

**REVIEW OF DEVELOPMENT PARTNER
DIVISION OF LABOUR IN GHANA**

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Abbreviations

AfDB	African Development Bank
BADEA	Arab Bank for Economic Development in Africa
BUSAC	Business Sector Advocacy Challenge
BDS	Business Development Services
CAGD	Controller and Accountant-General's Department
CG/APM	Consultative Group/Annual Partnership Meeting
CSO	Civil Society Organisation
CWSA	Community Water and Sanitation Agency
DAC	Development Assistance Committee of the OECD
DoL	Division of Labour
DP	Development Partner
DSW	Department of Social Welfare
EU	European Union
EC	European Commission
EFA-FTI	Education For All Fast Track Initiative
EPA	Environmental Protection Agency
ESP	Education Strategic Plan
FAO	Food and Agriculture Organisation
FASDEP	Food and Agriculture Sector Development Policy
GAC	Ghana Aids Commission
GBS	General Budget Support
GEDAP	Ghana Energy Development and Access Project
G-JAS	Ghana Joint Assistance Strategy
G-HAP	Ghana Harmonisation and Aid Effectiveness Action Plan
GoG	Government of Ghana
GPRS II	Growth and Poverty Reduction Strategy II
HLF	High-Level Forum
HQ	Headquarters
ICT	Information and Communication Technology
IFAD	International Fund for Agricultural Development
ILO	International Labour Organisation
KFW	Kreditanstalt für Wiederaufbau
LAP	Land Administration Project
LEAP	Livelihood Empowerment Against Poverty
MCC	Millennium Challenge Corporation
MDAs	Ministries, Departments and Agencies
MDBS	Multi-Donor Budget Support
M&E	Monitoring and Evaluation
MLFM	Ministry of Lands, Forestry and Mines
MLGRDE	Ministry of Local Government, Rural Development and Environment
MMDAs	Metropolitan, Municipal and District Assemblies
MMYE	Ministry of Manpower, Youth and Employment
MoESS	Ministry of Education, Science and Sports
MoFA	Ministry of Food and Agriculture
MoFEP	Ministry of Finance and Economic Planning
MoTIPSDPSI	Ministry of Trade, Industry, PSD & President's Special Initiative
MoWAC	Ministry of Women and Children's Affairs
MPSR	Ministry of Public Sector Reform
MTEF	Medium-Term Expenditure Framework

MWRWH	Ministry of Water Resources, Works and Housing
NDF	Nordic Development Fund
NDPC	National Development Planning Commission
NGO	Non-Governmental Organisation
NHIS	National Health Insurance Scheme
NREG	Natural Resource and Environmental Governance Program
NSPS	National Social Protection Strategy
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OHCS	Office of the Head of Civil Service
OPEC	Organisation of Petroleum Exporting Countries
PA	Project Approach
PAF	Performance Assessment Framework
PBA	Programme-Based Approach
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PIU	Project Implementation Unit
POW	Programme of Work
PPME	Policy Planning, Monitoring and Evaluation
PBME	Planning, Budgeting, Monitoring and Evaluation
PSD	Private Sector Development
PSR	Public Sector Reform
SBS	Sector Budget Support
SWAp	Sector-Wide Approach
SWG	Sector Working Group
TA	Technical Assistance
ToR	Terms of Reference
TSDP	Transport Sector Development Program
UNAIDS	Joint United Nations Program on HIV/AIDS
UNDP	United Nations Development Program
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
USAID	United States Agency for International Development
WFP	World Food Program
WHO	World Health Organisation

Table of Content

Abbreviations	2
Executive Summary	5
1. Introduction	11
2. Methodology	14
3. Division of Labour – Issues to Consider	15
a. What should ‘labour’ be divided around?	15
b. Who are the ‘participants’ in a sector?	16
c. What is an ‘optimal’ number of participants in a sector?	18
d. Who does what?	18
e. How will aid modalities support division of labour?	22
f. How will coordination be achieved?	25
g. What will be required of Government?	28
h. What will be required of Development Partners?	29
i. How will Sector Working Groups be used?	31
j. What is the availability of information for DoL discussions?	31
4. Review of Sector Working Groups	41
i. PSD/Trade	41
ii. Transport	43
iii. Agriculture	45
iv. Energy	47
v. Environment and Natural Resource Management	48
vi. Education	50
vii. Health	52
viii. HIV/AIDS	54
ix. Water and Sanitation	56
x. Decentralisation	58
xi. Public Financial Management	60
xii. Public Sector Reform	62
xiii. Gender	63
xiv. Social Protection	65
xv. Governance	67
xvi. Other	68
5. Conclusion	68
Annexes	
A – Stakeholder Questions	
B – Persons Consulted	
C – GPRS II Focus Areas - Sectors	

Executive Summary

Introduction

The Ghana Joint Assistance Strategy (G-JAS) was signed by 16 Development Partners in February 2007. The G-JAS is a commitment by DPs to work toward GPRS II goals and harmonization principles. It analyses Ghana's development situation and articulates a joint donor response on how DPs will work together to support the development agenda. In line with the Paris Declaration on Aid Effectiveness Chapter 7 includes a commitment by DPs to undertake an exercise that will establish how to be more selective in terms of financial programming, policy dialogue and technical cooperation and how to concentrate efforts in line with each DPs comparative advantage.

Division of Labour (DoL) is about improving development partner selectivity and achieving greater efficiency and effectiveness in aid delivery. DoL requires fundamental changes in the way aid agencies currently work – to look at aid to countries as a concerted effort in which they play a part. Under DoL, DPs are encouraged to work in fewer sectors in line with areas of comparative advantage. Donor comparative advantage is differentiated from donor competitive advantage – the former meaning what a donor does best in relation to its own activities and the latter meaning what a donor does better than other donors. The focus of division of labour is on what DPs do best within their own portfolio of aid activities.

The principles of division of labour have evolved in Ghana's policy and institutional infrastructure over time. The decision on whether and how to undertake a formal and structured division of labour process among DPs in Ghana rests with the Government and its Development Partners. To provide input to that process this report highlights the key issues that will need to be considered in implementing DoL. It assesses the current aid environment within and across sectors, the extent of fragmentation and measures that are being taken to improve aid coordination. It also provides a mapping and review of current DP engagement that can be used as a guide in DoL.

Key Issues/Options

The key issues and options to be considered in a division of labour in Ghana are presented below. Sector-specific issues are presented in tables in the main report.

1. What should 'labour' be divided around?
 - a. Labour should be divided around a parameter that ensures coverage of the entire development agenda; provides a limited number of areas around which to focus; clear and specific boundaries to achieve coherence; and realistic costing of priorities to guide in resource allocation.
 - b. The parameter options for 'dividing labour' include; the GPRS II pillars or focus areas; Sector Strategies and Programs; Sector or Cluster Ministries; or the Sector Working Groups. None of these parameters measures up completely against DoL criteria – whatever parameter is selected will need to be reviewed.

- c. The parameter to be used for DoL should be determined by Government and DPs. Whatever parameter is selected should build on the aid coordination structures established through the Sector Working Groups.
2. Who are the ‘participants’ in a sector?
- a. The DP Resource Envelope updated for the 2007 CG/APM meeting lists 28 donor agencies providing an estimated total of US\$1.4bn per year to the country. These are the main actors among whom labour should be divided.
 - b. For division of labour to be effective it should also include aid resources from emerging donors like India, Brazil and China.
 - c. Vertical funds can provide significant resources to a country and should be taken into account in a DoL. This may be difficult to do; their fast-track natures make it difficult for them to build country ownership or to align with the country’s priorities and processes.
 - d. Activities of civil society and NGOs can increase transaction costs and fragmentation and should be taken into account in DoL.
 - e. DoL will require clear definitions on who is a ‘participant’ in a sector. DP ‘participation’ in a sector can be defined by the nature of support – financial, technical, analytical work, policy dialogue; the scale of support – considerable or minimal resources; the duration of support - long-term, short-term or one-time; and activity or geographical specialisation within a sector.
 - f. Based on the current Sector Working Group classification the number of DPs engaged in activities in a sector ranges from the lowest 6 in Public Sector Reform to the highest 16 in Agriculture. The average number of DPs per sector is 12.
 - g. A DoL issue is whether DPs providing general budget support should be considered ‘participants’ in a sector and how to define their role, as they may not add to the sector-specific transaction costs.
3. What is an ‘optimal’ number of participants in a sector?
- a. Stakeholders expressed divergent views on whether there is the need to increase or reduce the number of DPs engaged in a sector. At one end of the spectrum was the opinion that ‘too many DPs’ in a sector was causing endless dialogue among DPs and between DPs and Government. The opposing view was that the number of DPs does not increase transaction costs to Government where coordination structures and Sector Leads are effective.
 - b. The consensus is that there is no ‘right’ number of participants in a sector. The optimal number of DPs participating in a sector should be determined based on the needs of the sector and the adequacy and effectiveness of the current DP response to these needs. Nonetheless there is the likelihood of a better response with fewer and better coordinated DPs.
 - c. DoL encourages DPs to participate in the sector dialogue only where they have the knowledge base and technical expertise. As sector dialogue platforms become large, there is the challenge of how to maintain the focus and quality of the dialogue.

4. Who does what?

- a. Countries that have implemented DoL have determined comparative advantage of respective DPs based on a number of criteria. DPs have differing strengths across the different criteria; they can also build strengths and adjust expertise in response to country requirements. Rather than scoring DPs along criteria therefore, DPs should agree to focus and specialise to build comparative advantage in the sectors where they operate.
- b. The number of sectors a donor engages in should be related to the DPs volume of activities and aid provided.
- c. DPs should be encouraged not to build new competencies in areas where other donors already show good performance.
- d. Overall aid resources and resources to sectors should not decline because of division of labour.
- e. The GPRS II Focus Areas where DPs are currently providing little or no support include the Music Industry; Sports Development; Air Transport Infrastructure; Urban Development and Environment – the Town and Country Planning Department; Fisheries and Marine Environment; Population Management; Enhancing Development Communication; and Public Safety and Security.
- f. Other GPRS II Focus Areas where DPs are engaged but to a lesser extent include Tourism; ICT; and Promoting Evidence-Based Decision Making (Monitoring and Evaluation).

5. How will aid modalities support division of labour?

a. General Budget Support

- i. GoG is responsible for alignment and division of labour when funds are provided through general budget support. Budget support among the aid modalities also offers the strongest platform for strengthening country systems.
- ii. Budget support is the preferred modality for MoFEP and the large social sectors; some smaller sector Ministries are not very keen on budget support, citing insufficient resource allocation by MoFEP and frequent cuts in budget allocations.

b. Sector Budget Support

- i. Sector Budget Support is differentiated from GBS because funds are based on programs and performance measures within a particular sector. SBS strengthens the link between the national and sector policies and resource allocation. It also strengthens sector planning and implementation and donor coordination and harmonisation within the sector; all key elements of DoL.
- ii. SBS requires capacity at the sector level across the entire program cycle, which is a challenge with some of the smaller MDAs. A few MDAs were unsure about resource allocation under SBS.

- c. Pooled/Basket Funds
 - i. Pooled Funds to a sector allows Government to allocate resources to priority activities within the sector, but there is no flexibility across sectors, and funds are sometimes limited to specific activities.
 - ii. Basket Funds are more effective when they are based on comprehensive sector-wide programs.
 - iii. Basket Funds can create parallel systems to the Government's financial system and, whenever possible, should be used as an interim measure towards budget support.

- d. Project Approach
 - i. For the Project Approach to be effective under DoL, projects should be integrated into and aligned to sector programmes and the MTEF.
 - ii. The Project Approach is preferred by some sector Ministries, particularly for large infrastructure projects. Some Ministries also find project funds more reliable.
 - iii. A number of MDAs expressed dissatisfaction with stand-alone projects that are not transparent and for which they are unable to hold the donor accountable for results.

The aid policy being developed provides an opportunity for Government to spell out its aid modality preferences and to address resource allocation issues.

- 6. How will coordination be achieved?
 - a. SWAps are a useful tool for aid coordination and DoL. SWAps facilitate implementing programmes and projects in a coordinated manner using both budget and project support. They also facilitate harmonisation and alignment across a wide range of participants and can be used in all sectors. Guidelines have been proposed for all sectors where SWAps are not already in place.
 - b. GoG and DP Sector Leads should be mandated to act as the 'gatekeepers' of support to the sector to ensure that all DPs that want to engage in the sector, whether directly from HQs or from the field offices, comply with the sector rules of engagement and align to the sector program.
 - c. While donors invite other donors to participate in their missions, thereby increasing transparency, they are constrained in their ability to rely on missions of other DPs because of their respective HQ requirements. This has led to more joint missions without a corresponding reduction in the number of missions. There is the need to integrate mission requirements by DP headquarters.
 - d. Delegated cooperation is a key tool for DoL. For delegated cooperation to be effective the arrangement should go beyond improving aid delivery to improving overall development effectiveness. Delegated cooperation arrangements should be negotiated only where the likely benefits of the

collaboration outweigh the transaction costs of developing the arrangement.

7. What will be required of Government?
 - a. Division of Labour places the responsibility for resource allocation on Government where it is currently more of a shared responsibility with DPs. To do this effectively will require increased capacity and collaboration at all levels of Government.
 - b. DoL will require Government to articulate a common position on the key aid issues and architecture to provide a clear and consistent message to DPs. The aid policy should clarify issues where there is currently some uncertainty.
 - c. DoL requires GoG to deal with DPs on a 'collective' basis rather than on an individual basis. Where DPs are dealt with on an individual basis they can be played against each other to select who will best deliver what is needed; DoL on the other hand requires a structured and coordinated dialogue with DPs that should ensure achievement of overall development results.

8. What will be required of Development Partners?
 - a. DP flexibility to adjust their support according to the dictates of division of labour is limited by directions from HQ; sectoral and policy priorities and preferences of their HQ as well as their current commitments. Increasing delegation to field offices will improve DP response to DoL. DPs can also respond to DoL only when their current commitments end.
 - b. There is considerable scaling up of ODA by the international donor community. It is important that new aid resources do not fragment the environment and additional ODA should be subjected to the agreed principles of division of labour.
 - c. There is a challenge with directing DP support under DoL where DPs disagree with elements of Government's policy direction, strategy or the method of implementation. DoL will require that GoG and DPs agree on what should be done and how.

9. How will Sector Working Groups be used?
 - a. There is a lack of clarity between Government and DPs about which sectors or themes Working Groups should be formed around and whether Sector Ministries and DPs engaged in the sector are required to participate in these groups – these issues will need to be resolved if the Sector Working Groups are to be used as the aid coordination structure for DoL.
 - b. The Joint Guide Book for Sector Working Groups agreed between Government and DPs will need to be validated and structures put in place to monitor the effectiveness of the Groups.

10. What is the availability of information for division of labour discussions?

- a. There is limited availability of data that can be readily used for discussions on complementarity and division of labour. Without reliable and consolidated information on what donors do, individually and together, the analysis of DoL cannot take place.
- b. There is the need to improve data collection and reporting on aid flows to provide the basis for assessing the effectiveness of resource allocation.

Conclusion

It is evident from the review of the aid environment in Ghana - the volume of aid resources, the number of aid actors, the modalities for aid delivery; and the structures for aid coordination - that there is the need to strengthen the evolving division of labour to ensure that aid resources contribute optimally to development results. The report has brought to the fore the complexity and challenges in implementing division of labour. Progress will require a partnership and shared commitment between GoG and DPs; open, frank and participatory dialogue; engagement of civil society; and joint monitoring of results.

