by and benefits to rural communities in relation to on-reserve logging are not followed consistently. Further, in relation to off-reserve logging, the rights of farmers to give consent and negotiate compensation for on-farm logging damages to crops are grossly violated by timber companies. This gives farmers strong incentives to collude with illegal chainsaw operators, with whom they strike better deals for the (illegal) sale of the on-farm timber trees.*

### Main determining factors for all above indicators

Table 49 Evaluation team and ENR panel assessment of main determining factors

Issue	Main determining factors	Assessment
Improved <b>socio-economic impact</b> of forestry	Actions by the Government/ relevant sector agencies	+1
	Dwindling forest resources	-1
	Political economy and vested interests	-2
Improved <b>socio-economic impact</b> of mining	Actions by the Government/ relevant sector agencies	1
	Lack of transparency and accountability with regards to mining revenue for communities	-2
	Political economy and vested interests	-3

Source: Particip and ENR expert panel (see Annex 9 for more details)

Scale applied

+3 (important) = the factor has had positive influence on the sector outcome to a great extent

+2 (medium) = the factor has had positive influence on the sector outcome to a moderate extent

+1 (low) = the factor has had positive influence on the sector outcome to a limited (but not negligible) extent

0 = the factor has had mixed influence (or did not have any influence)

-1 (low) = the factor has had negative influence on the sector outcome to a limited (but not negligible) extent

-2 (medium) = the factor has had negative influence on the sector outcome to a moderate extent

-3 (important) = the factor has had negative influence on the sector outcome to a great extent.

### Mining

The government created a multiagency mining revenue task force to improve mining sector revenue collection, management and transparency. This led to a change of the royalty rates from variable rates ranging 3-6% (which meant that effectively every mining company was paying 3%) to a flat rate of 5%. In addition to that, the government has also increased its efforts in royalty collection. The 2014 IEG - NREG DPO PPAR notes that:

*Over the period of the NREG program there have been very large increases in government revenue from the mining sector. These increases are partly attributable to the increased collection efforts following audits and the tax rate changes implemented under the NREG program, but they are also due to the increases in gold production over the period and rapidly rising gold prices, which increased government revenue as royalties are charged on gross revenues. [...] [E]ven controlling for production and price increases [...] there has been a substantial improvement in mining sector revenue collection, and this is plausibly attributable to the NREG program.*

New legislation on compensation for losses from mining was passed in June 2013. The new law required that both sides agree to a compensation package, and if no compensation was reached that the dispute go to third party arbitration. The government developed a tool to track social conflicts, which has been deployed in some mining areas with the aim to deal with conflict causes before they escalate. However, little information is available on the success of this exercise and the 2014 WB NREG PPAR has not found any evidence for improved relationships between government agencies and mining communities.

The Parliament of Ghana has passed a bill on Minerals Development Fund in 2014 requiring that 20% of the mineral royalties are allocated to the Minerals Development Fund. The passage of the bill has taken a very long time<sup>150</sup> and while the share of the royalties flowing to the Minerals Development Fund was increased, only 9% of the royalties flow to the communities, which is below of what some actors have advocated.<sup>151</sup> The funds are earmarked to development projects in the area, but there is a lack of guidelines how the funds should be used.

<sup>150</sup> Even though the Bill was discussed in Parliament in 2014 (and is called the Mineral Development Fund Bill 2014), it was only passed on February 12, 2016.

<sup>151</sup> The Chamber of Mines has proposed that the share of the MDF to the communities should be increased to 30% and tied to specific development projects for the community (Ghana Chamber of Mines 2012 – Report on the

The 2011 WB political economy analysis of the mining sector has identified a number of vulnerabilities in mining sector governance which help explain why reforms that would improve social welfare of mining have not been implemented. These vulnerabilities include:

*[[Incentive problems in institutions directly or peripherally involved in mining governance, [...] an excessively centralized policy-making process, a powerful executive president, strong party loyalty, a system of political patronage, lack of transparency, and weak institutional capacity at political and regulatory levels. (See Box 26 for more details)*

**Box 26** *Political economy of the mining sector in Ghana*

Some experts argue that mining exerts an overall positive impact on Ghana's economic development, but public discontent has intensified with the sector's perceived low net economic and social returns. Successive governments have shown a commitment to addressing some of these issues, but action has been slow, piecemeal, and lacking a holistic approach. The political commitment to decisively reform the sector has been intermittent at best. Over the years, many reforms have not been implemented because they have attracted resistance from those who profit the most from the status quo. The multiplicity of players, each set with its own agenda, has made reform difficult. A combination of factors, including the weak system of checks and balances, poor institutional recordkeeping and access to information, power imbalance between the government, mining companies, and communities, and a particularly investor-friendly regime for mining, have created a situation in which vested interests influence sector governance and increase the risk of corruption. Any effort to strengthen the development impact from the sector has to build on an understanding of the political environment behind sector governance. Despite the democratic progress in Ghana, strategies for sector regulation cannot be developed on the assumption that such regulation can occur without political interference, but rather these strategies should build support at the political level.

Bolstering political power through undemocratic mechanisms weakens the political focus on bureaucratic efficiency. At present, regulatory institutions that do not perform face few, if any, consequences. As in other bureaucratic structures, the motivation for reform in Ghana may be low. Over time, vested interests prove too strong to challenge from within the political system. If not from political levels, demand for reform and stronger regulation could come from the mining industry or civil society. However, the mining industry in Ghana receives the best of terms and concessions from the government. Even if the industry wishes to keep up with international corporate social responsibility standards, it is not in its interest to push for reform. The mining companies have been in the country for a long time through different administrations, and their motive for and sole focus on profit have remained steadfast. They gradually have come to know the system well, and their sheer understanding of how things work creates a competitive advantage.

*Source: 2011 WB - Political economy of the mining sector in Ghana*

### **Forestry**

The FC has made efforts to increase the collection of stumpage fees (royalty payment on trees). As a consequence, the collection rate of stumpage fees increased from 65% of the assessed amount in 2008 to 95% in 2011 and 109%<sup>152</sup> in 2013 (WB NREG PPAR).

The timber lobby is very influential and has opposed a number of policy measures in the past, among which a bill proposing to increase stumpage fees, which was blocked in Parliament. Also, despite the enactment of competitive bidding in 2003, the majority of the timber permits is still awarded administratively (see Box 25 under JC81). As a consequence, the state is missing out on the potential revenue in timber rights fees which would have to be paid under the competitive bidding process.

The establishment forestry forums to engage different stakeholders from the actor groups in forest governance (i.e. the state (FSD, local government, MOFA, etc.), the private sector (i.e. timber loggers,

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Performance of the Mining Industry 2014) while the National Coalition on Mining demanded that 15% of the royalties go directly to the communities.

<sup>152</sup> As the 2014 WB PPAR explains, the collection rate can exceed 100% because revenue collection could come from the backlog of previously unpaid fees, and so revenue could exceed newly billed royalties.

millers, timber traders, chainsaw operators etc.), and civil society (i.e. communities, traditional leaders, NGOs, CBOs, etc.) in dialogue on forestry issues on a common platform has been an avenue for education and information dissemination around conflict generating subjects in the forest sector. Currently, there are district, regional and national forums with a national secretariat based in Kumasi. These dialogue platforms have tended to reduce conflicts between the forest authority communities. Nonetheless, interviews carried out with the FC staff highlight the increasing risks the staff faces in law enforcement. FC staff pointed out that with increasing galamsey happening in forest reserves, threats on their lives have escalated though it was acknowledged that the establishment of the RRUs has helped minimised the risks.

### 2.3.3 JC83. Reduced negative environmental impact of mining and forestry

Table 50 Evaluation team and ENR panel JC summary assessment

Judgement Criterion	Assessment
<b>Reduced negative environmental impact of mining and forestry</b> as evidenced by: <ul style="list-style-type: none"> <li>• Increased forest cover and quality;</li> <li>• Reduced loss of biodiversity;</li> <li>• Reduced water pollution.</li> </ul>	-1

Source: Particip and ENR expert panel (see Annex 9 for more details)

Scale applied:

+3 = situation has substantially improved

+2 = situation has moderately improved

+1 = situation has somewhat improved

0 = no change observed or evolutions have been mixed (equally positive and negative)

-1 = situation has deteriorated.

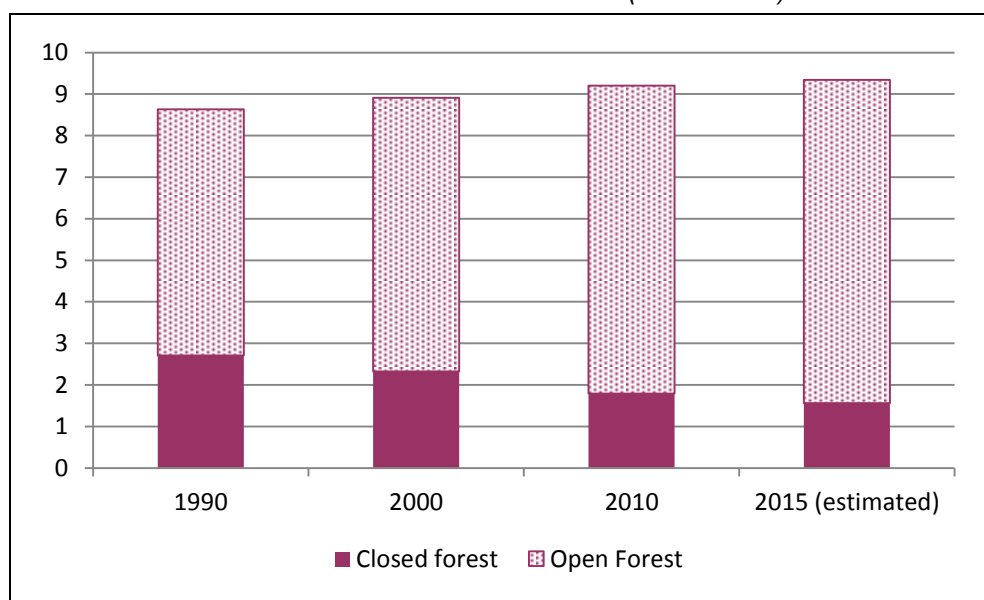
#### 1.8.3.1. Forest cover (in % of total land area)

<b>Summary assessment:</b> Slightly increased forest coverage but continued forest degradation.	<b>Robustness of the evidence:</b> Medium
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Ghana has lost about 80% of its original forests in the last century alone, and deforestation is not slowing. A study by the Japanese firm PASCOS on behalf of the Forest Preservation Programme (FPP) from 2013 provides some elements on the evolution of forest cover in Ghana over the last years. Its main message is that while forest cover overall is likely to have slightly increased over the last years, forest quality has been continuously deteriorated. This is illustrated by the figure below, which shows that albeit total forest area has somewhat increased between 1990 and 2015, closed (i.e. dense) forest area has almost been reduced in half over the same period. However, the report points to the possibility that it might have overestimated the share of open forests because of potential inclusion of cocoa farms with tree as open forest.



Figure 46 Evolution of forest cover in Ghana 1990-2015 (in million ha)



Source: FPP (2013)

The table below provides more detail on the evolution of the different forest categories. Besides the comparison between open and closed forest, the one between productive and unproductive forests is relevant. Both open and closed productive forests were considerably reduced - closed productive forest area decreased by half and open productive forest area even by 80%.

The table also shows that, although plantations have strongly expanded, they still only make up 3% of the total forest area. However, compared plantations account for more than a fourth of productive forest area.

Table 51 Changes in the closed and open productive forests (1990-2015, in ha)

Forest Class	1990	2000	2005	2010	2015 (estimated)
Closed productive forest	1,694,526	1,386,478	1,155,205	923,933	731,285
Closed unproductive forest	551,000	551,000	551,000	551,000	551,000
Other closed forest	408,896	319,688	125,279	50,868	0
Open productive forest	1,776,894	988,716	522,227	370,467	350,000
Open unproductive forest	4,146,086	5,602,725	6,440,803	7,038,868	7,372,064
Plantations	50,000	60,000	160,000	260,000	290,000
<b>Total</b>	<b>8,627,402</b>	<b>8,908,606</b>	<b>8,954,514</b>	<b>9,195,136</b>	<b>9,294,349</b>

Source: FPP (2013)

### 1.8.3.2. Biodiversity (e.g. presence of keystone species in protected areas)

Summary assessment:	Robustness of the evidence:
Decrease in biodiversity both in flora and fauna.	Low

Data on biodiversity in Ghana is sparse and hard to come by. While the MLNR is the main body in charge of biodiversity monitoring, comparatively little public interest in the issue and few NGOs are active in the area (compared to mining and forestry). However, there is some evidence that biodiversity loss in Ghana is increasing. The 2015 MLNR Forestry Development Master Plan notes that:

*Ghana has some 1,185 known species of amphibians, birds, mammals, and reptiles. Of these, 0.8 per cent is endemic, meaning they exist in no other country, and 3.0 per cent are threatened. Ghana is*

home to at least 3,725 species of vascular plants, of which 1.2 per cent are endemic. 4.6 per cent of Ghana is protected under IUCN categories I-V. It is known that 225 species of mammal occur in Ghana. However, the populations of large mammals have been much reduced outside the protected areas through hunting. Unfortunately, the forest zone is also under threats to support a disproportionately large fraction of the mammalian fauna.

Recent inventory recorded that 20 of the larger mammals in the forest zone are globally threatened and 5 rodent's species and 2 species of fruit bat have limited distribution. Bush meat continues to be in local demand at astronomical levels threatening the extinction of several species. Over 12,000 tonnes of bush meat per annum are traded per annum in the past decade and from 3,172 wild animals have been recorded to be supplied to "Chopbars" country-wide annually. Loss of habitats and incessant wildfires in specific ecological environment has led to the destruction of migratory routes and sustenance cover.

Ghana has lost major primate species since the Convention on Biological Diversity came into force. The Red Colobus Monkey has been extinct since 2003 because of destruction of its habitat. Habitat loss is the key factor in loss of biodiversity and hunting is responsible for the threat to specific wildlife species. The hunting tradition is still very strong and bush meat consumption has historically represented a significant source of protein for the rural Ghana. The most commonly hunted game species are the larger birds and medium-sized mammals such as forest antelopes (duikers) and diurnal monkeys.

Biodiversity loss is very high with more than 10 timber tree species projected to becoming extinct in less than a decade. Most of the indigenous species like, *Milicia excels* and *Milicia regia*, the mahoganies (*Khaya* and *Entandrophragma* species), *Pericopsiselata*, *Naucleadiderrichii*, and *Triplochiton scleroxylon* which mainly generate substantial revenues for Ghana's economy, have drastically reduced. The timber stocks in the off-reserve areas are disappearing at faster rates, leaving the forest reserves areas as "vulnerable small isolated islands" with limited populations of trees and animals and no possibilities for genetic exchange.

The 2015 MLNR Forestry Development Master Plan also states that:

Out of the 82 timber species inventoried in 2001, 64 of them form the commercial species exploited by timber companies have been grouped as follows;

18 Scarlet Star species comprising the main traditional commercial timbers now under threat of economic extinction because of high level exploitation in the past (200% of the sustainable level).

16 Red Star species significantly being over removed and will eventually become economically extinct, if the levels are not controlled.

Finally, 30 Pink Star species, some of which are being exploited but not at an alarming rate, i.e. less than 50 per cent of the sustainable harvest. However, in 2014, 99 different species were extracted.

### 1.8.3.3. Trends in water pollution

<b>Summary assessment:</b> Strong deterioration in water quality.	<b>Robustness of the evidence:</b> Strong
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A major environmental effect of mining consists in water and air pollution. While water quality measurements are undertaken regularly by the Water Resources Commission (WRC), air pollution measurements have not been rigorously made.

Table 52 Water Quality Classification System

Class	Range	Description
I	>80	Good – Unpolluted
II	50 – 80	Fairly Good
III	25 – 50	Poor Quality
IV	<25	Grossly Polluted

Source: WRC

The WRC applies the Water Quality Index to assess the pollution of water bodies. Table 52 shows the different categories of the classification system.

Table 53 depicts the development of the average quality of water bodies surveyed by the WRC over the 2005 – 2014 period. While the average water quality is fairly constant between 2005 and 2011, fluctuating between an average score of 55 and 60, within the Class II range that indicates ‘fairly good’ water quality, the score has considerably worsened starting in 2012, slipping into Class III which stands for ‘poor quality’.

Table 53 Trend of water quality from 2005 to 2014

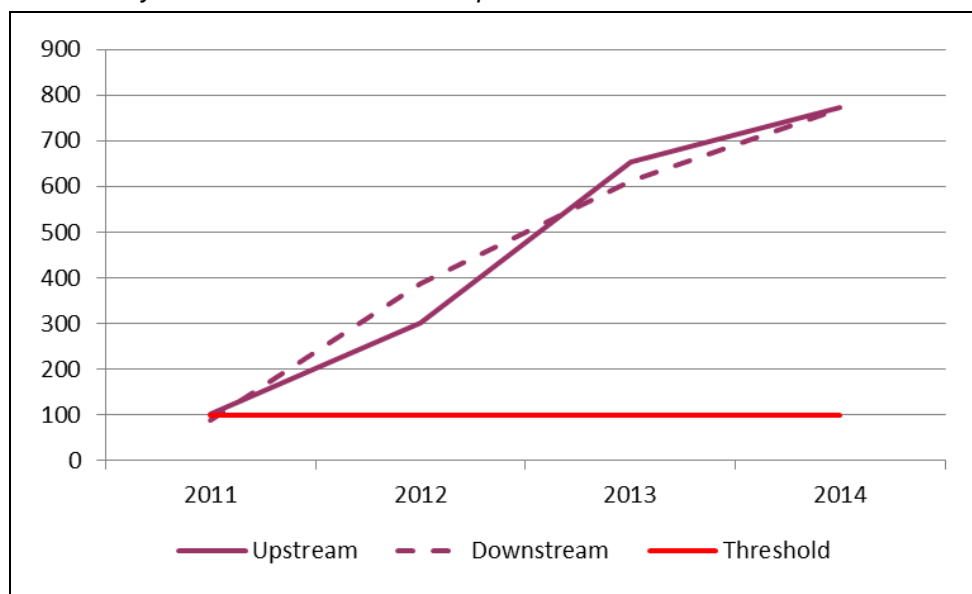
	2005	2006	2007	2008	2010	2011	2012	2013	2014
Minimum	32.5	43.6	43.6	42.3	53.9	48.5	27.0	32.3	30.0
Maximum	68.9	82.8	81.0	65.6	76.0	69.3	65.6	62.2	62.6
<b>Average</b>	<b>58.7</b>	<b>59.4</b>	<b>60.4</b>	<b>54.9</b>	<b>62.4</b>	<b>58.6</b>	<b>49.6</b>	<b>44.1</b>	<b>46.2</b>

Source: WRC

This trend is especially strong in rivers that cross mining areas, such as the Ankobra river in Western Ghana. One measurement of water quality consists in the concentration of Total Suspended Solids (TSS), which is a measurement of turbidity. The Ghana Raw Water Criteria and Guidelines define 100mg/l as threshold. Values above that threshold could result in a decrease in the availability of food for aquatic organisms higher up the food chain, and inhibit the feeding mechanisms of filter-feeding organisms. In extreme cases, sensitive freshwater species may be completely wiped out of the affected aquatic ecosystem.

