

Aid for Trade Series



Evaluating Aid for Trade on the Ground

Lessons from Ghana

By Sarah Jane Danchie, Edward Brown and Abdoul Mijiyawa
African Center for Economic Transformation



International Centre for Trade
and Sustainable Development



Issue Paper No. 27

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ABBREVIATIONS AND ACRONYMS

ACET	African Center for Economic Transformation
ADF	African Development Fund
AfT	Aid for trade
AfDB	African Development Bank
AFD	Agence Francaise de Development
AGI	Association of Ghana Industries
BUSAC	Business Sector Advocacy Challenge Fund
CIDA	Canadian International Development Agency
CRS	Creditor Reporting System
CPIA	Country Policy and Institutional Assessment
CSOs	Civil Society Organizations
DAC	Development Assistance Committee
DANIDA	Danish International Development Agency
DFID	United Kingdom Department for International Development
DPs	Development partners
ERP	Economic recovery programme
ECOWAS	Economic Community of West African States
EIA	Environmental Impact Assessments
EU	European Union
FASDEP	Food and Agricultural Sector Development Policy
FGD	Focus Group Discussion
GEPA	Ghana Export Promotion Authority
GBS	General Budget Support
GIZ	Gesellschaft fur Internationale Zusammenarbeit (Germany)
GIDA	Ghana Irrigation Development Authority
GFZB	Ghana Free Zones Board
G-JAS	Ghana Joint Assistance Strategy
GNTF	Ghana National Trade Policy
GPRS	Ghana Poverty Reduction Strategy
GSGDA	Ghana Shared Growth Development Agenda
GoG	Government of Ghana
HIPC	Heavily Indebted Poor Countries Initiative
ICT4AD	Ghana Information Communication Technology for Accelerated Development
ICTSD	International Centre for Trade and Sustainable Development

IFAD	International Fund for Agricultural Development
IIC	Inter Institutional Committee
IP	Industrial policy
ISSP	Industrial Sector Support Programme
JITAP	Joint Integrated Trade Assistance Programme
JICA	Japanese International Cooperation Agency
LRED	Local and regional economic development
MCA	Millennium Challenge Account
MDAs	Ministries, departments and agencies
MDBS	Multi-Donor Budget Support
MDGs	Millennium Development Goals
MIDA	Millennium Development Authority
M&E	Monitoring and evaluation
MOAP	Market-Oriented Agricultural Programme
MOFA	Ministry of Food and Agriculture
MOFEP	Ministry of Finance and Economic Planning
MLGRDE	Ministry of Local Government and Rural Development
MoT	Ministry of Transport
MOTI	Ministry of Trade and Industry
MMYE	Ministry of Manpower, Youth, and Employment
MWWH	Ministry of Water Resources, Works, and Housing
MSMEs	Micro, small and medium enterprises
MTR	Medium-term review
NDPC	National Development Planning Commission
NRGP	Northern Rural Growth Programme
NPSC	National programme steering committee
NTDs	Non-traditional donors
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OECD-DAC	OECD Development Assistance Committee
PAF	Performance Assessment Framework
PD	Paris Declaration
PIT	Project/programme implementation team
PIU	Project/programme implementation unit/
PSDS	Private Sector Development Strategy
PSOs	Private sector organizations

RoG, ADF	Republic of Ghana, African Development Fund
SADA	Savannah Accelerated Development Agency
SAPs	Structural adjustment program
SAWTEE	South Asian Watch on Trade, Economics, and Environment
SMTDP	Sector medium-term development plan
SME	Small and medium-sized enterprises
SNV	Netherlands Development Agency
SWAP	Sector-wide approach
SWGs	Sector working groups
SECO	State Secretariat for Economic Affairs (Switzerland)
TRTA/CB	Trade-related technical assistance/capacity building
TSIs	Trade sector support institutions
TSSP	Trade Sector Support Programme
UK	United Kingdom
USAID	United States Agency for International Development
UWADP	Upper West Agricultural Development Project
VORADEP	Volta Regional Development Project
VRA	Volta River Authority
WTO	World Trade Organization

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FOREWORD

With about USD 400 million invested since 2006, Ghana is among the top recipients of aid for trade (AfT) in Africa. The country has progressively mainstreamed trade in its development strategy as well as in its sectoral policies, and AfT programmes have partially contributed in implementing them.

This paper, prepared by the African Center for Economic Transformation (ACET), assesses the effectiveness and impact of AfT in Ghana. This assessment is part of a series of eight country studies - Bangladesh, Cambodia, Ghana, Guatemala, Malawi, Nepal, Peru, and the Philippines - undertaken by the International Centre for Trade and Sustainable Development (ICTSD). This series of studies seeks to complement existing mechanisms to monitor AfT led by the Organisation for Economic Co-operation and Development (OECD) and the World Trade Organization (WTO) by providing an independent, comprehensive and integrated perspective on the unique experiences of individual countries in enhancing their capacity to trade. The studies offer fresh insights into the dynamics of AfT on the ground, the institutional set-up underlying the initiative and its weaknesses.

The eight studies were undertaken using a unique methodology developed jointly with the Nepal-based South Asia Watch on Trade, Economics and Environment. The methodology, based broadly on the Paris principles, allows an assessment of AfT effectiveness using a combination of quantitative indicators and information from key stakeholders obtained through surveys and interviews. The indicators are intended to measure critical aspects of the initiative, such as the additionality and predictability of funds, AfT mainstreaming, local ownership of the initiative and donors' alignment and coordination. These objective indicators are complemented by an impact assessment of AfT projects at the macro level and in a particular sector (e.g. rice and ready-made garments in Cambodia and Bangladesh) or area (e.g. trade facilitation in Peru and the Philippines, and regional development in Ghana).

To conduct each study, a bottom-up approach was followed. Local independent researchers worked in close collaboration with policymakers, government agencies, development partners, the private sector and other local stakeholders, collecting data, and information through structured interviews. Before finalizing a study, the draft report was presented and discussed at a national workshop in each country, where the study's findings were shared with various stakeholders, whose insights were incorporated in the final report. Such workshops served the purpose of both validating the research and building ownership of the report. As a last step, each study underwent extensive peer reviewing by experts in the country concerned and internationally.

The case studies do not seek to offer a conclusive statement about whether AfT has or has not worked in a given country. Instead, they focus on identifying those factors or circumstances that appear to enhance the effectiveness of AfT, and this with the aim of teasing out lessons of best practice that could inform and enhance the initiative in the future.

This study suggests that the impact of AfT in Ghana has been mixed. On the one hand, AfT programmes have contributed to mainstreaming trade at various levels and tackling some of the existing constraints that hinder Ghanaian exports. On the other, AfT has not succeeded in strengthening the absorptive capacity of the local institutions involved in the initiative, which has limited the overall impact of AfT. Despite the recent increase in trade, Ghana's exports are still highly concentrated and low in value added.

Through this analysis, ICTSD aims to contribute to the ongoing discussion on the Aid for Trade Initiative and to provide information that developing countries and their trade and development partners could consider in designing and implementing AfT programmes in the future.



Ricardo Meléndez-Ortiz
Chief Executive, ICTSD

EXECUTIVE SUMMARY

The African Center for Economic Transformation (ACET) was engaged by the International Centre for Trade and Sustainable Development (ICTSD), the Ministry of Trade and Industry (MOTI), and the Government of Ghana (GoG) to undertake an assessment of the impact and effectiveness of the Aid for Trade (AfT) initiative in Ghana. This report presents the key findings of this assessment and suggests recommendations for improving the effectiveness and impact of AfT. It forms part of a series of country assessments conducted by ICTSD that will complement the global-level monitoring and evaluation (M&E) exercise on the initiative.

This assessment uses a methodology developed by ICTSD and South Asia Watch on Trade, Economics and Environment (SAWTEE). Broadly, the methodology uses a series of quantitative and qualitative indicators to measure whether AfT has delivered on its key mandate to provide “*additional, predictable, sustainable and effective financing*” for building developing countries’ capacity to trade. AfT largely covers trade-related assistance for building economic infrastructure, productive capacity, trade policy and regulations and trade-related adjustment. Furthermore, the assessment covers assistance provided between 2006 (when the AfT Initiative was started) and 2010 (the latest year for which international data is available). It should be noted that the initiative was launched in 2005. The Task Force recommendations came in 2006, but it was not until 2007 that the World Trade Organization’s (WTO’s) AfT initiative moved into the first stage of implementing the 2006 recommendations (ICTSD).

Overall, the assessment demonstrates that AfT has been partially effective and has generated some positive impact. However, the gains are limited, mainly because of a number of systemic, procedural and human-resource related factors arising from both the internal and external political economies.

After providing a brief overview of the key trends in AfT in Ghana, the report presents the key findings under each of nine main aspects of the initiative captured by the ICTSD/SAWTEE methodology. The paper highlights the lack of a national mechanism or framework for coordinating AfT resources and projects and programmes; thus, national-level data is at best not reported in the same way as the international reporting system, or at worst not available. Nevertheless, despite a few limitations, derived mainly from these shortcomings, the national-level data present a much more comprehensive picture than the international-level data. International-level data is limited as it places too much emphasis on the quantum of AfT funds and thus provides a very limited understanding of the impact and effectiveness of AfT resources. It must also be highlighted that, despite stakeholders’ initial lack of awareness of the AfT initiative (65 percent were initially not aware of the initiative), their perceptions are largely substantiated by the national-level data, reflecting a good knowledge of the “*realities on the ground.*” Furthermore, given that those interviewed for this report are key players in the national framework for AfT, either in the planning and /or implementation phases of the AfT process, at both high and technical levels, their perceptions should not be overlooked. The following presents an overview of the key findings presented in the report under each of the main aspects covered by the methodology. It demonstrates the mixed performance of AfT.

Aid for Trade Funds Trajectory

This aspect looks at the flow and nature of funds received by Ghana. It covers three issues including: additionality, predictability and the nature of funds.

Both Organisation for Economic Co-operation and Development (OECD) and national-level data show that overall AfT funds do not constitute new financing – funding is not ‘additional.’ In fact, even though AfT increased in recent years, official development assistance (ODA) in other sectors decreased. The data thus seems to suggest that AfT has crowded out aid to other sectors, such as health and education. This assessment also highlighted the lack of national AfT-specific aggregated data to corroborate the OECD data on Ghana. The lack of knowledge by all stakeholders, especially among those in the trade ministry, on the quantum of funds involved was particularly interesting, suggesting a weak relationship with the Ministry of Finance and Economic Planning (MOFEP) on AfT funding issues.

Predictability looks at the variation between what donors pledge to give versus what is actually disbursed. The assessment also looks at the extent to which AfT projects have been completed without any external resource constraints, that is without any delays arising from development partners (DPs). The results indicate that AfT, especially AfT for infrastructure, is becoming less predictable than aid to other sectors, i.e. donor AfT pledges, especially funding for economic infrastructure, are often not realized. However, stakeholders feel that this has more to do with internal constraints, and thus that greater efforts are needed to strengthen the capacity of Ghanaian institutions to fulfil their counterpart obligations.

Finally, the nature of the funds is analysed under this theme – in particular, whether AfT funds come mainly in the form of loans or grants. Again, the results differ depending on the data used. OECD data indicate that AfT funds are more often in the form of grants and are becoming less debt creating, while the national data and stakeholder perceptions indicate the opposite. Furthermore, the national data demonstrates that there was a reversal in the declining trend of Ghana’s public debt ratio when the AfT initiative started, and this was caused mainly by AfT loans. The MOFEP and the MOTI should work closely together to ensure that debt sustainability analyses of all prospective AfT projects are undertaken.

Ownership

The level of ownership covers three broad elements: the extent to which trade is mainstreamed into national development priorities; the extent of national-level coordination and stakeholder involvement in trade issues; and the sustainability of AfT projects. Ownership is evaluated by analysing the situation both in theory and in practice.

1) Mainstreaming trade

The data suggests that, although trade is theoretically mainstreamed in the national development agenda and sectoral policies, implementation of these policies has been weak at the technical levels. Ownership and weak staff capacity at the level of the ministries, departments and agencies (MDAs) needs to be strengthened to improve implementation of these “nicely formulated policies.”

2) National coordination/stakeholder involvement

Unfortunately, the high-level coordination and collaboration described in the various trade-related policies or strategies is limited on the ground. It could be strengthened through greater collaboration and coordination among all stakeholders in the early stages of the AfT process.

3) Sustainability

Uniquely, the trade sector has enjoyed significant policy consistency and institutional and human capacity development; however, these gains have had limited sustainability. Where there has been greater planning and a stronger private sector element, sustainability has been greater as well.

Alignment

1) Alignment with Ghana's development strategies, national priorities and trade development priorities

It appears that donor programmes are well aligned with Ghana's development strategies and trade priorities; however, greater efforts to align under the trade agenda should be consolidated with efforts to align financial support with the private sector development strategy (PSDS).

2) Development partners' use of country systems/parallel implementation structures

This assessment evaluates the extent to which donors use Ghana's public financial management systems and national arrangements. While there is an increasing trend in budget support, the majority of ODA is still provided in non-budget support and project aid. Given that the GoG is fast improving its national systems, it could do more to demand DPs' use them. In the trade sector, parallel implementation units have been created for each project, so it is not possible to get a comprehensive view of funding of all trade sector programmes.

3) Provision of 'untied aid'

Despite the results of another independent assessment that concluded that donors provide untied aid, stakeholders largely feel that aid is still tied in favour of DPs. The GoG could enforce more local content requirements to limit imposed restrictions and conditions, such as the procurement of goods and services from donor countries.

Donor coordination

The assessment revealed that although donors are increasingly using a variety of effective donor coordinating mechanisms, there is a need for donors to make greater use of the trade-specific joint funding mechanism through the Pooled Fund for the PSDS II. The assessment also highlighted that in fact greater intra-donor coordination is needed.

South-South cooperation

The data on non-traditional donors (NTDs) is limited. Nevertheless, the data suggests that stakeholders appear to be pleased with the increasing role of AfT funds from NTDs. However, the data does not present a comprehensive picture of the current impact of the funds, but it is clear that AfT funds from NTDs are an important source of funding, especially for infrastructure development.

Limitations in absorptive capacities

This section evaluates the capacity of Ghanaian institutions to utilize aid resources. Despite limited national data that indicates a high absorptive capacity of AfT projects/programmes, there is much more evidence to suggest that the utilization rate is low. Consequently, the capacity of Ghanaian institutions needs to be strengthened.

Coherence with environmental sustainability

The assessment demonstrated that the incorporation of environmental issues in AfT projects is prevalent; however, it appears to be ineffective, as it is done only as a routine requirement by donors, and only on a broad basis, not specific to AfT projects. Increased knowledge and sensitization on specific financing opportunities for AfT projects is needed. Furthermore, enforcement and implementation of environmental issues need to be strengthened.

Macro-level impact analysis

Based on the data obtained, it is difficult to identify AfT's specific contribution to trade performance; thus, this analysis is limited and highlights difficulties in measuring the macro-level impact of specific AfT projects on Ghana's trade performance, owing to problems of attribution and difficulties isolating the effects of other influential factors on Ghana's exports. This analysis highlights the importance of strengthening M&E of AfT projects for their macro-level impacts.

Micro-level impact analysis

The micro-level assessment includes an in-depth analysis of a regionally oriented development project based in the northern regions of Ghana, the poorest regions in the country. ACET selected this project on the basis that it is an example of the GoG's and subsequently the DPs' approach to focus on the development of regions. The Northern Rural Growth Programme is an example of a typical AfT project. The in-depth analysis showed that the overall performance is mixed with some modest gains. This mirrors much of the overall assessment. The analysis thus highlighted that, despite government commitment and relatively sound project design, the programme is hindered by several implementation challenges emerging from donor relations as well as weak environmental and financial sustainability planning.

The final section of the report provides recommendations based on the findings of the assessment.

1 INTRODUCTION

1.1 Background

The global AfT initiative, which was launched during the WTO's 6th Ministerial Conference in Hong Kong in 2005, seeks to help developing countries address supply side constraints to trade in order to: (1) increase their trade in goods and services; (2) integrate them into the multilateral trading system, and (3) implement and benefit from liberalized trade and increased market access (UNECA, 2011). As part of the ODA to developing countries, AfT was broadly defined by the WTO AfT Task Force to reflect the diverse trade-related needs and constraints developing countries face, while establishing a clear distinction between AfT and other development assistance (UNECA, 2011).

The four main categories used in the monitoring and tracking of AfT-related funds are economic infrastructure, building productive capacities, trade policy and regulations and trade-related adjustments. A detailed list of the type of support that AfT covers is provided in Annex II. To date, Ghana is among the top ten recipients of total AfT commitments and disbursements to Africa (UNECA, 2011). The Organization for Economic Cooperation and Development - Development Assistance Committee (OECD-DAC) Credit Reporting System (CRS) is currently the most comprehensive database on ODA to developing countries, as it reports on ODA flows from DAC members, multilateral donors and a few other reporting donors. In Ghana's regional grouping, the Economic Community of West African States (ECOWAS), Ghana received the most – almost one-fifth (20 percent) – AfT funds for both AfT commitments and disbursements from 2007-10 (ECOWAS Commission, 2012). So, what has the impact of AfT been in building Ghana's capacity to trade?

It has been almost seven years since the launch of the AfT initiative, and the GoG, under the aegis of the Ministry of Trade and Industry (MOTI), would like to take stock of where Ghana stands today, what type of

impact the AfT initiative has had and how Ghana should move forward with this agenda. Also, as part of the global process to capture the unique experiences of individual countries in enhancing their trade capacity, the GoG would like to undertake a national assessment of the effectiveness and the impact of the AfT initiative in Ghana, with the goal of developing policy recommendations for all stakeholders, including DPs and the GoG as well as private sector and civil society actors on how to improve the impact and effectiveness of AfT. This work is part of ICTSD's series on country assessments of the impact and effectiveness of AfT,¹ and it will be one of the most comprehensive assessments of the impact of AfT in Ghana to date.

1.2 Methodology

This research uses an independent methodology developed by ICTSD and the SAWTEE (Adhikari 2011). The methodology proposes a series of qualitative and quantitative indicators to measure critical aspects of the AfT initiative, such as additionality and the predictability of funds, mainstreaming of trade issues, local ownership of the initiative and donors' alignment and coordination. Also, an important part of the methodology is concerned with impact assessment at the macro and micro levels. These indicators are mostly on the framework provided by the Paris Declaration on Aid Effectiveness. A detailed summary of the methodological framework of analysis developed by ICTSD/SAWTEE is provided in Annex III.

Broadly, the methodology is designed to test whether AfT has delivered on the key mandate outlined by the AfT Task Force, which states that AfT must be: *“additional, predictable, sustainable and effective financing”* for building developing countries' capacity to trade.

This report employs a multi-pronged approach using various methods of data collection and

analysis, which broadly includes primary data collection, mostly through structured interviews with key stakeholders, as well as the analysis of secondary data sources. Also, ACET undertook a case study of a typical AfT project, which used a mix of both primary and secondary sources.

Interviews with key stakeholders

Over 60 individuals involved in AfT in Ghana were interviewed, using a structured questionnaire. These include officials in key ministries involved in the trade sector; trade sector support institutions (TSIs) or implementing agencies; private sector organizations (PSOs); civil society organizations (CSOs); some of Ghana's top AfT DPs and 'others,' such as trade practitioners. The majority of those interviewed were from the MOTI and the MOFEP. These two ministries anchor the coordination and implementation for AfT activities in the country. The MOFEP is responsible for national aid management and coordination, while the MOTI is responsible for trade policy formulation and the development of domestic and international trade. Further, a consultation workshop was held that brought together key players to discuss the research as well as to identify and finalize key relevant issues for inclusion in this final report. A list of stakeholders interviewed is provided in Annex I.

Analysis of secondary data

ACET undertook an analysis of secondary data available from both international and national sources. International-level data included data, mainly from the OECD-CRS database, which is currently the most comprehensive database on ODA and, more specifically, AfT flows to developing countries. National data sources included: budget statements available on the MOFEP website, budget data provided by the MOFEP as well as a review of key GoG and DP documents. Key documents reviewed include: national development plans during the period of interest, which

include: (1) the current Ghana Shared Growth and Development Agenda (GSGDA) (2010 - 2013); (2) the Ghana Poverty Reduction Strategy (GPRS I) (2003 -05); and (3) GPRS II (2006 - 09). Key GoG trade-related strategy documents and policies were also reviewed. These include the Ghana National Trade Policy (GNTP) launched in 2004. This was translated in 2005 into the Trade Sector Support Programme (TSSP) (2006 - 2010), designed to implement the GNTP's prescriptions. Both focused on the development of production for the domestic and international market. There have been two consecutive national medium-term strategies for the private sector: Private Sector Development Strategy (PSDS I) (2005 - 2010) and PSDS II (2011 - 2015). These broadly mainstream trade sector issues with the goal of developing a private sector that is better able to compete in global and regional markets as well as in supporting the diversification of production. Similarly, Ghana's Industrial Policy (IP), adopted in 2010 and later transformed into the Industrial Sector Support Programme (ISSP) (2011 - 2015) aims at developing the industrial capacity and competitiveness of production in domestic, regional and global markets.

Policy documents from other trade-related sectors were also reviewed. These included the Food and Agricultural Sector Development Policy (FASDEP II); the Sector Medium Term Development Plan (SMTDP) for Roads and Highways; the National Transport Policy; the Ghana ICT for Accelerated Development (ICT4AD) and the National Energy Policy. All of these policies prioritize their auxiliary role in the development of the national trade sector. In addition, ACET undertook an extensive review of available literature on the top AfT DPs' strategies, policies and cooperation programmes in Ghana. These were available on the Internet or provided by DPs. ACET also drew from past assessments and undertook a general literature review in addition to the few GoG and mainly DP M&E reports.

Case study

ACET conducted a micro-level impact assessment of the Northern Rural Growth Programme (NRGP), an AfT project based in the northern regions of Ghana. There is an apparent shift in Ghana's national development strategy towards more local and regional economic development (LRED) programmes, that is, development projects are becoming increasingly region oriented. The NRGF is an example of one such LRED initiative, which focuses on increasing incomes and building the capacity of local traders to produce and supply both domestic demand (which has traditionally been provided by high imports) and increasing demand from Ghana's neighbours in the sub-region. ACET conducted in-depth discussions with key staff members of the NRGF management and implementation team, as well as a focus group discussion (FGD) with a number of beneficiaries of the programme. ACET also undertook a review of available relevant quantitative data. Using the ICTSD methodology, this micro-level assessment explores the relevance, efficiency, effectiveness and sustainability of the NRGF.

1.3 Challenges in the Research

Two key issues we were confronted in undertaking this evaluation. The first was problems of data, which included: inconsistencies between the two data sources used - the OECD database and data derived from national sources; incomplete coverage over time as well as levels of disaggregation. The second was the limited awareness of AfT among practitioners, implementers and decision-makers.

Data quality

There are significant inconsistencies between the data derived from national sources and those obtained from the OECD database on Ghana, making it difficult to establish coherent patterns or trends. Both sources report data in different ways, with variations in coverage and levels of disaggregation. The OECD database clearly categorizes AfT

activities distinct from other aid-related activities, while data from national sources, including those directly obtained from donors do not make such distinctions. In addition, given the limited coverage of national source data (compared with the OECD database) it was difficult to obtain information covering the entire period under review (2002-10).

Further, there are internal inconsistencies in each of the two data sources and in some instances national-source data are out of date. There are instances where the OECD-DAC database figures do not match and even contradict DP data from both headquarters and DP offices based in Ghana. Similarly, at the national level, data derived from the budget is not always consistent with disaggregated project-level data, which can also be different depending on whether it is from donors or national sources. In addition, data from national sources do not include information on all NTDs, such as China or India. It was clear from stakeholder interviews that these countries are emerging players in ODA. Furthermore, stakeholder interviews confirmed in some instances that the data is outdated.

Given that the data from national sources were limited, there was considerable reliance on data derived from DP M&E and project implementation reports as a basis for evaluating impact; this proved problematic. As there was a lack of data from national sources, ACET often had to rely on donor reports. However, stakeholder interviews revealed that what DPs term as a success or a challenge varies greatly from what national stakeholders perceive as such. Furthermore, many of the DP-driven M&E reports are self-assessments, such as the evaluation of DPs' provision of "untied aid" and the use of country systems or creation of parallel implementation structures. Nevertheless, the limited national data and stakeholders' perceptions combined were sufficient to provide a picture of what is happening on the ground, and this will be presented in the following sections of the report.

Level of awareness of AfT

Without prompting, almost two thirds (65 percent) of stakeholders interviewed exhibited no knowledge of the AfT initiative and at best “*were not too sure*” about the details. Of this number, half (50 percent) declared no knowledge. Particularly surprising is the low level of awareness among respondents from the MOTI, close to two thirds (63 percent) of which had no knowledge of the initiative. Indeed, lack of awareness among the GoG’s MDAs was higher (55 percent) than the lack of awareness among non-state actors (45 percent). This finding is contrary to stakeholders’ perceptions: many thought that knowledge about the initiative is highly concentrated among MDAs.

Indeed, CSOs proved most knowledgeable about the initiative; half of CSO respondents (50 percent) had heard of it, and another 25 percent of respondents had heard of it, but did not know the details. Awareness among PSOs was very low as none (100 percent) were aware of the initiative or had ever heard of it. When first approached for this exercise, as many as two thirds (66 percent) of DPs thought that their cooperation programmes were not related to this initiative. Furthermore, none of the top AfT donors approached were aware of the size of support that the OECD database reports. Less than 40 percent of the institutions contacted were able to provide project-level data. Furthermore, a third (34

percent) of all respondents indicated that this exercise was the first time they had heard about the AfT initiative.

