

The changing nature of UK aid in Ghana, a case study on Transition

Purpose of this case study

In February 2020, the Independent Commission for aid Impact (ICAI) submitted a country portfolio review of the UK Government's strategic objectives to Transition¹ their development partnership beyond aid in Ghana².

The overall review highlighted the effectiveness of UK aid in Ghana, especially in the social sectors of health and education. But ICAI also pointed out a couple of practices in the way the UK Government is planning and operating the Transition process, putting the sustainability of the UK's funding programmes at risk.

Through this case study, we will explore the evaluation made by ICAI, in order to understand and analyse the impact of the Department for International Development's (DFID) support and Transition methods on the effectiveness of UK aid in Ghana, and develop recommendations complementing those made by ICAI.

Background information on Ghana

According to the review by ICAI, Ghana was the first African country to meet the Millennium Development Goal (MDG) target of reducing extreme poverty by 2015, and made strong improvements on a range of other MDGs. Ghana is a stable democracy since its restoration in 1992, with a vibrant civil society, an independent press, and regular free and fair elections.

Though economic growth has been modest and progress on poverty reduction has nearly stopped, there are clear risks that some of Ghana's development gains may be reversed in the face of macroeconomic instability, which includes an over-reliance on exports, high and growing public debt, corruption, and increased inequality.

The initiative of starting a Transition away from UK aid has been made by Ghana's Government, to which to UK Government responded positively. The 2011 Bilateral

¹ 'Transition' refers to a process by which a country that was previously receiving external donor funding through overseas development assistance (ODA) has that money reduced, ended or it is transferred to another programmatic aim. The transition can take place slowly or suddenly, leading to a change in aid relationship between the donor and recipient.

² The changing nature of UK aid in Ghana. Published Feb 2020. Available at: <https://icai.independent.gov.uk/report/ghana/>

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aid Review, followed by the 2016 Bilateral Development Review and an internal DFID poverty allocation model, resulted in Ghana being less of a priority for support, as DFID moved its focus to poorer and fragile states³. The two governments have been working together to build new forms of partnerships, with a broad and cross-departmental approach to support Ghana's economic development.

The increase in the UK Government's contributions to multilateral development assistance through, for example, the World Bank and UN agencies, compensates the reduction of UK bilateral aid in Ghana. And the increasing focus on the use of trade, investment and aid to support private sector development, job creation and inclusive growth has involved more UK Government actors, such as the Foreign and Commonwealth Office, the National Crime Agency and HM Revenue and Customs. DFID remains the lead for the UK's development partnership with Ghana, however.

The partnership between DFID and Ghana has therefore been shaped around Transition, with the intention from both countries, in order to shift away from directly financing the cost of service delivery, and to strengthen Ghana's health and social systems, and resource mobilisation, while maintaining support for the most marginalised and vulnerable populations.

The effectiveness of UK aid: lessons from the Ghana case

Between 1998 and 2017, the UK Government committed £2.8 billion in bilateral aid to Ghana. The review made by ICAI highlights the effectiveness of UK aid in Ghana's development, especially in two areas of the social sector programming: mental health care and complementary basic education. However, ICAI warned that these service delivery projects run a considerable risk that development gains will be lost as DFID reduces direct financing of services through bilateral channels.

As Ghana is still emerging from its 2014 macro-fiscal crisis and continues to have a highly constrained financial and delivery capacity, ICAI warned that it is not clear that the key results that DFID delivered will be sustained in the long term. Even if the support brought by DFID in Ghana often contributed to the country's development progress, ICAI found that varying levels of effectiveness have negative impacts on the 'resilience build-up' of institutions. For example, the lack of strategy for institutional strengthening interventions created unsustainable structures, as the change of

³ *Bilateral aid Review: Technical Report*, DFID, 2011, [link](#). As a share of bilateral ODA flows to countries in Africa, Ghana received 3.92% in 2011 and 2% in 2016. *Rising to the Challenge of Ending Poverty: the Bilateral Development Review 2016*, DFID, 2016, [link](#).

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policies was not followed by the implementation of guidelines, procedures and training to ensure that new practices are put in place. It means that, despite the support brought by DFID to help Ghana recover from the macroeconomic crisis (through budget support and expenditure management), these particular circumstances leave the Ghanaian Government dependent on UK aid to control the negative effects of any crisis on the poverty rate.

Therefore, even with donors' support in times of exceptional crises that provoke economic and social difficulty, what makes UK aid effective is the capacity of countries to adapt to these changes, while retaining the sustainability of health and social systems in place. This requires a solid aid delivery programme and a carefully planned Transition process, ensuring that the progress made to reduce poverty in the country will be sustained after the reduction of donors' funding.

