

# The Effect of Aid: A Case Study in Democratic Ownership and Accountability in Natural Resources and Environmental Governance in Ghana

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## ABSTRACT

In March 2005, Governments and Development Partners (DPs) in a High Level Forum on finding appropriate ways to maximize the benefits of aid promulgated the Paris Declaration with the aim pursuing reforms towards aid effectiveness. In 2008, the Accra Agenda for Action (AAA) was drawn up, building on the commitments agreed in the PD. Having been implemented in for some years now, Civil Society Organizations are interested to know the impact of aids in Ghana and at the same time assessing their level of participation with regards to - ownership and accountability in aid. The research was broadly agreed on Natural Resources and Environmental Governance (NREG).

The research employs decentralization as general entry point for studying the impact aid and its modalities made on the efforts for improved democratic accountability and domestic ownership. Analysis and discussions are based on interview discussions with key Ministry Department Agencies, Development Partners, Experts, District Assemblies and communities within the NREG sector

Ghana signed on to the PD in 2005 with a pledge to commit her to adhering to the principles of the PD and to ensure effectiveness of the aid she receives. The research identifies the lack of CS participation in natural resources decision-making as one of the banes to accountability in natural resource endowed areas. The weak connection between CS and Government at the various levels of engagement has culminated in lack of sense of ownership, hence reduced commitment on the part of citizens in the sustainable use and management of resources.

The research further identified community level CS group perceptions about aid management and accountability processes to be the exclusive domain and control of government agencies, represented more by the DA. The indication is that government has the sole responsibility for reporting on aid and this reporting should be towards the donors. The people for whom government contract and receive aid do not therefore matter in the process. In addition, CS groups are not accountable to the district structure and also the constituency they represent.

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## Background and Rationale of the Research

### 1.1 Introduction

The importance of aid especially in contributing to the growth of countries is well known. In recent years, the volume of aid and development resources has been increasing and the call is to strengthen governance to improve development performance. In 2000, countries around the world adopted the Millennium Development Goals (MDGs), which seeks to, among other goals and targets, reduce poverty by 2015. Much of the efforts to attain the MDGs, especially in developing countries, will require aid which should be deployed in an effective and accountable manner. As the EU asserts, "the underlying objective of aid is to act as a catalyst, to support partner countries growth and in particular to help create an environment that is friendly to sustainable and inclusive growth, enabling these countries to pull themselves out of poverty".

Over the years, international financial institutions and donors have been criticized for using aid to further their own interest as they continue to use unfair, undemocratic and inappropriate policy conditionality,

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thereby skewing accountability away from recipient countries. In response to providing efficient aid delivery and management, the Paris Declaration (PD) was borne out of the policy dialogue in 2 March, 2005 towards reforms for aid effectiveness. The Accra Agenda for Action (AAA) was also drawn up in 2008 and builds on the commitments agreed in the PD.

## **1.2 Background to the Research**

The PD and the AAA set indicators, timetable and targets, involving actions by both donor and partner countries to track and encourage progress in aid. Whilst some achievements have been made in the implementation of the PD and AAA, these are certainly not enough to propel the needed growth. The PD ended in 2010 with huge unmet parameters.

### *1.2.1 Democratic Ownership and Accountability as foci of the Research*

The PD dwells on five key principles. However, the research focuses on the first and the last principles - Democratic ownership and mutual accountability. The rationale is that democratic ownership and mutual accountability are the two main fields of political contestation in the global governance of aid as indicated by Felix Zimmermann and others (2008).

Democratic ownership” occurs when partner countries “exercise leadership over their development policies” and “coordinate development actions” and these are expressed in the quality of their Poverty Reduction Strategy Papers (PRSPs) prepared by governments and assessed by donors; and aims at achieving the MDGs.

Key questions often raised are that: even though governments, taking charge of preparation of PRSPs signifies a major shift from past donor-dominated aid relationship, can Government-to-Government document, or any single document capture the diverse development needs of a country?, Are Governments transparent enough to help CSOs to monitor policies? And do Parliaments have enough capacity – and the will – to oversee the development process, ensuring greater ownership by the citizens they represent?

Mutual accountability on the other hand is understood as an agreement between two (or more) parties under which each can hold the other responsible for delivering on its commitments. At both the international and country levels, mutual accountability mechanisms have been put in place. This notwithstanding, a number of challenges still remain and include the limited effective sanctions, the need to balance the aid relationship with a number of competing priorities, effects of clear asymmetry of power where donors still determine the quantity and quality of their development assistance, and the weak voices and representation of recipient countries in international level mechanisms. Given the above challenges, Civil Society-led monitoring is crucial. CS with a strong record in providing transparent, independent evidence, and sustained engagement and advocacy will increase commitments to ownership and mutual accountability.