With further prompting stakeholders realized they were very much aware of the objectives of AfT, although not as much as the Paris Declaration on Aid Effectiveness agenda. Furthermore, stakeholders realized that they were indeed key players at some point of the AfT process. Once the initiative was explained and details of the categories were provided, all respondents (except one) were able to cite an example of an AfT project. Of the 34 projects cited, only 3 were not, in fact, AfT projects. Furthermore, stakeholders realized that they were very much involved at some stage in the process as they took part in the design, implementation and/or M&E of trade-related projects. Most respondents (56 percent) felt they were part of the design and implementation stage; fewer (35 percent) felt that they were part of the M&E stage. Many respondents compared their individual and national-level awareness of the initiative to that of the Paris Declaration agenda, saying that AfT “is not as well known.”

This report begins with a brief section on the key trends in AfT in Ghana; then it presents the findings of the assessment under each of the nine aspects of the ICTSD/SAWTEE methodology. A summary of the key findings and conclusions is provided before key recommendations are presented in the final chapter of the report.

2. KEY TRENDS IN AID FOR TRADE IN GHANA

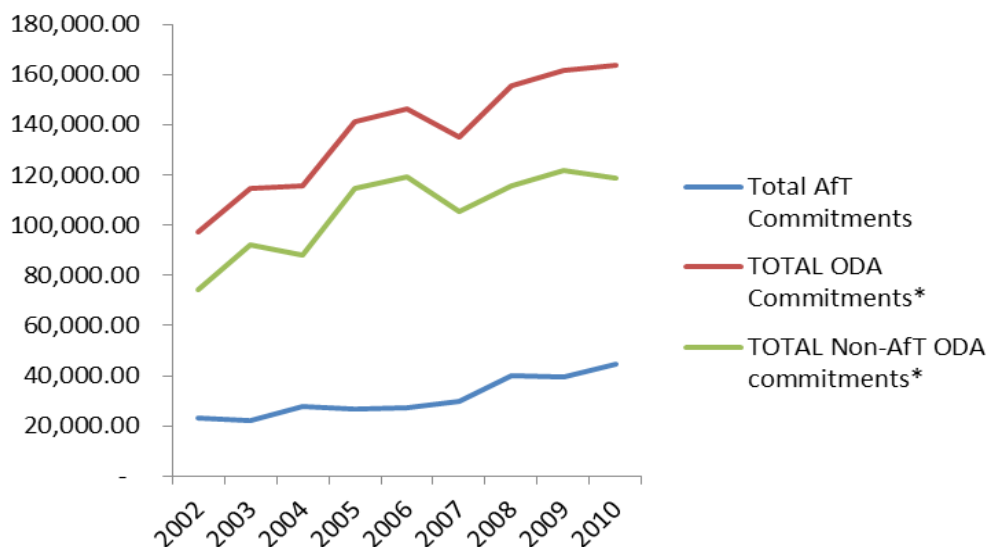
This section provides a brief overview of ODA or aid flows to Ghana with a focus on Ghana's AfT flows at the national, regional and global levels since 2006. As national data sources are limited, this section draws solely on data from the OECD-CRS database, which provides the most comprehensive data on both total ODA and AfT.

Ghana was among the top ten recipients of ODA to Africa in the last decade, and has been among the top ten recipients of commitments to AfT, having received an average of USD 280 million between 2002-05 prior to the AfT initiative, and USD 616 million since the AfT initiative started, improving its position among the top ten recipients to seventh place (from ninth in 2002 - 05) (UNECA, 2011). Ghana was also seventh in Africa in actual disbursements since the initiative started (UNECA, 2011). At the regional level (i.e., ECOWAS), Ghana received almost 20 percent of total commitments to AfT between 2007 and 2010 and thus was the top recipient of total commitments to AfT in the West African region (ECOWAS Commission, 2012). Even when actual disbursements are considered, Ghana still ranked as the top AfT recipient in ECOWAS followed by Nigeria, which received 13 percent of AfT disbursements to the region (ECOWAS Commission, 2012). Ghana's share of

commitments to AfT (40.7 percent) is higher than the average of sub-Saharan countries (32.9 percent) (OECD, 2011).

AfT has become an increasingly important part of Ghana's total ODA. Indeed, AfT grew much faster than ODA for both commitments and disbursements. AfT commitments made up 21 percent of total ODA between 2002 and 2005; this increased to 25 percent of total ODA after the initiative started.² Indeed, overall AfT commitments (that is commitments to other sectors of ODA); AfT commitments increased by 82 percent after the initiative started, while non-AfT commitments increased by 57 percent. The same is true for AfT disbursements.³ AfT commitments to Ghana increased significantly by almost 94 percent between 2002 and 2010 and reached USD 44,674 million by 2010. They grew more than non-AfT commitments, which grew by only 68 percent during the same period. Similarly, AfT disbursements increased significantly by 135 percent between 2002 and 2010 to reach USD 32,448 million in 2010, while non-AfT disbursements increased by 77 percent during the same period. Before the initiative started, non-AfT disbursements increased by 133 percent, but afterwards they decreased by 24 percent.⁴

Figure 1: Official development assistance (both AfT and aid to other sectors) to Ghana between 2002 and 2010 (USD \$m, constant data, 2010)

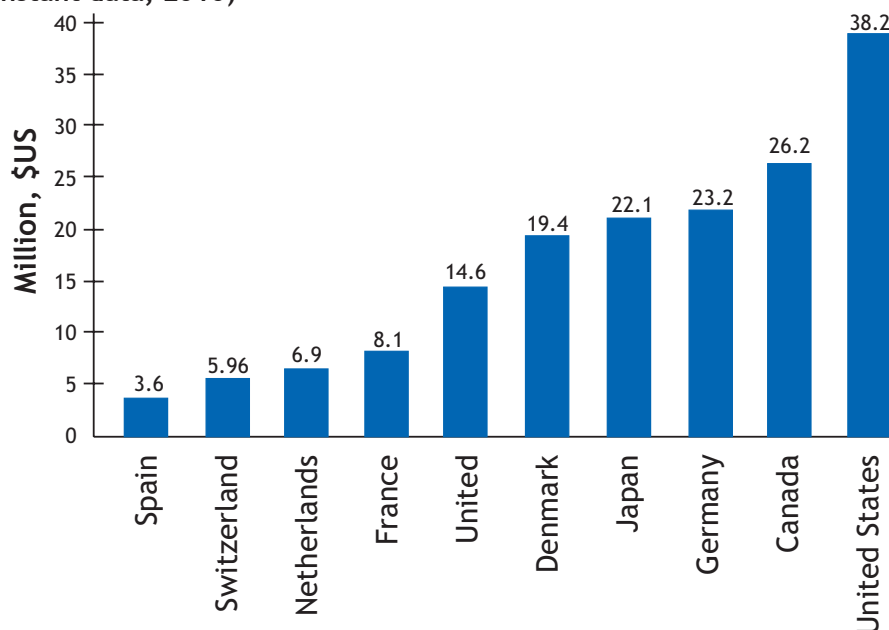


Source: OECD CRS database

The top ten AfT donors in Ghana are the same as the top ODA donors; they provide almost 80 percent of total AfT. The top ten ODA donors include multilateral institutions, such as the World Bank, the African Development Bank (AfDB), and the European Union (EU); top bilateral donors include: France, the United

States (US), the United Kingdom (UK), Germany and Japan. As shown in Figure 7, these donors are also among Ghana's top bilateral AfT donors. Similarly, Ghana's top AfT multilateral donors include the World Bank (International Development Association), the EU and the AfDB's African Development Fund (ADF).

Figure 2: Ghana's top ten AfT bilateral donors, average disbursements between 2002 and 2010 (USD \$m, constant data, 2010)



Source: ACET calculations using data from OECD-CRS database

At the global level, three categories of AfT make up a significant majority of all AfT ODA, with most of Ghana's AfT going to economic infrastructure. Categories include: aid to economic infrastructure, productive sectors and trade policy and regulations. Characteristically these make up about 97 percent of total AfT. These are well reported in the OECD-CRS database (the small remainder goes to trade-related adjustment). For Ghana, the composition of AfT commitments has been mainly to the economic infrastructure category, which constituted more than 55 percent in 2002-10. Since the initiative started, commitments of aid to the economic infrastructure category almost doubled. On the other hand, actual disbursements show a more modest picture of the importance of economic infrastructure. Since the initiative started, disbursements to economic infrastructure represented only 52 percent of total disbursements. Stakeholders explained that actual disbursement for

economic infrastructure is often particularly weak, owing to the difficulties the GoG has had in fulfilling counterpart obligations, for example, for the construction of a road for which the GoG may be required to compensate all persons who will be displaced. The peculiarities of economic infrastructure are discussed in more detail later in this paper.

Conclusion: This section highlights some key trends in Ghana's AfT experience based largely on international data, which provides a better-aggregated picture of AfT resources than national data. Ghana's AfT resources follow much the same trends as total ODA: Ghana is a top-ten AfT and ODA recipient in Africa, and the top bilateral and multilateral donors of both AfT and total ODA are the same. The data also suggests that AfT has become an increasingly important component of total ODA, especially for financing economic infrastructure and services.

3. RESULTS OF THE ASSESSMENT

Using the ICTSD/SAWTEE methodology (Adhikari, 2011), the following sections of the report will present the results of applying the methodology, and thus provide more insight into the impact and effectiveness of the relatively large amounts of AfT resources Ghana has received since the initiative started in 2006.

3.1. Aid for Trade Funds Trajectory

This section looks at the flow and nature of AfT funds received by Ghana. Specifically, this aspect focuses on three issues: additionality, predictability, and the nature of the funds (loans or grants).

3.1.1 Additionality

According to the methodology, additionality means that AfT resources are additional to amounts received in the past and that such resources are not provided at the cost of aid to other sectors (Adhikari, 2011). Stakeholders from the MOTI who were involved in the early stages of the AfT initiative in 2005 described how they were part of the Africa group pushing a proposal to create a new separate fund to ensure that it was “new” money and not “old wine in new bottles.” Although this proposal was not taken forward (High Level Trade Group, 2011), WTO members stressed that a key principle of AfT funding is that it is additional financing.

Using the ICTSD/SAWTEE methodology, four indicators are tested to confirm additionality. If there is additionality, the following should prevail: i) AfT since the initiative started should be greater than before the initiative started; ii) aid to other sectors (non-AfT) since the initiative started should be greater than before the initiative started; iii) the growth rate of aid to other sectors since the initiative started should be greater than the growth rate before the initiative started, and iv) the growth rate of aid to other sectors since the initiative started should be greater than or equal to the growth rate of non-AfT at the global level between 2002 and 2010. The methodology is applied using both OECD and national data where possible, using the average of the period before the initiative started, or the baseline period (2002 - 2005) compared with the average of the period after the initiative started, or the recent period (2006 - 2010). Thus, it should be noted that a four-year average is compared with a five-year average. The use of averages helps to overcome the problem of comparability between the different periods.

Additionality of AfT using OECD data

Table 1 shows the results from testing the additionality of AfT using OECD data.

Table 1: Testing additionality of AfT in Ghana using OECD data

	2002 - 05 (average, USD m, constant 2010 prices)	2006 - 2010 (average, USD m. constant 2010 prices)	Growth (%)
Average AfT Commitment	278.9	677.4	142.9
Average AfT Disbursement	265.0	396.3	49.5
Average non-AfT ODA Commitment	1401.2	1242.3	-11.3
Average non-AfT ODA Disbursement	1417.2	2075.6	46.5
	% Average Annual Growth 2002 - 2005	% Average Annual Growth 2006 - 2010	Average Annual Growth (2002 - 2010)
Non-AfT ODA Commitment	100.6	-31.9	50.1
Non-AfT ODA Disbursement	81.40	-81.6	46.3
Non - AfT ODA Commitment (global)	54.8	-0.3	43.2
Non - AfT ODA Disbursement (global)	65.1	24.2	26.3

Source: ACET's calculations based on data from OECD CRS database

Table 2: Testing additionality using OECD data

Four Indicators to Test Whether AfT is Additional Funding	OECD Data
Indicator 1: Average AfT should be greater than before the Initiative started in 2006 Avg AfT (2006 -10)> Avg AfT (2002 - 05)	Fulfilled Both Commitments and Disbursements increased in recent years by 143% and 50% respectively
Indicator 2: Avg Non-AfT (2006-10) > Avg Non AfT (2002–05)	Only partially fulfilled Non-AfT ODA commitments decreased by just over 11% between the period 2002-2005 and 2006-2010. On the other hand, non-AfT ODA disbursement increased by almost 47%.
Indicator 3: Avg. Growth rate Non-AfT (2006 - 10) > Avg. Growth rate Non-AfT (2002 - 05)	Not fulfilled Growth rate of aid to other sectors since the initiative started is less than its growth rate in the period before the initiative. Non-AfT ODA grew significantly (2002 - 2005) by 101% and 81% for both commitments and disbursements respectively, but since the initiative started, non-AfT ODA decreased from 2006 -10 by just over 30% and 80% for commitments and disbursements respectively.

Table 2: *Continued*

Four Indicators to Test Whether AfT is Additional Funding	OECD Data
Indicator 4: Avg. Growth Rate Non-AfT (2006 - 10) >= Avg. Growth Rate global non-AfT (2002 -10)	Not fulfilled Growth rate of ODA to other sectors in the recent period is less than the growth rate of non-AfT ODA at the global level for the entire period for which data is available (i.e. between 2002 - 2010). While non-AfT ODA decreased by just over 30% and 80% for commitments and disbursements (2006 - 10) respectively, the average growth rate of the global non-AfT in the period 2002 - 2010 increased by just over 43% and 26% for commitments and disbursements respectively.

Source: ACET's conclusions based on Adhikari 2011 and data from OECD CRS database

Using international-level data, it appears that there was no additionality, as all four conditions were not fulfilled. Since the initiative started, AfT commitments and disbursements increased, as well as disbursements to other sectors (non-trade development assistance). However, since the initiative started, ODA commitments to other sectors declined. This could be interpreted to mean that AfT flows were derived by diverting resources away from ODA in other sectors. If true, this would be a cause for concern for a low-income economy like Ghana.

MOFEP provided the national data. The MOFEP provided data on loan disbursements only; thus, this analysis of AfT additionality with national data does not cover grants. This suggests that the analysis of AfT additionality with national data is not comparable with the analysis using OECD data. Moreover, the national data is in nominal terms, unlike the OECD database. As the data is not disaggregated into AfT by the GoG, ACET was compelled to classify the loans according to the OECD categorization (shown in Annex). Table 3 and Table 4 present the results under each indicator using national data.

Additionality of AfT using national data

In this sub-section, the same analysis above is undertaken using national data. Ghana's

Table 3: Testing additionality using national-level data

	2002-05 (average, USD million, current)	2006-10 (average, USD million, current)	Growth (%) Between the two periods
Average AfT loan disbursement	151	403	403
Average non-AfT ODA loan disbursement	193	617	617
	Average annual growth rate (2002-05)(%)	Average annual growth rate (2006-10) (%)	
Non-AfT loan disbursement	521	175	-

Source: ACET's calculations based on data provided by Ghana's MOFEP.

Note: Condition 4 cannot be tested, as the available data is not sufficient.

Table 4: The results under each indicator using national-level data

Four Indicators to Test Whether AfT is Additional Funding	National-Level Data
Indicator 1: Average AfT should be greater than before the Initiative started in 2006: Avg AfT (2006 -10) > Avg AfT (2002 - 05)	Fulfilled AfT loans in recent years were greater than in the baseline period. The average disbursement of AfT loans rose significantly by 167% to USD 403 million in recent years.
Indicator 2: Avg Non-AfT (2006-10) > Avg Non AfT (2)	Fulfilled Loan disbursements to other ODA sectors during the recent period were greater than in the period 2002-2005. Non-AfT loans constituted USD 193 million in the period before the initiative started and increased to USD 617 million since 2006. This constitutes a significant increase of almost 220%.
Indicator 3: Avg. Growth rate Non-AfT (2006 - 10) > Avg. Growth rate Non-AfT (2002 - 05)	Not fulfilled The growth rate of loan disbursements to non-AfT sectors since the initiative started is less than the growth rate in the period before the initiative started. The average annual growth rate of disbursements of non-AfT loans was 521% in the period 2002-05, and it plummeted to 175% in recent years.
Indicator 4: Avg. Growth Rate Non-AfT (2006 - 10) >= Avg. Growth Rate global non-AfT (2002 -10)	Unable to test due to insufficient national-level data

Source: ACET's conclusions based on Adhikari 2011 and data provided by Ghana's MOFEP.

Overall, the analysis of additionality of AfT using national data indicates that both AfT and non-AfT ODA increased, but the growth rate of non-AfT ODA declined in recent years. There is additionality in AfT loan disbursements, as these rose significantly since the initiative started. There was also additionality in loan disbursements to other sectors, as these also increased significantly as illustrated in Table 3; AfT loan disbursements more than doubled since the initiative started. However, there is only partial additionality, because since the initiative started, ODA commitments to other sectors appear to have been displaced by commitments to AfT. As Table 4 also shows, the growth rate for non-AfT ODA decreased for loan disbursements.

Additionality according to stakeholders

Stakeholders do not perceive that there has been an increase in AfT funding in Ghana; thus, their perception is in line with both data sources. Fully recognizing that all stakeholders

would not be aware of exact aggregate figures for AfT and that at best they would be aware of only AfT disbursements for their own projects, most stakeholders interviewed for this research (53 percent) said that they “*couldn't say*” whether there has been an increase. They stated strongly that they were absolutely not aware of the figures. While stakeholders could say that they “*feel*” that ODA in general has been increasing, they couldn't say that AfT in particular has increased. This further highlights the real lack of awareness of AfT and could also suggest the perceived lack of impact, as stakeholders could not note any difference. Moreover, contrary to both data sources, most respondents (57 percent) do not think AfT has come at the cost of ODA to other sectors, such as health and education, believing that the social sector still gets “*the lions' share*” of ODA. In fact, both data sets show (although under different conditions) that ODA to other sectors has suffered slightly since the initiative started in 2006.

Conclusion on additionality: Both international and national data suggest that AfT resources increased in recent years, for both commitments and disbursements. The OECD data also reveal that while non-AfT ODA disbursements increased, commitments declined in comparison with the baseline period. Therefore, we conclude that AfT is not fully additional. In fact, the decline of non-AfT commitments could be interpreted to mean that AfT flows were derived by diverting resources away from ODA in other sectors. This confirms the perception of the stakeholders interviewed that the increase in AfT came at the expense of disbursements to other ODA sectors.

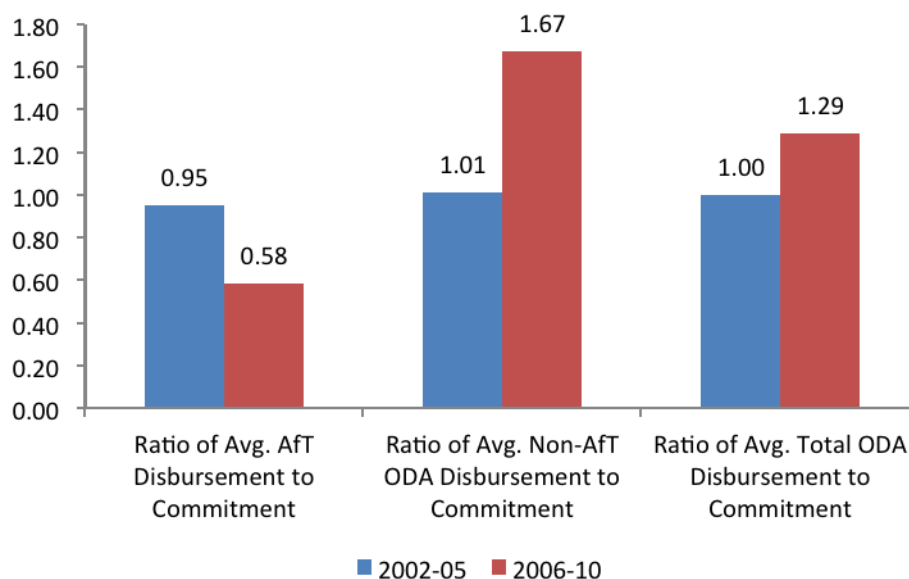
Obtaining details on the financing of AfT was difficult; thus, national data was limited to loan disbursement data, and it was not possible to test condition four. The relationship between the MOFEP and the MOTI on the details of the financing of AfT appears to be weak. Interestingly, unlike other stakeholder groups, respondents from the MOTI stressed that “*only MOFEP would be able to say.*” This suggests that the MOTI does not feel sufficiently involved in the details of the terms of the AfT funding.

3.1.2 Predictability

This section discusses the predictability of AfT. The objective of the analysis is to find out

whether or not there is a gap between the AfT amounts promised by DPs and those that Ghana actually received. When aid is not predictable, developing countries’ governments cannot plan investments or implement economic policies adequately (Adhikari, 2011). The ICTSD/SAWTEE methodology is applied using only OECD data at aggregate levels, as the available national data is not sufficient for this analysis. The AfT disbursement and commitment data in Table 1 is used according to the ICTSD/SAWTEE methodology.

AfT funding has been and is becoming increasingly less predictable, while predictability has improved for both ODA to other sectors and total ODA in general. As Figure 3 below illustrates, the ratio of average AfT disbursements to commitments has declined since the initiative started, as compared with the period before. However, contrary to this, the same ratios for non-AfT ODA and total ODA have increased from 101 percent to 167 percent and 100 percent to 129 percent respectively. The increase in the ratio for aid to other sectors and aid to all ODA may be partly due to Ghana’s participation in the Heavily Indebted Poor Countries (HIPC) Initiative. The bulk of disbursements were made in 2004.

Figure 3: Testing predictability: variation between disbursement and commitment of aid in Ghana

Source: Based on average data on commitment and disbursement of aid from the OECD data reported in Table 1

Predictability of AfT at disaggregate level

Within AfT categories, aid to economic infrastructure has been the least predictable. As Table 5 shows, the ratio of disbursements to commitments has decreased for aid to economic infrastructure, while it has increased for aid to building productive capacity and AfT policy and regulations. The decline of the ratio for aid to economic infrastructure was about 46 percent. However, Table 5 also shows that both commitments and disbursements in aid to economic infrastructure have increased over

time, especially for commitments. Thus, the decline in the ratio would likely reflect delays in the execution of infrastructure projects. This trend also emerged from the stakeholder interviews. Several stakeholders involved with infrastructure remarked about the slow to low disbursement for infrastructure projects, and the reasons are discussed further below. The decline of the ratio of disbursements to commitments for aid to economic infrastructure can be worrisome, given the strategic role of infrastructure for trade development highlighted by Ghana's private sector (AGI website).

Table 5: Testing predictability within the AfT categories

	% disbursement growth (2002-05 to 2006-10)	% commitment growth (2002-05 to 2006-10)	Ratio of disbursement to commitment (2002-05)	Ratio of disbursement to commitment (2006-10)	% change in ratio of disbursement to commitment
Economic Infrastructure	29.30	140.50	1.92	1.03	-46.24
Building Productive Capacity	74.88	53.00	1.05	1.20	14.30
Trade Policies and Regulations	-1.49	-17.72	0.70	0.84	19.72

Source: ACET's calculations based on OECD CRS database

Predictability according to stakeholders

Stakeholder views about predictability are mixed; while they feel that there has been an increase in donor commitments, they do not think these commitments have translated into actual disbursements, though not because of external resource constraints. While most respondents (53 percent) believe that there has been an increase in AfT commitments by DPs since the initiative started, they could “neither agree nor disagree,” or were not confident that these pledges had translated into disbursements. A further 24 percent disagreed that the commitments were turned into actual disbursements. However, the majority of reasons (63 percent) provided by respondents for why commitments are not translated into disbursements suggests that stakeholders believe it is due mainly to internal constraints, such as cumbersome national systems, the GoG’s inability to provide the requisite counterpart funding and the poor management and implementation capacity of the implementing agencies. Further internal capacity constraints highlighted by the OECD Ghana Country Questionnaire include: weak understanding of procedures; difficulties in designing “bankable” projects; and stringent requirements for the private sector. SME access to funding is too complex (OECD; WTO, 2008). Indeed, stakeholder recommendations for improving predictability stress the importance of improving implementing agency staff skills and project management development. Some stakeholders (16 percent) also thought involving more private sector and civil society in the implementation should also help with addressing some of the challenges of disbursement requirements. Only 38 percent of the reasons provided indicated external resource constraints on the DPs’ side, which preclude realizing the increase in commitments. Examples provided include cumbersome DP procedures or stringent conditionalities.

Conclusion on predictability: The OECD data suggest that AfT funds are generally less predictable than aid to other sectors and total ODA; implying that the ratio of what donors

disburse compared to what they pledge is low. Unfortunately, AfT funds are becoming increasingly less predictable, contrary to ODA to other sectors and ODA in general. This corroborates stakeholders’ perceptions that while there may have been an increase in AfT commitments, it has not been commensurate with disbursements. The disaggregated data highlight that the low predictability is solely due to aid to economic infrastructure. On the other hand, stakeholders do not think the low level of predictability is due to DP or external resource constraints. They believe it has more to do with internal constraints, such as cumbersome national systems and the GoG’s inability to provide the requisite counterpart funding.

