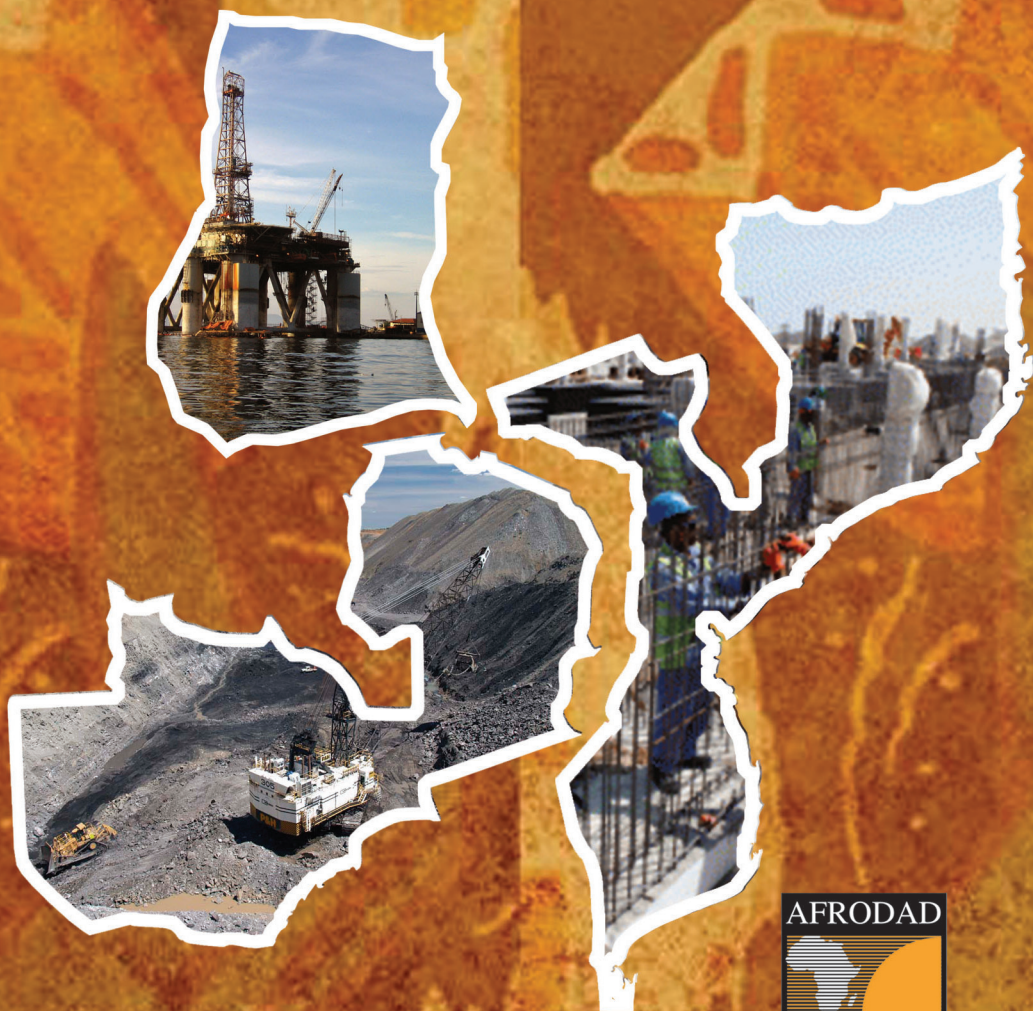


THE EFFECTIVENESS OF FOREIGN AID BEYOND BUSAN

CASE STUDIES ZAMBIA, GHANA AND MOZAMBIQUE



AFRICAN FORUM AND NETWORK
ON DEBT AND DEVELOPMENT

THE EFFECTIVENESS OF FOREIGN AID BEYOND BUSAN

CASE STUDIES ZAMBIA, GHANA AND
MOZAMBIQUE

Copyright © AFRODAD 2013

ISBN: 978-0-7974-5830-7

Contents

Acronyms	5
Acknowledgement	6
Preface	7
1.0 Introduction	9
1.1 The journey from Aid Effectiveness to Development Effectiveness	12
2.0 Harnessing aid to development effectiveness	19
2.1 Progress in the implementation of principles in the three countries	20
2.1.2 Zambia	21
2.1.3 Ghana	30
2.1.4 Mozambique	43
3.0 Main Observations and analysis	56
3.2 Recommendations	58
3.3 Conclusion	59
Bibliography	60

Acronyms

AAA	Accra Agenda for Action
BB	Building Blocks
CDF	Comprehensive Development Framework
CSOs	Civil Society Organisations
ERP	Economic Recovery Programme
FDI	Foreign Direct Investment
FNDP	Fifth National Development Plan
GBS	General Budget Support
GDP	Gross Domestic Product
GOG	Government of Ghana
GOZ	Government of Zambia
HIPC	Highly Indebted Poor Country
HLF	High Level Forum
IATI	International Aid Transparency Initiative
JAS	Joint Assistance Strategies
JASZ	Joint Assistance Strategies for Zambia
MDAs	Ministries, Departments & Agencies
MDBS	Multi-Donor Budget Support
MOU	Memorandum of Understanding
ODA	Official Development Assistance
ODAMOZ	Official Development Assistance Mozambique
OECD	Organisation for Economic Cooperation and Development
PAF	Donors Performance Assessment Framework
PAP	Programme Aid Partnership
PARPA	Action Plan for the Reduction of Absolute Poverty
PD	Paris Declaration
PRSP	Poverty Reduction Strategy Paper
SBS	Sector Budget support
SNDP	Sixth National Development Plan
TNDP	Transitional National Development Plan
UN	United Nations

Acknowledgements

AFRODAD wishes to acknowledge the Development Aid portfolio composed of Eleanor Maeresera and Taurai Chiraerae for investing considerable time and effort in writing this research report. The report was enriched by the special contributions of the Policy Advisor, Dr Fanwell Kenala Bokosi and AFRODAD Executive Director, Dr Collins Magalasi. We would also like to extend our gratitude to the Information and Communications department for facilitating the final design, layout and printing of this publication. AFRODAD will forever be indebted with the assistance rendered by the Ghana Anti-Corruption Coalition for the validation of this report. Special mention goes to Mozambique Debt Group (MDG) and Civil Society for Poverty Reduction (CSPR) for providing data towards this research report.

Preface

Aid, be it humanitarian assistance or official development assistance (ODA) is one of the sources for financing Africa's development. The aid effectiveness trajectory has been marred with persistent dissatisfaction in aid performances as it has not resulted in aid effectiveness. This has led to a series of international High Level Forums (HLF) in Rome (2003), Paris (2005) and Accra (2008) to examine issues affecting quality and effectiveness of aid. The most recent HLF at the time of writing this report is the 2011 Busan Partnership Agreement for Effective Development Cooperation (BPD). This new partnership shifts the focus from technically aid effectiveness agenda towards a new development effectiveness agenda that is more inclusive, focusing on development outcomes instead of simply results of aid delivery. The overall objective of this research is to influence African governments and donors to put in place mechanisms for aid effectiveness and sustainable development by 2015.

The shift therefore is moving from a narrow aid effectiveness agenda which focused on monitoring donor inputs to development effectiveness which focus more on improving the outcomes of aid. Under the new era, all countries that endorsed the Paris and Accra Agenda made a commitment at Busan to intensify their effort to implement their respective commitments in full (para 16)¹. The Agreement places a renewed emphasis on strong partnerships that directly support national policies, working through national systems and institutions and involvement of all actors in development. AFRODAD recognises the need to identify processes taking place to support implementation of the BPD, identifying possible benefits/opportunities to development effectiveness which the BPD principles present.

The research identifies processes taking place to support implementation of the BPD identifying possible benefits/opportunities to development

¹ www.busanhl4.org

effectiveness after BPD outcome document. The research recommends continued implementation of on-going processes and reforms to strengthen the development agenda. The study notes that recipient governments should institutionalise and strengthen aid and development policy dialogue between Governments, donors, civil society, Parliaments, private sector and emerging lenders to make it more meaningful. It encourages political commitment and effective leadership and adequate capacity by recipient government to own the process. Noting that improving transparency around the budgeting process and development processes is critical to ensure that all actors are fully involved in a meaningful manner.

Recommendations to development partners to allow recipient countries to lead and remain flexible towards priorities of the partner countries and structure their support accordingly are well articulated. Therefore the study argues that donors should reinforce use of country systems by strengthening governments' capacities and promote transfer of skills. Donors are implored to channel as much foreign aid as possible through national budget and procurement systems in order to increase value for money and strengthen government ownership. It is hoped that this report will go a long way in enticing the actors in development effectiveness agenda to move from rhetoric to action in the implementation of the BPD.



Dr Collins Magalasi

1.0 Introduction

The aid effectiveness agenda is a highly technical process, focusing mainly on procedures for aid management and delivery. The need for reform ended due to the failures of the 90s ‘structural adjustment policies’ which were marred with policy conditionalities on developing countries for greater democracy and accountability. The structures and institutions of delivering aid have over time been dysfunctional and uncoordinated due to insufficient representation for example the Northern dominated system. Aid delivery agencies have multiplied causing more competition and greater specialization, but also making aid management more complex and costly. This has resulted in the OECD organising high level forums with an aim of making aid more effective.

Three countries Zambia, Ghana and Mozambique are analysed in this research report as all are signatories to the Paris Declaration on Aid Effectiveness (PD) and they benefit from strong government commitment to ensure that both external and domestic resources are utilised in a manner that supports sustainable economic growth.² The implementation of the key principles in the PD was already being implemented in these three countries well before the 2005 Declaration was approved and signed. These countries are among the countries that have developed Joint Assistance Strategies (JAS) which is one of the most operational tools to outline how donors intend to harmonise and align their behaviour and aid flows with government development strategies. Ghana hosted the High Level Forum-III in Accra, 2008 while Zambia actively participated at Busan representing Africa in most of the thematic sessions and Mozambique participated in all forums. These countries have benefitted substantially from development partners’ support and have conducted a lot of reforms but there are challenges to effective development. They were also part of 23 countries that were chosen for the evaluation of the Paris declaration second phase surveys in 2010.

2 Real Aid-Ending Aid Dependence, Action Aid, 2012.

Zambia is a middle income country which is both explicitly and implicitly exploiting several financing options for development. The country's macroeconomic management has improved tremendously though the need for external support to address socio-economic challenges is inevitable. The first Poverty Reduction Strategy Paper (PRSP-2002-2004) came to an end in December 2004. In addition, the Transitional National Development Plan (TNDP-2002-2005) comes to an end in December 2005. Zambia has been committed to the implementation of the Paris Declaration on Aid Effectiveness since 2005. This commitment was evident in Government's launch of Aid Policy and Strategy in 2007 to manage the mobilization of external resources in order to accelerate efforts of achieving the Vision 2030 and the Fifth National Development Plan (FNDP).

Efforts to improve the impact of aid in Ghana by promoting aid coordination began in 1999 when the World Bank launched the Comprehensive Development Framework (CDF) initiative and Ghana was selected as one of twelve CDF pilot countries. In 2003 Ghana established a Multi-Donor Budget Support (MDBS) agreement with targets for donor reporting and predictability. To further strengthen the MDBS process and to consolidate existing efforts aimed at ownership, harmonisation and alignment, a cluster of development partners initiated efforts to move the development partnership to a higher level under a single framework for development cooperation known as the Joint Assistance Strategy (JAS). In 2004, Ghana became the 14th country to reach HIPC completion point under the Enhanced HIPC Initiative, a stage which commits creditors to irrevocably and fully deliver debt relief to the debtor country. Since 2008, Ghana has been developing aid policy and performance assessment framework for the donors.

From being one of the poorest and most capacity constrained countries in the world in 1992, Mozambique has made significant improvements and is now regarded as a success story due to its impressive economic growth rate after the civil war, implementation of reforms, stable government, good progress in poverty reduction and thus resulting in

it being a donor darling. The Government has adopted a number of well-articulated plans for poverty reduction and growth. These include Agenda 2025 (the national long term vision), which is the basis for the Five Year Programme (2005-2009) and the second generation of Action Plan for the Reduction of Absolute Poverty, (PARPA II, Mozambican PRSP II).