The figure below depicts the strong increase of TSS both upstream and downstream of the Ankobra river. It clearly shows that water quality of the Ankobra has deteriorated dramatically over the last years. While in 2011 the TSS values were still slightly below the threshold, TSS concentration has exceeded the threshold by almost 700% in 2014. As a consequence, the water in the Ankobra River is polluted to such an extent that it cannot any longer be used for domestic, irrigation, or fishing purposes.

Figure 47 Yearly mean TSS concentration upstream and downstream of the Ankobra river (in mg/l)



Source: Particip, based on data from WRC (2014)

This example illustrates that water pollution from illegal ASM activities has become a major environmental problem in Ghana, to an extent where it puts the country's freshwater supply at risk. The issue has received some media attention in recent years and investigative journalist Edem Srem has won the first African Fact-Checking Awards by the AFP for his documentary ‘Trading Ghana’s Water for Gold’.

### Main determining factors

Table 54 Evaluation team and ENR panel assessment of main determining factors

Issue	Main determining factors	Assessment
Reduced negative environmental impact of mining and forestry	Actions by the Government/ relevant sector agencies	2
	Increased population pressure and lack of employment	-2
	Agricultural expansion	-3
	Increase in illegal mining activities	-3

Source: Particip and ENR expert panel (see Annex 9 for more details)

Scale applied

+3 (important) = the factor has had positive influence on the sector outcome to a great extent

+2 (medium) = the factor has had positive influence on the sector outcome to a moderate extent

+1 (low) = the factor has had positive influence on the sector outcome to a limited (but not negligible) extent

0 = the factor has had mixed influence (or did not have any influence)

-1 (low) = the factor has had negative influence on the sector outcome to a limited (but not negligible) extent

-2 (medium) = the factor has had negative influence on the sector outcome to a moderate extent

-3 (important) = the factor has had negative influence on the sector outcome to a great extent.

### Decrease in water quality

The WRC attributed this worsening water quality in a large part to illegal mining. In its 2014 annual report, the WRC notes:

*Analysis of the water quality data, especially from mining companies, and the WRC annual water quality monitoring shows that unregulated small-scale mining (galamsey) activities continue to degrade the raw water quality of water bodies. For example, Golden Star (Bogoso/Prestea) Limited (GSBPL) reported that galamsey activities in the upstream and downstream reaches of the Ankobra River at Prestea increased the concentration of suspended solids resulting in an elevation in turbidity.*

While the government made some efforts to combat illegal activities in mining, these efforts were not sustained, making law enforcement the weak link in fighting illegal mining (see JC 82).

### Forest degradation

Ghana's REDD+ Readiness Preparation Proposal (2010) provides estimates on drivers of deforestation and forest degradation. According to the document, the principal drivers of deforestation and degradation are agricultural expansion (50%), wood harvesting (35%), population and development pressures (10%), and mining and mineral exploitation (5%). Unlike other REDD+ countries facing frontier deforestation, Ghana's deforestation pathway is one of incremental degradation leading to deforestation. Since 2010 the role of mining, especially illegal ASM, is likely to have increased

The Forestry Commission has developed a plantations development strategy with the aim to restore degraded forest lands and also to increase timber stock for both export and domestic use. Between 2007 and 2015, about 10,000ha of new plantations were created each year (public and private plantations combined).

### Biodiversity loss

The reduction of habitat caused by deforestation and forest degradation is one of the main drivers for the loss of biodiversity in Ghana. The 2014 NDPC APR confirms this view and notes that *the major sources of degradation in the protected areas have been attributed largely to the conversion of close forests to open forests, agriculture development, settlement and wildfires*. The document also informs on the policy measures that were taken to integrate biodiversity issues into development planning and address the loss of biodiversity. These measures include:

*The implementation of the Accra Eco-Park Development Strategy that seeks to transform the Achimota Forest Reserve into state-of-the-art eco-tourism destination in the sub-region commenced, following Cabinet approval in 2013. A strategic and management plan for the Accra Eco-Park was developed and approved and a search for lead consultant/partner initiated;*

*The Forestry Commission continued its operations to protect the nation's Protected Areas with routine day and night patrols. During the year, 112 poachers and 38 illegal small-scale miners (...) were arrested in wildlife protected areas and prosecuted;*

*Training of Wildlife Volunteers was undertaken by the Forestry Commission, with 30 volunteers from 15 communities trained in Turtle surveillance and protection;*

*Under the Sustainable Land and Water Management Project being implemented by the Forestry Commission (Forest Services and Wildlife Division), a work plan with funding of US\$3.750 million was approved, and a project implementation manual developed.*

### 3 Agriculture sector case study

The main findings and evidence gathered in this case study are structured in three parts along the lines of the OECD methodological approach for the evaluation of BS:

- Overview of BS design and direct effects (Step 1/ levels 1 and 2 of the theory of change).
- BS induced effects on policy formulation & implementation processes (Step 1/ level 3).
- Sector outcomes and main determining factors (Step 2).

The overall synthesis of the analyses carried under Step 1 and Step 2 is presented in the main evaluation report (Volume 1).

#### 3.1 Overview of BS design and direct effects

##### 3.1.1 BS (SBS & GBS) design

###### *Introduction*

Canada started providing SBS to the Agriculture sector in 2004 through the Food and Agriculture Budget Support (FABS), a programme of more than USD 80 million which ended in 2008. During the evaluation period, there were two main SBS operations implemented in the Agriculture sector: the Canada's SFASDEP and the WB AgDPO 1-4 (see Table 1 below).

*Table 55 Overview of main SBS operations in the Agriculture sector*

<i>DP</i>	<i>Short title</i>	<i>Start</i>	<i>End</i>	<i>Amount planned (USD)</i>
Canada	SFASDEP bridge	2008	2009	20.421.155
Canada	SFASDEP	2009	2013	81.345.566
WB	AgDPO 1-4	2008	2012	157.000.000 (Loan)

*Source: Particip 2016 (based on information available in financing agreements and other project documentation)*

###### *Main design features and focus of SBS operations*

Both WB and Canada (CIDA) Sector Budget Support (SBS) explicitly aimed to aid the government with the implementation of its agriculture policies as defined in FASDEP II and METASIP.

During the evaluation period, Canada's SBS was provided through the Support to Food and Agriculture Sector Development Policy programme (SFASDEP). Canadian SBS disbursed on a ratio of 70% base payment and 30% performance payment, assessed on the basis of agreed upon triggers. CIDA's performance triggers were process oriented and its policy agenda focused on local level government management processes, gender, farmer organisations and research-extension linkages. CIDA triggers evolved over the course of its two programmes. FABS triggers focused on sector management and governance. SFASDEP trigger targets placed more of an emphasis on ensuring that the Government met its higher commitments such as the Maputo Declaration on Agriculture and Food Security and setting allocations for MOFAs Regional and district agriculture development units. CIDA staff noted that SFASDEP triggers were more process oriented which had the unintended result of making linkages between what was achieved in the Ministry and the results on the ground more difficult to trace.

The WB's SBS was actually provided through two programmatic series. The first series was implemented from 2008-2010, providing USD 25 million per operation (USD 50 million total). The second DPO series was implemented from 2011-2012, the budget support under this series was scaled up to provide USD 50 million per operation (USD 100 million total). For each WB Budget Support operation achievement of prior actions triggered disbursement of the entire loan. The prior actions were upstream policy measures, agreed upon between the WB and MOFA that aligned with various pillars of FASDEP and METASIP.

Each of the WB's SBS series was designed to comprise a total of three operations, but in both cases the third operation was cancelled. The first series ended early due to the fact that the government was in the process of preparing a new agriculture sector policy. Rather than carrying out third operation series, a

new series was designed to allow greater alignment with the new policy and to scale up the amount of financing provided. The second series was terminated at the request of the Ministry of Finance. The Ministry of Finance informed the evaluation mission that it requested the cancellation of the second series prior to implementing the third planned operation, because it wanted to nationalise all budget support. It found sector budget support in general to be too cumbersome to monitor, and prefers to have general budget support. MOFEP officials also noted their concern with MOFA's repeated petitioning for additional resources to cover tasks which money had been released the year prior. Both the agriculture and health sector DPOs were pointed out as problematic from MOFEPs point of view.

According to the key counterpart in MOFA, both the triggers (Canadian BS) and prior actions (WB BS) were selected in the context of the policy agenda of the Government and its policy priorities. Final triggers were arrived at through a consultative process, similar to the Multi Donor Budget Support processes co-ordinated by the Ministry of Finance.

### 3.1.2 Evolution in the sector dialogue

#### *Main DPs active in the sector*

Key DPs supporting the sector over the evaluation period included: the AfDB, France (AFD), Canada (CIDA), FAO, SIZ, IFAD, Japan (JICA), Germany (KfW), USAID, the World Food Programme, the WB and the MCC. There are also non-traditional/ non-OECD DAC donors supporting the agriculture sector such as Embrapa. Non-traditional donors do not operate through the same co-ordination structures (outlined below) as traditional donors because their foreign policy is conducted differently and they do not see those mechanisms as relevant.<sup>153</sup>

#### *Main platforms of dialogue*

Ghana has an elaborate and active donor co-ordination mechanism. The main platforms for policy dialogue and co-ordination in the sector took place through the Agriculture Sector Working Group (ASWG) and Joint Sector Reviews (JSR), which operated in conjunction with one another. The CAADP induced Strategic Analysis and Knowledge Support Systems (SAKSS) was also developed as a platform for policy dialogue and co-ordination but has been less active/effective than the other two platforms. According to the MOFA 2015 Annual Performance Report, these platforms have reduced duplication of roles, enhanced efficiency and monitored progress of implementation of activities in the sector.

The Agriculture Sector Working Group, is a platform for dialogue and co-ordination group between donors and the Ghanaian Ministry of Food and Agriculture. The ASWG is led by Government with a rotating DP co-chair. This group was also instrumental in adopting the CAADP planning process, including the launching the CAADP Compact, and the adoption of the METASIP. Most sources indicated that the ASWG was a functional, useful and providing an effective platform for alignment, harmonisation and dialogue between development partners and the Ghanaian government.

The Joint Sector Review (JSR), initiated in 2008, is to foster policy dialogue, harmonise priorities and programmes within the agricultural sector. The JSR provides a forum for key stakeholders such as MoFA, DPs, MDAs, Private Sector and Civil Society Organisations to share and discuss achievements, implementation challenges, and progress on strategic reforms during the preceding year and to reach consensus on the sector priorities for the following year. The findings and recommendations of the JSR are expected to inform and shape future plans and budgets and focus of DPs' support. JSRs were conducted annually until 2016. Until recently JSRs were conducted with active participation of both DPs and Government. Stakeholder report that the JSR provided an opportunity to share information and to dialogue on key emerging issues but a frequently reported challenge was the failure to ensure adequate planning and following through with any decisions made and reports requested by the agriculture sector working group (IFPRI Aid Effectiveness in Ghana). Others noted that there was room for improving the efficiency and effectiveness of the JSR process, need to impose discipline on the structure (i.e. too many people going to the field each year and fighting for per diem but generating little useful outputs).

<sup>153</sup> See 2013 de Roquefeuil Q.: The CAADP and Emerging Economies: The Case of Ghana and Brazil. ECDPM Discussion Paper no. 146.

There was active engagement of all parties in the ASWG and JSRs for most of the evaluation period, with a marked decline after 2013. The Agriculture Sector Working Group was known as one of the most active of Ghana's various Sector Working Groups. Interviews with DPs in the sector revealed that at one point DPs in the ASWG meet among themselves every two weeks, held meetings with the ministry quarterly, and held annual JSR. After 2013, the frequency of meetings and the level of engagement of participants have declined. Several members of AGSWP subgroups noted that over time they lost interest overtime and dropped out. During 2015, the ASWG met three times in the year instead of the six, planned. This slowed activities of the sub-working groups. The ASWG sub-groups were re-organised and reduced from three to two. The JSR was cancelled in 2016, in its place MOFA has proposed to hold a retreat to regroup, take stock of the platform and determine a way forward.

Sector Budget Support played a role in overall donor co-ordination / harmonisation but it was one of several factors. Various sources indicate that much of the co-ordination structure predate the implementation of sector budget support. There was strong co-ordination and engagement among the DPs and Government both prior to and during the time of sector budget support implementation. Stakeholders report that donor co-ordination was strong before budget support was implemented. Many noted that the agriculture DPs and Government always had an excellent rapport and the mind set among donors always cooperative. Some steps had already been taken towards greater harmonisation/ pooling of finances. GoG and DPs had been trying to develop a SWAP in agriculture for some years. A database for who is doing what and with whom was established in 2005/2006.

There was an accelerated level of engagement of agriculture partners, coinciding with the period in which sector budget support was implemented. The stakeholders interviewed, along with the broader literature, identify several factors that contributed to the momentum for this high level of engagement:

- Personalities/mindset of DP and GoG members, reinforced by strong leadership (in particular ASWG co-chairs) who were proactive in taking advantage of the available co-ordination structure. Several stakeholders interviewed noted that the level of engagement in the sector working group depends on donors and government rapport. Overall, there was a very active donor community with strong leads in WB and CIDA.
- Common ground for engagement. During a large part of the evaluation period, there was something for all parties to work on together. The government was in process of reviewing its policy document (FASDEP I to FASDEP II), so there was something on the table to engage. The CAADP process was happening concurrently. At the overall strategic level, the government had to develop a sector plan to present to Parliament. With the introduction of METASIP DPs had to co-ordinate differently than in past to minimise confusion and duplication. WB and CIDA made concerted effort to harmonise triggers, align to METASIP and speak with one voice. It is also interesting to note that several DPs were revising their country strategies / developing new country strategy papers, when SBS started in the Agriculture sector. There was a clear willingness to align the sector strategies and the related support with the national policy framework.
- The MDBS also strengthened the structure/momentum: reporting on the PAF created a structure and purpose.

Although SBS was not the primary driver in setting up the structure and creating the momentum for higher level of engagement, it played a role in reinforcing the co-ordination and policy dialogue/formation dynamics. Some DPs also noted that their degree of engagement was influenced by the significant amount of money on the table. Budget support (both SBS and the MDBS) is attributed with gaining the attention of higher levels of government than what is normally the case. Various sources noted that because of the “*big money on the table*” and the access to MoF, due to budget support, both DPs active in the sector and the national counterparts paid more attention to sector dialogue and performance.

Similarly, the end of budget support was one of several factors contributing to loss of momentum in dialogue/co-ordination mechanisms. Other key contributing factors that manifest by 2013 include:

- Ghana's fiscal crisis and subsequent IMF negotiations. According to various DP sources, the IMF negotiations sucked up all focus and this affected both GBS and SBS implementation.
- GoG began to engage with non-traditional donors such as the Chinese and Brazil, outside of usual aid co-ordination architecture.



- The main national counterparts (both in MOFA and MoF) changed in the middle of the evaluation period: several sources noted that government's interest also changed at that moment. Some sources noted that GoG was not disciplined any longer and started to frequently postpone meetings.
- Recent frequent changes in MOFA leadership: DPs interviewed by the mission pointed out that there have been four ministers in the past three years.

It is also noteworthy that the end of MDBS impacted the functioning of the sector working group. DPs interviewed noted that when the MDBS ceased there was no longer anything to talk about in working groups.

### **Details on the sector performance monitoring**

Sector performance monitoring takes place primarily through the annual Joint Sector Review Process, described above. The World Bank and CIDA harmonised their policy matrix to track prior actions and performance triggers. The joint policy matrix was used by both institutions in their dialogue with government. Supervision missions for SBS operations were conducted jointly and integrated into the annual JSR in order to minimise transaction cost for the Government and to provide each DP with a broader overview of the sector.

Prior to the JSR process it is not clear whether and how sector performance as a whole was assessed. Traditionally MOFA relied primarily on donor funded projects, which were assessed for their own individual performance. There did not appear to have been a specific mechanism at that time to assess performance of the sector as a whole.

The Joint Sector Review for 2016 has been cancelled but MOFA continues to produce annual performance reports and an annual Ghana Agriculture Facts and Figures report, a compendium of various agriculture data and statistics.

### **BS contribution to strengthening sector dialogue**

Budget Support contributed to sector dialogue in several ways. The policy dialogue and co-ordination mechanisms outlined above facilitated donors coming together to speak with a unified voice. Some DPS interviewed felt that this unified voice made them more effective at negotiating with the government.

As mentioned above, interviews with key stakeholders note that budget support provided access to higher levels of government than what is usually the case with many DP projects. USAID indicated that although they do not provide budget support. The WB and CIDA budget support operations aided them in the preparation of the New Alliance in Ghana, they noted that Canada and WB had done the heavy lifting by the time the new alliance came along. Both GBS and SBS allowed for dialogue with MOF which is not usually the case with projects implemented in the agriculture sector. While WB agriculture projects (BS and Non BS) typically have access to higher levels within MOFA, sometimes reaching the Minister, than is the case for some of the bilateral' s engaged in the sector. Budget support also facilitated dialogue between WB agriculture teams and the ministry of fiancé, WB agriculture project teams do not typically dialogue with the Ministry of Finance.

A DP representative also noted that when Budget Support terminated *"we lost one of the legs of the stool we were leaning on. It weakened our collective position. New Alliance was pushing forward on its own, through more than one ministry. We felt took more than ministry of Agriculture to make some positions. If the lead Ministry is weakened it is more difficult to navigate this process. MOFA wanted budget support to help them push for not only sectoral but national support for development of the sector."* The interviews carried out also highlighted that one advantage of budget support has been that it gets the attention of senior officers because it has money associated with the changes. If there is no money on the line it is hard to get the attention of government officials (*"The sector feels all the pain – doing the work to reform – but has no pay off"*).

### **Complementary details on the focus and quality of BS dialogue**

CIDA Budget Support aimed to address gender, decentralisation, and its associated technical assistance included support to enhance financial management accountability of the budget support resources provided to MOFA. Based on the available evidence it appears that the dialogue specifically associated

with Budget Support largely focused on the technicalities related to tranche releases. Budget support dialogue in the context of the broader co-ordinated dialogue carried out with other donors through the Agriculture Sector Working Group and the Joint Sector Review addressed broader policy issues as they related to implementation of METASIP. Several DPs noted that through this collective dialogue they expressed their concerns related to perverse outcomes of MOFAs four key programmes (Fertiliser Subsidy, Mechanisation Centres, National Buffer Stock Co., Youth Programme), including the crowding out of resources for other critical investments such as irrigation, and how to improve the effectiveness of such programmes.