3.1.3 Nature of funds: grants vs loans

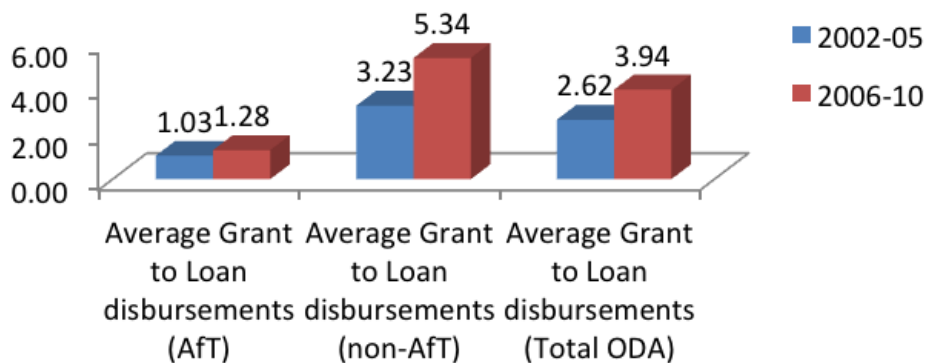
This section looks at whether AfT comes in the form of loans or grants. The ratio of grants to loans in the amount of AfT that Ghana has received over time is explored by using both OECD data and national data, as well as aggregate and disaggregate data. As in the case of the AfT additionality analysis with OECD data, measurement is in 2010 constant US dollars. However, for the national data, only the disbursement data was available.

The OECD data shows that since the initiative started, AfT has been made up of slightly more grants and the share of grants has increased. However, the share and increase in grants are greater for non-AfT ODA. According to OECD data, before the initiative started, the average share of grants in total AfT disbursements between 2002 and 2005 was slightly higher than that of loans (50.5 percent and 49.01 percent, respectively). Furthermore, since the initiative started, the share of grants increased by almost 10 percent, while the share of loans decreased by almost 12 percent. However, as Figure 4 illustrates, the absolute share of grants to loans for AfT was lower than for non-AfT and total ODA. The average share of grants to loans in total ODA was almost double that of AfT and ODA to other sectors, while the absolute level was almost triple that

of AfT. In addition, the increase in the share of grants for total ODA, especially for ODA to other sectors, was greater. The share of AfT grants to loans increased by 24 percent since the initiative started. However, the increase in the share of grants to loans was much

greater for total ODA (50 percent), and this increase was even greater for ODA to other sectors (65 percent). So, it appears that ODA to other sectors and ODA in general received more grants and was thus less debt creating than AfT funds.

Figure 4: Average grant to loan disbursements in ODA



Source: ACET's calculations based on data from OECD CRS database

Table 6: Ratios of grants to loans within AfT categories

	% Grant Growth (2002-05 vs. 2006-10)	% Loan Growth (2002-05 vs. 2006-10)	Ratio of Grant to Loan (2002-05)	Ratio of Grant to Loan (2006-10)	% Change in Ratio of Grant to Loan
Economic Infrastructure	34.23	24.21	0.78	0.84	8.06
Building Productive Capacity	94.07	44.19	1.38	1.86	34.59
Trade Policy and Regulations	-20.07	106.78	5.83	2.25	-61.35

Source: ACET's calculations based on data from OECD database

Nature of AfT within AfT categories

The results of the analysis of the trends of the ratio of grant to loan at the disaggregate level are presented in Table 6.

Within AfT categories, the results are mixed with both increases and decreases. While there has been an increase in the share of grants for both ODA to economic infrastructure and building productive capacity, there has been a significant decrease in the share of grants to ODA to trade policy regulations (by 60 percent). Aid to building productive capacity recorded the highest increase in the ratio of grants to loans over time. Though both grants and loans have increased for both aid to infrastructure and aid to building productive capacity, the increase in the amount of grants was higher, leading to a 34 percent increase of grants for

aid to infrastructure between the periods 2002-05 and 2006-10. Table 6 suggests that AfT for infrastructure development in Ghana is mainly provided in the form of loans, as the ratio of grants to loans is lower than 1. Yet, the ratio increased by 8 percent between the period 2002-05 and 2006-10, suggesting that infrastructure development is increasingly financed through grants.

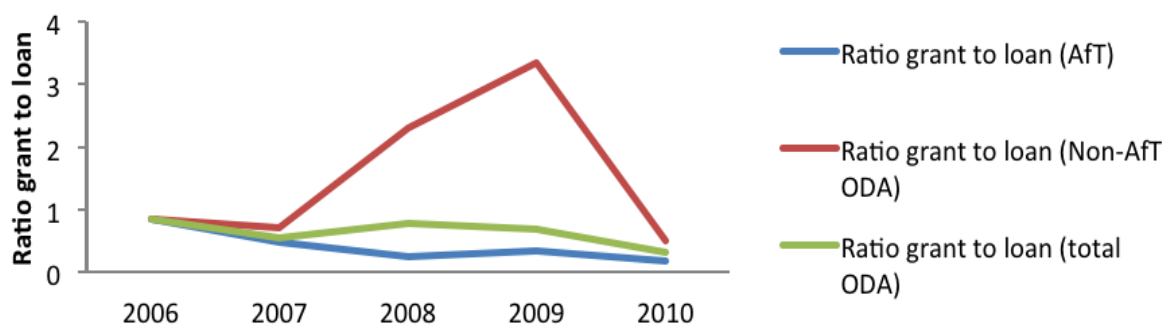
Nature of AfT based on national data⁵

In this section, the analysis of the nature of AfT uses the data on disbursements for the period 2006-10 (in current US dollars), which are available in the national budget statements. Thus, it is not possible to compare the nature of AfT over sub-periods as with the OECD data. This analysis is based on national data at both the aggregate and the disaggregate level.

Contrary to the OECD data, national data indicate that AfT comes mainly in the form of loans rather than grants, while ODA to other sectors comes mainly in the form of grants. As shown in Figure 5, the ratio of grants to loans for overall ODA has been fluctuating. However, there is a difference between AfT and non-AfT ODA. Indeed, in 2006, the ratio of grants to loans was almost the same for both AfT and non-AfT ODA at about 0.87. However, since the initiative started in 2006, the ratio of grants to

loans for non-AfT ODA steadily increased until 2009 before dropping in 2010. The sudden sharp decline in grants in 2009 was likely owing to the impact of the financial crisis, when many of Ghana's main donors were heavily affected. According to Figure 5, the ratio of grants to loans for AfT has been declining since 2006, reaching its lowest value, estimated at 0.33, in 2010. Thus, according to the national data, most AfT projects have been increasingly financed through loans rather than through grants.

Figure 5: Annual ratio of grant to loan of aid in Ghana at aggregate level

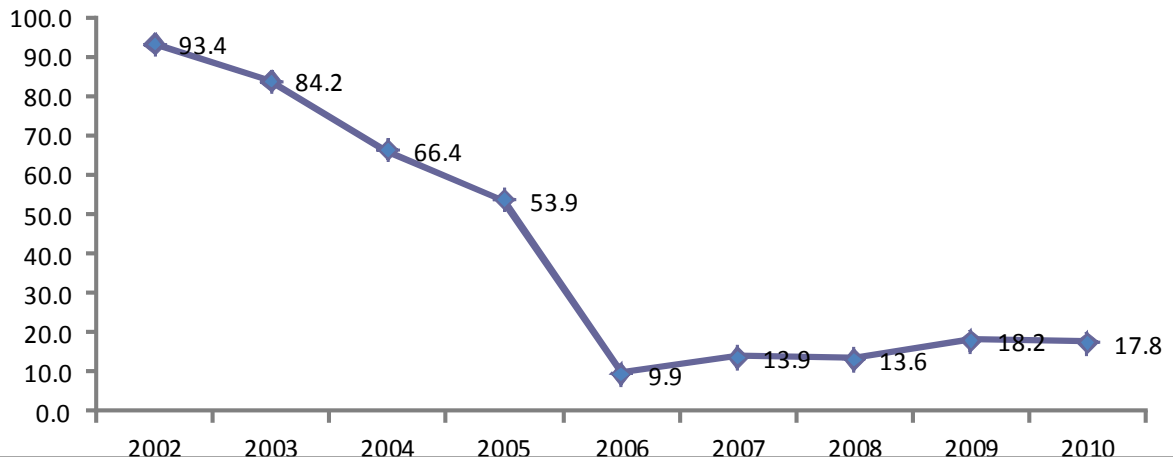


Source: ACETs' calculations based on national data collected from budget statements available on MOFEP website for various years.

Before the initiative started, Ghana's public debt ratio had been on a significant declining trend. However, since the beginning of the initiative, this trend reversed dramatically mainly due to AfT loans. In 2002, the percentage share of public debt to GDP was at its highest at 93 percent, influencing Ghana's decision to participate in the HIPC and subsequently making Ghana eligible for significant debt relief (Oduro, 2002). Since 2002, the public debt to GDP ratio began declining significantly; it experienced a sharp decline of about 42 percentage points as compared with 2002, and reached its lowest value estimated at 9.9 percent in 2006. Since then the ratio began an increasing trend again. In 2010, the ratio of public debt to GDP had increased by 79 percentage points as compared with 2006; thus, the ratio almost doubled since the AfT

initiative started. This is illustrated in Figure 6. A breakdown of national-level data on loans during this period shows that the increasing public debt can be attributed to a sharp rise in AfT loans, more than non-AfT loans. AfT loan commitments made up 46 percent of all loans before the initiative started. However, after the initiative started, AfT loans made up 74 percent. The amount of actual loans disbursed is not as much. Nevertheless, AfT loans still made a significant contribution to total loans. Before the initiative started, AfT loans disbursed made up 34 percent of total loans; loans for health/education/water and sanitation made up the largest share (38 percent). But, after the initiative started, AfT loans alone made up the largest share of total loans (39 percent) and rose exponentially, almost 1,200 percent.

Figure 6: The reversal of Ghana's decreasing share of public debt to GDP since the AfT initiative started



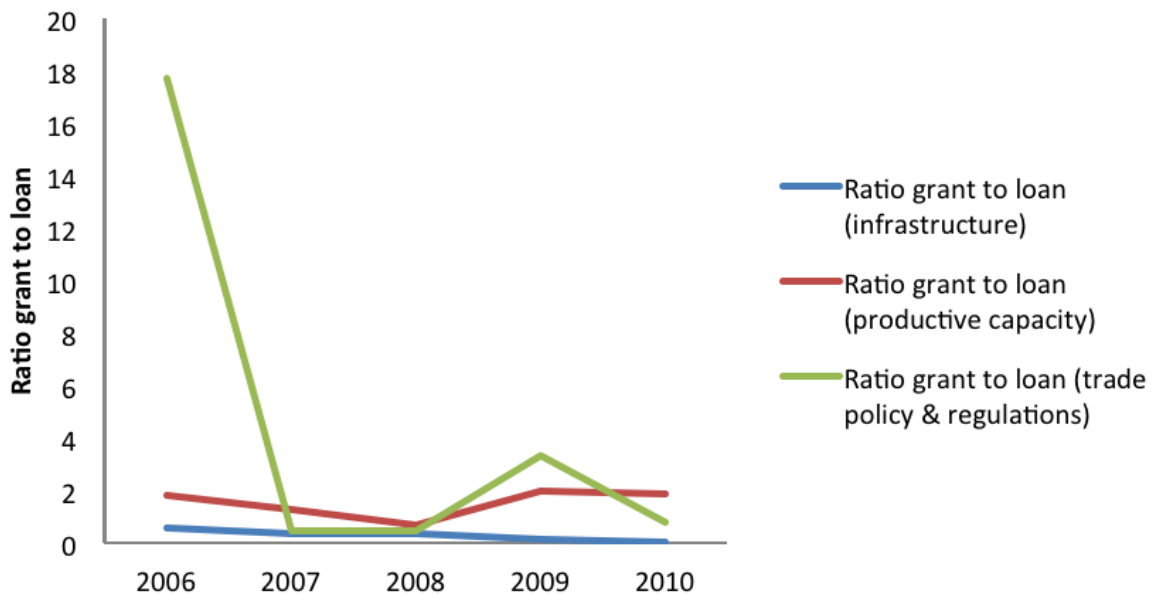
Source: World Bank Development Indicators Website

Nature of AfT at the disaggregate level with national data

According to the national data, economic infrastructure is being increasingly financed by loans. Figure 7 illustrates that there is an interesting difference in the trends of the annual ratio of grants to loans for the three categories of AfT. The ratio of grants to loans for aid to economic infrastructure was the lowest, and declined over time. Consequently, the debt-creating nature of AfT is not surprising, given

that the large part of AfT goes to economic infrastructure, which is very often financed by loans. This further explains the decrease between what was committed and what was disbursed; stakeholders highlighted that the disbursement for infrastructure projects is particularly low as the GoG often finds it difficult to fulfil counterpart funding requirements; thus, disbursement is often delayed. It is not clear why the trends for the two other AfT categories were more volatile, particularly in the case of AfT policy and regulations.

Figure 7: Annual ratio of grants to loans of AfT in Ghana at the disaggregated level



Source: ACET's calculations based on national data collected from budget statements available on MOFEP website for various years.

Nature of AfT: grants vs loans according to stakeholders

Stakeholder perceptions reflect national data rather than OECD data, as they feel AfT comes mainly in the form of loans rather than grants. Among respondents, 62 percent do not think there has been an increase in AfT grants compared to loans since the initiative started. A few stakeholders commented that, as Ghana has gained middle-income status, the decrease in the level of grants and the increase in loans is inevitable.

Conclusion on nature of AfT: grants vs loans:

The OECD data indicates that AfT comes mainly in the form of grants. Furthermore, it shows that the share of grants has been increasing since the initiative started. On the other

hand, the ratio of grants to loans was lower for AfT than it was for ODA to other sectors and ODA in general. Contrary to international data, the national data suggest that AfT funds since the initiative started have come mainly in the form of loans, while non-AfT ODA and ODA in general is increasingly made up of grants. This also reflects stakeholders' perceptions. Also, national data indicate that while the ratio for grants to loans has been generally on an increasing trend for ODA to other sectors, it has been on a steep declining trend for AfT. This is corroborated by data on Ghana's public debt ratio, which had been on a significant declining trend before the initiative started, following the super recovery after Ghana signed on to the HIPC. Indeed, national data suggest that AfT loans have made up the largest share of total loans since the initiative started.

4. OWNERSHIP

This chapter examines the level of ownership of Ghana's development priorities and strategies assessed from three different aspects. First, it will assess the extent to which trade is recognized and included as a priority in the national development agenda as well as at the sectoral and programme level in MDAs (trade mainstreaming). Second, the chapter will analyse the level of coordination across and among different MDAs with respect to trade development and promotion as well as the level of stakeholder consultation and participation in the design and implementation of trade development and promotion. It will assess these aspects at both the formal level (in policies and strategies) and at the substantive level, (in practice) depicting the reality on the ground (Adhikari, 2011). Finally, the third aspect looks at the sustainability of AfT projects and programmes, in particular, whether the GoG provides funding after DP funding ceases and whether AfT projects and programmes develop institutional and human capacity.

According to the ICTSD/SAWTEE methodology, ownership also includes the relevance of AfT and donor country strategies and support programmes for Ghana's domestic trade development priorities. However, this is discussed in more detail in the section on the alignment of DP programmes with trade and development priorities. This chapter draws from key GoG and DP policies and strategies as well as stakeholder interviews.

4.1 Mainstreaming Trade

This section evaluates the extent to which trade is mainstreamed in Ghana's national development plan, as well as at the sectoral level at both the formal (in theory) and the substantive level (in practice).

At the formal level, it appears that trade development and promotion currently is and has always been a major theme in Ghana's development agenda. Stakeholders largely

agree that its coverage in the policies is sufficient. Trade has featured strongly in all national development plans and strategies beginning with the economic recovery programme (ERP) and the Structural Adjustment Programs (SAPs) of the 1980s throughout the two Ghana Poverty Reduction Strategies (GPRS I, GPRS II) until today's GSGDA. Ghana launched the ERP in 1983, after more than a decade of unprecedented economic decline caused by external shocks, such as the decline in commodity prices of the main export, cocoa and adverse macroeconomic policies and natural disasters (Dinye et al, 2001). Trade policy was central to the adjustment process in Ghana, as the ERP and the SAPs included the adoption of several trade policies, such as import liberalization, tariff adjustments and liberalization of foreign exchange. The overriding objective was stimulation of exports for an export-led growth (Kraev, 2004). The GPRS I (2003 - 2005) included "strategies for increasing production and gainful employment" based on *inter alia* encouraging the development of the trade sector. GPRS II (2005 - 2009) included two out of four trade-related priorities; these included macroeconomic stability and accelerated private sector-led growth.

The current development strategy, the Ghana Shared Growth Development Agenda (GSGDA), includes two trade-related priorities: continued macroeconomic stability and accelerated private sector-led growth. More specifically, the current GSGDA incorporates all the key elements of the AfT agenda, such as: macroeconomic stability, private sector development and agricultural modernization, natural resource management and oil and gas development and the provision of strategic infrastructure. These are the key pillars of the GSGDA. The majority of respondents interviewed for this report (67 percent) agree that the current national development strategy sufficiently articulates, reflects and incorporates trade and trade development issues.

Trade is also a key pillar at the sectoral level, as it featured prominently in the first PSDS, and subsequent policies have emerged from this with a trade focus. Trade was also a key pillar of PSDS I (2004 - 2010). Two of the four priorities or “outputs” of PSDS I focused directly on trade. The trade development impetus of PSDS I was further enhanced with the development of the Ghana National Trade Policy (GNTP), which focuses on increasing both external and domestic trade. In 2005, the GNTP was translated into the TSSP (2006-10), designed to implement the trade policy’s prescriptions. Significantly, they both represent what can be considered a holistic and balanced trade development agenda. In 2010, the GoG adopted a new IP that focuses on increasing the competitiveness of Ghana’s manufacturing sector for greater international trade and domestic production. The current private sector development strategy, the PSDS II (2011 -15) is also anchored on a mission to develop a thriving private sector, and one of its key pillars is export diversification. It continues the focus on trade and trade promotion, similar to the recently adopted national IP and corresponding ISSP. A key pillar or ‘strategic initiative’ of PSDS II is transforming small- and medium-size enterprises (SMEs) to make them more productive and competitive by linking them more closely to larger international firms through subcontracting. Both key pillars depend very much on trade.

Stakeholders agree that trade is also key to other sectoral policies in theory. A large majority of respondents (83 percent) were able to mention at least one to three MDA strategies or policies they thought were consistent with trade development needs and issues. Not only programmes and projects directly related to private sector development feature trade and trade development, but also other sectors that are consistent with Ghana’s trade development needs and objectives include the agriculture, roads and highways, transport, communications and energy sectors.

There are several examples of the focus on trade by other sectors. The current national

vision for the food and agriculture sector has six key objectives, at least five of which are trade related. These objectives are sought through the commercialization of trade with an emphasis on increasing competitiveness and enhancing the integration of Ghanaian agriculture into domestic, regional and international markets, thus ensuring food security and improved incomes for farmers. A key policy objective of the roads and highways and transport sectors is to create a system to support the private sector and the trade sector. Similarly, at least three of seven of the goals of the Ministry of Transport are linked to trade; these are outlined in its National Transport Policy. Both the Ghana ICT for Accelerated Development (ICT4AD) policy and the energy sector prioritize their role as being the backbone to Ghana’s trade and private sectors. At least 4 of the 14 main objectives of the communication sector policy are trade related. Similarly, the vision for the energy sector is to “develop an ‘energy economy’ that would ensure secure and reliable supply of high-quality energy services for all (both urban and rural) Ghanaian homes, businesses, industries and the transport sector while making significant contribution to the export earnings of the country” (GoG, 2009).

However, despite the fact that trade and trade development issues are both evidently and widely perceived by stakeholders as being mainstreamed at the formal level, at the substantive level, implementation of trade policies appears to be weak, and stakeholders are less optimistic. About half of respondents (50 percent) believe that the implementation of these policies is weak. A review undertaken at the end of TSSP implementation largely suggests that at the end of five years, the programme was not able to achieve the majority of its objectives. For components undertaken by the MOTI, only 47 percent of activities were completed. However, this was better than completion of activities managed by other MDAs; such activities were only 34 percent completed (MOTI, 2012). The PSDS I end of project review cites low staffing numbers and capacity limitations in most MDAs as hindering implementation. Although PSDS I ended in

2010, according to stakeholders the launch of PSDS II was significantly delayed, owing to a number of process-orientated implementation challenges, such as late recruitment of staff and establishment of the joint public-private sector Oversight Committee to oversee implementation. Stakeholder interviews highlighted that if there are any further delays to the start date of implementation of PSDS II, DPs may be compelled by their headquarters to withdraw funding and return it to headquarters.

Conclusion on mainstreaming trade: At the formal level, it appears that trade is mainstreamed in national development strategies as trade-related areas are currently and have been quite comprehensively included in the national development agendas. Furthermore, several sectoral policies prioritize their auxiliary roles in the development of the trade sector. There appears to be a high level of GoG ownership and commitment to trade issues, as successive governments have launched trade sector strategies and several high-level inter-ministerial mechanisms have been established. However, in practice, based on the low level of implementation of the policies, stakeholder interviews and the review of project documents, implementation at the substantive level is less impressive. Ownership from MDAs on trade issues is reported as weak. Indeed, PSDS II is not fully in place, owing to a number of process-orientated implementation challenges despite being launched in 2011, more than one year ago.

4.2 National-Level Coordination/Stakeholder Involvement

This section looks at the level of coordination among MDAs and the involvement of other non-state stakeholders, such as the private sector and civil society when formulating trade policies.

The national and trade development policies and plans all outline a participatory process involving a range of stakeholders. The key policies, such as the national development policy (GSGDA) and the relevant trade sector policies, such as TSSP, PSDS I and PSDS II and IP

describe a very consultative policy development process involving several MDAs, PSOs and CSOs. This suggests that at the formal level, the process for coordination among MDAs and the involvement of other stakeholders is strong. The national development plan (GSGDA), which has several trade sector inputs, is documented as being formulated through a national consultative process, including sector ministries and national consultations at the district level as well as with CSOs and PSOs, coordinated by the National Development Planning Commission (NDPC) (NDPC Acts 479 and 480). The NDPC is the constitutionally mandated national development planning institution that leads the planning and coordination of the national development plan. For the PSDS programme, the GoG is described in the policy document as having consulted representatives of the private sector from diverse areas of business activity - representing multinational companies and medium, small and micro-enterprises (MSMEs) over the period of a year. The *“dialogue and exchange of ideas”* is described as having shaped the final strategy document (GoG, PSDS II, 2011). The TP and TSSP was proudly described by the past minister as “made in Ghana,” because the formulation process was led by the MOTI with substantial contributions from both international and local experts with proven expertise in the core thematic areas of the trade policy. The TSSP was reported as being based on international best practice as well as local experience, fitted to the needs of the domestic environment *“supported by extensive consultations with all major stakeholders”* (GoG, GTP).

There also appears to be a tradition of cross-ministerial collaboration for trade issues. Cross-ministerial and inter-sectoral collaboration on trade was given a boost during the implementation of the Joint Integrated Trade Assistance Programme (JITAP) with the establishment of an Inter-Institutional Committee (IIC) on Trade and WTO matters.⁶ The IIC worked through many subcommittees that dealt with preparations for Ghana’s participation in the WTO and other bilateral trade negotiations, such as the economic partnership agreements with the EU.

The membership of the IIC itself and the sub-committees was drawn from many MDAs whose work affected trade in one way or the other as well as representatives of the private sector. The cross-ministerial and multi-stakeholder collaboration was given a further boost with the establishment of a joint public-private sector Oversight Committee to oversee the implementation of PSDS I. The public sector members of the Oversight Committee were drawn, as in the case of the IIC, from many ministries that dealt with business development, including trade-related issues.

However, in spite of the establishment of such multi-sectoral platforms for collaboration, stakeholders suggest that in practice, collaboration and coordination is weak among MDAs and there is evidence to suggest a slackening of MDA collaboration in the last couple of years. The results from the interviews do not seem to validate what appears to be a high level of cross-ministerial and inter-sectoral collaboration on the ground. The majority of respondents (63 percent think there is not a high level of coordination in Ghana with respect to trade. For instance, the IIC has not met since 2009, and the joint public-private sector cross-ministerial Oversight Committee on the PSDS has been replaced by a PSD Board that has been established to oversee the implementation of PSDS II. Unlike the PSDS I Oversight Committee, which had MDA/sectoral representation, the PSD Board is constituted along the lines of corporate boards of directors. MDA representation is thus not a key factor, as its membership is drawn mainly from the private sector. Only two of nine members are from the public sector, one of them being the Minister of Trade and Industry. Poor collaboration with other MDAs is highlighted as being one of the key challenges to implementation of PSDS I (GoG, 2010). The report recommends the need to enhance commitment for the delivery of programme outputs. The MOTI also notes its difficulty in maintaining the interest of stakeholders from other MDAs, particularly political leadership, in the implementation of PSDS I. The MOTI further reports that it still struggles to obtain MDA buy-in regarding the relevance of *'bread*

and butter' trade issues to other implementing MDAs (GoG, 2010). The breakdown in the inter-ministerial decision-making process subsequently impeded progress under PSDS I. The inter-ministerial committee is reported to have rarely met (GoG, 2010).

There is a strong perception among stakeholders interviewed that there is no national mechanism or framework for coordinating AfT initiatives and projects. The third most-cited reason among respondents for the low level of awareness of the initiative was that there appears to be no national-level framework or structure to handle these issues. Stakeholders interviewed believed such coordination should be provided by the MOFEP or the MOTI. While the MOFEP has the mandate for overseeing development assistance (donor aid), including AfT to Ghana, some respondents also expect the MOTI to play a more proactive role in facilitating and ensuring effective coordination of AfT to Ghana, and thus all initiatives related to trade and trade promotion and development. However, some respondents complained that the MOFEP does not pay sufficient attention to the substance and content of AfT projects, thus the MOTI should take up the cause. There is also the perception that the NDPC limits itself only to M&E, while stakeholders expect the NDPC to play a more critical role in coordinating national economic development initiatives.