It is against this background that the research is being conducted in Zambia, Ghana and Mozambique with the objective of identifying processes taking place to support and implement effective development, donor practices that place partner government with regard to four (Busan) principles as well as identifying possible benefits/opportunities to development effectiveness.

Problem Statement

Aid is part of the solution to development hence the focus is to be broadened from aid effectiveness to the challenges of effective development. The aid effectiveness to development effectiveness journey has been marred by failed implementation since the millennium summit of 2000. Persistent dissatisfaction with AID performance has led to a series of international High Level Fora (HLF) in Rome (2003), Paris (2005) and Accra (2008) to examine these and other issues affecting the quality of aid and propose actions to improve to development effectiveness.

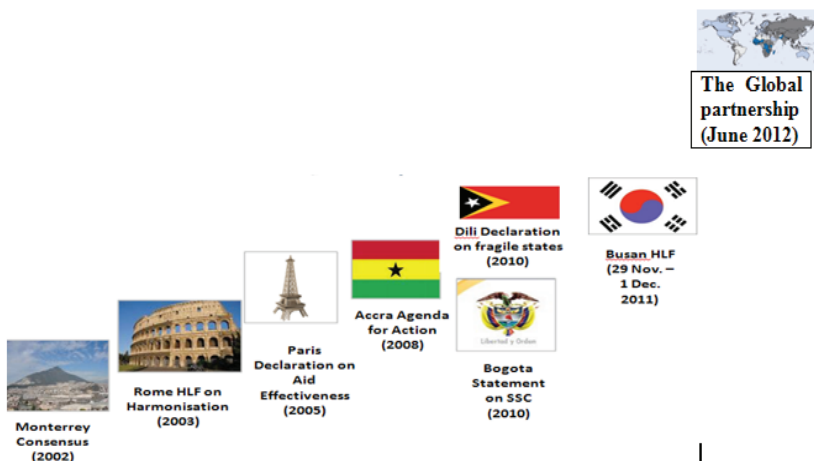
Purpose of the study

The research is being conducted with the objective of identifying processes taking place to support and implement effective development as well as identifying possible benefits/opportunities to development effectiveness. The overall objective of the research is to influence African governments and donors to put in place mechanisms for aid effectiveness and sustainable development by 2015 (AFRODAD strategic plan 2012-2015, strategic objective (so) 4).

1.1 The journey from Aid Effectiveness to Development Effectiveness

There has been a general aspiration by both donor and recipient countries for Aid effectiveness to metamorphose to Development effectiveness. It resulted from a series of meetings and commitments by both donor and recipient countries to ensure improvements of people's welfare through poverty eradication. Over the journey there was a realisation that aid delivery alone was not amounting to the desired outcomes. This prompted into the convening of the High Level Forum as will be discussed below. So over the years the development effectiveness agenda has been marred by commitments by both recipients and donor countries for the efficiency of the agenda.

Figure1 : The Development Effectiveness trajectory



Source: Presented for Result and Accountability Building Block Africa Regional Workshop; 12 September, 2012. – Lusaka, Zambia by Kwesi Boateng Assumeng, GACC.

Monterrey Summit 2002

Monterrey Summit on Financing for Development underscored the need to access the quality of ODA as well as increase its volume. It was realised that increased aid was not necessarily translating into enhanced performance. A new approach had to be agreed upon to manage these resources better. The international community agreed to increase annual volumes of aid. There was broad consensus and political support on what needed to be done to produce better results of effective aid. This encouraged the OECD to plan a series of forums on aid effectiveness. Persistent dissatisfaction with Aid performance has led to a series of international High Level Forums (HLF) in Rome (2003), Paris (2005), Accra (2008) and Busan (2011) to examine these and other issues affecting the quality of aid and propose actions to improve.

High-Level Forum One (HLF1) Rome Declaration on Harmonisation (2003)

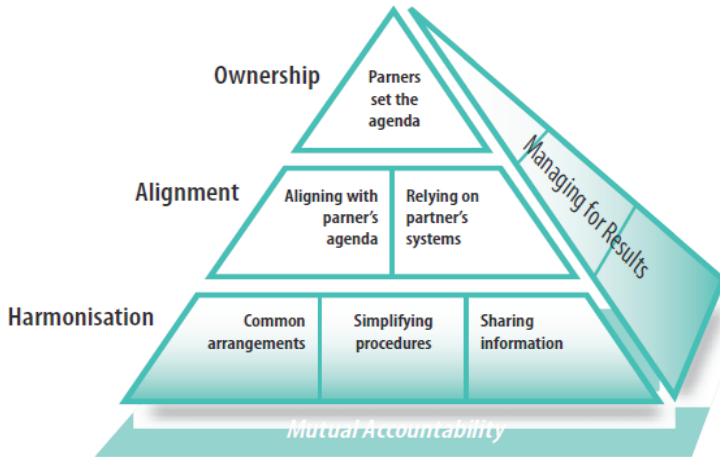
The Rome high level summit of 2003 was mainly on harmonisation of aid to ensure its efficiency. Donors formally acknowledged partner country concerns that their practices do not always fit well with partner countries' national development priorities. This concept of "local ownership" meant aligning aid with homemade strategies. It meant being more predictable so that governments could do forward planning. It meant doing a better job of measuring results against country strategies implying being more transparent in reporting flows of resources. This Declaration contains commitments solely on the donor side. It focuses on the harmonisation of donor procedures and practices so as to reduce transaction costs for partner countries.

High-Level Forum Two (HLF2) Paris Declaration 2005

The Paris Declaration was endorsed by over 100 countries and 30 other actors in the development cooperation field. The declaration expanded the scope of the aid effectiveness agenda after the realisation that aid had created dependency issues that inhibited development. Its aim was to ensure that the responsibility for development was shared with developing countries. Strongly emphasised was the fact that country ownership was needed to achieve buy-in and mutual accountability. By adhering, they committed their countries and organisations to put into practice a set of principles to improve aid effectiveness, enabling them to reach specific targets by 2010.

Paris declaration principles

The Declaration contains five principles of Ownership, Alignment, Harmonisation, and Managing for Results and Mutual Accountability. The Paris Declaration prescribed more practical, action-oriented roadmap to improve the quality of aid and its impact on development. It establishes a commitment to track and set targets against 12 indicators of progress. The Declaration thus highlights the importance of predictable, well aligned, programmed, and coordinated aid. Its purpose is to improve aid delivery in a way that best supports the achievement of the Millennium Development Goals by 2015. The PD notes managing for results as relating to improving planning and decision-making structures in a way that focuses on desired results. This mainly entails strengthening the link between national development strategies and annual budget processes and evaluating outcomes against key indicators for which data is available.

Figure 2: Paris Declaration Principles

Source: Stern, Elliot D et al (2008) Thematic Study on the Paris Declaration, Aid Effectiveness and Development Effectiveness

The major weakness identified in the delivery of aid was that it was creating a dependency syndrome compromising its effectiveness. The Paris Declaration then grew out of a consensus on the importance of 'country ownership' to the success of development efforts. Country ownership meant how to get a constructive relationship between aid and political commitment to development goals at country level. This concept of "local ownership" meant aligning aid with recipient countries homemade strategies. It meant being more predictable so that governments could do forward planning. It meant doing a better job of measuring results against country strategies. The Paris Declaration raised issues to do with alignment as a principle where Donors base their overall support on partner countries' national development strategies, institutions and procedures.

Transparency and accountability lie at the heart of the Paris Declaration, in which recipient countries and donors become accountable to each

other and to their citizens. Through the Paris and Accra declarations, countries have committed to a model of partnership, where donors and partner countries are mutually accountable for development results and aid effectiveness. Mutual accountability (MA) is a practical response to recent experiences in building greater transparency and accountability at country level, and to lessons learned about the role of country ownership in delivering development resultsⁱ. The PD notes that corruption and lack of transparency erode public support; impedes effective resource mobilisation and allocation while diverting resources away from activities that are vital for poverty reduction and sustainable economic development.

High Level Forum Three (HLF3) Accra Agenda for Action (AAA) 2008

The AAA was one of the highest level political events in 2008 related to development alongside the meeting on Financing for Development in Doha. The purpose was to take stock of progress made in implementing the Paris commitments since 2005. The international community agreed on the way forward to accelerate the pace of realising the commitments of Paris. For the first time in the aid effectiveness trajectory real negotiations among donors, partners, and civil society took place. Donors had real counterpart links to partner-country institutions and despite their natural inclination to keep governments at arm's length, they began to embrace effectiveness principles and saw the benefits of aligning themselves better with country strategies. AAA called upon all global funds to support country ownership, to align and harmonise their assistance proactively, and to make good use of mutual accountability frameworks, while continuing their emphasis on achieving results.

The 2008 Accra Agenda for Action (AAA) also emphasised the importance of recipient countries determining their own development strategies by playing a more active role in designing development policies and taking a stronger leadership role in co-ordinating aid. It also implored donors to use existing procurement systems to deliver aid. It calls on donors to respect local priorities while encouraging developing countries to consult

fully with their parliaments and civil society. Capacity development – to build the ability of countries to manage their own futures – was at the heart of the AAA, with an emphasis on ensuring that countries set their own priorities for where they need to build their capacity.

The AAA was a milestone in terms of Inclusive partnerships in driving aid architecture. Such partnerships are most effective when they fully harness energy, skills and experience of all development actors. The scope of actors was broadened from DAC donors and developing countries to include new donors, foundations and civil society to participate fully. These new comers were regarded as development actors with equal responsibility to ensure the effectiveness of aid. It stresses the fundamental, independent role of civil society in engaging citizens. It emphasises the need to follow accepted principles of good international engagement in fragile states.

The AAA observed the South-South Co-operation (as both providers and recipients of aid) principle of non-interference in internal affairs, equality among developing partners and respect for their independence, national sovereignty, cultural diversity, identity and local content as a valuable complement to North-South Co-operation. Among other commitments⁷ made in Accra was that both donors and recipient governments needed to reinforce Delivery of Results, the last two pillars of the PD on results and Mutual Accountability focusing on development impact to reduce poverty.

High Level Forum on Aid Effectiveness (HLF4) Busan Partnership Agreement 2011

HLF4 marked the completion point of the five year process on aid effectiveness launched by the Paris Declaration on Aid Effectiveness in 2005. It signaled that the development community is moving away from aid effectiveness to development effectiveness. It further highlighted continued relevance of the Aid Effectiveness Agenda and the establishment of a global mechanism to ensure accountability. HLF4 was formed by multiplicity of stakeholders; governments (donors, recipients),

Parliament, civil society, private sector, South-South development partners and International Financial Institutions (IFI's). Hence the agreement formalised the inclusion of new development actors as well as emerging development issues such as migration and the environment. It was a voluntary and complementary outcome.

Enshrined in HLF4 are building blocks which are voluntary partnerships between partner countries and donors around climate change financing, effective institutions, results and accountability, statistics, gender, public private partnership, transparency, South-South cooperation, diversity and fragmentation and fragile states. The Busan Outcome document reiterated the importance of the aid effectiveness agenda and emphasized the need for those who endorsed it to ensure that the commitments made in Paris and Accra are met in full. The Busan Principles are founded on common set of principles that underpin all forms of development cooperation. The shared guiding principles identified in the Busan Partnership Agreement (BPA) are:

- Developing countries have to be owners of the development process at country level and the country itself should lead the processes;
- The focus is on results;
- The development partnership has to be inclusive;
- Mutual accountability and transparency for donor and beneficiariesⁱⁱ (Outcome 11)

The principles are consistent with international commitments on human rights, decent work, gender equality, environmental sustainability and disability. Ownership of development priorities by developing countries is the first principle of the Busan outcome document. The principle notes that partnerships for development can only succeed if they are led by developing countries, implementing approaches that are tailored to country specific situations and needs. Ownership of development priorities thus requires the inclusion of various actors like local authorities, parliaments, civil society and recipient government to mould the need of the moment for development. However they should be policy space and an enabling environment for this to happen.