Interviews with a key counterpart in MOFA's policy, planning and M&E division (PPMED) indicate that the dialogue associated with Budget Support did not extend far enough to MOFAs other Directorates. In her view realizing the spirit of budget support did not work as intended: *"I think I was the one only one who really understood what budget support was really aiming to achieve"* (developing an agriculture programme rather than implementing projects). PPMED had insufficient leverage over other Directorates to monitor the extent to which policies and strategies that were developed in compliance with Budget Support prior actions or performance triggers, were actually implemented. In the case of WB Budget Support, PPMED was provided with documents such as strategy and legislative drafts, to demonstrate that the prior actions had been met but beyond that *"we do not know what happened."* In PPMED's view, a key lesson learned is the need for greater sensitisation of the overarching goals of budget support as an instrument with other MOFA directorates and MDAs active in the sector.

Interviews with the technical Directorates in MOFA responsible for meeting several of the prior actions of WB budget support provide a further indication that the essence of budget support operations was not widely across MOFA. Several expressed resentment that they did not benefit from the budget resources that were disbursed. They felt burdened that they did all the work to achieve the prior action and were responsible for implementation of strategies/policies but were not provided resources to facilitate implementation. Many suggested that there should be a cost sharing ratio for the different directorates rather than transferring resources into MOFA general budget.

Another factor contributing to a more widely shared understanding of this may have been that policy dialogue conducted in the sector in general was largely carried out between DPS and PPMED, which served as chair of the Agriculture Sector Working group and headed the Joint Sector Reviews. DPs active in the Agriculture Sector Working Group noted that *"we strengthened MOFA but in a dysfunctional way. PPMED became strong but capacity of the other Directorates was not built."*

### 3.1.3 Overview of accompanying measures

#### *Description of main accompanying measures / complementary support*

Budget support provided by CIDA was accompanied with technical assistance to MOFA. CIDA advisors were embedded in MOFA. Interviews with key CIDA staff indicate that the quality of MOFA's reporting significantly improved over the course of SBS implementation.

In 2009, a Public Expenditure Review was prepared by IFPRI at MOFA's behest and a management action plan was prepared to operationalise key recommendations of the report. This was a prior action of the WB second agriculture DPO. The PEIR provided a number of recommendations for improvements in budgeting and planning, and including in the realm of human resources management. The project completion report of the World Bank operations notes that *"some of the recommendations from the PEIR including the establishment of Human resource database, improved mobility of extension agents, and functional reviews of directorates to inform capacity needs for development have been carried out."* This was followed up in 2013 with a 'Basic Agricultural Public Expenditure Diagnostic Review' implemented by the World Bank under the Strengthening National Comprehensive Agricultural Public Expenditure in Sub-Saharan Africa programme financed by the Bill and Melinda Gates Foundation.

Several DP supported investment projects have also directly or indirectly complemented budget support reforms. World Bank funded projects that most directly linked with reforms supported by budget support prior actions include the following:

- The West Africa Regional Fisheries Programme, which complements DPO prior actions in the fisheries sector by supporting strengthened governance and management of fishery resources and investments to reduce illegal fishing and increase local value added to fish products.

- The West Africa Agriculture Productivity project which supported the strengthening research and extension linkages, promotion of more relevant research and more effective dissemination to farmers. This directly complements reforms carried out as prior actions for the WB Agriculture DPOs, such as the establishment of Research and Extension Liaison Committees. It also assisted in technical aspects of the new regulatory regime for seed registration supported by the WB Ag DPO.
- The World Bank Transport sector project has an agriculture feeder road component that established a structured process to identification of feeder roads to be rehabilitated, this project directly complements prior actions in the WB agriculture DPO that supported the priority setting and resource allocation.

The WB's DPO policy areas in support of agriculture technology and market and value chain development are directly linked to the ongoing WB/USAID funded Ghana Commercial Agriculture Project which strengthens the government's efforts to leverage private investment in commercial agriculture and supports the application of out-grower schemes.

The KfW financed an 'Out Grower Value Fund' operation, complemented the World Bank Agriculture DPO prior action which called for the establishment of an out grower value fund, by financing the apparatus to get the fund up and running.

#### ***Complementary information on the provision of accompanying measures***

It is not clear to what extent the accompanying measures to budget support responded to demand by national stakeholders, as there is no national capacity development strategy to respond to. The 2013 PEIR responded to the need for a more accurate assessment of the extent to which Ghana was meeting its commitment to the MAPUTO declaration of allocating at least 10% of the national discretionary budget to the agriculture sector.

It is also unclear to what extent accompanying measures fed into policy dialogue. It is possible that CIDA's TA reinforced policy dialogue but there is no evidence of that in any of the documentation reviewed. The 2008 Public Expenditure Review was referenced in some of the JSR minutes. There is less evidence of the extent to which the 2013 Public Expenditure Review was used in policy dialogue, as it was completed at the time that budget support operations were ending and when participation in the dialogue/co-ordination mechanisms began to wane.

Finally, no horizontal exchanges were fostered by budget support in the agriculture sector.

## 3.2 BS induced effects on policy formulation & implementation processes (Step 1)

### 3.2.1 JC61. The legal framework, the policy processes and the quality of the policies and strategies improved overall

#### *Evolution in the legal framework and the quality of the policies and strategies*

Development of the agriculture sector is identified as a priority in several of the national development strategy frameworks in place during the evaluation time period, which indicate that agriculture is expected to lead the growth and structural transformation of the economy and maximise the benefits of accelerated growth. Several agriculture sector policies that guide how the sector will deliver the on the broader sector goals outlined in national plans have also been prepared over this time period. The evolution of the policy framework is as detailed below.

National Development Policies identifying agriculture as a priority:

- The “**Ghana Vision 2020**” national economic plan, launched in 1995, envisioned Ghana as the first African nation to become a developed country between 2020 and 2029 and a newly industrialised country between 2030 and 2039 through the integration of science and technology in governmental programmes, including in the agricultural sector.
- The **Ghana Poverty Reduction Strategy (GPRS I)** (2003–2005).
- The **Growth and Poverty Reduction Strategy (GPRS II)** (2006–2009).
- The **Ghana Shared Growth and Development Agenda (GSGDA), 2010-2013** focused on supporting oil and gas development, with investments in infrastructure, energy, housing and agricultural modernisation. The strategy stressed the need for the Government to focus on agriculture, and acknowledged the centrality of macroeconomic stabilisation to generate the fiscal space for investing in policies, programmes and projects related to the enhancement of Ghana's private sector competitiveness, accelerated agricultural development and natural resource management, and the consolidation of a transparent account, and efficient Government.
- The **Ghana Shared Growth and Development Agenda (GSGDA) II, 2014-2017**, contains eight Policy Objectives that are relevant to the Ministry of Food and Agriculture: Improve Agricultural productivity; Increase agricultural competitiveness and enhance integration into domestic and international market; Reduce production and distribution risks/bottlenecks in Agriculture and industry; Promote selected crop development for food security, export and industry; Promote livestock and poultry development for food security and income; Promote fisheries development for food security and income; Improve institutional co-ordination for agriculture development; and, Promote the application of Science, Technology and Innovation in all sectors of the economy.

Agriculture Sector Policies:

- In 2000 the Government of Ghana launched the **Accelerated Agricultural Growth and Development Strategy (AAGDS)**. This was a comprehensive strategy that covered the whole agricultural sector. The strategy was to promote selected agricultural commodities through improving agricultural technology and access to markets. In spite of the AAGDS, there was still the need to have a development policy for the agriculture sector that will incorporate all ongoing interventions in the sector (2013 Performance Audit).
- The **Food and Agriculture Sector Development Policy (FASDEP I) (2002-2006)**, was formulated as a framework for implementation of strategies to modernise the agriculture sector. It drew on the key elements of the Accelerated Agricultural Growth and Development Strategy (AAGDS) which focused on strengthening the private sector as the engine of growth. A MoFA evaluation of FASDEP I found that it fell short in achieving the desired impact on poverty<sup>154</sup>, prompting the preparation of FASDEP II.

<sup>154</sup> A poverty and social impact analysis of FASDEP I, concluded that the policies would not be able to achieve the desired impact on poverty for a number of reasons, including: The expectation of modernising poor smallholder

- In 2003, Ghana, along with other African Heads of State, adopted the **Comprehensive African Agriculture Development Programme (CAADP)**<sup>155</sup>, of the New Partnership for Africa's Development (NEPAD), as a framework for promoting agriculture growth, food security and rural development. In aligning with CAADP, countries adopt the Maputo Declaration on Agriculture and Food Security, committing to allocate at least 10% of annual national budgets to investment in agriculture which is expected to achieve a six percent growth in agriculture sector contribution to GDP, leading to the achievement of the first Millennium Development Goal (MDG 1) by 2015.<sup>156</sup>
- In 2007, Ghana launched the implementation process for the CAADP. FASDEP II was developed concurrent with this process. FASDEP II (2009-2015), was formulated to reflect the lessons learnt of the earlier policy and also to respond to changing needs of the Agricultural sector. FASDEP II seeks to enhance the environment for all categories of farmers, while improving the targeting of poor and risk prone and risk-averse producers. It highlights greater engagement of the private sector and collaboration between MoFA and other partners to facilitate implementation of policies, following a market-driven logic. It describes the Food and Agriculture Sector Policy for the Government of Ghana to guide development and interventions in the agriculture sector. It highlights the importance of the food and agricultural sector in the development of the national economy in terms of policy formulation as an intricate part of the broader national policy. Under FASDEP II The agricultural sector is targeted to grow at 6-8% per annum to support the national output growth and the achievement of a middle income status by 2015 (Ghana EcoWAP/CAADP). It identifies six objectives: food security and emergency preparedness; improved growth in incomes; increased competitiveness and enhanced integration into domestic and international markets; sustainable management of land and environment; science and technology applied in food and agriculture development; and improved institutional co-ordination; and sets a target of 6% annual growth for food crops. The objectives and strategies of FASDEP II are aligned to the CAADP pillars and the Millennium Development Goal (MDG) of eradicate extreme poverty and hunger, as well as the national development objectives specified in the: Ghana Poverty Reduction Strategy (GPRS I) (2003–2005), the Growth and Poverty Reduction Strategy (GPRS II) (2006–2009) and the most current April 2014 Ghana Shared Growth and Development Agenda II (GSDA II) (2014–2017).
- In October 2009, Ghana also signed the ECOWAP/CAADP Compact to support the successful implementation of its Food and Agriculture Sector Development Policy II. The **Medium Term Agriculture Sector Investment Plan (METASIP) (2011-2015)** was also developed in 2009, as the investment plan to implement the medium term (2011-2015) programmes of the FASDEP II policy, and also provides the road map for the CAADP compact in Ghana. METASIP aims to achieve the CAADP growth and expenditure targets. It is a sector wide investment plan that includes activities of agriculture related ministries, departments and agencies based on the classification functions for the sector. METASIP has six main priority programmes, corresponding

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agriculture was unachievable because of improper targeting of the poor within an environment where the drivers of modernisation, access to credit and technology, good infrastructure, and markets are very limited. Problem analysis was weak and did not sufficiently reflect client perspectives on their needs and priorities; and, the process by which the Ministry of Food and Agriculture was to stimulate response from other MDAs for interventions that fell outside the domain of MoFA was not specified.

<sup>155</sup> The main goal of CAADP is to help African countries reach a higher path of economic growth through agriculturally-led development which eliminates hunger, reduces poverty and food and nutrition insecurity, and enables expansion of exports. It provides a shared framework for strategic planning and implementation, and for partnership and development assistance in the sector. CAADP offers the prospect for political, technical and financial support for countries with plans and strategies that are aligned with the CAADP principles and framework. In the West Africa region, the Economic Community of West African States (ECOWAS) has been mandated to support and co-ordinate the implementation of the programme. As part of the CAADP process, the Ghanaian Ministry of Food and Agriculture (MOFA) has articulated its long-term agriculture policy in the Food and Agriculture Sector Development Policy (FASDEP II) document.

<sup>156</sup> In 2010 the Maputo Declaration was reaffirmed by African leaders meeting in Abuja for the African Agro Business Summit where they adopted the Abuja Declaration, which called on African governments to meet 10% annual budget benchmark by 2015 (MOFA 2010 report).

to the six objectives of FASDEP II. It breaks down each programme into components and estimates the budgetary requirements for implementing them. Resources are allocated in annual plans under a three year rolling Medium Term Expenditure Framework (MTEF) (IFPRI, Aid Effectiveness in Ghana).

Overall, the policy framework for the agriculture sector is considered to be coherent and relatively comprehensive. However, various studies have noted that the METASIP is so broad that almost any programme can easily align with it thereby limiting its utility as a prioritisation mechanism and constraining the ability to develop a focused and tractable M&E system (IFPRI 2014, NEPAD 2014). This view was widely shared by stakeholders interviewed by the evaluation mission. Other studies have pointed out that in practice METASIP serves more as a document to conduct dialogue among government and donors, rather than a detailed operational guideline for agricultural policy (de Roquefeuil 2013, Kolavalli et al 2013). In some respects it does not provide a detailed picture of agricultural policy in Ghana. Some of MoFAs key programmes, such the fertiliser subsidy and block farm programmes, for example, are not detailed to a great extent in the plan. It is suggested that this was done to retain some level of autonomy from donors, whom might not be entirely supportive of the way these efforts are undertaken. The MDBS review of the agriculture sector, in 2013, pointed to weaknesses in the METASIP framework for addressing private sector led agriculture value chain development, especially in leveraging private sector investment and access to finance for agriculture value chains.

### *Participatory nature of the consultation processes during policy formulation*

The preparation of policies followed a broad based technical and consultative process that involved key stakeholders involved in the agriculture sector at the national and sub-national levels. Stakeholders included: MOFA, other relevant Ministries, Departments and Agencies (MDAs); DPs; NGOs; academia; CSOs; farmers' groups; and the private sector. The FASDEP consultation process began with inputs from inter-ministerial teams working on different areas of intervention. The inputs of the thematic groups were consolidated into an initial draft which was revised on the basis of comments from the Ministry of Food and Agriculture and its development partners, and from stakeholders at a sector review workshop. The second draft was then distributed widely and consultations held at regional workshops to seek the views of a wider cross-section of stakeholders.

The CAADP initiative has been attributed with playing a role in enhancing private sector stakeholder participation in the FASDEP/METASIP consultation process. Inclusive participation of all relevant sector in developing, implementing and monitoring agricultural policy is one of CAADP's foundation principles and there has been a concerted effort to make the implementation of CAADP a participatory process, at country level, by ensuring that a wide range of state and non-state actors are included in all aspects of CAADP implementation, from signing the Compact to debating and approving investment plans. In Ghana, the CAADP process allowed farmers' associations and private sector federations to make formal contributions to policy making. The CAADP process has also fostered engagement with both the Ministry of Agriculture and the Ministry of Finance, stimulating a closer interaction with agriculture on budget planning (NEPAD, 2010). In this regard both BS and SBS have played a similar role.

Dittoh 2014<sup>157</sup>, note that METASIP has wide acceptance among politicians and policy makers in the country, pointing to the absence of programme revisions despite a shift in ruling political parties. METASIP has also been endorsed by all major stakeholders in the agriculture sector. However, in the course of its implementation, a low level of co-operation and commitment from MDAs outside of the agriculture sector has been reported. This study notes that METASIP was not prepared with the same degree of consultation as FASDEP II. It did not include the same in-depth multi sectoral consultations and thus did not include input from relevant MDAs outside the agriculture sector. Some of whom claim that METASIP projections were not based on adequate concrete evidence. Sources interviewed by that study note that although MOFA is the lead ministry with respect to agriculture, it does not have the skills required to implement some of the METASIP key programmes. The Ministry of Trade and Industry and the Ministry of Environment, were cited as two key Ministries whose responsibilities are aligned to two of METASIPs key programmes, yet do not feel ownership for METASIP or obligation for its implementation.

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<sup>157</sup> 2014 Dittoh / ReSAKSS: Capacity needs assessment – Ghana country report.

Deficiencies in the local level consultations during METASIP formulation have also been reported. The mid-term review of METASIP, carried out in 2013, found that not all local level consultations included sufficient representation of district assemblies and other ministries, departments and agencies. As a result some planning officers, co-ordination directors and community officers that were not aware of the METASIP document.

- The GSGDA II was prepared in a participatory manner, with the active involvement of public and private sector agencies as well as civil society groups (including traditional authorities), using the mechanism of cross-sectoral planning groups (CSPGs) (MoFA Performance Based Budget Pilot).
- The Food and Agriculture Sector Development Policy (FASDEP) I and FASDEP II were developed based on a broad consultative process (NEPAD, 2014).
- As pointed out above, the development of both FASDEP II and METASIP, later adopted as part of the CAADP process, was quite inclusive. According to NEPAD (2011), the review of FASDEP II generated significant stakeholder engagement and helped to promote broad-based private sector participation (FAO, 2014).
- Stakeholders generally perceived that the quality of policy planning, implementation, and monitoring is good since policy planning and execution follows a consultative and collaborative process. Many of the stakeholders cited the design of FASDEP II as an example of such consultative processes, although some were of the view that there is still opportunity to improve the process (NEPAD, 2014).
- Overall, there is consensus that FASDEP and METASIP were developed in a consultative and inclusive process, which was strengthened by the CAADP process under the leadership of MoFA (AID effectiveness in Ghana, IFPRI).
- Our expert interviews in Accra revealed a general consensus that the manner in which both were developed was highly participatory and inclusive. It involved key stakeholders such as the Ministry of Food and Agriculture (MoFA); other relevant ministries, departments, and agencies (MDAs); DPs; NGOs; academia; CSOs; farmers' groups; and the private sector (AID effectiveness in Ghana, IFPRI).
- FASDEP II is the outcome of a consultative process, which began with inputs from inter-ministerial teams working on different areas of intervention. The inputs of the thematic groups were consolidated into an initial draft which was revised on the basis of comments from the Ministry of Food and Agriculture and her development partners, and from stakeholders at a sector review workshop. The second draft was then distributed widely and consultations held at regional workshops to seek the views of a wider cross-section of stakeholders (MOFA, FASDEP II).
- Like FASDEP II, the preparation of the METASIP followed a broad-based technical and consultative process involving all the key stakeholders at both national and sub-national levels. The METASIP was reviewed to ensure its consistency with regional and sub-regional agricultural policies and programmes (the ECOWAP and CAADP) (METASIP MIDTERM REVIEW).

### ***Integration of “inclusion” aspects in the drafting & revision of policies***

Regional disparities (more specifically, the disparities between farmers in the north, where staple crops are cultivated under rainfed conditions with low input use, and the rest of the country) have been a central concern of all agriculture policies developed during the evaluation period. Agriculture policies have been weaker in terms of gender inclusiveness.

During the consultation process to prepare FASDEP and METASIP, the gender balance of participants was taken into account but gender concerns are not well articulated in the documents themselves. References to gender equity are vague with few details on how they will be implemented. For example, METASIP makes an overall statement that ‘gender equity will be emphasised in all activities’ but very few details are given on how this will be operationalised and there are no indications that women farmers will be especially targeted. Neither FASDEP II nor METASIP include any gender indicators. There have been two stand-alone gender policies for the agriculture sector: Gender in Agriculture Development Strategy I, launched in 2004, and the revised Gender in Agriculture Development Strategy II, launched in 2016. The literature indicates that the initial GADS has been largely unimplemented (Curtis Research 2013, Ghana's

Agriculture Spending). It is too early to assess whether implementation of the revised strategy will improve.