Introduction

In March 2005 Development Partners and partner countries signed the Paris Declaration on Aid Effectiveness. Article 34 of the Declaration commits partner countries “to provide clear views on donors’ comparative advantage and on how to achieve donor complementarity at country or sector level”. Article 35 commits donors “to make full use of their respective comparative advantage at sector or country level by delegating, where appropriate, authority to lead donors for the execution of programmes, activities and tasks and to work together to harmonise separate procedures”.

The Paris Declaration was a follow-up to the High-Level Forum on Harmonisation in Rome in February 2003, at which DPs committed to align development assistance with partners’ country strategies and improve systems, harmonise donor policies and procedures and implement principles of good practice in development cooperation. Articles 34 and 35 of the Paris Declaration therefore set the tone for specific action on division of labour and complementarity towards implementing the key principles of Rome.

Division of Labour is an issue that has engaged the attention of international donors for a long time as aid actors and resources have multiplied. The growing challenge in the aid environment has been aptly described this way: ‘Over the last decade the multiplication of development aid activities and structures has led to a complex and expensive aid industry. In each developing country there are on average 350 donor missions per year. Developing countries can often hardly cope with the many missions, the unnecessary administrative costs, the overlaps and duplication, and the differences in donor requirements, rules and conditionalities’¹.

Division of Labour is about improving development partner selectivity and achieving greater efficiency and effectiveness in aid delivery. Complementarity in development cooperation has been defined as an optimal division of labour among various actors in order to achieve optimum use of human and financial resources². The rationale for specialisation and division of labour is widely accepted, especially when resources are limited. The expectation is for each actor to focus its assistance on areas where it can add most value, given what others are doing. The challenge, and the reason why not much progress has been made in implementing DoL, is with the how.

At the heart of the matter is whether DoL will require DPs to exit from particular sectors. Under DoL, DPs are encouraged to work in fewer sectors in line with areas of comparative advantage. DoL also requires fundamental changes in the way aid agencies currently work – to look at aid to countries as a concerted effort in which they play a part. The change required is not easily achieved - aid relationships between countries have been built over many years, with underlying cultural and political ties. Aid is seen as part of foreign policies – giving up cooperation in a sector may reduce a DPs visibility. There is also the political issue of giving up support to poverty-related sectors.

To help address these pertinent issues, the EU ratified a voluntary Code of Conduct on Complementarity and Division of Labour in Development Policy for its member countries in May 2007. The Code provides operational principles on how to better

¹ Introduction to EU Code of Conduct, May 2007

² European Commission definition of complementarity

organise the division of labour in a partner country. In response to legitimate concerns about implementing DoL, the Code notes that ‘division of Labour should not lead to rigid bureaucratic approach but leave room for flexibility’. DPs are encouraged to consider various options for engagement in a sector – taking a lead role in all or particular aspects of the sector; remaining actively engaged; delegating specific tasks and functions to other DPs; and disengaging from a sector.

In Zambia and Tanzania where DoL exercises were undertaken DPs were encouraged to be active in a limited number of sectors and background in others where they retained an interest. Specifically in Zambia the plan was to have three key donors in a sector with a rotating lead. The process was led by the Zambian Ministry of Finance, which produced an initial draft matrix for dialogue with DPs. Comparative advantage of respective DPs was determined through self-assessments, peer reviews and feedback from the Government. This approach to DoL appears rigid. DoL should be less an issue of numbers and more an issue of how DPs work together to reduce fragmentation and to increase the effectiveness of their overall support.

Complementarity and Division of Labour has been identified as one of the priorities for the 3rd High-Level Forum (HLF) in Accra in September 2008 and will be addressed in one of the conference roundtables. As part of preparations for the HLF, the Task Team for the theme organised an international workshop on ‘Rationalizing Aid Delivery – Partner Country Experience and Perspectives’ in Pretoria in February 2008. The conference participants highlighted the perceived benefits of division of labour and developed emerging preliminary principles to guide the DoL process. The key benefits of DoL identified were:

- Reduced duplication of donor activities;
- Improved predictability of country and sector commitments;
- Streamlined decision-making, strengthened dialogue and communication between Government and DPs;
- Better balance between sectors, improved transparency and clarity of funded and under-funded sectors;
- Improved planning and results orientation;
- Improved alignment with country and sector plans;
- Reduced transaction costs for Government;
- More substantive, structured and dynamic policy discussions;
- Better accountability and transparency, easier attribution of results;
- Creation of bigger programs and increasing economies of scale.

The principles of division of labour have evolved in Ghana’s policy and institutional infrastructure over time. Actions include signing of the Ghana Joint Assistance Strategy; preparation of the Ghana Harmonisation and Aid Effectiveness Action Plan (G-HAP); the Joint Guide Book for Sector Working Groups, with Terms of Reference for the Group, GoG and DP Sector Leads; and preparatory work for development of an Aid Policy. Others include implementation of the Multi-Donor Budget Support (MDBS) framework; aid coordination through the Sector Working Groups; annual Consultative Group (CG) meetings and the DP Resource Envelope multi-year programming of aid.

DPs are using common arrangements for budget support and sector-wide approaches; delegated cooperation; joint analytical work and missions; and observing the mission-free

period agreed with Government. To structure and formalise the division of labour already ongoing among DPs, the G-JAS signed in February 2007 included a commitment to undertake a comprehensive exercise to establish how to be more selective in terms of financial programming, policy dialogue and technical cooperation and how to concentrate efforts in line with each DP's comparative advantages³.

The decision on whether and how to undertake a division of labour process among DPs in Ghana rests with the Government and its Development Partners. To provide input to that process this report highlights the key issues that will need to be considered in implementing DoL. It assesses the current aid environment within and across sectors, the extent of fragmentation and measures that are being taken to improve aid coordination. It also provides a mapping and review of current DP engagement that can be used as a guide in determining if and how to undertake a division of labour among DPs in the country.

³ Chapter 7 of the Ghana Joint Assistance Strategy

1. Methodology

The Ghana Joint Assistance Strategy analyses Ghana's development situation and articulates a joint donor response on how DPs will work together to support the development agenda. To take the G-JAS recommendations forward Chapter 7 includes a commitment by DPs to undertake an exercise that will establish how to be more selective in terms of financial programming, policy dialogue and technical cooperation and how to concentrate efforts in line with each DPs comparative advantage. Germany and the EC have agreed to coordinate and steer this process among DPs in Ghana.

The process began with a division of labour mapping survey among international donors active in Ghana in November 2007. DPs were asked to report on their current and planned activities within the GPRS II focus areas and to specify their aid modalities. In February 2008 the consultants were contracted to take the process to the next level. Their Terms of Reference (ToR) were to:

- Facilitate discussion of the DoL survey findings with the relevant stakeholders on the Government and DP side;
- Review the extent of alignment of DP support with country and sector priorities;
- Determine whether there are overlaps and duplication of programmes;
- Identify 'orphan' sectors or activities not receiving sufficient support; and
- Assess the effectiveness of the aid instruments in use.

The discussions were expected to lead to concrete recommendations for a better division of labour among DPs in the country. The assignment was undertaken in March and April 2008. The initial ToR was reviewed and revised in a meeting with DP Sector Leads and a representative from the Ministry of Finance and Economic Planning (MoFEP) at the onset. A series of questions were agreed to be used to facilitate the DoL discussion among the different stakeholder groups (see Annex A - list of Stakeholder Questions).

A Steering Committee of representatives from MoFEP, the National Development Planning Commission (NDPC), the EC, Germany and the World Bank was put in place to guide the work of the consultants. The consultants held one-on-one consultations with Heads of Development Agencies and representatives from MoFEP, NDPC and the Government Sector Leads. The team also facilitated discussion of the division of labour issues with the Sector Working Groups. The mapping of DP current and planned activities was validated as part of the exercise.

Annex B has the list of persons consulted and the Sector Working Groups with whom discussions were held.

2. Division of Labour – Issues to Consider

a. What should ‘labour’ be divided around?

One of the first issues to consider under a division of labour is what to ‘divide labour’ around. Labour can be divided based on the country and/or sector strategies; it can also be based on support to sector Ministries. Because DoL is about achieving coherence and reducing fragmentation, whatever parameter is selected should ensure coverage of the entire development agenda; provide a limited number of areas around which to focus; clear and specific boundaries to achieve coherence; and realistic costing of priorities to guide in resource allocation. Countries that have made some progress in DoL based the process on their national development frameworks.

The Growth and Poverty Reduction Strategy (GPRS) II (2006 – 2009) is the overarching national development framework. The National Development Planning Commission has begun preparatory work towards a medium-term national development plan. The GPRS II is classified under thematic pillars, key focus areas and policy objectives. The Medium-Term Expenditure Framework (MTEF) captures expenditure under each policy objective and provides the link between the policy priorities and the annual budget process. The rolling MTEF is used to update the costing of the GPRS II priorities as the assumptions on which the initial costing was based have changed.

The overarching nature of the GPRS II provides the comprehensive framework required in DoL. The number of areas around which to focus is however challenging for DoL – the three thematic pillars are too broad and the forty focus areas are too many. There is a lack of clarity around some of the focus areas and more work needs to be done on the costing of priority actions. Because the GPRS II is the broad framework, policies and priorities have not all been translated into specific actions and costs. The detailed activities and budgets are from sector strategies, and development of sector strategies is not always in sync with preparation of the overarching Strategy e.g. FASDEP II. Emerging priorities are also not easily reflected in the overarching framework.

Sector Programs and Strategies operationalise the broad GPRS II policies and priorities, providing the specificity and costing required in division of labour. The issue is with determining the boundaries of a ‘sector’, given the intensely cross-cutting nature of the development agenda. There is more clarity with sectors like Education, Health, Agriculture, Transport and Energy. Other areas are not as easily defined for strategic planning purposes – Private Sector Development, Employment, Tourism, ICT, Land, Environment, Gender, Rural Development etc. Whatever boundaries are used, even with the ‘traditional’ sectors, some activities will overlap and must be coordinated.

Sector Ministries can be used as the parameter for division of labour. They have the advantage of having specific boundaries. The number is however quite large – there are currently 26 sector Ministries. Their activities also overlap with other Ministries - a number of Ministry programs include activities to be implemented by other Ministries. Government has classified and clustered the Ministries under four themes: Governance – 8 Ministries; Finance and Economy – 5; Infrastructure – 7; Social Service – 6 Ministries. The four themes could provide the basis for DoL but, like the GPRS II pillars, they are rather broad.

A number of 'sectors' have evolved over time around which DP support has been structured - the Sector Working Groups. Some are based on themes e.g. Private Sector Development, Governance; others are based on sector Ministries, e.g. Education, Health; and others are on cross-cutting issues e.g. Gender, Environment and Natural Resource Management. These 'sectors', currently numbering 16, have been the basis for aid coordination among DPs. Some have comprehensive sector-wide programs; others because of their breadth of coverage work with a number of strategies and action plans. Others also work with disparate programs and projects that have not been integrated. There are a number of sub-sectors within the Working Groups with varying definitions.

Whatever parameter or combination of parameters is used to divide labour – GPRS II themes or focus areas; sector Strategies and Programs; sector or cluster Ministries or the Sector Working Groups, the parameter will need to be reviewed to fit DoL. Stakeholders will also need to consider what happens if the selected parameter should change, e.g. when the GPRS II is revised to the medium-term plan; if sector Ministries are changed etc. Annex C provides an example of alignment of DP support to the GPRS II Focus Areas and the current Sector Working Groups. It is based on the updated MTEF costing of GPRS II priorities. The illustration highlights the challenges in determining the scope and coverage of 'sectors' and where priorities and activities 'fit'.

Key Issues/Options

- a. The criteria for determining what parameter to divide labour around includes ensuring coverage of the entire development agenda; providing a limited number of areas around which to focus; clear and specific boundaries to achieve coherence; and realistic costing of priorities to guide in resource allocation.
- b. The options for 'dividing labour' include - the GPRS II themes or focus areas; Sector Strategies and Programs; Sector or Cluster Ministries; or the Sector Working Groups. None of these parameters measures up completely against DoL criteria – whatever parameter is selected will need to be reviewed.
- c. The parameter to be used should be determined by GoG and DPs. Whatever parameter is selected should build on the aid coordination structures established through the Sector Working Groups.

b. Who are the 'participants' in a sector?

DP Division of Labour is about determining who does what among the 'actors' operating in the country. The DP Resource Envelope updated for the 2007 Consultative Group/Annual Partnership Meeting (CG/APM) lists 28 donor agencies providing an estimated total of US\$1.4bn per year. The multilateral agencies are the World Bank, African Development Bank (AfDB), the European Commission (EC) and the UN agencies. Bilateral donors listed are Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Spain, Switzerland, United Kingdom and United States. These agencies together provide over 90% of Official Development Assistance (ODA) to the country and are the main actors among whom labour should be divided.

For division of labour to be effective, however, it should cover all other aid resources the country receives – from emerging donors like Brazil, China and India and from vertical funds operating in the country. Vertical funds are global programmes with vertical objectives across many countries e.g. the Education For All Fast Track Initiative. They can provide significant resources to a country, hence the need to take them into account

in a DoL. This may however not be easy to do. Vertical funds have their own political priorities and systems that may not be aligned to national priorities. Their fast-track natures make it difficult for them to build country ownership or to align with the country's priorities and processes.

Other 'actors' to consider are civil society organisations (CSOs)/non-governmental organisations (NGOs). There are many CSOs/NGOs with activities across the country. Some collaborate with Government and DPs and have specific roles in implementation of the development agenda. Others implement stand-alone projects in line with their respective objectives. These organisations often rely on the same institutions and structures that are used to implement the development agenda e.g. local administration. They can increase transaction costs and fragmentation where they operate. Their activities should therefore be taken into account in DoL; the challenge is with how.

As the aid environment has evolved different types and levels of donor engagement have evolved with it. DPs may provide considerable financial resources or technical assistance to a sector or they may have one or a few small projects in the sector; they may be engaged in the sector over the long-term, or they may provide one-time analytical work or studies. DP support to a sector may be location-based, focusing on a specific region/s in the country. DPs may also specialise within a sector, for example focusing on tertiary education within the education sector. And DPs may limit their engagement in a sector to the policy dialogue, without offering any direct financial or technical resources.

Under the different scenarios participation in a sector can be defined by the nature of support – financial, technical, analytical work, policy dialogue; the scale of support – considerable or minimal resources; the duration of support - long-term, short-term or one-time; and activity or geographical specialisation within a sector. Clear determinations will provide the basis for assessing the adequacy and effectiveness of the number of DPs participating in a sector e.g. should the DP implementing a one-time small project initiative in a sub-component of the sector be considered a participant in the sector for purposes of division of labour; and should DPs engage in this way in the first place?

Key Issues/Options

- a. The DP Resource Envelope updated for the 2007 CG/APM meeting lists 28 donor agencies providing an estimated total of US\$1.4bn per year to the country. These are the main actors among whom labour should be divided.
- b. For division of labour to be effective it should also include aid resources from emerging donors like India, Brazil and China.
- c. Vertical funds can provide significant resources to a country and should be taken into account in a DoL. This may be difficult to do; their fast-track natures make it difficult for them to build country ownership or to align with the country's priorities and processes.
- d. Activities of civil society and NGOs can increase transaction costs and fragmentation and should be taken into account in DoL.
- e. DoL will require clear definitions on who is a 'participant' in a sector. DP 'participation' in a sector can be defined by the nature of support – financial, technical, analytical work, policy dialogue; the scale of support – considerable or minimal resources; the duration of support - long-term,

short-term or one-time; and activity or geographical specialisation within a sector.