2.0 Harnessing aid to development effectiveness

The Busan Partnership for effective Development Cooperation signals a new inclusive partnership between Government donors, the private sector and civil society. These actors have collectively agreed to a new basis for future cooperation for effective development. With the emergence of new models for aid delivery, especially the South-South arrangement, traditional donors and governments looked for new approaches and more complex partnership than in the past. The partnership at Busan, as already mentioned, is based on a common set of principles (and differential commitments) to achieve the following common goals: ownership, focus on results, inclusive development partnership, transparency and accountability.

In terms of specific commitments, the Busan declaration made progress on transparency, calling for the adoption of a common, open standard for the publication of aid data which builds on the International Aid Transparency Initiative (IATI) among other agreements. The Agreement further reaffirmed that donors must use financial and administrative systems of development countries as the default mechanism for aid delivery. It also committed donors to use country led roadmaps to deliver development, supported the role of national parliaments and local governments in ensuring, democratic ownership through the provision of adequate resources and action plans. It further confirmed governments' commitment to creating favourable environment for CSOs as independent development actors, just to mention a few. As argued in Mozambique country briefing, "lack of transparency about aid flows and budget planning limits possibilities for the parliament and civil society to scrutinise government budget."ⁱⁱⁱ

The focus on ownership, results and accountability is directly derived from the Paris principles while inclusive partnership and transparency represent a new phase in the development cooperation debate. Each stakeholder at Busan agreed to turn these shared principles into specific actions according to a set of differential commitment. Specifically

donors who had endorsed the Paris and Accra Agreements renewed their pledges to implement them in full while Southern providers of which some of them were willing to adhere to new commitments on voluntary basis. The Busan Document further came up with a Global Light country focused approach whereby development cooperation would be based on the needs and priorities of developing countries and would be supported by a global structure- the Global Partnership and Monitoring Framework.

Zambia, Ghana and Mozambique are some of the countries that have already implemented some of the aid effectiveness initiatives that influenced the debate on the Paris Declaration. Implementation of these principles seems to have been more influenced by internal factors in respective countries than external. There was an internal demand for change to do business differently in order to address poverty and how to coordinate donor activities in countries. Countries have all participated in the 3 Monitoring Surveys of PD as well as PD Evaluation and results will briefly be discussed in next sections of this report. These three countries have in the past years had crises with regard to their continued support towards GBS where at one point, donors had either temporarily suspended or stopped payments of agreed funding. Some major donors have decided to stay outside the country –led processes and preferred their own space and autonomy which have affected PD implementation. Dialogue structures in these countries experienced challenges due to capacity constraints and high transaction costs. As such it is useful to initially describe the recent historical situation (implementation of the PD principles) and thereafter, the present Busan situation with regard to development effectiveness.

2.1 PROGRESS IN THE IMPLEMENTATION OF PRINCIPLES IN THE THREE COUNTRIES

In view of positive commitments, emphasis of the implementation of Busan Outcome is therefore more on progress made at the country level. While development programmes indeed take place at country level, accountability for such progress requires comparing the progress

of different countries against one another. This chapter therefore is looking at progress made before, post Busan and to date (one year after Busan). It draws on the three country case studies Zambia, Ghana and Mozambique in the implementation of the four principles.

2.1.2 Zambia

Country Context (Political, economic and social)

Zambia adopted a multi-party democratic system in 1992. The country is recovering from a protracted economic decline that started in the 1970s that was exacerbated by structural adjustment programmes initiated by the International Monetary Fund and the World Bank. The Zambian economy is mainly dependent on copper exports and is highly dependent on foreign aid in 2008. Total aid accounts for about 7% of GDP and 20% of the National Budget. Zambia receives approximately 3% to 5% of all aid disbursed to Sub Saharan African countries, a proportion that has been fairly stable since 1990s.³ The growth of the Zambian economy has been positive averaging over 6,1% between 2006 and 2010. The economy grew by 6,4% in 2009.⁴ Stable macro economy and improved investment climate contributed to a positive impact on growth which led to increased FDI in the mining sector, construction and service industries as indicated in the graph below:

Figure 3 GDP by Sector 2009



Source: Africa Development Bank Statistics department, (2009) Africa Economic Outlook

³ Parliament's Role in the Development Agenda: Two case studies-Inter-parliamentary Union, September, 2009

⁴ *ibid*

The latest value of Net Official Development Assistance of aid received in Zambia was US\$914, 370 million as of 2010.^{iv} Zambia's political stability and peaceful history continues to be one of the major factors attracting continued investments, despite the relative high cost of doing business. Zambia distinguishes among three different aid modalities:

- General budget support which the government's preferred aid modality,
- Sector Specific and
- Direct Programme Support

General and Sector budget support using national system was approximately for 57% of the total estimated donor support in the 2009 budget.⁵ During the period 2000-2005 when Zambia started implementing its initiatives, Aid accounted to about 43% of the total state budget and this has decreased to around 25% in 2006 and 2007.^v At the same time, share of GBS increased from 2006 to 2007 and 2008. The country suffers from high level of entrenched poverty. The World Bank estimates that 64% of the population lives below the international recognised poverty line of US\$1, 25 per day. Zambia was ranked 163 out of 179 in the Human Development Index in 2009.⁶

Zambia's National Development Planning Framework

The Zambia Government implemented an interim poverty reduction strategy in 2001 which was followed by a more comprehensive Poverty Reduction Strategy (20002-2005). From 2005, a Fifth National Development Plan (FNDP) covering 2006-2010 was developed by Government. The plans were highly consultative and home-grown. Zambian initiatives on aid coordination had started as far back as 1993 well before the PD when the country introduced the Sector Wide Approach (SWAP) in the health sector. Contextually, the presence of enabling policy environment such as political governance, prudent macro management, decentralisation and strong sector leadership by

5 *Inter-Parliamentary Union, 2007, September, 2009*

6 *Zambia Country Strategy paper, 2011-2012, ADB, 2011*

Government has contributed immensely to the implementation of PD principles.

Since General Budget Support (GBS) is the Government's preferred mode of delivery, the first Memorandum of Understanding (MOU) was signed in 2005. About 9 Cooperating Partners (CP) signed the MOU by 2009 and these include Finland, Sweden, Netherlands, World Bank, United Kingdom (UK), Germany and the African Development Bank. Donors that provide general budget support also agreed to a standard assessment, Donors Performance Assessment Framework (PAF) from the (FNDP). The period 2008-2010 and dialogue meetings of the PRBS included Joint Steering Committee where donors were allowed to monitor and follow up on the policy commitment made through the GBS. Since each donor was using somewhat different segments of the PAF indicators and independent assessments of the country's achievement with regard to indicators, this affected the release of funds. Such proliferation of assessment processes and rules of fund disbursements tended to reduce predictability of aid flows and value of agreed PAF matrices.

Sector budget support in Zambia accounted for 3% of the total budget for 2009.⁷ The European Union (EU) and the UK-Department for International Development (DFID) supported the health sector and construction of roads, while various donors provided support towards public expenditure reforms. Through basket funding under sector wide approach, support is given to both health and education sectors. This support accounted for 4% of the 2009 budget.⁸

As a further step to improve donor coordination in Zambia, the Joint Assistance Strategy for Zambia (JASZ) was developed. JASZ relates to the Paris Declaration in emphasizing local ownership of the development process while enhancing aid effectiveness and mutual accountability. The JASZ is jointly supported by other economic growth initiatives that include Agricultural Consultative Forum, the Zambia Business Forum and Private Sector Donors Group. Since JASZ focuses on government

⁷ *Inter parliamentary Union, Parliament's role in the Development Agenda, September, 2009*

⁸ *ibid*

to government cooperation, most country strategies of individual cooperating partners were substituted. A platform for joint analytical and programmatic response to the Fifth National Development Plan was also formulated.

Under the JASZ, donors' coordination with Government is done at different levels, that is, donors work with the Ministry of Finance and National Planning. At sector level, donors work with line ministries. Donor engagement can either be as lead, active background of or phasing out partners. This division of labour in Zambia has resulted in streamlined communication and reduced transaction costs. However it has been noted that costs have increased on the donors' side as some donors could not have the capacity to assume their lead roles. The roles and responsibilities of new donors were not clearly defined hence posed a challenge on the implementation of the PD.

While the JASZS is considered as excellent in Zambia in the implementation of the PD, reports from some researchers have indicated that there have been a number of unfulfilled agreements between Zambia and donors. According to the *Oxford Policy Report Management (OPM) -Evaluation of JASZ (2007-2010)* report, Zambia has experienced the following challenges in the coordination of donors:

- Uncoordinated Aid Projects,
- High transaction costs related to aid management;
- Lack of country ownership and
- Poor predictability of aid flows

Due to multiplicity of donor procedures and requirements, government's capacity was compromised to handle such cooperation thus threatening local ownership of Zambia's own development plans and policies. This has also hindered mutual progress in the donors' use of national systems in financial reporting. However pool funding has increased GOZ ownership in the Health Sector.^{vi}

GBS implementation is one of the most important initiatives when it comes to improved donor alignment and increased ownership. In

Zambia GBS doubled between 2005 and 2008 from US\$72 million to US\$155million. Its share of total ODA inflow ranged between 16-18% during 2007 and 2008⁹. GBS was however affected in 2009 when corruption in the health sector news was publicised. This led to donors refusing to disburse funds through GBS. Managing for results implementation in Zambia has registered little progress according to the OPM report as the principle has been affected by lack of capacity from both GOZ and some donors. Mutual accountability performance was generally weak as JASZ failed to develop a mutual accountability framework. As a result implementation of JASZ has improved the processes more than the level of improved development outcomes. Zambia's engagement with new lenders particularly China has impacted on PD implementation, the country is receiving considerable amounts of funding towards infrastructure, mining, and energy development without any policy conditionality (corruption and poverty reduction policies). However under the Busan (Partnership Agreement), Zambia intends to revisit all its plans, factor in all stakeholders including civil society, private sector, Parliament, local authorities and the new development partners.

Implementation of the Busan Principles

The Government of Zambia (GoZ) endorsed the Busan partnership for Effective Development Cooperation and the country has been making efforts to report on the results of the HLF-4 to national stakeholders and discuss best ways to domesticate the post Busan framework. The Ministry of Finance and Economic Planning of Zambia convened the National Consultative Workshop for the Post Busan HLF-4 on February, 2012 where recommendations to implement Busan principles was discussed. The meeting resolved to the revision of the Aid Policy and Strategy, establishment of new policy dialogue architecture and building blocks.¹⁰ Under the new Policy Dialogue the principle of inclusive ownership is integral. The space needs to be expanded to include other actors. As

⁹ C10B/BM2-E/Sida. *Evaluation of budget supplement to Zambia, TORs, Final version, February, 2010*

¹⁰ Ministry of Finance, and national planning-MOFNP, Zambia, 2012

such the GoZ intends to institutionalise the inclusive policy dialogue framework with all cooperating partners (CP), middle income countries (MIC) civil society organisations and the private sector. The Planning and Budgeting Act will clarify roles and responsibilities of all stakeholders in Zambia and provide the legal framework currently lacking. At the same time, Cabinet Office was in the process of finalising a blue print on capacity development for the national system.¹¹

The Conference also discussed the idea of coming up with a new External Assistance Policy that will facilitate transparency, results and accountability in external assistance with a view to accelerate the attainment of the Sixth National Development Plan (SNDP) goals and MDGs. The changes in the global development landscape and the country's status as a lower middle income country will be reflected as the country addresses issues on South-South cooperation, private sector, climate change finance and independence from aid. The MOU on Aid Effectiveness between GoZ and CPs under development would be part of development action framework for the External Assistance Policy. Furthermore, the Policy needs to be harmonised with other key policies, such as Agriculture Policy, Public- Private Partnership Policy, Investment Policy and Industry Policy as well as other emerging issues such as climate change in order to secure consistent and comprehensive approach to the SNDP. The review of the Aid Policy was expected to be finalised by February, 2013 which will be preceded by the launch of the External Assistance Policy in December, 2012 as indicated in the plan below.

