



QUARTER 3 EXTERNAL FINANCING PERFORMANCE REPORT

JANUARY – SEPTEMBER 2008

MINISTRY OF FINANCE AND ECONOMIC PLANNING

JANUARY 2009

The data used in preparing this report is based on information received from Development Partners and implementing agencies at the end of the third quarter of 2008. While this data may not be fully representative of total disbursements that have been made at the end of the third quarter, MOFEP is dependent on the development partners to submit notices of all disbursements and the data used here is on the basis of what was received only. Disbursements that were not communicated to MOFEP are not included here. The data will however be revised as more notices are submitted to MOFEP. Readers are kindly invited to send comments or suggestions to:

THE DIRECTOR,
AID AND DEBT MANAGEMENT DIVISION
MINISTRY OF FINANCE & ECONOMIC PLANNING
P.O. BOX M.40 ACCRA
TEL: +233 21 661358
FAX: +233 21 668016/666205
EMAIL: yodoi@mofep.gov.gh

1.0 INTRODUCTION

In financial year 2008, it was projected that Ghana's Development Partners (DPs) will provide US\$ 1,564.95 million in programme and project loans and grants to support the Government's budget. Out of this amount, US \$ 522.27 was to be provided as programme loans and grants (or Budget Support), while US\$ 1,052.92 million was to be provided in the form of project loans and grants.

This report looks at the performance of disbursements of these external funds to support the 2008 budget. The report covers the first three quarters of 2008 and looks at the financial performance of donor support. Information on disbursements for the first two quarters of 2008 was provided in a Half Year Report. However, based on receipt of additional information, the data for the first two quarters as presented in this report have been revised to reflect new data which were not available at the time of publishing the Half Year Report.

The Development Partners (DPs) providing General Budget Support furnish the government with a programme of disbursements indicating expected disbursement dates. The analysis of the performance of General Budget Support disbursements in this report is therefore set against the disbursement schedule provided at the beginning of the year. Sector Budget Support and Project Support disbursements on the other hand are analysed on a pro-rata basis against the annual projections. This implies that at the end of three quarters, a 75% disbursement ratio is used as a benchmark to measure the financial performance of Sector Budget Support and Project Support disbursements in this report. A pro-rata based analysis is used in the absence of a programme based analysis, as different implementing agencies are not yet providing the MOFEP with sufficient information for the preparation of an aggregate disbursement schedule for all projects.

The outturns at the end of September 2008 reveal that overall Budget Support disbursements amounted to US \$392.40 million or 75.1% of the total projections for the year. Project Support disbursements amounted to US\$ 1,052.92 million representing 65.3% of the total budget projections for the year.

In what follows, section two looks at Budget Support outturns and section three covers Project Support outturns for the January to September 2008 period.

2.0 BUDGET SUPPORT OUTTURNS

Donor Budget Support can be categorized into General Budget Support (which has been harmonized in Ghana as Multi-Donor Budget Support) and earmarked Sector Budget Support (SBS). In 2008, the total budget projection for Budget Support amounted to US\$ 522.27 million, of this US\$ 373.13 million or 71 percent was Multi Donor Budget Support (MDBS) and US\$ 149.14 million or 29 percent was Sector Budget Support.

At the end of the period under review, total Budget Support (MDBS and SBS) disbursements amounted to US\$ 392.40 million which represents 75.1% of the total projections for the year. The MDBS component shown in table 1 was disbursed within the first half of the year and there were no disbursements in the third quarter. With respect to Sector Budget Support, US\$ 26.25 million was disbursed during the third quarter, bringing the total Sector Budget Support disbursements to US\$81.35 million or 54.5% of budget projections at the end of September 2008.