The focus of the research on these two key principles – Democratic ownership and mutual accountability – provide enough space for increased debate to permit citizens to engage and hold governments to account. The research examines Ghana’s “aid effectiveness agenda” with attention on funding mechanisms, the specific roles of governments and parliaments in the formulation and design of national and sector policies and strategies, the role and capacity of CSOs in the development processes and particularly in the way aid is administered and managed.

## **1.3 Research Goal, Objectives and Scope**

The research goal is to analyse how and why accountability functions or not, based on an understanding of the politics and economic incentives that exist in the system. Ultimately it seeks to provide a clear understanding and appreciation of the impact institutional donor’s aid policies and practices have on democratic governance as well as the space for citizens to engage in and influence policy making and hold governments to account.

Specific objectives of the research include the following:

- to learn and draw issues, through analysis, on Ghana’s experience in decentralisation and aid, mutual accountability and domestic ownership at all levels including national and local levels;
- to develop concrete recommendations on how donors and recipient countries can improve accountability throughout the aid system; and
- to share the research findings with aid effectiveness partners and others to support CS’s advocacy efforts.

The research is anchored around Natural Resource and Environmental Governance (NREG) sector.

#### 1.4 Research Approach and Methodology

Complementary approach and methodology in conceptualization, information gathering, stakeholder engagement and analysis with a mix of literature reviews, semi-structured interviews and focus group discussions with key actors were employed.

The research to employ decentralization as general entry point for studying the impact aid and its modalities such as PD and AAA, has made on the efforts for improved democratic accountability and domestic ownership.

A detailed desk study involved review of relevant literature gathered from internet sources (world wide web) and other information on decentralization, aid, the NREG sector in Ghana and other documentation of government (including GPRS II, Ghana Shared Growth and Development Agenda etc).

Information gathering from the field took the form of administration of questionnaires from 5 District Assemblies and 15 Communities, 10 national level institutions (Ministries, Departments and Agencies), 10 Development Partners (DPs), 10 international CSOs/NGOs and the 2 Media networks. At the local level, 5 high profile DA officials were engaged in formal interviews and discussions. The researcher selected 15 communities as the sample of which 8 opinion leaders/individuals were interviewed per community and one community-based group were engaged in focus group discussions per district.

The information gathered, through responses to the questionnaires, extract from interviews, submission by some key persons and documentation were analyzed.

Key institutions where information were sourced:

- National level institutions: MOFEP, MLNR, MLGRD, Forestry Commission, Minerals Commission, the NREG Secretariat located within the MoFEP.
- Development Partners (DPs): EU, CIDA, JICA, GTZ,
- Civil Society Organizations (and NGOs): CARE Ghana (KASSA), SNV,
- District Assemblies and Communities: Western Region - Jomoro District, Tarkwa-Nsueam Municipal Assembly, Wassa Amenfi West District; Ashanti Region – Obuasi Municipal Assembly, Amansie East District Assembly.
- 3 Community chiefs and 6 community-based groups were engaged
- 8 opinion leaders/individuals interviewed per community totaling 120 persons

### Overview of Aid Effectiveness in Ghana

#### 2.1 The Paris Declaration (PD) and the Accra Agenda for Action (AAA)

The second High Level Forum in 2005 promulgated the PD in Aid Effectiveness with the aim of establishing the foundation of a new order in international development cooperation to replace the old fragmented and country specific aid regimes. The PD was the road map to improve the quality of aid and its impact on development and further sought to maximize the impact of aid, instill efficiency in aid delivery, management and utilization as well as simplify and adopt standard operating procedures for scaling up development cooperation through partnerships. As the strongest commitment on the governance of development aid that redefined the relationship between donor and recipient countries, the declaration specifically charged developing countries to be responsible for their own development process, and both donors and recipient countries to be accountable to achieving development results.

The successful implementation of the PD is anticipated to increase the impact of aid on improving economic growth, reducing poverty and attaining the MDGs by 2015. It was pivoted on 5 principles.

**Box 2.1: The Five Principles of the PD**

- i. Ownership - mandating developing countries to exercise control over their development policies and strategies. They were also expected to coordinate their own development actions and processes
- ii. Alignment - where donor countries pivot their overall development support programs and processes on recipient countries' national development strategies, priorities, institutions and procedures.
- iii. Harmonization - ensuring that donor countries actions are more harmonized, transparent and collectively effective
- iv. Managing for results - leading to the effective utilization of resources for and improved decision making for results
- v. Mutual accountability - donor and developing recipient countries commit and pledge to work together and be mutually accountable for development results

Although progress has been recorded in most developing countries on the implementation of the PD, it nonetheless has been slower than envisaged. According to the 2008 Monitoring Survey of the PD, a large number of developing countries have improved upon their management of public funds. Donors, in turn, are increasingly improving their coordination at country level. But without further reform and faster action, the 2010 commitments and targets for improving the quality of aid will not be met.