Non-state stakeholder involvement

Although the majority of stakeholders interviewed (70 percent) largely agree that the GoG's involvement and consultation with non-state stakeholders is quite high, they are quite sceptical about the quality of consultation, which they feel may hinder implementation. There is a perception that consultation is limited; in fact, only 46 percent feel that consultation with civil society is sufficient. However, many think that consultation is mainly for cosmetic purposes, largely because the GoG is obliged by parliament to provide evidence of prior stakeholder consultation for parliamentary approval of government and MDA policies, strategies, programmes and projects. Similarly, most donor-assisted projects have similar requirements

for stakeholder consultations. Stakeholders further pointed out that the consultations are not constructive or meaningful enough, as it is often late in the design process and “*just to validate.*” The opinion and ideas shared during such engagements are seldom included in or influence the design and implementation of policies, strategies, etc. Respondents recognize, however, that there should be a strong motivation on the part of sector ministries to consult stakeholders to obtain their buy-in to facilitate the implementation of their policies, strategies and programmes.

Stakeholders felt that the GoG’s poor civil society involvement may be due to the perception that civil society has its own divergent agenda, which may not be entirely complementary to the public sector or the GoG’s agenda. Especially compared with the involvement of the private sector, civil society consultation is quite weak. Stakeholders feel that the GoG and the public sector are still cautious of engaging with and/or involving civil society in the design and implementation of its economic and trade policies, strategies and programmes. Stakeholders also stress that things have however begun to improve, reflecting the strength of civil society, its voice and influence in other national affairs, including governance.

Respondents’ recommendations to improve the GoG’s consultation with stakeholders are mainly based on the GoG doing more to improve both the depth and the breadth of consultation. Stakeholders feel that the GoG could do more by way of consulting stakeholders earlier and more frequently not only in the design stages, but also in M&E for better, more effective implementation. The GoG should also broaden stakeholder consultation. Stakeholders noted that now that GoG consults only a few well-connected PSOs which are not representative of the majority of Ghana’s private sector, which is based mainly in the informal sector. Similarly, the GoG tends to consult only a few CSOs while there are different types, including both capitalist and socialist CSOs; thus, the GoG should do better to undertake consultations that reflect the diversity of Ghana’s private sector

and civil society, and the GoG should consult them at the early stages of policy development.

Stakeholders felt that more should be done to build the capacity of PSOs and CSOs to effectively contribute to the policy dialogue. Stakeholders thought the GoG and DPs could do more to empower these organizations by providing support in building their analytical capacity for better inputs into consultation processes. A minority (28 percent) felt strongly that the GoG still does not value the input of the private sector and suggested that public sector workers should be seconded to the private sector so that they could better understand the needs of the private sector. On the other hand, many stakeholders felt that PSOs and CSOs could and should do more to engage with the GoG more openly and constructively.

Conclusion on national level coordination and stakeholder involvement: As described in the various policies, at the formal level there appears to be a high level of coordination and collaboration with other related MDAs as well as a high level of involvement and consultation of stakeholders in the formulation of trade policies. However, at the substantive level (in reality) there is more evidence to suggest that the collaboration is at best on a decreasing trend and largely ineffective as inter-ministerial and inter-MDA collaboration is weak, especially at the technical levels. Stakeholder involvement is perceived as a “*tick box exercise*” and done in the later stages of formulation of trade policies. Furthermore, the variety of stakeholders consulted is limited. There is also evidence to suggest that PSOs and CSOs need greater support to improve their analytical and objective inputs into the consultation process.

4.3 Sustainability

This section looks at the GoG’s efforts to sustain achievements made through AfT after DP funding ceases and projects end. Sustainability is also measured through the GoG’s commitment to institutional as well as human resource development dedicated to AfT projects (Adhikari, 2011).

A large number of AfT projects and programmes appear to have been continued. A review of the key trade policies and programmes suggests that trade policies, projects and programmes have been fairly consistent. Indeed, they appear to have transcended different administrations of government. The TSSP was launched by the President of the previous administration and was then continued by the current administration. Similarly, PSDS I was continued by the current administration. With regard to specific components and projects, at least eight of ten components of the TSSP were subsumed into at least three of the four broad themes of PSDS I. For example, the core TSSP elements that were continued include: improving trade negotiations; improving the import-export regime; trade facilitation; and improving standards. These were also reflected in the PSDS I key pillars on enhancing Ghana's competitiveness in global

and regional markets; improving the efficiency and accessibility of national markets, and the third pillar on increasing competence and capacity at the firm level. The ISSP (with a focus on the industrial sector) continues *inter alia* policies on infrastructure development, improving standards, intellectual property rights and improving the incentive regime for firms. These are also key themes derived from the TSSP. Finally, PSDS II broadly takes forward all these components under all three of its key pillars, including improving the investment climate; supporting economic transformation, which includes support to SMEs; and the last key pillar, which has subsumed much of the effort for building private sector human capacity. Table 7 maps how a few core policy components have been continually undertaken under the various trade policies over the years and thus serve as an indication of strong policy consistency.

Table 7: An illustration of how a few key themes were undertaken under the various trade sector policies

TSSP	PSDS I	PSDS II	ISSP
BUILDING THE CAPACITY OF THE PRIVATE SECTOR			
-SME support -Improved structures for International Trade negotiations	-Better public private dialogue -Training program for key decision makers and policy formulators on the role of the private sector in national development	-Help private sector discover new opportunities and promote innovation -Increase productivity -Make TVET and Tertiary education more responsive to the needs of the Private Sector	-Industrial manpower development and training - Technology, Innovation, Research and Development for industry -ICT for industry -Strategic interventions in industrial development -Gender in industry
INCREASING INFRASTRUCTURE DEVELOPMENT			
-Infrastructure Support and Service Delivery -Provision of adequate road, railway and inland waterway transport and communications	-Agriculture and infrastructure reforms	-Accelerate rate of infrastructural development	-Land and infrastructure for industrial development -Marketing and distribution of industrial products
INVESTMENT PROMOTION AND INCREASING ACCESS TO FINANCE			
-Access to trade finance for exporters -Investment promotion and finance	-Investment promotion	-Make financial sector more efficient and relevant for the needs of the private sector -Support for industry transforming growth -improve investment climate in poor regions -Promote non-farm enterprise and employment	-Financing for industrial development
IMPROVING STANDARDS			
-Improvement of productivity -Standards enforcement in the domestic market	-Improving quality standards		-Standards for industrial development -Environmental sustainability
ACCESSIBILITY OF NATIONAL MARKETS			
-Export trade support services	-Efficient business start-up and registration system	-Increase efficiency of key goods and service markets incl. PPP	-Marketing and distribution of industrial products

Source: ACET analysis of GoG Trade Sectoral policy documents - TSSP, PSDS I, PSDS II, ISSP

Many stakeholders feel that GoG funding is insufficient for sustaining projects and that without DP money “*not much would get done.*” The limited data suggests that projects are compelled to make their own arrangements to be sustainable. Just over half of respondents (51 percent) feel that the GoG does not provide sufficient funding to AfT projects when donor funding dries up. An even larger majority (89 percent) do not think the GoG has increased its funding to AfT projects regardless of DP support. However, the GoG’s financial sustainability is difficult to ascertain, as specific aggregate data on the GoG’s financial contribution patterns to all AfT projects and programmes were not available. However, the end of PSDS I implementation report highlights that there was inadequate provision of MDA-GoG budgets “to cover critical costs” not eligible for financing with DP pooled funds. Furthermore, regarding financial performance, the report states that the GoG’s contribution to the implementation of the PSDS strategy “can only be estimated” at 20 percent (GoG, 2010). Stakeholders acknowledge that the GoG is budget constrained; thus, projects that have been successful in raising their own internally generated funds (IGF) have been more sustainable. Stakeholders indicated that the private sector has a strong role to play to ensure the sustainability of project gains.

At the national level, the GoG has not yet finalized its own national capacity development framework, which would outline its preferred capacity-building approaches. An earlier assessment highlighted that ministries have been poor at articulating their capacity needs and incorporating capacity development objectives into their strategies. As a result, capacity building support from DPs remains fragmented and supply-driven (ACET et. al, 2009). However, efforts to formally articulate the GoG’s capacity building needs through the development of a national capacity building framework are ongoing and the aim was to have this completed by the end of 2012 (MOFEP, GoG, 2011). This is being led by the Office of the Head of the Civil Service (OHCS) in close collaboration with the Ministry of Employment

and Social Welfare (MESW), the MOFEP, the NDPC and other MDAs (MOFEP, GoG, 2011).

On the other hand, the MOTI appears to be one of the ministries that is more advanced in articulating its human resource development needs. The TP included a component on “strengthening MOTI [staff] to lead programme coordination and management.” This was a comprehensive capacity building programme that was to be implemented for MOTI staff at different levels. It covered areas such as project management, communication skills, accounting and audit, procurement administration, M&E, IT skills and information management and analysis. The TSSP included a project on building the capacity of MOTI staff to take part in trade negotiations. The IP includes industrial work force development and training which involves the GoG “providing incentives for sector-specific training and skills development in entrepreneurship and management, in public and private sector training institutions as well as within industry associations and at the firm-level.”

Most respondents (64 percent) agree that AfT projects and programmes in Ghana contribute sufficiently to institutional and human resource capacity. However, the impact is limited. Most (54 percent) of responses provided to the open-ended questions demonstrated that there had been several capacity building opportunities, including programmes abroad, several workshops and even on-line opportunities. However, many felt that the training is ineffective, as the staff is often not given the opportunity to use their skills when they complete the courses. Subsequently, most respondents (71 percent) believe that greater efforts are required to retain the skills and many feel that more training and capacity development is needed in project management and implementation to ensure more successful project and programme implementation.

Conclusion on sustainability: There has been significant consistency, as the trade sector polices have indeed transcended different GoG administrations. However, from the limited data available and stakeholder perceptions, the

GoG's contribution to financial sustainability appears to be insufficient, given that the GoG is characteristically budget-constrained. Projects that have adopted a private sector element and sought to raise internally generated funds have been more sustainable. In terms of

the development of institutional and human capacity, the trade sector appears to be one of the more advanced sectors in capacity development. However, stakeholders suggest that the immense capacity being built is not effectively sustained.

5. ALIGNMENT

This section discusses the extent to which AfT is aligned with Ghana's development priorities. It focuses, in particular, on the extent and nature of alignment of donor programmes with Ghana's development priorities and trade development agenda as well as the extent to which Ghanaian systems (including financial management and procurement systems based on the National Procurement Act) are used in the design and implementation of AfT projects. Thus, the analysis is divided into two aspects of alignment: whether development partners align with Ghana's development strategies and trade priorities and whether DPs use country systems or parallel implementation structures for AfT projects and programmes (Adhikari, 2011). For this assessment, GoG, as well as donor policy documents on their aid delivery are reviewed. Stakeholder interviews also form an important part of this assessment.

5.1. Alignment with Ghana's Development Strategies, National Priorities and Trade Development Plans

A review of DP's cooperation programmes suggests that their development assistance programmes are aligned to the GoG's priorities as set out in the national development plans and frameworks. The results of a mapping exercise of donor activities against the current GSGDA indicate that donors are largely providing interventions in all areas of Ghana's national development agenda. There has been an increasing effort by both the GoG and DPs to increase donors' alignment to the GoG's development priorities, especially since the implementation of the Paris Declaration (PD) principles (Quartey et. al, 2011).

The G-JAS and Multi-Donor Budget Support (MDBS) are examples of donor efforts to improve alignment with GoG development priorities. The ongoing MDBS appears to be the most effective. The principal aim of the Ghana Joint Assistance Strategy (G-JAS) was to improve the alignment of development assistance with the core business of the GoG

and its political and partnership cycle. G-JAS was built on commitments by DPs (almost 90 percent of Ghana's DPs) to work toward the achievement of the goals and priorities of GPRS II and to accelerate progress against mutually defined harmonization principles. The first and only G-JAS was in place from 2007 - 2010 (G-JAS, 2007). Most stakeholders highlight the MDBS arrangement as being the most effective form of alignment. MDBS is a joint support mechanism of 11 DPs⁷ and the GoG. It is based on the contribution of financial resources by DPs directly to the government's treasury to complement Ghana's domestically generated revenues. The contribution of MDBS facilitates the implementation of Ghana's development and poverty reduction policies. The annual review is part of the MDBS process. It is a joint effort by DPs and the GoG to take a close look at progress being made by the GoG in meeting the objectives set out in Ghana's national development agendas GPRS II and GSGDA. The review maps out development priorities to be assessed in the following year. Conclusions reached at the annual review influence DPs' disbursement decisions in the following year (MOFEP website).

In recent years there has been an increase in general budget support (GBS), which ensures more effective alignment with the GoG's priorities, as it allows greater GoG discretion to allocate resources. The GBS is funding provided through the GoG's national budget. It is the "preferred modality" of the GoG for the delivery of aid (MOFEP, GoG, 2011). By 2010, GBS had risen to just over USD 600 million, but it peaked at just over USD 700 million in 2009, representing just over 33 percent of Ghana's total ODA envelope (DPs, 2009). Table 8 shows that between 2003 and 2010, all forms of budget support have been on a generally increasing trend. But, in 2009, all types of support began to decline; this is likely due to the impact of the global financial crisis that severely affected all of Ghana's key donors. Sector budget support, that is budget support earmarked for use in

a specific sector or under a specific budget line (e.g. health or education), increased the most (albeit from a low base) by more than 2000 percent or a compound average growth rate of 55 percent. This was followed by the SWAP (Sector Wide Approach) and earmarked funding, which increased by over 570 percent

and 1000 percent, respectively with compound average growth rates of 61 percent and 41 percent, respectively. This increase in GBS is in line with the principles and pledges of the PD. Although most ODA is still provided through means other than direct budget support, this is discussed further below.

Table 8: Budget support from Ghana's ODA envelope in millions USD (2003 - 2010)

	2003	2004	2005	2006	2007	2008	2009	2010
General Budget Support (GBS)	277.9	316.7	313.2	349.3	386.7	473.1	700.4	619.2
MDBS	277.9	309	281.9	312.2	316.6	368.1	525.2	451.2
Sector Budget Support SBS	0	7.7	31.3	37.2	70.1	104.9	175.2	167.7
Swap	0	0	0	0	12.1	15.2	86.9	81.2
Earmarked ⁸	0	7.7	31.3	37.2	58	89.8	88.2	86.5
Project Aid	494.4	600.6	657.5	698.6	927	947	912.5	841.8

Source: Quartey et al. (2011)

Relevance of AfT to Ghana's trade development priorities

More specifically, for trade there is a pooled fund and elements of the ten-year GoG-DP compact is another mechanism through which donors align their support to Ghana's trade development priorities. The pooled fund for the implementation of the PSDS II is a fund composed of four donors who agreed to pool their resources in a single funding arrangement, managed by the GoG, to support its trade development priorities (GoG, 2010). Also, during the last major GoG-DP meeting (the annual Consultative Group meeting), DPs agreed to align their support to the priorities and strategic interventions identified by the GoG under a compact to be signed after the agreed changes have been incorporated (GoG, CG, 2012). The compact outlines the parameters of their joint development strategy for Ghana. Indeed, in this pact, at least two out of five of the core areas are trade-related. It includes: infrastructure (*inter alia* energy) and private sector development (access to credit, markets and land).

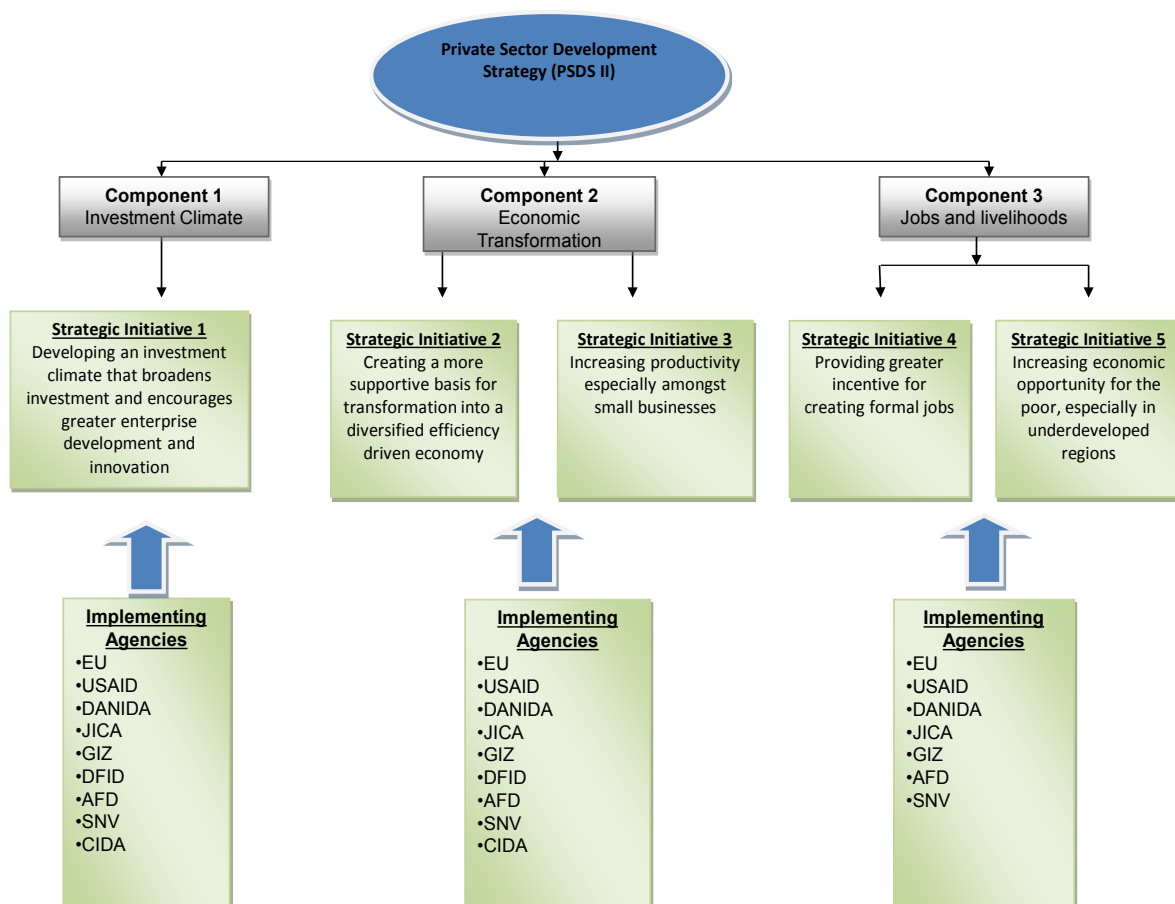
A review of donor programmes also indicates that all AfT top donors mainstream trade in their programmes. Although specific details on the size of the programmes were not provided by DPs, all the DP programmes have trade as a core area. USAID strongly features increased competitiveness of the Ghanaian private sector in world markets as one of the key strategic objectives of its Country Strategic Plan for Ghana. Indeed, trade-related programmes (unlike other core sectors, such as health and education) make up most of USAID's ten core programmes; similarly for JICA (2/6); AFD (2/6); GIZ (4/5); Netherlands (2/3). Under Switzerland's Economic Cooperation and Development Division (SECO) programme in Ghana, all four of its core areas of intervention are trade related: support to macroeconomic reforms, support for the development of the financial sector, improving the trade and investment climate and improving efficiency in the energy sector. DANIDA's support to the private sector through BUSAC is one of its biggest and the most renowned of its Ghana country programmes, while CIDA's support for agriculture and food security through improved

agricultural production represents two of only three core areas. A review of top AfT donor portfolios in Ghana indeed suggests that trade is well mainstreamed in DP programmes contrary to DPs' perceptions as mentioned in the introductory chapter above.

AfT appears to be highly relevant to Ghana's trade development agenda as DP programmes align with GoG's trade development strategy and objectives. Figure 8 presents the findings of a donor mapping exercise of the top AfT DPs' trade support programmes in Ghana. It appears that each DP has at least one programme of support in all areas of Ghana's trade development strategy. Thus, between them, they cover all areas of the current PSDS II. Under Component One of PSDS II on improving the investment climate, USAID, Danish International Development Agency (DANIDA), and the EU support the Business Sector Ad-

vocacy Challenge Fund (BUSAC), which seeks to improve the business environment in Ghana and to facilitate private sector growth. Under Component Two on economic transformation, all donors have a programme that supports this pillar of the strategy: GIZ provides a programme to support the development of value chains for agro-forestry products for increased and diversified agro-forestry production; DFID has a programme on encouraging enterprise and wealth creation. Although there are fewer donors supporting programmes under Component Three on jobs and livelihoods compared with Components One and Two, as many as six DPs are supporting Component Three. The Netherlands Development Agency (SNV) has a programme on job creation; and several donors such as USAID, AFD and DFID have programmes to improve livelihoods in the three northern regions, which are the poorest regions in Ghana.

Figure 8: Results of a donor mapping exercise



Source: GoG, PSDS II, 2011 and ACET analysis

However, stakeholders are sceptical about the extent of DPs' alignment to the GoG's priorities in practice. Evidence on the funding arrangements for the trade sector suggests that alignment is not so good, thus stakeholders feel the GoG should be more persistent with DPs. Many of the responses provided (51 percent) suggested that stakeholders are less optimistic about the effectiveness of this alignment; they think that the nature of the alignment is debatable as they feel that DPs still have their own agendas and are quite forceful in pushing through their own priorities. Furthermore, 12 percent of the responses to the open-ended questions suggest that DPs are very selective and "pick and choose what they want." On the other hand, 69 percent (the majority) suggest that the GoG can improve alignment by being more persistent with DPs and demanding that they align.

Evidence from the budget indicates that DPs are not always aligned. Project aid remains an important mechanism for aid delivery, as it is larger than GBS in absolute terms - the average between 2003 and 2010 is almost double that of GBS (USD 760 million and USD 430 million, respectively) as indicated in Table 8 above. One challenge highlighted during the implementation of PSDS I is that the majority of donor funding is provided outside the pooled funds, over USD 200 million has been committed to interventions that DPs manage independently (GoG, 2010). More specifically, the top AfT donor (the US) is not in this trade sector pooled funding arrangement. This challenge also has implications for donor coordination and thus will be discussed in the section below on donor coordination.

Conclusion on DP's alignment with Ghana's development strategies, national priorities and trade development priorities: A review of the main DPs' development programmes suggests that donor programmes are well aligned with Ghana's development agenda and national priorities. Similarly, DP's AfT programmes are relevant to Ghana's trade development agenda. Although DPs' alignment

with Ghana's trade development agenda is increasing, it appears that DP efforts to align under the trade agenda have not been consolidated with commensurate financial support to the pooled funding mechanism for the PSDS implementation.

5.2. Development Partners' Use of Country Systems and Parallel Implementation Structures

This section looks at the extent to which donors use Ghana's national arrangements and procedures for public financial management, procurement systems and local human resources. It is also necessary to identify the number of projects implemented by the GoG or donors through the creation of a parallel project implementation unit (PIU).

Although budget support is increasing, aggregate data suggest that most ODA is provided through means other than direct budget support, despite the GoG's improvements in national systems. As mentioned above, budget support is aligned to GoG priorities and uses GoG systems for procurement and financial management. As illustrated in Table 8 above, GBS is on an increasing trend. GBS has increased faster than project aid; while project aid grew at 11 percent, GBS increased by 7 percent. However, as Table 9 illustrates, although the percentage of non-budget support ODA is on a decreasing trend, it remains the largest proportion of total ODA, with an average percentage share of 72 percent between 2002 and 2010. In recent years, the GoG's systems have been internationally recognized as improving. The 2008 Monitoring Survey on the implementation of the PD on aid effectiveness noted some improvements, especially in the areas of PFM, procurement, auditing and M&E systems. Ghana has reached the PD targets for improvements in PFM, and the national procurement system is said to be operating at an "above average level." Also, according to the World Bank's Country Policy and Institutional Assessment (CPIA) scale of measuring the quality of PFM systems, Ghana obtained a "moderately strong" rating (Quartey et. al. 2011).

Table 9: Various types of ODA provisions (USD million)

	2003	2004	2005	2006	2007	2008	2009	2010
Total	1003	1130.1	1205.8	1471.8	1656.5	1649.6	2102.5	1896.8
IMF (BOP support)	76.6	38.7	38.2	116.6	0	0	200	200
Debt Relief Grants	154.2	174.1	196.9	307.3	342.7	229.5	289.6	235.8
Budget Support	277.9	316.7	313.7	349.3	386.7	473.1	700.4	619.2
Project Aid	494.4	600.6	657.5	698.6	927	947	912.5	841.8
% ODA non-Budget Support	72.3	72.0	74.0	76.3	76.6	71.3	66.7	67.4

Source: *Quartey et. al and ACET calculations*

Despite several donors providing development assistance and capacity building programmes to improve the systems, DPs still demonstrate reluctance to use national systems and instead create parallel implementation structures. This is also a problem in the trade sector. Many of the main donors provide capacity building support to help improve Ghana's public sector, systems and arrangements, as well as public financial management. Some donors that provide such support include the EU, France, Switzerland and the US. Stakeholders noted that DPs do not use national systems, owing to a lack of trust. One DP stated categorically that it does not use GoG systems at all, because they are too slow. Stakeholders felt strongly that the only way the national systems can be improved is by trial and error, "to find out where the holes are." As Table 9 also shows, the provision of project aid is also significant, as it is the highest modality for the delivery of aid. This is an indication that there is a creation of parallel implementation structures. It has amounted to an average of USD 865.4 million since the AfT initiative started in 2006. This represents an increase of 49 percent compared with the average amount before the initiative started (2002-05). More specifically for the trade sector, trade ministry officials highlighted that there was no real central location for project-level budgetary information; consequently, it is necessary to get such information for each project.