- f. Based on the current Sector Working Group classification the number of DPs engaged in activities in a sector ranges from the lowest 6 in Public Sector Reform to the highest 16 in Agriculture. The average number of DPs per sector is 12.
- g. A DoL issue is whether DPs providing general budget support should be considered ‘participants’ in a sector and how to define their role, as they may not add to the sector-specific transaction costs.

c. What is the ‘optimal’ number of participants in a sector?

The issue of whether there is the need to increase or reduce the number of DPs engaged in a sector was discussed with the DP Heads of Cooperation and the Sector Working Groups. There were diverse responses – at one end of the spectrum was the opinion that ‘too many DPs’ in a sector was causing endless dialogue among DPs and between DPs and Government. Concern was expressed that most of such dialogue focused on processes and on harmonising donor activities, rather than on development activities, making harmonisation appear like an end in itself.

At the other end of the spectrum was the opinion, which was shared by many more sectors, that the number of DPs does not increase the transaction costs to Government where DPs engaged in the sector rely on lead donors in the dialogue with Government. Some DPs were willing to remain in sectors as background DPs, observing the dialogue to follow developments in the sector. There was acknowledgement that even where the Lead Donor arrangement worked well, DPs still had to negotiate their programs with Government individually because of their specific HQ requirements, which could increase transaction costs for Government. The number of DPs to be coordinated also increases the burden on the lead DPs.

Key Issues/Options

- a. The consensus is that there is no ‘right’ number of participants in a sector. The optimal number of DPs participating in a sector should be determined based on the needs of the sector and the adequacy and effectiveness of the current DP response to these needs. Nonetheless there is the likelihood of a better response with fewer and better coordinated DPs.

d. Who does what?

Article 35 of the Paris Declaration requires DPs to focus their support on areas where they have a comparative advantage. ‘Comparative advantage is not based primarily on financial resources available but also on a wide range of issues such as geographic or thematic expertise’⁴. Donor comparative advantage should be differentiated from donor competitive advantage – the former meaning what a donor does best in relation to its own activities and the latter meaning what a donor does better than other donors. The focus of division of labour is on what DPs do best within their own portfolio of aid

⁴ General Affairs and External Relations Council of the EU Guidelines, 2006

activities⁵. Countries that have implemented DoL have determined comparative advantage of respective DPs based on a number of criteria. They include:

- Financial capacity – volume of aid at country or sector level;
- Technical expertise and specialisation;
- Substantive contribution to the policy dialogue;
- Available human resource on the field/international level specialist expertise;
- Efficiency of working methodologies and procedures;
- Capacity to react quickly, be responsive;
- Track record in the sector - in-depth knowledge/understanding of local conditions in the sector;
- Field office flexibility/decentralisation of decision-making;
- Recognition, trust and confidence of Government and other donors;
- Low cost compared to other donors, with adequate standards of quality;
- Long-term predictability of support and engagement in the sector (through at least a full poverty reduction strategy cycle);
- Preparedness to strengthen expertise and capacities in the area of comparative advantage.

DPs have differing strengths across the different criteria. Some like the World Bank, EC, AfDB, Netherlands, the UK and the US provide large total volumes of ODA; the UN agencies have extensive technical expertise; bilaterals like Switzerland are small but have strong ties with the country. Agencies like Germany and Japan have in-country technical expertise; others like the USAID can procure any required expertise regionally or internationally. Because of specialisation, donors may also provide considerable financial resources and technical expertise to specific sectors, like Canada in Agriculture.

A number of DPs have maintained a long and effective presence in sectors which is acknowledged by Government and other DPs – the World Bank in Public Sector Reform; the EC in Transport and Trade; Canada in Agriculture; the UK in Public Financial Management; Netherlands in Health and HIV/AIDS; Denmark in Water and Sanitation etc. What is clear is that every donor has particular expertise and can play an active role in DoL. The number of sectors a donor engages in should be related to the DPs volume of activities and aid provided.

Since DPs build strengths and adjust expertise in response to country demands, determining their comparative advantage at specific points in time can be a subjective exercise whose results will require constant review. Rather than scoring DPs along parameters therefore, they should agree to focus and specialise to build comparative advantage in the sectors where they operate. This is clearly already happening, albeit informally, and should be formalised to ensure DPs do not build new competencies in areas where other donors already show good performance.

Key Issues/Options

- a. DPs have differing strengths across the different criteria used to determine comparative advantage; they can also build strengths and adjust expertise in response to country requirements. Rather than scoring DPs along parameters,

⁵ Towards a division of labour - German Development Institute (DIE) Discussion Paper, 6/2007

therefore, they should agree to focus and specialise to build comparative advantage in the sectors where they operate.

- b. The number of sectors a donor engages in should be related to the DPs volume of activities and aid provided.
- c. DPs should be encouraged not to build new competencies in areas where other donors already show good performance.
- d. Overall aid resources and resources to sectors should not decline because of division of labour.
- e. The GPRS II Focus Areas where DPs are currently providing little or no support include the Music Industry; Sports Development; Air Transport Infrastructure; Urban Development and Environment – the Town and Country Planning Department; Fisheries and Marine Environment; Population Management; Enhancing Development Communication; and Public Safety and Security.
- f. Other GPRS II Focus Areas where DPs are engaged but to a lesser extent include Tourism; ICT; and Promoting Evidence-Based Decision Making (Monitoring and Evaluation).

Table A presents a summary of responses from DP Heads of Agencies on where they are and/or intend to focus their engagement in the country. The responses have been categorised based on the current Sector Working Group classification. The information is indicative and does not imply commitments on the part of DPs. The information can be developed further as a baseline for DoL discussions.

Table A:

	Development Partner	# of Focus Sectors	Sectors
1	World Bank	12	PSD/Trade/Financial/ICT; Agriculture; Environment and Natural Resource Management; Energy; Transport; Education; Health; Water and Sanitation; Public Financial Management; Public Sector Reform; Decentralization; M&E
2	European Commission	4	Transport; Environment; Public Financial Management; Decentralisation
3	Canada	4	Agriculture; Water and Sanitation; Decentralisation; Governance
4	Denmark	5	PSD/Trade/Financial; Health & HIV/AIDS; Water and Sanitation; Decentralisation; Governance
5	France	3	Agriculture; Energy; Water and Sanitation
6	Germany	4	PSD/Trade/Financial; Agriculture; Decentralisation; Public Financial Management
7	Japan	7	Agriculture; PSD/Trade; Education; Health & HIV/AIDS; Infrastructure; Public Sector Reform; Decentralisation
8	Netherlands	3	Health & HIV/AIDS; Water and Sanitation; Environment and Natural Resource Management
9	Switzerland	4	PSD/Trade/Financial; Energy; Environment and Natural Resource Management; Public Financial Management
10	US – USAID	4	PSD/Trade/Financial; Education; Health & HIV/AIDS; Agriculture
11	Millennium Challenge Corporation	2	Agriculture; Transport
12	United Kingdom	5	Education; Social Protection; Public Financial Management; Public Sector Reform; Health and HIV/AIDS

e. How will aid modalities support Division of Labour?

Aid modalities play a key role in division of labour. The aid modalities in use are in three categories – Budget Support; Pooled or Basket Funds; and the Project Approach.

General Budget Support

DPs that channel funds through General Budget Support (GBS) cannot indicate resources provided to specific sectors. DPs providing GBS engage in sector-specific dialogue through the MDBS reviews. They can also continue to provide technical assistance to specific sectors and be part of the dialogue at the sector level. Under DoL the issue is whether GBS DPs should be considered ‘participants’ in a sector and how to define their role, as they may not add to the sector-specific transaction costs. There is a contradiction to donor harmonisation in this regard – DPs are encouraged to use more harmonised modalities like GBS and also to engage in DoL, but DoL would not be needed if all DP funds were channelled through GBS.

Government determines where to allocate resources when funds are provided through General Budget Support, even though agreed policy triggers guide the determination. GoG is therefore mostly responsible for alignment and division of labour under Budget Support. Budget support among the aid modalities offers the strongest platform for strengthening country systems. Use of a performance tranche in budget support however affects its predictability. Budget Support is the preferred modality for the Ministry of Finance and Economic Planning.

The sectors had differing opinions about budget support. The Health and Education sectors expressed a clear preference for budget support. Some smaller sector Ministries were not very keen on budget support. They cited insufficient resource allocation by MoFEP, frequent cuts in budget allocations, and challenges in prioritising and costing their activities to effectively utilise budget resources. Stakeholders also expressed concern about the slow pace of implementation of activities and underutilisation of funds for many Government programs.

Increasing use of budget support means increasing use of country systems. Country systems include systems for planning, management, execution, accounting, financial reporting, auditing, disbursement, procurement, monitoring and evaluation. DPs are increasingly using Government’s reporting and M&E systems. Many DP programs and projects however continue to use DP systems at varying levels, with weaknesses in country systems given as the reason. Some of the DP practices undermine country systems and institutions.

Use of budget support requires effective capacity at the MDA and MMDA level. All sectors should have capacity development plans that are tailored to the specific needs of the sector. Capacity objectives should be clearly defined and capacity should be developed at all levels – at the level of the individual, the institution and the enabling environment. Capacity development should cover every stage of the programme cycle, from planning to M&E. Capacity should also be strengthened at the decentralised level. There should be a structured process for monitoring outcomes of capacity development programs for beneficiaries. DPs should support country and sector capacity development programs rather than their own parallel initiatives.

GoG and DPs should agree on standards that will enable use of country systems at all levels; continue to implement measures to strengthen country systems to meet these standards; and hold DPs accountable for using the systems once they meet the agreed standards. (The World Bank's Country Policy and Institutional Assessment (CPIA) is one indicator). Using country systems will increase the incentive to strengthen these systems. With Ghana's increasing reliance on domestic resources for development, strengthening Government's PFM systems will help to manage all resources, both domestic and external, to achieve better development results.

DPs currently provide an estimated total of US\$400M (30% of the Resource Envelope) as budget support - the World Bank, AfDB, EC, Canada, Denmark, France, Germany, Netherlands, Switzerland and the UK. Budget support makes up between 10% and 60% of their aid portfolios. The World Bank, EC, Netherlands and the UK provide the largest total volumes. Japan has also recently begun providing budget support. The aid policy being developed provides an opportunity for Government to spell out its aid modality preferences and to address resource allocation issues.

Sector Budget Support

Sector Budget Support is differentiated from General Budget Support because the funds are based on programs and performance measures within a particular sector. SBS strengthens the link between the national and sector policies and resource allocation. SBS is based on a sector policy; a coherent sector program and plan with implementation structures, timelines, responsibilities and measurable outcomes. It therefore strengthens sector planning and implementation. SBS also strengthens donor coordination and harmonisation within the sector, key elements of DoL. It requires a partnership between GoG and DPs with joint monitoring of progress in the sector.

SBS requires capacity at the sector level across the entire program cycle, which is a challenge with some of the smaller MDAs. The District Development Fund being set up to provide performance-based support to the districts is a form of SBS. A few MDAs receiving Sector Budget Support were anxious about whether all the resources will be allocated to them. Sector Budget Support is currently most frequently used by the EC.

Pooled or Basket Funds

Pooled Funds to a sector allows Government to allocate resources to priority activities within the sector, but there is no flexibility across sectors, and funds are sometimes limited to specific activities. Sector program support is the preferred modality for some sector Ministries because it gives them control over funds and resource allocation. MDAs prefer that Basket Funds are managed and disbursed through Government systems. Basket Funds are more effective when they are based on comprehensive sector-wide programs. Where Basket Funds are used there is an even greater need to strengthen PFM systems at the sector level. Basket Funds can create parallel systems to the central Government financial system and, whenever possible, should be used as an interim measure towards budget support.

Project Approach

Projects are on two levels – those that are designed based on and integrated into Government’s program and stand-alone projects outside Government’s program.

The Project Approach is preferred by some sector Ministries, particularly for large infrastructure projects. Some Ministries also find project funds more reliable. A number of Ministries expressed dissatisfaction with stand-alone projects that are not transparent and for which they are unable to hold the donor accountable for results. Some of these projects are designed and implemented by DPs with very little input or involvement of the relevant sector Ministry. Concern was also expressed about parallel structures for implementing projects.

For the project approach to be effective under DoL, projects should be integrated into and aligned to sector programmes and the MTEF. Where they have limited resources DPs should consolidate their projects within sectors to improve effectiveness, e.g. Japan has begun consolidating its project portfolio and phasing out very small projects. Projects should also be implemented using existing Government structures and systems whenever possible. And data should be available to track DP disbursements on projects.

MoFEP expressed concern about projects that are implemented with loans. Project loans place additional financial burden on Government when because of capacity constraints implementation is slow and Government has to pay commitment fees on the undisbursed funds. Concern was also expressed about donor insistence on counterpart funds for implementation of projects.

Technical Cooperation

It has been widely recognized and accepted that development efforts are dependent on development of sustainable capacity. Some MDAs acknowledged weaknesses in their capacity to plan, cost, implement and monitor programs, and welcome technical expertise. Technical cooperation programs should help build capacity and should support sector capacity development plans. The relevant sector MDAs should be involved in decisions on and approval of the choice of technical experts; and there should be value-addition from the use of TA. Technical cooperation within a sector should be coordinated and harmonised to meet the needs of the sector program.

Policy Dialogue

The number of participants in the policy dialogue is a key issue in division of labour. DoL encourages DPs to participate in the sector dialogue only where they have the knowledge base and technical expertise. Currently DP participation is based more on their financial and technical engagement in sectors. The technical expertise of participants from GoG, DPs and civil society will determine the quality of the dialogue. Background studies and analysis on issues should be available to guide the dialogue. As sector dialogue platforms become large, there is the challenge of how to maintain the focus and quality of the dialogue.

The MDDBS policy dialogue complements the sector dialogue. It also strengthens the link between MoFEP and the sector Ministries and provides an overarching platform for aid coordination across all the Sector Working Groups. Some sector Ministries however find the sector level dialogue more productive than the sector-specific dialogue at the MDDBS level. Recommendations have been made to separate the policy dialogue from the

technical dialogue at the MDBS level to enable the MDBS dialogue to focus on the high-level strategic and policy issues for development. The technical dialogue will take place at the sector level through the Working Groups.

Key Issues/Options

- a. GoG is responsible for alignment and division of labour when funds are provided through General Budget Support. Budget support among the aid modalities also offers the strongest platform for strengthening country systems. Budget Support is the preferred modality for MoFEP and the large social sectors; some smaller sector Ministries were not very keen on budget support, citing insufficient resource allocation by MoFEP and frequent cuts in budget allocations.
- b. Sector Budget Support funds are based on programs and performance measures within a particular sector. SBS strengthens the link between the national and sector policies and resource allocation and sector planning and implementation. SBS also strengthens donor coordination and harmonisation within the sector, key elements of DoL. SBS requires capacity at the sector level across the entire program cycle, which is a challenge with some of the smaller MDAs. A few MDAs receiving SBS are anxious about resource allocation under SBS.
- c. Pooled Funds to a sector allows Government to allocate resources to priority activities within the sector, but there is no flexibility across sectors, and funds are sometimes limited to specific activities. Basket Funds are more effective when they are based on comprehensive sector-wide programs. Basket Funds can create parallel systems to the Government's financial system and, whenever possible, should be used as an interim measure towards budget support.
- d. The Project Approach is preferred by some sector Ministries, particularly for large infrastructure projects. Some Ministries also find project funds more reliable. A number of MDAs expressed dissatisfaction with stand-alone projects that are not transparent and for which they are unable to hold the donor accountable for results. For the Project Approach to be effective under DoL, projects should be integrated into and aligned to sector programmes and the MTEF.
- e. DoL encourages DPs to participate in the sector dialogue only where they have the knowledge base and technical expertise. As sector dialogue platforms become large, there is the challenge of how to maintain the focus and quality of the dialogue.

f. How will coordination be achieved?