The Transition process from DFID in Ghana

As the ICAI review mentioned, UK aid has contributed to institutional strengthening of Ghana's development progress in key health and education programmes. Having a carefully planned and monitored Transition process is necessary in order to allow Ghana to retain its health and social systems to become sustainable as donor support is reduced.

In Ghana's case, while the UK has reduced its bilateral aid spending, it has been able to rely on multilateral donors to contribute to progress against UK aid objectives. ICAI highlighted that the UK's main aid contribution to Ghana towards the end of the period, in 2017, was through multilateral funding, estimated at 66% of the total in 2017, compared with 45% in 2011. Over the review period, multilaterals were an important means of continuing long-term support for Ghana as UK Aid was being reduced. In addition, there was a 47% growth in UK multilateral aid spending between 2011 and 2017, which resulted in an overall growth in despite a reduction in bilateral aid.

The coordination of Transition approaches between DFID and multilateral donors was evaluated in the ICAI report, to assess the sustainability of essential services coverage in Ghana, and to prevent financial gaps, which would affect the quality and availability of services and potentially lead to declining health and educational outcomes. Although there were cases in which DFID invested time and resources in partnership between UK aid and multilateral programmes (in joint work areas when objectives aligned), ICAI found that DFID was not sufficiently coordinating with

multilateral donors in Ghana's Transition context.

RESULTS UK's analysis of ICAI's recommendations

The outcomes of ICAI's evaluation on the approach taken by DFID in planning and executing the Transition process in Ghana resulted in six key recommendations. In March 2020, the UK Government published its response to ICAI's country portfolio review in Ghana⁴. RESULTS UK analysed ICAI's recommendations, alongside DFID's response, and made additional suggestions.

ICAI's recommendation 1: *In Transition contexts, DFID should ensure that the pace of ending the bilateral financing of service delivery in areas of continuing social need must be grounded in a realistic assessment of whether the gap left will be filled.*

RESULTS' UK additional recommendation: We note that in the UK Government's response to ICAI, DFID partially agreed with this recommendation, and explained that as some recipient countries become richer and more stable, they would be better able to self-finance their own development, meaning that the eligibility to receive UK aid should vary from a country to another.

RESULTS UK would challenge the assumption, however, that a certain national economic threshold, measured by Gross National Income (GNI), is evidence of development progress, and a determinant of where to direct Overseas Development Assistance (ODA). RESULTS UK is of the view that it does not sufficiently encompass contextual indicators such as the poverty rate, public health, disease burden or education, which are the most effective criteria to evaluate countries' capacity to reach the most marginalised and vulnerable populations.

As such, we would recommend the following:

- In order to ensure the sustainability of service delivery in areas of continuing social need in Ghana, and to reach the most marginalised and vulnerable people everywhere, DFID's Transition policy should include a set of eligibility criteria which look beyond purely economic factors, and consider a number of other contextual indicators.

⁴ HM Government response to ICAI's country portfolio review: The changing nature of UK aid in Ghana. Published March 2020. Available at: <https://www.gov.uk/government/publications/hm-government-response-to-ica-is-country-portfolio-review-the-changing-nature-of-uk-aid-in-ghana>

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- DFID should set up a time-frame for the Transition process, accessible to Ghana's Government and to the country's civil society, including co-financing requirements.

ICAI's recommendation 2: *DFID should require portfolio-level development outcome objectives and results frameworks for its country programmes.*

RESULTS' UK additional recommendation: Having specific outcomes set, instead of a description of the activities to be funded by UK aid, is essential to monitor the effective progress of the bilateral programmes that are funded. We are pleased that DFID responded positively to ICAI's recommendation, and we would also suggest the following:

- DFID should implement an evaluation and monitoring mechanism for the progress made against specific targets, allowing Ghana to follow-up the evolution of the Transition process. This mechanism should be focused on outcomes rather than activities, and flexible enough to respond to any issues that arise.
- A governance and accountability mechanism, clarifying the role and responsibility of the donor and the country in the Transition process.

ICAI's recommendation 3: *DFID Ghana should learn from its own successes and failures when designing and delivering its systems strengthening support and technical assistance.*

RESULTS' UK additional recommendation: We are pleased that DFID responded positively with this recommendation, and found that DFID Ghana's current assessment of the lessons learnt from technical assistance programmes is a positive step forward. In addition to ICAI's suggestion, we would like to recommend the following:

- DFID should allocate key roles, responsibilities and funding for civil society organisations and the most marginalised and vulnerable communities in Ghana, in the planning and management of the Transition process within the country itself. This would include an approach to continued financial and other support to civil society organisations, including the most marginalised and vulnerable groups.