Overall, stakeholders were not enthusiastic about the DPs' limited use of national systems

and procedures and they feel that Ghanaian institutions should do more to ensure that they are used. Most responses highlight that the use of national systems and procedures for AfT is not sufficient. The largest share of responses to the open-ended questions (31 percent) suggest that DPs use their own systems, and some responses (20 percent) suggested that they end up using their own, e.g. consultants or contracting companies from their home countries. This is because the requirements for procurement are so high and unobtainable that they preclude the use of Ghanaian companies and systems. Only a few respondents (17 percent) felt that DPs make the effort to use Ghanaian systems. However, to improve DPs' use of Ghanaian systems, respondents overwhelmingly feel that the GoG should be more proactive: most (50 percent) feel that local content requirements must be established and strictly enforced; 38 percent of respondents believe the GoG should do more to improve cumbersome national procedures; and a few respondents (13 percent) feel that a database of local experts could be established and maintained.

Conclusion on use of country systems and parallel implementation structures: Budget support is increasing faster than project aid, and non-budget support is on a decreasing trend. However, evidence from the budget indicates that the large majority of ODA is still provided through non-budget support, and thus is leading to the creation of parallel implementation structures. Since the AfT initiative started, the average percentage

share of non-budget support is as high as 71.6 percent. More specifically for the trade sector, budgetary information is largely on a project-by-project basis, because the vast majority of projects are funded through separate implementation arrangements. Stakeholders are also very sceptical about the effectiveness of DPs' current limited use of national systems and procedures. Stakeholders feel that the GoG could do more to improve DPs use of national systems.

5.3. Provision of “Untied Aid”

This section looks at the extent to which DPs provide aid that is “untied,” that is aid provided without imposed restrictions and conditions, such as the procurement of goods and services from donor countries. The Paris Declaration (PD) on Aid Effectiveness⁹ advocates that the untying of aid reduces transaction costs.

Results from the Performance Assessment Framework (PAF) of Ghana's DPs indicated that a large majority of DP support is untied. The results of the last PAF assessment show that the majority of aid among top donors is untied; in 2009, 99.7 percent of aid was untied (Ashong et Al, 2010). This assessment is widely quoted elsewhere by donors as an indicator of success for the purposes of the aid effectiveness agenda. However, this assessment is based largely on DPs' reporting, which suggests that it is not comprehensive.

However, stakeholders interviewed largely feel that aid is tied to suit the interests of DPs. Stakeholder responses suggest that they largely feel that aid is tied to DP conditionalities that serve their own interests. About half (50 percent) of respondents provided an example of a DP that gives tied aid and emphasized that DPs largely tied their aid to promote their own interests. Examples included creating jobs for their own nationals and requiring that goods be procured from places selected by DPs. Examples of DPs perceived as tying their aid

include: China, the EU and the US. As specific terms and contracts were not provided during the data-collection exercise, it is difficult to examine the extent of tied aid. However, opinions were provided by stakeholders who have had extensive experience with DPs. Only 12 percent feel DPs tie aid to ensure efficient use of funds, and only 3 percent feel that most aid is untied. Furthermore, just 18 percent of responses provided an example of DPs perceived as not tying their aid. Examples of such DPs include the AfDB, Italy, Japan, the Netherlands and Switzerland. Interestingly, most of these examples were provided by the DPs interviewed rather than other stakeholders.

Conclusion on the provision of untied aid: Although it is reported that aid is becoming increasingly untied, that assessment was largely based on DP reporting. Stakeholders overwhelmingly feel that aid is indeed tied based on DPs' own interests.

Overall conclusion on alignment: DPs' policy alignment with the GoG's development priorities and trade development agenda is very satisfactory; however, it is not consolidated by alignment in funding arrangements. Although there is an increase in general budget support, project aid and non-budget support still remain the largest parts of ODA. More specifically for the trade sector, the large majority of funding is provided through separate implementation structures. DPs have provided support to improve the GoG's national systems and procedures and consequently these systems now meet international standards. Despite this, DPs' use of national systems and procedures appears to be low according to stakeholder perceptions. There was limited data available to assess whether DPs provide tied aid, only a widely quoted (by DPs) assessment that concluded that DPs provide untied aid. However, this assessment is based on DPs' reporting. Contrary to this assessment, stakeholders felt strongly that this was not the case.

6. DONOR COORDINATION

This section assesses the level of coordination of donors in their AfT activities. It is based on stakeholder perceptions as well as a review of key related GoG and DP documents.

Most respondents (66 percent) agree that donors are coordinating quite well among themselves; moreover, they feel this has been improving significantly over the years. The majority of respondents from the MOTI (71 percent), all respondents from the MOFEP and those in the “other” category of stakeholders interviewed feel that there is a high level of donor coordination. Many stakeholders added that the level of coordination has improved greatly in recent times. This could be an indication of the effectiveness of DP commitments to the Paris Declaration. The majority of responses provided (38 percent) cited the following as key mechanisms used by donors to coordinate: the MDBS arrangement, pooled funding and sector working groups. The following provides a brief overview of key donor coordinating mechanisms in Ghana:

The MDBS arrangement is a joint support mechanism of more than 11 DPs and the GoG¹⁰. Of the DPs involved in the MDBS, seven are among Ghana’s top AfT bilateral donors and three are among Ghana’s top AfT multilateral donors. MDBS donor country observers¹¹ also include an additional two top AfT donors for Ghana and one top AfT multilateral donor. Thus, the majority of Ghana’s AfT donors are involved in the MDBS process. This mechanism was highlighted as the most effective for donor coordination by most stakeholders. It was also highlighted in the Ghana country response document to the OECD-WTO Questionnaire (MOFEP website). The process involves periodic meetings between DPs and the GoG to address the GoG’s development priorities. Several trade-related AfT issues are considered important cross-cutting issues for the MDBS, including private sector development, energy, transport and access to credit, markets, and land (MDBS, 2012).

Stakeholders also noted that pooled funding and sector-specific approaches, such as Sector Working Groups (SWGs) are effective mechanisms for donor coordination. This was also well highlighted in the Ghana country response document to the OECD-WTO Questionnaire. More specifically, four donors¹² have currently established a pooled fund for the financing of the PSDS (GoG, 2010). In addition, the PSDS project completion report cites as one of its highlights a memorandum of understanding (MOU) signed between the GoG and 12 DPs¹³, the majority (7) being Ghana’s top bilateral AfT donors as well as top AfT multilateral donors. There are currently 14 SWGs¹⁴ covering key areas of the Ghana development agenda. The majority of SWGs (6 of the 14) are key to Ghana’s trade development agenda. These include SWGs on agriculture, private sector development and energy. SWGs meet about once a month for planning, implementing and M&E sector issues, and the groups set joint targets for the GoG and DPs. Civil society and private sector groups are also included.

Most stakeholders appear to be fairly satisfied with donors’ efforts to coordinate with each other, as they feel that Ghanaian stakeholders should do more to enforce coordination. Given that the majority (67 percent) of stakeholders’ suggestions to improve the level of donor coordination focused mainly on what the GoG and Ghanaian stakeholders should do better, this is a further reflection that stakeholders perceive donors’ efforts to be quite sufficient. Most suggestions (56 percent) recommended that the GoG adopt a more proactive and disciplined approach to enforce donor coordination. The remaining 11 percent of the responses focused on what Ghanaian stakeholders should do, specifically they said the NDPC should play a larger coordinating role to ensure that donor interventions are coordinated and to avoid duplication of efforts.

On the other hand, PSOs felt strongly that donor coordination is not satisfactory, especially as some key AfT donors are not fully involved in the aforementioned effective donor coordination mechanisms. Stakeholders that were less impressed with the level of coordination among donors include the largest share of respondents from PSOs (50 percent); TSIs (40 percent), and interestingly one DP. They feel that donors are still largely not coordinating their efforts and are “doing their own thing” in an effort to satisfy their own taxpayers. Indeed, USAID, Ghana’s top AfT donor is only an observer to the MDBS process and is not a member of the PSDS Pooled Fund. In fact, only four donors are a part of the PSDS Pooled Fund. The final performance assessment report for PSDS 1 highlighted core donors working outside the pooled funding mechanism as a key challenge to implementation, which undermines the Sector Wide Approach (SWAP) approach. While USD30 million was committed by DPs to the pooled fund, “the lion’s share” (USD 200 million) was committed by DPs to independently managed interventions (GoG, 2010).

There appears to be a lack of intra-donor coordination. Interestingly, this seems to pose a greater problem than inter-donor coordination. Weak coordination between DPs’ Ghana-based offices with their headquarters

in their home countries appears to be slowing down AfT implementation. As mentioned briefly in the introduction, all of the donors asked were not aware of the details of AfT provided on the OECD-CRS database. However, these details are reported as being compiled based on DP country reporting by their headquarters. Several stakeholders at the project implementation level complain that project implementation is often delayed, owing to the need to wait for decisions from headquarters.

Conclusion on donor coordination: Both data and stakeholders seem to indicate quite a good level of donor coordination with several different effective mechanisms, the MDBS especially. The majority of people interviewed appear to be satisfied with donor efforts, feeling rather that Ghanaian stakeholders could do more by using greater enforcement to ensure donor coordination. However, a closer look at the evidence suggests that the level of donor coordination for general aid is much stronger than for trade-specific projects. While most core donors are involved in the generic MDBS, only four donors are involved in the trade sector’s PSDS Pooled Fund. Thus, most trade-related donor coordination is mainly through SWG dialogues, but not substantiated through joint funding under the Pooled Fund for PSDS. It appears that intra-coordination between donor offices in Ghana and their headquarters poses a greater problem to AfT implementation.

7. SOUTH-SOUTH COOPERATION

This section seeks to look at the quantity, contours and modalities of the South - South flow of AfT in comparison to funds from traditional donors. South - South cooperation refers mainly to funds from NTDs. It was difficult to build a comprehensive picture of the total funds from Ghana's NTDs, as we were only able to obtain data from the MOFEP on loans from a few NTDs, and the OECD-CRS database provides data on only two NTDs. Meanwhile, anecdotal evidence suggests that there are more donors that have provided much more substantial amounts of AfT.

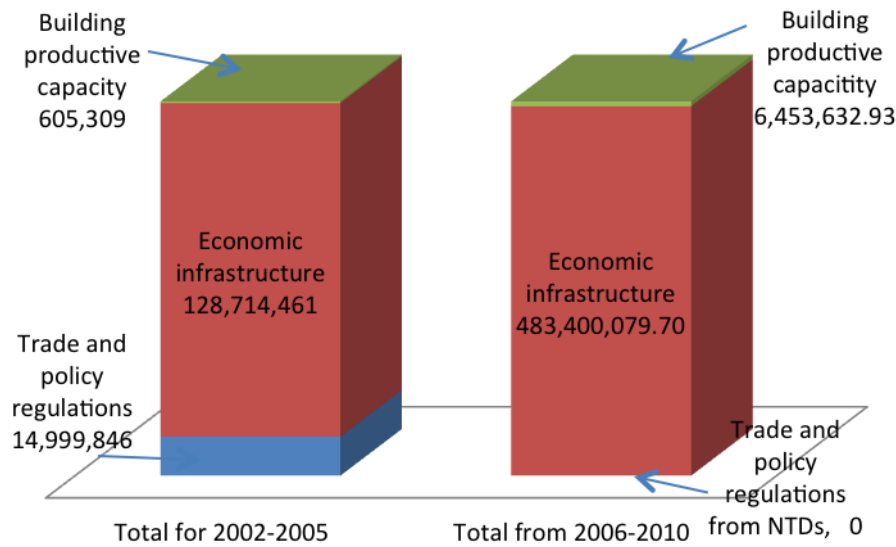
A large majority of stakeholders (91 percent) perceive that AfT from NTDs had increased significantly, and the limited data suggests this as well. Funds from NTDs have been an important source of AfT funding. Indeed, according to the data from the MOFEP, between 2002 and 2010, total AfT loans from NTDs rose exponentially by 678 percent, and by 2010, Ghana had received almost USD 635 million. Between this period, AfT loans from NTDs have made up, on average, almost 30 percent of total AfT loans to Ghana, peaking at the start of the period in 2002 when just one infrastructure project loan from China made up more than 98 percent of all AfT NTD loans that year and almost half of all AfT loans that year (41 percent). With the global financial crisis in 2009, AfT NTD loans represented 35 percent, likely due to the decrease in funds from traditional donors. Using the criteria for additionality, there has been additionality in NTD loans; they increased by almost 240 percent since the initiative started (2006 -10). This is less than commitments to total AfT loans, however, since the initiative started. NTD loans increased more than total AfT loans

actually disbursed, which increased by 66 percent. The data on NTD loans from OECD-CRS only covers two NTDs for 2010, amounting to USD 0.35 million.

Key donors mentioned by stakeholders vary from what the limited data indicates. From the data provided by the MOFEP, the key NTD players include mostly China, as mentioned by stakeholders. But other top donors not mentioned by stakeholders include Arab countries, Israel, Nigeria and Thailand. The OECD-CRS database provides data only for Kuwait and the United Arab Emirates, which were not mentioned by stakeholders.

A breakdown of loans from NTDs by AfT categories shows that overwhelmingly the majority of loans from NTDs between 2002 and 2010 were for economic infrastructure projects. This share has increased slightly since the initiative started. This is illustrated in Figure 9 below. As stakeholders perceive, since the initiative started, loans from NTDs for economic infrastructure made up a much greater part of total loans. From 2002 - 10 these loans made up 96 percent. Loans for economic infrastructure constituted 89 percent from 2006-10, while loans for economic infrastructure made up 99 percent from 2002-05. Indeed, since the initiative started, all loans went to economic infrastructure projects with the exception of two for building productive capacities and one TPR project. A breakdown of infrastructure projects funded by NTDs indicates that most NTD loans were for the construction of roads or bridges (36 percent) and energy (32 percent), followed by communications (14 percent); water (14 percent), and rail (4 percent).

Figure 9: Breakdown of loans from non-traditional donors by AfT categories



Source: ACET calculations based on data provided by MOFEP

A large majority of respondents feel there is a difference between AfT from NTDs and AfT from traditional donors in the way that they operate and their reasons for wanting to engage more with Ghana. Most stakeholders (83 percent) feel that compared with traditional donors, NTDs are more flexible and open and want to enter into more of a business partnership with Ghana. However, without details on the terms and conditions for NTD-GoG and traditional-GoG agreements, it is difficult to assess the extent of the difference. Other reasons perceived by stakeholders for the increase of NTDs is that they are interested in Ghana's resources (13 percent); they want to create markets for themselves (13 percent) and NTDs want to promote their development trajectory (13 percent).

Conclusion on South-South cooperation: The limited data on AfT funds from NTDs corroborates stakeholders' perceptions of the increasing role of South-South cooperation in AfT, especially in support to building economic infrastructure. Loans from NTDs were an important source during the global financial crisis, while support from traditional donors declined. Stakeholders appear to prefer NTD resources, as they feel the terms are more flexible. However, the limited national and international data does not paint a comprehensive picture of the increasing presence of NTDs in AfT, and details of the modalities and quantity are elusive. Thus, it is difficult to really ascertain what the impact of NTDs has been.

8. LIMITATIONS IN ABSORPTIVE CAPACITIES

This section looks at the extent to which institutions in Ghana have the capacity to utilize AfT resources within the given time to achieve the defined purposes of AfT projects and programmes. Stakeholder interviews were used along with the end of project assessment report on the PSDS I (2005 - 2010) (GoG, 2010). This provided the most recent aggregate-level data on national AfT projects.

Aggregate-level data for assessing absorptive capacity was difficult to ascertain, but limited data suggests that the AfT resource utilization rate is high. Although the PSDS I report (GoG, 2010) does not mention all trade projects in Ghana, it mentions a large majority of national trade projects (according to the MOTI, 75 percent of all national trade projects). According to the report, absorptive capacity is quite high; in the programme period 2005-10, it reports that total DP disbursements totalled USD 18.57 million, while total expenditure amounted to USD 16.39 million by October 2010. Thus, 88.26 percent of funds were utilized. It goes on to state that this figure was set to increase to 94.2 percent by the end of 2010, as there was to be an estimated total expenditure of USD 17.49 million once MDA commitments were included (GoG, 2010).

Contrary to the high utilization rate of AfT projects reported, a majority of 72 percent of stakeholders feel that Ghanaian institutions' absorptive capacity is low. Within stakeholder groups, all respondents from ministries (the MOTI, the MOFEP and other ministries) agreed. On the other hand, about half of the respondents from PSOs thought that Ghanaian institutions do have the capacity to utilize AfT resources if they involve the PSOs more. Only one project was mentioned as an example of a high utilization rate, namely a Millennium Challenge Account (MCA) road and highway construction project. However, the data on the specifics of the expenditure was not available. Several more examples were provided of projects with

low absorptive capacity. For instance, the World Bank-GoG programme on MSMEs was cited as a typical example of a project where funds (USD 10 million) had to be returned to DPs. It appears that the counterpart-funding obligations were one of many key impediments in addition to some of the other impediments discussed below.

The majority of stakeholders (60 percent) feel that the poor utilization capacity is derived more from Ghanaian institutions than DPs. Stakeholders provided several reasons for the poor absorptive capacity of Ghanaian institutions. The largest share of respondents (44 percent) believes that it is mainly due to the poor attitudes and weak capacity of staff within Ghanaian institutions. This could reflect their low motivation and pessimism towards the projects and therefore a perceived lack of ownership. On the other hand, 17 percent of respondents feel that DPs' conditionalities and requirements are too difficult to achieve, effectively making it impossible for Ghanaian institutions to spend the resources. Further problems arising from the DPs' side include: lengthy DP procedures and untimely DP disbursement of funds. In addition, most stakeholders were sceptical about whether a "high absorption rate" means that the objectives of the project have been achieved. Both DPs and Ghanaian institutions admitted that the "fear" of having to send money back often causes both parties to "just spend the money," as sending money back is considered a project failure by both parties.

Conclusion on limitations in absorptive capacities: There is data to suggest that the absorptive capacity of AfT projects and programmes is very good. However, this data is limited, and overwhelmingly stakeholders' perceptions and some project-level data suggest that the absorptive capacity is quite weak, largely owing to the weak capacity of Ghanaian institutions.

9. COHERENCE WITH ENVIRONMENTAL SUSTAINABILITY

This section looks at whether AfT projects and programmes in Ghana sufficiently address and incorporate environmental concerns and issues. It also examines whether AfT projects and programmes in Ghana leverage financing opportunities in the area of environmental sustainability.

Knowledge on specific environmental AfT projects was difficult to ascertain from both stakeholder interviews and documents from the GoG and DPs. It appears that there are very few (current or during the period of interest) environment-specific AfT projects. Only eight specific projects were mentioned among the stakeholders' responses as examples. Among the stakeholder groups, the DPs mentioned the most projects, although only two DPs mentioned them and details were not provided. Of the key trade-related GoG policies, only the ISSP includes a project on environmental sustainability. Broadly, this project seeks to ensure that industrial production is environmentally sustainable. Although there was some (albeit very limited) website information on environmental projects, it was not possible to obtain more details. Moreover, stakeholders were not aware of these projects and thus suggested that these were at best pipeline projects or were not active.

It appears that environmental issues are mostly dealt with broadly in a crosscutting way rather than specifically or uniquely in AfT projects. A review of the main AfT DP websites concerning Ghana development cooperation programmes points to a few indirect projects or programmes where environmental issues in trade are handled in a cross-cutting way, e.g. CIDA's programme on "promoting socially and environmentally sustainable trade integration" or GIZs "Sustainable Use of Natural Resources." All of Ghana's top AfT DPs have an environmental programme, and protection of the environment is a crosscutting issue in their portfolios, thus ensuring that all

their development activities are protective of the environment.

The majority of respondents indicated that environmental issues are routinely incorporated in AfT projects at the programme design stage; however, implementation by Ghanaian institutions appears to be weak. About 68 percent of stakeholders stated that environmental impact assessments (EIAs) are undertaken at the design stage of projects. On the other hand, they further indicated that implementation of environmental issues is not so good. There appears to be little evidence of implementation of the ISSP project mentioned above perhaps because implementation has not yet started fully. Stakeholder responses suggest that the EIAs are undertaken more because they are required by DPs. Of the respondents, 51 percent indicate that EIAs are undertaken "in theory," and a further 24 percent specifically suggest that there is weak implementation and enforcement. Furthermore, the majority of proposed recommendations (64 percent) provided by stakeholders for improving the incorporation of environmental issues in AfT projects suggests that Ghanaian stakeholders could do more to ensure the effective implementation of such clauses. Indeed, all the suggestions point to a need for greater action from the Ghanaian authorities.

Knowledge of financing opportunities in AfT projects that leverage environmental sustainability is low; subsequently, Ghana's uptake of such opportunities is low. Only 19 percent of stakeholders felt that AfT projects do well to leverage financing opportunities in environmental sustainability. The majority (81 percent) either disagreed or was indifferent, largely because 57 percent of these respondents felt they were not sufficiently informed about financing opportunities. Another 24 percent disagreed that financing opportunities were not being leveraged. Only four examples were provided of projects in which Ghana is

proactively preparing proposals to access such funding. Some of these include: support for manufacturers to meet international standards on environmental management systems - ISO1400; current registration exercises by the Volta River Authority (VRA) for the United Nations Development Programme (UNDP) carbon credits programme; a request from the Minister of Trade to the Netherlands for support in disposing electronic waste; and support to enable the GoG to consider environmental sustainability at the procurement stage.

Details on AfT financing opportunities for environmental sustainability and requirements for accessing are less clear. As mentioned above, a review of the top AfT DP cooperation programmes on their websites shows that all have an environment programme, but details on AfT specific financing opportunities are elusive. Thus, it appears that few opportunities are being grasped. Some DPs provided examples of project opportunities on environment sustainability, which the GoG has not taken. Proposed recommendations

made by respondents to improve Ghana's leverage of such opportunities suggest that both Ghanaian stakeholders as well as DPs have a strong role to play. Moreover, 50 percent of Ghanaian stakeholder responses suggest that Ghana should do more to explore and thus source such opportunities. Among respondents, 33 percent feel that DPs could do more to showcase such opportunities.

Conclusion on coherence with environmental sustainability: Environmental issues appear to be dealt with only broadly in a crosscutting way at the AfT programme design phase when environmental impact assessments are routinely undertaken. Many stakeholders believe this is the case, mainly because they are a key element in DPs' development cooperation portfolios. However, implementation appears to be weak. Knowledge of specific AfT financing opportunities that leverage environmental sustainability is low; subsequently, the GoG's uptake of these opportunities is low, which in turn, explains the limited data available.

10. MACRO-LEVEL IMPACT ANALYSIS

This section attempts to look at the overall impact of AfT on Ghana's trade performance and on its development. It highlights the difficulty in assessing the impact of AfT, owing to the need to take into account other factors that are simultaneously working alongside AfT and thus can distort the results. In order to assess the macro-level impact, ACET conducted a correlation analysis between AfT and exports in Ghana to examine the link between them. Data for the assessment were obtained through stakeholder interviews as well as data on Ghana's export and trade performance between 2002 and 2010 and other relevant indicators that stakeholders deemed important when assessing the impact. Macro-level impacts that were frequently mentioned (thus the indicators that we have focused on) include real impacts, such as: increases in Ghana's exports, productivity and manufactures, and consequently more value addition in exports.

Overall, stakeholders feel that development assistance makes a positive contribution to Ghana's development. More specifically, they feel AfT has made a significant contribution to trade development. Evidence from the budget supports this view. Even though stakeholders provided a lengthy list of the negative impacts of development assistance (to be discussed further below), the large majority of stakeholders (86 percent) felt that overall it has been good for Ghana. No stakeholder disagreed, at the very least, a small minority (13 percent) was indifferent ("neither agree nor disagree"). Furthermore, most (almost 60 percent) stakeholders indicated strongly that without assistance "a lot wouldn't get done" in Ghana, given that the GoG is budget constrained. The data available on sources of funding to the private sector competitiveness area (the key trade-related pillar of the national development agenda) shows that indeed, the majority of trade sector development activity was financed by external resources:

external donors (41 percent) and HIPC funds (29 percent) rather than on GoG funds (30 percent). Another reason cited was they felt AfT is making a significant contribution to infrastructure development especially.

However, stakeholders also identified various negative aspects associated with development assistance, including those more specifically related to AfT. Despite feeling that development assistance has made an overall positive contribution, all stakeholders cited multiple reasons why they felt ODA has a negative impact. The most frequently cited reason was the inadequate involvement of the private sector in the design and implementation of development assistance. This follows on from the discussion above on stakeholder involvement. Although stakeholders thought that the GoG does consult the private sector, they stressed that the consultation is not effective or meaningful, given the limited depth and breadth of consultation. Lack of depth relates to the sense that the private sector is often consulted at the later stages "just to validate," while limited breadth points to the feeling that the consultations are restricted to a few "elite" formal private sector organizations who can export, precluding the needs of the majority of Ghana's informal private sector, which is not able to export. Arguably, it is the excluded who need more AfT support to build their capacity to trade.

Furthermore, stakeholders do not appear to see any real difference in the AfT initiative from previous trade-related support often called trade-related technical assistance or capacity-building (TRTA/CB). Among respondents 28 percent said that they don't see a difference either at the conceptual or substantive levels. At best, 58 percent was indifferent - again this follows from the lack of awareness of the AfT initiative and its predecessor. Also, stakeholders don't feel that there has been any distinct difference. Interestingly, it is mainly the ministries (55 percent) who are most indifferent.

Only 13 percent of ministries felt that there is a difference between AfT (2006 and 2010) and the previous TRTA/CB (2002 - 2005).