Use of PBAs/SWApS

The Paris Declaration on Aid Effectiveness and the G-JAS articulate the importance of the Sector-Wide Approach (SWAp), used interchangeably with the Programme-Based Approach (PBA), in coordinating aid and reducing fragmentation. The G-HAP includes an indicator to measure the volume of aid flows provided through SWApS/PBAs.

The OECD-DAC Working Party on Aid Effectives describes a SWAp as an approach to providing support that has the following characteristics: a clear sector policy, with targets defined in qualitative and quantitative terms; a formalised process of donor coordination, with agreed roles and rules; a medium-term expenditure program, matching sources and

uses of funds; a results-based monitoring system for all major inputs, outputs and outcomes; and, to the extent possible, common implementation systems (e.g. for reporting, disbursing and financial management)⁶.

SWAps facilitate implementing programmes and projects in a coordinated manner using both budget and project support. They also facilitate harmonisation and alignment across a wide range of participants and can be used in all sectors. Stakeholders discussed the challenges in coordinating support to private sector intermediaries and to civil society when developing SWAps; nearly all sectors have activities whose implementation involves these actors outside Government.

A few sectors have SWAps in place; others are implementing various elements of SWAps. To ensure that SWAps meet aid coordination and DoL objectives the following recommendations and guidelines should be considered for all sectors where SWAps are not already in place:

- a. Government should work with DPs to agree on what constitutes a sector;
- b. Where the 'sector' involves more than one MDA, a lead/coordinating Ministry for the sector should be agreed;
- c. The relevant sector MDAs should collate their policies and programs into a comprehensive 'sector' program that reflects all the key actions to be undertaken over a specified timeline, with roles and responsibilities;
- d. All Sector Programs should be reflected in the overarching national development framework and in the MTEF and annual budget process;
- e. All Sector Programs should have Monitoring and Evaluation frameworks covering the entire program;
- f. All sector programs should be supported by Capacity Development Plans to address capacity gaps in the Sector MDAs responsible for implementation of the program;
- g. There should be a process agreed with stakeholders for reflecting emerging priorities in sector programs;
- h. Government should determine those activities in sector programs that it will fund from its own sources and those that it expects DPs to support;
- i. Government should engage with DPs supporting the sector in a holistic manner to agree on how they will provide support to the program and the capacity development plan, with emphasis on use of more harmonised modalities;
- j. Where DPs will support through the project approach, projects should be designed with Government to address specific gaps in the sector program and capacity development plan, and should be reviewed with DPs supporting the sector in a transparent manner. Stand-alone projects not based on the sector program should not be encouraged;
- k. Projects should be implemented in close collaboration with the relevant Sector MDA/s; parallel implementation structures should not be set up. DPs should commit to gradually phase out all stand-alone projects and parallel PIUs once the commitments on them end;
- l. Technical Assistance (TA) should be harmonised and designed with Government based on the needs of the sector program and the capacity

⁶ Joint Progress Toward Enhanced Aid Effectiveness - Harmonisation, Alignment, Results: Report on Progress, Challenges and Opportunities; Paris High Level Forum 2005

- development plan; terms of reference for TA should be approved by Government, and all experts to be used, both local and foreign, should be validated by Government;
- m. Whatever aid modality is used, there should be common reporting, monitoring and review led by Government;
 - n. Support to civil society and private sector intermediaries active in the sector should be coordinated separately to complement the support to Government;
 - o. Donors supporting the sector should continue to work towards more harmonised modalities;
 - p. Donors should continue to work with Government to strengthen its Public Financial Management systems;
 - q. Once comprehensive sector programs and M&E frameworks are in place, Government should work with donors to undertake an audit of all the current support to the sector to assess compliance with agreed guidelines and to agree on measures to improve compliance.

Role of Sector Leads

Terms of Reference have been drawn for Sector Leads. In practice, DP Leads are not always effectively utilised. Leads must represent the differing interests of the other donors. They must also be the conduit to Government, to reduce civil servants time engaging with DPs. The feedback from the consultations, however, was that some DPs continue to interact with GoG on an individual basis rather than through their Leads. Under DoL, there will be the need for a stronger mandate for DP Leads and clear definitions and expectations of the other roles – Active, Background and Silent. The schedule of the Leads will become increasingly heavier as the burden of donor transactions is taken off Government. They must therefore be given enough time by their respective agencies to carry out their responsibilities.

GoG and DP Sector Leads should be mandated to act as the ‘gatekeepers’ of support to the sector to ensure that all DPs that want to engage in the sector, whether directly from HQs or from the field offices, comply with the sector rules of engagement. The Leads should ensure that activities to be undertaken are aligned to and coherent with the sector program and do not overlap with other ongoing or planned activities. GoG and DP Sector Leads should also be required to report regularly to the aid coordination desk at MoFEP.

Use of Joint Missions and Analytical Work

There is increasing use of joint missions and analytical work. However, while donors invite other donors to participate in their missions, thereby increasing transparency, they are constrained in their ability to rely on missions of other DPs because of their respective HQ requirements. This has led to more joint missions without a corresponding reduction in the number of missions, and civil servants’ time continues to be tied up in servicing missions. Some sector groups have put joint mission plans in place, and are gradually influencing compliance. DPs are also observing the mission-free periods set aside by MoFEP, although there is increasing activity outside this period.

There is the need to integrate mission requirements by DP headquarters. Progress on indicator 10 of the G-HAP on joint missions and analytical work should be monitored by Sector Leads and reported to the MoFEP aid coordination desk.

Use of Delegated Cooperation Arrangements

Delegated cooperation is a key tool in DoL. It is about a donor entrusting another donor with the administration and implementation of its funds, enabling the DP to support activities outside its sectors of concentration. A number of delegated cooperation arrangements have been put in place that reflects the evolving division of labour and comparative advantage. France represents the EC in Energy and Agriculture; the EC represents France and UK in Transport and France in Environment; Netherlands represents the UK in Health, UK and Denmark share an advisor in HIV/AIDS; Canada represents the UK in Agriculture; UK represents the EC in Education; UNICEF represents Japan in Decentralisation etc.

For delegated cooperation to be effective the arrangement should go beyond improving aid delivery to improving overall development effectiveness. An example was given during the consultations of a joint cooperation arrangement between two DPs that took over a year to negotiate because of the differing country requirements of the DPs. Delegated cooperation arrangements should be negotiated only where the likely benefits of the collaboration outweigh the transaction costs of developing the arrangement.

Key Issues/Options

- a. SWAPs facilitate implementing programmes and projects in a coordinated manner using both budget and project support. They also facilitate harmonisation and alignment across a wide range of participants and can be used in all sectors. A few sectors have SWAPs in place; others are implementing various elements of SWAPs. To ensure that SWAPs meet aid coordination and DoL objectives recommendations and guidelines have been proposed to be considered for all sectors where SWAPs are not already in place.
- b. GoG and DP Sector Leads should be mandated to act as the 'gatekeepers' of support to the sector to ensure that all DPs that want to engage in the sector, whether directly from HQs or from the field offices, comply with the sector rules of engagement.
- c. While donors invite other donors to participate in their missions, thereby increasing transparency, they are constrained in their ability to rely on missions of other DPs because of their respective HQ requirements. This has led to more joint missions without the corresponding reduction in the number of missions. There is the need to integrate mission requirements by DP headquarters.
- d. For delegated cooperation to be effective the arrangement should go beyond improving aid delivery to improving overall development effectiveness. Delegated cooperation arrangements should be negotiated only where the likely benefits of the collaboration outweigh the transaction costs of developing the arrangement.

g. What will be required of Government?

Division of Labour places the responsibility for resource allocation on Government where it is currently more of a shared responsibility with DPs. DPs often design the

broad outline and content of their programs/projects and then negotiate the details with the relevant sector Ministry and/or MoFEP. GoG accepts, adjusts or rejects depending on how it fits with the overall strategy. Under DoL, GoG will be required to direct even the broad outline and content of DP programs. It will require a stronger overview of the development agenda to identify over and under-funded sectors and where and how resources should be allocated. To do this effectively will require increased capacity and collaboration at all levels of Government – MoFEP, NDPC, Sector MDAs and MMDAs.

DoL will require a common Government position on the key aid issues and architecture. A number of differing viewpoints between MoFEP and Sector MDAs on issues like aid modality preferences and structures for aid coordination have been reviewed in this report. For DoL to be undertaken there will be the need for GoG to provide a clear and consistent message to DPs on aid. The aid policy being developed should articulate Government's position to clarify issues where there is currently some uncertainty.

DoL will require GoG to deal with DPs on a 'collective' basis. Where Government relates with DPs on an individual basis it can play them against each other to select who will best deliver what is needed; this tends to create 'competition' among DPs. Under DoL, GoG will be required to engage in joint dialogue and communication with DPs supporting a sector. This will mean a more open and transparent relationship with DPs. There are many benefits of a structured and coordinated dialogue with DPs that have been discussed elsewhere in this report. GoG will need to weigh these against relating with DPs on a one-on-one basis to determine which relationship will result in a better achievement of its objectives.

Key/Options

- a. Division of Labour places the responsibility for resource allocation on Government where it is currently more of a shared responsibility with DPs. To do this effectively will require increased capacity and collaboration at all levels of Government.
- b. DoL will require Government to articulate a common position on the key aid issues and architecture to provide a clear and consistent message to DPs. The aid policy should clarify issues where there is currently some uncertainty.
- c. DoL requires GoG to deal with DPs on a 'collective' basis rather than on an individual basis. Where DPs are dealt with on an individual basis they can be played against each other to select who will best deliver what is needed; DoL on the other hand requires a structured and coordinated dialogue with DPs that should ensure achievement of overall development results.

h. What will be required of Development Partners?

DP flexibility to adjust their support according to the dictates of division of labour is limited by directions from HQ; sectoral and policy priorities and preferences of their HQ as well as their current commitments. The headquarters of nearly all donor agencies make the final decisions on programs and activities in their respective countries, but the field office staffs provide considerable input to the design of the programs. Some HQs, especially EU countries, may be more committed to complying with the dictates of DoL than others. Increasing delegation to field offices will increase the level of alignment with the country programs and improve donor response to DoL.

Headquarters also design programs directly across a number of countries that are often not aligned to country programs. There are many collaborations at the international level on analysis, technical studies etc. - Ghana is often selected as one of the beneficiary countries. Cross-country programs enable country comparisons and shared learning. They must however complement and support ongoing work in the field. DoL should consider such programs only if they are part of longer-term strategic aid activities and not one-off initiatives.

Nearly every donor agency has ongoing commitments that stretch as far into the future as 2012; the UK has a ten-year commitment to the education sector up to 2015. DPs can only respond fully to DoL when these commitments end. Some like the EC, Germany, Canada and Denmark have or are preparing and negotiating new commitments. The UK, France, Netherlands and Germany have the flexibility to adjust their support on an annual basis; others like Japan and Switzerland can adjust within their ongoing programs; others can only adjust as part of their mid-term program reviews.

There is considerable scaling up of ODA by the international donor community, especially to countries like Ghana that have a reputation of having a well-managed economy and good governance (AfDB, Switzerland, UK are examples of agencies scaling up resources to Ghana). When resources are being scaled up there is less incentive to focus, as opposed to when resources are shrinking. It is important that new aid resources do not contribute to the already fragmented environment and additional ODA should be subjected to the agreed principles of division of labour.

The challenge with directing DP support under DoL arises where DPs disagree with elements of Government's policy direction, strategy or the method of implementation. Nobody – neither a partner country Government nor a donor country Government – can claim to know the 'objectively right' development strategy⁷. Donors assess the country strategy from their point of view and try to influence the substance and implementation, usually through negotiations. Government has its own objectives and interests. International aid agreements stress country leadership and ownership. DoL will work better if GoG and DPs are able to reach consensus on what should be done and how.

Key Issues/Options

- a. DP flexibility to adjust their support according to the dictates of division of labour is limited by directions from HQ; sectoral and policy priorities and preferences of their HQ as well as their current commitments. Increasing delegation to field offices will increase the level of alignment with the country programs and improve donor response to DoL. DPs can only respond fully to DoL when their current commitments end.
- b. There is considerable scaling up of ODA by the international donor community. It is important that new aid resources do not fragment the environment and additional ODA should be subjected to the agreed principles of division of labour.
- c. The challenge with directing DP support under DoL arises where DPs disagree with elements of Government's policy direction, strategy or the method of

⁷ German Development Institute (DIE) Discussion Paper, 6/2007

implementation. DoL will work better if GoG and DPs reach consensus on what should be done and how.

i. How will Sector Working Groups be used?

DPs have been coordinating their activities with Government through the Sector Working Groups. These groups evolved over time and are at different stages of operation. A Joint Guide Book for the Working Group has been developed with detailed Terms of Reference for the Group and the GoG and DP Leads. In April 2007 the MoFEP issued a letter to Sector Ministries requesting that the Guiding Principles be adopted by all existing sector groups towards enhancing sector dialogue. Despite this communication, the operation of the Sector Working Groups remains a challenge.

There is a lack of clarity between Government and DPs about which sectors or themes groups should be formed around and whether Sector Ministries and DPs engaged in the sector are required to participate in these groups. While some of the groups have strong Government leadership and participation, others are largely donor-driven; others also exist in name but are virtually not operating e.g. the working group on M&E. The level and quality of participation from the relevant Government agencies and DPs varies.

There are no agreed expectations of the Sector Working Groups and no established processes for monitoring their effectiveness. They are used as needed, particularly providing input to the MDDBS dialogue. If the Working Groups are to be used as the aid coordination structure for DoL, there will be the need to agree on the sectors and themes around which groups should be formed. Their Terms of Reference and operating guidelines will also need to be validated and structures put in place to monitor their effectiveness.

Key Issues/Options

- a. Government and DPs need to clarify which sectors or themes Working Groups should be formed around and whether Sector Ministries and DPs engaged in the sector are required to participate in these groups. This is particularly necessary if the Sector Working Groups are to be used as the aid coordination structure for DoL.
- b. The Joint Guide Book for the Sector Working Groups agreed between Government and Development Partners will need to be validated and structures put in place to monitor the effectiveness of the Groups.

j. What is the availability of information for DoL discussions?