To further the goals of the PD and give effect to the quest for aid effectiveness, a third High Level Forum (HLFs) in September 2008 promulgated the Accra Agenda for Action (AAA) which as a complement to the PD, provided tangible and monitorable indicators and commitments for maximizing the impacts of aid. The AAA highlights on three key areas where progress is required to ensure continued improvements in aid reform:

- strengthening developing country ownership of development
- more effective and inclusive partnerships for development
- delivering and accounting for development results

In the AAA, developing countries commit to "work more closely with Parliaments and Local Authorities in preparing, implementing and monitoring national development policies and plans" and to "engage with CSOs". The DPs on their part commit to support the capacity of these actors to "take an active role in dialogue on development policy". Both donors and developing countries also commit to "ensure that their respective development policies and programs are designed and implemented in ways consistent with their agreed international commitments on gender equality, human rights, disability and environmental sustainability." Recognition was explicitly given to the roles of CSOs with the commitment to engage at all levels in the utilization and development of aid.

**2.2.1 Democratic Ownership - The Ghanaian Experience**

Ghana produced two PRSPs between 2003 and 2009 (2003 to 2005 and 2006 to 2009). There was widespread consultation on the development of the documents, drawing on inputs from the public sectors, CSOs and the private sector. The legislature and traditional leaders also played critical roles in the development of the PRSPs. The ownership of PRSP in Ghana can be seen in two dimensions. Whereas in one dimension the process was seen as a partnership between the IFIs and the GoG as the first PRSP was developed in response to partial fulfillment of the conditions for joining the HIPC initiative and debt relief, in an another dimension it was deemed to be country owned due to the fact that it had gone through an extensive process of broad based consultation with both state and non-state actors.

Democratic ownership in aid sometimes referred to as 'country ownership' as one of the pivots of PD and AAA has been one of the concerns raised by CS in Ghana to the effect that the concept and process of ownership could be reduced to 'government ownership' with CS merely endorsing the outcomes through a consultative process (Wamugo and Pedersen, 2007). As the joint World Bank - IMF Assessment Team of the GPRS I puts it, the 'GoG only approved the document while the IFIs endorsed it as a basis for financial assistance from the two institutions". (IDEG Working Paper, 2006: pg 17 ff.)

It is not clear as to who owns what has been endorsed by the government and later approved by both the World Bank and IMF. If the NDPC has the constitutional mandate for the preparation of country development strategies and by extension being an agency of the government, one could argue that government has endorsed what it has prepared. If the ownership of the PRSP process which forms the basis

of donor inflows and other forms of support was not wholly and fully owned by the government and the people of Ghana, it gives the indication that aid in general was therefore not fully owned within the definition and percepts of PD and AAA. Democratic ownership in aid can best be described as partially inclusively and heavy at the top with little influence from the local level, where there is the perception that the ultimate beneficiaries of aid is concentrated. Public participation in discourse on development aid should be disaggregated from national through to sector, district and community levels as a necessary ingredient for the democratization process and the fulfillment of the requirement for popular participation in the utilization and management of aid. The furthest CS has been through its representatives in discourse and participation in aid was the engagement of NDPC in the formulation of the PRSPs. It nonetheless has no participation in discussions of the outcomes.

Admittedly, participation in discourse and ownership of aid ends up at the sub-national level, i.e. the MMDA level. Aid flows through a well structured mechanism - from the central government through budgetary allocations to the MMDA level. The conduit for such disbursements is the MDAs for specific activities such health, education, electrification etc. Aid inflows to the sub-national level are also through the DACF and the DDF. In all these allocations, the participation and voice of the district political administration and traditional leadership is conspicuously absent.

MDAs participation in the management of Aid is quite limited and/or usually non-existent. There is a laid down formula for the disbursement of funds under the DACF, and this formula requires parliamentary approval. Funding under the DDF is also tied to the FOAT, and the performance of a MDA under the FOAT will determine the quantum of aid accruing to the MMDA.

Community perspectives are non-existent in discourse around aid utilization let alone management. However, through their representatives at the General Assembly of the MMDA, inputs are made relating to the management of aid. It is however interesting to note that inputs at this level merely represents endorsing what has been predetermined at the central government level through the MLGRD, since disbursements under the DACF are tied with conditionalities. On the contrary, views of and representations by community people are articulated and captured at the preparatory stage of the MTDP through series of engagements prescribed under the Local Government Act, (Act 462) and also the National Development Planning Systems Laws.

### ***2.2.2 Mutual Accountability – The Ghanaian Experience***

The systems for accountability existing in Ghana and consistent with DPs support, state and non-state actors include the Sector Budget Expenditure Reports from the Auditor General, Annual Progress Reports, the Public Accounts Committee of Parliament Reports and more recently legislation on and establishment of the Internal Audit System and Service. In the face of all these instruments and systems, the World Bank's CDF report described Ghana's system as not largely developed (OECD 2007).