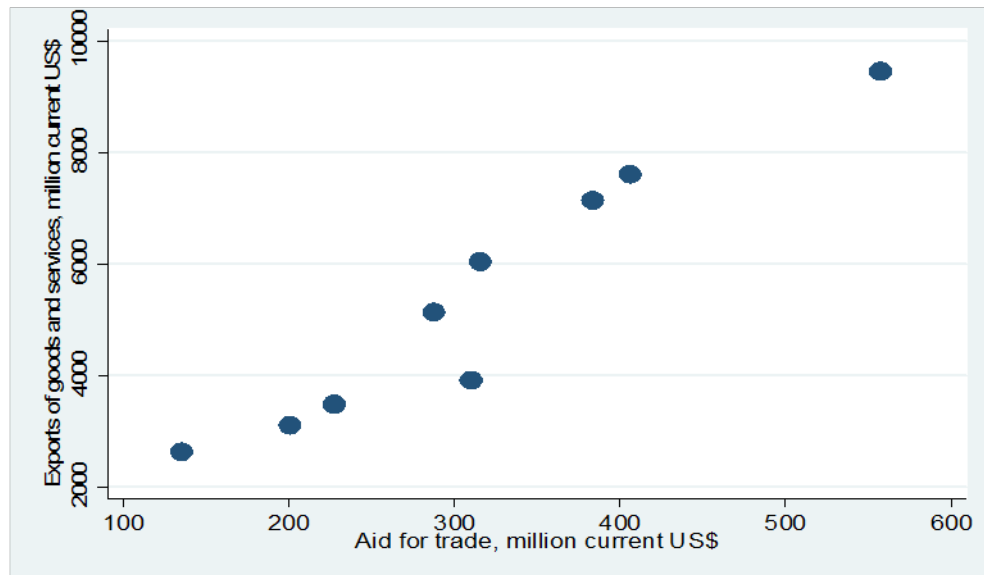
Since the start of the initiative, Ghana's trade performance has been mixed. The exponential increase in exports includes an increase in non-traditional exports; however, exports are still highly concentrated, low value and thus have not transformed the economy. There was a significant increase in exports. Between 2002 and 2010, exports increased by 330 percent to reach almost USD 8 billion.¹⁵ Although the limited data does not demonstrate causality, the data shows that most of the increase happened since the initiative started in 2006. Before the initiative started, exports rose by just over 50 percent between 2002 and 2005. But after the initiative started, exports rose by 113 percent between 2006 and 2010.¹⁶ Non-traditional exports grew by just over 1000 percent in the last decade, and by 82 percent since the initiative started (MOFA, 2011). There have also been increases in sectoral productivity since the initiative started, including an increase in agriculture, industry and services. For industry and services, the increases were just over 50 percent.¹⁷ There has been a 174 percent increase in manufacturing value added since the initiative started, reaching just over USD 2 billion.¹⁸

On the other hand, exports have become less important to GDP since the initiative started. Between 2006 and 2010, the average percentage contribution of exports to GDP was 27 percent; a decrease of 32 percent from the average before the initiative started (between 2002 and 2005). While there has been an

increase in non-traditional exports, exports are still highly concentrated. In 2009, exports of two commodities-gold and cocoa-made up 72 percent of total exports (World Bank data). Indeed, since the initiative started, exports remained concentrated on a few products: the average number of products for exports dropped from 247 to 240 and similarly, the average diversification index value dropped to 0.80 from 0.83 (UNCTAD database). The increase in agriculture productivity is only 6 percent since the initiative started; this is a cause for concern, given that just over half of the population is employed in the agriculture sector (World Bank data).

It is difficult to isolate the impact of other aspects when identifying the macro-level impact. M&E indicators at the project level are limited as they do not take into account other factors that obviously have an impact on the trade performance; thus, success (or failure) cannot be attributed only to AfT. The results of simple correlation analysis between AfT and exports in Ghana using AfT disbursement data over the period 2002-10 are presented in Figure 10 and Table 11. These illustrate a positive correlation between exports of goods and services and AfT in Ghana. More specifically, over the period of analysis, the correlation between AfT and exports of goods and services in Ghana is 0.96 and significant at the 1 percent level. Thus, as AfT has increased, so too have exports of goods and services. However, correlation does not mean causation. It is not possible to say that AfT caused an increase in exports in Ghana. Moreover, the analysis of correlation between AfT and exports does not include other control variables that may affect export performance.

Figure 10: Unconditional relation between exports of goods and services and AfT in Ghana (2002-2010)



Source: ACET's calculation based on export data from WDI database and AfT data from OECD CRS database

Table 10: Correlation between exports of goods and services and aid for trade in Ghana

	Export of goods and services	AfT
Export of goods and services	1.00	
Aid for trade	0.96***	1.00

Source: ACET's calculation based on export data from WDI database and aid for trade data from OECD CRS database.

***, Denotes significant coefficients at the 1% level.

Furthermore, impact assessment is challenging, particularly at the project level, as many of the AfT projects do not have robust M&E systems in place for assessing macro-level impacts, such as what the impact of the specific projects has been on contributing to national export performance, job creation, etc. As mentioned earlier, fewer stakeholders take part in M&E; only 35 percent of stakeholders are involved. Moreover, mainly DPs take part in M&E; less than 7 percent from each of the other stakeholder groups (except CSOs) take part. M&E and macro-impact analysis appear to be the weakest part of the AfT process. A typical example of an AfT project-level indicator will be an increase in the level of national exports, rather than an assessment of exports derived from the project itself. Thus, the indicators highlight the absence of counterfactuals and a problem of attribution. This will be discussed further in the next section of the report.

Conclusion on macro-level impact analysis: Overall, stakeholders feel strongly that development aid, including AfT, has made a significant contribution to national development. However, it is clear that stakeholders do not think that AfT has performed very well. Their indifference toward the effectiveness of AfT may be informed by Ghana's mixed trade performance to date. Although there have been significant increases in exports, Ghana's exports are still highly concentrated in a few low-value commodities; thus, exports have not transformed Ghana's economy. Current impact assessments highlight the weakness of M&E and the difficulty in attributing the impact of AfT on Ghana's trade performance to AfT, owing to other factors that may have an impact on trade performance.

11. MICRO-LEVEL IMPACT ANALYSIS

11.1. Introduction: Rationale for Project Selection

This section presents the findings of a micro-level impact analysis of an AfT project in Ghana. In order to assess the micro-level impact, ACET decided to take an in-depth look at the NRG. This project was selected based on the ICTSD/SAWTEE methodology (Adhikari, 2011). The project reflects the apparent trend in the GoG's development strategy and subsequently DPs' approach. Both are adopting more LRED strategies as a part of the overall national economic development strategy. NRG is an example of an AfT project oriented toward the northern parts of Ghana.

The GoG appears to be increasingly adopting regionally oriented development strategies to address rising inequality. A key objective of the GSGDA is to establish special development areas to reduce inequality, which has increased in recent years. The Gini coefficient, which measures inequality, increased from 0.3 to 0.4 between 1998/9 and 2005/6, despite the impressive decline in poverty, from about 51 percent to 28 percent, during the same period.¹⁹ In response, the GoG established the Savannah Accelerated Development Strategy to be spearheaded by the Savannah Accelerated Development Authority (SADA) (NDPC, 2011). SADA covers the Northern Savannah, which includes the three northern regions and the northern parts of the Volta and Brong Ahafo regions, collectively recognized as the poorest regions of Ghana.

In addition, there are a number of earlier and ongoing efforts aimed at regional economic development in Ghana, including the Western Corridor Gas Infrastructure Development Project, the Volta Regional Development Project - VORADEP and the Central Regional Development Commission - CEDECOM. However, to date, SADA remains the most advanced regional development programme, as it was established by an act of parliament

in 2010, and receives a GoG budgetary allocation. In 2010, the GoG committed GHc 25 million (approximately USD 16 million) to SADA. Although only GHc 1.25 million (less than 1 percent) has been disbursed so far, it is the most the GoG has provided to date for regional development initiatives (NDPC, 2011).

In the interest of alignment and harmonization with GoG priorities, DP programmes also appear to be more regionally oriented and targeted to the SADA area. All top AfT donors (bilateral and multilateral) have at least one regional development programme. Furthermore, the majority of donors have at least one trade-oriented programme targeting the rural northern regions of the country. Examples of some of the top donors' region-specific trade-oriented programmes include: USAID's Ghana Agricultural Development and Value Chain Enhancement project, which operates in Ghana's northern regions; DANIDA's Business Sector Advocacy Challenge Fund, which seeks to empower Northern women; GIZ's African Cashew Initiative and the Market-Oriented Agriculture Programme; AfD's rural microfinance in the north of Ghana and DFID's "wealth creation" programme based in the north to support entrepreneurship and growth.

11.2. Background on the NRG

Contrary to initial belief, the NRG is a typical AfT project with several key trade sector objectives and expected outcomes. The main programme objective is to "contribute to equitable and sustainable poverty reduction and food security of Northern Ghana." (RoG, ADF, 2012). Although programme documents, staff, and intended beneficiaries, such as local farmers, market women and small-scale traders often focus on the social economic objectives of the programme ("raising rural incomes", "addressing food security" and "empowering women"), even a cursory look at the programme log frame

suggests that the project has many key trade objectives and outcomes. At the start of the stakeholder consultations, stakeholders were very reluctant to take part, believing that NRGF is “not an aid for trade project”, the programme staff diplomatically suggested to the ACET team that our mission objective was unfortunately in vain. In fact, stakeholders perceived the programme as an agriculture project, as it is coordinated by the MOFA and consequently, they thought that the aim of the discussion was not relevant for this project. Nevertheless, by the end of the discussions all stakeholders could see the relevance of the programme to the AfT agenda.

From the project log frame it is evident that the programme has quite strong trade-related goals and objectives. The programme aims to stimulate exports and domestic production by harnessing the large agricultural potential in the northern regions of the country to supply the domestic demand for major staple crops, such as maize and cassava in the south, which is currently being met by imports, as well as the growing demand from neighbouring countries. Moreover, 50 percent of Ghana’s livestock needs (pigs, poultry and ruminants) are largely met by imports as a supplement to low domestic production. The programme should result in improved and increased agricultural production, with greater agricultural diversification for high-value agricultural export and import substituting commodities. Thus, it will improve small-scale production, which dominates these areas, while positively affecting small-scale traders, producers and enterprises. The area also has a lot of potential for non-traditional exports, such as horticultural crops (pineapples, mangoes, avocado and exotic vegetables) and subsequently more potential export revenue (RoG, ADF, 2012).

The programme began in 2008/9 and is set to run for a six-year period. The key donors are the GoG, the AfDB, and the International Fund for Agricultural Development (IFAD). Broadly, the NRGF adopts a holistic commodity chain approach by providing support to all parts of commodity development, from production

and processing, to marketing, etc. A limited number of commodity chains were selected based on their low risk potential and their capacity to empower women, meet demand, ensure financial viability, and achieve sufficient outreach. The NRGF has four main components. Component A is commodity chain development, which includes support to production, productivity improvement and value addition through marketing and processing selected commodities. Component B focuses on the provision of rural infrastructure, including rehabilitation and construction of irrigation and roads to facilitate commodity production. Component C focuses on providing access to financial services for producers, and Component D aims at strengthening programme management through creation of an efficient programme implementation team (PIT) based in Tamale and consisting of key management staff. Thus, the components fall mainly under AfT categories for economic infrastructure, building productive capacity and trade policy and regulation. The MOFA is the lead GoG executing agency, and implementation is in collaboration with other MDAs. The estimated total cost of the programme is USD 106 million, comprising about 42 percent local costs. The bulk of the cost is on infrastructure development (58 percent) followed by training (22 percent) and technical assistance (13 percent). Although the programme is beyond midterm implementation (4/6 years), at the time of preparing this report only 5 percent of funding had been disbursed.

The ICTSD/SAWTEE methodology sets out four criteria for micro-level impact analysis: 1) relevance; 2) efficiency; 3) effectiveness, and 4) sustainability, or impact. The methodology also recommends the use of both quantitative and qualitative data for the impact analysis. To evaluate the impact, ACET undertook a literature review of available project documents on-line or provided by the project implementation team (PIT). In addition, ACET conducted a focus group discussion (FGD) with nine project beneficiaries. Key beneficiaries were mainly farmers, market women, traders and service providers. ACET also conducted an in-depth group discussion with some

key management and technical project implementation personnel as well as one-on-one interviews with other personnel who were not able to join the group discussion. The detailed list of those involved is provided in the Annex. Each stakeholder involved in this exercise has been with the programme since its inception. The discussions were designed to gather information with respect to the relevance of the NRGF, the efficiency of implementation, and the effectiveness and sustainability of the programme as per the ICTSD/SAWTEE methodology. The following sections provide results of the micro-level assessment.

11.3. Relevance

This section assesses whether or not the NRGF is a high priority for Ghana. It also explores whether there has been a change in Ghana's economic policies, making the programme less of a priority today and subsequently endangering its sustainability (Adhikari, 2011).

The NRGF appears to be a highly relevant programme, as it addresses several key developmental priorities and objectives for the GoG. The programme started with high-level commitment from the GoG, as it was first launched in 2009 by the then Vice President of Ghana (now President). The programme is still very relevant as it seeks to address many of the objectives of the previous and current national development agendas that emphasize poverty reduction. At the sectoral level, the NRGF seeks to address all of the MOFA's six objectives contained in the current Food and Agriculture Sector Development Policy II (FASDEP II), including promoting production for domestic and international markets. The NRGF also fits into the current PSDS II agenda, incorporating two out of four components, specifically the strategic initiatives covering increasing economic opportunity for the poor, particularly in underdeveloped regions, and intervention to help the private sector develop new opportunities and promote innovation (GoG, PSDS II, 2011).

Also, the NRGF focuses on a perennial key GoG priority to reduce disparities and inequalities,

which influenced the concept behind the creation of SADA. The NRGF's geographical focus on the northern regions of Ghana is and has been a key developmental objective of successive governments. Indeed, the Northern Ghana Development Fund was set up in 2008 by the previous GoG administration. The next and current GoG has continued this policy focus and commitment with the recent creation of SADA as mentioned above. The NRGF programme staff highlighted that the recent creation of SADA is indeed a testament to the relevance of the NRGF as SADA draws heavily from the design of the NRGF in 2007. Unlike previous interventions "in the north", the NRGF uniquely covers more than the northern regions. As with the NRGF, the current GoG has extended the coverage of the "special development area" to the entire northern Savannah ecological belt, which includes two other political and administrative regions in Ghana. This was in recognition of the high incidence of poverty in these areas as well.

The NRGF also addresses the majority of the Millennium Development Goals (MDGs). At least five of the eight MDGs are addressed by the NRGF. Through its interventions to promote poverty reduction and food security, as well as providing employment opportunities through improved agricultural production, the NRGF addresses MDG 1 on eradicating extreme poverty and hunger. It also addresses MDG 3 on promoting gender equality and empowering women through its mandate to improve employment outcomes for women. The NRGF educates small-scale farmers on adopting more sustainable farming methods to reduce biodiversity loss, to reduce the rate of deforestation and to promote greater adaptation to climate change, as captured under MDG 7 on environmental sustainability. Stakeholders also feel the NRGF is addressing MDGs 4 and 5 on reducing child mortality and improving maternal health through its interventions to increase rural household incomes to be able to afford better health care and greater food security.

Although the programme has been granted some national importance, it has not been exempt

from traditional implementation challenges, and some PIU members feel that given the “relevance” of the programme, it should be accorded more “special” project status. Unlike other AfT projects that stakeholders complain that the GoG does not provide sufficient counterpart funding for, the GoG has exceeded its counterpart funding obligations for this project, with only a “few acceptable delays” as described by a PIT member. The NRGF uniquely receives budgetary allocation. This emphasizes the importance the GoG has assigned to the project. Described as being “regular and adequate,” the release of the counterpart funding was 85 percent in 2008; 117 percent in 2010 and 100 percent in 2011. The total funds released thus far are almost USD 1 million (ROD, ADF, 2012). Some staff members felt that the NRGF should be an independent programme and should be given further autonomy from the MOFA. This will be discussed further below in the section on project implementation. Unfortunately, despite the national importance placed on the programme, and as the section on project implementation will also demonstrate, the NRGF suffers from several of the implementation challenges that AfT and indeed development projects and programmes in general are faced with in Ghana.

Conclusion on project relevance: This section demonstrated that the NRGF is a highly relevant national programme, as it continues to address several of the GoG’s key national development priorities and sectoral policies as well as the MDGs. Its importance is demonstrated by the following: the GoG’s commitment to the project in the form of a high-level launch; the subsequent establishment of SADA based on the original NRGF concept; and the effort of the GoG to exceed its counterpart funding obligations. However, despite its national importance, its implementation challenges mirror those of most other AfT and development projects.

11.4. Efficiency

The assessment of efficiency is divided into three elements: 1) project design; 2) governance and management, and 3) project implementation (Adhikari, 2011).

11.4.1. Project design

This section looks at how the NRGF was designed. What was the nature of the design process? Were lessons learned from former or similar projects taken into account in the design of the programme? Does it include good knowledge on baseline figures? (Adhikari, 2011).

The project design process appears to have been very consultative and participatory, and there is a high sense of ownership and involvement among the stakeholders. It appears that several multi-stakeholder meetings and workshops were held in the preparatory stages of the programme. People interviewed highlighted the participatory process involving several stakeholders who would be impacted by the programme. Stakeholders were given the opportunity to express how they felt the programme should be. The PIT staff said over 70 stakeholders participated in a multi-sectoral process that included farmers, tertiary students, marketers and NGOs. There was a huge, continuous data-collection exercise in the preparatory phase. Stakeholders’ descriptions of the design process corroborate the project literature, which describes the process as “demand-driven” (RoG, ADF, 2012). Even though some of the beneficiaries interviewed were not part of the consultation sessions in the preparatory planning and design phases of the NRGF, they felt satisfied that they were well represented by their various union and organization representatives.

The preparatory process was iterative and dynamic, as it drew on lessons learned from past and ongoing projects and sought to incorporate the realities on the ground. The programme literature highlights that the NRGF seeks to find “synergies and complementarities” with ongoing projects and programmes (RoG, ADF, 2012). It is evident that the NRGF has evolved from past programmes. For instance, stakeholders pointed out that the NRGF emerged as a result of the end-term evaluation process of another project called the Upper West Agricultural Development Project (UWADP). It is felt that the NRGF complements a current project called the Market Oriented Agricultural Programme

(MOAP), which is also based in Tamale, thus the project implementation teams collaborate closely. A MOFA official mentioned the importance of more integrated interventions when addressing development in the North, as past interventions have always failed, because they didn't address infrastructure. Thus, the NRGF has focused on all parts of the value chain, of which infrastructure is a key component. The NRGF is a clear response aimed at addressing many of the shortcomings of previous interventions. As discussed above, the NRGF's geographical focus is a response to the limited catchment area of previous interventions for national poverty reduction, which have consequently failed.

The detailed nature of the programme log-frame and programme literature suggests that the programme has a good knowledge on baseline figures. The programme literature indicates good knowledge of the target area, group and the traditional impediments to production as well as the reasons for low economic incomes. The detailed knowledge includes a good comprehensive picture of elements "before" the programme, characteristics such as the baseline incidence of poverty, as well as the capacity of smallholder production, livestock, food crops and irrigation capacity. Such baseline knowledge contributed to the comprehensive targets and expectations of the programme.

Although overall, stakeholders were satisfied with the nature of consultation, there should have been greater private sector input as well as better inter-MDA and DP consultation in the design process. PIT staff thought that the design process should have better incorporated the private sector i.e. the trade associations or end users, given their critical role in implementation. As key members of the value chain, greater PSO input could help to identify some of the bottlenecks now challenging implementation. Also, in hindsight and given the implementation challenges that will be described later, it appears as though the MDAs, such as the Department of Feeder Roads who are key players in the implementation stage, should

have been consulted better at the technical level. PIU staff felt strongly that there should be more flexibility on the part of DPs; if there are implementation issues, they should respond quickly and accordingly rather than confine the PIU to the constraints of the original design. As will be demonstrated later, this is thought to have hindered implementation of the rural infrastructure component.

Component B on rural infrastructure development appears to be where the design phase broke down. Also, issues regarding environment sustainability appear to have been poorly conceived at the design stage. According to the PIU members, it appears that DPs rushed through and subsequently designed the infrastructure component poorly and this led to several implementation challenges (discussed below) and the need to "completely redesign" this component at the Medium-Term Review (MTR) report. The environment component was described as an "afterthought," as it was not conceived during the early design stages of the programme. Because it is perceived as being most relevant to the infrastructure component, this meant that environmental issues were really addressed only at the MTR stage, three years into implementation of the programme, when implementation of the infrastructure component took off.

Conclusion on NRGF design: Overall, the project appears to have been efficiently designed, as it was highly participatory, consultative and demand-driven. It drew heavily from lessons learned from several past and ongoing similar interventions and has developed a good baseline knowledge. However there was room in the design process for improvement in private sector inputs, as well as inter-institutional MDA collaboration. Greater DP flexibility is also thought to improve the design efficiency. Moreover, the design of the infrastructure component and the incorporation of environmental sustainability issues into the programme appear to have been very poor as demonstrated by the challenges faced at the implementation stage.

11.4.2. Governance and management

This section looks at the governance structure at the political level, whether the mandate of the Steering Committee (SC) is adequate and whether the SC intervened when necessary. The section will also look at the management of the project, including whether the staffing levels of the PIU were adequate, and what arrangements were put in place for monitoring the projects (RoG, ADF, 2012).

There is a high level, multi-sectoral national programme steering committee (NPSC) that was established to provide general oversight to the programme. This has been quite active in moving implementation forward. The NPSC provides general policy direction and orients programme implementation strategy, oversees planning, reviews progress and impact and ensures effective linkages with related programmes (RoG, ADF, 2012). The membership is very multi-sectoral and crosscutting, as there is a good mix of both public and private sector representation. There is representation from 11 relevant ministries,²⁰ including the MOTI, the MOFA and the MOFEP; one representative from selected public sector agencies and institutions,²¹ two representatives from implementing partner NGOs; five representatives from the producer organizations; three representatives from large-scale private sector traders/processors, and four representatives from private investors and management firms of commodity chain facilities. There is high-level leadership by the Minister of Food and Agriculture (or his designated representative), who is a key cabinet member. The SC can be described as quite proactive, involved and “functional” as at mid-way into the project, it has met five times to review programme implementation (RoG, ADF, 2012).

The monitoring and evaluation system appears to be quite rigorous, as it is regular and undertaken by all including the GoG and Ghanaian stakeholders as well as the DPs. Both the stakeholder interviews and the project literature refer to regular review mechanisms, such as annual value chain forums, internal reviews of the value chains

and production and market level stakeholder meetings. Review meetings are described as “an everyday affair.” The AfDB’s Ghana field office as well as other stakeholders, such as the MOFA, assist in the day-to-day monitoring of the programme (RoG, ADF, 2012). Twice a year, the main donors (the AfDB, the IFAD and the GoG) carry out joint implementation reviews of the programme to assess progress against objectives, implementation progress against work targets, implementation of policy initiatives or institutional reforms that may have been agreed upon in the work programmes, and specific actions that will facilitate implementation. The MTR occurred mid-way into the programme lifecycle, and there will be an end of programme review to produce a programme completion report (PCR).

It appears that programme implementation staff is inadequate; consequently, existing staff are ineffectively multitasking. Several key specialist functions are missing. The current staff is overstretched “from the top, right down to the bottom,” Thus, severely understaffed, it is very difficult for existing staff to take leave, given their heavy work schedules. Indeed, staff absences create large vacuums. An illustrative example was provided by the sudden death of the procurement officer, which meant that procurement, a major integral function, was severely impacted - with staff “doubling up as procurement officers,” Each staff member had to assume the function within his or her own activities and thus was faced with the huge task of familiarizing himself with the different cumbersome procurement rules of each of the donors. Certain specialist expertise, such as investment analysis, procurement and engineering are needed according to PIU staff. The MTR report highlights the need and the recruitment plans in progress for six specialists mainly for the rural infrastructure development component. Beneficiaries felt that more specialist staff was needed to improve their export production, such as to focus on imparting knowledge on export and processing methods. This would be an advancement of the methods currently being taught because now teaching is focused on the fundamentals of farming.

Box 1: Case story on importance of building trust in AfT project beneficiaries

Beneficiaries noted the importance of building trust of the local people towards the NRGF as there has been an incident where local people submitted pictures and relevant sensitive documentation to the leadership of the farm based organization. This was meant to fast track the acquisition of loans from banks to nucleus farmers. Then the banks asked for more requirements for eligibility which the local people could not provide. Thus after having built expectations, the banks did not provide the loans. The FBO leaders were threatened and labeled as fraudsters. Thus the leaders had lost trust from the local people.

Limited logistics for the programme also appears to impede programme workers from effectively carrying out their various key tasks, especially the M&E role and building up the trust and confidence of the communities in the programme. Beneficiaries highlighted the need for NRGF staff to have more of a presence throughout the regions, especially for the purposes of M&E. The lack of vehicles for accessing the various hinterlands to undertake regular site visits is a problem for liaison staff. There are currently only about 10 project staff to cover the large geographical reach of the programme across 48 districts. In addition, the lack of NRGF staff and the subsequent use of local representatives for meetings with local people has led to credibility issues and local people not believing that the programme is real and that the representatives were imposters. Box 1 illustrates a particular case story.

Conclusion on governance and management efficiency: The NRGF Steering Committee is high-level, crosscutting and functional; effectively intervening frequently to review programme targets and remove implementation bottlenecks. Project M&E appears to be rigorous, regular, quite effective and undertaken by all stakeholders. However, the day-to-day management of the programme is severely challenged by a lack of specialist staff, subsequently staff is ineffectively multitasking. Similarly, staff is not always adequately equipped to undertake key programme activities. This undermines the credibility of the programme among the local people.

11.4.3. Implementation efficiency

This section looks at the way activities were implemented by project management and domestic and foreign experts. For instance, how was the training structured? Were well-known good practices in the training of experts and enterprises followed? What kind of implementation challenges is the programme facing? (Adhikari, 2011a).