Below is the Action Plan (2012-2013) for the Post Busan Framework designed by GOZ and its partners.

11 *Results and Accountability Building Block –Africa Regional Workshop, Lusaka, Zambia, 2012*

Table 1 Action Plan for the Post Busan Framework

Agenda		Actions	Responsibility	Time
1	External Assistance Policy	a Review of the implementation of the Aid Policy and Strategy	MOFNP	June 2012
		b Outline of the External Assistance Policy & Action Plan	MOFNP	Aug 2012
		c Consultations with National Stakeholders	MOFNP	Sept 2012
		d Draft of the External Assistance Policy & Action Plan	MOFNP	Jan 2013
		e Submission of the Draft External Assistant Policy to Cabinet	MOFNP	Feb 2013
		f Approval of the External Assistance Policy by Cabinet	Cabinet	By Dec 2013
2	MOU on Aid & Development Effectiveness	a Review of the draft MOU	MOFNP & CPs	Apr 2012
		b Finalization of the draft MOU	MOFNP & CPs	May 2012
		c Signing of the MOU	MOFNP & CPs	June 2012
3	Mutual Accountability Review <i>(Results & Accountability BB, Transparency BB & Managing Diversity & Reducing Fragmentation BB)</i>	a External Assistance Database Consultative Meeting	MOFNP	Apr 2012
		b Results & Accountability BB Regional Workshop	MOFNP	May 2012
		c Test & Operation of External Assistance Database	MOFNP	June 2012
		d Discussions of Sector DOL Review Framework	MOFNP & LMs	July 2012
		e Preparatory Meeting for Mutual Accountability Review	MOFNP	Sept 2012
		f Launch of Mutual Accountability Review	MOFNP	July 2013
4	Joint Policy Dialogue (MICs) <i>(South-South & Triangular Cooperation BB)</i>	a Preparatory Discussions	MOFNP & MICs	June-Aug 2012
		b Preparatory Meeting for Joint Policy Dialogue (MICs)	MOFNP	Sept 2012
		c Launch of Joint Policy Dialogue (MICs)	MOFNP	June 2013
5	Joint Policy Dialogue (CSOs)	a Preparatory Discussions	MOFNP & CSOs	June-Aug 2012
		b Preparatory Meeting for Joint Policy Dialogue (MICs)	MOFNP	Sept 2012
		c Launch of Joint Policy Dialogue (CSOs)	MOFNP	June 2013
6	Joint Policy Dialogue (Private Sector) <i>(Private Sector BB)</i>	a Preparatory Discussions	MOFNP, MCTI, MALF & Private Sector	June-Aug 2012
		b Preparatory Meeting for Joint Policy Dialogue (MICs)	MOFNP, MCTI, MALF	Sept 2012
		c Launch of Joint Policy Dialogue (Private Sector)	MOFNP, MCTI, MALF	June 2013
7	Other BBs <i>(Climate Change Finance BB & Effective Institutions & Policies BB)</i>	a Follow up international BB discussions	MOFNP	2012-2013

Source; Ministry of Finance and National Planning, Zambia, 2012

The GOZ and its partners have not been able to meet and finalise on the actions in the Plan. According to an Official in the Ministry of Finance

and National Planning, there has been a lot of preparatory work in 2012 in terms of the following dialogues to be developed,

- Government and Middle income Countries- to facilitate South-South cooperation and Development Effectiveness (China, Russia, Egypt, Cuba, Turkey, India, Brazil etc);
- Government and CSOs;
- Government and Private Sector and
- Building Blocks (Out of eight Building Blocks under Busan, Zambia selected three where it will actively participate namely, Results and Accountability, Transparency and the Private Sector.

GOZ held the Results Accountability Building Block Workshop from 11-13 September, 2012. Delegates were drawn from governments, civil society organisations, national parliaments, and private sector organisations (PSOs) from seven countries-Ghana, Kenya, Malawi, Mozambique, Tanzania, Uganda and Zambia. The main objectives of the workshop were to:

- Share from country experiences and lessons on results and accountability;
- Identify key issues and next steps required to foster a stronger focus on results in partner countries, Development Partner Agencies; and
- Identify capacity development needs to strengthen institutions for monitoring, reporting, mutual and domestic accountability.

Proceedings of the workshop revolved around three key elements of a Results Accountability Framework at country level- agreeing on a shared agenda, monitoring progress and dialogue. Most meetings were deferred to 2013. The GOZ is however convening a meeting with civil society organisations on 13 December, 2012, where national and international (based in Zambia) non-governmental organisations will participate. The purpose of the meeting is to discuss on structures to be put in place to enhance dialogue. Roles and responsibilities will be defined during this meeting. The actual launch of the dialogue meeting will be

finalised around June 2013 as indicated in the Plan. The overall way forward for implementation of the Busan commitments came from the *Zambian Workshop (Results and Accountability Building Block)* held in September, 2012 where three countries participated with other southern African countries. The countries recommended the following generic steps (**Table 2**) required by each country to take forward:

Table 2: Generic steps in moving the Busan commitment forward at country level.

Need for a formal decision to review existing results and accountability frameworks.

An inclusive task force to oversee the process and the task force should have clear terms of reference.

Preliminary stakeholder constitutions the process so that all the stakeholder members understand the Busan commitments, analyzes the gaps in the current frameworks and makes proposals.

Development of Post Busan Milestone objectives and outputs; rules of engagement, key actions, time frame and budget. The process depends on how each country has evolved- no blue print.

Consultation, reviews-stakeholders in a country should agree depending on Recaps whether it was necessary to review the Aid Policy or the JAS or strengthen what is already there.

Implementation of actions (capacity development required)

Source: Results and accountability building block: Africa Regional Workshop, Lusaka, and September 2012

Development partners need to be part of the dialogue process and their dialogue with government or other stakeholders should not undermine the national process. Just like other stakeholders the DPs need to choose representatives in different dialogue platforms as they are well placed to support capacity development of the national processes in government institutions and among CSOs and PSOs with a view to help them engage effectively.

2.1.3 Ghana

Country Context (Political and Economic)

Subsequent to a series of military and civilian governments from 1966 until the late 1980s when political reforms were instituted, Ghana has continued to consolidate democratic rule, the country enjoys a more open society with a vibrant media and strong public dialogue. As a result of such improvements, Ghana outperforms most countries in West Africa and in the continent in terms of civil liberty, political rights and political stability.¹² The country has had five consecutive free and fair elections. Economic growth increased from 3, 75% in 2000 to 7, 3% in 2008.¹³

Since the launch of the Economic Recovery Programme (ERP) in 1983, Ghana's economy was characterised by decline in real GNP per capital, negative growth rates and declining in investment. The ERP was negotiated between the Government of Ghana (GoG) and the IMF with the view to increase production, restore physical infrastructure, increase overall the availability of foreign exchange, improve its allocation and lower the rate of inflation through implementation of prudent macroeconomic policies. This first phase of the ERP was focused on stabilising the economy and was followed by the second phase, started in 1987, focused on structural and institutional reform in education, financial, state enterprise and civil services sectors. Economic growth in Ghana remained relatively stable during the 1990s but did not exceed 5% annually.¹⁴ The country has dramatically reduced poverty to more than half within the last two decades and placed the economy on a growth trajectory. It witnessed an impressive average growth rate of 8% over the last five years peaking at 13, 6% in 2011 and earning a position in economic league as one of the fastest growing economies in the World.

In 2004, Ghana was the 14th country to reach HIPC completion point under the Enhanced HIPC Initiative 2 where creditors are committed to irrevocably and deliver debt relief to the debtor country. According to

12 *Republic of Ghana Country Strategy paper 2012-1016*, ADB, 2012

13 *Real Aid 3: Ending Dependency, Action Aid*, 2012

14 *AFRODAD, A critical Assessment of Aid Management and Donor harmonization, case of Ghana*, 2007

World Bank estimates Ghana was to save approximately US\$230 million annually in debt service costs.

Ghana's economy has been heavily dependent on external aid as a source of financing imports, public investment and other expenditures. In absolute terms aid has increased from US\$1 billion in 2003 to US\$1, 9 billion in 2010. While development assistance in Ghana has taken various forms at different periods the aid dependency has gone down from 46% of government expenditure in 2000 to 27% in 2009.¹⁵ More than half of aid is delivered through projects and about a third as budget support-a proportion which has increased modestly over the last decade.¹⁶ Meanwhile Ghana is performing well in raising tax revenue where it is collecting 22% of GDP in tax.¹⁷ With the recently discovered oil reserves, a new and potential source of revenue will have far reaching impact to the economy. Ghana is now West Africa's second largest economy after Nigeria and Sub-Saharan Africa's twelve largest.¹⁸ The economy has recently been growing faster than the two groupings and it grew in real terms by 7, 7% in 2011. The real GDP is estimated to have increased by 13, 7% (7, 5% excluding oil) due to additional oil revenues and large sales of cocoa and gold.¹⁹

Aid to Ghana comes in several forms; debt relief- Multilateral Debt Relief Initiative (MDRI) and Heavily Indebted Poor Countries (HIPC), project support, Programmes aid (from loans and grants for general budget support) and balance of payment support from IMF. Project support remained the largest channel of aid to Ghana accounting for over 50% of aid to Ghana followed by Programme aid which is about 30% of aid inflow. Aid in Ghana is coordinated through 18 sector working groups and 15 aid effectiveness thematic areas derived from the Paris Declaration with GoG and development partners (DPs) named as 'champions' for each, as well as a Heads of Cooperation and Heads of Mission Group meeting. Ghana remained one of the highest recipients of aid in the Sub

¹⁵ *ibid*

¹⁶ *Paris declaration Evaluation, 2011*

¹⁷ *Ministry of Finance, Ghana, 2009-Data from Jan to Dec*

¹⁸ *Republic of Ghana country Strategy paper 2012-2016, ADB, 2012*

¹⁹ *ibid*

Saharan region with as many as 23 multilateral and 24 bilateral donors usually referred to as traditional donors. The other emerging donors include the BRICS²⁰ countries, Saudi Fund; philanthropists like Bill and Melinda Gates, Vertical Fund like the UN Global Fund among others have increased in prominence in the country (MOFEP 2012).

Ghana's first ever Aid Policy and Strategy 2011-2015 has been published. It sets objectives of reducing aid dependency, ensuring that aid supports national priorities and setting a donor performance assessment framework. The Policy also outlines roles of various stakeholders in ensuring that aid is delivered within the PD principles to achieve better results. In the Aid Policy framework, budget support is the main aid modality to be applied, although concerns have been raised on off-plan and off-budget as these are not aligned to government priorities.

Since the 1990s, aid pooled by donors and spent by government has increased in Ghana to 33% of its total aid.²¹ Ghana has used this flexible and predictable money to fund several initiatives in different sectors like education and health. Through the Multi Donor Budget Support (MDBS) programme, Ghana has deepened its ownership of the development agenda, setting its own priorities and getting development partners to align. "No development agenda with development partners (donors) in the driving seat will be sustainable," the Head of the MDBS in Ghana said. The MDBS is said to have improved commitment and predictability of aid flows in Ghana, this has led to a common reporting system thereby reducing transaction cost of aid.

The Donors Performance Assessment Framework (PAF) is a positive development for Ghana as it has helped to increase mutual accountability by improving aid and development effectiveness through stimulating an open dialogue on donor performance in Ghana. Donors are encouraged to show strong commitment towards meeting the targets and Government should be able to hold donors accountable. The 15 key donors in Ghana

20 Brazil, Russia, India, China and South Africa

21 *Real Aid 3: Ending Aid Dependency, Action Aid, 2012*

include European Union, World Bank, AFDB, UK, Netherlands, and International Fund for Agricultural Development (IFAD), Belgium, Denmark, France, Japan, OPEC, and Germany among others.