Efforts at reinforcing processes aimed at accountability are weak and require reinforcement. Although GoG has to a large extent been accountable, it nonetheless focuses this accountability processes on reporting on progress of disbursement and utilization of aid to the DPs. Downstream accountability is virtually nonexistent. National budgets and subsequent audits including data related to ODA are subject to parliamentary review. There are also a number of mechanisms such as Review Meetings, Technical Working Committees, and Sector Working Groups, etc. that serve as mechanisms for consultation on development aid. However, these systems, including Parliamentary Committees are under resourced and are ironically themselves dependent on aid for survival and hence not very transparent to the public. National audits indicate elements of weaknesses in terms of Public Financial Management. District level accountability systems are now being reviewed annually through the FOAT tool with the goal of instilling some measure of efficiency in the system.

Although CS has been in the forefront calling for accountability in aid management, it has however focused its energies on exacting accountability from the GoG side, leaving out the DPs. The non-state media to a very large extent has flagged issues relating to accountability in Ghana with very heavy focus on the government and its functionaries.

The accountability process, no matter the form it takes and the sector in which it is flagged has been unidirectional, i.e. moving from the GoG as the recipient to the DPs. There is very little accountability from

the DPs to GoG as part of the mutuality and the reciprocity in the management of development aid. Similarly accountability to donors and funding agencies by CS groups has been very effective. CS funding mechanisms such as KASA, G-RPA, RAVI, etc have been very efficient in meeting their accountability obligations. The element of mutuality is however lost when it comes to accountability towards the GoG, MMDAs and communities and their leadership. Both MDAs and CS groups fail in these regard. Reports by both GoG, through its agencies and CS groups to the DPs, have been observed to be detailed, consistent and regular compared to what ever processes they account on, to say Parliament. There are limited multi-stakeholder mechanisms for holding DPs to account for the disbursement of their resources and also for their actions and inactions in the development and implementation process. Where they exist such as the SWG, the participation of government has not been very effective. The agenda is more often than not donor inspired and driven.

### **3.1 The Natural Resource and Environmental Governance (NREG) Sector**

Ghana has experienced significant pressure on natural resources over the past 75 years. The 2005 Ghana Natural Resources Management and Growth Sustainability Economic and Sector Work (ESW) evaluated the economic costs to totaling US\$516 million of lost productivity due to damage to five types of natural assets: agricultural land, forest and savanna woodlands, coastal fisheries and wetlands, wildlife, and Lake Volta. To deal with this challenge, the GoG with the support of its DPs launched the NREG as a harmonized multi-donor sector support aimed at improving governance of the sector. The main implementing agency is the MoFEP and coordinated by a high-level, inter-ministerial committee – including MLFM, MLGRD and the Ministry of Environment – under the supervision of the Minister of State, MoFEP. The NREG program is developed and fully owned by the Ghana's relevant governmental agencies. The program that gave high priority to improved governance of the environment including the mining and forestry sectors also took into account reversing the negative impacts of illegal players in the mining and forestry sector, especially illegal logging.

A sector budget support was initiated by the GoG with five participating DPs - the Royal Netherlands Embassy in Ghana (RNE), UK's DfID, AFD, EC and IDA with the intention of implementing a set of policies and reforms in the inter-related sectors of forestry and wildlife, mining and environmental protection through ensuring predictability and sustainability of financing, enforcement of wildlife and forest law, improving mining sector revenue collection, management and transparency; addressing social issues in forest and mining communities, mainstreaming environment into growth and providing support to the emerging oil sector, among others. The program comprises a three year rolling PAF and a review process aimed at reducing transaction cost to the parties involved. The DPs made commitment to support the NREG for the five year period totaling about US\$11 million for the first year and US\$16 million for each of the subsequent 2 years. IDA's commitment amounts to US\$20 million for the first year and almost the same amount for each of the subsequent 2 years.

Significant direct and intermediate benefits are expected. Direct benefits expected include (i) improvement in the management of government revenues and finances in the forestry and mining sectors; (ii) significant reduction in the illegal logging; (iii) reduction in social conflicts in forestry and mining communities; and (iv) the integration of environmental considerations into policy formulation and implementation across government, including risks associated with climate change. Intermediate benefits include (i) the framework that allows IDA to deepen and expand its engagement in Ghana's natural resource governance reforms which earlier on had been supported marginally under the Poverty Reduction Support Credit (PRSC). It is expected that the policy dialogue will now be taken by the NREG program aimed at achieving impact; and (ii) by leveraging contributions from multiple DPs and harmonizing contributions at the sector level, a firm foundation will be laid for GoG to implement natural resource related reforms outlined in the GPRS II policies, increase aid effectiveness in line with the PD, and strengthen mechanisms for planning and accountability across sectoral ministries and agencies and the MoFEP.

The important role of the CS to enable non-state actors to interact more systematically with state institutions in the NREG is deeply recognized. In this regard DPs (other than IDA) made further commitments to provide approximately US\$0.5 - 1 million per year for a CS facility. This is intended to create a platform for multi-stakeholder dialogue enabling CS to engage with and help achieve the objectives under both NREG and GPRS II.