Table 1: Budget Support Disbursement Outturns (January – September 2008) (US\$ mn)

Budget Support	2008 Budget Projection	Half Year Revised Disbursement	Q3 Actual Disbursement	Cumulative Actual Disbursement	
				Q1- Q3 Amount	% of Budget Disbursed
Multi Donor Budget Support	373.13	311.16	-	311.16	83.4%
o/w Loans	161.20	98.12	-	98.12	60.9%
o/w Grants	211.93	213.04	-	213.04	100.5%
Sector Budget Support	149.14	55.11	26.25	81.35	54.5%
o/w Loans	22.31	10.21	22.17	32.38	145.1%
o/w Grants	126.83	44.90	4.08	48.98	41.9%
Total	522.27	366.15	52.49	392.40	75.1%

2.1 MDBS Outturns

MDBS disbursement during the period under review is shown in more detail in table 2 below. The disbursements recorded for all the DPs remained unchanged from that recorded at the end of the second quarter of the year. This was largely in line with the programmed MDBS disbursements for the year with the exception of Germany and ADB. The German disbursement was expected in June whilst the ADB disbursement was expected in September. However, by the end of September, procedures relating to both disbursements were still being finalised.

Table 2 shows apparent overruns for Switzerland (113.2%), Netherlands (112.4%), EU (112.1%) and Japan (108%). This is attributed to exchange rate gains due to depreciation of the US Dollar -our reporting currency - against the disbursing currencies.

Table 2: MDBS Disbursement Outturns (January – September 2008) (US\$ mn)

Multi Donor Budget Support	2008 Budget Projection	Half Year Revised Disbursement	Q3 Actual Disbursement	Cumulative Actual Disbursement	
				Q1- Q3 Amount	% of Budget Disbursed
World Bank	100.00	98.12	-	98.12	98.1%
ADB	48.00	-	-	-	0.0%
EU	28.20	31.60	-	31.60	112.1%
Canada	15.90	16.48	-	16.48	103.6%
Denmark	11.40	11.90	-	11.90	104.4%
France	22.40	14.42	-	14.42	64.4%
Germany	13.20	-	-	-	0.0%
Japan	3.13	3.38	-	3.38	108.0%
Netherlands	34.20	38.44	-	38.44	112.4%
Switzerland	7.20	8.15	-	8.15	113.2%
United Kingdom	89.50	88.67	-	88.67	99.1%
Total	373.13	311.16	-	311.16	83.4%

2.2 Sector Budget Support/SWAP Outturns

Table 3 below disaggregates the total Sector Budget Support disbursements and shows the disbursements for each sector. The definition of Sector Budget Support in this report covers specific budget support to all sectors that currently have a Sector Wide Approach Program (SWAP) in Ghana. As table 3 shows, there are 6 sectors that have SWAP programs. Three sectors recorded disbursements that are above a 75% benchmark (NREG, Private Sector Development, HIV/AIDS) while three recorded disbursements below this benchmark (Financial Sector Reform, Health and Public Sector Reform).

Table 3: Sector Budget Support Disbursement Outturns (January – September 2008) (US\$ mn)

Sector Budget Support	2008 Budget Projection	Half Year Revised Disbursement	Q3 Actual Disbursement	Cumulative Actual Disbursement	
				Q1- Q3 Amount	% of Budget Disbursed
Private Sector Development	11.03	10.61	2.54	13.15	119.2%
Health	94.88	31.29	0.76	32.05	33.8%
HIV/AIDS	10.33	7.96	0.24	8.19	79.3%
Public Sector Reform	8.12	-	-	-	0.0%
Financial Sector Reform	14.55	5.14	2.55	7.69	52.9%
Natural Resources & Environmental Governance (NREG)	10.24	0.11	20.16	20.27	198.0%
Total	149.14	55.11	26.25	81.35	54.5%

3.0 PROJECT SUPPORT OUTTURNS

Total project support projections for 2008 amounted to US\$ 1,052.92 million. Of this, US\$ 687.43 million had been disbursed at the end of the third quarter representing 65.3% of the total projections. Loan financed project inflows registered a higher disbursement performance of 76.4% compared to grant financed projects at 53.5%.

3.1 Project support Outturns by Development Partner

The overall project support outturns at 65.3% of budget projections falls short of the expected 75% disbursement rate at the end of the third quarter. However, disbursement from some agencies were well above the 75% benchmark (see annex 1). Notable among these were Spain (591.7%), OPEC (163.9%), Denmark (153.4%), Canada (133.4%) and United Kingdom (115.4%).