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- DFID should continue its technical and financial support for services for the most marginalised and vulnerable communities, through all relevant stakeholders, in line with country partner and civil society needs and contributions.

ICAI's recommendation 4: *In Transition contexts, DFID country offices, in coordination with the multilateral policy leads, should increasingly work to influence the department's country multilateral partners on issues of strategic importance.*

RESULTS' UK additional recommendation: Transitions affect the complex prioritisation in health sector spending. The lack of coordination and communication between bilateral and multilateral donors, when it comes to transition processes and policies, risk to leave recipient countries facing a financial cliff. Recipient countries would indeed try to coordinate multiple Transitions with multiple donors, and ensure that improvements in health outcomes are sustained. And this results in an increased need for countries to borrow at high costs, in order to balance the loss of external resources⁵.

Mitigating the effects of simultaneous Transitions and having a greater coordination between bilateral and multilateral donors is essential to sustain the coverage of health services in Ghana and to prevent financial gaps that can reduce the quality and availability of healthcare and lead to declining health outcomes in the country.

We welcome DFID's recognition of the need of more coordination with countries' multilateral partners on issues of strategic importance. In RESULTS' view, DFID should coordinate with other donors to establish a new mechanism aiming at mitigating the risks of simultaneous Transitions. This would include:

- Giving notice to health multilaterals when a Transition process has started in a specific country.
- Ensuring that Transition planning is owned by the recipient country's government and is well communicated to other donors.
- Ensuring the transparency and accessibility of the data showing the progress of the Transition process, by consulting both the government and civil society,

⁵ International Development Association, October 2018. IDA18 Mid Term Review Transitioning out of IDA financing: A review of graduation policy and Transition process. Available here: <https://bit.ly/2yFnHc8>

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and effective communication with other multilaterals.

ICAI's recommendation 5: *In order to strengthen the relevance of its aid programming and accountability to the people expected to benefit, DFID should include information on citizen needs and preferences, especially for the most vulnerable, as a systematic requirement for portfolio and programme design and management.*

RESULTS' UK additional recommendation: We welcome DFID's initiative to issue, in late 2019, the new guidance on beneficiary engagement, providing advice on engaging with marginalised and vulnerable populations, and other guidance on safe, inclusive and responsible engagement practices. This emphasises DFID's commitment to putting people at the centre of their programmes.

In order to ensure that DFID's programmes reach the poorest and the most marginalised and vulnerable populations, while ensuring that DFID is informed by intended beneficiaries, citizens must be systematically consulted in all stages of programming, from needs assessments, the design of interventions, through to monitoring and evaluation of the programme.

However, the ICAI review found that citizen consultation was not a systematic part of programme design, monitoring or evaluation. Participation is key for ensuring that programmes are well informed on people's needs and wishes, and on the results of their interventions. Without such consultation, the Transition process will miss important opportunities for citizens to advise and give notice on the changes experienced in the delivery of health and social services that might negatively affect the sustainability of DFID's programmes. As such, we recommend that DFID undertakes the following:

- Ensure that input from citizen consultations and national dialogues with key stakeholders and civil society organisations is considered in all stages of the Transition process, as part of programme design and in monitoring and evaluation.
- Undertake analysis of the impacts of the reduction of funds on the sustainability of service delivery, especially for the poorest and most marginalised and vulnerable populations.

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ICAI's recommendation 6: *The Government should provide clear guidance on how UK aid resources should be used in implementing mutual prosperity to minimise risks and maximise opportunities for development.*

RESULTS' UK additional recommendation: We are pleased with DFID's reiterated commitment to align programmes on the Sustainable Development Goals to tackle poverty. In addition to the guidance and best practice which DFID has confirmed that it is sharing with other Government Departments, in its response to ICAI, we believe that guidance on the allocation of resources should be strengthened, by enhancing the eligibility and allocation criteria, appearing in their Working Principles on Transition.

Without a clearer set of indicators that guides the eligibility for or allocation of ODA, the UK Government does not sufficiently articulate what indicators they use to define 'aid effectiveness', resulting in a lack of understanding of the basis on which to determine how UK aid is being spent to achieve the Sustainable Development Goals.

Adopting a circumstances-based approach and setting up indicators which reflect the contextual needs of Ghana's citizens, beyond GNI, is necessary to ensure that the allocation of resources maximises the impact of DFID's programmes. We therefore recommend the following:

- DFID should strengthen the eligibility and allocation criteria in their assessments so that support and resources can be allocated according to need, and to allow greater flexibility in the Transition process.
- The eligibility and allocation of criteria should include not only financial measures (such as GNI, countries' debt burden, fiscal space and the level of economic inequality), but also social indicators (such as the levels of poverty, the levels of education, immunisation and disease burden).