An innovation within the donor support paradigm is the creation of a window for CS within the NREG SBS. A pilot CS support mechanism called "KASA" was evolved to operate from 2008-2010. The experiences and

lessons learned will inform the longer term mechanism planned to support CS engagement in the NRE sector. "KASA" has been designed to support CSOs and the media in research and evidence based advocacy with the view of improving NRE governance in Ghana to the benefit of all Ghanaians.

### 3.2 Community Perspectives on Development Aid

#### 3.2.1 Community-based NREG CS Groups Perspective

Community based NREG groups emerged in Ghana in the later part of the 1990s, the period when environmental issues gained ascendancy beyond rhetoric and begun to move towards more pragmatic solutions to issues. Today, various groups have emerged ranging from activities in tree planting and environmental sanitation towards a regime of environmental monitoring and degradation especially in the extractive sector. Advocacy work also began at the same period with groups such as WACAM leading the way in pressuring extractive industries into adopting best practices. International NGOs such TWN working with national NGOs such as ISODEC provided the conceptual base for these local actors.

However, the participation of local CS groups in the discourse on NREG had been confronted with a number of challenges. Key amongst them is the lack of access to information on aid inflows and the subsequent utilization of aid. In addition, they lack the capacity to access information even where the information is available. Aid coming to the sector to most of these community based groups is part of government inflows to the sector. In the Western Region for instance, where the bulk of the extractive activities exist, information in relation to aid in the environment sector is blurred, usually out of the public domain. The MMDAs in the Region operate a closed system where there are no mechanisms to place information on processes in the public domain.

The community level CS groups perceive aid management and accountability processes to be in the domain and control of government agencies, represented more by the DA. As they advocate for the provision of social amenities and on environmental degradation, they have not directly engaged the MMDAs regarding extent to which aid have been utilized. For instance, in the period when Ghana subscribed to the HIPC initiative and enjoyed debt relief, benefits accruing to the country were manifest mainly in the provision of social amenities at the community level. However, the beneficiaries of these facilities were not part of the discourse and decision making process.

Empirical evidence (based on field investigations) shows that community perspectives on aid vary. Whereas 85 percent of the people interviewed perceive aid as part of the development process and are aware of the roles aid plays in the development process, as much as 93 percent do not recognize the need for the local people to be involved in its management and accountability processes. This role they perceived should be done by the DAs on condition that officials will extol corruption and demonstrate transparency. Probing further as to the benefits on community involvement in accountability, 55 percent indicated that such involvement could be beneficial and would like to be involved; however they lack the capacity to do so. In focus group discussions, participants expressed the belief that government, having been democratically elected should provide information and lead the entire process. This indicates that the absence of information on aid makes it impossible for community to track the utilization of aid.

#### Box 4.1: Quotes by a Community Leader

Government has the power to negotiate and contract aid. That is why we voted for them. Our part is to wait quietly for the aid to come and the (Municipal) Assembly will provide the faculties we need. They (Assembly) know what we need'.

--Community Association Leader, Juaboso

Ownership and accountability however remain an area quite dicey and incomprehensible. On ownership, Government is seen to possess the capacity to engage with DP's and as such have the sole responsibility to access and manage aid. The local level actors including CS groups see themselves as subjects of aid and its management. As the above quote show, the MA has the sole responsibility to manage aid inflows. Then again, MPs represents their interests and are expected to be part of the discourse on aid ownership.

The process of accountability in the NREG sector is perceived by communities to be a direct relationship between the central government and DPs, and does not include local level government functionaries. At the local level, mechanisms for accountability have been lost due to the absence of information and the lack of leadership for the process. It is also a product of the limitations on capacity to research and analyze. There is the growing phenomenon of local level CS actors depending on national level and urban based CS groups

to lead the process and provide information for the local groups. This process though laudable risks the danger of demanding accountability for macro level processes without recourse to the micro level. In this light the few local level actors, equipped with information tend to make unrealistic and inappropriate demands.

One of the banes to accountability is the fact that the management of aid is a unilinear process with government as the key figure in negotiating and receiving aid and has the sole responsibility for the process. The indication is that government has the sole responsibility for reporting on aid and this reporting should be towards the donors. The people for whom government contract and receive aid do not therefore matter in the process. In addition, CS groups are not accountable to the district structure and also the constituency they represent. Although the all districts contacted have NGO desk officers, they do not effectively exact accountability from the CS groups they are supposed to liaise with.

**Box 4.2: Frustrations of District Authorities on CS demand for Accountability**

CS organizations continue to ask questions, make demands and want to look into whatever we do here (at the district level). On the other hand, nobody knows what they do with all the monies they receive from their donors. We only see workshops, trainings, etc. Even then, they expect us (the assembly) to give funds to do those things. How can they call for accountability when they are not accountable to anyone themselves?