In the case of Spain the apparent overrun is attributed to grant disbursements for the Ministry of Health (Supply of Medical Equipment for National Hospital) for which there were no annual projections for 2008. Denmark's overruns are mainly driven by overruns on support to the Ministry of Health (Health Sector Support Program), while that of Canada is attributed to higher than expected disbursements¹ for projects under the Ministry of Local Government (District wide Assistance Project) and Ministry of Food and Agriculture (Food and Agriculture Budget Support).

Annex 1 also shows disbursement overruns on the 'others' category, this is mainly attributed to overruns in disbursements by Barclays Bank PLC to support a project under the Ministry of Information and National Orientation (Rehabilitation of Radio and Television Production Equipment).

On the other hand, disbursements by some agencies were below the 75% benchmark, notably, EIB (0%), ADF (33.5%), Netherlands (43.6%) and United States (17.6%) as well as some UN agencies. The EIB assistance was earmarked for the West Africa Gas Pipeline Project, which commenced later in the year; hence there were no disbursements towards the project at the end of the third quarter. Most ADF projects are expected to be disbursed in the fourth quarter hence the low disbursement rate recorded for the agency as shown in annex 1 (33.5%). Projects supported by the United States and some UN agencies also show low disbursement rates but may be explained by the large grant component of the support.

With grant financed projects, there are no expected repayments and DP disbursement notices to the Aid and Debt Management Division (ADMD) to update its debt database for repayment purposes is not required. As a result, notices on grant disbursements to the ADMD which is

¹ The disbursements were higher than expected on a pro-rata basis

responsible for recording both grant and loan disbursements are relatively infrequent. In other instances, MDAs contract grants and receive disbursements without adequate coordination with MOFEP. This limits MOFEP's ability to track grant inflows and affects the accuracy of grant disbursement data available to MOFEP.

3.2 Project Support Outturns by Growth and Poverty Reduction Strategy (GPRS) Pillar

In 2008, the largest proportion of project support was earmarked towards GPRS Pillar 1 – Private Sector Competitiveness with an amount of US \$ 647.8 million or 62% of the total project support budget. Pillar 3 – Good Governance and Civic Responsibility accounted for 20% of the budget with an amount of US\$ 216.22 million, whilst Pillar 2- Human Development and Basic Services accounted for 18% of the project support budget with an amount of US\$ 188.89 million.

Table 4 below shows project support outturns by GPRS Pillar for the first three quarters of 2008. Pillar 3 had the highest disbursement ratio followed by Pillar 1 and Pillar 2. The disbursement registered for Pillar 3 was largely on account of disbursements to Ministry of National Security (105%), Ministry of Finance and Economic Planning (98%) and Ministry of Local Government, Rural Development and Environment (98%), which were all above a pro-rata ratio of 75% (see annex 2).

Performance of Pillar 1 was likewise driven by some MDAs with disbursement ratios above the 75% benchmark. These were Ministry of Food and Agriculture (129.2%), Ministry of Lands, Forestry and Mines (117.8%), Ministry of Communications (103.0%) and Ministry of Water Resources Works and Housing (82.4%).

Pillar 2 registered the lowest disbursement ratio at the end of the period under review. Within the pillar, the Ministry of Women and Children's Affairs registered the lowest performance of 41.9%. Disbursement of Ministry of Health was at 57%, while that of Ministry of Education, Science and Sports was at 62.1%.

The relatively low disbursement levels for the ministries under Pillar 2 may be attributed to the large grant component of their aid, which is associated with difficulties in tracking and reporting. For instance, loans constitute only 12.2% of the aid to the health ministry while grants constitute 87.8% however; data available shows a 134% disbursement ratio for loans and a 46% ratio for grants. The low disbursement ratio for grants accounts for the low disbursement ratio for the Ministry of Health as a whole. Likewise, the aid to the Ministry of Education is comprised of US\$11.28 (or 20.5%) in loans and US\$ 43.73m (or 79.5%) in grants. The data available however shows a better disbursement ratio for loans – 83% – than for grants – 57%. This low grant disbursement ratio accounts for the generally low disbursement ratio for the Ministry of Education. Aid to the Ministry of Women and Children Affairs is fully made up of grants, which registered a low disbursement ratio of 41.9%.