The issue of transparency in aid disbursement and financial management in Ghana has not been fully realised. Information to Parliament and civil society has been limited due to the fragmented and uncoordinated nature of aid sources, delivery, and management and spending. The Ministry of Finance does not have full account of aid because of the different methods applied by donors. Moreover there are no laws or specific guidelines to govern grants and full disclosure. Improvement in aid coordination and dialogue on the part of Government as well as donors was registered although some of the aid is not aligned to national development priorities due to continued off-plan and off-budget expenditures.

According to the monitoring survey on PD, Ghana registered some level of strength in its capacity to manage resources on basis of desired results. Ghana established a result oriented aid reporting and performance framework which donors committed to. It has been observed that the quality of data on poverty has improved.²²

In terms of inclusivity, CSOs in Ghana played a central role in preparations for the Accra HLF and engaged closely in MDBS meetings. Political will of Government has increased where CSOs are formally invited to participate in development meetings. The MDBS preparatory meetings have improved as there is better information sharing between government, donors and CSOs. CSOs coordination has also improved with the formation of Ghana Civil Society Aid Effectiveness Forum (GAEF). Through some of the initiatives CSOs are currently actively involved in budget support group monthly meetings. They have participated and contributed to key development policies like Ghana Joint Assistance Strategy (J-GAS), the Ghana Aid Policy, the Performance Assessment Framework, the Medium Term National Development Plans,

²² OECD PD Survey 2011

Oil Exploration and Revenue Bills debates. CSOs in Ghana are largely informed in the MDDBS and have an opportunity to chair some of the sessions. CSOs in Ghana serve on a number of national Committees such as National Anti-Corruption Action Plan Development, Public Interest Accountability Committee (oil and gas) and Economic Management Team.

Parliament contributes to national development process through Parliamentary Committees. In order to enhance effectiveness of Parliament in aid delivery and management, a specific forum has been set up to increase the flow of information between the Government, donors and the Parliament in order to enhance the Parliamentary oversight of aid flows.^{viii} Local authorities participate in aid development policy through a bottom-up approach to policy making. During preparations of Medium Term National Development Framework, local authorities go through hierarchy submitting plans to NDPC but the final decision is taken without their participation. The brief background shows significant progress towards implementation of the PD principles as important initiatives have been set in motion and many spaces have been opened for democratic processes to be effected.

A historical assessment of aid delivery in Ghana and participation of citizen can be divided into three main phases. The phases include pre 1990, 1990 to 2002 and 2003 to 2011. In the first phase, donors dictated through the Structural Adjustment and associated conditionalities; there was also limited government control over policies and programmes. Consultation with civil society and the citizenry was also very limited. The second phase, 1990 to 2002 saw a lot of project mode of delivery of aid marred with limited or no government framework for donor investment resulting in fragmentation, duplication and competition among donors. The outcome was high transaction cost of donor project because each donor adopted its own method of operations including accounting and reporting leading to the multiplicity of Project Implementation Units (PIUs) (Thompson et al 2008).

There was also limited consultation among donors, and between donors and government. Civil society and citizen participation was also very limited. An attempt to bring sanity into the aid arena led to the MDBS²³ process. The Period 2003 to 2011 came with the introduction of the MDBS with its associated process of the medium term plans and annual reporting on progress of implementation. This spurred wide consultation with civil society and citizens. Civil society involvement in the drafting of the medium term plan (Ghana Poverty Reduction Strategy- GPRS), a key pillar of the MDBS process has improved over time. The level and quality of participation of CSOs have improved from the medium term development plan, GPRS 1 to fourth plan, the Ghana Shared Growth and Development Agenda (GSGDA). CSOs have also been involved in the annual assessment of the implementation of this plan and also represented in the sector working groups.

Implementation of Busan Principles

Ghana committed to Busan implementation because of the positive impact that aid had on Ghana especially in the alignment of projects with Ghana's development strategies although off-budgets and off-plans still continue. This illustrates that there is still lack of alignment of some projects with Government of Ghana's priorities and systems hence calls to revisit systems. The GoG-DPs Compact objectives are aimed at enhancing accelerated inclusive growth and poverty reduction, predictable aid flow and alignment of aid to national development priorities as well as improving domestic accountability of aid (GOG 2012b). These objectives are well in consonance with Busan. GoG-DPs Compact specifically commits to upholding Busan principles. It indicated that "DPs and GoG will hold themselves accountable for making progress against the commitments and actions agreed in Busan, alongside those set out in the "Paris Declaration on Aid Effectiveness and Accra Agenda for Action" (GOG 2012b:22)

23 Multi Donor Budget Support (MDBS)

Ownership

Ghana is committed to the work outlined in the Paris Declaration, Accra and Busan Agreements and is continuing with already initiated interventions. The country has launched several initiatives to increase aid effectiveness within the country. For example, Ghana has consistently pointed out that greater country level implementation of the principles were needed, in order to magnify their impact and deepen country ownership. An important step Ghana has taken towards this end is the development of Ghana Aid Policy and Strategy, 2011-2015. The Policy recognises among other things the need for improved Government systems that will ensure effectiveness, coordination, delivery of aid and is currently undergoing review. It indicates its preferred untied and un-earmarked budget support. Also, several sector policies and strategic plans including the Education Strategic Plan (2010-2020), Ghana Health Policy which prioritises investment in the sectors by both GoG and DPs have widened and enhanced ownership of development in Ghana

In view of the prioritised set in the Medium Term Development Plan and the Aid Policy principles, the GoG together with Development Partners launched a GoG- Development Partners (DP) Compact on 21 May, 2012. It spells out government's development priorities for a four year-term with costs and funding gaps. Resources including development assistance are to be channelled into these priorities areas. The current Medium term Development Plan, the GSGDA (2010-2013) cost US\$23, 9 billion with a funding gap US\$12, 5 billion (GOG 2012b). The Compact provides guidance for the strategic priorities to be made by the Government including development partners alike over the 2012- 2022 period. This is to ensure greater ownership by Ghana of the development agenda leading to greater coherence in development cooperation. It states that "GoG takes ownership of and responsibility for, providing the framework that will ensure that DP's collective action will lead to development result ensuring development effectiveness" (GOG 2012b:23). Several development partners have indicated their willingness to base their country operations on the Compact. Other

donors are expected to come on board too. Of key importance about the Compact is its commitment to strengthen key institutions, policies and support will be from effective institutions building blocks.

In order to enhance its commitment to reforms on external assistance, Ghana held a three day workshop, 18-21 June, 2012 on the theme *“Leveraging partnership in a Transitional Middle Income Country for Sustainable Economic Growth and Development.”* The focus of the workshop was to discuss major developments and the strategic orientation of external assistance to the country. The workshop was held back to back with the Multi-Donor Budget Support (MDBS) annual review to facilitate cross fertilization to enhance alignment of MDBS to the national Budget calendar and further minimise transaction costs. This was necessitated by the fact that Ghana is a new middle income country and has added benefits of its emerging oil and gas industry. Therefore both Government and donors realised the need to review and redefine the overall strategy. The MDBS review also assessed progress in the national development Plan and 2011 indicators of the MDBS policy matrix. The review further determined the amount of unearmarked aid resources for the national budget for 2013.

In order to boost development partner confidence and to encourage donors to use country systems like Public Financial Management and Procurement system, Ghana has intensified the implementation of financial legislation and other legal instruments namely, the Financial Administration Act (ACT 654), the Internal Audit Act (ACT 658) and the Public Procurement Act (ACT 663)^{viii}. With such developments Ghana expects development partners to show more confidence in the reformed systems and if further change is required, donors need to collaborate with government to achieve mutual acceptable systems.

In spite of marked progress in securing ownership of development agenda in Ghana, there are still visible gaps. As indicated earlier, a portion of aid is still channelled through projects. As of 2010, about 44% of aid was delivered in project mode compared with approximately 32% of

aid channelled through general budget support (MOFEP 2012). There is growing concern about what MOFEP describes as ‘off-budget’ and ‘off-plan’ aid. These aids are not captured either in GoG budget (off-Budget) or is not in consonance with national development priorities (off-plan). Also, evidence shows that most DPs are unyielding to using country systems even though they admit significant improvement have been made particularly the Public Financial Management System (World Bank 2010).

Transparency and accountability

The process of improving transparency and accountability had already started before Busan. A number of mechanisms have been introduced: “Meet the Press” series by MDAs, the MDA information in aid flows, the involvement of CSOs in periodic meetings with MDA, budget reviews meeting attended by the parliamentarian Select Committee. Most of these changes though have improved accountability on the part of government; there has been limited engagement between government and partners on aid effectiveness. Donors have also started publishing information in the press each time a financing agreement is signed, regular meetings and regular reviews of the Public Accounts Committee and the preparation of the budget in an open session. Audits are sent to Parliament for review and eventually made public through Ghana Audit Service website. Challenges are however experienced in ascertaining actual expenditures from budget projections as accounting systems are not aligned with budget categories.

GoG has been implementing a number of measures to improve transparency and accountability. These include the Annual Progress Assessment of GoG, Annual Consultative Meetings, PD surveys and the DPs-Performance Assessment Framework (DPs-PAF). The GoG annual performance assessment measures progress made in achieving targets in national plans, macroeconomic management and specific targets. This is followed with an annual consultative meeting that reviews the assessment and agree on further disbursement of aid by DPs. The meeting also reviews targets for the coming year; government takes steps to address

gaps identified in the assessment. The Paris Declaration survey assesses the level of compliance with the Paris Declaration principles by both DPs and GoG. Also, the DP-PAF assesses the performance of the DPs in the spirit of mutual accountability as embodied in the PD, AAA and Ghana Aid Policy and Strategy (MOFEP 2011). At sector level, there are similar accountability measures, for example, the education sector has an Annual Education Sector Review that brings DPs, GoG, CSOs and other stakeholders to assess the performance of the sector and set targets for the following year (Akabzaa 2011).

The government has also implemented several policy measures aimed at increasing transparency and accountability in the public financial management. The Ghana Integrated Financial Management and Information System (GIFMIS) is being rolled out by government to increase transparency and accountability in expending public resources including aid. The GIFMIS replaces the manual system of governmental financial transaction. When completed it would show a comprehensive picture of how government funds from the consolidated fund are expended. It would also lead to more accountable, effective and transparent management of public resources, leading to improved accountability and good governance.

In its 2012 Budget statement, Economic Policy for Ghana, transparency is mentioned 13 times on diverse but interrelated issues such as interest rates, value chains of extractive industries, governance, the preparation of the budget estimates and development assistance, just to mention a few. This demonstrates the increased realisation in Ghana that in its engagement with most partner countries, transparency is needed not only to promote openness and fight corruption but also for improved planning, allocation of resources and evaluation of results. With regard to mutual accountability in aid management and delivery, the creation of Ghana's Development Partners Performance Assessment framework is a positive step forward. The Framework serves as a tool that measures the extent to which Development partners adhere to the common agreed principle for aid delivery. The framework has been rolled out and the initial results are being assessed.

One of the three main functions of Parliament is to provide oversight on the Executive including resource management. The national budget is also debated and approved by Parliament. After implementing the budget, an audited report is presented annually to Parliament. To enhance its work on budget, Parliament has established a budget office to provide support for members of Parliament so that they can effectively engage in the budgeting process (Tsekpo and Hudson 2009). The Public Accounts Committee (PAC) of Parliament is assigned to scrutinise the Auditor General's report. The PAC holds an ex-post financial scrutiny based on the Auditor General's report. Public hearings are held; at times public officers are summoned to respond to queries with regard to the use of public funds. The public hearings reinforce transparency and accountability as the representative of the people (GACC 2011). As argued by Hedger and Blick (2008: 19) "the formal and often public process of PAC-centred accountability serves a dual role of holding government to account for its actions based on a predictable set of agreed rules, and of demonstrating to government officials and the public that such accountability exists".

Other constraining factors to accountability and transparency are the technical language of the national budget and the freedom of information law. The budget is presented in a language that may not be reader friendly to majority of Ghanaians. Ghana is yet to provide citizen budget that is simple and easy to understand. The budgeting cycle is also not completely opened to consultation. Consultation at the district level is constrained by limited funds to organise community fora before district budget compilation. The refusal of Parliament to pass the Freedom of Information Bill also affects transparency and accountability.