There appears to be a good mix of local and foreign expertise, which complement each other. However, success of the counterpart-training model is prohibited by the MOFA staff's already heavy work schedule. PIT staff noted the need for both international and local expertise. International experts could impart knowledge and international best practice, while the local experts provide insight on the realities on the ground and have a better idea about the feasibility of interventions and how best to approach issues in culturally sensitive areas, such as the northern regions of Ghana. A PIT member felt that the presence of international experts helps to broaden the horizons of the local experts to help them "think outside of the box." The counterpart-training model seeks to build the institutional capacity of the MOFA staff by pairing NRGF specialists with MOFA staff. However, this arrangement has not worked, as the MOFA staff characteristically has a huge workload and is therefore usually unable to shadow the NRGF staff effectively.

It is clear that the programme has suffered from several implementation challenges.

The strongest evidence of this is the low disbursement of the project at just 5 percent, which impeded implementation. The programme is about midway into the implementation, yet 95 percent of the total programme cost has not been spent. According to a PIT member and based on implementation documents by donors, the programme is reported to have been running for three years. Programme activities commenced in 2007, but, “they only received their first dollar [from donors] in 2009.” Effectively this was 20 months after loan approval. Despite this, programme activities had to go on, and staff needed to be trained in donor procedures. Other implementation challenges include lengthy donor approval processes for disbursement, which have plagued the programme throughout. Financing issues were also compounded by the understaffed financial controller’s office as well as the low staff capacity in the various donor procedures.

Significant implementation challenges also arose from donor activity. These include DPs not using country systems, slow DP loan disbursements and generally poor inter-donor coordination as well as poor coordination with country staff. PIT members felt that donors at times were “inflexible” in not allowing room for changes in implementation to reflect the realities on the ground. Each donor has different reporting requirements, modalities and cumbersome procedures for procurement. PIT members described these as being the reason project documents were often delayed. There is no one standard way of reporting; thus, PIT members must report differently for each donor, including the GoG. Indeed, the MTR repeatedly highlights the need to train the finance staff in accounting methods, which are specific to each donor. Donor financing according to Ghana’s tax laws requires withholding taxes from payments contractors. However, the major donors do not adhere to this.

Component B on rural infrastructure development seems to be the component that faced the most implementation challenges. Thus, targets have been redesigned and reduced. Four years on (MTR), only three of the ten targets for this

component have been completed; indeed, they are only partially completed (GoG, 2012). Members of the PIT agree that many of the problems started because of the poor and “hurried manner” in which this component was designed. As mentioned earlier, Component B had to be “redesigned” at the time of the MTR. Cost estimates for road construction were grossly underestimated and not based on “the realities on the ground.” Weak local capacity in rural infrastructure development also impeded implementation of Component B. However, the MTR outlined several interventions to address this by setting up a centre of excellence for the sector in the Irrigation and Mechanization Technology Department at the main university in Tamale, the capital of the Northern Region. This would involve the Ghana Irrigation Development Authority (GIDA). This component was redesigned by reducing the areas to be irrigated and the number of roads/feeder roads and bridges to be constructed.

Stakeholders suggested that having the institutional focus under the MOFA has impeded implementation, while greater a shift to private sector ethics is thought to improve implementation. Because the NRGF is perceived as an “agriculture project,” some complained of the MOFA’s “entitlement mentality” in managing this project, which they feel has made the MOFA staff complacent. Furthermore, it is felt that the facilitating agencies should manage implementation instead of the MOFA. If the project were run independently this would improve implementation efficiency. The FGD provided examples of other similar projects that work better autonomously such as the Millennium Development Authority (MIDA). PIU staff firmly believed that the project should be more private-sector driven; thus, if the MOTI or the Chamber of Commerce were the “mother ministry,” it would improve efficiency as such institutions empathize with the private sector better. In implementation, it was stressed that greater emphasis needs to be placed on private sector ethics.

Despite the effective high-level inter-ministerial Steering Committee, there has been poor inter-

institutional collaboration at the technical levels. This has impeded implementation. However, MOUs have improved this situation. PIU staff, as well as the MTR, highlighted that many of the implementing MDAs were not well consulted and were less than cooperative in the implementation stages, thus hindering progress. As mentioned before, the component on infrastructure development suffered a number of challenges in achieving its targets. PIT members cite insufficient coordination with relevant MDAs, such as the Department of Feeder Roads and the Ghana Highways Authority in the design of the feeder and trunk roads. The MTR cites “lack of communication in the early stages [with MDAs]” as the reason for the poor “implementation support” from these key agencies. The MTR highlights the role that MOUs have played in improving this situation. This has enabled clear delineation of roles, responsibilities and obligations of each party (RoG, ADF, 2012).

Conclusion on Project Implementation Efficiency: The mix of local and international expertise on the programme has been complementary in localizing international best practice. However, there is a missed opportunity for building the institutional capacity of the MOFA by the counterpart training model, owing to the current heavy workloads of the MOFA staff. The programme has been fraught with implementation challenges illustrated by the low disbursement level midway into the programme with only 5 percent disbursed. Significant operational challenges have arisen from poor donor coordination and collaboration among donors as well as from poor donor alignment by not using national systems and creating parallel cumbersome procedures.

Poor inter-institutional collaboration with the key implementing agencies at the technical level in the initial stages hindered much of the infrastructural development component of the programme. However, the creation of MOUs between such agencies attenuated this situation.

11.5. Effectiveness

This section presents the outputs and outcomes based on the expected results and indicators of success outlined in the project design. It also sought to explore lessons learned and compare the NRGPs project outcomes with other programmes (counterfactual evidence) (Adhikari, 2011a).

The PIT members and the beneficiaries believe that there has already been evidence of the desired longer-term economic benefits. However, these are not reported in the project literature. Such benefits include an increase in production, increased quality of production and profitability, greater competitiveness and increased incomes. One beneficiary indicated that the programme has contributed to the increase in non-traditional exports, such as butternut squash. Beneficiaries feel that the programme has also improved farming methods and brought about greater productivity and increased production. Overwhelmingly though, they provide more examples of the social benefits reaped thus far. As regards women, they emphasized the impact on empowering women, providing financial independence to be able them to support their families, educating and training them to be able to work self-sufficiently. Furthermore, the stakeholders believe the NRGPs has brought about food security and poverty reduction. Also, the programme is perceived by stakeholders to have brought some levels of social cohesion and integration. These were key objectives outlined by the Vice President. He said that the programme would help in conflict mitigation in the northern regions, as it would address the root causes of conflict, such as hunger and poverty. However, beyond stakeholder opinion, there is little evidence in reports to show these impacts.

It should be noted that assessing impact on the medium to longer-term targets could suffer from an attribution problem and an absence of counterfactuals given the selected indicators.

The medium and longer-term objectives are based on national-level indicators of poverty and agricultural GDP - a “decline of extreme poverty in Ghana” and the “increase in Ghana’s agricultural GDP growth” - rather than progress of these indicators in the specific catchment area of the programme. Of course, as mentioned earlier, even though this programme geographically covers the majority of Ghana’s poor and agriculture worker populations, not all are included and thus this programme will not impact all.

Stakeholders feel that the NRGF is doing a better job than similar programmes and interventions. A member of the PIT feels that the NRGF has been more successful at linking farmers to rural banks than other programmes, such as the MOAP. Also, unlike the MOAP, the NRGF better incorporates provisions for rural infrastructure development, which characteristically has always been a major bottleneck to economic activity. Stakeholders describe the “cashless credit mechanism” and the district value chain committee mechanisms as the main “innovations” of the programme, as they uniquely allow greater access to financing and marketing opportunities to farmers that other programmes have not provided.

However, the picture painted by the project document is less positive about the achievements of the programme to date, especially the short-term targets. The report highlights that given the programme deadline of December 2015, overall physical achievements to date are low, at an estimated 12 percent (RoG, ADF, 2012). Annex Four provides a matrix of the current programme achievements against the targets as per the project document. This matrix demonstrates modest attainment of the short-term targets; although Component C has overachieved by more than 300 percent, the other achievements are somewhat lagging. At best only Component A on the value chain indicates that progress towards all five targets is under way, but only one of the five targets has been 100 percent completed. Of the other four, the MTR targets were mostly not achieved, and at least 50 percent of the end of programme

targets still needs to be completed. Progress on Component D has led to the achievement of a number of the MTR targets in terms of establishing much of the programme staff and the high-level steering committee. However, as the matrix shows, the large majority of the MTR targets were only at most 50 percent completed, thus progress towards the end of programme targets is limited.

Conclusion on project effectiveness: Beneficiaries already highlight positive medium to longer-term outcomes, which they feel the programme has already achieved, such as increased production and incomes, while the project document is silent on the medium- to longer-term outcomes. Indeed, the stakeholders paint a more optimistic outlook of the project achievements so far; while the project document highlights the limited progress made on the short- to medium-term targets.

11.6. Sustainability/Impact

This section looks at the future of the institutional capacities created through the programme. Are these institutions going to survive the programme? Do they have adequate funding and do they get support from public and private stakeholders? (Adhikari, 2011a).

The project has a good chance of continuing even if there is a change in government²². When the programme was designed under the previous administration, the start of the project was postponed in 2008, mainly owing to fears that the 2008 presidential elections could bring in a new government that could disregard the project. But, even though a new GoG was elected, it still approved the project, and indeed spearheaded the programme by launching it and giving it national importance.

Building sustainability is a critical underlying principle of this programme; thus, all four components have been designed with elements of sustainability. A key component of the whole programme is capacity building. Indeed, each component has some element of capacity building within. Component A seeks to “build long-term and sustainable physical and social

capital.” It will establish a number of institutional frameworks for production, such as improving the legal framework of professional bodies. It will also establish effective organizations to sustainably manage community-based development programmes. It will also build human capacity to prepare effective commodity business plans. The creation of a Community Development Fund is focused on providing financial sustainability to the commodity chain by funding investment priorities, financing implementation of sustainable business plans and financing activities to increase agricultural production and productivity on a sustainable basis (RoG, ADF, 2012).

Components B, C and D will build long-term physical and human institutional capacity. Component B will build long-term rural infrastructure, including small-scale irrigation development and marketing infrastructure. This component will also build the current limited local technical capacity in the engineering sub-sector in the northern regions. Component C will also build both the human and institutional capacity to provide greater access to financial services. It includes: strengthening participating financial institutions; capacity building for financial officers to better undertake credit appraisals, and advice on credit management. The sole purpose of Component D on programme coordination is to create sustainable and efficient management of the programme through the counterpart-training model. However, as mentioned above, this has not worked as the MOFA staff already has a huge workload and is therefore unable to effectively work alongside the NRGF staff. Thus, there is a missed opportunity of the counterpart-training model (RoG, ADF, 2012).

Stakeholders are quite optimistic about the continuation of the programme, primarily due to the impact it is having as well as its link with the private sector. As mentioned above, stakeholders describe vividly the impact that the project has already achieved; this includes: the creation of jobs, knowledge transfer to farmers in more effective and sustainable farming methods, training and institution

building. As the programme has imparted a lot of knowledge to the private sector, it is considered to be making it more sustainable. Mechanisms created by the NRGF that are described as building greater sustainability include mechanisms such as: the District Value Chain Committee (DVCC), which coordinates all the value chain activities “at the grass root level” and anchors the activities in a “private sector manner,” as well as the development of four clear scalable business models.²³ One PIT member feels that the NRGF provides greater tangible impact that can be clearly evaluated unlike other similar programmes.

However, there are some risks to the sustainability of the program. Currently and throughout the life span of the project, all programme recurrent costs²⁴ are donor financed and are due to be taken over by the GoG at the end of the project. At the moment, these critical costs are completely borne by the IFAD. The project document states that after the programme, such costs would be taken over by the various MDAs. However, given the already high GoG recurrent expenditure bill, as described by the World Bank, the question of whether the GoG will have the ability to take on additional costs is less optimistic.

Enforcing environmental and social safeguards has been the most neglected and difficult component of the programme. Subsequently, this may cause a number of sustainability issues. Indeed, as briefly mentioned in the section on project design, factors related to the environment did not feature much in the design phase of the project. Moreover, as much of the environmental components are captured under the infrastructure component, there hasn't been much progress under this component. The environmental specialist staff member faces a number of challenges in instilling social and environmental awareness into the local stakeholders, especially the local feeder road contractors. He described them as being “environmentally reckless,” as they tend to neglect simple contingencies like putting up warning road signs at vantage points to avoid accidents. Also, farmers are (only very)

slowly beginning to understand the importance of adopting good environmental and social farming methods. Such practices are critical for ensuring sustainable agricultural production.

Conclusion on project sustainability: The programme has already achieved success and early signs of being sustainable having transcended a change in government. A key principle of the programme is building physical, institutional and human capacities, thus sustainability is “in-built.” The programme’s links with the private sector are strongly perceived as ensuring the long-term viability of the programme, as the private sector is compelled to behave in an efficient way for its survival.

However, the achievements in laying down the foundation for sustainability could be undermined due to a number of issues, including the missed opportunity to build the institutional capacity of the MOFA through the counterpart-training model. Also, the outlook on the financial sustainability of the programme is less certain, given that much of the current core institutional costs to run the programme (such as salaries and maintenance of vehicles etc.) are scheduled to be taken over by the GoG at the end of the project; however, the GoG is characteristically budget constrained. Finally, given that

the programme is focused on agricultural production, environmental sustainability is critical as it requires ensuring that farmers produce in a sustainable way. However, the environmental sustainability component of the programme was not factored in the design phase, and although it is increasing, it faces critical challenges that need to be addressed.

11.7. Conclusion

The results of the micro-level analysis are mixed with some modest gains. While the NRGF performs well on relevance, it has mixed results in terms of efficiency and project design, and it performs very well in governance and management. There is also some evidence to suggest that the programme has been effective and has partially laid down some good foundations for sustainability. However, the programme does not perform well when it comes to implementation efficiency, as this has been very poor, especially in the elements of the programme that were poorly designed. Also, it has not been very effective so far in achieving the majority of its predetermined programme targets, and some critical elements in terms of financial and environmental issues need to be addressed if the programme gains are to be sustainable.

12. SUMMARY AND CONCLUSIONS

TEE methodology (Adhikari, 2011). The project This analysis suggests that the impact of AfT in Ghana has been mixed: it has been partially effective in terms of all elements of the AfT agenda, but certain conditions emerging from the GoG, Ghanaian stakeholders and DPs need to be improved to enhance effectiveness. This following presents a summary of the key findings and conclusions of the assessment.

Additionality

The data confirms stakeholder perceptions that overall there has not been additionality in AfT. The data suggest that the increase in AfT might have happened at the expense of aid to other sectors. Greater stakeholder awareness on the AfT figures could improve impact analysis. Despite stakeholders' lack of actual knowledge of "the figures" on AfT funds, their perception is corroborated by both international and national sources, that overall, there has not been additionality in AfT funds to Ghana. On the other hand, contrary to stakeholder perception that AfT has come at the cost of ODA to other sectors, the data suggest that AfT funding has crowded out funding to other sectors. Moreover, OECD data reveals that aid to these sectors has performed worse for Ghana than at the global level.

Predictability

AfT, especially AfT to infrastructure is becoming less predictable than aid to other sectors. However, stakeholders feel that this has more to do with internal constraints, thus greater efforts to strengthen the capacity of Ghanaian institutions would improve AfT predictability. AfT funds are increasingly less predictable than aid to other sectors and total ODA in general. This confirms stakeholder perception that the increase in AfT commitments has not been matched by DPs' actual disbursements. The disaggregated-level data highlights that the low predictability is caused mainly by aid to economic infrastructure. However, stakeholders do not think the low level of predictability is due to DP or external resource constraints.

They believe it is more to do with internal constraints, such as cumbersome national systems and the GoG's inability to provide the requisite counterpart funding. Stakeholders feel that poor predictability is due only partially to external constraints, such as DP's stringent conditionalities and cumbersome procurement procedures.

Nature of AfT: grants or loans

Contrary to international data, stakeholder perception is corroborated by the national data, which indicates that AfT is more in the form of loans, especially when compared to ODA to other sectors. This is substantiated by Ghana's increasing public debt to GDP ratio since the initiative started. Indeed, a disaggregated look at loans since the initiative started shows that the larger share of loans is for AfT. The MOFEP and the MOTI should work closely together to ensure that greater debt sustainability analysis is undertaken in the planning stages. The OECD data paint a much more rosy picture of the nature of AfT funds; it is non-debt creating and indeed the share of grants has increased while loans have been decreasing since the initiative started. This is contrary to both national-level data and stakeholder perception, which indicate a much more adverse picture. The national data show that indeed AfT is more debt creating than ODA to other sectors and total ODA, which are receiving more and more grants. Furthermore, the grant to loan ratio is sharply declining for AfT funds according to national data. The national data and stakeholder perception are in fact substantiated by data on Ghana's public debt ratio, which has been on an increasing trend since the initiative started, and indeed despite its significant recovery before the initiative started, when Ghana was compelled to sign up for the HIPC. Furthermore, the national data show that AfT loans made up the largest share of all loans to Ghana since the initiative started. The MOFEP and the MOTI will have to work closely together to ensure that AfT projects are undertaken only after careful consideration and debt sustainability analysis.

Ownership

Mainstreaming trade

Although trade is mainstreamed in the national development agenda and sectoral policies in theory, implementation of these policies has been weak at the technical levels. Ownership and weak staff capacity at the MDA level needs to be strengthened to improve implementation of these “nicely written policies.” At the formal level, trade-related areas are quite comprehensively included in the national development agenda, and several sectoral policies prioritize their auxiliary role in facilitating trade sector development. However, more substantively, in practice, the high-level support has not trickled down to the technical levels, and capacity at the MDA level is weak. Trade sector policies have traditionally suffered from poor implementation.

National coordination/stakeholder involvement

Unfortunately, the high-level coordination and collaboration described in the various trade-related policies and strategies is limited on the ground and could be strengthened by greater collaboration and coordination of all stakeholders in the early stages of the process. At the formal level, there appears to be a high level of coordination and collaboration with other related MDAs, and involvement and consultation of non-state stakeholders in the formulation of trade policies. However, at the substantive level, “the reality on the ground” appears to be that the collaboration is at best on a decreasing trend and largely ineffective as inter-ministerial and inter-MDA collaboration is weak especially at the technical levels. Stakeholder involvement is perceived as a “tick-box exercise” and done in the later stages of the formulation of trade policies and positions. Coordination and collaboration could be more effective at the implementation level if greater efforts are made to involve all diverse stakeholders in the early stages of the project planning cycle and to ensure greater support to improve their capacity to objectively and constructively contribute to the consultation process.

Sustainability

Uniquely, the trade sector has enjoyed significant policy consistency and institutional and human capacity development; however, these gains have had limited sustainability. Projects/ programmes that have incorporated a stronger private sector element have been more sustainable, and thus greater private sector principles should be strengthened. Trade sector policies have transcended different GoG administrations, as there has been significant policy consistency. However, the GoG’s financial contribution to AfT projects and programmes has not been commensurate; this is inevitable given that the GoG is budget-constrained. Thus, projects that have adopted a private sector element and sought to raise internally generated funds have generally been more sustainable. Although the trade sector has done well in the development of institutional and human capacity, the immense capacity built is not effectively redeployed. Greater planning for sustainability of AfT projects and programmes is needed in the design stages.

Alignment

Alignment with Ghana’s development strategies, national priorities and trade development priorities

Donor programmes are well aligned with Ghana’s development and trade strategies and priorities. However, greater efforts to align under the trade agenda should be consolidated with aligning financial support to the PSDS. A review of the main DPs’ development programmes confirms stakeholder perceptions that donor programmes are aligned with Ghana’s development and trade agenda and national priorities in theory. However, only a few donors have aligned to the pooled funding mechanism for the PSDS, this is reported to have hindered its implementation.

Development partners’ use of country systems/parallel implementation structures

While there is an increasing trend in budget support, the majority of ODA is still provided in

non-budget support and project aid. Given that the GoG is fast improving national systems, it could do more to promote DPs' use of them. Although donors are increasingly using budget support, which is aligned with GoG priorities and using GoG systems, the data overwhelmingly demonstrate that donors' use of country systems is very limited and thus DPs are increasingly creating parallel implementation structures. Indeed, there is no central location for all trade sector project-level information. Stakeholders feel that the GoG should be more proactive to ensure DPs' use of national arrangements, such as establishing and enforcing local content requirements and creating a database of local experts from which stakeholders can draw.

Provision of “untied aid”

Despite the results of another assessment, which concluded that donors provide untied aid, stakeholders largely feel that aid is still tied in favour of DPs. The GoG could enforce more local content requirements. The widely used PAF assessment concludes that almost 100 percent of aid to Ghana is untied. However, the PAF is based on DP reporting, and stakeholders overwhelmingly feel that aid is detrimentally tied to promote the interests of DPs. The GoG should establish and enforce local content requirements.

Donor coordination

Although donors are increasingly using a variety of donor coordinating mechanisms, greater use by donors of the trade-specific joint funding mechanism through the Pooled Fund for PSDS II and greater intra-donor coordination is needed. Stakeholders are quite satisfied with the level of donor coordination and the extent to which donors are using a variety of donor coordinating mechanisms, such as MDDBS and SWGs on trade-related issues, such as agriculture, private sector development, energy and transport. For the trade sector, the majority of AfT donors have signed an MOU for the PSDS to ensure a greater SWAP arrangement, and a few donors use the pooled funding mechanism for the implementation of the PSDS II. However, it appears that in fact donors are

not substantiating their increased coordinating efforts through joint funding mechanisms for the PSDS II; only four donors use the Pooled Funding mechanism, which is currently the main national trade development intervention. Furthermore, at the project level, AfT project implementation is often delayed by the need to wait for the outcome of key decisions being made by DPs' headquarters, and often AfT issues at headquarters are not relayed to the country offices.

South-South cooperation

Stakeholders appear to be pleased with the increasing role of AfT funds from NTDs; however, the limited data does not present a comprehensive picture of its current impact. It is clear though that it has increasing potential. Stakeholders appear to prefer AfT funds from NTDs, perceiving that it is more flexible. The limited data corroborates stakeholder perceptions of the increasing role of South-South cooperation in AfT, especially in the provision of support for building economic infrastructure. However, the limited national and international data does not paint a comprehensive picture of the nature of the support from NTDs in AfT. The data is too limited to assess how much more flexible the terms and conditions are compared with traditional AfT donors. Details of the modalities and quantity are also elusive; thus, it is difficult to really ascertain what the impact of NTDs has been. Nevertheless, NTDs have an important potential role based on the increasing role they have played during the global financial crisis.

Limitations in absorptive capacities

Despite limited data that indicates high absorptive capacity of AfT projects and programmes, there is much more evidence to suggest that the utilization rate is low. The capacity of Ghanaian institutions needs to be strengthened. The PSDS I end of programme review provides the only aggregate-level data to assess the utilization rate of AfT projects and reports a high utilization rate of DP funds, at almost 90 percent. However, limited project-level data and stakeholders' anecdotal

evidence suggests that the absorptive capacity of AfT projects is very low. It appears that the weak capacity of Ghanaian institutions to use the funds is the source of the problem rather than DPs.

Coherence with environmental sustainability

The incorporation of environmental issues in AfT projects is prevalent, but it appears to be ineffective, as it is done routinely and only in a broad crosscutting way. Increased knowledge and sensitization on specific AfT/environment projects is needed. Furthermore, enforcement and implementation of environmental issues needs to be strengthened. Environmental issues appear to be largely incorporated mainly in a crosscutting way at the project design stage of AfT projects as environment impact assessments (EIAs) are undertaken. It is widely thought that this is mainly because they are mandatory by DPs for funding. Moreover, actual implementation is weak. Knowledge of specific AfT financing opportunities that leverage environmental sustainability is low, subsequently uptake is low.

Macro-level impact

Identifying the macro-level impact is key, but the analysis is limited and highlights difficulties in measuring the macro-level impact of AfT on Ghana's trade performance due to the attribution problem and absence of counterfactuals. The M&E of AfT needs to be strengthened. Stakeholders' overall perception on the impact of AfT on Ghana is that while it has been a significant source of funding given the GoG's budget constraints, its impact is not particularly noteworthy. Based on the macro-level outcomes deemed important and outlined by stakeholders, Ghana's trade performance has been mixed. While there have been significant increases in exports and non-traditional exports, there have not been significant improvements in the diversification of exports. However, this macro-level impact analysis is limited, as there is a problem of attribution and an absence of counterfactuals, thus making it difficult to ascertain the specific impact AfT has had. Furthermore, project level

M&E indicators for macro-impacts are limited, as they use national-level data as indicators. This highlights the importance of strengthening macro-impact analysis in order to demonstrate the real impacts of AfT; the impact that stakeholders are most interested in seeing.

Micro-level analysis

The micro-level analysis of the NRGPs showed that its overall performance is mixed with some modest gains. This mirrors much of the overall assessment. The analysis shows that the NRGPs are highly relevant, as they continue to address several of the GoG's key national priorities and sectoral policies as well as the MDGs. Moreover, the assessment shows that the programme was efficiently designed, as it was highly participatory, consultative and demand-driven. It drew heavily on lessons learned from several past and ongoing similar interventions and was efficiently managed. However, the programme does not perform well in implementation efficiency, which has been very poor, especially in the elements of the programme that were poorly designed. Also, it has not been very effective so far in achieving the majority of its short-term targets, and it is not likely to meet some medium-term targets. Also, some critical elements in terms of financial and environmental issues need to be addressed if the programme gains are to be sustainable. The assessment highlights much of the outcomes of the previous analysis, including the achievements made, such as partial additionality in funds, partial effectiveness in mainstreaming trade issues, stakeholder involvement and building the capacity of the private sector. However, there are some weaknesses identified in donor coordination, the provision of untied aid; limitations in absorptive capacity and coherence with environmental sustainability. Most of these findings were found in the overall assessment.