A 2013 Study of Ghana's Agriculture Spending found that:

2013 Curtis Research: *[d]espite the fact that women constitute most farmers and produce most of Ghana's food, they are virtually invisible in the agriculture budget. This is especially ironic given that MOFA's very purpose (distinct from the Ghana Cocoa Board, for example) is to support food crops. There appear to be no budget lines specifically targeting women farmers in MOFA's budget apart from the allocation to the Women in Agriculture Department (WIAD). WIAD, established in the 1970s, promotes food security and builds the capacity of women farmers to increase their competitiveness, especially in agro-processing. It also lobbies other directorates in MOFA to promote gender concerns. Yet, WIAD's budget is very small. WIAD has only 12 staff at head office, 10 in the regions and around 60 in the districts. It is meant to work in all 170 districts of the country but only works in around 60 due to vacancies and lack of resources. While, the government has taken some steps to promote gender mainstreaming in MOFA and across the government and MOFA is one of two government departments that is supposed to be promoting gender-responsive budgeting, according to the terms of the Canadian government's aid to MOFA. In practice, however, little progress has been made.*

### **Budget support contributions**

The development of FASDEP II and METATSIP received support from both DPs and CAADP. Both SBS operations (Canada and World Bank) and the CAADP initiative were ongoing at time that FASDEP I was being reviewed and updated but neither seems to have played a significant role in terms of influencing the actual content or quality of policies. CAADP discussions initiated in Ghana in 2007, coinciding with the review of the FASDEP I. Assessments of the CAADP process in Ghana have noted that while CAADP provided some technical support in the preparation of FASDEP II, it did not contribute to any significant shifts in policy to because the existing policies were found to be already broadly in line with CAADP. Preparation of FASDEP II and METASIP was principally undertaken by the Ministry of Food and Agriculture and the National Development Planning Commission, with technical review is being conducted by AUC/NEPAD Agency experts. CAADP also provided technical support for analytical work on the opportunities for increased productivity in cereal production and marketing in the more marginal northern areas (NEPAD 2010).

SBS provided by the WB and CIDA appears to have played a role in supporting policy formulation largely through the transfer of financial resources. SBS is reported to have provided MoFA with discretionary resources that facilitated their role in leading the policy formulation process.

GBS & SBS dialogue has also had some effects on the strengthening of the policy framework in the fishery sub-sector.

### **3.2.2 JC62. Public sector institutional and technical capacities, incl. M&E capacities and systems, strengthened**

#### **Overall institutional framework for policy implementation**

The agriculture sector in Ghana involves multiple ministries and other institutions.<sup>158</sup> Unlike the social sectors where the provision of a specific service is almost vertical, interventions to improve productivity in agriculture involves the active participation of a multi-agency group from the public sector whose activities impact directly on food production and postharvest management (CIDA PBAs SWAPS and Ag Dev). The

<sup>158</sup> Other Ministries, Departments, and Agencies (MDAs) responsible for various subsectors within the agricultural sector in Ghana: Ghana's cocoa board, COCOBOD, is responsible for cocoa, coffee, and sheanuts, and is under the Ministry of Finance and Economic Planning (MOFEP). The Ministry of Lands and Natural Resources is responsible for the forestry subsector. The Agricultural Research Institutes of the Council for Scientific and Industrial Research (CSIR) and other agencies in the National Agricultural Research System (NARS) are responsible for agricultural research. CSIR is under the Ministry of Science and Technology; the Ministry of Trade and Industry (MOTI) supports the production of selected commodities for local markets and export. At the decentralised level, the Ministry of Local Government and Rural Development (MLGRD) supports agricultural activities through District Assemblies. The Department of Feeder Roads (DFR) is responsible for providing roads to farming areas (World Bank, 2013).



Ministry of Food and Agriculture (MoFA) is the lead agency and focal point of the Government of Ghana for developing and executing policies and strategies for the agricultural sector.

*Box 27 MOFA's structure during most of the evaluation period*

Until recently, MOFA has comprised four Line Directorates; eight Technical Directorates; five subvented agencies; and one State-Owned Enterprise.

The four Line Directorates are: (i) Finance and Administration; (ii) Policy Planning, Monitoring and Evaluation; (iii) Human Resource Development and Management; and (iv) Statistics, Research, Information and Public Relations.

The eight Technical Directorates are: (i) Animal Production Directorate (APD); (ii) Veterinary Services Directorate (VSD); (iii) Women In Agriculture Development (WIAD); (iv) Plant Protection and Regulatory Services Directorate (PPRS); (v) Agricultural Engineering Services Directorate (AESD); (vi) the Directorate of Agricultural Extension Services (DAES); (vii) Directorate of Crop Services (DCS); and (viii) Fisheries Directorate.

The five subvented agencies are: (i) the Ghana Irrigation Development Authority (GIDA); (ii) the Grains and Legumes Development Board (GLDB); and (iii) the Irrigation Company of Upper Region (ICOUR); (iv) the Veterinary Council; and (v) the Fisheries Commission.

The State-Owned Enterprise is the National Food Buffer Stock Company (NAFCO).

MOFA is represented by the RADUs at the regional level and by the DADUs at the district level. In the RADUs and DADUs were moved from MOFA to Local Government Service, as a result of the implementation of the decentralisation policy.

MoFA is responsible for non-cocoa crops, livestock, and fisheries. As the lead ministry for the sector, MOFA also has the overall responsibility to co-ordinate the policies, programmes, and activities of all MDAs to ensure the development of the sector. Yet, the evidence gathered through documentary sources and interviews points to the fact that MOFA does not have the authority to co-ordinate the activities of related key agencies since all of them have their mandates that may not necessarily be in tandem with that of MOFA. Therefore, while MOFA can foster collaboration, it cannot be held responsible for the attainment of all of the objectives of FASDEP since it has no control over the key factors of interventions that may lead to the global goal of increased food availability (as defined in Ghana's national development strategy and the MDGs).

A number of governance structures to aid in the implementation of METASIP have been established in accordance with the CAADP initiative but they have not functioned as well as planned. The literature (Kolavalli 2012, 2010, de Roquefeuil 2013) notes that "*the institutions setup under the CAADP process in Ghana, namely the METASIP steering committee, the CAADP country team or the Strategic Analysis and Knowledge Support Systems (SAKSS) have, by almost all accounts, not managed to find their place in the policymaking process in Ghana. The result is that the investment plan is steered by pre-CAADP structures*". MoFA officials interviewed by the evaluation mission team shared this view. Other studies note that enthusiasm of the METASIP steering committee diminished due to frustrations over the slow pace of implementation and political commitment to METASIP that was not as strong as expected. The politicians involved with the METASIP process have demonstrated variable commitment and the actions of some have been viewed as complete disregard of METASIP (Dittoh 2014).

***Capacities and systems (human resources, procedures, etc.) for planning and implementation***

Studies suggest that MOFA has insufficient number of staff with appropriate skills to implement METASIP. The 2010 Joint sector review reported that "MoFA currently has 6,603 staff members, but the Human Resources Database suggests that there needs to be 10,754 staff members in order to fulfil the needs of METASIP. It would appear in some cases, that there is a skills mismatch between what the students in the educational institutions are taught and what the Agricultural Sector needs in terms of expertise. This mismatch limits MoFAs ability to fully deliver on METASIP. There are some training programmes, but there are not enough due to budgetary constraints." Other studies noted that while there are a number of high skilled technical staff, few are at the district level. In 2014 staff at the Regional and District Levels were ceded to the Local Government Service, moving about 76% of the Ministry to the

Local Government Service. There are limited skills in strategic policy analysis and ability to engage in policy discussion and dialogue, and they are concentrated at the national level.

**Table 56** Staffing levels of MOFA by profession and category

Category of Staff	2006	2007	2008	2009	2010	2011	2012	2013	2014 <sup>2</sup>
Professional	783	793	1,099	1,099	1,362	1,362	1,362	1,335	319
Sub-Professional	527	530	579	579	530	530	530	456	94
Technical	2,816	2,831	2,757	2,757	3,385	3,385	3,385	2,773	497
Support Staff 1	2,175	2,293	2,168	2,168	2,376	2,376	2,376	1,945	657
<b>Total</b>	<b>6,301</b>	<b>6,447</b>	<b>6,603</b>	<b>6,603</b>	<b>7,653</b>	<b>7,653</b>	<b>7,653</b>	<b>6,509</b>	<b>1,570</b>

Source: Human Resource Development and Management Directorate (HRDMD), MoFA 2014 Ghana Agriculture in Facts and Figures

<sup>1</sup> Support staff includes administrative staff and secretaries.

<sup>2</sup> The sharp decline in the number of MOFA staff in the year 2014 is as a result of the Promulgation of the Legislative Instrument 1961 which cedes the Regional and District Agricultural Development Unit to Local Government Service.

Human resources capacity to deliver extension services has been a particular concern. In 2013 MOFA APR reported that the AEA farmer ratio in Ghana remains 1:1,500 instead of the recommended 1:500. In a bid to overcome this challenge, an e-Agriculture platform has been introduced to facilitate information dissemination. According to the 2015 MOFA annual performance report, the e-extension portal is currently under redevelopment.

Co-ordination across Directorates within MoFA and other MDAs whose work impacts on the agriculture sector is weak. MOFA's Planning Directorate has a number of high capacity staff but their leverage over other directorates is limited, hampering their ability to ensure and monitor policy implementation. Interviews with various stakeholders engaged in the agriculture sector describe the organisational culture within the Ministry as one of several fiefdoms competing for resources provided by DP projects.

Various Budget and planning issues have been identified in Public Expenditure Reviews undertaken by the World Bank (2013), and FAO (2014). These include the need to improve data collection, management and analysis of EFA.

FAO PER 2014: "Expenditure data collection, collecting and reporting disaggregate expenditure per activity for projects and programmes (...) Improve data collection, management and analysis in regards to EFA in Ghana. This should include (i) offering access to a functional classification of agricultural expenditures, chiefly within the MOFA Finance Directorate, (ii) collecting and reporting disaggregated expenditures per activity for each project and programme directed towards the sector, (iii) harmonizing accounting systems across the different line ministries involved in agriculture and rural development and creating a user-friendly data interface for dissemination, (iv) including expenditures incurred by public companies (like COCOBOD) in MOFA's financial reporting and (v) improving expenditure data collection from development partners in order to reduce the share of off-budget expenditure data".

Findings of the audit committee associate with GBS relating to the agriculture sector, have pointed to deficiencies in MOFAs asset management.

### **Capacities and systems for M&E of public policies**

Overall, M&E and the quality of data in the agriculture sector have been weak. There has been inadequate funding for M&E activities (data generation, analysis and dissemination).

An elaborate M&E system was set up prior to METASIP and was adapted for the implementation of METASIP but it has a number of weaknesses that have limited its effectiveness. The quality of METASIP indicators is mixed. Indicators have been specified for each of METASIP's programmes but many lack baselines and targets. Interview with key M&E director in MoFA, indicate that METASIP targets needed to be annualised to be useful. Progress towards the end targets for METASIP were discussed every year during Joint Sector Review meetings but this was of little use for effective performance monitoring because the lack of time bound benchmarks made it difficult to judge if they were on target.

The analysis presented for joint sector review meetings, the mechanism for performance monitoring of the sector, in general lacked depth. Data and information was usually reported in raw form, limiting its use in actual M&E which requires analysed data.

There is virtually no capacity for M&E at the district level. M&E training is restricted to core staff, primarily at MOFA headquarters.

The quality of agricultural statistics in general is a long standing weakness. There is an Agriculture Statistics Directorate under MOFA but it is insufficiently resourced. Most of its work is limited to annual production surveys. Various studies of the institutional capacity in Ghana's agriculture sector note that obtaining information from farmers is not done on a regular basis. Farmer's voices are not adequately heard in the review because they are not adequately represented among "the apex of their bodies". The literature report that governance of many farmers associations is poor, several sources interviewed by the evaluation mission shared this view. Other sources indicate that planning and budgeting is not results oriented, which makes it difficult to monitor the relationship between expenditure and outputs.

The use of M&E for planning and decision making is particularly weak. Interviews with key stakeholders in the sector indicate that the Ministry has shown little appetite for embracing evidenced based policy making that is promoted by DPs and the CAADP initiative. The literature notes that there is little demand for evidence in the Ghanaian policy processes in general (Kovali 2015, Dittoh 2014). Low demand for evidence based research in turn affects its supply. It has also been reported that efforts to increase the use of evidence for policy making have been hampered by the lack of progress in implementing greater technical rigor and evidence in the design and monitoring of METASIP.

### **Budget support contributions**

Canadian budget support was accompanied by technical assistance to the Ministry. CIDA staff interviewed for by the evaluation mission observed that MOFAs reporting on CIDA disbursement triggers improved over the course of time. The structure of disbursing against disbursement triggers that were monitored on a quarterly basis imposed a discipline in reporting. Data was initially reported in raw form. CIDA would request revisions. Overtime it was presented in analysed form the first time around.

Interviews with MOFA representatives indicated that BS, and DPs support in general, did not have bearing on the broader M&E capacity of the ministry. In their view M&E weaknesses are related to the organisational culture issues noted above (i.e. lack of demand for evidence based policy making). They indicated that this is not a question of resources as much as "*how we organise ourselves as a ministry*".

Annual Joint Sector Review meetings were held on a regular basis between 2008 and 2013, (see EQ2). The literature notes the reports of activities across sectors prepared for these meetings have influenced strategic planning to some degree but the use information in presented in these reviews is limited due to the to the problem noted above (i.e. information presented in raw form and is not analysed). Stakeholders interviewed by the evaluation mission, commented that, although a large amount of information was reported and discussed at the JSR meetings and often generated recommendations, follow up on the recommendations of the JSR meetings has been a persistent weakness. This was a source of frustration that was reported to the evaluation mission by multiple DPs.

The CAADP initiative promotes the use of evidence for policy making and prioritizing government expenditures. But as indicated above the entities established by CAADP to support METASIP's implementation have been ineffective. A country level SAKKS was established to support the implementation of METASIP by ensuring that data analysis and dissemination occur to improve design and implementation of policies and strategies. Although it has technical capacity for policy research and analysis, knowledge management and capacity building, it lacks the resources to provide the METASIP steering committee with evidence it needs to make informed decisions.

There have been several donor funded initiatives that have attempted to improve the knowledge base for quality of agriculture statistics, but their impact has been moderate:

- In 2005, IFPRI, with core funding from the USAID, launched the Ghana Strategy Support Programme (GSSP). It is a collaborative research, communication, and capacity-strengthening effort. It works to build the capabilities of researchers, administrators, policymakers, and members of civil society in Ghana to develop and implement agricultural and rural development strategies, by addressing specific knowledge gaps concerning agricultural and rural development

strategy implementation, to improve the data and knowledge base for applied policy analysis, and to strengthen the national capacity for practical applied policy research.

- In 2011 the Ghana Agricultural Production Survey (GAPS) was launched with USAID support, as an effort to strengthen the agricultural statistics system in the country. The survey was piloted in 2011 major season and 2012 minor season in 20 districts. In the 2013 minor season, it was up-scaled to 60 districts across the country. In the 2015/16 agricultural season, GAPS was refocused in 50 districts in the North and the Brong Ahafo Region. Interviews with key stakeholder in USIAD and IFPRI, indicate that the impact/results of this effort to date have been limited. IFPRI expressed their frustration with the lack of tangible progress and stated that they are ending their collaboration on this effort.
- In 2014 MOFA initiated activities to harmonise the core indicators in the agricultural sector, that effort is ongoing.
- Ghana has not had an agriculture census for decades. The last census was conducted in 1984/85. The preparatory phase (Phase 1) of a new agricultural census was completed in 2015 with the support from FAO. As of the end of 2014, the Government of Ghana provided only GHc 5 million out of budgeted amount of GHc 22 million for this effort.

WB Budget support also included a prior action (BS trigger) to put in place a METASIP governance structure, in accordance with CAADP requirements, as noted in several parts of this note, these structures were not as effective as intended and have made a minimal contribution to improved sector planning.

### 3.2.3 JC63. Public service delivery / management (incl. infrastructure and human resources) strengthened, particularly at the local level

#### *Level and composition of sector public expenditure and sources of financing*

**Trends in overall budget overtime.** The overall amount of MOFAs budget in nominal terms has increased over time. For most years the total budget allocation to MOFA was higher than the previous year, with the exception of 2008 and 2015. In 2015 the budget was originally approved at GHc 411.83 million, but was subsequently revised to GHc 238.33 million bringing it below the 2014 level of GHc 306.89 million. While MOFA's budget has increased in nominal terms, MOFA's share of the national budget has fluctuated from 1.32% in 2012, dropping to 0.92%, 0.66%, 0.66% in 2013, 2014, 2015 and increasing to around 1% in 2016.

**Composition of Budget.** MOFA's budget comprises three functional clarifications: Employee compensation, Goods and Services, and Assets. In earlier years the budget was broken down by four categories, Personal Emolument, Administration, Service and Investment. Personal Emolument and Administration have been combine for those years to allow for comparison with later years. The asset category accounts for the largest portion of budget allocated for each year, with the exception of 2016 when Goods and Services received the highest amount of the budget. The amount of budget allocated to Employee Compensation has increased in nominal terms each year until 2014, when it dropped.

**Sources of Finance.** MOFA's budget is made up both GoG and Donor funds. GOG funds come from the common account, IGF, HIPC, and ABFA (petroleum revenue), and in some years other random sources such as returns, exchange rate gains, and the government's priority intervention programme. Donor funds are made up of both project funds and budget support. Donor funding accounted for a little over half of the of MOFAs annual budget, from 2007 – 2011. After 2012, the balance between government and donor sources shifted due to allocations from additional government sources. In 2012, MOFA was allocated GHc 53 million from the priority intervention programme and starting in 2013 oil revenues (ABFA) began to finance a portion of MOFA's budget. In 2015, government sources were initially expected to finance 64% of the budget, due to an ABFA allocation of GHc 204 million. The ABFA contribution was subsequently revised downward to GHc 30 million. As a result donor sources accounted for 61% of the revised 2015 budget. Donor resources have been predominately used to finance the asset category. With respect to GOG funds, in most years the main portion of government resources (from the common account) have been allocated to employee compensation.

## **Goods and services delivered**

### **Extension service delivery**

MOFA interacts with farmers most directly through its extension services, delivered at the district level. Extension has a direct bearing on the dissemination of improved technologies, which is a critical component of improving agriculture productivity (See Agriculture Outcomes). The effectiveness of extension service delivery has been hampered by insufficient resourcing (both in terms of the number of extension agents and resources to allow them to carry out their responsibilities). The literature indicates that the ratio of extension agents to farmers in Ghana is low by international standards. MOFA's 2015 annual report notes that the number of agriculture extension agents have dwindled in recent years (though it does not provide numbers).