People of Ghana met to endorse the outcome of discussions held between representatives of the DAC Working Party on Statistics and the Secretariat IATI (Partner countries, CSOs and the Secretariat and the Building Block on Transparency) who met in March, 2012 with a view to come up with common standard. The endorsement was a major step in taking forward the Busan commitment and allowing providers of development cooperation to begin publishing their implementation

schedules by December, 2012. For Ghana, the paper represents significant progress in meeting its needs as a developing country for complete, timely, frequent forward looking and disaggregated information on aid flows from the development partners as called for in para23c of the Busan Partnership Agreement.

CSOs and the media have been involved in the budgeting process and have conducted several budget assessments to provide an independent view of the use of public resources. Many CSOs conducted various assessment of government use of resources including aid. These include the monitoring of HIPC projects, Public Expenditure Tracking (PET) in education sector, the tracking of District Assembly Common Fund (DACF) and Ghana Education Trust Fund (GET Fund). They have also been critical of Government policies and providing policy alternatives. GACC notes that CSOs' activities in accountability and transparency are limited and highly concentrated at the national level. Few elite CSOs (national NGOs) are visibly engaging with government and advocating for good governance and accountability issues. At the local government level (district level), limited capacity, limited funding and mistrust between CSOs and local authorities prevent CSOs from engaging local authorities on transparency and accountability issues (GACC 2012).

Donors on the other hand do not disclose all aid disbursed to Ghana. As a result there are discrepancies between GoG official figures on Aid disbursed to Ghana and that of DPs (MOFEP 2012 b). Another accountability challenge is the technical services provided by DPs to Ghana. While most of these services are undoubtedly useful and desirable, GoG has often not been given the opportunity to bid for these services on competitive bases; it is not able to use local expertise instead of expatriate expertise (MOFEP 2012).

Inclusivity

In Ghana, the review of the Aid policy intends to institutionalise structures for consultation and coordination with a view to ensure

that all stakeholders understand their roles and responsibilities in the development agenda. CSOs in Ghana were involved in the pre and post Busan consultations; they are invited to consultations on how to implement the Busan principles. The Ghana Aid Effectiveness Forum (GAEF) has also been instrumental in mobilising CSOs around development effectiveness before and after Busan. , CSOs are included in the 18 sector working groups. In Ghana sector working groups include Governance, Health, Education, Monitoring and Evaluation (M&E), Economics among others. The quality and level of consultation with CSOs does not show full commitment to the Busan principle of inclusion. In most cases CSOs contribution to consultations and engagement is more of symbolic than real consultation. For instance, in the development of the GOG-DPs Compact, CSOs were only invited to the consultative group meeting for the adoption of the document. CSOs were not consulted and did not have the opportunity to contribute to the content of the GoG-DPs Compact (GOG 2012).

Ghana is also yet to comprehensively bring on board the burgeoning domestic private sector, domestic individuals and corporate philanthropists who have increased in prominence in the development arena in the country. Foundations and charities set up by local corporate bodies and individuals provide appreciable development support to the country but remain outside the radar of development effectiveness efforts.

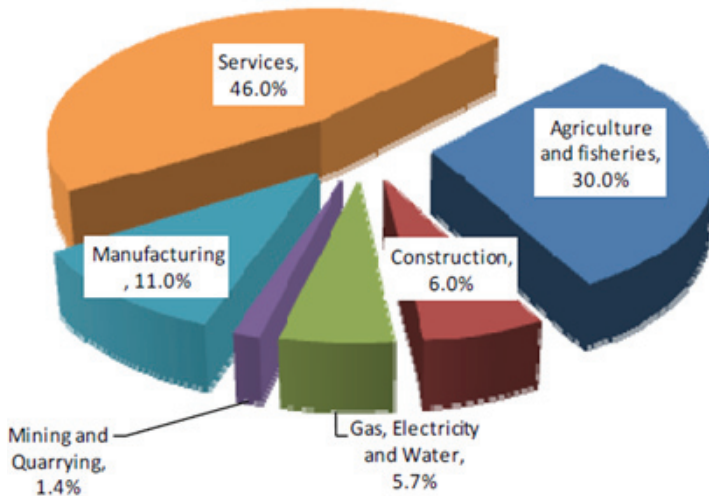
Ghana policy priorities also emphasised “*Inclusive Growth*” which targets reducing disparity and inequalities in the country. Currently, social protection programmes running include Livelihood Empowerment against Poverty (LEAP), Social Opportunities Programmes, and Conditional Cash Transfer among others. All these are aimed at ensuring an all inclusive growth (GOG 2012b, UNDP 2012 and GOG 2011). The re-designation of the Ministry of Women and Children Affairs to Ministry of Gender and Social Protection indicates Government commitment to inclusivity and is expected to enhance inclusive development.

2.1.4 Mozambique

Country Context (Political, Economic and Social)

Since the start of its liberation struggle in 1964, Mozambique went close to 30 years of civil war and economic crisis. The signing of the 1992 General Peace Accord brought along a period of uninterrupted growth of around 8% per annum making Mozambique as one of Africa's successful country post war reconstruction.^{ix} The constitution and electoral laws are currently being reviewed to ensure more transparency and political inclusivity in society. Despite relatively high growth rates over the past decade, concerns have been raised on the socio-economic situation, where the country is more dependent on Official Development and Foreign Direct Investment which have limited linkages to the rest of the economy. The economy is dominated by industry which accounts for 46% of GDP, followed by agriculture and industry with 30% and 24% respectively.²⁴

Figure 4 Contribution to GDP



Source: Africa Development Bank Statistics Department and National Institute of Statistics

²⁴ *Mozambique Country Strategy paper*, ADB, 2011

Mozambique is a low income country with a Gross Domestic Product (GDP) per capita of US\$ 410 in 2010. Real GDP growth during 2003 to 2009 averaged 7, 4% according to the 2010 MDG Report. The real GDP growth over the last ten years was influenced by:

- Large FDI towards mining, electricity, tourism, construction and telecommunications;
- High levels of ODA-averaging US\$89.2 per capital which is one of the highest Aid/GDP ratio in Africa,
- Strong growth in Agriculture sector.

Official Development Assistance in Mozambique amounted to US\$1, 853 million in 2010. Since 2005 aid has averaged 22% of GNI. Five biggest donors are the United States of America, the European Union, World Bank, Portugal and UN making up 45% of the total aid given in 2010. Mozambique has however, reduced its aid dependency with a decrease in the State Budget from 56% in 2008 to 40% in 2012 and a projected 31% in 2015.^x

National Development Frameworks

Mozambique is fully committed to fight poverty and has adopted a number of articulated plans for poverty and growth. The Country Strategy Paper for Mozambique for 2006-2010 was anchored on two pillars: 1) Infrastructure development and 11) Governance. The strategy paper was designed to support Action Plan for Reduction of Absolute Poverty–PARPA 2006-2010. During this period Mozambique achieved economic and social progress, where the economy grew by 7% on average.²⁵ However the country continues to experience significant levels of poverty.

The country's long term goals are expressed in the Agenda 2025 which is designed to graduate Mozambique into a middle income country by 2025. The document developed through the cooperation of Government, development partners, political parties, civil society and private sector. In

²⁵ *The Government of Mozambique Strategy Paper 2011-2014*

line with Agenda 2025 and because of challenges experienced previously, the Five Year Programme 2005-2009 and the Action Plan for the Reduction of Absolute Poverty PARPA (PRSP II for 2006-2009 extended to 2009) were developed. This was followed by PARP (2011-2014).²⁶ PARPA is the main shared agenda between the government and donors, it is said to be locally driven, has stronger ownership focused on growth and poverty reduction.

Institutions in aid coordination in Mozambique are the Ministry of Finance, the Ministry of Foreign Affairs and Cooperation; and the Ministry of Planning and Development. The Ministry of Planning and Development (MPD) coordinates the evaluation of the International Declarations on Aid Effectiveness, coordinates the economic and social development of the country.

Comprehensive Development Frameworks

Mozambique has been a success story, a donor darling due to its improved economic, political process after the end of a civil war. Mozambique worked with Aid Effectiveness principles before the implementation of the Paris Declaration. A number of initiatives with regard to aid coordination were already being implemented as back as 2004.²⁷ In 2004 the Government and its development partners signed a Memorandum of Understanding for Budget Support. In 2009 the MOU was reviewed adding sector programme support to the assessment framework. This has been initiated by some likeminded donors and government officials. All donors need to abide by procedures agreed as stated in MOUs to increase transparency and improve on budget support. Donors had suspended budget support to Mozambique after a crisis. By 2005 the Monitoring and Evaluation of the PD further noted that over 18 donors were already providing General Budget Support (GBS) and establishment of Sector Working Groups. According to baseline survey, General Budget Support and Sector Programme Aid contributed 46% of programme aid in Mozambique, in 2005. Some donors had been

²⁶ *The Government of Mozambique country Strategy Paper 2011-2014*

²⁷ *ibid*

operating since the late 1990s. Mozambique has already developed a nationally owned development strategy and a system of working groups to harmonise donor actions as well as to promote government-donor dialogue. The Government of Mozambique has established a Budget Analysis Working Group.

Aid Management Policy is a major step in enhancing donor coordination. Due to the presence of many donors and several actors in government, development of a shared agenda on aid management policy has however been difficult to coordinate. The Government of Mozambique adopted the International Cooperation Policy and Implementation Strategy that will redefine the mandates of various organisations, and come up with clear guidelines for harmonisation and alignment of all donors in Mozambique. The general objective of the International Cooperation Policy is to contribute to attaining Government priorities of reducing poverty by promoting rapid sustainable and inclusive social and economic development.^{xi}

The PAPs-PAF are the annual multi donor mechanisms that set out benchmarks for monitoring donor performance based on commitments made in the MOU. PAP is a partnership between government and 19 partners who provide Programme aid to Mozambique, through the modality of GBS and SBS. Total AID flows from PAPs and associated members has shown that majority of Aid is channelled to Government with an average of 90% during the last five years.²⁸ Only 10% goes towards Civil Society and Private sector. This shows that PAPs have a high level of confidence in Mozambique government. However incentives are limited with regard to donors that have not met their obligations. Donors are just encouraged to improve on their commitment. More so the Joint Review excludes major donors such as the USA, Japan and vertical funds yet these are the major contributors to the general budget support. Government has no form of redress or mechanism to penalise donors who do not meet their commitments. The only way donors are monitored and sanctioned is through peer pressure with a view to encourage those donors who do not support budget directly.

²⁸ Ministry of Planning and Development, Mozambique, 2011

For a country that has strong donor dependence, it is critical to have timely and transparent information on aid flows so that it can effectively plan its annual budget. Mozambique set up a comprehensive database (ODAMOZ) in 2005. Its management was assumed by the Mozambican government (Ministry of Planning and Development) in 2008. Among other functions, ODAMOZ designs reports, facilitates the search for specific information through pre-defined criteria: donor, sector, location, stage of project, province, Millennium Development Goals, and provides tables and geographical maps (ODA map) for analysis. ODAMOZ contains information from 38 Development partners and aims to improve coordination and harmonisation of information on external aid. ODAMOZ is accessible from the website. While ODAMOZ represents an important step forward, data recording is inconsistent among donors and they do not reflect aid flows from non-OECD donors such as China, Brazil and India. The database is now connected to the Government's financial management systems.

Transparency is an area where mixed progress has been registered. Efforts by both donors and Government to make aid more transparent is realised but issues of predictability and use of country systems has been challenging. When aid does not arrive on time, it is very difficult for the Government to develop or even spend the budget. ODAMOZ has helped to increase transparency about the flow of aid in the country. In Mozambique, the government and donors have created space for civil society participation through a consultative forum for monitoring the implementation of country strategy, Action Plan for the Reduction of Absolute Poverty (PARPA) through multi-stakeholder spaces called Development Observatories (DO). Civil society is coordinated through the G20 group of NGOs comprising trade unions, religious groups, private sector and others. Despite their potential, the Observatories are perceived by both government and donors as a consultative mechanism without regular monitoring and feedback channels. In view of this, Observatories are only successful in terms of sharing information, and yet their actual contribution towards formulation and implementation of development policies is minimal. What is lacking for effective

CSO participation is absence of structures for dialogue that include accountability mechanisms.