The results of the overall assessment suggest that despite stakeholders' lack of awareness, their perceptions are very much substantiated by the national data. Both provide a more comprehensive picture of the realities on the ground. Overall, although national data

was limited and difficult to compare with international data, it nevertheless provided a good idea of what has been happening on the ground and very much consolidated what stakeholders said. Stakeholders, contrary to their lack of awareness of the initiative, in fact have a good perception of what is happening. Evidently, like other developing countries, the international data overestimate the success of the AfT initiative (Adhikari, 2011). The international data indicate an overemphasis on the quantum of AfT, as Ghana is indeed a top African country recipient of aid. However, a closer look at Ghana's experience suggests that even though a lot of the policies and conditions are (theoretically) in place at the formal level, there are a number of largely systemic factors, as well as procedural and human resource-related factors at various stages of the process, that are impeding the successful implementation and effectiveness of AfT.

To summarize, this assessment points to the following areas that need to be addressed to improve the effectiveness of AfT.

The principles of the AfT initiative need to be "localized" or better internalized into Ghana's existing aid and trade development landscape. There needs to be stronger high-level coordination of both the identification of national trade development needs matched to mobilizing resources and projects that address these needs. More meaningful multi-stakeholder involvement is needed at the early stages of the design process. This will ensure greater buy-in and cooperation at the implementation stage by all stakeholders. Stakeholders' capacity should be built to provide effective inputs into the process. Also, at the design stage, greater private sector ethics should be employed to improve the sustainability and capacity of the projects to generate their own funds.

At the implementation stage, stakeholders need to be supported to address human resource development-related and procedural factors. National systems should be improved and simplified. Donors, including NTDs should be encouraged to better integrate into the existing national framework rather than create

parallel implementation structures with higher transaction costs. It is important that the capacity of the national framework is built.

There should be stronger, more robust and multi-stakeholder monitoring and evaluation. Greater awareness of the initiative will contribute to greater monitoring and evaluation and impact analysis of the resources. Problems at the implementation stage should be identified and efforts to address them made at the redesign stage.

12.1. Recommendations

Based on the findings of the study, the following recommendations are made for the various stakeholders to improve the effectiveness of AfT.

Government

- The MOTI and the MOFEP need to play a much stronger coordinated role in the overall national coordination of the AfT process to ensure greater synergy among the identification of trade development needs, mobilizing appropriate resources and monitoring and evaluation of the impact of the resources. Ensuring the financial viability of the projects at the early stages is also critical and involves undertaking debt- sustainability analyses and assessing projects' ability to generate funds to sustain the benefits (including the human and institutional capacity that has been developed) in the long run.
- The GoG should engage the diverse variety of stakeholders in the early stages of design and before negotiating with donors on AfT. It is important to get multi-stakeholder buy-in in the early stages so that all parties are aware of their roles and responsibilities in the implementation stage. The GoG can also help to better define the terms, conditions and local content requirements and identify the human and institutional capacity constraints that need to be addressed. The government should seek to negotiate with donors on the basis of the outcome of such multi-stakeholder consultations.

- The GoG should continue to improve national systems, such as national procurement and public financial management systems to make procedures less cumbersome and more transparent. It is necessary to work with stakeholders, especially MDAs and donors, to identify bottlenecks in the system with a view to finding ways to improve the system.
 - The government should be more proactive in encouraging and insisting that donors (both traditional and non-traditional) use national systems and arrangements. Ghana's public financial and procurement systems have met international standards, thus their use should be promoted. The government should also work with donors to address their reasons for not using national systems. Building the national human and institutional capacity is also instrumental. Already immense capacity has been built; thus, a database of national experts and institutions should be maintained for use in AfT projects.
 - Given the rich experience gained from working with traditional donors, the GoG should seek to formalize working with NTDs in one common framework.
 - The government should proactively source and leverage financing opportunities that address much of the human and institutional capacity constraints, while leveraging financing opportunities to help ensure the environmental sustainability of AfT projects.
- between donor offices based in Ghana and headquarters. Where possible, greater power to make decisions that affect the smooth implementation of projects should be decentralized to Ghana country offices.
- Donors should increase the use of the GoG's financial management and procurement systems. They should work with the GoG to identify the source of their reluctance to use the systems and find concrete ways to address bottlenecks.
 - Donors should seek to use national resources and expertise in the first instance rather than as a last resort. Where there is a lack of national capacity, donors should proactively seek to build national capacity and develop strategies to transfer knowledge and capacity in the medium to long run.
 - Donors should seek to simplify onerous modalities and cumbersome administrative procedures, which often hinder implementation of projects and the absorptive capacity of Ghanaian institutions.
 - Donors should work with the private sector and civil society to build their capacity to make constructive inputs into all stages of the AfT process.

Donors

- Donors should move toward consolidating their use of donor coordinating mechanisms by providing more AfT through the Pooled Funding arrangement, which is ultimately the proposed SWAP for the development of the trade sector in Ghana. This would improve donor coordination and provide better alignment with Ghana's trade development strategy.
- There should be greater intra-donor coordination as well to ensure better coordination

Private Sector

- The private sector should proactively initiate a closer working relationship with the GoG to develop public-private partnership proposals for the implementation of AfT projects and seek to build capacity to take over projects once donor funding has finished.

Private Sector and Civil Society

- It will be important to conduct research and studies to be able to provide more informed and effective inputs into all stages of the AfT process. This will ensure more constructive engagement of donors and government in all stages of the process, from the negotiation of AfT projects to monitoring and evaluation.

- The private sector and civil society should play a more proactive role in the monitoring and evaluation of projects to ensure that resources are used appropriately to achieve the objectives of the project and that both donors and the GoG honour their roles and responsibilities.

All stakeholders in Ghana's national trade architecture should realize the important role that AfT can play in contributing to building the productive capacity of Ghana, and this constitutes a sustainable exit strategy for aid in the long run.

ENDNOTES

- 1 ICTSD has conducted country assessments in Malawi, Cambodia, Nepal, Peru, Guatemala, Philippines, and Bangladesh.
- 2 ACET calculations using constant US dollar 2010 data from the OECD CRS database
- 3 ACET calculations using constant US dollar 2010 data from the OECD CRS database
- 4 ACET calculations using constant US dollar 2010 data from the OECD CRS database
- 5 From the national sources, data for ODA grants before 2006 were not available.
- 6 JITAP was an initiative of several donors that was implemented under the auspices of and coordinated by the WTO/UNCTAD to help African countries integrate into the multilateral trading system. Ghana began receiving JITAP support in 1998.
- 7 The MDBS DPs include: the African Development Bank, Canada, Denmark, the European Union, France, Germany, Japan, the Netherlands, Switzerland, UK and the World Bank.
- 8 Earmarked funds to a particular project
- 9 The Paris Declaration represents international consensus among countries on a more comprehensive attempt to change the way donor and developing countries do business together, based on principles of partnership. Three years on, in 2008, the Third High Level Forum in Accra, Ghana took stock of progress and built on the Paris Declaration to accelerate the pace of change.
- 10 The Paris Declaration represents international consensus among countries on a more comprehensive attempt to change the way donor and developing countries do business together, based on principles of partnership. Three years on, in 2008, the Third High Level Forum in Accra, Ghana took stock of progress and built on the Paris Declaration to accelerate the pace of change.
- 11 Observers include: the Netherlands, USAID and IMF
- 12 The donors in the PSDS pooled Fund include: IDA, DFID, DANIA (since 2005), and GTZ joined this fund in 2007
- 13 DPs that signed the MOU include: DFID, DANIDA, IDA, GTZ, AfDB, IFC, EU, Government of France, Government of Japan, Switzerland, UNDP and USAID
- 14 SWGs include: Private Sector Development, Financial Sector, Energy, Transport, Agriculture, Natural Resources Management and Environment, Education, Health, Vulnerability and Exclusion, Gender, Water & Sanitation, Good Governance, Public Sector Reform, Public Financial Management, and Monitoring and Evaluation
- 15 ACET calculations using data on merchandise exports from World Bank
- 16 ACET calculations using data on merchandise exports from World Bank
- 17 Data from Ghana Statistical Services, MoFEP, Budget Statements, GPRS II Document, Bank of Ghana
- 18 Data from Ghana Statistical Services, MoFEP, Budget Statements, GPRS II Document, Bank of Ghana

- 19 According to the last Ghana Living Standards Survey (GLSS)(for which data is available) which was conducted in 2006
- 20 MOFA, MOTI, MOFEP, MOH, Ministry of Water Resources, Works and Housing (MWWH), Ministry of Manpower, Youth and Employment (MMYE), Ministry of Fisheries (MOFI), Ministry of Local Government and Rural Development (MLGRDE), Ministry of Transportation, Ministry of Justice and the Attorney-General's Department, Ministry of Private Sector Development/ Presidential Special Initiatives (MPSD/PSIs)
- 21 Other Departments and Agencies include: Ghana Irrigation Development Authority (GIDA) and the Environmental Protection Agency (EPA)
- 22 In Ghana, there are traditionally only two likely contenders for winning elections, the NPP and the NDC
- 23 The sustainable business models created by NRGF include: FBO outgrower model; special purpose vehicle model; warehouse/inventory credit models
- 24 Recurrent costs comprise staff salaries, office utilities, operation and maintenance of vehicles and motorbikes for the field staff and allowances

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ANNEX ONE: LIST OF CONSULTATIONS

INSTITUTION	POSITION	NAME OF PARTICIPANT
MINISTRIES		
Ministry of Trade and Industry	Director, Policy, Planning, Monitoring & Evaluation	Mrs. Monica Asare
	Coordinator, TSSP/PSDS I/PSDSII	Mr. Joe Tackie
	Local Project Coordinator	Mr. Samuel Q. Anum
	Project Assistant, TSSP/PSDS I/PSDS II	Mr. Ernest Agyepong
	Head, Multilaterals	Mr. Clement Nyaaba
	Former Chief Director, MOTI	Mr. Kofi Larbi
	Economist/Evaluation Consultant	Dr. John-Hawkins Asiedu
	Project Coordinator PSDS2	Mr. Joe Tackie
	Coordinator, TRAQE	Mr. Eugene Adarkwa
Coordinator MSME	Mr. Francis Kusi	
Ministry of Finance and Economic Planning	Chief Economics Officer, External Resource Mobilization Bilateral Division (Head, UK, Belgium, India, Italy, Switzerland Desk)	Mr. Augustine Takyi
	Deputy Director, External Resource Mobilisation Division (Head of AfDB desk)	Mrs. Stella Williams
	Head of Multi-Donor Budget Support	Mrs. Veronica Sackey
	External Resource Mobilisation, Multilaterals Division, Head of EU desk	Mr. Danquah
	Economic Research and Forecasting	Mr. Kwarteng
	Director, External economic relations	Helen Allotey
Ministry of Transport	Director of Road Transport Services, PPMED	Mr. Lawrence Kumi
Ministry of Food & Agriculture	Director, Policy, Planning, Monitoring & Evaluation (PPMED)	Mr. George Ashiabi
	Deputy Director, (PPMED)	Lena Otoo
Ministry of Communications	Director, PPME	Issah Yahaya
Ministry of Energy	Director, PPME	Mr. J B Okai
	Project Coordinator, Ghana Energy Development and Access Project(GEDAP)	Ing. A.I Barfour
Ministry of Roads and Highways	Director Policy Planning	Mr. J J Broke
	Policy Planning Officer	Mrs. Afua Effah
TRADE INSTITUTIONS		
Ghana Export Promotion Authority	Head, Marketing & Promotion	Mr. Alex Dadzawa
Ghana Free Zones Board	Ag. Deputy Executive Secretary (Operations)	Mrs. Patience Agbleze Acorlor
Food and Drugs Board	Ag. Deputy Chief Executive (Food)	John Odame-Darkwah
Ghana Standards Authority	Director, Testing Division	Mr. Kwabena Acheampong
Volta River Authority	Chief Executive Officer	Mr. Awotwi

PRIVATE SECTOR		
Private Enterprise Foundation	Director-General	Nana Osei-Bonsu
	Senior Economist	Moses Henry Agyemang
Federation of Associations of Ghanaian Exporters	President	Anthony Sikpa
Ghana National Chamber of Commerce & Industry	Acting CEO	Emmanuel Doni-Kwame
Association of Ghanaian Industries	Executive Director	Seth Akwaaboah
CIVIL SOCIETY ORGANISATIONS		
ISODEC	Head of Programmes	Dr. Yakubu Zakari
		Ruby Kissiedu
General Agricultural Workers Union of Trade Union Congress	General Secretary	Kingsley Ofei-Nkansah
SEND-Ghana	Senior Project Officer	Daniel Adotey Akai
Ghana Trade and Livelihood Coalition	Coordinator	Ibrahim Akalbilla
DEVELOPMENT PARTNERS		
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Embassy of Switzerland	Trade/Private Sector Development Specialist	Mrs. Agatha Quayson
	Infrastructure Specialist	Mr. Seth Adjei Boye
Department for International Development, UK	Senior Programs Officer	Nana Benyiwa Baffoe-Bonnie
JICA	Project Formulation Advisor(Industry)	Yoshiaki Noguchi
USAID	Private Sector Specialist	Pearl Ackah
OTHERS		
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GD Resource Centre	Executive Director	Anna Antwi
Parliament Of Ghana	Clerk, Parliamentary select committee on trade and industry	Mr. Amoako-Atta
CASE STUDY CONSULTATIONS		
Northern Rural Growth Programme Staff	Programme Manager NGRP	Roy Ayariga
	Financial Controller	Mr. Abd-Allah Sulaiman Megai
	Environmental Engineer	Mr. Dela Sipitey
	Value Chain Specialist	Pascal B. Dere
	Management Information System specialist	Yakubu I. Sheref
	Programme Officer	George Baniombe

Northern Rural Growth Programme Beneficiaries	Farmer	Al-Hassan Baba Darison
	Pump Farmer	Alhassan A. Tuna
	Tractor Services Provider, District Value Chain Committees	Mahamadu Mahamud
	District Value Chain Committees	Ziblim Jalilu
	Farmer	Nantomah Adisa
	District Value Chain Committee/Input Provider	Ridwan Mustapha
	Farmer	Hajara Ibrahim
	Farmer	Mahama Ajara
	Farmer	Mohammed F. Gazali

**LIST OF PARTICIPANTS OF THE WORKSHOP ON THE ASSESSMENT OF THE EFFECTIVENESS AND
IMPACT OF AID FOR TRADE IN GHANA.**

La Palm Royal Beach Hotel, Accra

9 October, 2012

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4.	Mr. Eugene Adarkwa-Addai	Ministry Of Trade And Industry (MOTI)
5.	Agatha Quayson	Swiss Embassy
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27.	Mr. Mark Badu-Aboagye	Ghana Chamber Of Commerce And Industry
28.	Mr. A.T. Barfour	Ministry Of Energy
29.	Mr. Nti Ansah-Adjaye	Ministry Of Trade And Industry (MOTI)
30.	Mr. Michael Mensah	Ghana Export Promotion Authority
31.	Mr. Daniel Vincent Arthur	Ghana Standards Authority
32.	Mr. Edward A. Borteye	Ministry Of Finance And Economic Planning (MOFEP)
33.	Mr. James Obeng	Ministry Of Finance And Economic Planning (MOFEP)

ANNEX TWO: BROAD CATEGORIES AND SUBCATEGORIES OF AFT

Economic Infrastructure	<ul style="list-style-type: none"> • Transport and Storage: Transport storage and administrative management; Road transport; Rail transport; Water transport; Air transport; Storage; Education and Training in transport and storage. • Communications: Communications policy and administrative management; Telecommunications; Radio/television/print media; Information and Communication Technology (ICT). • Energy Generation and Supply: Energy policy and administrative management; Power generation/non-renewable sources; Electrical transmission/distribution; Gas distribution; Oil-fired power plants; Gas-fired power plants; Coal-fired power plants; Nuclear power plants; Hydro-electric power plants; Geo-thermal energy; Solar energy; Wind power; Ocean power; Biomass; Energy education/training; Energy research.
Building Productive Capacity	<ul style="list-style-type: none"> • Banking and financial services: Financial policy and administrative management; Monetary institutions; Formal sector financial intermediaries; Informal/semiformal financial intermediaries; Education/training in banking and financial services • Business and other services: Business support services and institutions; Privatization. • Agriculture: Agriculture policy and administrative management; Agricultural development; Agricultural land resources; Agricultural water resources; Agricultural inputs; Food crop production; Industrial crops/export crops; Livestock; Agrarian reform; Agricultural education/training; Agricultural research; Agricultural services; Plant and post-harvest protection and pest control; Agricultural financial services; Agricultural cooperatives; Livestock/veterinary services. • Forestry: Forestry policy and administrative management; Forestry development; Fuel wood/charcoal; Forestry education/training; Forestry research; Forestry services. • Fishing: Fishing policy and administrative management; Fishery development; Fishery education/training; Fishery research; Fishery services. • Industry: Industrial policy and administrative management; Industrial development; Small and Medium-sized Enterprises (SMEs) development; Cottage industries and handicraft; Agro-industries; Forest industries; Textiles, leather and substitutes; Chemicals; Fertilizer plants; Cement/lime/plaster; Energy manufacturing; Pharmaceutical production; Basic metal industries; Non-ferrous metal industries; Engineering; Transport equipment industry; Technology research and development. • Tourism: Tourism policy and administrative management.
Trade Policy and Regulation	<ul style="list-style-type: none"> • Trade policy and regulation: Trade policy and planning; Trade facilitation; Regional trade agreements; Multilateral trade negotiations; Trade education and training.
Trade-Related Adjustments	<ul style="list-style-type: none"> • Trade-Related Adjustments: Contributions to the government budget to assist the implementation of recipients' own trade reform and adjustments to trade measures by other countries; Assistance to manage shortfalls in the balance of payments due to changes in the world trading environment.

Source: OECD CRS website

ANNEX THREE: METHODOLOGICAL FRAMEWORK PROVIDED BY ICTSD/SAWTEE

Aid for Trade Funds Trajectory	<ul style="list-style-type: none"> • Additionality: Is AfT additional financing to what has been received in the past and has AfT funding crowded out funding to other sectors of aid? • Predictability: Variations between commitments and disbursements by donor; Have AfT projects been completed without any constraints? • Nature of AfT: Is AfT in the form of Grants or Loans?
Ownership	<ul style="list-style-type: none"> • Trade Mainstreaming: To what extent is trade mainstreamed in the national development plan as well as sectoral level strategies? • Relevance to domestic trade and development priorities: What is the percentage of AfT resources allocated to projects/programs that are relevant to Ghana's domestic trade and development priorities? • National Level Coordination/Stakeholder Involvement: What is the Level of Coordination among MDAs and the involvement of other stakeholders such as private sector and civil society when formulating Trade policies? • Sustainability: Does recipient country provide sufficient funding to the project after donor funding dries up?
Alignment	<ul style="list-style-type: none"> • Alignment with Ghana's development Strategies and priorities: What is the level of alignment of donor priorities with Ghana's development strategies and priorities? • Use of country Systems/parallel implementation structures: To what extent do donors use Ghana's public financial management, procurements systems and local human resources for AfT projects/programs? • Provision of United Aid: To what extent is AfT to Ghana united and how efficient is it in improving Ghana's ownership? • Demand-Supply Gap: What is the gap between Ghana's demand and the supply of AfT resources?
Donor Coordination	<ul style="list-style-type: none"> • Do donors coordinate their efforts to avoid duplication?
South-South Cooperation	<ul style="list-style-type: none"> • What is the quantity, modalities and contours of the flow of AfT funds from other developing countries?
Limitations in Absorptive Capacities	<ul style="list-style-type: none"> • Do institutions in Ghana have the capacity to utilize all AfT resources within the given time to achieve the defined purposes of AfT projects/programs?
Coherence with Environmental Sustainability	<ul style="list-style-type: none"> • Do AfT projects/programs in Ghana sufficiently address and incorporate environmental concerns and issues? • Do AfT projects/programs in Ghana leverage financing opportunities in environmental sustainability such as climate change?

<p>Macro-Level</p>	<ul style="list-style-type: none"> • Export Performance: What is the level of change in Ghana’s export capabilities through AfT measures? What are some of the identified changes in Ghana’s export patterns at the sectoral level? • Local Productivity: Has there been increase in productivity for sectors such as agriculture, industry and services due to AfT measure? • Diversification levels: What is the level of influence AfT has had on Ghana’s diversification levels at the inter-sectoral or levels? • Governance: What is the level of improvement in regulations and policies in facilitating trade? How has AfT measures enhance capacity building amongst government officials? • Private Sector Development: What is the impact AfT has had on private sector development? To what extent are new firms being established and the level of increase in international trades due to AfT measures? • Infrastructural Growth: How much funds is allocated for trade infrastructural projects? Have there been a reduction in time for the movement of goods as well as the choice of connectivity routes that AfT projects have opted for?
<p>Micro Level</p>	<ul style="list-style-type: none"> • Relevance: Were the set of AfT projects of high priority for Ghana when they started? Has anything changed in Ghana’s economic policies which makes projects less of a priority and might endanger its sustainability? • Efficiency <ul style="list-style-type: none"> • Program Design: How were the AfT projects/programs designed? Were lessons learned from former or similar projects takes into account during the design of the program? Was best international practice in the particular field taken into account? How were stakeholders identified? Were stakeholders and beneficiaries consulted? Were local initiatives taken on board creating local ownership? • Governance and Management: Was the mandate of the steering committee adequate? Was the reporting adequate and did the steering committee intervene when necessary? Was the staffing of the project unit adequate? Dis project management design adequate annual business plans and manage its finances properly? How did it monitor the projects and were precautions taken to be able to continue coordinating trade-related interventions? • Implementation Efficiency: How was training structured and was well-known good practice in training of experts and enterprises followed? What are the views of the beneficiaries about the quality and usefulness of the project activities? • Effectiveness: How effective are the project expected results with real results? How different is project outcomes with those of non-participating agencies? • Sustainability/Impact: What are the expectations of the future life of the institutional capacities created through the program? Are the institutions going to survive the program? Do they have adequate funding source and do they get support from public and private stakeholders?

Source: ICTSD/SAWTEE methodology (Adhikari, 2011)

ANNEX FOUR: PROGRESS REPORT ON NRGP TARGETS: MIDWAY AND TOWARDS END OF PROGRAMME

	Targets	Achievements Mid way into Implementation as per MTR	Achievements towards the end of project targets
Component A: Commodity Chain Development	1) Establishment of 150 functional producer organizations (POs) by MTR 2012 -250 by end of program	No POs established but 656 Farmer Groups have been formed as foundation to establishment of POs	0% Target achieved But progress towards establishment of POs is well underway
	2) establishment of 3 inter-professional bodies (IPBs) by MTR -4-6 by end of program	2 IPBs established ; 67% completed of MTR target	Still 50% to be completed if end of programme target is to be achieved
	3) 4 Commodity Business Plans (CBP) developed and implemented by end of program	2 CBPs prepared and implemented for maize, soybean and shea; 50% MTR completed	Still 50% needed to reach end of programme target
	4) 80% of Commodity Development Fund disbursed by end of program	Only 0.305% of CDF disbursed ; Only 24% completed of MTR target	Still 79% to be completed by end of program
	5) 3 commercial ventures established by end of program	3 commercial ventures have been successfully established as designed	100% completed
Component B: Rural Infrastructure Development	1) 2,000 Ha irrigated land development by AFDB MTR -4,500 Ha by AFDB end of programme review	289 Ha irrigated land developed 14% completed by MTR target Therefore, the end of programme target was significantly reduced by almost 150% to 1,852	Still 84% needs to be completed to reach the revised target by end of program
	2) 200 dugout wells by MTR -410 by end of program	No progress reported	
	3) 150 Ha of flood recession schemes by 2011 -400 Ha by end of program	No progress reported	
	4) 800 Ha moisture conservation demonstrations by MTR -2,080 Ha by end of program	No progress reported	

	Targets	Achievements Mid way into Implementation as per MTR	Achievements towards the end of project targets
Component B: Rural Infrastructure Development	5) 30 rain-gauges installed within flood catchment areas by MTR -100 by end of program	No progress reported	
	6) 100 WUA established and functional by MTR -325 by end of program	39 WUA established	39% completed by MTR Still 82% needs to be completed by end of program
	7) 300km of farm access tracks rehabilitated/constructed by MTR -600 by end of program		
	8) 200km feeder roads rehabilitated/constructed by MTR -600km by end of program	154km feeder roads rehabilitated ; 77% completed of MTR	Still need 66% needed by end of program
	9) 150km trunk roads rehabilitated/constructed by MTR -348 by end of program	No progress reported	The MTR dropped the construction/ bitumen surfacing of trunk roads and construction of bridges
	10) 4 bridges rehabilitated/constructed	No progress reported	
Component C: Access to Financial Development	5,000 beneficiaries obtain financial support regularly from Participating Financial Institutions (PFIs) -farmers expected to benefit from matching grants of the program	16,377 farmers have obtained financial support from 24 PFIs	More than 300% overachievement

	Targets	Achievements Mid way into Implementation as per MTR	Achievements towards the end of project targets
Component D: Programme Management and Coordination	Establishment of national programme steering committee (NPSC)	NPSC in place and functional To date it has met 5 times to review/approve implementation of the program	Successfully implemented
	-Establishment of a programme implementation team (PIT)	National Programme Coordinator, Financial Controller, Marketing Specialist, Gender Specialist, PO and IPO Specialist, Rural Finance Specialist, Rural Engineer, Procurement Specialist, Environmental Specialist	Key staff in place Although key staff still need to be recruited especially for the infrastructure component recruitment of the following personnel: rural infrastructure and irrigation engineers; procurement/contract management specialists; individual civil works consultants for feeder roads, farm access and irrigation
	-Establishment of Programme supervision and monitoring	M&E and MIS Officers in place	Still significant capacity building in irrigation development and implementation
	-Financial Management (including preparation of audit reports)		Described as weak financial reporting, thus training required

Source: ACET's analysis of MTR targets and progress in RoG, ADF, 201

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