--A District Planning Officer

This position of the District Planning Officer was strongly countered by a CS group leader. He indicated that since they develop proposals and source funding for development work in their areas of operation, they are supporting the development process and doing the work of the DAs. He emphasized that they are making up for what the 'authorities reneged on. *"What we do should be the concern of the district. How we got the funding should not be their headache, and also how the funds are utilized should not be their businesses"*. He concluded by saying that so long as the funding agency is satisfied with their financial reports, they are on track.

It is noteworthy here that majority of CS groups, including those at the local level derive the bulk of their funds from funding mechanisms such as KASA, RAVI, etc, who in themselves derive funding from the DPs through the MDDBS CS window. They are invariably expected to coordinate their processes with that of the MMDAs. The indication is that these CS groups tend to focus their processes, especially that of accountability on the demands of the funders and fail to look inwards to be accountable to their constituencies. Their processes are not integrated at the level at where they work but vertically to their funders and donors.

Discussions with DAs indicate that their participation in aid discourse is indirect and to a larger extent limited. Government perceives MMDAs prior need to be funds for development and thus sources these funds, some in form of aid which are pooled into a common fund. The Administrator of Common Fund applies the agreed criteria approved by Parliament to allocate funds to MMDAs. For other indirect support, the DAs participation is limited to submissions made by MPs on the floor of Parliament which may articulate the specific needs of the Assembly. Anecdotal evidence points to the fact that there is basically no major platforms for the ordinary people to collectively express their views and that MPs usually gather information unofficially from ordinary citizens, friends and sympathizers which are equated to popular public opinion.

**3.3 Aid in Local Governance and the NREG Sector**

Aid to the NREG is channeled through various funding windows and mechanisms. Whereas some of these are direct and is a result of the interactive process between say a donor and a CS, there are other funding mechanisms that respond to the MDDBS. Aid disbursement to the local level is through Central Government structures, particularly through budgetary allocations to the local level for development. The DACF which is 5 percent of the GDP represents the key government financial support to MMDAs and this is employed for the development of the districts, mainly capital projects. The DACF include components of aid received by government. The DDF represents development facility with contributions made by donors and all local governments receive the capacity building grant of 20%.

For the NREG sector, the relevant commissions have in place their respective financial management systems to which the districts are hooked on. In discussions with DAs, concerns have been raised regarding the degree of DA involvement in the discourse around aid in the NREG sector. Both for the forestry and mining, the DAs and communities are not satisfied with the depth of their involvement in the discourse. Agreements

and contract for exploitation of natural resources are discussed and finalized at the national level and districts are only informed of the outcomes including notification for extraction. The DA though benefits from business registration, payment of royalties from properties owned by firms, and the royalties paid to central government of which percentage (5%) is paid to DAs.

#### ***3.4 Traditional Authority and communities Involvement in Aid and NREG***

There is generally low level of knowledge and information about the PD and AAA, with only 10% of respondents having knowledge of the aid architecture in general, and funding for decentralization and NREG in particular. Although traditional leaders have been agitating for their share of royalties and other revenues including share of the DACF, and have used several platforms to push their cause, they nonetheless did not find the need to be accountable to the people on revenue inflows. Their interpretation of aid effectiveness varies from the perspectives of the community members and has strong elements of egocentrism. In fact people interpret the aid architecture differently, depending more especially on their background. For instance, women's interpretation of aid relates closely with the social and utilitarian value of facilities provided by both government and CSOs, and also the benefits they derive from such facilities. Whereas for example HIPC toilets were found to be irrelevant by men, women tend to see them as extremely necessary. In addition, most community members' perception of aid effectiveness is about infrastructure such as schools and hospitals. How these are managed and the results and benefits that accrue from these facilities are irrelevant.

It is interesting to note that Chiefs in Ghana have no formal representation in the local government structure beyond discretionary participation in the DAs deliberations. Although these have not held back the role of chiefs as catalyst of aid development, it nonetheless curtails their authority to exact accountability in aid. Fanciful approaches adopted by both local government and CS groups aimed at engaging the inputs of chiefs and their communities through the use of participatory methods and the facilitation of a process of endorsement of processes have in the main failed to provide the sort of mutual ownership and accountability in aid management. For example, the local government system and the development planning policies provide for a well synthesized method of engagement of communities members in the planning process.

Outcomes of the community and traditional authority engagement as part of the research approach and methodology point to limited opportunities for chiefs and communities to engage. The DA concept, as result of the democratic elections and appointment of Assembly members represents a key platform for communities and chiefs to contribute to decisions that affect the local government system. The problem has however been the manner in which Assembly members obtain information from their electorates. The available platforms include citizens' engagement with Assembly members largely unofficial with the Assembly members, MPs, during fora (public hearing) and festivities (including funerals). In several occasions, discussions on Aid in whatever form do not feature prominently and separately in the discussions.

NREG discussions must necessarily examine the role of women and how Aid come in to influence the role of women. In pursuit of gender, equity is universally recognized as a basic prerequisite of good governance. However, at the local level women find it difficult to actively participate in the discourse of aid implementation, couple with their busy schedules. It was noted that there was not any special arrangement to bring women on board for any development discussions especially with regards to project aid and implementation thereof.