The role Parliament in the development process is generally weak. The existing Constitution limits Parliament's competencies while few members of Parliament have skills to effectively scrutinise Government programmes and budgets, they end up as mere observers in development processes. At national level, both CSOs and Parliament are limited to scrutinise the budgets. Current practice is that budget is negotiated mainly between Government and the Donors. Non traditional donors, such as Brazil, Russia, India and China in Mozambique are present. Some are very active but are not participating in the above mentioned fora like PAF; therefore it is important that they are involved. It is interesting however that Brazil does not hold formalised dialogue with the Government of Mozambique and assistance is provided according to the needs of the recipient Government. Brazil also does not impose conditions besides reporting requirements. It is therefore confirmed by the Paris Declaration Evaluation Phase 2 report that Mozambique seems to have greater ownership in its dealings with Brazil than with other donors and there is great sense of partnership.

One avenue to bring emerging lenders on board is through the UN delivery system. One pilot project is being implemented in Mozambique. The purpose of this project by the UN is part of its reforms to fulfil its role in the aid effectiveness agenda and facilitate fulfilment of its PD commitments. The UN in Mozambique has joined the G19 as associate members with a view to participate in a more inclusive aid architecture as called by the Government.

The challenge with regards to ownership in Mozambique is the issue of capacity and availability of human resource within government. Another problem is lack of power among managers to take decisions. Decisions normally come from the political leadership. The PAPs-PAF come when donors get into micro management of projects/programmes, yet they lack expertise thus bringing out ambitious outcomes. In terms of

transaction costs, both Government and donors have experienced a rise although there are still far from where they were before the introduction of GBS.

Mozambique has made significant political, economical and social reforms which have contributed to progress towards PD implementation. The process may have been slow as it required an increase in capacity building of different stakeholders including change of attitudes within public institutions.

Implementation of Busan Principles

In Mozambique the PD principles and aid the aid effectiveness agenda have all become an integral part of dialogue between donors and government. From the Monitoring Surveys of PD as well as PD Evaluation, principles have been implemented significantly as follows; 15 indicators (including sub indicators for 2010; Out of this a total 4 targets were attained:

- Indicator 1 Ownership,
- Indicator 2A - Alignment, Reliable PFMS systems,
- Indicator 6-Strengthening capacity by avoiding parallel PIUs(Project Implementation Units),
- Indicator 12- Mutual Accountability^{xii}.

While five of the targets were not attained they recorded progress. The other five targets not attained and 1 target lacked information for evaluation. In view of the above scenario, Mozambique has achieved one of the important Busan principles PD target number 1. Its operation development strategy is in place The PARPA II (2006-2009) and its successor, PARP (2011-2014) were developed in highly consultative way and clearly established key development strategies and a detailed Monitoring and Evaluation Framework in 2005 to reflect the Paris and Rome Agreements. The Monitoring Framework is being reviewed to include issues such as predictability. Currently the indicators are being reviewed to capture Busan issues.

Mozambique has made strides to ensure implementation of the Busan outcome agreement. The government and civil society (after Busan) went on to start the implementation process. A series of meetings were held before September which formed the basis of how Mozambique was to implement Busan. The Secretariat of the Ministry of Planning and Development is officially coordinating the drafting of the post-Busan National Action Plan in conjunction with civil society, using provincial focal points of Mozambique Debt Group. The Secretariat joined the Civil Society initiatives and together undertook the national consultation, coming up with the current official indicators matrix proposal. The National Assembly has become very active in the post-Busan Action Plan, through the Commission on Plan and Budget. However national Private Sector's Association is still very weak and does not appear in policy dialogue platforms and yet Busan commitments require strong involvement of private sector.

Mozambique held a post-Busan Group meeting to put in place a taskforce consisting of government, academia, development partners, CSOs and Private Sector and is also exploring ways of bringing Parliament on Board. A concept note outlining the roadmap was developed. The concept was shared at a workshop where specific actions adopted. The process is working on one single matrix that incorporates all activities to comply with Busan commitments. The Government together with its partners intends to establish transparent dynamic and informal dialogue mechanism among all actors. A code of conduct for all Partners to ensure a more inclusive aid Architecture is being developed. This will provide dialogue mechanism with all partners and ultimately improve planning processes of Government.^{xiii} Having realised that dialogue and consultations that existed at sub national level between government and CSOs were centralised, both parties agreed to initiate ways of decentralising the Observatory workshops.

Government set up a Busan Coordinating Committee which showed the inclusive nature of the aid architecture in Mozambique. The coordinating committee embodied a fair representation from private sector, group of

19 donors, civil society, Ministry of Planning and Development, Ministry of Finance and the Parliament. This coordinating group ensured that separate consultations outputs reached at by different stakeholders were incorporated into the core document for Busan implementation. Civil society is represented by Mozambique Debt Group, which has made vast consultations presenting the Busan outcome document and gathering views from the grassroots. Through dialogue with its stakeholders, Mozambique came up with post-Busan milestones in September 2012 as indicated below. The milestones were subjected to a review by all stakeholders at a workshop with a view to have an agreed and shared position which each can work towards.

Table 3: IMPLEMENTATION OF COMMITMENTS IN BUSAN (HLF-IV) September 2012

Principle 1: Ownership of development priorities by developing countries: Deepen, extend and operationalize the democratic ownership of development policies and processes. Partnerships for development will only succeed if they are led by developing countries, implementing approaches adapted to the situations and needs of the country	
Outcome 1: National Development Strategy being implemented with active involvement of all stakeholders	Result Indicator and Target 2015: % of activities implemented
Verification Source: Busan Partnership agreement	
Principle 2: Focus on results: Strengthening efforts to achieve concrete results, sustainable; This involves better management for results, monitoring, evaluation and reporting of progress as well as increase support for national capacity building, resource mobilization and several initiatives, with a focus on development results;	
Result 2: Monitoring and Evaluation System Enhanced	Result Indicator and Target 2015: % of Indicators being monitored annually Strategy
Verification Source: Busan Partnership agreement	

<p>Principle 3: Partnerships for inclusive development: Extending support to South-South cooperation and triangular cooperation, helping to design horizontal partnerships for greater diversity in the context of the needs of the recipient country; Openness, trust and mutual respect are the core for partnerships effective in support of development goals, recognizing the different and complementary roles of all stakeholders</p>	
<p>Outcome 3: Existence of a mechanism for inclusive dialogue with all partners</p>	<p>Indicator and Target 2015 Result: % Partner in the Country participating in the mechanism of dialogue (Target: 95%)</p>
<p>Verification Source: Summaries of the meetings of the mechanisms of dialogue</p>	
<p>Principle 4: Mutual Accountability Transparency, Accountability to beneficiaries of our cooperation, as well as to our respective citizens, organizations, constituents and shareholders, are key to achieving results. Transparent practices form the basis for an improved accountability.</p>	
<p>Outcome 4: All information on Aid Flows is available in all ODAMOZ and Partners participate in the performance evaluation of Partners.</p>	<p>Result Indicator and Target 2015: % of Help and ODAMOZ% recorded in the Partners participating in the exercise of Mutual accountability</p>
<p>Verification Source: ODAMOZ reports and evaluation report of Partners</p>	
<p>Topics with greater emphasis in Busan that need to be incorporated into the action plan: Accelerate efforts to achieve gender equality and women's empowerment; partnering to strengthen resilience and reduce vulnerability to adversity; South-South and Triangular cooperation for sustainable development; The Private Sector and Development; To combat corruption and illicit flows; Financing of climate change</p>	

Source: Mozambique Ministry of Planning and Development

The Ministry of Planning and Development organised two Maputo workshops (one in July, and another in October, 2012) that stated clearly the need for bringing emerging lenders/partners to dialogue and come up with common aid management principles, platforms and tools.

Efforts made towards integrating Donors not part of the PAP to the process

There have been attempts by the Ministry of Foreign Affairs to integrate emerging lenders into the aid management structures in Mozambique as part of the ministry's National Foreign Policy in 2012. The problem they confronted was diversity of tools and mechanisms applied by emerging lenders which were non-harmonized and complex due to the difference among the emerging lenders. However, the proposal was predominantly philosophical. It was not in line with existing aid management tools and mechanisms with no added value to the well detailed Busan partnership agreement and commitments. The proposal had risk of disintegrating aid management approaches between traditional and emerging lenders/donors in their dealings with the country. The proposal, though unworkable was rebated into the task force.

This Task Force is in charge of design and implementation of the Action & Indicator Matrix of Post Busan National Action Plan. Indonesia represents these emerging lenders in this process. In this platform emerging lenders have presented their own plans of activities and implementation timeframes, thus showing keenness to the dialogue platform. This will enable collaboration and harmonisation of processes in aid monitoring and management of aid. This will also make alignment to the country process easier hence a big potential to the integration approach.

The second attempt to marshal a vision for better integration of emerging lenders in the aid management framework is being spearheaded by Mozambique Debt Group (GMD) which is also part of the Task Force. This is motivated and based on interest in promoting transparency and

accountability, considered to be *sine qua non* factors for the effectiveness of the foreign aid. The involvement of all development partners and the very emerging lenders in an open and frank discussion is being maximized by civil society though monitoring the tentative commitments emerging lenders brought to the Action & Indicator Matrix of Post Busan National Action Plan on their own.

Next Steps

There are core partner commitments that will be determining factors for the implementation process guided by the Action & Indicator Matrix of Post Busan National Action Plan. First, is the signing of a Memorandum of Understanding as a necessary condition to hold partners accountable and secure foreseen collaboration. Secondly, each partner is in charge of conducting and/or ensuring the implementation of actions of their own and/or collective responsibility. At the end of each year, each partner will produce a progress report concerning the accomplishment of actions of their own responsibility. The partner specific reports will be integrated in national progress report on the country's progress on Post Busan National Agenda. This report will be discussed and monitored through Development Observatories.

Table 4 Main deadlines in the Post Busan National Action Plan

Date (by)	Task
March 31	Emerging lenders integration proposal finalized
April 01- 29	Proposal sharing and strategizing at Task Force level
April 30	Communication and strategizing meeting, mapping a roadmap for integration of emerging lenders
May 01-31	Memorandum of Understanding is signed, and partners are engaged in actions of their own responsibility, with specific timeframes (11 indicators in the Action & Indicators Matrix)
October 31	Field actions under implementation: trainings, simplifying of materials and sharing of public information, local dialogue platforms around planning and monitoring of development processes, Production of the CSO Index, etc
November 2013- February 15, 2014	Evaluation of field actions and production of partner specific Progress Report on the implementation of actions of own responsibility.

3.0 Main Observations and analysis

Three case studies are described as success stories in Africa in terms of implementing PD although the process is far from being perfect. While countries have been highly dependent on donor aid (making effective interaction between government, donors and to a certain extent with CSOs, Parliaments and Private sector, to achieve the Paris and Busan Agenda, they differ in terms of scope and form. Aid dependency has fallen from 46% to 37% in Ghana, 74% to 58% in Mozambique and 83, 74% to 43, 9% in Zambia even though the absolute quantity of aid has been rising fast. Economic growth has been rising faster, thus enabling countries to mobilise more resources.²⁹ Joint Assistance Strategies (JASZ, JGAS) are being revised and implemented in an effort to improve donor coordination, harmonisation and alignment with government priorities. Through this arrangement, efforts are being made to reduce transaction costs on both government and donors. In all countries covered by this report, project implementation is still considerably part of aid but countries now regard general budget support as the preferred aid modality as this increases national ownership of the development agenda. Performance assessment frameworks aligned with national development plans and donor requirements have been formulated, however, progress monitored differs in the three countries. Countries have set everything in motion to continue implementation but under the new partnership arrangement- Busan Agreement.