Table 4: Project Support Outturns by GPRS Pillar

Pillar	2008 Budget Projection	Half Year Revised Disbursement	Q3 Actual Disbursement	Cumulative Actual Disbursement	
				Q1- Q3 Amount	% of Budget Disbursed
Pillar 1: Private Sector Competitiveness	647.80	304.37	109.72	414.09	63.9%
Pillar 2: Human Resource Development & Basic Services	188.89	84.38	27.95	112.33	59.5%
Pillar 3: Good Governance and Civic Responsibility	216.22	111.25	49.76	161.00	74.5%
Total	1,052.92	500.00	187.42	687.43	65.3%

4.0 CONCLUSION

The data available at the end of the third quarter shows that programme loans and grants registered a disbursement ratio of 75.1% while 65.3% of project loans and grants were disbursed. The lower disbursement ratio for project loans and grants is attributed to low disbursements on the grant component - project loans accounted for 76.4% of the total Project Support disbursements whilst project grants accounted for 53.5%. This report has noted that the low disbursement ratio for grants may partly be explained by challenges associated with tracking grant inflows.

The Ministry of Finance and Economic Planning is committed to fully reporting grant disbursements on budget and will continue with efforts to obtain as much information as possible from beneficiary agencies and DPs. It is hoped that these stakeholders will continue to improve responsiveness to MOFEP's requests for information. The new Aid Policy under preparation also specifies that MDAs can only contract grants through the MOFEP and not independently. It is expected that, all parties will comply with this specification and this will improve MOFEP's surveillance on all grant inflows.

ANNEX 1

PROJECT SUPPORT OUTTURNS BY DEVELOPMENT PARTNER

Development Partner	2008 Budget Projection	Half Year Revised Disbursement	Q3 Actual Disbursement	Cumulative Actual Disbursement	
				Q1- Q3 Amount	% of Budget Disbursed
o/w Multilateral					
IDA	181.85	79.81	65.59	145.40	80.0%
ADF	73.40	18.26	6.33	24.59	33.5%
EU	61.10	38.40	15.03	53.42	87.4%
Nordic Development Fund	7.22	5.21	0.75	5.97	82.6%
BADEA	5.10	1.80	2.39	4.19	82.2%
ECWF	0.48	-	-	-	0.0%
EIB	26.32	-	-	-	0.0%
NTF	0.90	-	-	-	0.0%
OPEC	1.66	1.74	0.97	2.71	163.9%
FAO	2.04	-	-	-	0.0%
IFAD	4.11	3.15	0.37	3.51	85.5%
ILO	0.24	-	-	-	0.0%
IOM	0.12	-	-	-	0.0%
UNAIDS	-	-	-	-	-
UNESCO	-	-	-	-	-
UNFPA	3.18	1.04	0.11	1.15	36.1%
UNICEF	4.32	-	-	-	0.0%
UNIDO	0.36	-	-	-	0.0%
UNDP	26.90	3.48	2.47	5.95	22.1%
WFP	1.92	-	-	-	0.0%
WHO	4.73	-	-	-	0.0%

Development Partner	2008 Budget Projection	Half Year Revised Disbursement	Q3 Actual Disbursement	Cumulative Actual Disbursement	
				Q1- Q3 Amount	% of Budget Disbursed
Global Fund	21.14	-	-	-	0.0%
GAVI	1.12	-	-	-	0.0%
o/w Bilateral					
Austria	-	-	-	-	-
Belgium	40.61	19.13	10.53	29.66	73.0%
Canada	24.79	28.68	4.40	33.07	133.4%
Denmark	32.67	44.83	5.28	50.11	153.4%
Finland	-	-	-	-	-
France	23.22	9.25	6.15	15.40	66.3%
Germany	41.74	20.80	12.14	32.93	78.9%
Italy	1.61	1.15	-	1.15	71.2%
Japan	27.97	13.97	3.13	17.10	61.1%
Netherlands	108.62	31.46	15.90	47.36	43.6%
Norway	-	-	-	-	-
Spain	2.41	11.13	3.14	14.27	591.7%
Sweden	0.11	-	-	-	0.0%
Switzerland	4.81	-	-	-	0.0%
United Kingdom	41.79	24.87	23.35	48.22	115.4%
United States	127.75	22.53	-	22.53	17.6%
o/w Non- DAC					
CHINA	116.47	76.49	6.57	83.06	71.3%
INDIA	11.26	13.58	1.21	14.79	131.4%
Kuwait	0.83	1.19	1.61	2.79	338.2%
Saudi Fund	4.97	-	-	-	0.0%
Others	13.11	28.08	-	28.08	214.1%
Total	1,052.92	500.00	187.42	687.43	65.3%