Without reliable and consolidated information on what donors do, individually and together, the analysis of DoL cannot take place. Within the current aid environment there is a challenge with availability of statistics that can be readily used for discussions on complementarity and division of labour. The mapping of DP current and planned activities across sectors could supply baseline data for a possible DoL. There are however limitations in using this information:

1. Because of lack of clear definitions on what constitutes a sector, DP activities were often reported under the wrong 'sectors', e.g. a rural water and feeder roads project reported under decentralisation;

2. For the cross-cutting sectors, it was difficult to determine what constitutes support to the sector, as DP support could be provided directly to the sector or indirectly through resources provided to other sectors e.g. gender;
3. DP programs are often designed broadly to cut across a number of sectors and/or themes; different components of one program would need to be reported under different sectors. However, because the data does not include descriptions of programs and projects a determination cannot be made whether the components have been captured under the correct sectors or themes;
4. Assigning timelines for DP funds is not clear-cut – some DPs reported on commitments, others reported on scheduled disbursements, which is even more difficult when the rate of utilisation of funds is dependent on the rate of implementation of activities;
5. DPs providing GBS were unable to indicate support to ‘sectors’ in which they are engaged;
6. It was not clear what exchange rates to use especially when reporting over different timelines;
7. Support to private sector intermediaries, directly to the private sector and to civil society was not always reported separately from support to Government because they are combined in the same program e.g. Denmark’s support to BUSAC in its Business Sector Program Support;
8. Without analysing the content of programs it was difficult to determine for DoL purposes where programs overlap with others and which areas within sector or thematic programs are not being covered.

In general there is the need to improve data collection and reporting on aid flows to provide the basis for assessing the effectiveness of resource allocation:

1. The process for developing the overarching national development framework should be strengthened to better reflect the country and sector priorities to guide resource allocation;
2. Government should provide more clarity and specificity about financing gaps and where and how DP resources should be allocated to meet the country’s development objectives;
3. The DP Resource Envelope should reflect all commitments, including from emerging donors;
4. DPs should report comprehensively on their scheduled disbursements and should transparently declare how much they spend across the various sectors;
5. GoG should improve records of donor disbursements; DP financial commitments should be reflected in the budget irrespective of the aid modality used;
6. MoFEP and NDPC should continue to strengthen the link between the GPRS II and the budget - annual budget hearings now ensure that budget estimates from MDAs respond to the GPRS II Annual Progress Reports;
7. Overarching dialogue structures like the CG/APM and the MDDBS platforms should be strengthened to provide a more coordinated response to Government’s priorities that reflects all aid resources to the country;
8. The aid coordination desk at MoFEP should be strengthened to manage and coordinate donors to ensure compliance with commitments.

Table B below presents summaries of current DP engagement in ‘sectors’ based on the information collected in the mapping survey and during discussions with the Working

Groups. The summary covers commitments from 2008 – 2010. Because of the limitations in the process some of the financial data may not be reliable or consistent. The essence of capturing the information in this way is to provide an indication of the way labour is currently being divided among DPs in Ghana as input to further DoL discussions. The tables also provide the updated MTEF costing for sectors for the same period.

The aid modalities used in the mapping survey were: GBS – General Budget Support; SBS – Sector Budget Support; PA – Project Approach (including Capacity Development); BF – Basket Funding; SP+F – Silent Partnership with Financing; SP-F – Silent Partnership without Financing and A-F – Active but no Financing.

Table B: Summary of Sector Mapping

PSD/Trade						
	Development Partner	Sector Role⁸	Focus of Engagement	Aid Modality	Aid M Future	Fin. (\$M)⁹
1	World Bank	Active	Financial, Technical	BF, PA	BF, PA	102.22
2	EC	Active	Financial	SBS, PA	GBS, PA	41.73
3	AfDB	Background	Technical	PA	PA	16.69
4	Canada	Background	Technical	PA	PA	0.00
5	Denmark	Active	Financial, Technical	BF, PA	BF, PA	31.90
6	France	Active	Technical	PA	BF	1.53
7	Germany	Lead	Technical, Financial	PA, BF	PA, BF	23.78
8	Italy	Background	Financial	PA	PA	20.10
9	Japan	Active	Technical	PA	PA	3.25
10	Switzerland	Active	Financial, Technical	PA	PA	5.87
11	UK	Co-Lead	Financial	BF	BF	16.60
12	US	Active	Technical	PA	PA	35.42
13	UNDP	Active	Technical	PA	PA	1.19
14	UNIDO	Background	Technical	PA	PA	2.38
15	IFAD	Background	Technical	PA	PA	5.52
	MDBS DPs	-	Financial, Policy	GBS	GBS	GBS
	Total¹⁰					308.18
	MTEF (08-10)					210.64

Energy						
	Development Partner	Sector Role	Focus of Engagement	Aid Modality	Aid M Future	Fin. (\$M)
1	World Bank	Co-Lead	Financial	PA	PA	199.14
2	AfDB	Active	Financial	PA	PA	32.40
3	EC	Background	Financial	PA	PA	115.07
4	France	Lead	Policy Dialogue	A-F	BF	0.00
5	Germany	Background	Technical	PA	-	N/A
6	Japan	Active	Technical	PA	PA	12.24
7	Spain	Background	Financial	PA	PA	4.63
8	Switzerland	Active	Technical	PA	SBS	8.09
9	US	Background	Technical	PA	Exit	0.15
10	UNDP	Background	Technical	PA	PA	0.00
11	UNIDO	Background	Technical	PA	PA	0.03
12	China	Background	Financial, Technical	PA	PA	N/A
13	Norad	Background	Financial	PA	PA	N/A
	MDBS DPs	-	Financial, Policy	GBS	GBS	GBS
	Total					371.74
	MTEF (08-10)					1,699.64

⁸ The Sector Role has to do mainly with the sector dialogue. ‘Background’ refers to DPs that are observers in the dialogue and those that do not participate in the dialogue. ‘Silent’ refers to DPs that provide support to the sector but are represented by other DPs in the dialogue.

⁹ Covers financial commitments in the sector over the period 2008 - 2010.

¹⁰ The total is of direct DP support to the sector and does not take into account GBS. It is based on the updated DP Resource Envelope and in many cases does not include figures from emerging DPs.

Transport						
	Development Partner	Sector Role	Focus of Engagement	Aid Modality	Aid M Future	Fin. (\$M)
1	World Bank	Active	Financial	PA	PA	71.56
2	AfDB	Active	Financial	PA	PA	151.53
3	BADEA	Background	Financial	PA	PA	N/A
4	EC	Lead	Financial	PA	PA	95.89
5	China	Background	Financial	PA	PA	N/A
6	Denmark	Active	Financial	PA	SBS	16.88
7	France	Silent (EC)	Financial	PA	PA	63.06
8	Germany, KfW	Active	Financial	PA	Exit	22.71
9	Japan	Active	Financial, Technical	PA	PA	29.48
10	Netherlands	Active	Financial	PA	PA	43.79
11	OPEC	Background	Financial	PA	PA	N/A
12	Spain	Background	Financial	PA	PA	13.88
13	Saudi Fund	Background	Financial	PA	PA	N/A
14	US - MCC	Background	Financial	PA	PA	127.59
	MDBS DPs		Financial, Policy	GBS	GBS	GBS
	Total					636.37
	MTEF (08-10)					1,638.72

Agriculture						
	Development Partner	Sector Role	Focus of Engagement	Aid Modality	Aid M Future	Fin. (\$M)
1	World Bank	Active	Financial	SBS, PA	SBS	70.49
2	AfDB	Active	Financial, Technical	PA	PA	189.66
3	EC	Silent	Financial	PA	SP-F	19.94
4	Brazil	Background				N/A
5	Canada	Active	Financial	SBS, PA	SBS, PA	85.95
6	China	Background				N/A
7	France	Lead	Financial	SBS, PA	SBS, PA	31.45
8	Germany	Co-Lead	Technical, Financial	PA	PA, BF	36.89
9	India	Background				N/A
10	Japan	Active	Technical	PA	PA	10.81
11	Spain	Background	Technical	PA	PA	18.50
12	UK	Silent-CIDA	Financial	SBS	Exit	7.02
13	US	Active	Technical	PA	PA	0.00
14	US - MCC	Active	Financial, Technical	PA	PA	225.92
15	IFAD	Active	Technical	PA	PA	23.92
16	FAO	Active	Technical	PA	PA	5.60
17	WFP	Active	Technical	PA	PA	0.00
18	UNDP	Background	Technical	PA	PA	11.25
19	IOM	Background	Technical	PA	PA	0.40
	MDBS DPs	-	Financial, Policy	GBS	GBS	GBS
	Total					737.82
	MTEF (08-10)					67.14¹¹

¹¹ Activities under FASDEP II are now being developed and costed, and are therefore not yet reflected.

Environment and Natural Resource Management						
	Development Partner	Sector Role	Focus of Engagement	Aid Modality	Aid M Future	Fin. (\$M)
1	World Bank	Active	Financial, Technical	SBS, PA	SBS	60.80
2	EC	Co-Lead	Financial, Technical	SBS, PA	SBS	13.81
3	Canada	Active	Technical	PA	PA	5.85
4	France	Active	Financial	SBS	SBS, PA	5.37
5	Germany	Active	Technical	PA	Exit	1.95
6	Netherlands	Lead	Financial, Technical	SBS, PA	SBS	32.22
7	NDF	Background	Financial	PA	PA	8.96
8	Switzerland	Background	Technical	PA	PA	1.34
9	UK	Active	Financial	SBS	SBS	0.00
10	US	Active	Technical	PA	PA	4.00
11	FAO	Active	Technical	PA	PA	-
12	UNDP	Active	Technical	PA	PA	0.00
	MDBS DPs	-	Financial, Policy	GBS	GBS	GBS
	Total					134.29
	MTEF (08-10)					107.95

Education						
	Development Partner	Sector Role	Focus of Engagement	Aid Modality	Aid M Future	Fin. (\$M)
1	World Bank	Lead	Financial	PA	PA	53.20
2	AfDB	Active	Financial	PA	PA	56.86
3	France	Active	Technical	PA	PA	0.00
4	Germany	Active	Technical	PA	Exit	1.15
5	Japan	Active	Technical	PA	PA	6.35
6	Netherlands	Silent	Financial	SP+F	SP+F	76.86
7	UK	Active	Financial	SBS	SBS	61.28
8	US	Active	Technical	PA	PA	110.65
9	UNESCO	Active	Technical	PA	PA	-
10	UNICEF	Co-Lead	Technical	PA	PA	11.30
11	UNDP	Background	Technical	PA	PA	2.01
12	WFP	Active	Technical	PA	PA	11.80
13	ILO	Background	Technical	PA	PA	0.80
	MDBS DPs	-	Financial, Policy	GBS	GBS	GBS
	Total					392.26
	MTEF (08-10)					1,026.98

Health						
	Development Partner	Sector Role	Focus of Engagement	Aid Modality	Aid M Future	Fin. (\$M)
1	World Bank	Active	Financial	BF, PA	BF	42.93
2	AfDB	Active	Financial	PA	PA	38.85
3	Belgium	Background				5.98
4	Denmark	Active	Financial	SBS	SBS	53.72
5	Japan	Active	Technical	PA	PA	14.84
6	Netherlands	Lead	Financial	SBS, BF	SBS	88.98
7	NDF	Background	Financial	PA	Exit	16.03
8	Spain	Background	Financial	PA	PA	13.88
9	UK	Silent	Financial	SBS	SBS	71.14
10	US	Co-Lead	Technical, Financial	PA	PA	86.52
11	UNICEF	Active	Technical, Financial	PA	PA	19.25
12	UNFPA	Active	Technical, Financial	BF, PA	BF, PA	6.00
13	WHO	Active	Technical	PA	PA	8.26
14	WFP	Active	Technical	PA	PA	4.02
15	Global Fund	Active	Financial, Technical	PA	PA	31.25
	MDBS DPs	-	Financial, Policy	GBS	GBS	GBS
	Total					503.48
	MTEF (08-10)					1,421.89

HIV/AIDS						
	Development Partner	Sector Role	Focus of Engagement	Aid Modality	Aid M Future	Fin.¹² (\$M)
1	World Bank	Active	Financial	PA	BF	-
2	Denmark	Active	Financial	SBS	BF	-
3	Germany	Active	Technical	PA	Exit	-
4	Japan	Active	Technical	PA	Exit	-
5	Netherlands	Active	Financial	SBS, BF	SBS	-
6	UK	Active	Financial	BF	BF	-
7	US	Active	Technical	PA	PA	-
8	UNAIDS	Lead	Technical	PA	PA	1.05
9	UNDP	Background	Technical	PA	PA	0.77
10	WHO	Active	Technical	PA	PA	-
11	Global Fund	Active	Financial, Technical	PA	PA	-
	MDBS DPs	-	Financial, Policy	GBS	GBS	GBS
	Total					
	MTEF (08-10)					1.94

¹² Resources provided to HIV/AIDS is included in the data for Health.

Water and Sanitation						
	Development Partner	Sector Role	Focus of Engagement	Aid Modality	Aid M Future	Fin. (\$M)
1	World Bank	Active	Financial	PA	PA	176.17
2	AfDB	Active	Financial	PA	PA	134.83
3	EC	Active	Financial	SBS	SBS	34.52
4	Canada	Active	Financial, Technical	PA	PA	12.38
5	Denmark	Lead	Financial, Technical	SP+F	SBS	16.10
6	Germany	Active	Technical	PA	Exit	10.74
7	France	Active	Financial, Technical	PA, BF	PA, BF	11.97
8	NDF	Background	Financial	PA	Exit	20.10
9	Netherlands	Active	Financial	PA, BF	PA, BF	134.28
10	Spain	Background	Financial	N/A	PA	13.88
11	UK	Silent	Financial	SP+F	Exit	1.11
12	US	Background	Technical	PA	PA	2.00
13	UNICEF	Background	Technical	PA	PA	18.29
14	WHO	Background	Technical	PA	PA	-
	MDBS DPs	-	Financial, Policy	GBS	GBS	GBS
	Total					586.37
	MTEF (08-10)					334.15

Decentralisation						
	Development Partner	Sector Role	Focus of Engagement	Aid Modality	Aid M Future	Fin. (\$M)
1	World Bank	Active	Financial	SBS BF, PA	SBS	107.15
2	EC	Co-Lead	Financial	SBS, PA	SBS	16.88
3	Canada	Lead	Financial, Technical	PA, SBS	SBS	46.40
4	Denmark	Active	Financial	BF, SBS	SBS	53.62
5	France	Active	Financial, Technical	PA, SBS	PA, SBS	49.09
6	Germany	Active	Technical	PA	PA, SBS	33.57
7	Italy	Background				1.72
8	Japan	Active	Technical	PA	Exit	N/A
9	KfW	Co-Lead	Financial	PA, SBS	PA, SBS	-
10	US	Active	Financial	PA	PA	0.00
11	UNDP	Background	Technical	PA	PA	N/A
	MDBS DPs	-	Financial, Policy	GBS	GBS	GBS
	Total					308.42
	MTEF (08-10)					809.29

Public Sector Reform						
	Development Partner	Sector Role	Focus of Engagement	Aid Modality	Aid M. Future	Fin. (\$M)
1	World Bank	Lead	Financial	BF	BF	11.17
2	Canada	Active	Technical	PA	PA, BF	4.25
3	France	Active	Technical	PA	PA	0.00
4	Japan	Active	Technical	PA	Exit	0.56
5	UK	Active	Financial	BF, PA	SBS	0.00
6	UNDP	Active	Technical	PA	PA	0.11
	MDBS DPs	-	Financial, Policy	GBS	GBS	GBS
	Total					16.09
	MTEF (08-10)					287.67

Public Financial Management						
	Development Partner	Sector Role	Focus of Engagement	Aid Modality	Aid M. Future	Fin. (\$M)
1	World Bank	Active	Technical	PA	PA	0.65
2	EC	Co-Lead	Technical	PA	PA	8.67
3	Canada	Active	Technical	BF, PA	PA	3.87
4	France	Background	Technical	PA	PA	0.00
5	Germany	Active	Technical	PA	PA	7.67
6	Japan	Background	Technical	PA	PA	0.38
7	Switzerland	Background	Technical	BF	BF	3.58
8	UK	Lead	Technical	PA	PA	3.89
9	US	Background	Technical	PA	PA	4.50
	MDBS DPs	-	Financial, Policy	GBS	GBS	GBS
	Total					33.20
	MTEF (08-10)					14.39