##### ***3.4.1 Civil Society Involvement in Aid and NREG at the local level***

CS involvement in local level development has largely been on service delivery with a few focusing on oversight responsibilities, monitoring and coordination of development agenda. From the national level, where CS engage with government and DPs, some of them have created systems and structures at the district and community levels. Particular mention can be made of Friends of the Earth (FOE) and ISODEC which have established groups. FOE has established community based groups in all the ten regions of Ghana who are engaging in NRE management at the local level. ISODEC has instituted several mechanisms including (i) created community engagement youth groups to monitor revenue inflows and their utilization in the form of projects (ii) created alliance with CBOs and FBOs through networks championed by "Publish What You Pay" (PWYP) groups in communities (iii) created permanent desks in three resource rich districts to track development and (iv) created quarterly dialogue forum where all stakeholders meet to dialogue on

aid and resource revenue management. These district and community representations seek to push CSO engagement with government and DPs to the local level.

### **Summary of Findings and Policy Recommendations**

The foregoing has provided insight into how ownership and accountability functions in Ghana and analyzed the actors, processes and norms involved in the formal mechanism in aid. It has largely deepened the outstanding of the aid architecture and its dimensions with respect to debate and evidence.

## **4.1 Key findings**

### **4.1.1 Positive Findings**

- The decentralization system, initiated in 1988 (PNDCL 207) and given the legal backing by the enactment of Local Government Act (Act 462) and constitutional backing especially clauses on directive principles of state policy has yielded positive results. The system opened up the country and demonstrates the notion that citizens can participate in the decisions that affect them. The donor support to the decentralization system is enormous and attests to the fact that aid has contributed immensely to the drive for creation of opportunities for people to participate effectively in local governance to ensure accountability at the local level. District Assemblies admit that aid, in what form it has been and by whatever medium it has been channeled has contributed to development of local communities.
- The PD and the AAA has put Ghana in the driving seat of aid, with donor inflows aligned to country systems and country priorities. The MDBS has to a very extent supported the development process, and have influenced the evolution of funding mechanisms for the MMDAs such as the DACF and the DDF.
- Civil society has been playing critical roles in aid in many ways following the implementation of the PD and AAA and this is evident at macro, meso and micro levels. At the national level, CS have had opportunities to participate in the design and preparation of national development programs (GPRS II and the GSGDA), in the CG meetings and review of policy and development documents.

### **4.1.2 Negative Findings**

- Though laudable and an efficient way to maximise broader stakeholder participation in discourse on aid effectiveness, the MDBS has not been effective in broadening the space for participation of all stakeholders in the aid delivery and management process. The process is yet to give full recognition and appreciation of CS engagement and participation.
- The PD and the AAA have put Ghana in the driving seat of the aid agenda and taking a lead role in the negotiating process. The GoG however has not been able to fully eliminate conditionalities in the aid process and as such have to limit her accountability processes to respond to the needs of DPs.
- National audits indicate some serious weaknesses in terms of Public Financial Management. There are programs in place to address this problem but progress has been slow. District level accountability systems are now being reviewed annually through the FOAT which should result in some improvements. In reality, districts tend to have weak capacity and are dependent on the central level for funding, which rarely arrives on time. Some basic district level systems are now being reviewed annually through the FOAT, with the score being used to determine eligibility for investment funding as well as for capacity building support. At the central level, each MDA has an Audit Response Implementation Coordination unit (ARIC). However, these have yet to demonstrate strong capacity for audit follow up in most cases.
- CS are confronted with serious limitations to engage which include severe weaknesses in the capacity to participate actively in the aid effectiveness debates, low coordination and harmonization of CSOs efforts to engage, difficulty in accessing information on aid and development resources as well as fragmented and uncoordinated nature of aid especially of funds outside the MDBS.
- The absence of a Freedom of Information Law as a complement to the Whistleblowers Law has negated the strife of CS to engage in effective advocacy on the efficiency and prudence in the management of aid. This has greatly affected the ability of CS groups, especially those operating at the lower level to access information relating to aid.
- National budgets and subsequent audits, including data related to ODA, are subject to parliamentary review and there are a number of mechanisms for consultation on development policy. However, these systems, including Parliamentary committees, have tended to be under-resourced and are not very transparent to the general public.
- Accountability and ownership systems at the district level are quite weak. There is the absence of coordination between CS and the local political authorities. Where even these mechanisms exist, they are

elitist in nature and perceived to be the preserve of the few elites in society, who have the capacity and knowledge to comprehend and dialogue on aid management.