ANNEX 2

PROJECT SUPPORT OUTTURNS BY MINISTRY/DEPARTMENT/AGENCY

	2008 Budget Projection	Half Year Revised Disbursement	Q3 Actual Disbursement	Cumulative Actual Disbursement	
				Q1- Q3 Amount	% of Budget Disbursed
Pillar 1: Private Sector Development					
Ministry of Food and Agriculture	57.96	41.82	33.05	74.87	129.2%
Ministry of Lands, Forestry and Mines	18.83	16.64	5.54	22.19	117.8%
Ministry of Trade, Industry PSD and PSI	32.64	12.39	6.53	18.93	58.0%
Ministry of Tourism and Diasporan Relations	-	0.37	0.17	0.54	-
Ministry of Energy	193.93	96.98	5.08	102.06	52.6%
Ministry of Water Resources, Works and Housing	115.72	66.19	29.20	95.39	82.4%
Ministry of Transport	198.78	60.17	28.48	88.65	44.6%
Ministry of Communications	9.53	9.81	-	9.81	103.0%
Ministry of Harbours and Railways	-	-	-	-	-
Ministry of Fisheries	20.41	-	1.66	1.66	8.1%
Ministry of Aviation	-	-	-	-	-
Total Pillar 3	647.80	304.37	109.72	414.09	63.9%
Pillar 2: Human Resource Development					
Ministry of Education, Science and Sports	55.01	10.89	23.29	34.18	62.1%
Ministry of Manpower, Youth and Employment	-	1.13	0.87	1.99	-
Ministry of Health	133.29	72.24	3.67	75.91	57.0%
Ministry of Women and Children's Affairs	0.60	0.13	0.13	0.25	41.9%
Total Pillar 2	188.89	84.38	27.95	112.33	59.5%
Pillar 3: Good Governance and Civic Responsibility					
Office of the Government Machinery	56.31	20.60	6.47	27.07	48.1%

	2008 Budget Projection	Half Year Revised Disbursement	Q3 Actual Disbursement	Cumulative Actual Disbursement	
				Q1- Q3 Amount	% of Budget Disbursed
Ministry of Parliamentary Affairs	1.92	0.13	-	0.13	6.8%
Office of Parliament	-	-	-	-	-
Audit Service	-	-	-	-	-
Public Services Commission	-	-	-	-	-
District Assemblies Common Fund	-	-	-	-	-
Electoral Commission	-	-	-	-	-
Ministry of Foreign Affairs, Regional Integration and NEPAD	-	-	-	-	-
Ministry of Finance and Economic Planning	40.77	32.99	7.04	40.02	98.2%
Ministry of Local Government, Rural Devt and Environment	64.11	34.06	28.88	62.94	98.2%
National Commission for Civic Education	-	-	-	-	-
Ministry of Chieftaincy and Culture	0.80	-	0.18	0.18	22.9%
National Media Commission	-	-	-	-	-
Ministry of Information and National Orientation	27.38	16.84	-	16.84	61.5%
Ministry of Justice	-	0.12	0.31	0.43	0.75
Ministry of Defence	1.00	6.23	-	6.23	623.3%
Commission on Human Rights and Administrative Justice	-	-	-	-	-
Judicial Service	-	-	-	-	-
Ministry of Interior	9.51	0.27	0.30	0.57	6.0%
National Development Planning Commission	-	-	-	-	-
National Labour Commission	-	-	-	-	-
Ministry for Public Sector Reforms	8.12	-	-	-	0.0%
Ministry of National Security	6.29	-	6.57	6.57	104.6%
Total Pillar 1	216.22	111.25	49.76	161.00	74.5%
Grand Total	1,052.92	500.00	187.42	687.43	65.3%