All countries have made progress in bringing all actors on board as compared to previous years when mutual accountability existed only between governments and development partners. Countries have already begun reviewing existing frameworks to bring them in line within Busan commitments.³⁰ Mozambique has come up with a task force consisting of all stakeholders to work on ways of bringing everyone on board. Zambia

29 Real Aid: Ending Dependency; Action Aid, 2012

30 Results and Accountability Building Block , Regional Workshop, 11-13 September, 2012, Zambia

has also initiated the process and will be holding various workshops towards inclusivity so that there is room to involve parliaments and private sector who have been playing a minimal role. Progress in Ghana is a bit advanced and has been a result of commitment and cooperation from all stakeholders. Ghana is a good example of what can be achieved when all development partners work together and in line with the agreed Busan principles to implement development effectiveness agenda. Both donors and government have created spaces for meaningful civil society participation. CSOs seized the opportunity which has helped to build trust and deepen engagement. Taking from Ghana's experience, it has shown that creating an enabling environment is a long term project that requires sustained political support. Even though such platforms have opened spaces for participation, there is doubt regarding their value particularly in Zambia and Mozambique where technical platforms of this nature have not led to meaningful change. As a result there is low and inconsistent attendance. The dominance of government and development partners in these platforms has reduced other domestic players to observer status, for example in Zambia and Mozambique. What is required is a legal backing to make decisions more binding.

Whereas development partners need to collaborate if alignment and buy in is to take place, the recipient government needs to have adequate capacity to provide leadership and ensure that the process is well coordinated. Bringing on board national Parliaments, private sector organisations and emerging partners could be difficult, especially emerging lenders who were not part of the country's dialogue platforms for mutual accountability. Development of a clear communication strategy on result and accountability is therefore crucial. This is important for countries to build and adhere to Busan principles of ownership, inclusiveness and transparency.

It has been noted that countries committed to national development can handle aid properly. Countries with strong and clear policies for national development like Zambia have made aid investments in critical sectors such as in road infrastructure; they have used aid to support

human development through education. For aid to result in development effectiveness countries like Mozambique have taken leadership on priorities which have made donors to change the way they engage with the country. This has resulted in increased share of budget support, greater predictability and more transparency. Italy's aid in Mozambique has improved due to the response to the PAF. Mozambique has thus also improved its public finance management and procurement reducing corruption and increasing value for money.³¹

It has been observed that having a national development strategy with clear policies and result oriented goals and indicators is an important facet to ensure development effectiveness. Mutual accountability standards with annual targets of how donors and recipient governments should comply with country level policies will result in success of aid. On country level the quality of development strategies have also had an overall bearing in the overall performance of aid. These three countries (Zambia, Ghana and Mozambique) have also benefited from donor support to generate domestic development financing through support to increase their tax revenue.

3.2 Recommendations

Recipient governments should institutionalise and strengthen aid and development policy dialogue among Governments, donors, civil society, Parliaments, private sector and emerging lenders to make it more participatory. These three countries under review have shown political commitment, effective leadership and adequate capacity to own the process. Improving transparency around the budgeting process and development processes is critical in ensuring that all actors are fully involved in a meaningful manner.

Development partners should allow countries to lead the process as they lend support. Whereas they could remain true to their own development

³¹ Real aid, ending aid dependence, Action aid

cooperation policies and strategies, they nevertheless need to remain flexible towards priorities of partner countries and structure their support accordingly. Therefore donors should reinforce use of country systems by strengthening governments' capacities and promote transfer of skills. Donors should enhance share their medium term plans with recipient governments as insufficient donor predictability limits the ability of recipient governments to plan and formulate budgets. Donors should also channel as much foreign aid as possible through national budget and procurement systems in order to increase value for money and strengthen government ownership. In order for inclusivity to work, it requires transparency by all stakeholders and full disclosure of intentions as well as contributions to the process, so that trust and confidence are built.

3.3 Conclusion

Improving Zambia, Ghana and Mozambique's' ability to adhere to the Busan commitments and increase the role of other actors depends upon several processes. Therefore it is recommended that there is need continue implementing on-going processes and reforms towards the Global Partnership Agreement to strengthen the development agenda. These three countries are ahead of other African countries in terms of putting key policies and efforts in place for managing development cooperation; they represent the first step towards identifying mechanisms through which governments can play a larger role in managing the development agenda. As noted, most activities in respective countries are still in preparatory phase, it is hoped that the brief analysis on what is taking place and the recommendations listed herein will stimulate further debate and lead to concrete steps that will result in greater ownership and effectiveness of the development agenda in Africa.

Bibliography

Action Aid (2012), Real Aid 3 -Ending Aid Dependence, http://www.actionaid.org.uk/doc_lib/real_aid_3.pdf

Achanso, S. A. (2010). The Impact of Globalisation on Social Policy in Ghana: The case of external donor agencies and basic education [PhD Thesis, University of Lincoln – UK].

Akabzaa, R. (2011). Aid delivery to the education sector in Ghana, 1990 – 2010. A dissertation presented to the University of Ghana for the award of Master of Art (MA) Degree.

Ashong, S. N. And Gerster, R. (2010). The performance assessment Framework of Development Partners (DP-PAF) in Ghana: Baseline Report 2008/09.

The Monterrey Summit on Financing for Development was held in Monterrey, Mexico, 18-22 March 2002. Report accessed on <http://www.un.org/esa/ffd/monterrey/MonterreyConsensus.pdf>

Overseas Development Institute, 2009, Mutual Accountability at country level: Emerging Good Practice, by Liesbet Steer and Cecilie Wathne, viewed 4 December 2012, http://www.aideffectiveness.org/media/k2/attachments/3277_3.pdf

Forth High Level Forum on Aid Effectiveness, 2011, Busan partnership for Effective Development Cooperation, http://www.fao.org/fileadmin/user_upload/capacity_building/Busan_Effective_Development_EN.pdf

Inter-parliamentary Union, 2009, Parliament's Role in the Development Agenda: Two case studies, <http://www.ipu.org/un-e/case09.pdf>

Africa Development Bank Group, 2010, Zambia Country Strategy paper, 2011-2012, <http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/ZAMBIA%20-CSP%202011-2015.pdf>

Odén, B. and L. Wohlgemuth. 2011. Where is the Paris Agenda heading? Changing relations in Tanzania, Zambia and Mozambique (ECDPM Briefing Note 21) [http://www.ecdpm.org/Web_ECDPM/Web/Content/Download.nsf/0/8309896E0E8AD2C5C125783F00477352/\\$FILE/bn21-aid%20effectiveness.pdf](http://www.ecdpm.org/Web_ECDPM/Web/Content/Download.nsf/0/8309896E0E8AD2C5C125783F00477352/$FILE/bn21-aid%20effectiveness.pdf)

Republic of Zambia, Ministry of Finance and National Planning, 2011, Country evaluation of the implementation of the Paris Declaration in Zambia Phase II, <http://www.oecd.org/countries/zambia/47673599.pdf>

African Development Bank, African Development Fund, 2012, Republic of Ghana Country Strategy paper 2012 -2016, <http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/GHANA%20CSP%20DRAFT%20FOR%20COMMENTS.pdf>

African Development Bank, (2011), Mozambique Country Strategy paper, <http://www.afdb.org/fileadmin/uploads/afdb/Documents/Policy-Documents/Mozambique%20-%202011-15%20CSP.pdf>

AFRODAD, (2007), A critical Assessment of Aid management and Donor harmonization, case of Ghana, www.afrodad.org

African Development Bank, 2011, Republic of Mozambique: Country Strategy Paper 2011-2015 <http://www.afdb.org/fileadmin/uploads/afdb/Documents/Policy-Documents/Mozambique%20-%202011-15%20CSP.pdf>

International Monetary Fund, 2011, Government of Mozambique Poverty Reduction Strategy Paper 2011-2014, <http://www.imf.org/external/pubs/ft/scr/2011/cr11132.pdf>

Ministry of Foreign Affairs of Denmark, 2008, Thematic Study on the Paris Declaration, Aid Effectiveness and Development Effectiveness <http://www.oecd.org/development/evaluationofdevelopmentprogrammes/dcdndep/41807824.pdf>

CIA (2012). Central Intelligence Agency (CIA) factsbook. Retrieved from http://www.immigration-usa.com/world_fact_book_2012/ghana/ghana_economy.html on 5th March 2013

EU(2012). Ghana-11th EDF and EU Joined Programming. Draft 24092012. European Union (EU).

GACC (2011). Report on Roundtable Discussion on the implementation of the Public Account committee recommendations. Ghana Anti- Corruption Coalition (GACC).

GACC (2012). Report of assessment of the capacity of Civil Society (CSOs) to effectively engage on transparency and accountability issues at the local level

G-JAS (2007). Ghana Joint Assistance Strategy (G-JAS) 2007-2010.

Glennie, J. (2008). The Trouble with Aid: Why Less Could Mean More for Africa: London, Zed Books.

GOG (2010). The Ghana Shared Growth and Development Agenda (GSGDA). National Development Planning Commission (NDPC).

GOG (2012a). Evaluation of the implementation of aid effectiveness: Phase II. Country Report.

GOG (2012b). Leveraging partnership for Shared Growth and Development. Government of Ghana- Development Partners Compact (2012 -2022).

King, K. Casely-Hayford, L. and Akabzaa, R. (2009). The Changing Face of Development Partnerships and Aid to Ghana: the case of Education. Research Consortium on Education Outcomes and Poverty (RECOUP).

MOFEP (2012). Annual Progress Report for the Year 2011. Ministry of Finance and Economic Policy (MOFEP).

Moyo, M. (2010). *Dead Aid: Why aid is not working and how there is another way for Africa*. Penguin Group Limited, New York.

Quartey, (2005). Innovative ways making aid effective in Ghana Tied Aid versus Direct budgetary support, *Journal of Development*, Volume 17, issues 18. PP 1077- 1092.

Tandon, (2008). *Ending Aid Dependence*. Fahamu - Network for Social Justice, Cape Town, Nairobi and Oxford

Thompson, N.M. and Casely-Hayford, L. (2008). The Financing and Outcome of Education in Ghana. RECOUP Working 16. Cambridge.

Tsepko, A. and Hudson, A. (2012). Parliamentary strengthening and the Paris principles: The Ghana case Study. Parliamentary Centre and Overseas Development Institute (ODI).

Stern, Elliot D et al 2008 Thematic Study on the Paris Declaration, Aid Effectiveness and Development Effectiveness. Accessed at: <http://www.oecd.org/development/evaluationofdevelopmentprogrammes/dcdndep/41807824.pdf>

World Bank (2010). Ghana: Assessment of stage I-Use of country system in Bank support operation. World Bank

Websites

www.afrodad.org

www.busanhl4.org

www.alliance2015.org

www.mpd.gov.mz

Endnotes

ⁱ http://www.aideffectiveness.org/media/k2/attachments/3277_3.pdf

ⁱⁱ www.busanhl4.org

ⁱⁱⁱ www.alliance2015.org

^{iv} <http://data.worldbank.org/indicator/DT.ODA.ALLD.CD>

^v OECD CSR report- www.ecdpm.org/bn21

^{vi} www.ecdpm.org/bn21

^{vii} www.alliance2015.org

^{viii} <http://www.aideffectiveness.org/busanhl4/en/newsroom/482-getting-the-best-from-b>

^{ix} <http://www.aideffectiveness.org/country-Mozambique.html>

^x <http://www.aideffectiveness.org/busanhl4/en/countries/africa/619.html>

^{xi} www.mpd.gov.mz

^{xii} *ibid*

^{xiii} *ibid*



African Forum and Network on Debt and Development
31 Atkinson Drive, Hillside
PO Box CY1517, Causeway
Harare, Zimbabwe
Tel: +263 4 778531/6
Fax: +263 4 747878
Email: afrodad@afrodad.co.zw
Website: www.afrodad.org

ISBN: 978-0-7974-5830-7

Visit us on   [flickr](https://www.flickr.com/photos/afrodad/) 