- Traditional authorities have been left out in the discourse on aid management. They are more often than not seen as the final beneficiaries and as such have very little engagement with the process. On the other hand, they perceive themselves as recipients who are only expected to grace occasions such as commissioning of projects and programmes.
- Support to the NREG sector support program seems well coordinated and NREG donors reach out to other DPs active in the ENRM sector through SWGs. Coordination around individual projects is less effective, although efforts are being made (e.g. the ENRM sector group coordinates an annual review of the sector, involving all interested DPs).
- There is limited commitment on the part of government to the enhancement and promotion of CS engagement in the preparation, implementation, and monitoring of their national development policies and plans and also the financing of these plans effectively. Where this exists, it is not universal and holistic.
- Many grass root CSOs are unable to practically reflect on the application of the PD and the five mutually reinforcing principles for Aid effectiveness from a CSOs. Many of them are ignorant of the developments in the aid regime, especially discourse relating to the PD and AAA. Again, Many grass root CSOs and traditional authorities perceive aid and its management to be the preserve of government and are yet to utilize or access new aid management and accountability approaches such as the AAA for instance to enhance their accountability for results. The reluctance of local level CSOs to be accountable to their constituency is a classic example.

#### **4.2 Recommendations**

- Development of credible sector budgets (e.g. by both GoG and DP) with resources allocated to sectors are actually available as long as MDAs can meet disbursement criteria. However, there should be clarity around government priorities (e.g. national development plans with costs and realistic PAF), with buy-in and accountability mechanisms for sector level decision-makers. Again, there should be clarity around roles and responsibilities among MDAs involved in a single sector and mechanisms for coordination among those MDAs (not just with DPs)
- Adequate MDA capacity for sector level planning, monitoring and reporting. Areas needing attention include credibility of sector budgets and sector M&E capacity. But ideally, all resources (aid and non-aid) should be coordinated at the district level. DAs should be aware of all development activities in their districts and should be consulted before new programs, including aid-funded programs, go forward. Development programs should be in line with district plans that have been developed through a participatory process. DAs should have sufficient staff to monitor development activities within their districts and should receive support from technical agencies such as EPA to ensure environmental sustainability.
- Responsiveness to regulations relating to planning at the MMDA level. The MMDAs should facilitate a process of coordinating all development support activities in their respective areas and align them to their MTDP priorities. They should take advantage of existing regulations on planning and composite budgeting and harmonise budgetary support and aid inflows and also coordinate development processes of both state and non-state actors.
- Donors should make every effort to ensure that district authorities receive regular updates on plans and activities touching their districts. Ideally district authorities should be involved in planning, monitoring and evaluation, if not implementation.
- Government should commit to place in the public domain, all information relating to donor inflows especially those supporting processes at the sub-national level. There should mechanisms in place to enhance CS access to information at all levels.
- Government recognition and involvement of CS must be streamlined by the active engagement of CS through an effective and efficient umbrella organisation recognised by government. The umbrella organisation must be independent and represent a single voice for all CS to engage in dialogue and work in the domain of aid effectiveness.
- Government must show greater commitment to supporting the work of CSOs engaged in the monitoring and tracking of aid at all levels and give serious attention and recognition of their views and inputs into the development process.
- Government should give meaning to the definition of CSOs and move from over concentration of efforts on the traditional NGO segment of CS to include all identifiable groups and associations especially at the DA levels and give recognition to their roles and positions as partners in development.

- The existing platforms for women's involvement in the discourse on aid effectiveness should be enhanced with both CS and government broadening the scope and space for women's engagement. In addition, existing platforms such as PWYP and youth forums engaged in tracking development projects should be recognised and their involvement enhanced in the aid process
- Ownership and accountability processes must evolve from the local level with room for dialogue at all stages of engagement. In this regard, GoG would have to develop a mechanism for effectively soliciting CSO inputs into the review and management (including the documentation and dissemination of good practices) of aid especially at the local levels. Both government and DPs should support CSO-led efforts to increase their capacity as development actors to take an active role in dialogue on development policy and on the role of aid in contributing to national development goals. CSOs engaged in aid monitoring, especially the AEF should be seen as credible partners in development.

#### **4.3 Conclusion**

The foregoing analysis and discussions have focused on Democratic Ownership and Accountability in aid with decentralisation as entry point and NREG sector as the foci of the research. Clearly, since signing on to the PD, Ghana has sought to domesticate the principles. The preparation of the PRSPs with broad based consultations, seem to demonstrate ownership while the democratic principles through multi-party elections, freedom of the press and freedom of expression also seem to be pointing to government's accountability to the people. However, there is more to ownership and accountability in aid than these. The reverse of this assertion is that the principles of ownership and accountability end where formal governance structures end and as such do not filter to the local level where the end users and the ultimate beneficiaries of most development support and interventions reside.

Government has been leading the national discourse around sourcing and utilizing ODA including undertaking consultation with CS. The trend shows a much more transparency and openness with CS involvement in present dispensation than it used to be. CS seems to be engaged and this is attributable to the PD and the AAA. In the NREG sector, the support is well coordinated, at least at the national level where NREG donors reach out to other DPs active in the ENRM sector through SWGs; coordination around individual projects is less effective.

Local level (DA and community) knowledge and involvement in aid is extremely minimal which keeps them away from coordination and monitoring.

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