### **Decentralisation of agricultural services**

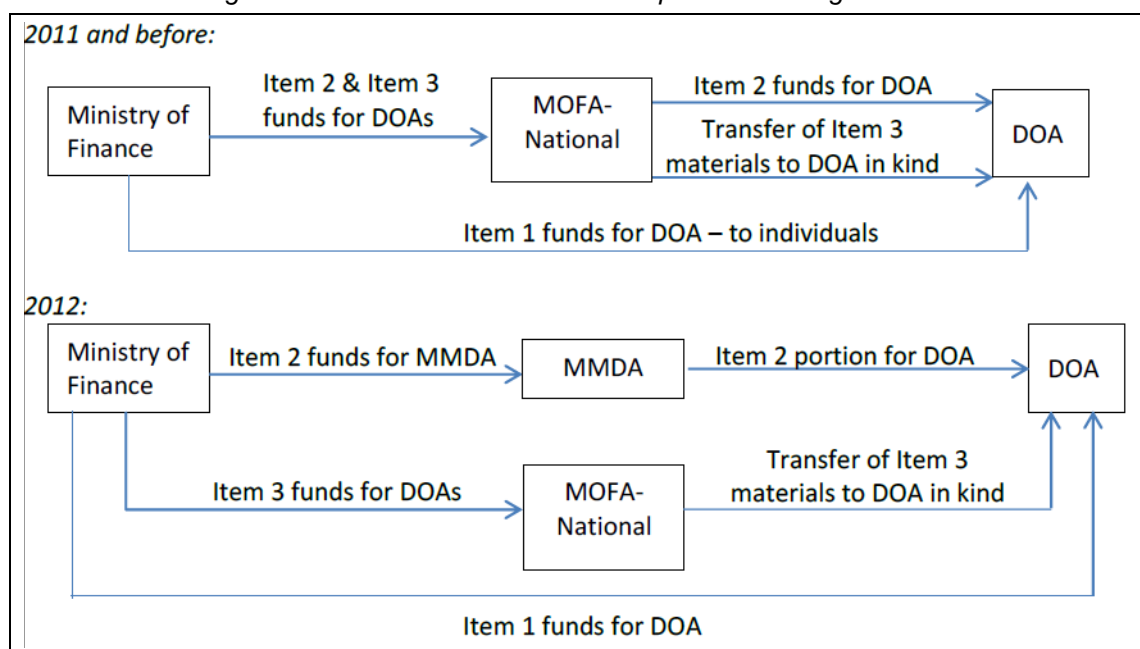
The decentralisation of agricultural services and funds has been evolving over the evaluation period. For most of the evaluation period district extension agents were under the authority of MoFA's Directorate of Extension Services. In principle MOFA's key responsibilities<sup>159</sup> are for policy development to promote sustainable agriculture and the delivery of agriculture extension services (be it in crops, fisheries, livestock and other ancillaries). The mandate for policy development is at the national level while the delivery of extension services is at district levels, presumably under the authority of the District Assembly (PBA SWAPS AG Dev). Recently the District Agriculture Development Unit service delivery units (including extension services) have been ceded to another Ministry, the Ministry of Local Government and Planning.

Inadequate budget and late releases to District Agriculture Development Units were commonly reported issues constraining agricultural activities at the local level, prior to ceding the district agriculture units to the MGLD. *"The problem of funding coming in 'too little' (relative to the approved budget) and 'too late' is not unique to district level operations"* (IFPRI decentralisation case study). Various reports indicated that in 2012 extension agents in most districts did not receive any fund for fuel curtailing their ability to visit farmers (WB, RESAKKS). This was attributed to challenges in releasing funds through following attempts to decentralise funds to the district (see Figure 48 below). Local level delivery of agriculture services seems to have worsened in recent years, coinciding with the transfer of district units to the Ministry of Local Government. Stakeholders informed the evaluation mission that extension services at the local level have come to a virtual standstill, due to Ghana's current fiscal crisis and extension services competing for resources with other services of higher priority to the MLGP. The move of extension agents under a different Ministry has posed an additional challenge in terms of the linkage between technical staff at the local level and the Extension Directorate at MOFA HQ, which is still responsible for overall policy/planning of extension services.

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<sup>159</sup> The mission for MOFA is "to promote sustainable agriculture and thriving agribusiness through research and technology development, effective extension and other support services to farmers, fishermen, processors and traders for improved human livelihoods."

Figure 48 Changes in fund releases to the district departments of agriculture



### Farmer Based Organisation and out-grower schemes

MoFA has promoted the development of Farmer Based Organisation (FBOs) and out-grower schemes as a means of providing services to them. FBOs are promoted based on the premise that they give farmers bargaining power in the market place, improve farmers' access to financial services and enable a more cost-effective delivery of extension services.

However, FBOs have not taken off in Ghana as hoped. Interviews with MOFA's Extension Directorate and other stakeholders indicate the real bottleneck to farmer based originations is not their legal status. The total number of FBOs is reported in some of the MOFA annual reports each year – see table below. However, MOFA staff explained that this number is not very meaningful as farmers groups form and dissolve on a regular basis, in response to donor or NGO funded initiatives that require organizing as a group to participate in a project they often dissolve shortly thereafter.

Table 57 Trends in FBOs

Year	Number of formed FBOs	Existing FBOs (Cumulative)	Number of functioning FBOs	Number of functioning FBOs accessing financial services	Number of functioning FBOs accessing marketing information	Number of water user associations
2010	N/A	7,828	6,434	2,587	2,341	520
2011	1,182	9,010	7,116	2,676	1,818	546
2012	3,262	12,272	6,755	2,518	1,548	466
2013	3,238	15,510	5,780	1,641	1,838	454
2014	4,372	19,882	6,679	1,402	2,323	1,468

Source: MOFA Annual Progress Report 2014

In particular, the total number of FBOs in existence at a given period of time was not viewed as an appropriate proxy of the extent to which smallholders are able to access to input, credit or participate in markets. Any change in the total numbers of FBO or FBO members was viewed to be mainly as a response to the number of initiatives in a given year that called for farmers to be "organised" as a condition of participation. The sustainability of FBOs was widely reported as problematic. Interviews with IFPI, MOFA and other DPS indicated that often the leadership of FBOs in Ghana are not actual farmers.

### **MOFA four priority agriculture programmes**

MOFA has four key agriculture programmes:

- the Fertiliser subsidy;
- the Agriculture Mechanisation Centres;
- the Youth in Agriculture Programme;
- the National Buffer Stock Programme.

According to FAO (2015), it is estimated that together these programmes account for about 85% of the Ministry's capital budget.

Over the years MOFA has made a number of changes in its approach to implementing the fertiliser programme to try to improve effectiveness, but it continues to face challenges. The evolution of the implementation of the fertiliser programme is as follows:

- 2008/9 voucher system was used. The programme distributed input vouchers to farmers who used them to redeem fertiliser from their local retailer. The voucher programme was targeted at food crops, making use of vouchers, regardless of who grows the crops, as long as they are grown in Ghana. It was distributed in the form of fertiliser-specific and region-specific vouchers. Administration of the voucher system placed a heavy burden on MOFA staff and its overhead and administrative costs were considered to be too high. So it was replaced with a way bill system.
- 2010/11 waybill receipt system was instituted. There is no targeting mechanism to specific crops or to beneficiaries. It is available to all types of farmers that can afford the subsidised price. The waybill system has been criticised for making commercial fertiliser more accessible to large/commercial farmers who are more likely to be able to afford it and neglects the intended target-farmer population (the small/subsistence farmers), since they lack the funds and access to finance to pay for the non-subsidised portion of the fertiliser price. The waybill receipt system also shifted the risk and created a huge administrative burden on the importer/distributor/agro-dealer network, a fact that is recognised by MOFA, but justified for the sake of effective monitoring of the subsidy programme and to minimise cheating (NEPAD 2015 Fert Study).
- A 'farmer passbook' was also introduced during the programme's implementation period.
- MOFA also began using Electronic Platform to manage the subsidy programme. An effort to improve efficiency and transparency of the programme. Extension agents are given smart phones to electronically register farmers onto the flat form. Only farmers registered on the platform are able to access the subsidy programme.
- In 2014 the fertiliser subsidy was not carried out due to lack of resources. Initially it was resourced by funds provided by sector budget support. The subsidy programme was carried out again in 2016, but at a reduced level. One of the main agro input companies participating in the programme, discontinued its participation in 2016 due to substantial areas that the government has not paid over the years.

### **Quality (including sustainability) of goods and services delivered**

**Resourcing is a challenge, including the late release of funds to the sector.** The Ministry has few resources for expenses other than recurrent expenditures. It relies primarily on donor funded projects for investments and other expenditures. This was the case prior to and since budget support. The NEPAD assessment of Ghana's Joint Sector Review Process reported that "some stakeholders believe that agriculture is not a priority for the Finance Ministry, as evidenced by its more visible outputs on road construction and health. This contributes to a late (or nonexistent) release of funds compared to other sectors, which makes it difficult or impossible for MoFA to deliver on set targets. Where funds are provided, political considerations and a lack of policy and budget discipline—that is, the inability to "stick to plan"—is usually the main problem" (NEPAD 2014, citing Azu 2013). In addition, there is an ongoing disconnect between sector plans and available resources, with the situation becoming worse when there are cash flow difficulties (NEPAD, JSR ASSESSMENT). The agriculture sector is particularly vulnerable to the late and unpredictable release of budget resources as its activities are inextricably linked to climatic conditions and planting seasons. The late release of funds means that an entire season can be impacted.

MOFA's priority agriculture programmes have had **mixed progress**, few are profitable and concerns have been expressed that they crowd out resourcing of other priorities such as financing irrigation.

**Both quality of data and the flow of information are a constraint to planning and improving implementation in the sector.** MOFA's 2015 Annual Progress Report notes "for the sector to develop holistically, there is the urgent need to strengthen and improve data management and information flow" (MOFA 2015). The same report concedes that institutional co-ordination remains a challenge and efforts to enhance inter-ministerial Ministry co-ordination over the years has yielded only moderate results.

**Extension Services are weak.** The evaluation mission held a focus group discussion with the Agriculture Faculty of the University of Ghana. In their view the poor state of extension services is one of the most critical constraints facing Ghana's agriculture sector today. As noted above extension services are constrained by the low ratio of extension agents to farmers, and insufficient resourcing to allow extension agents to do their job. A PEIR carried out by the WB in 2013 reports that:

*A number of institutional and financial management problems include implementation challenges arising from MOFA's 1997 organizational restructuring. The new structure is consistent with the government's policy of decentralization, making MOFA one of the most decentralized ministries in the country, but it has introduced the challenge of crafting mechanisms to facilitate the required interaction and interface between technical and implementation units. Evidence collected by IFPRI's 2008 PEIR indicates that challenges remain in the following areas: (i) the relationship of Technical Directorates to service delivery units – the District Agricultural Development Units (DADUs); (ii) the relationship of Technical Directorates to MOFA's leadership; (iii) internal communication and coordination; and (iv) the relationship between the DADUs and District Assemblies.*

### **Budget support contributions**

According to various sources (including GoG interviews and the documentary review), BS provided MOFA with additional discretionary resources that enabled it to focus on leading the revision of FASDEP and preparation of METASIP and to design and implement MOFA's four priority programmes:

- the Fertiliser subsidy;
- the Youth in Agriculture Programme;
- the Agriculture Mechanisation Centres; and
- the National Buffer Stock Programme.

Most of the financial transfer of the WB SBS is reported to have financed the implementation of the fertiliser subsidy programme. CIDA SBS is also associated with increasing MOFA's funding to the districts during the period that the relevant operations were under implementation.

Some evidence also show that BS has played a positive role in improving MOFA's policy review and policy budgeting processes, albeit in the short term. In particular, the WB SBS (DPOs) included prior actions to improve budget allocation and execution and to strengthen the institutional capacity for co-ordination across the sector and the implementation of METASIP. The specific prior actions included:

- Approval of a Strategic Plan for 2008-2010, based on Medium Term Expenditure Framework, which was expected to improve the quality of budgetary process and sector efficiency in public financial management.
- Completion of a detailed public expenditure and institutional review as a follow up action to identify actions the sector needs to take to improve resource use efficiency and improve strategic planning.
- The release of at least 80% of MOFAs committed budget for 2008 to services and assets and at least 60% of 2009 Budget allocations to be released by the 3<sup>rd</sup> quarter of 2009; and
- The introduction of a methodology to identify agriculture spending across ministries (Ministry of science and technology and the Ministry of Highways), which was expected to improve sector wide planning and budgeting.

However, to date, the ability to identify agriculture spending across ministries, has only temporarily improved GoGs co-ordination across sectors in planning and budgeting. Interviews with MOFA's representatives indicate that coordinating with the roads sector to meet BS targets/triggers (WB 'prior



actions'), resulted in MOFA and the Ministry of Roads coming together to make a stronger case for budgetary support to address agriculture transport needs in the parliamentary budget discussion in 2013. But that was a one off occasion and was not repeated once there was no BS operation to provide pressure/incentive.

The available evidence also suggests that SBS may have contributed to a temporary improvement in expenditure efficiency. World Bank project completion report of the 1<sup>st</sup> and 2<sup>nd</sup> budget support operations, found that MoFA's budget release rate for GoG resources increased from 83% in 2007 to 112% in 2010. Budget execution rates for investment using GoG funds increased from 50% in 2007 to 112% in 2010. Budget execution rates for resources from donors, over which GoG has no direct control, increased from 45% in 2007 to 57% in 2010. The overall ratio of expenditure against releases has improved from 93% in 2007 to 97% in 2010. MOFA's 2015 Annual progress report indicates that there was a subsequent decline:

*2015 MOFA - Annual progress report: the expenditure efficiency ratio for the Ministry experienced a consistent decrease from 2011 to 2015. The decrease in trend can probably be attributed partly to inadequate and late release of funds and increasing cost of goods and services which most often affect implementation of prioritized activities.*

CIDA's SBS operations (FABS and SFASDEP) were intended to support the delivery of services to farmers by providing operational resources that would enable extension workers to do their jobs in the field. Funds were earmarked towards services category in the budget. Various donor funded projects also included attention to extension services. The World Bank financed WAPP project has attempted to supplement conventional extension delivery services by setting up an e-agriculture system to provide agricultural extension and advisory services to the public through: a Call Centre, Interactive Voice Response system, E-agriculture and E-extension portals and use of smart phone in extension delivery services. Extension services are also provided to farmers by a number of NGO supported initiatives delivered in the north of the country.

With respect to farmer based organisations (FBOs), the first WB SBS (DPO series) included BS triggers ('prior actions') intended to develop the legal framework to develop FBOs. This included preparation of a Cooperative Bill and a creating a MoU between MOFA and the Ministry of Local Government to allow for the implementation of regulations to establish FBOs at district corporations at the district level. It was felt that this would facilitate the ease of legally becoming a FBO. Interviews with the Extension Directorate indicated that the cooperative bill was submitted to Parliament, fulfilling the BS trigger (prior action), but had not been passed and although the MoU was passed they noted that the real bottleneck to FBO was not their legal status. MOFA staff stated that FBOs as an organizing entity has not gained traction in Ghana in a meaningful way. In addition, as explained above, the total number of FBOs in existence at a given period of time was not viewed as an appropriate proxy of the extent to which smallholders are able to access to input, credit or participate in markets. Any change in the total numbers of FBO or FBO members was viewed to be mainly as a response to the number of initiatives in a given year that called for farmers to be "organised" as a condition of participation. The sustainability of FBOs was widely reported as problematic. Finally, interviews with IFPRI, MOFA and DPs indicated that often the leadership of FBOs in Ghana are not actual farmers.

In the second WB SBS (DPO series), attempts to promote FBOs were dropped and the WB switched its approach to integrating farmers into markets (input and output markets) by focusing on the enabling conditions to incorporated smallholders into out grower schemes. The BS triggers ('prior actions') under the policy area 'Market and Value Chain Development' that had the objective of increasing the participation of stallholders and improving grain markets, were at a very high enabling environment level. The results framework laid out in this area is extremely problematic with tenuous links to smallholders in all but one case. The prior actions consisted of:

- incorporating a window for agriculture under the State Export Development Bank (this was expected to lead to an increased value in commercial smallholder crops);
- launching a warehouse receipts system pilot and making the operational modalities of the National Food Buffer Stock Company more transparent (these two measures were expected to improve the storage capacity for grains);
- establishing the Outgrower Value Chain Fund.

The Outgrower value chain fund has been made operational by a KFW financed project that is still under implementation.

CIDA's food security programme in Ghana implemented through both budget support and traditional projects, also included an emphasis on building capacity of FBOs. In the World Bank DPO project completion report, the number of FBOs created during the DPO implementation is reported and it actually attributed largely to CIDA FABS BS. However, some key informants indicated that MoFA has yet to make much more progress in increasing the number of FBO and bolstering their cohesiveness to improve access to services. Efforts to link to commodity networks and markets are also inadequate.<sup>160</sup>

### 3.2.4 Step 1 summary table

The table below summarises the overall contribution of BS to the induced outputs in the Agriculture sector. In particular, the table highlights:

- the causal links between BS and GoG policies / strategies and policy outputs as well as the roles played by the various BS components (financial transfers, policy dialogue and related performance assessment frameworks, and TA and/or other accompanying measures);
- other (non-BS related) factors - historical, policy related, or other internal or external factors - which have influenced GoG strategies / policies and policy outputs.

The table follows a standard structure (as in the other in-depth case studies):

- The central column 'GoG policies / strategies' presents the relevant sector policy outputs of the sector policies / strategies which were covered by BS operations.
- The column on the left hand side, identifies the 'contribution of BS' to changes in the given GoG policy / strategy, specifying the type of influence (provision of funds, policy dialogue, capacity building) and the degree of influence.
- The column on the right hand side identifies other factors (e.g historical and/or internal/external factors) which have also influenced or contributed to changes in relation to the given GoG policy / strategy.

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<sup>160</sup> MoFA has made an effort to support FBO policy. Since 2012, the Australian government has supported MoFA through its extension directorate to strengthen the capacities of extension agents to deliver modernised extension services to FBOs. The FBO Secretariat of MoFA also has oversight responsibility in coordinating FBOs and CSOs.