Governance						
	Development Partner	Sector Role	Focus of Engagement	Aid Modality	Aid M. Future	Fin. (\$M)
1	World Bank	Active	Financial	PA	Exit	0.36
2	EC	Active	Technical	PA	PA	17.34
3	Canada	Active	Technical	PA	PA	17.74
4	Denmark	Active	Financial	PA	PA	24.60
5	France	Background	Technical	PA	Exit	0.00
6	Germany	Lead	Technical	PA	Exit	12.73
7	Japan	Background	Technical	PA	Exit	0.00
8	UK	Active	Technical	PA	PA	4.24
9	US	Active	Technical	PA	PA	7.14
10	UNDP	Co-Lead	Technical	PA	PA	1.91
11	Spain	Background	Technical	PA	PA	20.37
	MDBS DPs	-	Financial, Policy	GBS	GBS	GBS
	Total					106.43
	MTEF (08-10)					258.39

Social Protection						
	Development Partner	Sector Role	Focus of Engagement	Aid Modality	Aid M Future	Fin. (\$M)
1	World Bank	Active	Financial	SBS	SBS	20.00
2	UK	Lead	Financial, Technical	PA, BF	BF	5.41
3	UNICEF	Co-Lead	Technical, Financial	PA	PA	10.68
4	WFP	Active	Technical	PA	PA	N/A
5	ILO	Active	Technical, Financial	PA	PA	N/A
6	Germany	Silent	Technical	PA	PA	N/A
7	Brazil	Active	Technical	PA	PA	N/A
8	UNFPA	Active	Technical	PA	PA	N/A
9	UNIDO	Background	Technical	PA	PA	1.26
	MDBS DPs	-	Financial, Policy	GBS	GBS	GBS
	Total					37.35
	MTEF (08–10)					224.47

Gender						
	Development Partner	Sector Role	Focus of Engagement	Aid Modality	Aid M Future	Fin. (\$M)
1	World Bank	Active	Financial	SBS	SBS	N/A
2	AfDB	Active	Technical	PA	PA	-
3	Canada	Active	Technical	PA	PA	-
4	Netherlands	Active	Financial	PA	PA	-
5	UK	Active	Financial	SBS	SBS	-
6	US					0.01
7	UNFPA	Lead	Technical	PA	PA	3.00
8	UNICEF	Active	Technical	PA	PA	-
9	UNDP	Active	Technical	PA	PA	-
10	UNIFEM & EC	Active	Financial, Technical	PA	PA	-
	MDBS DPs	-	Financial, Policy	GBS	GBS	GBS
	Total					3.01
	MTEF (08-10)					7.24

MDBS						
	Development Partner	Sector Role	Focus of Engagement	Aid Modality	Aid M Future	Fin. (\$M)
1	World Bank	Active	Financial	GBS	GBS	310.00
2	AfDB	Active	Financial	GBS	GBS	145.80
3	EC	Active	Financial	GBS	GBS	116.60
4	Canada	Active	Financial	GBS	GBS	78.47
5	Denmark	Active	Financial	GBS	GBS	38.08
6	France	Active	Financial	GBS	GBS	78.24
7	Germany	Active	Financial	GBS	GBS	29.59
8	Japan	Active	Financial	GBS	GBS	9.36
9	Netherlands	Active	Financial	GBS	GBS	115.07
10	Switzerland	Active	Financial	GBS	GBS	25.13
11	UK	Active	Financial	GBS	GBS	299.59
	Total					1,245.92

4. Review of Sector Working Groups

The consultants facilitated discussions with the existing Working Groups to provide input to DoL discussions; a review of the groups is summarised in the tables below.

i. PSD/Trade

	Criteria	Sector Situation
1	Sector Policies, Strategies and Action Plans	Private Sector Development Strategy and rolling Composite Work Plan; the Trade Sector Support Program; the Financial Sector Strategic Plan; the Land Administration Project; the Ghana Investment Promotion Centre Strategic Plan; the Registrar-General's Reform Strategy; the Business Law Reform Program
2	GPRS II Focus Areas covered by the sector	1.1. Private Sector Development 1.5 Promoting Trade and Industrial Development 3.13 International Trade Management 3.14 Good Corporate Governance
3	GPRS II Focus Areas not adequately covered by sector	1.9 Developing ICT 1.10 Developing the Tourism Sector 1.11 The Music Industry for Growth
4	Sub-Sectors of Sector	Financial; Trade and Business Development Services
5	Participation of Sector MDAs Number of MDAs Includes all MDAs engaged in the sector Level of participation	17, under the lead of MoTIPSD&PSI Yes PPME, Technical Advisors
6	Participation of a)MoFEP b)NDPC	a)Sometimes b) Sometimes
7	Participation of Development Partners Number of DPs active in the sector Includes all DPs engaged in the sector Covers programs of all DPs engaged in sector	10 Active; 3 Background No, excludes Canada, Italy, UNIDO No
8	Participation of stakeholders other than GoG	Private sector and civil society active in the dialogue, including Member of Parliament
9	Effectiveness of GoG Lead	Active and effective
10	Effectiveness of DP Lead	Active and effective
11	Comprehensive Sector Group ToR agreed	Yes, agreed as part of MoU to be signed
12	Sector-wide Approach in place	Yes, but does not reflect all sector and DP programs
13	Sector M&E Framework in place	Yes
14	Sector Capacity-Development Plan in place	No
15	Sector Working Group Meetings	Monthly
16	Sector Reviews of Progress	Twice a year
17	Input to a)Budget Process and b)MDBS	a) Effective

	Dialogue	b) Effective
18	Joint a) Programming b) Mission Planning	a) Partially (Work Plan) b) No
19	Joint Analytical Work and Missions	Not often
20	Sector Aid Modalities; Coordination	SBS, Pooled Fund, PA – coordinated to support sector program
21	Sector Division of Labour	Large number of DPs but fairly strong coordination structures; effective use of Sector Leads
<p>Key Sector Issues, Challenges</p> <ol style="list-style-type: none"> 1. Breadth of coverage of the sector – requires clarification on whether it is operating as a pillar group, and how it relates with the sub-sectors. 2. Challenge with coordination of numerous BDS, Micro-finance programs in the sector. 3. Joint missions and mission planning not working very well because of individual DP requirements. 		

ii. Transport

	Criteria	Sector Situation
1	Sector Policies, Strategies and Action Plans	Draft National Transport Policy; Transport Sector Development Program (2008 – 2012)
2	GPRS II Focus Areas covered by the sector	1.6 Transport Infrastructure: Road, Rail, Water
3	GPRS II Focus Areas not adequately covered by sector	1.6 Transport Infrastructure: Air
4	Sub-Sectors of Sector	-
5	Participation of Sector MDAs Number of MDAs Includes all MDAs engaged in the sector Level of participation	Ministry of Roads; Aviation; Ports, Harbours and Railways All Ministries active; Departments and Agencies not yet active in all sub-sectors (Roads– Active; Ports, Railways – Not Yet; Aviation – Partly) Chief Directors, Directors, PPME
6	Participation of a)MoFEP b)NDPC	a) Yes, monthly b) Yes, annually
7	Participation of Development Partners Number of DPs active in the sector Includes all DPs engaged in the sector Covers programs of all DPs engaged in sector	7 Active; 6 Background; 1 Silent No, BADEA, China, OPEC, Spain, Saudi Fund, UK, MCC not in dialogue No
8	Participation of stakeholders other than GoG	Private sector and civil society participate sometimes; are involved in all annual review meetings
9	Effectiveness of GoG Lead	Active and effective
10	Effectiveness of DP Lead	Active and effective
11	Comprehensive Sector Group ToR agreed	No
12	Sector-Wide Approach (SWAp) in place	Elements of a SWAP in place; DPs coordinate support to the TSDP
13	Sector M&E Framework in place	Yes
14	Sector Capacity-Development Plan in place	No
15	Sector Working Group Meetings	Monthly
16	Sector Reviews of Progress	Annually
17	Input to a)Budget Process and b)MDBS Dialogue	a) ?? b) No
18	Joint a)Programming b) Mission Planning	a) No, individual DPs determine how to support the TSDP workplan b) No
19	Joint Analytical Work and Missions	No
20	Sector Aid Modalities; Coordination	All DPs use the Project Approach but ensure their projects are aligned to the TSDP
21	Sector Division of Labour	Large number of DPs but sector

		needs are many; coordination is achieved through the TSDP and the SWG dialogue
<p>Key Sector Issues, Challenges</p> <ol style="list-style-type: none"> 1. Sector is grossly under-funded across all the components; 2. GoG and DPs sometimes differ about investment priorities; 3. DPs use their own contracting, procurement and financial management systems but ensure the projects are aligned to the TSDP. Inflexibility of some DP procedures has sometimes delayed project implementation. 		

iii. Agriculture

	Criteria	Sector Situation
1	Sector Policies, Strategies and Action Plans	Food and Agriculture Sector Development Policy (FASDEP II); Action Plan for FASDEP II being developed
2	GPRS II Focus Areas covered by the sector	1.2 Modernized Agriculture 1.3 Modernized Fishing Methods; Aquaculture
3	GPRS II Focus Areas not adequately covered by sector	Land Tenure Issues
4	Sub-Sectors of Sector	Crops, Livestock, Cocoa, Fisheries, Forestry (Sub-Sectors considered in GDP estimates). The focus of the SWG is on Crops, Livestock and Fisheries
5	Participation of Sector MDAs Number of MDAs Includes all MDAs engaged in the sector Level of participation	MoFA, Cocoa Board No, Ministry of Fisheries invited but not active Representative from MoFA PPME
6	Participation of a)MoFEP b)NDPC	a) Irregular b) No
7	Participation of Development Partners Number of DPs active in the sector Includes all DPs engaged in the sector Covers programs of all DPs engaged in sector	11 Active; 2 Silent No, China, India, Brazil not included Most programs covered
8	Participation of stakeholders other than GoG	Civil society participates in the dialogue forum led by the Ministry
9	Effectiveness of GoG Lead	Not active in SWG, active in other levels of dialogue (see issues)
10	Effectiveness of DP Lead	Active and Effective
11	Comprehensive Sector Group ToR agreed	ToR shared with MoFA
12	Sector-Wide Approach (SWAp) in place	In progress, has SWAp elements
13	Sector M&E Framework in place	Yes
14	Sector Capacity-Development Plan in place	No
15	Sector Working Group Meetings	Monthly
16	Sector Reviews of Progress	Annually
17	Input to a)Budget Process and b)MDBS Dialogue	a) Not effective b) Effective
18	Joint a)Programming b) Mission Planning	a) No, but good sharing of information on programs b) Yes, starting
19	Joint Analytical Work and Missions	No, joint missions starting
20	Sector Aid Modalities; Coordination	SBS; PA; Main aid modality is the project approach; coordination is achieved through a project activity report and dialogue at the SWG

21	Sector Division of Labour	Large number of DPs but they believe the scope of activities and coordination structures justifies the number
<p>Key Sector Issues, Challenges</p> <ol style="list-style-type: none"> 1. DPs use mainly the project approach, but according to FASDEP II, project activities and impact are seldom sustained because of inadequate plans for phasing them out and mainstreaming these activities; 2. MoFA and DPs have a dialogue platform structured on 3 levels: an annual sector review led by MoFA; quarterly meetings led by MoFA; and monthly meetings of the Sector Working Group that is donor-driven. The SWG has increased transparency and information-sharing among DPs and the various MoFA-DP meetings have improved DP partnership with MoFA. Other MDAs are however not involved in this dialogue and the partnership with MoFA needs to be strengthened. 3. Challenge with how to reflect and coordinate the activities of other major actors in the sector – private sector – farmers, processors, traders; civil society and NGOs; 4. GoG and DPs sometimes differ on sector priorities. 		

iv. Energy

	Criteria	Sector Situation
1	Sector Policies, Strategies and Action Plans	National Energy Policy being updated, will include Action Plan
2	GPRS II Focus Areas covered by the sector	1.7 Energy Supply to support Industry and Households
3	GPRS II Focus Areas not adequately covered by sector	-
4	Sub-Sectors of Sector	-
5	Participation of Sector MDAs Number of MDAs Includes all MDAs engaged in the sector Level of participation	Ministry of Energy; Volta River Authority; Electricity Company Yes Directors; Technical Advisors
6	Participation of a)MoFEP b)NDPC	a) Yes b) No
7	Participation of Development Partners Number of DPs active in the sector Includes all DPs engaged in the sector Covers programs of all DPs engaged in sector	5 Active; 7 Background No, China, Norad not participating No
8	Participation of stakeholders other than GoG	Civil society is not active in the dialogue
9	Effectiveness of GoG Lead	Active and Effective
10	Effectiveness of DP Lead	Active and Effective
11	Comprehensive Sector Group ToR agreed	No
12	Sector-Wide Approach (SWAp) in place	No
13	Sector M&E Framework in place	Yes
14	Sector Capacity-Development Plan in place	No
15	Sector Working Group Meetings	Bi-monthly
16	Sector Reviews of Progress	Annually
17	Input to a)Budget Process and b)MDBS Dialogue	a) Effective b) Effective
18	Joint a)Programming b) Mission Planning	a) No b) No
19	Joint Analytical Work and Missions	No
20	Sector Aid Modalities; Coordination	Main modality is Project Approach but coordination is achieved through the SWG; AfDB and Switzerland coordinating support to Distribution under the World Bank's GEDAP.
21	Sector Division of Labour	The number of DPs engaged in the sector is not perceived as a problem
<p>Key Sector Issues, Challenges</p> <ol style="list-style-type: none"> 1. An Action Plan for the Sector being developed will provide framework to coordinate DP support; 2. The Ministry finds the Project Approach convenient because most of its activities are implemented as large projects. DPs are working on a Basket Fund to support rural electrification; 3. All DPs engaged in the sector should be encouraged to participate in the dialogue. 		

v. Environment and Natural Resource Management

	Criteria	Sector Situation
1	Sector Policies, Strategies and Action Plans	Various sub-sector Policies; Natural Resource & Environmental Governance Program (NREG) (2008 – 2012) with Letter of Development Policy & PAF; Land Administration Project
2	GPRS II Focus Areas covered by the sector	1.4 Restoration of Degraded Environment and Natural Resource Management; 1.15 Environment Related Vulnerability, Exclusion
3	GPRS II Focus Areas not adequately covered by sector	Urban Development and Environment; Fisheries and Marine Environment; Town and Country Planning Department
4	Sub-Sectors of Sector	Forestry, Environment, Land Administration, Mining
5	Participation of Sector MDAs Number of MDAs Includes all MDAs engaged in the sector Level of participation	MLFM; MLGRDE; EPA; LAP; Forestry and Minerals Commission Yes Heads of Agency; Chief Directors
6	Participation of a)MoFEP b)NDPC	a) Yes b) Limited
7	Participation of Development Partners Number of DPs active in the sector Includes all DPs engaged in the sector Covers programs of all DPs engaged in sector	10 Active Norway and China possible future Covers most programs
8	Participation of stakeholders other than GoG	Civil society invited to participate quarterly
9	Effectiveness of GoG Lead	GoG active and effective member but leadership not yet effectively taken up
10	Effectiveness of DP Lead	Active and effective, but wide scope of sectors requires more active sub-sector Leads
11	Comprehensive Sector Group ToR agreed	Yes in Sector Group; still needs approval of GoG/HoC
12	Sector-Wide Approach (SWAp) in place	Yes
13	Sector M&E Framework in place	Yes, NREG PAF but M&E needs further development
14	Sector Capacity-Development Plan in place	No
15	Sector Working Group Meetings	Monthly
16	Sector Reviews of Progress	Annually
17	Input to a)Budget Process and b)MDBS Dialogue	a) Active b) Effective
18	Joint a)Programming b) Mission Planning	a) Yes b) Yes

