

# NEW ACTORS AND NEW FLOWS IN DEVELOPMENT COOPERATION: THE GHANA EXPERIENCE

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MARY-ANNE ADDO  
MINISTRY OF FINANCE &  
ECONOMIC PLANNING  
GHANA

# Outline of Presentation

- Country context
- New actors & flows: Form & Scale
- Challenges & Opportunities in managing flows
- Role of new actors in aid coordination
- New actors and country-level aid effectiveness
- Aid Policy and reduction on aid dependency

# Country Context

- Rapid economic growth
- Global financial crisis and impact on development assistance
- Ghana, new status as a Middle Income Country as well as Oil Producing Country; and impact on delivery of development assistance
- Opportunity for exploring new partnerships and flows to complement the relationship with traditional donors

# New Actors & Flows: Form & Scale (1)

- Within the context of South-South Cooperation, partners such as Brazil, China and India are not new. What is new is the nature of relationship and the volume of assistance.
- Scale varies from US\$3bn from China to US\$750m from Brazil in the form of loans; covered sectors include food security, energy generation infrastructure.

# New Actors & Flows: Form & Scale (2)

- A new form of finance is the Public Private Partnerships (PPPs) modality, to leverage finance and technical expertise
- Currently, the policy has been approved by Cabinet and a bill is before Parliament to regulate PPPs.
- Initiated some pilot projects amounting to US\$8.8bn in sectors such as infrastructure, energy generation and health. These pilots would inform the eventual roll out of large scale PPPs.

# Opportunities & Challenges in Managing New Flows (1)

- Greater choice is positive as it presents financing options for various development initiatives.
- Provides opportunities to strengthen country systems and capacities of local firms.
- Relatively less complex and concessional financing for urgent large-scale initiatives

# Opportunities & Challenges in managing new flows (2)

- Efforts to institutionalize knowledge sharing and transfer have not been successful. However, this applies to traditional partners as well.
- Local firms may be overwhelmed by more competitive firms when bidding for contracts
- In some cases, feasibility studies for interventions are not rigorous enough resulting in financing projects with social value but low returns

# Role of Actors in Aid Coordination

- Aid coordination around the Multi-Donor Budget Support mechanism and the Consultative Group/ Annual Partnership Meeting.
- Partners such as Brazil, China, India and Russia have been increasingly participating in the annual Consultative Group meeting.
- Ghana Aid Policy & Strategy outlines a Gov't – Dev't Partner Group where all partners would dialogue with Gov't, at the Ministerial level, on issues related to development cooperation.



# New Actors and Country-Level Aid Effectiveness

- Ghana Aid Policy & Strategy instructs that all interventions be based on existing development plan.
- Non-use of country systems is a challenge which applies to **ALL** Partners in varying degrees, though some progress is being made

# Aid Policy and Reduction in Aid Dependency

- The current national development plan, the “Ghana Shared Growth and Development Agenda” identifies a USD 12.5bn financing gap over the 4-year period (2010-2013).
- The Ghana Aid Policy & Strategy identifies General Budget Support or Sector Budget support as the preferred delivery mechanism
- The Policy also envisions a reduction in aid dependency and an eventual exit.