Table 58 Step 1 synthesis table for the Agriculture sector

<i>BS inputs</i>	<i>Degree of influence</i>	<i>GoG policies/strategies (Induced outputs)</i>	<i>Degree of influence</i>	<i>Other factors</i>
Financial inputs	<i>Moderate</i>	<b>FASDEP II / Crop development policy (Improved policy formulation in the seed sector but implementation has been incomplete and further policy reforms are needed)</b>	<b>Beneficial factors</b>	
Dialogue	<i>Weak to Moderate</i>		<i>Strong</i>	WAAPP project operationalised seed regulation capacity
			<i>Moderate</i>	USAID projects/initiatives financed upgrading/modernizing seed labs)
Accompanying measures / TA	<i>Weak to Moderate</i>		<b>Hindering factors</b>	
			<i>Strong</i>	Lack of incentives for public/civil service weak implementation of policy
		<i>Strong</i>	Low engagement of the private sector in policy processes	
Financial inputs	<i>Weak</i>	<b>FASDEP II / Irrigation development strategies (Improved policy formulation and strong implementation response in terms of shifting to joint management of irrigation system)</b>	<b>Beneficial factors</b>	
Dialogue	<i>Weak to Moderate</i>		<i>Weak</i>	GCAP project supporting reorganisation of GIDA
			<b>Hindering factors</b>	
Accompanying measures / TA	<i>Weak</i>		<i>Strong</i>	Low engagement of the private sector in policy processes
			<i>Strong</i>	Weak capacity of national public/civil service
Financial inputs	<i>Weak to Moderate</i>	<b>FASDEP II / Extension services strategy (Improvements in extension services provided initially but implementation deteriorated overtime due to other factors)</b>	<b>Beneficial factors</b>	
Dialogue	<i>Weak to Moderate</i>		<i>Weak</i>	E agriculture platform supported by WAAPP project
			<b>Hindering factors</b>	
Accompanying measures / TA	<i>Weak to Moderate</i>		<i>Strong</i>	Decentralisation process bottlenecked the disbursement of resources to district level
			<i>Strong</i>	Weak capacity of national public/civil service, low number of extension agents
			<i>Strong</i>	Weak capacity of national public/civil service, low number of extension agents
		<i>Moderate</i>	Low engagement of the private sector in policy processes	
Financial inputs	<i>Weak</i>	<b>FASDEP II / Fisheries policy (Some improvements in the policy framework but implementation has been very weak)</b>	<b>Beneficial factors</b>	
Dialogue	<i>Weak to Moderate</i>		<i>Strong</i>	Political dialogue in the context of EU-Ghana relations
			<i>Moderate</i>	West Africa Regional Fisheries Programme support to operationalise enforcement unit in the ministry and modernise of license/registration database
Accompanying measures / TA	<i>Weak to Moderate</i>		<b>Hindering factors</b>	
			<i>Strong</i>	Weak capacity of national public/civil service
			<i>Strong</i>	Low political commitments
		<i>Strong</i>	Lack of incentives for public/civil service	

Contribution scale: Strong, Moderate, Weak, Absent

### 3.3 Sector outcomes and main determinants (Step 2)

EQ9 - Agriculture	To what extent, in the <u>Agriculture sector</u> , have the development outcomes pursued through the policies and programmes supported by BS been (or are being) achieved? And which have been the determining factors of their achievement?
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#### 3.3.1 JC91. Improved access to productivity enhancing technology

##### *Access to fertiliser*

Fertiliser is an important factor in contributing to increasing agriculture yields. Comprehensive data are not available on agro input use in Ghana but the consensus in the literature and among all stakeholders interviewed is that the use of both fertilisers and improved seed in Ghana is low.

Various estimates of fertiliser use in the country have been reported:

- METASIP: High prices of fertiliser contribute to the low use of the input in Sub- Sahara Africa and Ghana in particular. Fertiliser use in the country is about 5kg/ha, which is only half of the rate in the Sub-Saharan Africa which is also far less than in other developing countries (IFPRI, 2007; FAO, 2005).
- Fertiliser use in Ghana is about 7.2 kilograms per hectare (kg/ha), similar to the average rate in SSA, but significantly lower than in other developing countries (IFDC 2012 Fertiliser Study).
- Fertiliser use is 7.3 kg/ha for arable land and permanent crops (the average for SSA is 7.0-kg/ha) (FAOSTAT 2011 in NEPAD 2013 Fertiliser Study).
- Use of fertiliser in Ghana is among the lowest in Africa, 7.4 kg per hectare compared to Cote d'Ivoire (35.16 kg per ha), Morocco (47.52 kg per ha and South Africa (65.42 kg per ha) (Evaluation of four special initiatives of MOFA).
- MOFA Minister Press statement of the 2016 Fertiliser Subsidy states that fertiliser use in Ghana has increased from 8KG per ha in 2008 to 12 kg per ha in 2015.

In 2008, Ghana reintroduced a National Fertiliser Subsidy Programme, as a temporary response to spikes in domestic food and fertiliser prices that year. The programme aimed to encourage greater production of food crops. The stated goal of the fertiliser subsidy programme is “to mitigate the effects of the food crisis by increasing the use of fertiliser (NEPAD 2013 Fertiliser Study).

Rather than dismantling the programme after the price crisis, as initially planned, government support to the programme was scaled-up from USD 10.8 million in 2008 to USD 63 million in 2012, although the overall subsidy was reduced to 21% in 2013, due to rising fertiliser prices and budgetary constraints (FAO, 2015).

The stated goals of the programme are to increase average application rate of fertiliser by farmers from 8 to 20 kg per hectare; to increase crop yields and production; to raise profitability of farm production; and, to improve private sector development. The programme seeks to address the high cost of fertiliser in the open market, which is attributed with low fertiliser demand and use, which in turn leads to low yields. The subsidy is also meant to encourage greater private sector development and participation in fertiliser markets.

Even after implementation of the input subsidy programme, fertiliser consumption has remained low (FAO, 2015). There is no comprehensive data on fertiliser use in Ghana. MoFA monitors the fertiliser subsidy programme by tracking the volumes of fertilisers that are imported not actual use<sup>161</sup>. Studies carried out in the initial years of the fertiliser subsidy programme suggest that fertiliser use has increased

<sup>161</sup> “Due to the difficulty of collecting information on the actual total fertilizer used by farmers each year, it is often assumed that the quantity of imported fertilizers, less stock carryovers by dealers, is equivalent to this amount. For Ghana (Figure 1), import and consumption quantities are assumed to be the equal. It is important to note that the quantity imported does not necessarily represent what farmers consume during that year.” (IFDC 2012 Fertiliser Study) The correlation between import amount and use of fertiliser in a given year is problematic for a number of reasons. For example, fertiliser may not be fully consumed in one season and is held over to the next. Studies that show that years with increased imports did not correspond to higher yields and visa versa.

over pre-subsidy period and the yields of fertiliser users are higher than nonusers. MOFA states that the use of fertiliser in Ghana has increased from 8 kg per ha in 2008 to 12kg in 2015 (though it is not clear what the source of this estimate is).

The effectiveness of the fertiliser subsidy programme is hampered by a number of well documented issues. These include:

- late arrival fertiliser;
- leakage (including smuggling into neighbouring countries);
- blanket recommendations/ formulation/lack of formulation tailored to specific agro-ecological and soil conditions;
- improper application of fertiliser by farmers;
- insufficient amounts of fertiliser;
- in some areas the costs are high in spite of the subsidy due to the high cost of transportation;
- Underdeveloped distribution networks in many rural areas remains under developed. Farmers are required to purchase agro-inputs from authorised retail dealers. The subsidy programme, subsidises the fertiliser import dealer, who in turn sells to agro input dealers. Agro input retailers face a number of barriers including insufficient access to credit;
- insufficient availability of improved seeds and planting material;
- weak monitoring;
- absence of a comprehensive farmer data base;
- late payment of subsidies to the supplying companies.

Table 59 Fertilizer imports, 2004 -2014

Year	NPK(Mt)	Liquid (Lt)	Urea (Mt)	Muriate of Potash (Mt)	Sulphate of Ammonia (Mt)	Phosphates (Mt) *	Nitrates (Mt)	Potassium Sulphate	Cocoa Fertiliser	*Others	Total	
											SOLID (Mt)	LIQUID (LT)
2004	18,223	-	250	822	7,688	1,850	95,312	72,000	25,000	2,588	223,733	-
2005	38,978	-	4,540	1,000	15,000	1,000	157	135	12,000	18,496	91,306	-
2006	84,907	-	9,072	19	19,090	99	52,601	103	n.a.	23,988	189,879	-
2007	87,388	-	4,962	109	17,458	504	52,823	321	n.a.	26,029	189,594	-
2008	18,873	-	13,773	8,853	4,172	15,440	64,085	371	n.a.	61,463	187,030	-
2009	197,631	-	25,028	15,007	4,616	66,501	110	n.a.	n.a.	26,293	335,186	-
2010	30,560	11,521	16,079	12,077	52,117	236,547	n.a.	n.a.	130,314	-	489,215	-
2011	70,359	844,543	48,552	62,338	20,140	108,862	157	n.a.	n.a.	70,489	380,897	844,543
2012	230,723	2,692,580	31,950	43,384	83,840	78,355	267	n.a.	n.a.	201,432	669,951	2,692,580
2013	227,571	264,649	51,044	43,441	68,979	63,700	407	n.a.	n.a.	3,099	458,241	264,649
2014	89,332	1,345,562	3,864	28,642	7,551	17,182	49,319	n.a.	n.a.	11,220	207,110	1,345,562

Source: 1. Crops Services Directorate, Plant Protection and Regulatory Services Directorate (2012 - 2013), (Ministry of Food and Agriculture), 2. GSS, Accra (2002-2011). Nitrate fertilisers include Potassium and Calcium Nitrate. <sup>a</sup>NPK includes 15-15-15 and other NPKs.

\*Others: (ZnSO<sub>4</sub>, Fe<sub>3</sub>SO<sub>4</sub>, Ca(NO<sub>3</sub>)<sub>2</sub>, MgSO<sub>4</sub>, K<sub>2</sub>SO<sub>4</sub>, Mg(NO<sub>3</sub> NH<sub>4</sub>NO<sub>3</sub>)<sub>2</sub>), n.a. = Figures not available.

### Access to improved seeds (certified seed production, registered seed dealers)

Another major determinant of crop productivity is the use of improved seeds and planting material (IFDC 2012 Fertiliser Study). Production of certified seed in Ghana is low and has declined significantly since

the early 2000's. There has been a number of policy changes aimed at increasing the production and availability of seed with greater participation of the private sector. Nonetheless, data indicates that access to high quality seedlings has not been improving in recent years. Certified seed production of major crops staples and the registered seed growers has declined (See table below).

**Table 60** Certified Seed Production (tonnes) from 2003 to 2015

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Maize	29,803	30,125	2,035	1,672	1,676	2,473	3,789	4,423	2,670	2,797	2,435	2,072	2,025
Cowpea	609	1,043	30	34	57	38	16	27	14	24	73	53	52
Soyabean	3979	-	356	217	91	153	294	352	188	197	209	115	211
Sorghum	807	807	14	5	6	5	6	5	1	0	7	1	2
Rice	10,173	12,375	232	12902	334	575	2,377	3,907	2,367	2,370	1,303	542	578
Groundnuts	440	440	63	45	7	14	9	18	0	6	0	1	9
<b>Total</b>	<b>48,013</b>	<b>44,790</b>	<b>2,730</b>	<b>14,876</b>	<b>2,173</b>	<b>3,259</b>	<b>6,484</b>	<b>8,732</b>	<b>5,240</b>	<b>5,396</b>	<b>4,028</b>	<b>2,785</b>	<b>2,880</b>

Source: GSID Annual Report, 2009 and 2015

**Table 61** Registered Seed Growers in Ghana from 2001 to 2015

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Maize	167	141	153	134	325	197	241	269	409	411	270	293	265	195	205
Cowpea	40	12	16	23	14	50	61	45	21	33	11	20	22	12	14
Soybean	50	16	63	16	40	76	53	38	56	90	67	62	37	19	49
Rice	24	44	16	30	39	40	19	42	248	453	518	300	36	60	39
<b>TOTAL</b>	<b>281</b>	<b>213</b>	<b>248</b>	<b>203</b>	<b>418</b>	<b>363</b>	<b>374</b>	<b>394</b>	<b>734</b>	<b>987</b>	<b>866</b>	<b>675</b>	<b>360</b>	<b>286</b>	<b>307</b>

Source: GSID, Annual Reports 2009, 2015.

### **Main determining factors (related to all above indicators)**

#### **Fertilisers**

The reintroduction of a fertiliser subsidy programme was a GoG decision in response to the food price crisis. The Agriculture Working Group has made a number of suggestions to improve the effectiveness of the programme including adding seeds and soil testing to bring in better specifications of fertiliser, drawing on initiatives such as Green Africa that have worked together with the soil institute on soil mapping.

WB budget support operations included a prior action that called for adding improved seeds to the 2012 subsidy programme. The evaluation mission's mission interviews with the Crop Directorate at MoFA indicate that seeds were added to the subsidy in 2012 but were dropped in the following year due to administration challenges and the insufficient availability of improved seeds.

Private agro-input companies that participate in the fertiliser subsidy programme informed the evaluation mission that in the years that budget support was available the volume of fertilisers covered was higher and the delays in GoG reimbursement to the agro-input companies was shorter, 1 to 3 month as opposed to the current situation in which arrears of 1 ½ to 3 years are reported.

IFDC, with USAID support, has an ongoing programme attempting to improve fertiliser markets in the country.

#### **Seeds**

Ghana's formal seed sector has been in the midst of change over the course of the evaluation period. Most of the crop varieties that are sold as seed have been developed by Ghana's national agricultural research institutes that have limited capacity. This has been a hurdle to increasing the amount of improved seeds available in Ghana. There has been a number of policy changes aimed at encouraging

greater private sector involvement in the seed sector and regulating the quality of inputs, including approval of new seed legislation and associated regulations, and the appointment of a National Seed Council.

- In 2010 The Plants and Fertiliser Act was passed, which sets out the designation of responsibilities for seed import and export, establishes a register of varieties that can be marketed, outlines procedures for seed quality control and testing, and establishes a National Seed Council and associated committees. Notably, the new law allows the approval of privately developed varieties from both domestic and foreign sources. Whereas all varieties in the past have come through the national agriculture research institutes.
- In 2013 the National Seed Policy was approved, which includes a clarification of the roles of the public and private sector in technology development and market. Some sources have noted that although one would expect a national seed policy to be developed before laws and regulations, the reverse has been the case.
- In 2015, Ghana's National Seed Plan was released. It serves as a comprehensive implementation strategy for the effective implementation of the National Seed Policy. The National Seed Plan highlights the importance of facilitating a shift in leadership in the commercial aspects of the seed industry to the private sector and the need for a strong government role in the provision of support services important for the effective development of the seed industry (SYNGENTA Foundation 2016 Ghana Case Study).
- In June 2016, regulations to align Ghana's local seed law with the ECOWAS Seed Regulation were approved. This is expected to create a broader regional seed market within ECOWAS.
- Further proposals to amend Ghana's seed legislation have been stalled by CSO protest over fear of introducing GMOs to Ghana, and concerns that intellectual property rights of new seeds will prevent farmers from harvesting their own seeds.

Implementation of new policies has been problematic. Studies of Ghana's seed sector, corroborated by evaluation mission interviews, indicate that much of the burden for implementation falls on the National Seed Council, whose duties include formulating seed policies, developing variety registration procedures, and designating the conduct and authority for seed certification. The evaluation mission (June 2016) was informed that the Seed Council had only met once, effective operation is impacted by resource/funding constraints. DPs and other actors involved in the seed sector informed the evaluation mission that international companies that have attempted to introduce improved seeds to Ghana have been since passage of the Seed and Fertiliser Act continue to face a number of barriers, have been frustrated and withdrawn. Others have noted that almost all details on implementation and standards are left to the regulations and to those who will interpret and enforce them. In their view interpretation of legislation by some involved has been subjective and used to discourage private sector in their efforts to enter the sector.

The WB budget support included a number of prior actions that influenced the formulation of policies above including: drafting of Plants and Fertiliser Act and its approval by Parliament; Establishment, funding and operationalizing a Seed Council to oversee the development of a new technical regulatory framework.

There have also been a number of non-policy factors. In particular, USAID has funded a number of initiatives that aim to improve the quality and availability of seeds in Ghana such as Agra and Feed the Future.

### **3.3.2 JC92. Improved access to productivity enhancing infrastructure (Irrigation)**

Ghana has one of the lowest shares of land cultivated under irrigation, even by SSA standards (Dzanku and Udry). Over the course of the evaluation period, there has been marginal growth in the area developed for irrigation and the land use efficiency of those schemes is low.

The high capital expenditure required is a large barrier to expanding irrigation structures. Interviews with GIDA indicate that a major challenge of the sector has been the allocation of inadequate funds to

complete works that are initiated, as a result costs of establishing new facilities continues to rise from year to year. In addition, many of the formal irrigation schemes<sup>162</sup> that were built in the past became unusable overtime due to lack of maintenance, leading to reductions in the area under irrigation.

One strategy for improving the operation and maintenance of irrigation systems has been the adoption of joint management structures, through Water User Associations (WUA's) and Public Private Partnerships. The number of water user associations has increased over the years (there is conflicting data on the exact numbers). According to the Ghana Irrigation Development Authority (GIDA), the number of public irrigations schemes increased from 22 in 2001 to 56 in 2016. The evaluation mission was informed that all of the all of the formal public schemes are currently managed by WUAs. However, land that is under formal irrigation schemes is not utilised to its full potential.

No formal assessments have been carried out to determine the quality of management/maintenance of systems managed by WUA's. Interviews with GIDA indicate that WUAs has led to some improvements but irrigation schemes are still not used to their full potential due to various management and market constraints including the high cost of electricity tariffs (which are higher for irrigation than industry), lack of support services (in particular insufficient access to tractors to prepare for planting), and the high cost of fertilisers (despite the subsidy programme).

### *Area of Irrigated Land and Land Use Efficiency / Number of irrigation facilities under private management (Water User based)*

*Table 62 Area of irrigated land (hectares)*

	2010	2011	2012	2013	2014	2015
Total irrigated areas developed (formal and informal)	27,879	28,304	28,304	28,324	29,508	-
Total non- formal irrigated developed areas	17,636	17,636	17,636	17,636	18,820	-
Total formal irrigated area developed	10,243	10,243	10,668	10,688	10,688	10,688
Total formal irrigated area cropped	8,860	9,745	9,913	11,136	9,368	9,400
Total informal irrigated area cropped	7,169	9,798	10,138	10,542	26,471	30,936
Total formal area irrigated with single annual crop	4,370	4,924	5,247	5,142	3543	5,215
Total informal area irrigated with single annual crop	3,045	4,521	6,350	6,570	10,431	10,213
Total formal area irrigated with double annual crop	4,490	4,822	4,666	4,785	5,825	4,269
Total informal area irrigated with double annual crop	2,360	3,103	32	2,313	8,156	10,239
Total formal area irrigated with three annual crops	-	-	-	-	-	-
Total informal area irrigated with three annual crops	1,764	2,176	23	1,659	7,883	10,484

*Source: MOFA Annual Performance Report 2014, 2015*

<sup>162</sup> Formal Irrigation facilities are those where some form of permanent infrastructure has been put in place usually funded by the public sector due to its capital intensive nature. Informal irrigation refers to those area where by individuals/groups cultivate areas through the use of simple structures and equipment for water storage, conveyance and distribution.



## Land Use Efficiency

Table 63 Land Intensification Ratio (2010-2015)

	2010	2011	2012	2013	2014	2015
Total formal irrigated area cropped	0.87	0.91	0.93	1.04	0.88	0.88
Total informal irrigated area cropped	0.41	0.41	0.56	0.57	0.6	n.a
Total formal area irrigated with single annual crop	0.43	0.43	0.46	8.2	0.48	0.49
Total informal area irrigated with single annual crop	0.17	0.17	0.26	48.4	0.37	n.a
Total formal area irrigated with double annual crop	0.45	0.45	0.45	0.44	0.45	0.4
Total informal area irrigated with double annual crop	0.13	0.13	0.18	31.5	0.13	n.a

Source: MOFA Annual Performance Report 2014, 2015

### Main determining factors

In 2010 Ghana approved an Irrigation Policy that emphasised the role of private, non-state actors in the management of irrigation schemes.