19	Joint Analytical Work and Missions	Yes, had at least 4 joint missions with 5 DPs last year
20	Sector Aid Modalities; Coordination	SBS – 5 DPs; PA; DPs using the project approach ensure they are aligned to the NREG
21	Sector Division of Labour	Because of the multi-sectoral nature and breadth of coverage of the group, it is one of the largest but coordination and coherence is achieved through a SWAp. Need to strengthen sub-groups in the sector.
<p>Key Sector Issues, Challenges</p> <ol style="list-style-type: none"> 1. The move to Sector Budget Support is to ensure full alignment to country systems and to improve focus on the sector policy issues; there is some concern about whether there will be a longer-term increase in resource allocation to the implementing MDAs and if MDAs will have reliable and secure funding for the implementation of their core tasks; 2. Challenge with quality of accounting and financial management staff and systems of implementing MDAs – discussing whether MDAs can use a part of their resource allocation to hire professional accountants/financial managers during the transition period while they continue to build capacity; 3. There is informal division of labour as DPs focus and specialise within the different areas of the sector based on their strengths and expertise. There is a strong commitment to coordination within the group; 4. Challenges with stand-alone interventions from DP headquarters that are not integrated into sector program and that increase transaction costs to Government; 5. DPs in the sector discussing setting up a multi-donor Fund to coordinate support to civil society. 		

vi. Education

	Criteria	Sector Situation
1	Sector Policies, Strategies and Action Plans	Education Strategic Plan (ESP) (2003 – 2015)
2	GPRS II Focus Areas covered by the sector	2.1 Education 2.2 Skills & Manpower Development 1.8 Science & Technology to support Productivity
3	GPRS II Focus Areas not adequately covered by sector	2.3 Sports Development
4	Sub-Sectors of Sector	-
5	Participation of Sector MDAs Number of MDAs Includes all MDAs engaged in the sector Level of participation	Ministry of Education, Science & Sports, Ghana Education Service MoESS represents the MDAs Chief Director, Head of PBME
6	Participation of a)MoFEP b)NDPC	a) Yes b) Sometimes
7	Participation of Development Partners Number of DPs active in the sector Includes all DPs engaged in the sector Covers programs of all DPs engaged in sector	10 Active; 1 Background; 1 Silent Yes Yes
8	Participation of stakeholders other than GoG	Civil Society participates in some monthly meetings; all annual reviews
9	Effectiveness of GoG Lead	Active and Effective
10	Effectiveness of DP Lead	Active and Effective
11	Comprehensive Sector Group ToR agreed	No
12	Sector-Wide Approach (SWAp) in place	Elements of a SWAp in place
13	Sector M&E Framework in place	No, ESP indicators, targets outdated
14	Sector Capacity-Development Plan in place	Yes, but at the centralised level
15	Sector Working Group Meetings	Monthly
16	Sector Reviews of Progress	Annually
17	Input to a)Budget Process and b)MDBS Dialogue	a) Effective b) Effective
18	Joint a)Programming b) Mission Planning	a) Partly through the ESP b) No
19	Joint Analytical Work and Missions	Yes, but not often
20	Sector Aid Modalities; Coordination	Budget support and Project Approach MoESS coordinates DP support, directs resources and ensures there are no overlaps or duplication; DPs also share information on activities
21	Sector Division of Labour	Large number of sector DPs is not perceived as a problem, as the needs are many and the partnership and coordination structures are effective
<p>Key Sector Issues, Challenges</p> <ol style="list-style-type: none"> 1. Because of long span of the ESP, some aspects are outdated and a number of the emerging priorities are not reflected; process has begun to revise the plan in 2009; 2. Possibly because of the large number, SWG discussions are dominated by a few 		

people. There are recommendations to separate the policy and technical issues in the dialogue and to focus some of the discussion in smaller sub-groups;

3. The Ministry's concern is with projects that are overly dependent on donor structures and systems. It is also concerned about the predictability, accessibility, accountability of DP funds. The Ministry prefers that projects are implemented using country systems to the maximum extent possible and as a first choice consideration;
4. A Sector Working Group self-assessment is underway to assess and improve the division of labour as well as to make group discussions more meaningful.

vii. Health

	Criteria	Sector Situation
1	Sector Policies, Strategies and Action Plans	National Health Policy; Health Sector 5-Year Program of Work (2007-2011)
2	GPRS II Focus Areas covered by the sector	2.4 Health 2.5 Health Related Vulnerability and Exclusion 2.6 Malaria Control
3	GPRS II Focus Areas not adequately covered by sector	2.8 Population Management
4	Sub-Sectors of Sector	Collaborates with HIV/AIDS Group
5	Participation of Sector MDAs Number of MDAs Includes all MDAs engaged in the sector Level of participation	Ministry of Health coordinates Yes Director, PPME
6	Participation of a)MoFEP b)NDPC	a) Yes b) No
7	Participation of Development Partners Number of DPs active in the sector Includes all DPs engaged in the sector Covers programs of all DPs engaged in sector	11 Active; 2 Background; 1 Silent Yes To a large extent
8	Participation of stakeholders other than GoG	Civil society participates in the dialogue
9	Effectiveness of GoG Lead	Active and Effective
10	Effectiveness of DP Lead	Active and Effective
11	Comprehensive Sector Group ToR agreed	Yes
12	Sector-Wide Approach (SWAp) in place	Yes
13	Sector M&E Framework in place	Yes
14	Sector Capacity-Development Plan in place	No
15	Sector Working Group Meetings	Monthly
16	Sector Reviews of Progress	Annual Health Summits
17	Input to a)Budget Process and b)MDBS Dialogue	a) Effective b) Effective
18	Joint a)Programming b) Mission Planning	a) Yes, through annual POWs b) No
19	Joint Analytical Work and Missions	Yes, but not all the time
20	Sector Aid Modalities; Coordination	Budget Support; Pooled Funds; Project Approach – DPs using PA ensure they are aligned to the POW.
21	Sector Division of Labour	The number of DPs engaged in the sector is large but coordination is achieved through the SWAp
<p>Key Sector Issues, Challenges</p> <ol style="list-style-type: none"> 1. DP support to the sector has been moving from sector funding to the MDBS. MoFEP has committed to ensuring health sector funding does not decline as a result of the move to general budget support; 2. The Ministry of Health has indicated its preference for budget support and use of country systems; 3. Need to strengthen PFM systems especially at the district level, including the NHIS; 4. Progress has been made in process; the focus now is on progress in development 		

results;

5. MoH is strengthening its capacity and inter-sectoral collaboration;
6. MoH is exploring setting up a TA Fund to coordinate TA to the sector;
7. There is ongoing discussion to coordinate support to civil society organisations engaged in the sector.

viii. HIV/AIDS

	Criteria	Sector Situation
1	Sector Policies, Strategies and Action Plans	National HIV/AIDS Policy, HIV/AIDS Work Place Policy, and Policy on Orphans and Children Made Vulnerable by AIDS; the National HIV/AIDS Strategic and M&E Framework II (2006 – 2010)
2	GPRS II Focus Areas covered by the sector	2.7 HIV/AIDS
3	GPRS II Focus Areas not adequately covered by sector	-
4	Sub-Sectors of Sector	Collaborates with Health Sector
5	Participation of Sector MDAs Number of MDAs Includes all MDAs engaged in the sector Level of participation	Ghana Aids Commission coordinates Yes Heads of GAC and relevant agencies
6	Participation of a)MoFEP b)NDPC	a) Yes b) Yes
7	Participation of Development Partners Number of DPs active in the sector Includes all DPs engaged in the sector Covers programs of all DPs engaged in sector	10 Active; 1 Background Yes To a large extent
8	Participation of stakeholders other than GoG	Civil society participates in monthly meetings
9	Effectiveness of GoG Lead	Active and Effective
10	Effectiveness of DP Lead	Active and Effective
11	Comprehensive Sector Group ToR agreed	Not yet
12	Sector-Wide Approach (SWAp) in place	No, elements of a SWAp in place
13	Sector M&E Framework in place	Yes
14	Sector Capacity-Development Plan in place	No
15	Sector Working Group Meetings	Monthly
16	Sector Reviews of Progress	Annually
17	Input to a)Budget Process and b)MDBS Dialogue	a) Effective b) Effective
18	Joint a)Programming b) Mission Planning	a) Yes, through annual work plans b) No
19	Joint Analytical Work and Missions	No
20	Sector Aid Modalities; Coordination	Pooled, Earmarked, Direct Funding; DPs coordinate their activities in support of the strategic plan through the annual work plan process
21	Sector Division of Labour	Number of DPs is not perceived as a challenge; SWG is a forum for information-sharing
<p>Key Sector Issues, Challenges</p> <p>1. Resource allocation from the budget process for the sector is inadequate; there is a funding gap of more than 50% of the resources required to implement the strategic plan. The GAC's dialogue with MoFEP to secure additional resources has not been very successful, and it continues to rely on DP funding to meet its priorities.</p>		

2. Activities in the annual work plan are influenced by DP priorities; GAC and its stakeholders have discussed and agreed that GAC will take more ownership of the work planning process to determine which priorities need support in a given year.
3. GAC's coordination role is to be strengthened to oversee implementation of activities being undertaken by other MDAs and civil society; relevant MDAs will be engaged in preparation of the annual program of work.
4. UN agencies are coordinated by UNAIDS; they specialise and focus based on their respective strengths.
5. The Global Fund provides considerable resources to the sector and has a platform for coordination of HIV/AIDS activities.
6. Coordination of support to civil society is a challenge. There is also the challenge of the capacity of the international NGOs vis-à-vis local NGOs.

ix. Water and Sanitation

	Criteria	Sector Situation
1	Sector Policies, Strategies and Action Plans	National Water Policy; Draft Sanitation Policy; Rural Water Sector Investment Plan (2008 – 2012), yet to be approved; Urban Strategic Investment Plan (2008 – 2020) under preparation
2	GPRS II Focus Areas covered by the sector	2.9 Water and Environmental Sanitation
3	GPRS II Focus Areas not adequately covered	-
4	Sub-Sectors of Sector	-
5	Participation of Sector MDAs Number of MDAs Includes all MDAs engaged in the sector Level of participation	MWRWH; CWSA No, MLGRDE not active in SWG Director, PPME
6	Participation of a)MoFEP b)NDPC	a) No b) No
7	Participation of Development Partners Number of DPs active in the sector Includes all DPs engaged in the sector Covers programs of all DPs engaged in sector	9 Active; 4 Background Yes To a large extent
8	Participation of stakeholders other than GoG	Civil society not active in the SWG
9	Effectiveness of GoG Lead	Active and Effective
10	Effectiveness of DP Lead	Active and Effective
11	Comprehensive Sector Group ToR agreed	No
12	Sector-Wide Approach (SWAp) in place	No, being discussed
13	Sector M&E Framework in place	No
14	Sector Capacity-Development Plan in place	No
15	Sector Working Group Meetings	Monthly
16	Sector Reviews of Progress	Annually
17	Input to a)Budget Process and b)MDBS Dialogue	a) Effective b) Effective
18	Joint a)Programming b) Mission Planning	a) No b) No
19	Joint Analytical Work and Missions	No
20	Sector Aid Modalities; Coordination	Budget Support; Project Approach; DPs are committed to a SWAp once the Implementation Plan for the National Water Policy is in place
21	Sector Division of Labour	DoL not a challenge in urban water – only 2 DPs; DP support to rural water sub-sector is fragmented; coordination structures now being developed
<p>Key Sector Issues, Challenges</p> <ol style="list-style-type: none"> 1. DPs use the CWSA to facilitate implementation of their projects. Different DPs have used different implementation approaches, accounting and reporting systems and have required CWSA and the districts to adopt these approaches; 2. There is no overarching M&E framework for both the water and sanitation sectors. 		

M&E is usually undertaken by the service providers; UNICEF and the WHO have a Global Monitoring system. Different definitions for M&E indicators have been a challenge in the sector. UNICEF has recently supported a consolidation of the disparate M&E frameworks;

3. DPs have a large presence in the sector in terms of resource allocation relative to GoG - GoG and DPs sometimes have differing priorities;
4. DPs in the sector undertook a study on the extent of harmonisation and alignment and are beginning to take recommendations from the study forward.

x. Decentralisation

	Criteria	Sector Situation
1	Sector Policies, Strategies and Action Plans	Local Government Act (Act 462); Local Government Service Act (Act 656); National Decentralisation Policy and Action Plan – draft being reviewed; Inter-Governmental Fiscal Framework & Action Plan; roadmap for decoupling the civil service & local government service.
2	GPRS II Focus Areas covered by the sector	3.2 Enhancing Decentralisation
3	GPRS II Focus Areas not adequately covered by sector	-
4	Sub-Sectors of Sector	-
5	Participation of Sector MDAs Number of MDAs Includes all MDAs engaged in the sector Level of participation	(Joint Sector Group set up April 2008) MLGRDE; MoFEP; OHCS; Local Government Service Secretariat; MPSR MLGRDE to represent other MDAs Chief Director
6	Participation of a)MoFEP b)NDPC	a) Yes b) No
7	Participation of Development Partners Number of DPs active in the sector Includes all DPs engaged in the sector Covers programs of all DPs engaged in sector	9 Active; 2 Background Difficult to determine Difficult to determine
8	Participation of stakeholders other than GoG	No
9	Effectiveness of GoG Lead	MLGRDE has just began participating in the SWG
10	Effectiveness of DP Lead	Active and Effective
11	Comprehensive Sector Group ToR agreed	Draft reviewed in April; to be approved in June
12	Sector-Wide Approach (SWAp) in place	No, early considerations only – to be based on the Policy and Action Plan
13	Sector M&E Framework in place	Not yet, will be part of Action Plan
14	Sector Capacity-Development Plan in place	No, being developed
15	Sector Working Group Meetings	Monthly
16	Sector Reviews of Progress	Annually
17	Input to a)Budget Process and b)MDBS Dialogue	a) Very limited in MLGRDE budget process overall; engagement at the level of agencies – ILGS; LGS; Decentralisation Secretariat etc. b) Effective
18	Joint a)Programming b) Mission Planning	a) No b) Yes
19	Joint Analytical Work and Missions	Yes
20	Sector Aid Modalities; Coordination	Sector Budget Support; Project Approach; dialogue with Ministry is primarily on collective basis but also on

		individual basis; some coherence achieved through the SWG; SWAp will ensure coordination, coherence
21	Sector Division of Labour	The Sector Group believes division of labour can be improved on by focusing on the respective financial, technical and policy strengths of each DP.
<p>Key Sector Issues, Challenges</p> <ol style="list-style-type: none"> 1. The decentralisation agenda is one of the most complex for achieving coherence and coordination, as it cuts across virtually every sector and involves stakeholders at different levels – Government (National, Regional and Local), DPs, and civil society. MLGRDE responsible for the political, administrative and fiscal elements of decentralisation; also has responsibility for establishing and maintaining guidelines for the decentralised activities of stakeholders at all levels - onerous coordination responsibility requiring ongoing strengthening of Ministry's capacity. 2. A number of DPs have commitments to stand-alone projects that were formulated when there were no structures for coordination – DPs committed to achieving coherence based on the Decentralisation Policy and Action Plan (expected to be approved in 2008) when they renew their current commitments 3. District Development Fund being developed will improve coordination - will provide performance-based support to the districts. GoG, Denmark, KfW, Canada and France have made commitments to Fund; expected to be operational by July. The associated assessment should bring harmonisation and coherence to capacity-building programs. 4. Need to strengthen the capacity of the Local Government Service Secretariat to perform the tasks assigned to it by Act 656 and to effectively support districts in their HR administration. 5. Need to strengthen the capacities of district administration to manage the myriad of interventions at the local level to ensure overall benefit to the district. A single integrated M&E framework for each district to monitor all programs and projects at their level should help achieve this. NDPC guidelines have been formulated but implementation and monitoring of compliance is a challenge. 		