The World Bank Budget Support Operation included several prior actions aimed at improving the performance of irrigation management. This included the submission of the Irrigation policy to Cabinet and the following measures to support implementation of the irrigation policy: a) a survey of irrigation facilities, formal and informal to establish baseline and, b) MoFA's adoption of an action plan for increasing management of irrigation facilities by Water Users Associations.

The WB/USAID Funded GCAP project is currently supporting a reorganisation of GIDA.

The MCC financed the construction of one new irrigation scheme and the renovation of two existing irrigation schemes.

### 3.3.3 JC93. Improved management of fisheries resources

#### Size of licensed industrial and semi industrial fishing fleet &. Number of new licences issued for industrial and semi industrial vessels

Fish are one of Ghana's most important non-traditional export commodities. Captured fisheries are impacted by over exploitation. Total marine fish production has declined from year 2008 to 2015 (MOFA 2015 APR). Over the course of the evaluation period there have been attempts to reform governance of the sector to bring exploitation down to sustainable levels with a view to allowing stocks to recover and even increase overtime. In this respect the government adopted a fisheries and aquaculture policy, and in 2010 regulations to the 2002 Fisheries Act were passed. Additional Amendments to the Fisheries Act were passed in 2014 and 2015. A Fisheries Enforcement Unit was established (under Section 94 of Fisheries Act) to undertake Monitoring, Control and Surveillance. Ghana developed a National Plan of Action to Combat IUU Fishing in 2015.

There is conflicting information on the extent to which licensing restrictions have been implemented and enforced. As part of the reforms passed, a moratorium was issued on the registration of industrial and semi-industrial trawlers aimed at reducing the overall size of the fishing fleet. A 2012 project report by the WB reported that 14 industrial and semi-industrial fishing vessels registered (as renewals) in 2012, compared to 17 that were registered in 2011. There are uncertainties as to the latest number of active boats in the fishing fleet. The evaluation mission was not provided with updated data from the Fisheries Commission on the size of the fishing fleet and number of licences issued. Interviews with the World Bank team managing an ongoing fisheries project indicates that there are questions regarding the reliability of data presented to them to show whether the moratorium is being implemented. The Government and the World Bank have agreed to undertake an independent audit to assess the number of active/licensed vessels.

### **Main determining factors**

The World Bank Budget support operations were initially intended to be implemented in tangent with a WB financed West Africa Fisheries Management Project, of which Ghana is a participating country. WB Budget Support operations included prior actions such as establishing the Fisheries and Aquaculture policy and passing regulations to the 2002 Fisheries Act. The West Africa Regional Fisheries Management project provides support to strengthen the intuitional capacity of the Fisheries Commission to implement fisheries regulations and policies, including those supported by budget support. There was a delay in the processing of the investment operation which resulted in its implementation several years after the Budget Support operation was over, it was under implementation at the time of the evaluation assessment mission.

The European Union's Illegal, Unreported and Unregulated (IUU) Fisheries Regulation has also been instrumental at influencing governance in the sector. In 2013 Ghana was issued a "yellow card" which is a formal warning that exports from Ghana into the EU will be banned if performance in preventing, fighting and deterring IUU activities is not improved. The yellow card was lifted in 2015 in response to the various reforms to the legal and administrative framework in the sector, including corrections of loop holes in its monitoring system and bringing Catch Certificate in accordance with EU guidelines. The Maritime Affairs and Fisheries Directorate-General of the EU Commission, has also provided technical assistance to Ghana's Fisheries Commission to combat illegal, unreported and unregulated fishing activities, and, with the support of the EU Delegation to Ghana, it has facilitated dialogue with key stakeholders in the sector.

USAID is also financing the Sustainable Fisheries Management Project, which is ongoing, that focuses on improving management of the small scale fishing sector.

### **3.3.4 JC94. Overall improved production and productivity in the agriculture sub-sector**

The overall performance of the agriculture during the evaluation period has been variable with a sharp decline in recent years. The agriculture sectors share in GDP declined (see table A) and real growth of the agriculture sector has lagged compared to other sectors. Although agriculture was the smallest sector in the economy in terms of value added, it remains a key part of the economy, proving employment for over 40% of the work force. It also plays an important role in contributing to national food security through crop production. (WB 2015 Poverty Reduction in Ghana, Ghana Investment incentives).

A declining share of agriculture in GDP and national employment is an expected part of the structural transformation as an economy develops, none the less the general consensus is that the Ghana's agriculture sector is performing below its potential. The growth rate for most years has been below the 6% annual growth target for the sector. In 2015 agriculture sector growth slowed considerably to .04%.

Production of key crops over the evaluation period (see table below) has been variable and any increases in production are largely due to area expansion rather than productivity improvements. Area planted to major food crops (Table C) has shown increasing trend, while yields of most major staples (Table D) have remained flat, with a large gap between actual and potential yields.

### **Actual yields compared to achievable yields of selected crops**

Table 64 Actual vs. potential yields of major staple crops (MT/HA)

	Potential	2008	2009	2010	2011	2012	2013	2014	2015
<b>Maize</b>	5.0	1.7	1.7	1.9	1.7	1.4	1.7	1.7	1.9
<b>Rice (paddy)</b>	6.0	2.3	2.4	2.7	2.4	2.5	2.6	2.7	2.7
<b>Cassava</b>	48.7	13.5	13.8	15.4	15.8	16.7	18.3	18.6	18.8
<b>Yam</b>	49.0	14.2	15.3	15.5	14.5	15.6	16.8	16.6	16.9
<b>Sorghum</b>	2.0	1.2	1.3	1.3	1.2	1.2	1.1	1.1	1.2
<b>Cowpea</b>	3.0	1.2	1.7	1.8	1.8	1.8	1.2	1.2	1.2

Source: 2008-10 MoFA Agriculture in Ghana – Facts and Figures; 2011-2015: MoFA (Annual Progress Report)

### Production of selected staple crops

Table 65 Production trends of major staple crops ('000MT)

	2008	2009	2010	2011	2012	2013	2014	2015
<b>Maize</b>	1,470	1,620	1,872	1,684	1,950	1,765	1,762	1,692
<b>Rice</b>	302	391	492	464	481	570	604	688
<b>Cassava</b>	11,351	12,231	13,504	14,241	14,547	15,990	16,524	17,213
<b>Yam</b>	4,895	5,778	5,861	5,855	6,639	7,075	7,119	7,296
<b>Sorghum</b>	331	350.6	353	287.1	280	256.7	259	264.04
<b>Soybeans</b>	74	112	144	164	151	138	141	142
<b>Cowpea</b>	180	205	219	237	223	200	201	NA

Source: SRID/MoFA 2015 Annual Progress Report

Table 66 Annual area planted to major food crops ('000HA)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Maize</b>	740	793	790	846	954	992	1,023	1,042	1,023	1,025
<b>Rice</b>	120	125	109	133	162	181	197	189	216	224
<b>Cassava</b>	750	790	801	840	886	875	889	869	875	889
<b>Yam</b>	300	325	324	348	379	385	204	426	422	428
<b>Sorghum</b>	305	320	208	276	267	253	243	231	226	227
<b>Soya Bean</b>	45	52	47	62	77	91	86	85	85	87
<b>Cowpea</b>	180	185	139	161	163	167	182	169	162	166

Source: Ghana Agriculture Facts and Figures 2014

### Overall GDP growth by sector

Table 67 GDP growth rates by sector (at 2006 constant prices)

	2008	2009	2010	2011	2012	2013	2014*	2015**
<b>Agriculture-Total</b>	<b>7.4</b>	<b>7.2</b>	<b>5.3</b>	<b>0.8</b>	<b>2.3</b>	<b>5.7</b>	<b>4.6</b>	<b>0.04</b>
<b>Crops</b>	8.6	10.2	5.0	3.7	0.8	5.9	5.7	-1.7
of which cocoa	3.2	5.0	26.6	14.0	-9.5	2.6	4.3	3.5
<b>Livestock</b>	5.1	4.4	4.6	5.1	5.2	5.3	5.3	9.3
<b>Forestry &amp; Logging</b>	-3.3	0.7	10.1	-14.0	6.8	4.6	3.8	1.6
<b>Fishing</b>	17.4	-5.7	1.5	-8.7	9.1	5.7	-5.6	5.3
<b>Industry, Total</b>	<b>15.1</b>	<b>4.5</b>	<b>7.0</b>	<b>41.6</b>	<b>11.0</b>	<b>6.6</b>	<b>0.8</b>	<b>9.1</b>
<b>Services, Total</b>	<b>8.0</b>	<b>5.6</b>	<b>9.8</b>	<b>9.4</b>	<b>12.1</b>	<b>10.0</b>	<b>5.6</b>	<b>4.7</b>
<b>GDP at basic prices</b>	<b>9.1</b>	<b>4.8</b>	<b>7.9</b>	<b>14.0</b>	<b>9.3</b>	<b>7.3</b>	<b>4.0</b>	<b>4.1</b>
<b>GDP at purchaser's value</b>	<b>9.1</b>	<b>4.8</b>	<b>7.9</b>	<b>14.0</b>	<b>9.3</b>	<b>7.3</b>	<b>4.0</b>	<b>4.1</b>

Source: SRID/ MoFA 2015 Annual Progress Report

\*Revised \*\*Provisional (Jan-Sep)

Table 68 *Employment, by Major Sector. 1991-2012 (% of Total Employment)*

<b>Sector</b>	<b>1991</b>	<b>1998</b>	<b>2005</b>	<b>2012</b>
<b>Agriculture</b>	60.5	52.0	53.4	43.2
<b>Industry</b>	10.7	15.0	14.7	14.9
<b>Mining, manufacturing, utilities</b>	9.5	13.4	12.8	11.4
<b>Construction</b>	1.2	1.5	1.9	3.5
<b>Services</b>	28.7	33.0	31.9	42.0
<b>Wholesale, retail trade, restaurants and hotels</b>	16.9	19.5	18.5	24.7
<b>Transport, storage and communications</b>	1.9	2.6	3.1	4.0
<b>Other activities</b>	9.9	10.9	10.3	13.3

Source: Calculations based on GLSS 3-6

***Main determining factors (related to all above indicators)***

Low productivity in the sector is attributed to a host of factors including low adoption of improved technologies; reliance on rainfed agriculture, volatile rainfall and low-level, relatively inefficient irrigated agriculture; the low level of mechanisation in production and processing; high post-harvest losses resulting from poor post-harvest management; low-level and ineffective agricultural finance; poor extension services as a result of several institutional and structural inefficiencies; and lack of ready markets and processing facilities, poor infrastructure are lack of marketing skills, inadequate product development for effective utilisation of farm produce, and weak commodity value chains.

### 3.4 Appendix - Additional information on sector budget and expenditure

MOFA budget data comprises the approved budget (amounts agreed in the annual budget statement), actual inflows (the amount released to MOFA by the MOFEP) and budget expenditures. The level and composition of each is discussed below. Detailed budget data tables are presented at the end of the Appendix.

#### **Approved Budget: 2007-2016**

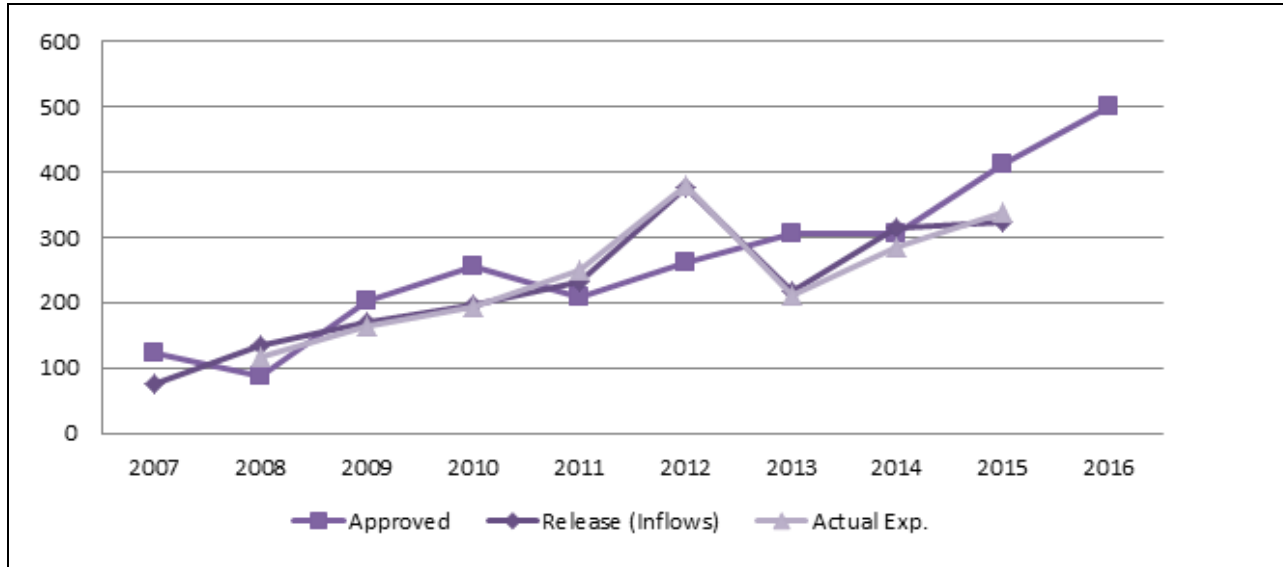
**Trends in overall budget overtime.** The overall amount of MOFA's budget in nominal terms has increased over time. For most years the total budget allocation to MOFA was higher than the previous year, with the exception of 2008 and 2015. In 2015 the budget was originally approved at GHc 411.83, but was subsequently revised to GHc 238.33 bringing it below the 2014 level of GHc 306.89. While MOFA's budget has increased in nominal terms, MOFA's share of the national budget has fluctuated from 1.32% in 2012, dropping to 0.92%, 0.66%, 0.66% in 2013, 2014, 2015 and increasing to around 1% in 2016.

Table 69 MOFA Annual Budget (GHc million)

	<i>Approved Budget</i>	<i>Released (Inflows)</i>	<i>Actual Expend.</i>	<i>Expend. as % of Approved</i>	<i>National Budget</i>	<i>% of NB to MOFA</i>
<b>2007</b>	122.31	74.96	NA	NA		
<b>2008</b>	87.10	133.95	115.58	133%		
<b>2009</b>	202.63	170.71	165.01	81%		
<b>2010</b>	256.89	197.69	193.65	75%		
<b>2011</b>	207.61	231.16	250.11	120%		
<b>2012</b>	262.24	375.64	379.35	145%	19,935.76	1.32
<b>2013</b>	306.03	216.19	212.49	69%	31,845.66	0.92
<b>2014</b>	306.89	314.84	285.29	93%	36,170.98	0.66
<b>2015</b>	411.83	323.35	337.22	82%	44,001.27	0.66
<b>2015 (revised)</b>	238.33	--	--	141%		
<b>2016</b>	501.50	NA	NA	NA	50,109.85	1.00

Source: MOFA Annual Performance reports, Parliament Budget Brief on 2016 Budget Statement on Agriculture Sector, Budget statements

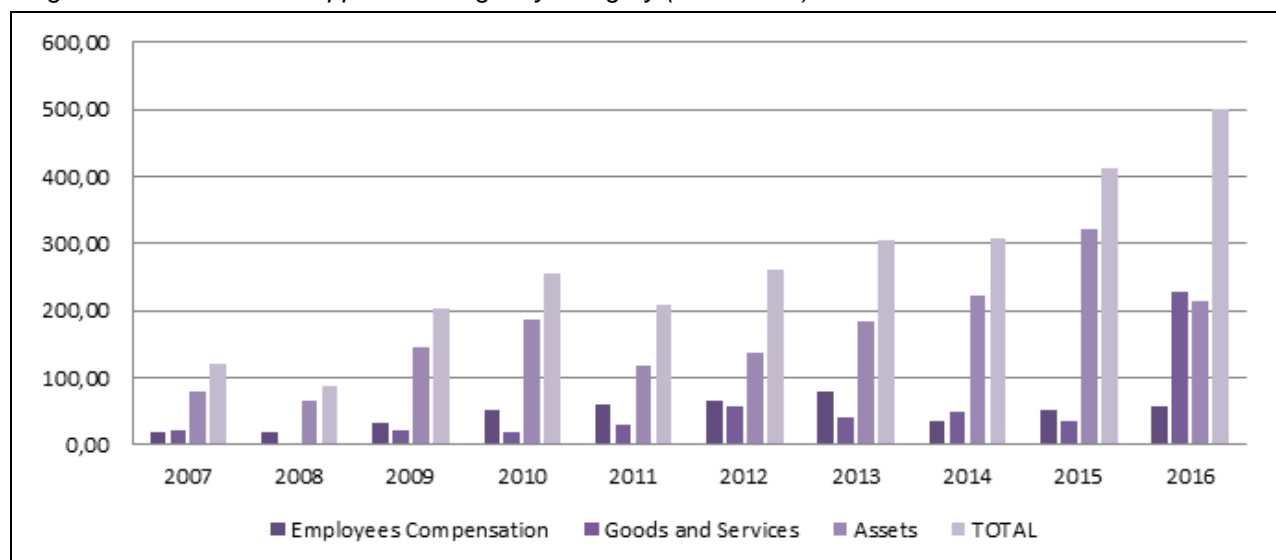
Figure 49 MOFA Annual Budget (GHc million)



Source: MOFA Annual Performance reports.

**Composition of Budget.** MOFA's budget comprises three functional clarifications: Employee compensation, Goods and Services, and Assets. In earlier years the budget was broken down by four categories, Personal Emolument, Administration, Service and Investment. Personal Emolument and Administration have been combine for those years to allow for comparison with later years. The asset category accounts for the largest portion of budget allocated for each year, with the exception of 2016 when Goods and Services received the highest amount of the budget. The amount of budget allocated to Employee Compensation has increased in nominal terms each year until 2014, when it dropped to 35 million. In 2015 and 2016 employee compensation increased to GHc 53.16 million and GHc 57.04 million but was still below the 2013 amount of GHc 80.34 million. The amount of annual budget allocated to Goods and Services each year as compared to the year prior fluctuated with no notable pattern. In 2016 the amount of funds allocated to this category increased significantly to GHc 229.26 million, whereas previous years ranged from a low of GHc 1.13 million in 2008 to a high of GHc 57.76 million in 2012. The amount of funds allocated to the asset category increased in most years over previous years, with the exception of 2008, 2011 and 2016. In 2009 the amount of budget allocated to assets, GHc 146.20 million, was a significant increase over the two years prior (GHc 80.07 million and GHc 66.92 million), and has remained above the GHc 100 million level since, reaching a high of GHc 322.12 million in 2015.

Figure 50 MOFA approved budget by category (2007-2016) – GHc million



Source: MOFA Annual Performance reports.

**Sources of Finance.** MOFA's budget is made up both GoG and Donor funds. GOG funds come from the common account, IGF, HIPC, and ABFA (petroleum revenue), and in some years other random sources such as returns, exchange rate gains, and the government's priority intervention programme. Donor funds are made up of both project funds and budget support. Donor funding accounted for a little over half of the of MOFAs annual budget, from 2007 – 2011. After 2012, the balance between government and donor sources shifted due to allocations from additional government sources. In 2012, MOFA was allocated 53 million from the priority intervention programme and starting in 2013 oil revenues (ABFA) began to finance a portion of MOFA's budget. In 2015, government sources were initially expected to finance 64% of the budget, due to an ABFA allocation of GHc 204 million. The ABFA contribution was subsequently revised downward to GHc 30 million. As a result donor sources accounted for 61% of the revised 2015 budget. Donor resources have been predominately used to finance the asset category. With respect to GOG funds, in most years the main portion of government resources (from the common account) have been allocated to employee compensation.

#### **Budget Releases (INFLOWS): 2007 -2015 (see Table 70)**

Data are available for the total amount of budget releases for 2007-2015. Disaggregated data of budget release by financing source is also available for each year (except 2008). Budget release data by functional category is not available.

**Release vs. Approved.** Budget releases were variable over the period under review. Total budget releases (combined all sources) were below the approved budget for five of the nine years for which data is available (2007, 2009, 2010, 2013, 2015). Releases of donor funds were below the budgeted amount for five of the eight years for which data is available (2007, 2009, 2010, 2013, 2014), and exceeded budgeted amounts in 2011, 2012, and 2015. Releases from all government sources combined exceeded the approved budget amount for four of the seven years (2009, 2010, 2012, and 2014), they were below the budgeted amount for four years (2007, 2011, 2013, and 2015). Looking only at the GOG common fund, releases met or exceeded the budgeted amount for six out of the eight years (2007, 2009, 2010, 2012, 2014, and 2015).

#### **Actual Expenditure: 2008-2015 (see Table 73)**

Data are available for the total amount of budget expenditure for 2008-2015. Disaggregated data are available by functional category for 2009 -2015, but data are not available by financing source.

Proportion of annual expenditure resources by category. Looking across functional categories, assets have accounted for the largest proportion of actual expenditures each year for 2007 -2012. In 2013 employee compensation was the category with the largest amount of expenditure, due in part to government wide salary enhancements issued for all civil servants that year. In 2014 and 2015 Goods and Services accounted for the largest proportion of expenditures. According to MOFAs 2014 Annual

Progress Report, the increase in expenditure on goods and services in 2014 is due to the reclassification of fertiliser subsidy which was originally budgeted for under assets as a result of reclassification within the GIFMIS. The decline in assets the same year was attributed to the closure of several donor funded projects. Similar explanations are not provided for 2015.

Comparing the actual expenditure to approved budget amounts by category, actual expenditures for assets were well below budget amounts in 2009 (61%), 2010 (62%), 2013 (43%), 2014 (31%) and 2015 (33%). In 2011 and 2012 asset expenditures exceeded the budgeted amount (135% and 163%). Expenditures on goods and services exceeded budgeted amounts in 2007 (140%), 2014 (346%) and 2015 (456%). Expenditure on employee compensation exceeded the budgeted amount in each year.

#### **Contribution of Budget Support to trends in MOFA budget.**

Budget support is recorded as part of donor contributions in the MOFEP and MOFA budget documents. Budget support does not appear to have impacted the overall amount of MOFA budget over time. MOFAs total annual budget and as well as the portion from donor contributions saw a large increase, over 2007/2007 levels, from 2009 onward, but both have increased beyond 2013 when Budget Support ended. Likewise budget releases do not differ significantly between the years in which MOFA received budget support and years without budget support. Budget support appears to have had some impact on the amount of GOG contribution, releases to districts and regions, releases to goods and services and assets, and the composition of agriculture expenditure on particular activities, as explained below.

**CIDA Budget Support** – CIDA budget support operations were designed to provide funds in two tranches with the base payment subject to the Government of Ghana ensuring that the level of funding to MoFA in its discretionary budget is at least as great in percentage terms as that of the previous year. For the period that budget support was provided this had an impact on the GOG contribution. The data show that GOG contribution to the MOFA budget was higher than the previous year from 2009 - 2012. In 2013, when CIDA budget support came to an end, the GOG contribution (from the common fund) was significantly higher than years prior (GHc 140.9 million), but this was due to salary enhancements for all civil servants that year. Thereafter, GOG allocations (overall and common fund) declined in both 2014 and 2015. The GOG contribution to the 2016 budget (from all government sources) increased to GHc 326 million, due to an increase in ABFA resources, whereas GOG from the common fund remained low at GHc 59.78 million.

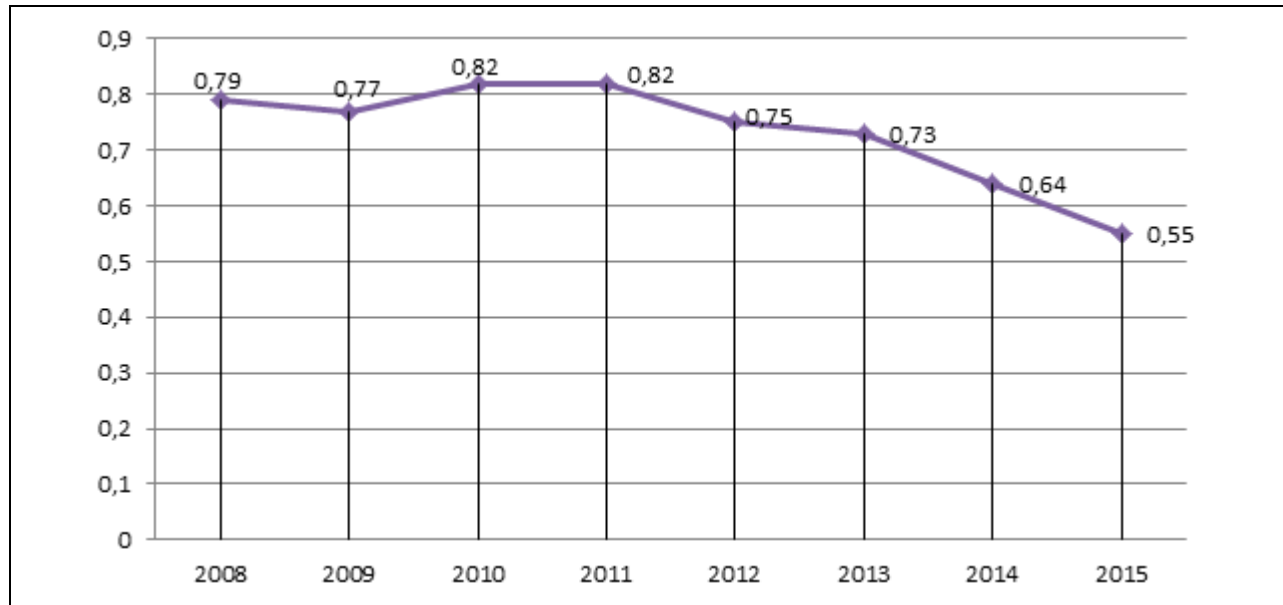
CIDA budget support operations were explicitly designed to ensure resources targeted the district level, where the most direct interaction with farmers occurs. According to MOFA funding to the districts and regions increased significantly over the period (2004-2010) from 30% to close to 70% of the Ministry's budget. Interviews with CIDA staff indicate that under FASDEP budget support resources were allocated to the district level as intended but this was not the case under SFADEP.

**World Bank Budget Support** - World Bank budget support included prior actions that required the release of at least 80% of MOFAs committed budget for 2008 to services and assets and at least 60% of 2009 Budget allocations to be released by the 3<sup>rd</sup> quarter of 2009. The release target was exceeded when taking into account only GOG resources, the release of donor resources however, was below this target. The percent released by the 3<sup>rd</sup> quarter was not reported.

The World Bank project completion report notes that in the past employee compensation (personnel and administrative budgets) were met or exceeded, while services and investment were traditionally underfunded. According to this source budget execution of investment using GOG funding sources increased from 50% in 2007 to 112% in 2010. Subsequent MOFA reports, however, indicate a decline in this trend thereafter. As reported in the 2015 Annual Performance Report “the IER for the Ministry for the period 2008 to 2015 averaged 73% with the highest of 82% recorded in 2010 and 2011. The reporting period, 2015 recorded the lowest of 55%. This is against a national implementation efficiency target of 80% for the year 2015. The IER experienced a consistent decrease from 2011 to 2015. The decrease in trend can probably be attributed partly to inadequate and late release of funds and increasing cost of goods and services which most often affect implementation of prioritised activities.”



Figure 51 Implementation Efficiency Ratio



Source: MOFA 2015 Annual Progress Report, Computations from RADU Reports, 2015

Interviews and other studies indicate WB Budget Support resources were allocated in large part to finance the governments Fertiliser Subsidy programme. The project completion report for the first and second World Bank DPO operations notes that “budget support from CIDA and the AgDPO series enabled MoFA to fund the implementation of government programmes, such as the fertiliser subsidy programme designed originally in response to the food and fertiliser crisis. MoFA expenditures on various programmes increased significantly during 2004–10, rising from 30% to nearly 70% of the ministry’s budget.” Following the termination of WB and CIDA budget support 2012, the fertiliser subsidy programme continued in 2013 with government resources, albeit at a reduced level. In 2014 the fertiliser subsidy was not carried out, because the government was unable to mobilise sufficient resources that year. The fertiliser subsidy was carried out in 2015 and 2016 using ABFA resources. Studies carried out on agriculture expenditures in Ghana as a whole (extending beyond the MOFA budget) have noted that the composition of expenditure on agriculture activities has changed over time, and have attributed this shift in part to the World Bank Budget Support operations.

An agriculture PER carried out by FAO for the period 2006-2012 found that “there was significant increase in the share of agriculture specific expenditure on payments to producers in form of fertiliser subsidies, while the share of agriculture specific expenditure allocated to agricultural research and knowledge transfer activities decreased sharply. The proportion of spending on marketing and agricultural infrastructures also went up. The driving factor behind this expenditure pattern appears to be a change in the main components of World Bank-funded interventions in the agriculture sector following the introduction of the Medium Term Agriculture Sector Investment Plan in 2009.”

**BUDGET DATA TABLES**

Table 70 MOFA Approved Budget by Financing Source

<b>Funding source</b>	<b>GOG (discretionary GOG to MOFA)</b>	<b>ABFA</b>	<b>IGF</b>	<b>Priority Interven. Programme</b>	<b>HIPC</b>	<b>Total Gov Sources</b>	<b>Donor</b>	<b>TOTAL</b>	<b>% GOG</b>	<b>% Donor</b>	<b>% All Gov sources</b>
<b>2007</b>	35.53		0.48		17.40	53.41	68.90	122.31	29%	56%	44%
<b>2008</b>	31.00		0.99			31.99	55.11	87.10	36%	63%	37%
<b>2009</b>	60.55		3.21			63.76	138.87	202.63	30%	69%	31%
<b>2010</b>	77.20		4.94		10.00	92.14	164.75	256.89	30%	64%	36%
<b>2011</b>	84.35		5.89			90.24	117.37	207.61	41%	57%	43%
<b>2012</b>	90.62		4.01	53.00		147.63	114.61	262.24	35%	44%	56%
<b>2013</b>	140.90	20.00	2.26			163.16	142.87	306.03	46%	47%	53%
<b>2014</b>	73.77	52.18	2.17			128.12	178.77	306.89	24%	58%	42%
<b>2015</b>	59.63	204	1.81			265.44	146.39	411.83	14%	36%	64%
<b>2015 Revised</b>	59.63	30.50	1.81			91.94	146.39	238.33	25%	61%	39%
<b>2016</b>	59.78	262.32	4.07			326.17	175.34	501.51	12%	35%	65%

Table 71 MOFA approved budget by functional classification

Year	Employees Compensation	Goods and Services	Assets	TOTAL	% employees compensation	% G&S	% assets
2007	18.86	22.38	80.07	121.31	16%	18%	66%
2008	19.05	1.13	66.92	87.10	22%	1%	77%
2009	33.76	22.67	146.20	202.63	17%	11%	72%
2010	50.80	18.66	187.43	256.89	20%	7%	73%
2011	58.99	31.06	117.56	207.61	28%	15%	57%
2012	66.76	57.76	137.72	262.24	25%	22%	53%
2013	80.34	40.57	185.13	306.03	26%	13%	60%
2014	35.00	48.30	223.59	306.89	11%	16%	73%
2015	53.16	36.55	322.12	411.83	13%	9%	78%
2016	57.04	229.26	215.2	501.50	11%	46%	43%

Table 72 MOFA budget releases (actual inflows) by financing source

Funding source	Releases by Financing Source						Releases as % of Approved Budget					
	GoG	ABFA	IGF	HIPC	Other*	Total Gov Sources	Donor	TOTAL	GoG	All GoG Sources	Donor	Total Budget
2007	35.74		0.94	7.59		44.27	30.69	74.96	101%	83%	45%	61%
2008	NA	NA	NA	NA	NA	NA	NA	133.95	NA	NA	NA	154%
2009	68.97		3.28			72.25	98.46	170.71	114%	113%	71%	84%
2010	79.96		3.42	20.00		103.38	94.31	197.69	104%	112%	57%	77%
2011	80.55					80.55	150.61	231.16	95%	89%	128%	111%
2012	192.53		5.24			197.77	177.87	375.64	212%	134%	155%	143%
2013	108.16	6.28	3.24			117.68	98.51	216.19	77%	72%	69%	71%
2014	73.03	57.57	0.99		23.18	154.77	160.07	314.84	99%	121%	90%	103%
2015	62.97	30.00	1.82		60.46	155.25	168.10	323.35	106%	58%	115%	79%

\* Other: Revenue from non-road fund arrears, refunds and exchange rate gains

Table 73 MOFA - Actual expenditure by functional classification

Year	ACTUAL EXPENDITURE				% of annual expend to each category			Actual Expend as % of Approved		
	Employees Compensation	Goods and Services	Assets	TOTAL	% to employee comp.	% to G&S	% to assets	% to employee comp.	% to G&S	% to assets
2007	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2008	NA	NA	NA	115.58	NA	NA	NA	NA	NA	NA
2009	44.65	31.7	89.63	165.98	27%	19%	54%	132%	140%	61%
2010	59.84	17.17	116.64	193.65	31%	9%	60%	118%	92%	62%
2011	68.55	23.19	158.37	250.11	27%	9%	63%	116%	75%	135%
2012	115.45	38.91	224.99	379.35	30%	10%	59%	173%	67%	163%
2013	106.95	25.99	79.55	212.49	50%	12%	37%	133%	64%	43%
2014	48.63	167.16	69.5	285.29	17%	59%	24%	139%	346%	31%
2015 Budgeted	63.22	126.31	87.23	276.76	23%	46%	32%	119%	346%	27%
2015 non budgeted		40.23	20.23	60.46	0%	67%	33%	NA	NA	NA
2015 TOTAL	63.22	166.54	107.46	337.22	19%	49%	32%	119%	456%	33%
2016	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Table 74 MOFA's approved budget by source and functional category for each year (2007-2016)<sup>163</sup>

2007	EC*	G&S**	Assets	TOTAL	% EC	% G&S	% Assets
GOG	18.86	2.31	14.38	35.55	53%	6%	40%
ABFA				0.00			
IGF		0.41	0.07	0.48	0%	85%	15%
Other			17.40	17.40	0%	0%	100%
Donors		20.66	48.22	68.88	0%	30%	70%
TOTAL	18.86	23.38	80.07	122.31			

\*Employees Compensation, \*\* Goods & services

2008	EC	G&S	Assets	TOTAL	% EC	% G&S	% Assets
GOG	18.93	0.54	11.53	31.00	61%	2%	37%
ABFA				0.00			
IGF	0.12	0.59	0.28	0.99	12%	60%	28%
Other				0.00			
Donors			55.11	55.11	0%	0%	100%
TOTAL	19.05	1.13	66.92	87.10			

2009	EC	G&S	Assets	TOTAL	% EC	% G&S	% Assets
GOG	35.17	3.13	22.24	60.54	58%	5%	37%
ABFA				0.00			
IGF	0.92	1.65	0.64	3.21	29%	51%	20%
Other				0.00			
Donors			138.88	138.88	0%	0%	100%
TOTAL	36.09	4.78	161.76	202.63			

2010	EC	G&S	Assets	TOTAL	% EC	% G&S	% Assets
GOG	50.80	2.50	23.90	77.20	66%	3%	31%
ABFA				0.00			
IGF		4.94		4.94	0%	100%	0%
Other			10.00	10.00			
Donors		11.22	153.53	164.75	0%	7%	93%
TOTAL	50.80	18.66	187.43	256.89			

2011	EC	G&S	Assets	TOTAL	% EC	% G&S	% Assets
GOG	58.99	6.41	18.95	84.35	70%	8%	22%
ABFA				0.00			
IGF		5.89		5.89	0%	100%	0%
Other				0.00			
Donors		18.76	98.61	117.37	0%	16%	84%
TOTAL	58.99	31.06	117.56	207.61			

<sup>163</sup> Note: a similar breakdown for releases or expenditures is not possible, as the data is too patchy

2012	EC	G&S	Assets	TOTAL	% EC	% G&S	% Assets
GOG	66.76	5.91	17.95	90.62	74%	7%	20%
ABFA				0.00			
IGF		4.01		4.01	0%	100%	0%
Other			53.00	53.00			
Donors		47.84	66.77	114.61	0%	42%	58%
TOTAL	66.76	57.76	137.72	262.24			

2013	EC	G&S	Assets	TOTAL	% EC	% G&S	% Assets
GOG	80.34	9.73	50.83	140.9	57%	7%	36%
ABFA			20.00	20			
IGF		1.51	0.75	2.26	0%	67%	33%
Other				0			
Donors		28.58	114.29	142.87	0%	20%	80%
TOTAL	80.34	39.82	185.87	306.03			

2014	EC	G&S	Assets	TOTAL	% EC	% G&S	% Assets
GOG	35	10.94	27.83	73.77	47%	15%	38%
ABFA			52.18	52.18			
IGF		1.61	0.56	2.17	0%	74%	26%
Other				0			
Donors		35.75	143.01	178.76	0%	20%	80%
TOTAL	35.00	48.30	223.58	306.88			

2015	EC	G&S	Assets	TOTAL	% EC	% G&S	% Assets
GOG	53.16	5.47	1	59.63	89%	9%	2%
ABFA			204	204.00			
IGF		1.64	0.17	1.81	0%	91%	9%
Other				0.00			
Donors		29.28	117.11	146.39	0%	20%	80%
TOTAL	53.16	36.38	322.28	411.83			

2016	EC	G&S	Assets	TOTAL	% EC	% G&S	% Assets
GOG	57.04	2.73		59.77	95%	5%	0%
ABFA		262.32		262.32			
IGF		2.81	1.26	4.07	0%	69%	31%
Other				0.00			
Donors		60.10	115.24	175.34	0%	34%	66%
TOTAL	57.04	327.96	116.5	501.50			