xi. Public Financial Management

	Criteria	Sector Situation
1	Sector Policies, Strategies and Action Plans	PFM rolling short and medium-term Action Plan (2005-2009)
2	GPRS II Focus Areas covered by the sector	3.11 Fiscal Policy Management
3	GPRS II Focus Areas not adequately covered by sector	-
4	Sub-Sectors of Sector	-
5	Participation of Sector MDAs Number of MDAs Includes all MDAs engaged in the sector Level of participation	MoFEP/CAGD There are plans to invite agencies Budget Director, MoFEP
6	Participation of a)MoFEP b)NDPC	a) Yes b) No
7	Participation of Development Partners Number of DPs active in the sector Includes all DPs engaged in the sector Covers programs of all DPs engaged in sector	5 Active; 4 Background Yes To a large extent
8	Participation of stakeholders other than GoG	No
9	Effectiveness of GoG Lead	Attends meetings sometimes
10	Effectiveness of DP Lead	Active and Effective
11	Comprehensive Sector Group ToR agreed	No
12	Sector-Wide Approach (SWAp) in place	No
13	Sector M&E Framework in place	No
14	Sector Capacity-Development Plan in place	No
15	Sector Working Group Meetings	Every three months for whole group, interspersed with ad-hoc DPs only meetings (perhaps six a year)
16	Sector Reviews of Progress	Annual external review of progress in PFM; a PEFA review in 2006 to be repeated every three years; and annual MDBS reviews.
17	Input to a)Budget Process and)MDBS Dialogue	a) Not much input from the SWG b) Effective
18	Joint a)Programming b) Mission Planning	a) No b) No
19	Joint Analytical Work and Missions	Analytical work is included in the external review of progress in PFM and PEFA reviews
20	Sector Aid Modalities; Coordination	Project Approach to various PFM institutions; informal coordination among DPs within particular areas.
21	Sector Division of Labour	Not many DPs and support is to different autonomous institutions
<p>Key Sector Issues, Challenges</p> <ol style="list-style-type: none"> The PFM program is implemented and supervised by different institutions, most of them autonomous – MoFEP/CAGD; the Internal Audit Agency; the Public Procurement Authority; the Ghana Audit Service; the Public Accounts Committee of Parliament; and the Accounts Units of MDAs and MMDAs - because of 		

- diversity and complexity of sector, coordination is not easily achieved;
2. With so many different structures for taking PFM activities forward, it is not clear whether the current Sector Working Group arrangement is the best platform for dialogue on PFM issues (the Group began as an attachment to the MDBS). There is the need to clearly define the coordination platform for PFM;
 3. There is limited involvement by DPs in planning in the sector, both in the budget process and in updating the Action Plan.

xii. Public Sector Reform

	Criteria	Sector Situation
1	Sector Policies, Strategies and Action Plans	Public Sector Reform Strategy; annual work program; annual procurement plan
2	GPRS II Focus Areas covered by the sector	3.6 Public Policy Management, Public Sector Reform
3	GPRS II Focus Areas not adequately covered	-
4	Sub-Sectors of Sector	-
5	Participation of Sector MDAs Number of MDAs Includes all MDAs engaged in the sector Level of participation	- MPSR, OHCS not active in SWG -
6	Participation of a)MoFEP b)NDPC	a) No b) No
7	Participation of Development Partners Number of DPs active in the sector Includes all DPs engaged in the sector Covers programs of all DPs engaged in sector	6 Active DPs Yes Yes
8	Participation of stakeholders other than GoG	No
9	Effectiveness of GoG Lead	GoG not active in the SWG
10	Effectiveness of DP Lead	Active and effective
11	Comprehensive Sector Group ToR agreed	No
12	Sector-Wide Approach (SWAp) in place	Elements of a SWAp in place based on the PSR Strategy
13	Sector M&E Framework in place	Yes
14	Sector Capacity-Development Plan in place	No
15	Sector Working Group Meetings	Monthly
16	Sector Reviews of Progress	Twice a year
17	Input to a)Budget Process and b)MDBS Dialogue	a) Effective b) Effective
18	Joint a)Programming b) Mission Planning	a) Yes, through the annual work plan b) No
19	Joint Analytical Work and Missions	A few
20	Sector Aid Modalities; Coordination	Pooled Funds; Project Approach; DPs using PA ensure their projects are aligned to the PSR Strategy
21	Sector Division of Labour	Not many DPs; MPSR coordinates donor funding to support the PSR Strategy; there are no overlaps and program priorities get funded
<p>Key Sector Issues, Challenges</p> <ol style="list-style-type: none"> 1. The pace of reform on some components of the PSR Strategy is slow. 2. DP assistance to the sector is not fully captured in the budget, which reflects loans more comprehensively than grants. Need for improvement in the quality of reporting and M&E. 3. Even though DPs meet frequently with Government, other than those meetings built around the preparation and monitoring of the annual work program, the meetings are not regular or structured. 		

xiii. Gender

	Criteria	Sector Situation
1	Sector Policies, Strategies and Action Plans	National Gender Policy and Strategic Plan (needs updating, dissemination)
2	GPRS II Focus Areas covered by the sector	3.8 Women Empowerment 1.14 Life-Cycle Related Vulnerability and Exclusion
3	GPRS II Focus Areas not adequately covered	-
4	Sub-Sectors of Sector	-
5	Participation of Sector MDAs Number of MDAs Includes all MDAs engaged in the sector Level of participation	MoWAC, coordinates across MDAs No (although there is some ad hoc participation from GSS and others) Directors, PPME
6	Participation of a)MoFEP b)NDPC	a) Yes b) Yes, agreed at last GEST meeting
7	Participation of Development Partners Number of DPs active in the sector Includes all DPs engaged in the sector Covers programs of all DPs engaged in sector	9 Active DPs Yes To a large extent
8	Participation of stakeholders other than GoG	Although a CSO coalition (Netright) is formally a member of GEST; civil society is not as active in the SWG as would be desirable
9	Effectiveness of GoG Lead	Active and Effective
10	Effectiveness of DP Lead	Active and Effective
11	Comprehensive Sector Group ToR agreed	ToR exists; plans for review in 2008
12	Sector-Wide Approach (SWAp) in place	Plan is to implement SWAp when the Medium-Term Development Plan is ready
13	Sector M&E Framework in place	No, will be based on the Plan; working with GSS on gender-disaggregated data
14	Sector Capacity-Development Plan in place	No
15	Sector Working Group Meetings	Monthly
16	Sector Reviews of Progress	Yes, through the MDBS PAF
17	Input to a)Budget Process and b)MDBS Dialogue	a) Effective b) Effective
18	Joint a)Programming b) Mission Planning	a) Joint programming in Domestic Violence b) No, but when missions are able to do so they join GEST or have ad hoc GEST interactions (e.g. AfDB, Regional Director, UNIFEM)
19	Joint Analytical Work and Missions	No
20	Sector Aid Modalities; Coordination	Budget Support; PA; DPs coordinate their activities through the SWG; have coordinated on Domestic Violence and UN Development Framework
21	Sector Division of Labour	There is little formal division of

		labour among DPs engaged in the sector. However, through GEST, information and plans are shared to avoid duplication and maximize resources.
<p>Key Sector Issues, Challenges</p> <ol style="list-style-type: none"> 1. The Ministry’s priority activities are disparate plans that have not been integrated into a holistic document - Domestic Violence; Human Trafficking, Streetism and Child Labour, Women Economic Empowerment, Spousal Property Rights and Gender-responsive Budgeting; implementation of international conventions and protocols on Women – Women Peace and Security Plan of Action, CEDAW, the Beijing Platform for Action etc; 2. The current strategic plan of the Ministry is not comprehensive but is perceived as feasible within a three-year time-frame. The plan was shared with sector DPs; 3. The Ministry has a challenging role as coordinator with responsibility to oversee actions to be undertaken by other MDAs; 4. There have been some difficulties in negotiating priorities for support between MoWAC and DPs. 		

xiv. Social Protection

	Criteria	Sector Situation
1	Sector Policies, Strategies and Action Plans	National Social Protection Strategy (NSPS); Livelihood Empowerment against Poverty (LEAP) and Capacity Building Program
2	GPRS II Focus Areas covered by the sector	1.12 Employment Generation and Expansion of Safety Nets 1.13 Employment Related Vulnerability and Exclusion 2.10 Urban Development, Housing and Slum Upgrading
3	GPRS II Focus Areas not adequately covered by sector	-
4	Sub-Sectors of Sector	-
5	Participation of Sector MDAs Number of MDAs Includes all MDAs engaged in the sector Level of participation	MMYE, DSW Yes Deputy Minister; Directors
6	Participation of a)MoFEP b)NDPC	a) No b) No
7	Participation of Development Partners Number of DPs active in the sector Includes all DPs engaged in the sector Covers programs of all DPs engaged in sector	7 Active; 1 Silent WFP, UNDP, Germany, Brazil emerging; not yet very active Yes
8	Participation of stakeholders other than GoG	Civil society participates actively in the Working Group
9	Effectiveness of GoG Lead	Active and Effective
10	Effectiveness of DP Lead	Active and Effective
11	Comprehensive Sector Group ToR agreed	No
12	Sector-Wide Approach (SWAp) in place	No, being discussed
13	Sector M&E Framework in place	No
14	Sector Capacity-Development Plan in place	No
15	Sector Working Group Meetings	Once every 2 months
16	Sector Reviews of Progress	Progress is monitored through the MDDBS Platform using the PAF
17	Input to a)Budget Process and b)MDDBS Dialogue	a) Effective b) Effective
18	Joint a)Programming b) Mission Planning	a) No b) No
19	Joint Analytical Work and Missions	No
20	Sector Aid Modalities; Coordination	Budget support; Project Approach; Because of the disparate nature of the sector programs DPs provide support to specific components
21	Sector Division of Labour	Very few DPs, coordination is not seen as a challenge
Key Sector Issues, Challenges		
1. The LEAP program does not cover all the activities needed to implement and		

coordinate the NSPS. The Ministry is working on a more comprehensive program to operationalise the NSPS that will provide the basis for a sector-wide approach.

2. The sector needs are many - the Ministry is in urgent need of human resources, capacity building and logistics, as well as adequate budget to run its core services - budget allocations are still a long way from meeting these needs (GHC 2M was allocated to the Ministry in 2008). Budget allocations to the sector are also irregular and erratic.
3. Because of the cross-cutting nature of the social protection program MMYE is putting together a technical working group of the relevant MDAs to improve coordination and the linkage between LEAP and other ongoing social protection programs - the Capitation Grant, National Health Insurance Scheme, the School Feeding Program; free bus ride for school children.

xv. Governance

	Criteria	Sector Situation
1	Sector Policies, Strategies and Action Plans	Legal Sector Policy; the Anti-Corruption Strategic Plan outline; the Enhanced Strategic Plan of Parliament; strategic plans of the Judicial Service and the Commission on Human Rights and Administrative Justice (CHRAJ)
2	GPRS II Focus Areas covered by the sector	3.1 Strengthening Practice of Democracy 3.3 Protecting Rights under Rule of Law 3.4 Access to Rights & Entitlements 3.7 Fighting Corruption and Economic Crimes 3.10 Promoting Civic Responsibility
3	GPRS II Focus Areas not adequately covered by sector	3.5 Public Safety and Security
4	Sub-Sectors of Sector	Elections; the Ghana Research and Advocacy Program (G-RAP); and the Rights and Voice Initiative (RAVI)
5	Participation of Sector MDAs Number of MDAs Includes all MDAs engaged in the sector Level of participation	MoJAG Other Governance institutions not active Minister of Justice
6	Participation of a)MoFEP b)NDPC	a) No b) No
7	Participation of Development Partners Number of DPs active in the sector Includes all DPs engaged in the sector Covers programs of all DPs engaged in sector	8 Active; 3 Background Difficult to determine Not likely
8	Participation of stakeholders other than GoG	No
9	Effectiveness of GoG Lead	Active and Effective
10	Effectiveness of DP Lead	Active and Effective
11	Comprehensive Sector Group ToR agreed	No
12	Sector-Wide Approach (SWAp) in place	No
13	Sector M&E Framework in place	No
14	Sector Capacity-Development Plan in place	No
15	Sector Working Group Meetings	Monthly
16	Sector Reviews of Progress	No
17	Input to a)Budget Process and b)MDBS Dialogue	a) ?? b) ??
18	Joint a)Programming b) Mission Planning	a) No b) No
19	Joint Analytical Work and Missions	No
20	Sector Aid Modalities; Coordination	Project Approach; four DPs pooled resources to support G-RAP; very little coordination among DPs; DPs share

		information on their activities through the SWG. DPs committed to improving collaboration on the themes when current commitments end.
21	Sector Division of Labour	Number of DPs engaged in the sector is seen as inadequate; support is dwindling and some current DPs are contemplating exits.
<p>Key Sector Issues, Challenges</p> <ol style="list-style-type: none"> 1. Governance covers Parliament, the Judiciary, the Legal Sector, Human Rights, Elections, Gender Equity, Civil Society roles, including in advocacy and research, Constitutional Reforms, Corruption, Law Enforcement, and the Media. National Governance Program set up to coordinate Governance program, but over time has been increasingly difficult to fulfil this role; 2. Because of the nature of the sector, DP support to Governance has been fragmented with very little coordination. The different Governance institutions have differing strengths and needs; DPs also have different focus areas and therefore support different actors; 3. DP collaboration dependent on coordination at the level of the State institutions. Overarching view of Governance issues can be achieved through a network or council of the various actors; 4. Schedule of DP Sector Lead is particularly heavy because of wide range of issues covered by sector; DPs reluctant to take on Lead role in addition to their regular office schedules. 		

xvi. **Other**

No consultations were held with the Sector Working Groups on Monitoring and Evaluation, Harmonisation and Aid Effectiveness and Multi-Donor Budget Support.

5. Conclusion

It is evident from the review of the aid environment in Ghana - the volume of aid resources, the number of aid actors, the modalities for aid delivery; and the structures for aid coordination - that there is the need to strengthen the evolving division of labour to ensure that aid resources contribute optimally to development results. Whether and how DoL is taken forward is dependent on the GoG and DPs. This report has highlighted the key issues to be considered. It has also brought to the fore the complexity and challenges of DoL. Progress on DoL will require a partnership and shared commitment between GoG and DPs; open, frank and participatory dialogue; engagement of civil society; and joint monitoring of results.